

COSATU
LIVING WAGE COMMITTEE



THE
NATIONAL MINIMUM WAGE
READER

- JUNE 1990 -

Introduction

Low wages are a cause of poverty. They are unjust and they lead to economic inefficiency.

Low pay is not the result of "market forces" or of individual productivity. It is the result of the vulnerability of certain sectors of the workforce and the cost structure of low-wage industries.

A National Minimum Wage is a practical solution that has been adopted in many countries. It is one of the demands of the Freedom Charter. The National Minimum Wage can be developed by COSATU as a powerful campaign tool in the fight for a living wage.

The National Campaigns Conference, held in May 1990, asked the Living Wage Working Group "to establish what National Minimum Wage should be suggested to develop a program of action to achieve a National Minimum Wage".

The conference agreed that the level of the National Minimum Wage will be decided at the second National Campaigns Conference in August 1990.

This reader pulls together all the documents and resolutions that have guided the Living Wage Working Group in its work on the National Minimum Wage.

D:\NIC\NATMIN2 - June 12, 1990



The National Minimum Wage Reader

Contents

1. RESOLUTIONS

Resolution on a National Minimum Living Wage - Cosatu 2
Congress 1985

Resolution on the Living Wage Campaign - Cosatu 3
Congress 1987

The Freedom Charter - adopted by Cosatu 1987 4

Resolution on Labour - Congress for a Democratic Future 5
1989

2. THE NATIONAL MINIMUM WAGE - A STEPPING STONE TO THE LIVING WAGE - Living Wage Working Group Discussion Paper

3. THE NATIONAL MINIMUM WAGE - Article from COSATU 10
Campaigns Bulletin No.1, May 1990

4. THE CASE FOR A NATIONAL MINIMUM WAGE - Presentation 11
to the LRA/LWC Conference, May 1990

5. NOTES ON THE DISCUSSION ON THE NATIONAL MINIMUM WAGE 14

6. DECISIONS FROM THE LRA/LWC CONFERENCE ON THE NATIONAL 17
MINIMUM WAGE

7. HOW TO SET THE LEVEL OF THE NATIONAL MINIMUM WAGE - 18
Draft Report of the Living Wage Working Group to the
NCC (for discussion at the meeting on 19 June 1990)

COSATU RESOLUTIONS ADOPTED AT INAGURAL CONGRESS, DECEMBER
1985 AND AT FIRST CENTRAL EXECUTIVE COMMITTEE, FEBRUARY 1986

5. NATIONAL MINIMUM LIVING WAGE

Seeing that:

The majority of workers in SA are earning starvation wages because of the present economic system; constantly rising prices (inflation) are making what little money workers have, worth less and less every day.

Employers in SA continue to make massive and completely unrealistic profits when compared with employers in other capitalist countries.

Many millions of workers do not have any minimum wage protection whatsoever.

The issue of a living wage is one of the strongest points for organising the unorganised.

We hereby resolve:

1. That the Central Executive Committee establish as soon as possible what workers regard as a minimum living wage.
2. Then initiate and conduct - in alliance with other progressive organisations and trade unions in the country - an ongoing national campaign for a legally enforced national minimum living wage for all workers in South Africa, by amongst other things fighting in every industry through worker action and negotiation for that minimum living wage to be paid by all employers.
3. Fight for this minimum living wage to be automatically linked to the rate of inflation.
4. Struggle for the abolition of GST on all essential items and worker control over all deductions like pensions and UIF, which are being financed by workers but used against workers by the racist and anti-worker government.
5. Fight to open all the books of every organised company so that workers can see exactly how the wealth they have produced is being wasted and misused by the employers' profit system, and on that basis can demand their full share of the wealth they have produced. Should the wealth not be there, then it will only prove the inefficiency of employer management and strengthen the case for worker control and management of production.

25. LIVING WAGE DEMANDS

This Congress noting that:

1. COSATU has embarked on a living wage campaign and that the apartheid State is attempting to crush our campaign by banning our rallies, confiscating union material and attempting to criminalise our campaign by alleging that it is "a Communist plot";
2. Employers similarly are attempting to crush our campaign by their intransigence, legal lockouts, legal interdicts, inviting security force action in labour disputes and shifting production to "union free" bantustans;
3. Despite these obstacles workers are committed to waging militant struggles to win their demands.

This Congress therefore resolves:

1. That COSATU build a campaign around a set of national demands. That such a campaign should be developed from the membership in the factories and locals.
2. That the national demands for such a campaign be:
 - * guaranteed annual income
 - * living wage
 - * 40 hour week without loss of pay
 - * no tax deductions
 - * job security
 - * March 21, May 1, June 16, as paid public holidays
 - * retrenchment pay of one month's salary for every year of employment
 - * 6 month's paid maternity leave and job guaranteed
 - * equal and increased technical and vocational training for females and youth.
 - * an end to the hostel system and decent housing near places of work
 - * the right to decent education and training
 - * the right to strike and picket
3. That all affiliated unions should actively implement these demands and report annually on progress made in all industrial sectors.
4. That COSATU commits itself to fight all attempts at deregulation and exemptions which allow employers outside the main centres to pay slave rates and to give no benefits at all to workers.

The Freedom Charter



THE FREEDOM CHARTER, as adopted at the Congress of the People on June 26, 1955, and the National Union of Mineworkers' fifth annual congress on February 25-28, 1987.

Preamble:

We, the people of South Africa, declare for all our country and the world to know:

That South Africa belongs to all who live in it, black and white, and that no government can justly claim authority unless it is based on the will of the people;

That our people have been robbed of their birthright to land, liberty, and peace by a form of government founded on injustice and inequality;

That our country will never be prosperous or free until all our people live in brotherhood, enjoying equal rights and opportunities;

That only a democratic state, based on the will of the people, can secure to all their birthright without distinction of colour, race, sex or belief;

And therefore, we the people of South Africa, black and white, together equals, countrymen and brothers, adopt this Freedom Charter. And we pledge ourselves to strive together, sparing nothing of our strength and courage, until the democratic changes set out here have been won.

The people shall govern!

