



**EVEN
IT UP**



OXFAM
South Africa

Reclaiming Power: Womxn's Work and Income Inequality in South Africa

November 2020

ABSTRACT

CEO takes home as much as 461 black women from the bottom ten percent of earners. Labour market inequality is a key driver to stubborn gender, race, income and wealth inequality in South Africa

Existing government policies have failed to reduce inequality because macroeconomic policies have entrenched rather than reduced the dominance of a handful of conglomerates based in finance, extractives and energy. This skewed industrial structure, established during apartheid, has led to a decline of manufacturing, jobless growth, asset price inflation and investment volatility in the era of financialisation, while crowding out the informal sector's ability to absorb unemployment.

Addressing the crisis of inequality in South Africa therefore needs to go much further than the labour market reforms, skills development policies and micro support for the informal sector that have been advocated by mainstream economists. Long-term, socially sustainable distributions of income would require radical transformation of the economy towards more labour intensive, linked to sectors that serve the needs of the population - for example via a developmental welfare state across health, education and other social needs - rather than the imperatives of profit and capital expatriation. Specific policies to reduce labour market inequality - such as a living wage, a maximum income cap no higher than 10% of the income of the lowest paid worker in firm, social protection for all and making workplaces safe for women - must be rooted in macroeconomic policy that reorients away from the 'Minerals Energy Complex' and expansion of the financial sector in and of itself, towards industrial policy aimed at promoting sustainable and equitable economic development.

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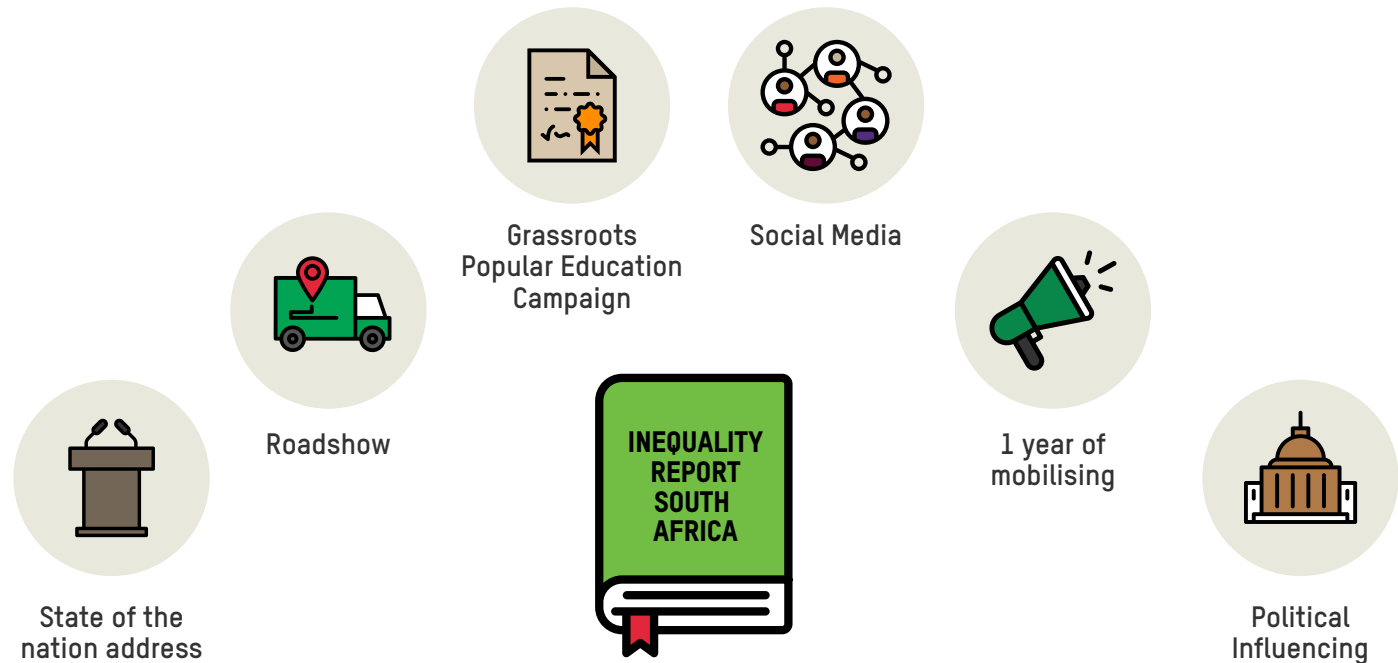
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DRAFT 2



