



POVERTY IS OUR REWARD



COSATU SAYS

MOST COSATU WORKERS GET POORER EVERY YEAR

Were you satisfied with the wage increase you got last year?

If you got under a 19 percent increase, then you should not be.

Because even with an increase of 19 percent, you got no increase at all. Your real wages stayed the same as the year before.

If you got less than a 19 percent increase, it means your wages actually fell. YOU GOT POORER.

This is because of inflation, which eats into your pay packet every day of the year.

All the time the bosses put up the prices of their goods. These rising prices are measured by the government every year. They get a list of all price increases and work out how much they went up on average. This average is called the inflation rate.

The inflation rate for the whole of last year was nearly 19 percent. This means that something which cost R1,00 in 1985 cost R1,19 in 1986.

Put another way, inflation shows that each year your money can buy less - it has less buying power. With R1,00 in 1985 you could buy R1,00 of goods. With that same R1,00 in 1986 you could only buy 81 cents of goods.

To buy exactly the same basket of goods in 1986 as 1985 you would have to spend an extra 19 percent on the same items.

The same goes for wages. If in 1985 you earned R300 per month, then in 1986 you need R357 per month (or a 19 percent increase) to buy exactly the same things as you bought in 1985.

Although you may be getting more money, your money will not really be increasing - because it has the same buying power as



the year before.

A wage increase the same as the rate of inflation is actually not a real increase at all - you could not buy more than the year before. This would be an adjustment to inflation - where, despite having more money in your pocket, that money only buys the same as what less money bought the year before.

So the very few workers who won a 19 percent wage adjustment last year managed to keep up with the increasing cost of living.

Only some workers won a real increase when they fought for wages above 19 percent. Some workers got real increases - like workers from South African Breweries organised into the Food

and Allied Workers Union. They got a 30 percent increase, or a 19 percent adjustment and an 11 percent increase.

But most workers in South Africa did not keep up with inflation last year. Neither did they keep up in 1985 or 1984.

Last year wages went up, on average, by about 11 percent. But inflation was nearly 19 percent. So most workers' wages dropped by over 7 percent. (Look at the graph to see what it was for years before).

In other words, workers who bought R100 of food in 1985 could only afford to buy R93 of food in 1986. This is why many of us were eating less food last year than the year before despite having more money in our pockets.

For many years our unions have been negotiating increases at below the rate of inflation, even though we believe we are strong and well-organised. Negotiating wages below the inflation rate means we accept a drop in real wages - it means we get poorer.

In 1987 inflation is expected to be about 20 percent. So simply to adjust wages so we can buy exactly the same things as last year we need to negotiate a 20 percent adjustment.

However, this will mean that we are no closer to a living wage as we will still be having the same poverty wages as last year. We have to negotiate wages at well above 20 percent to start on the road toward a living wage.

We know that it is very difficult to win wage increases above 20 percent. Last year the miners had to threaten the bosses with a national strike, and some miners had to actually go on strike. It is the same with the metal workers and many others.

We cannot allow the bosses to cheat us anymore. For years their profits have gone up more than inflation, but our wages have gone up less than inflation. It means they have got richer while we have really got poorer.

Only when our wages are linked to price increases - so that our wages go up automatically when prices go up - will we be in a position to protect ourselves against inflation and fight for real increases in our standard of living

"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."

The Cosatu Central Executive Committee must establish what workers consider a minimum living wage to be. Then COSATU should initiate and conduct, together with other progressive organisations and trade unions, an ongoing national campaign for a living wage by mobilising worker action and by negotiation.

COSATU should : * Fight for this minimum living wage to be automatically linked to the rate of inflation

* 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.

* Fight to open all the books of every organised 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 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.

GOVERNMENT MAKES INFLATION WORSE

Administered prices make up more than 30% of the Consumer Price Index (CPI) by weight. These are prices administered by control boards such as the Meat Board and the Dairy Board (making up 16,37% of the CPI); central, provincial and local government (4,14%); state corporations such as Iscor, Sasol, Escom and others (6,68%); and price controlled industries such as steel and petrol (4,22%).

For the last ten years administered prices have increased at a faster rate than the average price increases as recorded by

the CPI. This has pushed up the rate of inflation. Some of the administered price increases from 1975 to 1984 were : electricity (470%), maize and sugar (460%), petrol (380%), air and railways transport (350%), coal (340%), meat (330%), and wheat, steel and dairy products (300%). The average increase to administered prices was 369% over this period. Has any workers wages gone up this much? NEVER.

If we look at the effects of maize and sugar increases it is easy to see the way they push up the prices of many other

products. Sugar - which has increased at about four times the inflation rate - affects the price of about 200 other items on the shop shelves because it is used so much in the production of other foodstuffs.

A maize price increase will affect the price of chickens, poultry products, dairy products, and the price of meat because it is bought by poultry and cattle farmers as feed. It will, of course, increase the price of mealie-meal which is the staple diet of the majority of South Africans. So this rapid increase in price of an

administered product will be inflationary for other products.

Bosses do not mind price increases. They can always pass on the profit-cutting increases to the consumers - who are us. And they expect us not to complain, or demand an increase in wages. In the end it is us who carry the weight of price increases and inflation. The bosses law is always - our profits come first, the workers must carry the burden.

So we are faced with decreasing wages, increasing prices, increasing unemployment, high levels of malnutrition

and increasing poverty.

While workers are suffering under this crisis, the bosses are making giant profits (even during the recession). In the food industry, for example, there are only 6 wheat millers in the country. Although they are all giant corporations in their own right, all are owned by one of the Top 10 companies in South Africa and all of them made massive profits last year.

This shows : * these companies - or their parent companies - could have absorbed some of the increases in costs * the system of administered

prices is not operating (in the food industry at any rate) against the interests of the bosses profits * government and the bosses will continue to set prices according to one law only - the law of profits.

Only when prices are under the control of workers and our organisations, only when prices are set according to our needs as workers and not the profits of the bosses, only when the administering of prices are part of an overall workers plan for the economy... only then could we say that we have put this thief inflation into the dustbin of history.