Every man and woman shall have the right to vote for and stand as a candidate for all bodies which make laws.

All the people shall be entitled to take part in the administration of the country.

The rights of the people shall be the same regardless of race, colour or sex.

All bodies of minority rule, advisory boards, councils and authorities shall be replaced by democratic organs of self-government.

All national groups shall have equal rights!

There shall be equal status in the bodies of state, in the courts and in the schools for all national groups and races.

All national groups shall be protected by law against insults to their race and national pride.

All people shall have equal rights to use their own language and to develop their own culture and customs.

The preaching and practice of national, race or colour discrimination and contempt shall be a punishable crime.

All apartheid laws and practices shall be set aside.

The people shall share in the country's wealth!

The national wealth of our country, the heritage of all South Africans, shall be restored to the people.

The mineral wealth beneath the soil, the banks and monopoly industry shall be transferred to the ownership of the people as a whole.

All other industries and trades shall be controlled to assist the well-being of the people.

All people shall have equal rights to trade where they choose, to manufacture and to enter all trades, crafts and professions.

The land shall be shared among those who work it!

Restriction of land ownership on a racial basis shall be ended, and all the land redivided among those who work it, to banish famine and land hunger.

The state shall help the peasants with implements, seeds, tractors and dams to save the soil and assist the tillers.

Freedom of movement shall be guaranteed to all who work on the land.

All shall have the right to occupy land wherever they choose.

People shall not be robbed of their cattle, and forced labour and farm prisons shall be abolished.

All shall be equal before the law!

No-one shall be imprisoned, deported or restricted without fair trial.

No-one shall be condemned by order of any government official.

The courts shall be representative of all the people.

Imprisonment shall only be for serious crimes against the people, and shall aim at re-education, not vengeance.

The police force and army shall be open to all on an equal basis and shall be the helpers and protectors of the people.

All laws which discriminate on the grounds of race, colour or belief shall be repealed.

All shall enjoy human rights

The law shall guarantee to all their right to speak, to organise, to meet together, to preach, to worship and to educate their children.

The privacy of the house from police raids shall be protected by law.

All shall be free to travel without restriction from countryside to town, from province to province, and from South Africa abroad.

Pass laws, permits and all other laws restricting these freedoms shall be abolished.

There shall be work and security

All who work shall be free to form trade unions, to elect their officers and to make wage agreements with their employers.

The state shall recognise the right and duty of all to work and to draw full unemployment benefits.

Men and women of all races shall receive equal pay for equal work.

There shall be a 40-hour working week, a national minimum wage, paid annual leave and sick leave for all workers, and maternity leave on full pay for all working mothers.

Miners, domestic workers, farm workers and civil servants shall have the same rights as all others who work.

Child labour, compound labour, the tot system and contract labour shall be abolished.

The doors of learning and culture shall be opened!

The government shall discover, develop and encourage national talent for the enhancement

of our cultural life.

All the cultural treasures of mankind shall be open to all, by free exchange of books, ideas and contacts with other lands.

The aim of education shall be to teach the youth to love their people and their culture, to honour human brotherhood, liberty and peace. Education shall be free, compulsory, universal, and equal for all children.

Higher education and technical training shall be opened to all by means of state allowances and scholarships awarded on the basis of merit.

Adult illiteracy shall be ended by a mass state education plan.

Teachers shall have the rights of all other citizens.

The colour bar in cultural life, in sport, and in education shall be abolished.

There shall be houses, security and comfort!

All people shall have the right to live where they choose, to be decently housed, and to bring up their families in comfort and security.

Unused housing space shall be made available to the people.

Rent and prices shall be lowered, food shall be plentiful and no-one shall go hungry.

A preventative health scheme shall be run by the state.

Free medical care and hospital treatment shall be provided for all, with special care for mothers and young children.

Slums shall be demolished and new suburbs built where all shall have transport, roads, lighting, playing fields, creches and social centres.

The aged, the orphans, the disabled and the sick shall be cared for by the state.

Rest, leisure and recreation shall be the right of all.

Fenced locations and ghettos shall be abolished and laws which break up families shall be repealed.

There shall be peace and friendship!

South Africa shall be a fully independent state, which respects the rights and sovereignty of all nations.

South Africa shall strive to maintain world peace and the settlement of all international disputes by negotiation, not war.

Peace and friendship among our people shall be secured by upholding the equal rights, opportunities and status of all.

The people of Lesotho, Botswana and Swaziland shall be free to decide for themselves their own future.

The rights of all the people of Africa to independence and self-government shall be recognised, and shall be the basis of close co-operation.

Let all who love their people and their country now say, as we say here: "These freedoms we will fight for, side by side, throughout our lives, until we have won our liberty."

Resolution on Labour

1. The Conference for a Democratic Future (CDF) unanimously recognises:
 - every person has a right to full employment;
 - the right of every worker to join a trade union of his/her choice;
 - the right of workers to be paid a living wage;
 - the right of workers to work in decent and safe working conditions;
 - the right of workers to strike;
 - the right to adequate social security.
2. The CDF recognises that the Labour Relations Amendment Act (LRAA) is part of the national repressive campaign of the regime.
3. The CDF further recognises that privatization and deregulation are not a solution to the fundamental economic problems in South Africa. These measures increase the unfair distribution of wealth in South Africa and make economic development dependent on the increased oppression and exploitation of the working class.

Therefore resolves that all parties agree to campaign for and use of all available means to achieve:

1. work for all and human unemployment benefits
2. the payment of a living wage to all workers.
3. the implementation of all Worker's Summit decisions including the repeal of the amendments to the Labour Relations Act.
4. the passing of legislation which establishes a national minimum wage covering all workers in South Africa including homelands, agriculture, domestic services and the public sector.
5. the acceptance of the proposal for changes to the Labour Relations Amendment Act and other labour legislation from trade union federation.
6. the repeal of Temporary Removal of Restrictions on Economic Activity Act and to oppose its replacement by any similar act or legislation having a similar purpose.
7. the extension of the protection of all industrial legislation to cover all workers in South Africa including the homelands, agriculture, domestic service and the public sector.
8. an end to the exemptions from the provisions of legislation and of wage regulating measures for rural and small businesses.
9. an end to the privatisation of the wealth of South Africa especially the major state enterprises and services such as Sats, ESCOM, GPO and hospitals.
10. the enhancement and extension of wealth and resources of the country including an extensive programme of non-discriminatory skills training.
11. the acceptance of Private Pension and Provident Funds should be only supplementary to the provisions of an adequate state pension for all people.
12. an adequate unitary UIF and Workmen's Compensation for all workers as well as a decent social security system. All workers in S.A agriculture, domestic service and public sector should be included in the UIF.
13. affordable housing and services for all people.
14. a free, comprehensive and adequate non-discriminatory health service.
17. non-discriminatory and improved education from primary to tertiary level.

