

COSATU's first-ever wage policy workshop



In March 1991, nine COSATU affiliates attended the first-ever wage policy workshop organised by the Living Wage Committee (LWC). CAROLE COOPER* reports, and analysis the implications of their findings.

The wage policy workshop arose out of the heated debate surrounding the concept of a national minimum wage (NMW) at the September 1990 COSATU campaigns conference (see *SA Labour Bulletin* Vol 15 No 8). That conference decided that COSATU unions needed to study the whole area of wages in more detail before a decision on the NMW could be reached.

A number of problems concerning wages were identified at the workshop, presented by the Labour Research Service (LRS).

Wage differences between workers with different skills

The wage gap between skilled (often white) workers and unskilled (only black)

workers has been a union concern for generations.

The LRS said that while the question of reducing the wage gap between workers with different skills was high on unions' agendas, success in achieving this had been less significant than appeared at first glance. While the gap between minimum rates for artisans and labourers seemed to have narrowed significantly in many industries, in terms of actual wages paid the narrowing of the gap was not as great. In 1975 the minimum wage for labourers in the steel industry was 24% of that for artisans, and in 1990 it was 44%. However, in actual terms there was less of a reduction: 22% of artisans' wages in 1975 and 34% in 1990. This, the LRS said, was the result of wage drift. Because

artisans were in short supply, employers tended to pay them well above the minimum.

One of the ways in which unions have attempted to close the wage gap is by negotiating rand across-the-board (ATB) increases, rather than percentage ATB increases. In practice, however, this does not lead to a decrease in the gap, but merely holds it constant. Most unions have now moved to negotiating a combination of rand and percentage increases. In interviews, only SACCAWU and POTWA said they negotiated rand ATB increases only. Rand ATB increases tend to favour lower-paid workers and often mean that more skilled workers' increases are below inflation. Dissatisfaction by

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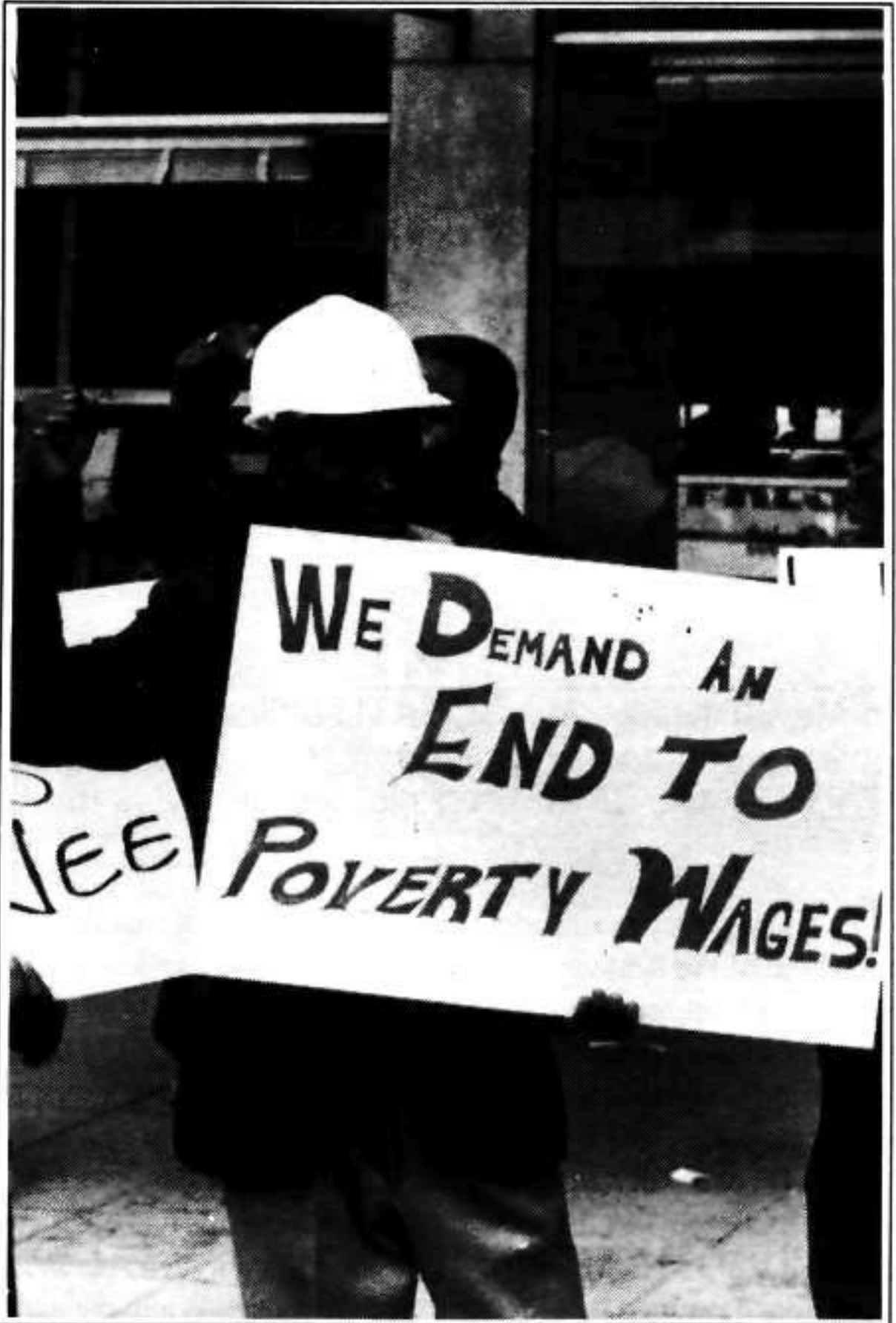
COSATU WORKSHOP

