

Dispensing with destitution

Implementing a meaningful national minimum wage is the start of a national solution to poverty alleviation, writes **Isobel Frye**

AMONG the fall-out of the end of year festivities and the dreaded receipt of credit card statements from banks for many middle class and elites, in South Africa the debate about the introduction of a national minimum wage seems to be gaining attention, and it is easy to see why.

The deputy president recently asserted at Davos that the South African economy and policies were sound and on track (whichever track that might be). On that we would not comment.

We, however, assert, without fear of contradiction, that our labour market and wage distribution policies are not on track, and in fact, are aggravating the social, political as well as economic crises that are deepening in our country, as leaders continue to grab headlines for many other reasons.

Why do we assert this? Most of us are aware that South Africa, an upper middle income country, is the most unequal country in the world in terms of income inequality. The gap between the rich and the poor is huge, and it is growing. It promotes social unhappiness and crime as the have-nots redistribute for themselves from the assets of the haves.

It also, however, prevents the economy from doing as



A protestor holds up a fake R200 note with the words 'National Minimum Wage' printed on it during a Cosatu protest in 2015. National minimum wages have consistently been shown to reduce poverty and inequality, says the writer. PICTURE: EPA

well as it could, because the purchasing power of the majority of South Africans is virtually non-existent.

Poor people cannot stimulate the economy through greater demand, and the wealthy spend less, and save more – much of it overseas.

In studies of developing countries and emerging markets similar to South Africa, national minimum wages have consistently been shown to reduce poverty and inequality.

Minimum wages are in themselves not a promise of a

living wage, but implementing a meaningful national minimum wage is the start of a national solution to poverty alleviation; adjustments of wages, many of which still carry determinants of apartheid wage setting, and the very meaning and nature of “work” in South Africa, with eventual shifts in levels of gender and income inequality in society.

Bold

This is a bold step towards the eradication of working poverty.

Most of the workers that will be affected by the national minimum wage are the most vulnerable, including domestic and farm workers.

In recognition of their vulnerable employment status, and the absence for many such workers from any bargaining council process, the Ministry of Labour introduced statutory wage determinations (sectoral determinations) for these sectors a number of years ago. Dire predictions of certain job losses were sounded by business and others invested in the

benefits of cheap labour.

In fact, after a minimum period of time, jobs in both sectors actually grew, despite the higher wage determinations. Similarly, in the UK and Germany, two countries that recently introduced a national minimum wage, jobs rose rather than fell, despite similar warnings from the entrenched elites.

The local proposition of R3 500 would give South Africans a similar spending power to low income workers living in Chile and Estonia, according

to a comparison with 31 other developing countries.

It would stretch further than the salaries of workers in Mexico, Russia, and Brazil – but not as far as those in Turkey or Poland, who have all had national minimum wages for a substantial period of time. Currently in South Africa, more than 51%, just under 30 million people, live on less than R1 037 a month.

That is not sufficient to lead a decent life for an individual, and many low paid workers tend to be the only breadwin-

ner in their household. Is this fair? Is it just? Is it desirable? Is it what our long struggle for freedom was about? To paraphrase Mandela: We do not want to have to choose between bread and the vote: We want and deserve both.

Overall the positive impact of such a move far outweighs the negative scaremongering. Poor households stand to benefit regardless of how the argument is packaged. And isn't it about time that we took some decisive action and dispensed with the talk.

Demanding a more equal society where everyone can enjoy a decent standard of living is the frame that nestles this very modest policy change.

All concerned individuals and organisations who support the campaign for a decent national minimum wage can sign up on <http://www.spil.org.za/nmw>.

● Frye is director of the *Studies in Poverty and Inequality Institute (SPII)* and spokesperson for the *#NationalMinimumWage Campaign*

THE Young Communist League of South Africa (YCLSA) has always been at pains in dispelling many of the deeply held myths about the economy, especially as far as the neoliberal capitalist economy's capacity to ameliorate social and economic ills is concerned.

Many of our campaigns such as Jobs for Youth, the Right to Learn, the Read to Lead, or our Ten Youth Demands yearly contextualised, which mainstream media does not sufficiently cover, have sought to bring forth progressive and alternative paradigms through which we can best understand our situation and respond.