Furthermore Resolves That:

A restructuring of the economy is required where, through a process of democratic planning, resources will be allocated to stimulate the growth of employment and the developments of industry and agriculture for the benefit of all people.

In Order To Achieve The Above:

The trade union movement and its allies will begin discussions on programmes of action for 1990. These discussions will address the following possible actions:

- industrial area marches during the week;
- factory, mine and shop occupations;
- blacklisting of companies;
- stay-away actions;
- all strike actions should be supported by a co-ordinated anti- scabbing campaigns
- solidarity action against identified employers who use the LRA amendments;
- defying the interdicts of the Industrial Courts;
- worker's conferences;
- country-wide marches should be organised on agreed dates to deliver resolutions of this conference
- mass rallies;
- isolating and campaigning against companies like Barlow Rand which are leading the attack against unions for a living wage;
- intensifying the boycott of overtime and the demands for reduced working hours to create more permanent jobs;
- the developments of strong structures in the factories, mines and shops and in the communities to link struggles on the ground and to support workers in their demands for a living wage;
- occupation of the Johannesburg Stock Exchange to prevent trading in shares of privatised enterprises such as SATS, ESCOM and the GPO;
- acts of defiance such as refusing to pay for privatised or expensive hospital treatment;

to fight for:

- the repeal of the LRA;
- the temporary removal of restrictions on Economic Activities Act;
- the Group Areas Act;
- the passing of uniform and agreed labour legislation to cover all workers in all sectors in all areas of South Africa.

The Parties To The Cdf Will Undertake To Actively Support The Agreed Programme Of Action.

In addition, parties to the CDF commit themselves to:

- not applying for the deregulation of any business or area or sector that would have the effect of removing any rights currently enjoyed by workers;
- the paying of a Living Wage and jobs for all.
- to help formulate a Worker's Charter to incorporate the demands of the workers.
- support strike action by workers in those corporations which is aimed at resisting or opposing privatisation or improvements in conditions of employment or for recognition especially the SATS dispute.

A NATIONAL MINIMUM WAGE

Stepping stone to the Living Wage

The demand for a Living Wage was first made in South Africa by FOSATU in 1981. The Living Wage was the subject of a resolution at the founding congress of COSATU in 1985, and the Living Wage campaign was launched in 1987.

In recent months, the Living Wage campaign has lost momentum. There was no mention of the Living Wage campaign in the official report to the Cosatu Third National Congress in 1989, except a remark that Cosatu had "launched militant campaigns such as the Living Wage campaign..." (page 1). There were no resolutions on the Living Wage. It is understood that the national Living Wage committee did not meet between May 1989 and February 1990.

In its place, an interest has developed in the concept of a national minimum wage. The Transport and General Workers' union proposed a motion at the 3rd National Congress of Cosatu in 1989 which called for a workers' charter to be drawn up to include, amongst other things, the demand for "a national minimum wage".

And the Congress for a Democratic Future held in December 1989 approved a resolution on labour which, amongst other things, demanded "the passing of legislation which establishes a national minimum wage covering all workers in South Africa . . ." This was in addition to a call for "the payment of a living wage to all workers".

How much is the Living Wage?

Despite a clear instruction from the inaugural congress (*Cosatu Resolutions*, resolution number 5), Cosatu has never "established what workers regard as a minimum living wage". The Labour Research Service has used the cost of housing to make a calculation of the Living Wage. In mid-1989, the housing-based estimate was R1 140 per month. Other research groups have made similar estimates.

How far away is the Living Wage?

The Labour Research Service database of wage agreements, AWARD, shows that the average labourers' wage settled in the 2nd half of 1989 was R667 per month. This is only 59% of the Living Wage estimate. Put another way, the average labourer will need an increase of 71% to reach the Living Wage.

The top wage on AWARD of R1 203 p.m., at Toyota, is now above the Living Wage. Nissan also pays more than R1 140 per month, and several other motor manufacturers, multinational food companies and chemical companies pay just below or just above it. This shows that, for some workers, the Living Wage is within reach. But for many workers, it is too distant to be a viable short-term goal.

(Source: Labour Research Service, *Wage Review No. 4*, January 1990)

Without abandoning the concept of the Living Wage, the unions should now consider an intermediate demand in addition to the ultimate goal of the Living Wage.

The national minimum wage

Such an intermediate demand could be the "national minimum wage" - say R700 p.m. or R160 per week. It would provide a realistic and popular target for all workers now below the average of R667. It will also be a safety net for those above the average. Workers who had achieved the "national minimum wage" would still be able to campaign for further progress towards the "Living Wage".

An important aspect of the "national minimum wage" demand is that it would apply to all industries. Because it represents the minimum, the floor to wages, it would be a useful demand even in high-wage industries.

This is because even high-wage industries have low wage companies. The "national minimum wage" demand thus protects the high-wage workers by setting a floor to wages throughout the industry.

But because it is a "minimum", it does not put a ceiling to wages. High-wage workers can continue their struggle for the higher "Living Wage".

Such a demand would help to unify union wage campaigns. Unions would be able to present a united front to management, especially the highly de-centralized companies such as Barlow Rand.

Unions demands would thus become standardised within a range, between R700 per month (the floor) and R1 140 (the target). This will strengthen solidarity between high-wage and low-wage industries, and strengthen union co-operation.