skilled workers with this situation is one reason for the move away from the historic rand ATB increase to a combination of rands and percentages, workers getting whichever is the greater. NUMSA reported that because it has organised increasing numbers of skilled workers, for the first time this year it introduced percentage increases as well. Employers generally prefer percentage increases. In the clothing and textile sectors for instance, employers in the larger bargaining units insist on percentages as a means of keeping the grading system intact.

The LRS, however, queried why unions wanted to close the gap between unskilled and skilled workers – the problem, it suggested, was really one of how to improve the wages of lower-paid workers. Given the poor performance of the economy, it believed that employers would be extremely resistant to wage increases for less-skilled workers.

It argued that unions should rather look to increasing skills as a way of improving wages. Linked to this is the rationalisation of the grading system, so that there is a standard and fair measure of workers' skills.

Some unions, such as NUMSA, have already started looking at the grading system. The metal union argues that there should be a reduction in grades to six as a way of minimising gaps between workers in the same



Wages are always a burning issue for workers

Photo: The Star

industry doing the same jobs. While reducing grades doesn't automatically lead to a reduction in the wage gap, it does simplify the setting of wage levels for different skills.

The LRS said, however, that while grading should be rationalised, the process was not without pitfalls: while too many grades lead to confusion, too few grades could make it hard for workers to move upwards. The gaps are big and it

becomes expensive for employers to promote from one grade to the next.

Wage differences between companies

The workshop found that a common problem was that different companies set different wages for workers in the same jobs. One argument given by employers is that they cannot raise wages because their competitors in other companies pay lower wages.

The extent to which there is a wide discrepancy between wages is shown in the paper and printing industry, where labourers in the forestry sector are paid a minimum of R25 a week, compared with a minimum of R250 per week for labourers in furniture and printing.

Large wage discrepancies tend to be more of a problem in those industries where there is highly decentralised bargaining, such as in sectors organised by the Transport and General Workers' Union.

Differences between the same companies in different regions

The workshop reported that there were often large differences in the wages paid by the same company in different regions, one reason for this being the government's decentralisation policy.

Despite union attempts to address it, the problem remains. For instance, the LRS pointed out that Nampak paid a labourer R827 per month in Rosslyn, while the company's labourers in Port Elizabeth got R662 a month - a 20% difference.

In Sappi the range in labourers' wages was from R5,06 an hour at Cape Kraft, to R3,47 an hour at Novoboard (Durban). Most unions said that eliminating such discrepancies was high on their agendas. NUMSA's Tony Ruiters reports that

Maximum, average and minimum wages

	Maximum	(Rand per month)	
		Average	Minimum
NUMSA			
auto	1323	1049	740
tyre/rubber	1152	910	585
engineering	1090	916	591
SACTWU			
textile	995	672	216
clothing/leather	897	550	193
SACCAWU			
wholesale/retail	1117	762	520
hotel/catering	810	670	380
CAWU	1035	727	399
PPWAWU			
printing/packaging	1296	894	433
wood/furniture	1001	795	347
T&G	1110	638	369
NUM	1100	558	310
SAMWU	970	449	184

bosses in the Border and PE area want exemption from the metal industry Industrial Council agreements so that they are not required to pay the same wages as in Johannesburg.

According to the South African Clothing and Textile Workers' Union, for which regional differentials have been a major problem, there is no real logic behind employers' arguments in support of such differentials as they are all providing goods for the same market.

Wage differences between industries

The fourth problem identified by the workshop was the vast differences in wages between industries. The table above, taken from information supplied by the LRS, shows the discrepancy in maximum, minimum and average wages in selected industries.

The LRS commented that a worker's wage is often a matter of luck depending on the sector he or she happens to be employed in, and that there is little relationship between the content of the job and the wage in different sectors.

Reports from unions show that little attention is being paid at present to the problem of wage differences between industries. Unions have their own internal problems and thus inter-industry collaboration, on issues such as the equalisation of wages, has not received much attention.

Race and gender discrimination

The LRS said that while race discrimination was diminishing as a factor in wage setting, the same could not be said for gender. The unions interviewed all put equal wages for women high

on their agendas, and reported substantial progress on this issue. The LRS pointed out, however, that black women in particular were clustered in the lower grades and got below average wages. It said, in fact, that the male/female wage gap was widening.

