

## The Dilemma of Job Creation and Decent Work

by Edward Webster

In August 2010 South African government officials began closing down clothing and textile factories in Newcastle, in the province of KwaZulu-Natal. This came in the face of angry protests from the workers because the owners were paying less than the statutory minimum wage of R324 (\$49) a week. The factory owners said they could not pay more and survive in the face of cheap Chinese textile imports.

Globally, the clothing and textile industry is to a large extent controlled by an oligopolistic group of large retailers and branded manufacturers, who stipulate their supply specifications in terms of low price, high quality and short lead times. But due to the strengthening of the local currency (the rand) since 2003, the end of the Multifibre Agreement (MFA) in 2004 and relatively high labour costs, South Africa no longer has a comparative advantage in an integrated global economy<sup>1</sup>.

This challenge is not peculiar to South Africa. The existence of fragmented and outsourced manufacturing, accompanied by aggressive buying practices, militates against a living wage in the global apparel sector. This is in spite of the fact that there is general consensus on all sides of the industry that an increase in the unit labour costs by the amount proportional to what is deemed to be a living wage would have only a marginal impact on the retail price of the garment (Miller and Williams, 2009).

The result of these competitive pressures is the undercutting of local jobs from low wage sectors of the global labour force, as the case of Newcastle illustrates, where costs of labour are a small proportion of the total costs in production. On average wages constitute less than one-half of 1% of the retail price of branded sweatshirts. Miller and Williams conclude that progress is possible only through an acceptance of collective bargaining through trade unions in supplier factories.

Andre Kriel, the general secretary of the Southern African Clothing and Textile Workers Union (SACTWU), takes a similar view:

“Some Newcastle employers expect us to decrease wages and compete in the world as a low wage country. This is a short term and impractical view. If we drop wages, other countries will respond by dropping theirs further – a vicious downward spiral. Getting

trapped in a race to the bottom is not a sustainable option. The other option, which we support, does not focus only on wages but also includes a long-term, sustainable and human rights-based solution. It requires compliance with our laws, decent work, a focus on improving productivity, modernising work, upskilling workers, improving quality, diversifying product range and ensuring reliable delivery times.”

Workers in the developing world, as early as the seventies and eighties in Brazil, South Korea and South Africa, became the architects of their own future. No longer willing to accept their designation as either victims or as labour elite, they took control of their lives, went out on strike and started a struggle for democratic trade unions. While the ILO was debating on how to respond to their ‘discovery’ of the informal sector in Kenya in 1972, Ela Bhatt had begun to organise these workers into a union, the Self Employed Women’s Association (SEWA).

A new labour paradigm has emerged in the Global South that does not see decent work as an obstacle or add-on to development, but is instead attempting to integrate decent work into an alternative developmental path. Work, I suggest, is the missing link in the current discourse on development; none of the dominant theories on globalisation integrate the struggle for decent work into their developmental trajectories. All three dominant theories of globalisation – neo-classical liberalism, the social reformist or anti-capitalist/ autonomist theories that underpin the current anti-globalisation movement and development statism – treat the struggle for decent work as either an obstacle or an add-on (Bowles, 2010).

In the course of my research on working life I have seen, along with the growth of large-scale unemployment, the erosion of standard employment relationships, the growth of insecure and low-pay non-core jobs, together with the expansion of the informal economy. These jobs lack the characteristics of decent work as defined by the ILO; they have, in other words, a **decent work deficit**.

This deficit can be expressed as an absence of the four goals of decent work: an absence of sufficient employment opportunities, inadequate social protection, the denial of rights at work, and shortcomings in social dialogue. “It is a measure of the gap between the world that we work in and the hopes that people have for a better life” (ILO, 2001). These absences can be expressed in terms of four gaps: an employment gap; a rights gap; a social protection gap; and a social dialogue gap.

The economic crisis which began in late 2008 has accelerated this logic leading to the widespread bail-out of banks and now austerity programmes with cutbacks on public sector jobs and benefits. Many countries no longer hire permanent public sector staff and appoint on short term contracts. For those in the informal economy the situation is worse with their incomes being cut by an estimated 50%.

How can this decent work deficit be reduced? This can only be done, I argue, by developing a long term goal that integrates decent work into a country’s growth path. In other words the goal of decent work should be seen as an objective to be progressively realised. Quite simply this involves accepting that decent work is not an immediately achievable goal. Each country will have to take into account its specific social and economic context and set itself a series of immediate, medium and long term goals.

Governments, together with their labour movements and employer associations have begun, in some developing countries, to identify how these long-term goals can be achieved. The crucial step in advancing this debate was the demonstration that a basic set of social security benefits, or at least parts thereof, is affordable in developing countries. The realisation that, in the short term, it is possible to imagine building a global social floor – a basic pension, child benefits, access to health care, temporary employment guarantee schemes or income transfers for the long term unemployed- broke the spell of the “non-affordability myth” (Cichon, Behrendt and Wodsak, 2011).

But if these policies are to be more than mere rhetoric, resources must be allocated to implement these policy frameworks. The only way to create sustainable employment is through turning “bad” jobs into “good” jobs through skills development and the improvement of infrastructure.

This attempt at developing an alternative development path is not some way-out revolutionary adventure, “tilting at windmills” as it were. Instead it is swimming very much with the current by grounding political inno-

vation in successful social policy initiatives. This is happening in countries such as Brazil, through a conditional family grant, the Bolsa Familia, in India through the Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS), a guarantee of 100 days paid work for each rural household, and South Africa, which is experimenting with an employment guarantee of two days a week, the Community Work Programme (CWP).

The Global South faces a massive challenge to overcome the legacy of its past and meet the challenge of globalisation. If we take the modest sum of R1500 (\$250) per month as a minimum for a “decent” wage, then over 10 million people out of South Africa’s workforce of over 19 million suffer from a decent work deficit. But the challenge is not financial; it is one of thinking around long term strategies of future growth. This is a matter of priorities and political will. It is estimated that in India the MGNREGS costs 1.3% of GDP. Estimates for a similar employment scheme in South Africa vary between 1% and 3% of GDP.

But there are signs of an awakening civil society and a revitalised labour movement in the Global South that could provide the pressure from below that brings together not only wage labour and the great swaths of informal, precarious labour, but also joins them to movements against the commodification of nature and of money in a new employment generating and ecologically sensitive development path.

<sup>1</sup> It is beyond the scope of this article to examine the validity of employers’ claims that they cannot afford to pay the minimum wage. This would require undertaking a price breakdown of a Newcastle factory and the implications of a minimum labour price/cost floor for clothing retailers in South Africa.

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#### References

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