Farmworkers and domestic workers

Farmworkers are employed in commercial organisations which make profits. Their conditions of employment are exceptionally poor only because their unions do not have any legal protection. There is no reason why farming operations should not be able to afford reasonable wages. Some wine farmers in the Western Cape have agreed recently to pay R500 per month; unions in the farming sector should therefore have no difficulty in demanding a minimum of R700.

Domestic workers, however, are not engaged in directly profitable work and constitute a luxury for their employers. Their bargaining position will be exceptionally weak even when they win legal protection. Their union, SADWU, demands only R450 per month. It would be idle, therefore, to suppose that the national minimum wage applicable to the rest of the economy could be used credibly in this sector which must remain an exception.

Background

South Africa has had minimum wage legislation since 1925 when the Wage Act was passed. But the wage determinations made under this Act cover certain industries and certain areas only, and the wages set are particularly low (and falling in real terms). Large numbers of workers are not covered by any wage determination; even larger numbers are not even covered by the Act. There are big differences in the wages set

under the Wage Act for different industries and different areas.

New Zealand and Australia were the first countries to make laws for minimum wages in particular industries. Most countries now have similar methods of minimum wage determination by industry or sector. But Mexico - in its constitution of 1917 - was the first to recognize the duty of the State to ensure minimum living standards. The constitution included these words:

"The minimum wage to be received by a worker shall be that which is considered sufficient, according to the conditions of the region, to satisfy the normal needs of his living, education and honest pleasures, considering him as the head of the family . . ."

"(Source: Gerald Starr, *Minimum Wage Fixing*, International Labour Office, 1981

Enforcement

Enforcement of a national minimum wage obviously requires a law. But this will not be achieved under the present government. They are allowing even the sectoral wage determinations to fall ever lower in real terms. Like Mrs. Thatcher, they have cancelled certain wage determinations and exempted some employers from others.

The trade union movement will urge a national minimum wage upon a new, democratic government. Indeed, the national minimum wage is a demand of the Freedom Charter (in the clause headed "There shall be work and security!").

But shall we put off the struggle for a national minimum wage until there is a democratic government?

Surely not. Until then, the national minimum wage will have to be "enforced" by the workers themselves and their organisations. In every negotiation, workers should demand the national minimum wage of R700 (or whatever figure is settled upon) as part of a national campaign.

With the support of the high-wage unions, it will be possible to win the national minimum wage in large parts of the economy! This will give extra backing to the national minimum wage when it is introduced by a new, democratic government. We know that laws are not enough, unless workers' organisations are strong and ready to fight.

It is to be hoped that Cosatu's Living Wage conference in May 1990 will give leadership to the working class on this matter. ".

R G Young

March 1990

The discussion on the idea of a National Minimum Wage and whether it should be a core demand of the COSATU Living Wage Campaign is scheduled for the next meeting of the Living Wage Working Group on 27 March 1990 at 4pm in the boardroom at the SACTWU offices , End St, Johannesburg.

"There shall be work and security.... There shall be a forty-hour working week, a national minimum wage, paid annual leave, and sick leave for all workers, and maternity leave on full pay for all working mothers..."

The Freedom Charter, 1955, adopted by COSATU and its affiliates in 1987.

"The Conference for a Democratic Future...resolves that all parties agree to campaign for and use all available means to achieve...the passing of legislation which establishes a national minimum wage covering all workers in South Africa..."

CDF resolution on labour, December 1989, attended by COSATU and its affiliates.

"A national minimum wage enforced by law shall be established, linked to the rate of inflation. The national minimum wage shall take into account the need to cover rent, electricity and water, upkeep of the home, food and clothing, transport and entertainment."

SACTU draft Workers Charter 1989.

"The state, in consultation with the trade unions, shall adopt and enforce a minimum wage"

SACP draft Workers Charter 1989.

The demand for a National Minimum Wage is often raised as a key demand of the working class.

A national minimum wage of general application has been introduced in Mexico (1917), the United States (1937), Canada, Japan, Luxembourg (1945), France (1950), Netherlands (1969), Spain (1963), Portugal (1974), Belgium (1975) and Zimbabwe.

The National Minimum Wage can be a stepping-stone to the living wage, the target of one of COSATU's major campaigns.

The National Minimum Wage sets a floor to wages. It aims to root out the extremes of exploitation that are part and parcel of the South African labour market.

At SAB in Pretoria, a worker who sweeps around the machine that puts caps on beer bottles gets R1063 per month as a minimum wage.

At Black Mountain mine, in the Northern Cape, a worker who sweeps up lead dust underground gets R273 per month as a minimum wage.

The two workers are doing the same job of sweeping.

The National Minimum Wage

Why does one get paid almost four times as much as the other?

It clearly has nothing to do with productivity. It has nothing to do with the dangers of work - a miner's job is more dangerous, but he gets paid less. The difference in wages has nothing to do with skill - the workers could swap jobs and the company would not even notice.

The wage difference arises from inequalities in power between workers in different factories. The inequalities may be in levels of organisation, in local levels of unemployment, in the types of products they produce, in the ability to speak English or in other things that put workers at a disadvantage and make them more vulnerable to exploitation. Illegal workers from Mozambique or migrant workers from the bantustans are other examples.

The National Minimum Wage, by setting a floor to wages, will limit exploitation.

Enforcement of a National Minimum Wage obviously requires a law. But this will not be achieved under the present government. They are allowing the buying power of the meagre wages set by the Wage Board to fall every year. Like Mrs. Thatcher, they have cancelled certain wage determinations and exempted some employers from others.

The trade union movement will urge a national minimum wage upon a new, democratic government. But shall we put off the struggle for a national minimum wage until there is a democratic government?

No! Until then, the National Minimum Wage will have to be "enforced" by the workers themselves and their organisations. In every negotiation, workers should demand the National Minimum Wage as part of a national campaign.

With the support of the high-wage unions, it will be possible to win the National Minimum Wage in large parts of the economy. This will give extra backing to the National Minimum Wage when it is introduced by a new, democratic government. We know that laws are not enough, unless workers' organisations are strong and ready to fight.

The debate on how to fix the level of the National Minimum Wage and how to use it in bargaining will be part of the COSATU National Campaigns Conference in May.