DRAFT 1

Section A Meeting 1



Section B Meeting 2



Section C Meeting 3



COLLECTIVE CONCEPT



Developmental phase 2: Once the reports were final, we then produced a synthesised version of the report, which had two rounds of comments from social movement and reference group. There was a further round of refinement before it was sent to graphic design. We also held a campaign design workshop to identify campaign areas.

Developmental phase: We then contracted researchers to produce the research papers, and then they were sent to social movement reviewers as well as the reference group for comments. There were two workshops held with social movements to take comments.

Conceptualisation phase: We met with social movements and academics to have discussions which helped to develop a proposal. That was turned into a set of proposals.

TIME AND ENERGY

FOREWORD



SIPHOKAZI MTHATHI
OXFAM SOUTH AFRICA
EXECUTIVE DIRECTOR

A lot is said about inequality in South Africa, but how much is understood? When we hear time and again that South Africa ranks among the most unequal countries in the world, what does that mean to us? After hearing this a few times, still, does it even register? Or make much of a difference in our lives?

There is a difference between information and knowledge. Information is what we receive from the television or radio news, or from our phones which ping us with information from social media feeds that may or may not even be accurate. In order to turn that information into knowledge we need time. That is, time to verify whether or not the information is accurate or useful. Time to process that information, and then incorporate it into our view of how the world works; and time to determine what course of action, if any, is required.

Insofar as inequality is concerned, have we been able to turn the information that South Africa is one of the world's most unequal countries into knowledge about what that means and what we should do about it? When I consider the brutality that some forms of inequality can take – a black woman being so much more likely to be killed by her partner, to take one example – I must conclude that we have not. Information has remained information buzzing around on our phones and maybe even in our brains. But we as a society have not yet fully processed it and taken steps towards a better future.

This report is one important step towards a better understanding of inequality and what we should do to reduce it. I would humbly suggest that you take your time with it.

Taking time may be a challenge, but it can be very rewarding. If you were to take your time to understand the South African story of inequality, you might find that it is a story that is still being written. Its first act is set in the desperation and brutality of the colonial era, when Europeans came here seeking wealth and saw different forms of slavery and coercion as a means to obtaining that wealth. The second act takes place as black people resist that oppression, even while the oppression entrenches itself through the formalizing of the apartheid system. The third act, which is where we are now, begins with the promises of a constitution that offered hope of a new kind of radical egalitarianism. So far, that egalitarianism has not materialized. There have been some successes, however – access to medicines and HIV/AIDS campaigns count as at least partial success – but elite capture, in the form of state and big business, seems to be a more powerful trend than anything like an equitable redistribution of resources. Whether we will accept that elite capture will be the end of the South African inequality story is a decision for all of us to make.

With such being the story's content, who are its authors? Usually reports are written by experts, meaning people who themselves come from an elite background, who may have professional degrees, and who often write without even visiting the communities about whom they are writing. If they do visit, their visit is often wrapped up in power

dynamics that make it unlikely to have what is written about embody a full representation of the lived experience of the womxn and men impacted by inequality.

While to some extent these issues are inescapable, the first step to any solution is to be aware of the problem. We at Oxfam South Africa are aware of the many problems regarding whose stories are told and how they are told. We have done our best to ensure that this report reflects the voices of those whose stories are often not included in the larger narrative around inequality. We have worked closely with several social movements including feminist movements, youth movements, unemployed people's movements, labour unions, LGBTQ+ movements, and movements of people who work in the informal sector. They tell their own stories through these pages, stories that have too often been overlooked by those who would claim sole authorship of the South African inequality story. We at Oxfam South Africa are aware of our own role in claiming such ownership, and so we recommit ourselves to enabling individuals and communities to write their own stories. I leave the question of whether we have succeeded in this endeavour to you, dear reader.