One of our propositions has been: decommodify social services because a neoliberal wage-determinant consumption capacity of society is unfavourable to the majority of the people – the working class.

Last year's National Income Dynamic Survey (2016) by the University of Cape Town (on behalf of the government) launched by the Minister in the Presidency, Jeff Radebe, and this week's release of the Living Conditions Survey (2017) by Statistics South Africa, confirm many of the things that the SACP and the YCLSA have been saying.

The subject of our critique is a semi-colonial growth path that reproduces the structural and systemic features of an economy that in no way can overcome poverty, inequality and unemployment. Some of the things that we have put forth to deal with such a situation have been – a need for a comprehensive social security scheme linked with creating labour-absorptive industries; control of financial capital flows to encourage investment in the national economy; taking charge of the commanding heights of the economy – land, steel industry, Sasol, mines, banks (creation of a state bank) and the introduction of the minimum wage.



A South African woman wearing an ANC T-shirt hangs clothes on a washing line adjacent to a polluted canal between shack homes in Masiphumelele informal settlement in Cape Town. PICTURE: EPA

The Living Conditions Survey is a story that leaves much to be desired, writes **Molaodi Wa Sekake**

Poor people still have no access to basic amenities

National minimum wage
As things stand, South Africa does not have a national minimum wage. Instead, wages are set on a sectoral basis through collective agreements negotiated at the level of the firm or bargaining council, or through sectoral determinations published by the government.

There is no cross-cutting legislative stipulation on at least how much an average industrial or farm or domestic worker must earn.

With the country still reeling from the legacies of apartheid and colonialism, such a

reality, it has increased class, racial and gender income inequalities instead of ameliorating them.

This is taking place on the basis of an entrenched social and economic reality upon which there is a palpable gulf between the owning class and the slaving or working class. On average, men earn far more than women – and in terms of racial demographics, whites earned far more than blacks.

Working to eat

The Living Conditions Survey observes that many black households “work to eat” in the main. This therefore says

the average annual household food consumption expenditure of poor black households takes place at the expense of household consumption expenditure on things such education, hence the #FeesMustFall protests, as well as on things such as health, electricity, water etc.

While the ANC-led government has made it possible for many poor people to access water, electricity, houses etc. – achievements of the RDP social and economic policy and programme rationale – the logic of neo-liberal capitalist commodification of social and economic services ruthlessly



Conditions in Skandaalkamp, an informal settlement near the Vissershok Dump site, have not changed apart from the provision of a few taps. Beverley Mathyse and Bongile Stonga (35) eke out a living by scavenging. PICTURE: JEFFREY ABRAHAMS

reverses these gains, as people are expected to pay to access these services.

For them to pay they must have money, and to have money they must be employed and paid sufficiently. But given the levels of unemployment in South Africa, and therefore lack of disposable income or adequate money in the hands of the poor, many people cannot access these services which must be bought in the capitalist market of commodities, however important they are to people's lives.

This is the failure of a GEAR social and economic policy and

programme rationale. Under a socially and economically responsive RDP people were citizens, under neoliberal GEAR people became customers, and the NDP is unlikely to undermine this neoliberal logic, and so the anti-working class social and economic crusade goes on unabated.

While social grants might have dampened poverty by putting money in the hands of households to afford goods and services in the economy, that does not challenge the logic of neoliberal capitalist commodification of social and economic services.

The counter-cyclical fiscal policy measures adopted by the government at different times, which means “reducing spending and raising taxes during a boom period, and increasing spending/cutting taxes during a recession”, have also not gone far to tilt the balance of forces in favour of the poor and workers.

If the Living Conditions Survey observes that many people – especially the majority of black people – work to eat, it means for the black poor there are no assets or funds available to their households (from income, past savings and

borrowing) and in no way can they commit to a range of non-consumption items, including various forms of savings.

How and what are they going to save when what they earn cannot pay for sufficient basic commodities or amenities to see the next day?

If the powers-that-be are not willing to change the situation, they must brace themselves for a mass-based or popular-driven programme that goes beyond their parochial political and intellectual inclinations, in pursuit of a just society.

We will always be on the side of the socially and economically marginalised people and young people against the interests of the self-serving political and economic elite.

● Molaodi Wa Sekake is the YCLSA national spokesperson