Down with poverty wages!

COSATU National Campaigns Conference

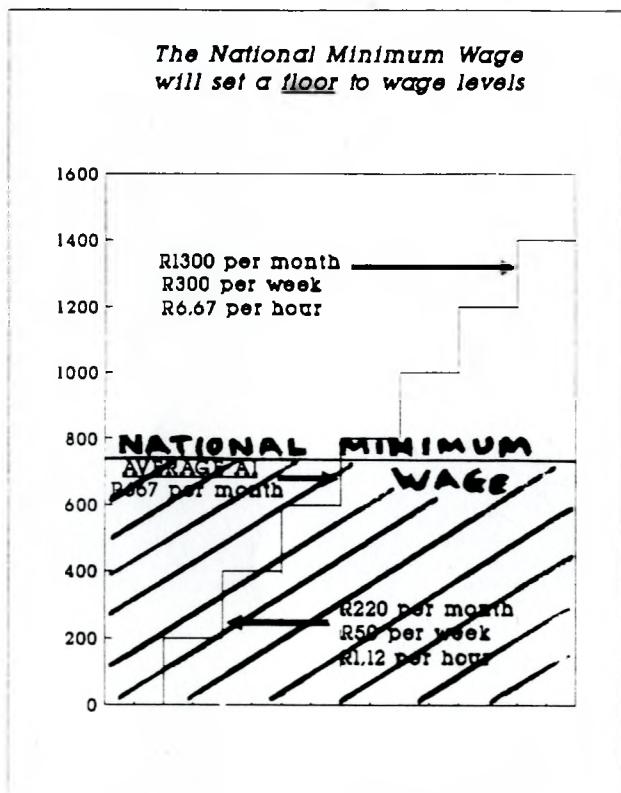
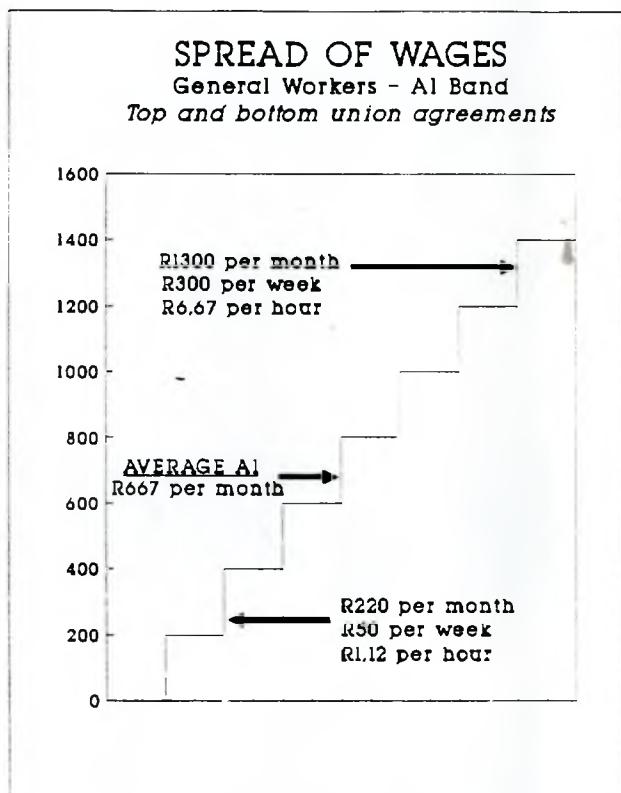
Johannesburg, 12-13 May 1990

The National Minimum Wage

Presentation 1 (7 minutes): The Case For a National Minimum Wage

We want to campaign for a National Minimum Wage for South Africa.

The proposal is that COSATU should agree on an amount in rands and cents and promote this figure as a floor to wage levels in South Africa.



The demand for a National Minimum Wage is part of COSATU policy. The Freedom Charter says: "There shall be work and security.... There shall be a national minimum wage..." This Charter was adopted by COSATU and its affiliates in 1987.

At its founding Congress COSATU passed a resolution to campaign nationally for a legally enforced minimum living wage. It is now useful to distinguish between the Living Wage and the National Minimum Wage.

Much research has been done on the Living Wage, which has been the focus of the Living Wage Campaign. But we have lost sight of the minimum part of the resolution. Both parts are important.

We want to have a debate today on whether the demand for a National Minimum Wage should become one of the weapons in the battle for a Living Wage.

The demand for a National Minimum Wage sends a clear message to the bosses of South Africa that the trade union movement is determined to end low-wage exploitation.

It sends a message to the people of South Africa that the unions are concerned with all wage levels in the country - not just those of their members. Unions believe in better wages for all workers - on the farms and the mines, in service industries, in the public sector and domestic service, in building and construction, as well as in manufacturing industries.

A National Minimum Wage demand put forward by COSATU will have immense authority. It is a statement from over one million organised workers that they care about unorganised workers.

It is an invitation to low-paid and unorganised workers to join the union movement a fight for a better wage. No worker must earn below the floor level set by the National Minimum Wage.

A National Minimum Wage demand provides the basis for a wage solidarity campaign to raise the wages of the lowest-paid across all sectors of the economy and, in the process, to build working class unity.

Obviously, a National Minimum Wage, if it is to be effective, has to be enforced - and in sectors or enterprises where workers don't even belong to unions. This means that the National Minimum Wage has to be backed by the force of law. We will not get such a law under the present government. Its programme of deregulation is fundamentally opposed to minimum wage laws. But we must put forward the demand for state intervention to enforce minimum wages.

There are three main reasons why there should be state control of minimum wages:

1. The demands of justice and equality require that all workers should get a reasonable reward for their labour and no disadvantaged groups should be exploited. Some workers are specially vulnerable to exploitation - even when they are unionised - and need protection. We can mention here farm and domestic workers and workers in the service sector.

2. It is impossible to eliminate poverty and reduce inequality in living standards without setting lower limits to wages. This is the task of the National Minimum Wage.
3. If we don't stop the exploitation of low-paid workers it has a bad effect on the growth and productivity of the economy. Low wage enterprises undercut the gains made by the unions. Low wages entrench low productivity. We need to raise wages and raise productivity in the economy in order to reach our goal of a Living Wage for all.