Ending the cycle of depravation and inequality in South Africa is a challenge for all of us. All of our stories are important; all of our voices deserve to be heard; and we are more likely to be heard when we speak together as one. To make your voice heard, consider getting involved in the campaigns that will be unfolding around inequality over the next few months and years. As a first step, please go to the website oxfam.org.za/campaigns for a list of actions that you can take today.

A – L

GLOSSARY

Austerity: limiting or cutting overall government spending especially on social services.

Caste system: one's social status is determined at birth.

Cisgender: when a person self identifies in manner determined by their birth sex.

Cis-normative: the assumption that all people have a sexual orientation that is given by their biological sex.

Collusion: rival companies agree to keep prices up.

Conglomerate: a large company composed of a number of other companies.

Deindustrialisation: a fall in the number of jobs in the manufacturing sector.

Economic inequality: income and wealth inequality.

Economic marginalisation: being excluded from participating in the economy.

Feminisation of migration: the tendency for more womxn to leave their countries to look for work elsewhere.

Feminisation of work: when more womxn enter the work space.

Financialisation: ways in which finance has become more and more powerful in shaping the economy and our lives.

Free markets: markets that are not regulated by any government law or government norms and standards.

Gender non-conforming persons: when a person's appearance or behaviour is different from the dominant cultural and social expectations about what is appropriate to that gender.

Greenhouse gas: gasses that trap the heat from the sun above the earth's surface so that the earth becomes warmer than usual.

Hetero-patriarchal: a social and political system where cisgender males exercise authority and control over cisgender women and people of other sexual orientations and identities.

Heterosexual: a person that is only sexually attracted to and has sexual relations with a person of the opposite sex.

Income inequality: how much more a certain group or individual makes in income than another group or individual.

Intergenerational class mobility: the ability of a family to improve their social class or material conditions.

Intermediate outputs/inputs: goods or services produced to be used in further production, such as raw gold or energy.

Intersecting inequality: when an individual or group has a unique experience of inequality when different forms of inequality such as race, gender, class and space mix together.

Labour market inequality: when a group or individual earns more from the work they do than another group or individual because of the way in which the labour market values the work that is done.

Land reform: policy, law and regulatory changes that are made to land ownership.

M – W

Mashonisa Economy: Mashonisa is Zulu for loan shark. Mashonisa economy is a nickname for financialisation that we have given to describe our economy.

Median income: the amount of income that divides the income brackets into two equal groups. There are those groups that will have more income than that amount, and another group that has income below that amount.

Non-binary persons: people who do not consider themselves to be men or women.

Non-core businesses: activities and/or businesses that generate the least money in a business.

Own-account workers: people who work for themselves, not for someone else.

Patriarchy: a system of oppression that enforces male dominance over womxn and non-binary people.

Patronage: the power of some to give another a job, favours or privileges in exchange for political support.

Privatisation: when the government sells many of its assets often for a fraction of their real value.

Social inequality: differences in unequal access to services.

Trade liberalisation: when the government cannot prop up its businesses against international competitors.

Wealth inequality: how much more a certain group or individual makes in income than another group or individual and how much more a certain group or individual owns in assets than another group or individual.