Payability

The workshop report concluded that some companies and industries simply could not afford to pay more: "Either the price of what they sell is under pressure or there is intense competition, often from overseas. Ordinary collective bargaining has failed to solve problems of this kind. So wage gaps increase depending on the economic position of companies and industries, leading to divisions among the working class," it said.

Conclusions from the discussion of the workshop

The wage policy workshop came to certain conclusions:

1. No progress could be made in the development of a wage policy until there was better information on wages. Some unions had no central record of their members' wages or records of the wage agreements which they had signed.

2. Unions should develop a clear wage policy. This would guide negotiators and ensure that the whole union was "pulling in the same direction". Interviews with

unions showed that only one union, NUM, had drawn up a coherent wage policy which had been formally adopted by the union, while one or two others had started to do so.

3. The success of a wage policy depended on an improvement in the levels of unionisation. Only 17% of South Africa's workers were unionised, it found.

4. More attention should be given to the issue of unemployment. A reserve army of unemployed has the effect of undermining union efforts to gain higher wages for unskilled and semi-skilled workers.

5. Unemployment is largely a function of poor economic growth, an issue which cannot be dealt with by unions alone. In order to address the problem unions would have to intervene in the political arena, so as to "influence national economic policy", increase the social wage, and create statutory protection for low-paid and unemployed workers.

Implications

The workshop believed that the five policy conclusions had a number of implications for union strategies:

● Centralised bargaining

The workshop saw this as essential to any effective wage bargaining. Interviews with unions showed strong support for centralised bargaining, most having targeted it as a key area of future action. There is at present a vast discrepancy in

the extent of centralised bargaining among unions. In some industries, such as metal and mining, and clothing and textiles, centralised bargaining is well advanced.

In others, such as commerce and catering, chemicals and transport, bargaining is more decentralised and fragmented, taking place mainly at a mixture of plant, company and regional levels.

Highly fragmented bargaining means that unions have little chance of enforcing a consistent wage policy and little hope of addressing effectively the wage policy problems identified at the workshop.

The workshop also said that centralised bargaining was 'practically impossible' when there was a wide range of different grading systems in use. One grading system was needed for each industry and eventually a grading system that stretched across industries.

While the workshop stressed the importance of centralised bargaining, it pointed out that it would mean a reduction in shop steward autonomy. It also raised the question of whether it would be possible to redefine the role of shop stewards to create greater uniformity in collective bargaining – and therefore greater effectiveness – without sacrificing democratic traditions.

The view of some of the

unions interviewed was that centralised bargaining did not necessarily undermine democracy within a union, but that this depended on unions' structures and how issues were taken up through these structures. The undermining of democracy could be prevented if workers' involvement was ensured.

● Wage levels

The report suggested that a completely different approach to wage demands was needed. Instead of concerning themselves with the *size* of a wage increase, unions should focus on the desired wage *level* in each given industry and campaign for this in each bargaining unit. Each bargaining unit would demand different increases, but the same target wage. This would unify wages in the industry over time.

● Skills training

The report stressed the need for workers to have access to proper skills training so that they could earn higher wages.

● Living wage and national minimum wage

Neither the living wage nor the national minimum wage (NMW) issue was discussed directly at the workshop. However, the conclusions and implications in the report have a direct bearing on both these issues. By focusing on wage policy the workshop emphasised the need for the setting of target wage levels. The rationalisation of grades and

the upgrading of skills are all aspects of the struggle for a living wage.

The issue of the NMW was directly addressed in one of the "tactical" conclusions mentioned in the report. While collective bargaining had a critical role to play in the solving of wage-related problems raised at the workshop, it was not enough.

Pointing to the fact that the union movement would not be able to organise all workers in the near future, and thus bargain on their behalf, the report stated that 'legal measures' would be necessary to 'protect the weak'. A NMW and a reformed wage board, it suggested, were two ways of doing this.

Alongside the living wage (gained through collective bargaining) and the NMW (introduced through legislation), the report argued for an improved social wage, which it saw as perhaps being the "quickest, most cost-effective way of raising living standards". (The social wage it defined as including health facilities, recreation facilities, township infrastructure, cheap transport, free education, etc.)

Conclusion

Proponents of a wage policy for COSATU believe that only if unions have an idea of how their separate bargaining exercises relate to each other and to the economy as a whole, will they be able to start

addressing the question of wage disparities in a meaningful way. Without a wage policy, wage disparities and low pay will become entrenched. They also point out that because the development of a wage policy depends on solidarity within the union movement and the development of a working class consciousness, it can be a powerful organising and educational tool.

The extent of support within COSATU for the development of a federation-based wage policy is unclear: for instance, the session on wage policy was initially dropped from the agenda of COSATU's economic policy conference held in May and put back on only at the last minute. However, despite the lack of a formal wage policy within COSATU, interviews with COSATU affiliates show that even though there may be some wage issues (such as the NMW) over which there is little agreement, on others unions often have similar priorities and approaches. ☆

References:

The following unions were interviewed for this article:

CWIU
FAWU
NUM
NUMSA
PPWAWU
POTWA
SACCAWU
SACTWU
SARHWU
TGWU.