

The politics of transforming the apartheid wage structure in South Africa: the case of the national minimum wage

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Extended abstract

In 2013, the South African labour movement embarked on a campaign to achieve new policies to transform the prevailing wage structure, including through the introduction of a national minimum wage.² The objective was to introduce a new national wage policy that combined the national minimum wage with collective bargaining, social protection, and other strategies to address wage inequality. This commitment to introduce a NMW was included in the 2014 election manifesto of the ruling party; and agreed to, in principle, by the other social partners – Business, Community and Government. Formal negotiations began in 2014 within the National Economic Development and Labour Council (Nedlac), South Africa's premier social dialogue forum.

This paper analyses the struggle to introduce a national minimum wage and the protracted process of political engagement and social dialogue that led to the agreement to implement that national minimum wage in 2018. The paper draws on extensive research done by the *National Minimum Wage Research Initiative* (NMW-RI) at the University of the Witwatersrand, as well as direct participation within the political process.

After the introduction, Section 2 of the paper situates the national minimum wage process within the context of the South Africa labour market. The paper draws on new empirical evidence, and theoretical work, which emerged from the NMW-RI, for instance on measures and understanding of the “working poor” (Finn, 2015). The South African labour market is shown to be characterised by the preponderance of low-wage work, and a cheap labour system inherited from apartheid, which traps the majority of black workers in low-paying, low-skilled jobs. Combined with the structures of power and privilege, this enables elites to systematically extract the social surplus, making South Africa the most unequal country in the world (World Bank, 2018³). This is reflected in the high levels of wage inequality, the repression of wages at the bottom end of the wage distribution, and the extremely high wage dividend extracted by professional, high skilled, and management strata (UNDP 2014⁴). Much of this legacy of the apartheid wage structure persists, with black and female workers at the bottom of the pyramid; although there has been a limited degree of deracialisation of upper strata of the workforce, and management.

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The co-authors played pivotal roles in the four year process to implement a national minimum wage. Neil Coleman was lead negotiator for Labour (the three trade union federations) and Gilad Isaacs was the Coordinator of the National Minimum Wage Research Initiative at the University of the Witwatersrand.

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The prevailing minimum wage system in South Africa is one of sectoral minima without a single national wage floor.

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<http://documents.worldbank.org/curated/en/530481521735906534/Overcoming-Poverty-and-Inequality-in-South-Africa-An-Assessment-of-Drivers-Constraints-and-Opportunities>

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The impacts of social and economic inequality on economic development in South Africa, UNDP 2014

Section 3 proceeds to trace the campaign to introduce a national minimum wage, outlines how it came to be agreed, and to situate these developments in the context of the changing labour relations landscape in South Africa – both fragmentation of the labour movement but also heightened capital - labour conflict.

In Section 4, we outline the demands, and policy alternatives, put forward by Labour in the negotiations, which aimed to advance systemic change of the wage structure; and the counter-strategies of business, and key centres of power within the state, to limit the impact of the national minimum wage on existing interests. The dynamics of the social dialogue process, the alliance between Labour and the Community constituencies in the Nedlac negotiations, and the critical role played by progressive research and policy alternatives, is considered. It also considers how the final package adopted, was affected by the limited ability of popular social forces to mobilise an effective campaign in support of their demands, and the impact of the currently fragmented labour movement in this regard. This has a bearing on the extent to which the national minimum wage will merely provide a wage floor, and the extent to which it will be a springboard for broader transformation of the wage structure.

We assess, in Section 5, the outcome of the negotiations – this includes the 2017 Nedlac agreement between the social partners and the National Minimum Wage legislation currently making its way through Parliament. This outcome includes an agreed starting point for the new national minimum wage – R20 per hour. This is assessed against the prevailing labour market dynamics – the level is shown to fall below the level of working poverty but is set to increase wages for a large share of the workforce, particularly low-paid black and women workers- unprecedented by international standards; and the political contestation within the negotiations process – the level falls below Labour’s demands but above the proposals of Business and Government. We consider the broader policy package that accompanies the level (for example, systems of reviewing and increasing the national minimum wage) and how Business and Government have sought to roll back key aspects of the agreement which was reached.

In conclusion, the paper considers whether, despite the failure to take forward elements of the agreed package in the legislation currently before parliament, the pending legislation, together with other forms of labour regulation, and a broader social protection package, could lay the basis for advancing a new wage architecture for South Africa; protection for the most precarious and marginalized workers; and whether it offers the prospect over the longer term for greater levels of trade union unity and organisation to be mobilised around a common transformative vision, despite serious existing divisions in the labour movement. Finally, the paper begins to draw lessons from these engagements that could support progressive forces internationally, highlighting the synergies between evidence-based research and political negotiations in advancing coherent policy alternatives to address inequality. In particular, it considers the implications of the South African experience for advancing a decent wage policy in the Southern African region and the global south.