

CARNEGIE INQUIRY: LABOUR AND THE SOCIAL WAGE

The following is taken from the summaries of the working groups on "labour, job protection and wages" and "the social wage". Authors and number of paper given in brackets. These can be obtained from SALDRU, UCT.

The impact of trade unions has gone beyond factories to encompass issues related to the "social wage", registering a shift from the politics of production to global politics (Webster,111); or a shift from the former to increasingly assume the role of a "poor people's movement" (Sitas,Stanwix,Shaw,108) in South Africa. Concrete demands in the factory over health and safety (Sitas,12,Cornell,289) and, maternity issues (Cock,Emden,Klugman,115), social security (Cooper,299,Meth,Piper,25), although fought and raised on the factory floor and in some cases won, necessarily extend to issues of the state and the way it dispenses funds. It was shown that both legislation and state practices ensured that African workers were particularly disadvantaged as regards social security provisions. However much workers gained inroads into managerial prerogatives, and however much particular companies were conceding better welfare provisions, the nature of social welfare necessitated that trade unions entered the arena of global politics. Here the pension strikes of 1981 were a clear example of such conflict.

Considerations of unemployment and poverty generally lead directly to an examination of the social wage. The social wage - which refers to non-wage related costs necessary to meet the social needs of sectors of the community - includes spheres such as the provision of health services, education, welfare, housing, transport and food. Both long and short term considerations were examined. The short term provisions relate mainly to immediate improvements

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which can and need to be made to the current system of social security provision. The long term provisions were discussed within the context of the need for a major restructuring of the redistributive mechanisms of society. The following proposals were made:

Long-term.....

1. A unitary non-contributory social security scheme should be introduced which would be funded from general revenue and should include all people. The scheme would incorporate unemployment, sick, maternity and disability benefits, and pensions.
2. With the possible exception of maternity benefits, there should be no limit on the period for which benefits are paid.
3. No benefits should fall below a general income level this being similar to the system prevalent in the UK. At the same time, however, this should not prevent workers from bargaining with employers for additions and improvements over and above this level.
4. Workers should, be in control of the fund's administration and workings.

Short-term.....

1. UIF
Homelands both "independent" and other - should be placed on the SA UIF and on other funds, such as the state pension scheme. Research showed that the administration of such schemes in the homelands has effectively broken down. Meth and Piper, in their paper, point out that there are serious drawbacks regarding the new UIF schemes set up by the homelands in terms of the South African Act. Firstly, monies collected by the SA state and handed to the schemes will exclude the central government's financial contribution of R7m. Secondly, as workers from the homelands are generally amongst the lowest paid, the

amount handed to the homelands by the SA government will form a relatively small proportion of the total contributions collected. However, at the same time unemployment is highest amongst these workers - thus the largest proportion of the unemployed will be drawing benefits from a limited financial pool. This is one more instance of the central SA state ridding itself of responsibility for the broader working class.

Other problems which need to be attended to relate to the bureaucratic inefficiencies in the administration of the fund: enormous delays in the receipt of benefits, sometimes in the case of unemployment benefits, lasting longer than six months. (Nicholson, 125, Cooper, 299); irregularities in payments where workers received different amounts each time, raising the question of possible corruption; and problems facing workers, more particularly in rural areas, in collecting benefits because of the long distances between workers' homes and pay out points.

A further issue which needs to be examined - at present the proceedings of the benefit committees and unemployment insurance board are secret - this is provided for in terms of the Act - and this means workers have no way of understanding the basis on which decisions about administration of the fund and its finances are taken.

While workers control of the fund is a long-term demand, certain short term improvements can also be made in this respect. Provision is made for workers' representatives to sit on benefit committees. At present, however the workforce is not as broadly represented as it should be, because representatives are drawn from the established union movement only.

All the papers showed that the fund's operating capital is inadequate. One of the reasons is that the state's contribution to the fund is relatively small - it is 25% of the total contributions up to a maximum of R7m per annum. While in our long-term considerations we suggested that the fund should be funded from general revenue, in the short term, in order to improve the fund's financial base we suggest that the state's contribution should be increased to 50% of contributions.

The enormous number of people who are excluded from the fund, for example about 200000 agricultural and 800000 domestic and large numbers of seasonal workers. Figures show that of an economically active population of about nine-and-a-half-million only about three-and-a-half-million people contribute to the fund. In addition, there are provisions in the Act which can force workers into these excluded categories. For example, certain workers who are unemployed are required by the fund to accept "suitable work" which, if the claims officer so decides, may be domestic or agricultural work. Once a worker takes up work in these categories, he or she is no longer covered by the fund and thus ceases to qualify in the future for unemployment benefits. This provision should be removed from the Act.

Finally, it was suggested that the wages of workers on short time should be supplemented by additional benefits from the fund. It was shown (Cooper, 299) that this is an acceptable trend in many other industrialised countries.

2. Sickness benefits

The papers dealing with sickness benefits (Meth and Piper, 25, Cornell, 289) showed that confusion often existed about the payment of these benefits because of the conflicting

application of various Acts. Conditions for sick benefits are contained in the Basic Conditions of Employment Act. In addition the Labour Relations Act states that industrial council agreements may contain provisions, regarding sick benefits providing these "on the whole" are not less favourable than those in the former Act. Often, however, the conditions in industrial council agreements are much less favourable. The Act should be amended to make it totally clear that each specific condition in industrial council agreements may not be less favourable than those contained in the Basic Conditions of Employment Act. At present payments from the UIF may be made in addition to other sick benefits providing the worker is receiving less than a third of his or her wage and if he or she has been ill for longer than three weeks. It was felt firstly that the sick benefits should be raised to more than the present limit of 45% of a worker's wage, this being totally inadequate. Secondly, that there should not be a time limit on their payments to ensure that the UIF provides an adequate cover for long term illness. Finally it was felt that statutory provision should be made to ensure security of employment for the sick.

3. Maternity benefits

The paper of Klugman, Cock and Emdon on maternity benefits showed that it was unrealistic to expect capital to shoulder the financial costs of maternity benefits and also the provision of child care facilities for working mothers. These, it was stated, should in general be the responsibility of the state. And, as with other benefits, the 45% level should be raised. The time allowed for maternity leave should also be extended. While this latter was seen as an arena for negotiation between management and workers, it was felt that in the long-term it should also be the responsibility of the state.

4. Pensions

The conference showed how critical pensions are in supplementing or in many cases entirely constituting the family income - especially in rural areas. Pensions, however are often never received by those entitled to them. Furthermore, the amounts paid out are abysmally small and are racially discriminatory. In addition age qualifications differ for men and women. In the short term both racial and sex discrimination should be abolished. Administration of the scheme needs to be vastly improved. In particular it was mentioned that new pensions had not been paid out in Transkei for three years; and at present new pensions were not being paid out in Kwazulu (Nel). One paper pointed out the extent to which the means test was discriminatory. Thus for Africans assets (e.g. chickens) valued at R10 disqualified them from qualifying for benefits - while the limit for whites was R42000 (Nel). The group felt that either the means test should be abolished entirely or at least that the qualifying level be raised for blacks and be made non-discriminatory.

In the long term as with payments from other funds pensions should not be lower than the recommended basic minimum income. At the same time however, increased amounts and other conditions should be questions for negotiation between companies and workers.

5. Disability grants

Finally the group briefly looked at disability grants and felt that the same problems regarding inadequate amounts, delays in payment, etc. applied to them as well. The main suggestion here was that the unemployment cost of permanent disability should be borne by the UIF and the health costs by a national health scheme - obviously a long-term consideration.