The campaign for a National Minimum Wage is a stepping-stone to the Living Wage.

It will build solidarity between low-wage and high-wage sectors and strengthen working class unity.

We must demand a floor to wages in South Africa. No one must earn below this level.

The level of the National Minimum Wage must be determined by COSATU and adjusted every year. Unions are free to use their bargaining power to win wages above the National Minimum Wage - but it provides a safety net for unorganised workers and for vulnerable workers.

A National Minimum Wage is a simple and easily-understood demand that we should establish as a core demand in the fight for a Living Wage.

NOTES ON THE DISCUSSION ON THE NATIONAL MINIMUM WAGE

Cosatu LRA/LWC Conference, 11-12 May 1990

POTWA said they don't see a difference between the Living Wage and the Minimum Living Wage. But it is correct to set a level where we can say: No one gets below this amount. It will build a spirit of collectiveness amongst the members and give content to our slogan: An injury to one is an injury to all.

CWIU said that there is a difference between a Living Wage and a Minimum Wage. Organised workers are in a better position to fight for a Living Wage. It is the responsibility of COSATU to build a bridge to unorganised workers. The National Minimum Wage can be such a link. The campaign for a National Minimum Wage should also include a demand for improved benefits for unemployed workers. We must have a programme to back up the demand for a National Minimum Wage.

SARHWU supports fully the idea of a National Minimum Wage but feels it should be different in each sector.

SACTWU said that the National Minimum Wage will have serious economic consequences. The clothing industry world-wide is busy moving to area with low labour costs. A National Minimum Wage will cause greater unemployment as it will remove the competitive advantage of the major clothing producing areas. SACTWU favours a policy of sectoral minimum wages based on the ability to pay. The National Minimum Wage demand may have some value as a political statement or a mobilising tool, but its adoption will work against the clothing industry in the future. SACTWU has no official position, however, on the issue of a National Minimum Wage.

NUMSA expressed concern at the very low wages for farm workers. Even in organised sectors of the economy, there are companies that pay low. We must have a compulsory minimum wage. We as COSATU must adopt a resolution to organise the unorganised and force the employers to pay. Workers control production. They can say: There will be no production unless there is a minimum wage. The government too must be forced to pay a minimum wage. There should be a National Minimum Wage as well as sector-by-sector bargaining to push wages towards a Living Wage.

NEHAWU said it was quite excited about the National Minimum Wage. R220 per month is not the lowest wage for unionised workers. In fact it is R95 per month at some places. Low wages mean low productivity and less care for patients. It is wrong to say that setting a National Minimum Wage will give employers the power to refuse wage increases because they will compare their wage with the minimum. Wage comparisons are always used by employers anyway. The National Minimum Wage will attract unorganised workers into COSATU.

POTWA said that the National Minimum Wage will encourage the bosses to resist worker demands for a Living Wage. A National Minimum Wage will dilute the militancy of workers because they always have this minimum as a fall-back position (safety net). We need to decide on a level that will mobilise the greatest number of workers. In fact we need two levels, one for a minimum wage and one for a living wage. The gap between the National Minimum Wage and the Living Wage should not be too big or it will drive management to stop at the Minimum Wage.

PPWAWU said the battle for minimum wages is part of the power struggle with the bosses. All people of SA need to unite to rectify the wrongs of poor wages. A National Minimum Wage is the only way to make sure everyone gets a minimum wage. All the people of SA will be assured of a basic minimum. The National Minimum Wage can also be used to fight subcontracting. Subcontractors steal work from companies by paying lower wages.

SADWU said that we should not talk about a minimum wage but a living wage. we want a living wage for all, not just a minimum wage.

NUWCC said that the National Minimum Wage is of vital importance. It is a stepping stone to the Living Wage. It is an important mobilising factor amongst workers.

NUM said it is important to embark on a National Minimum Wage campaign. The union also supports a living Wage. Some workers in mining are paid as low as R28 per week. The National Minimum Wage will put a stop to this. In setting the level of the National Minimum Wage we shouldn't allow the capitalists to set standards for the workers. The Poverty Datum Lines and such measures should be rejected at the basis for a National Minimum Wage.

SAMWU said that it has a problem with a National Minimum Wage as municipalities say that as they are non-profit organisations they cannot afford to pay. This is particularly the case with municipalities in rural areas. If we set a National Minimum Wage the municipalities will say they can't pay. What should the union do in this situation.

SACCAWU said that they do not oppose the idea of a campaign for a National Minimum Wage. We all fight for minimum wages in our different sectors at present. Minimum wages are essential. But SACCAWU wanted to raise certain concerns:

1. The National Minimum Wage has been presented as something that all workers can fight for. The lowest wages are in the farm, domestic and service sectors. The wages in these sectors are very low. A wage that takes these facts into account won't include the metal and chemical workers who earn more.
2. If we fix a National Minimum Wage at a level that will include everyone, say at R1500, we will raise false hopes and the campaign will backfire.
3. At the moment the legal minimum wages are established by sector - by industrial councils and wage boards. Can't we use those mechanisms to bring in sectors and workers not covered by the present instruments?
4. If we demand a National Minimum Wage, how will we win it - by mobilisation or by negotiation?

DECISIONS FROM THE LRA/LWC CONFERENCE

ON THE NATIONAL MINIMUM WAGE

"The Conference agreed that there should be a National Minimum Wage and that a campaign for a National Minimum Wage would bring together organised and unorganised workers and would be important for workers in low wage industries.

"The Living Wage Committee was asked to establish what National Minimum Wage should be suggested to develop a program of action to achieve a National Minimum Wage.

"The August Conference needs to make a decision on a National Minimum Wage and what it should be."

[Extract from Section 2 of the report to the National Campaigns Committee, 31 May 1990]

HOW TO SET THE LEVEL OF THE NATIONAL MINIMUM WAGE

Draft Report of the Living Wage Committee to the COSATU National Campaigns Conference

We recommend that the Living Wage Committee, after careful research and consultation, proposes a particular level for the National Minimum Wage and then asks for workers' support for it.

