

Straight Talk (9), October 2011:

Cutting wages to save jobs?

Prepared by Herbert Jauch for The Villager newspaper

The global capitalist economy continues to resort to outrageous means to save itself and its profit margins at the expense of the poor. This was shown during the global economic crisis of 2008-2009 when billions of dollars of public funds were spent by western government to bail out banks and other financial institutions. In return, global elites in business and their allies in government demonstrated that they take it for granted that big business needs to be subsidized through taxes paid by working people while shareholders and managers continue to live in unprecedented luxury. It can only be described as cynical that the managers of bailed-out banks, for example, refused to forfeit part of their huge benefit packages and even awarded themselves bonuses in the midst of the crisis!

Our neighbours in South Africa now seem to have resorted to another but equally outrageous method of dealing with the pressures of globalisation. South African newspapers reported earlier this month that the minimum wage for textile workers was lowered by 30%, supposedly in order to make the industry competitive. To make matters worse, the South African Chamber of Commerce and Industry (SACCI) promptly announced that the lowering of the minimum wage in the clothing and textile industry could serve as a model to other industries. SACCI's president reportedly stated that "the agreement to lower the minimum wage by 30 percent within the clothing and textile industry is a model that can be implemented to increase South Africa's competitiveness and employment creation." He invited other industries to "seriously consider the brave example of the clothing and textile industry when tackling the significant problem of unemployment in South Africa".

This example shows once again how the global capitalist economy allocates costs and benefits. Workers are expected to tighten their belts (if they still have one!) and in the years to come might be confronted with even more calls for "wage restraints" despite ever-increasing costs of living. Cut-throat competition as a key ingredient of a ruthless global economy can only result in the erosion of the modest improvements in the lives of working people over the years. The reduction in the minimum wage of textile workers is certainly a crushing defeat for the South African labour movement and will increase the hardships experienced by textile workers and their families. The argument that workers must sacrifice their wages in order to keep their jobs takes the absurdity of global capitalism to new heights: why should workers even bother to look for jobs when their earnings do not enable them to meet their most basic needs? Under such conditions, the International Labour Organisations's (ILO) concept of "decent work" becomes hollow and irrelevant.

Despite the very limited "success" of the neo-liberal economic policies across the SADC region, our governments still seems to be reluctant to seriously explore alternative development strategies and creative ways of job creation. The Namibian government's Targeted Intervention

Programme for Employment and Economic Growth (TIPPEG), for example, has only short-term targets and does not promise any structural changes to our economy. Nor does it herald any significant change in our development strategy. The sad reality is that we are likely to see continued mass unemployment and ever widening wage gaps, with our elite displaying the attitude of entitlement to live a life of luxury amidst a sea of poverty. It is even possible that we will soon hear calls to lower workers' wages (not management packages!) with South Africa being cited as the example to follow.

The experiences of Namibia and South Africa since the end of apartheid-colonialism must not be seen in isolation. What we have experienced are not just "national" problems. The system of ruthless global capitalism that the world has endured during the past decades is increasing the levels of inequality and exclusion to obscene levels. This is no longer just affecting countries in the "Global South". During the past few weeks, popular protests against this very system have spread from North America to Europe and Asia. There is a common realization that the current global economic system is neither economically nor socially or environmentally sustainable. It is also encouraging to see that some countries in South America are seriously exploring alternative policy options and ways to escape the pressures of a global economic system that offers no hope for the poor. The time has come to stand up not only for our political rights but also for our right to live decent lives, to be able to meet our basic needs and to live free from poverty. National resources must benefit the poor and any development strategy worth the paper on which it is written must lead to a better life for the impoverished majority. This is the yardstick against which we should measure the success of all developmental policies and programmes. Wage reductions are counter-productive in this regard and add insult to injury for those who already struggle to make ends meet.

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