These are the main factors that should influence the level of the National Minimum Wage:

1. Based on workers realistic needs

The National Minimum Wage is a campaign tool. It should be based on trade union perceptions of workers' realistic needs. A new government would approach the matter in a different way, as it has other interests to consider.

2. Ensure reasonable living standard

The National Minimum Wage should assure workers of a reasonable living standard. This means it should not be lower than the poverty datum line. This will ensure that all unionists can support the National Minimum Wage with enthusiasm.

Minimum Living Level: R556,77 per month - February 1990.

Household Subsistence Level: R549,24 per month - September 1989.

3. Large numbers must benefit

A large number of low-paid workers should benefit from the National Minimum Wage. This means it should be set not far off from the average minimum wage.

The AWARD average wage was R667 per month in the second half of 1989. The management-sponsored wage survey, P-E Remuneration Service, says that the average labourer's wage was R665 per month in September 1989.

4. Credible in any negotiation

It must be a credible demand in any negotiation. This is not the same as saying that it will be achievable, only that employers will be obliged to take it seriously.

5. Every union can use the National Minimum Wage

The National Minimum Wage should be set at a level which every union and every sector will find useful in its wage campaigns. Unions will use it differently, however. In high-wage industries, unions will use the National Minimum Wage as a floor or safety net to wages; in low-wage industries, unions will use it as a goal.

6. Not too close to the Living Wage

The National Minimum Wage should not be so high as to become confused with the Living Wage. The National Minimum Wage and the Living Wage are two completely different concepts which have complementary uses in the trade unions' campaigns.

The Labour Research Service estimate of the Living Wage, based on housing costs, is R1 140 per month.

Pennington's Township Survey of March 1990 believes that the average black family needs R1036 per month to maintain a "modest" standard of living.

7. One minimum for all workers in all industries

Unlike the wage determinations set by the Wage Board, the National Minimum Wage should apply to all workers in all industries, and in all areas of the country.

8. Level must be reviewed annually

The National Minimum Wage should be reviewed annually and adjusted by at least the rate of inflation. The average increase achieved by unions in wage negotiations for general workers should also be taken into account. If unions achieve wage increases well in advance of inflation in a particular year, the National Minimum Wage should also increase by more than inflation.

Conclusion

The National Minimum Wage must be above R550 per month, the present level of the bosses' Poverty Datum Lines. The union movement has constantly rejected these measures as being unscientific and far too low.

The National Minimum Wage should be below R1000 per month. R1000 is two thirds of the average wage according to the latest labour statistics issued by the Government. [P0200 of 25 April 1990]. In Britain, the Trade Union Congress has urged that workers should be paid not less than two-thirds of average earnings. This is certainly the eventual target level to aim at for a National Minimum Wage.

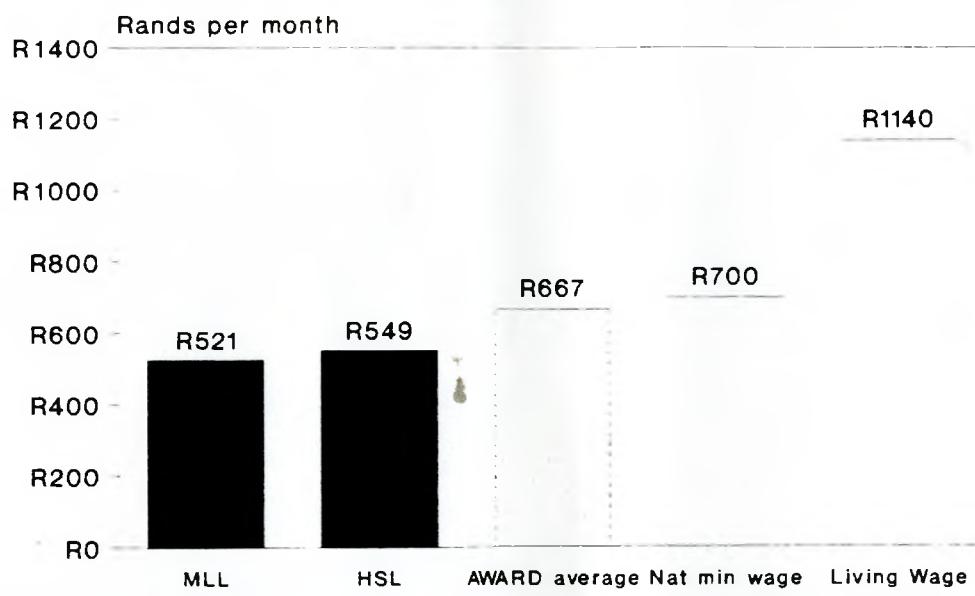
But given the depth of the low-pay problem in certain key sectors of the economy, it is not realistic to set a National Minimum Wage at the two-thirds level immediately. R1000 is close to the lower estimates for a Living Wage. In order to draw a clear distinction between the National Minimum Wage and the Living Wage and to allow for the enormous spread of wages at present, we should set the National Minimum Wage at a somewhat lower level than R1000. It seems appropriate to take half of the average wage for all races according to Government statistics as the upper limit for the National Minimum Wage at present. This is R750 per month.

The National Minimum Wage should thus be between R550 per month and R750 per month.

RECOMMENDATION - R700 per month

Following the Labour Research Service, we propose R160 per week or R700 per month as the appropriate level for a National Minimum Wage. The graph below shows why.

NATIONAL MINIMUM WAGE Compared to other measures



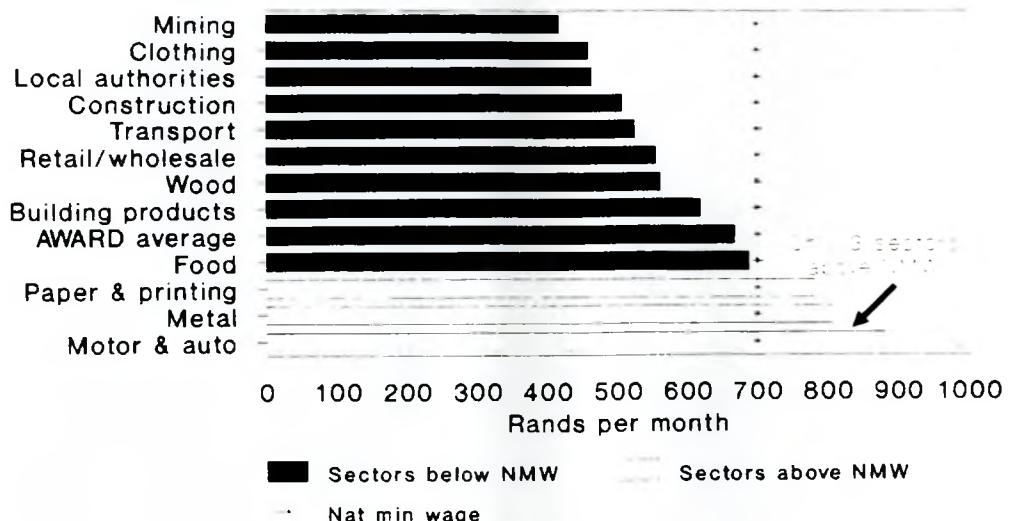
Labour Research Service 3/90

R700 per month is higher than the two Poverty Datum Lines; it is slightly higher than the average wage for "general workers" on AWARD (the LRS database of wages negotiated by unions); and it is more than R400 below the Living Wage estimate. It therefore provides huge potential gains for a vast number of workers, yet does not prevent higher paid workers from going on to demand the Living Wage. In all industries except, perhaps, domestic service, it will be a credible bottom-line demand. In short, it is a convenient step towards the Living Wage.

In this graph, we show the average wages in the main industries.

NMW AND AVERAGE WAGES

Comparisons with AWARD



Labour Research Service 3/90

You will see that the R700 National Minimum Wage is considerably higher than all the average wages except in three sectors: paper and printing, metals, and motor and auto. In these three sectors, however, there are many companies paying far less than the proposed National Minimum Wage. The lowest wage on AWARD in these sectors is:

Paper and printing	R472	(Bakke Packaging)
Metals	R500	(Impala Platinum Refineries)
Motor and auto.	R526	(Motor Industrial Council)

The National Minimum Wage of R700 per month appears, therefore, to be a credible demand in the low wage sectors, as well as in the low-wage companies within the high-wage sectors.

How many workers are affected by a minimum wage of R700?

We lack the statistical data that is available in other countries to estimate the exact effect of a particular level of the National Minimum Wage. But we can use the AWARD and P-E data to give some indications. The recent AWARD survey of operatives wages allows us to estimate effects beyond the "labourer" grade:

Percentage below R700

Labourers:	58%
Low skilled operatives:	47%
Semi skilled operatives:	31%
Skilled operatives:	12%

Overall, we estimate that a National Minimum Wage of R700 will affect the wages of 1,2 million workers (excluding domestic workers and agriculture). In percentage terms, this means the National Minimum Wage, if set at this level, will affect about 22% of the workforce.

Women workers are one of the most exploited groups in the Apartheid economy. The National Minimum Wage will be of special significance in combating the blatant gender discrimination that is tolerated at present. A higher proportion of black women workers earn wages below R700 per month.

According to the P-E survey, wages are below R700 per month for:

55% of all A1 grade workers (the lowest rate)

63% of black female workers in grade A1

29% of black female workers in grade A2

71% of coloured female workers in grade A1

41% of coloured female workers in grade A2

The National Minimum Wage, if set at R700 per month in 1990, is consistent with all the principles noted in the first section of this report.

A programme of action for ending low pay

The demand for a National Minimum Wage is one part of a broader campaign of the trade union movement to end low-wage exploitation in Southern Africa before the end of the century.

The one key element in this programme is trade union organisation.

Strong trade union organisation will allow us to combat low pay and ensure fair wages through collective bargaining.

The other key element is a transformed economy. A thoroughgoing restructuring of the South African economy will allow the establishment of a high-wage, high-productivity growth path that provides a firm basis for the redistribution of income.

In addition, legislation is needed to give direct protection to low-paid workers.

We cannot end poverty without ending low wages.

The demand for a National Minimum Wage will provide a rallying point for all unions and for unorganised workers.

Cosatu Living Wage Working Group

19 June 1990

Note: This particular version is the first draft/

Appendix 1

THE EFFECTS OF SETTING THE NATIONAL MINIMUM WAGE AT DIFFERENT LEVELS

*Percentages affected if the
National Minimum Wage is:*

	<i>Below R700</i>	<i>Below R650</i>	<i>Below R600</i>	<i>Below R550</i>
Labourers:	58%	51%	44%	34%
Low skilled operatives:	47%	41%	35%	27%
Semi skilled operatives:	31%	29%	21%	15%
Skilled operatives:	12%	9%	6%	5%
Total number affected	1,25 million	1,10 million	1 million	710 000
Percentage of workforce	22%	19%	17%	12%

These statistics exclude domestic workers and farm workers.

Acknowledgements

This report draws substantively from a reply from the Labour Research Service to the Living Wage Committee's request for suggestions on how to set the National Minimum Wage.

We also acknowledge the use of a more general report from LERC on the subject and a reading list from TURP.

Books, Reports and Articles Consulted

Labour Research Service *Operatives Wages*, April 1990

E MacLennan, C Pond, J Sullivan *Low Pay: Labour's Response* Fabian Tract 488, May 1983

Chris Pond and Steve Winyard *The case for a National Minimum Wage* Low Pay Unit, Pamphlet No. 23 n.d. c.1983

Gerald Starr *Minimum Wage Fixing: An international review of practices and problems*, ILO

TUC *Fair Wages Strategy: National Minimum Wage*, April 1986

National Manpower Commission *The principle and application of a National Minimum Wage* RP 94/1982

Central Statistical Service: *Statistical News Release P0200 "Labour Statistics: Employment and salaries and wages (Summary), December 1989"*, 25 April 1990

Central Statistical Service: *Manpower Survey 1988 Occupational Information*, Report No. 02-01-01 (1988)