ACRONYMS

ANC: African National Congress

BEE: Black Economic Empowerment

B-BBEE: Broad-Based Black Economic Empowerment

BCEA: Basic Conditions of Employment Act

BIS: Black Industrialists Scheme

CEO: Chief Operating Officer

COSATU: Congress of South African Trade Unions

CWAO: Casual Workers' Advice Office

DCCS: Duty Credit Certificate Scheme

DEMAWUSA: Democratic Municipal and Allied Workers' Union of South Africa

EPWP: Expanded Public Works Programme

FPIC: Free Prior and Informed Consent

GEAR: Growth, Employment

IDC: Industrial Development Corporation

ILO: International Labour Organisations

IPILRA: Interim Protection of Informal Land Rights Act

LRA: Labour Relations Act

MEC: Minerals Energy Complex

MIDP: Motor Industry Development Program

MRC: Minerals Resources Commodities

NUMSA: National Union of Metalworkers of South Africa

OZA: Oxfam South Africa

PIT: Personal Income Tax

SADSAWU: Service and Allied Workers Union

SAFTU: South African Federation of Trade Unions

SA-TIED: Southern Africa Towards Inclusive Economic Development

SERI: Socio-Economic Rights Institute

SOEs: State Owned Enterprises

TEM: Transworld Energy and Minerals Resources

TLGFA: Traditional Leadership and Governance Framework Act

UIF: Unemployment Insurance Fund

UNDP: United Nations Development Programme

VAT: Value Added Tax

WHAT IS THIS REPORT ABOUT? "EXECUTIVE" SUMMARY

Inequality in South Africa is out of control. It would take the pay of 461 black womxn from the bottom 10% of earners to make as much as the average (white, male) CEO takes home in a year. It just takes 23 hours for the average CEO to earn what the average worker earns in a year. Moreover, according to the World Bank, the richest 20% of people in South Africa control almost 70% of the resources.¹

Wealth is also highly concentrated. According to numbers derived from Credit Suisse's "Global Wealth Report", nearly 7 out of every 10 South Africans (nearly all black and disproportionately female) own wealth less than R117,000². However, there are a few South Africans who have a lot of assets. 10% of South Africans own 90% of the wealth; meaning that the remaining 90% of the population only has 10% of the wealth.

Sadly, most people's income and wealth levels in South Africa are determined at birth. If you do not have the right start in life, shelter, quality healthcare and education, educated parents with good paying jobs, then you are most likely to live a life of poverty. The earnings of 9 out

of 10 people once they enter the labour market are determined by what their parents earned. Therefore, despite what we hear about free markets and individual choice, the structure of South African wealth and income inequality looks more like a caste system, where one's social status is determined at birth and is based on race, class and gender than a system of free association among people of equal value.

Labour market inequalities are one of the key drivers of wealth and income inequality in South Africa. Wage inequality accounts for between 80% and 90% of overall inequality. The labour market determines who does or does not get a job, who earns more or less for the work they do, what kind of work is or is not paid for, and in which kind of work labour rights will or will not be respected.

The position of black womxn remains a vivid and important measure of labour market inequality and resulting social inequality in South Africa. The report focuses on three segments of the labour market - unpaid care work, precarious work and informal work - that are the worst affected by labour market inequalities.

We face these inequalities because of a sexist, classist and racist economic system that only serves the elite few. As such, these inequalities

¹ Source: <http://povertydata.worldbank.org/poverty/country/ZAF> [you can change this to any stat you want]

² Markus Korhonen. 2018. 'FACTSHEET: Wealth in South Africa'. Africa Check. 22 March 2018. <https://africacheck.org/factsheets/factsheet-wealth-south-africa/>.

are deeply rooted in our colonial history, and are a product of a broken, neoliberal economic path, elite capture, and a focus on male dominated mining, energy and related industries, including finance, that benefit the very rich. The needs of the 'minerals-energy complex' (MEC) have shaped the whole economy towards perpetuating and intensifying jobless growth and economic and gender inequality. The MEC is skewed towards employing machines (i.e. capital intensive) rather than employing low to semi-skilled people (labour intensive). The growth of "financialisation" – which a participant in a workshop nicknamed the Big Mashonisa economy – has made this much worse because it focuses on hot money or short term money flows that seek to make quick profits from short term investments for the rich without job creation. The structure of the MEC was inherited from apartheid, but it has conditioned the way in which economic restructuring has occurred since 1994.

High levels of economic and gender inequality which features the continued dominance of the MEC, under investment in productive activities and high unemployment are largely due to government policy choices.

Macroeconomic Policy Framework that does not support employment creation and contributes to crisis of care

With the end of apartheid in the 1990s, the South African government embraced "Washington Consensus" policies. These included trade liberalization, privatization and budget austerity. These policies have proven to be a disaster for most people because they have strengthened the MEC putting South Africa in a low growth, low investment, and low employment. Trade liberalization, which is when the government cannot prop up South African businesses against international competitors, has undermined the growth of South African manufacturing and job creation. This reinforced South Africa's extractive mineral based economy which does not create jobs.

Privatization (when the government has to sell many of its assets often for a fraction of their real value) has not only led to corporate capture of state assets but it has taken away some of the tools such as State Owned Enterprises (SOEs) that could be used to create more and better jobs. Conservative monetary policy (policy targets low inflation rather than job creation) has led to a fixation on the value of the Rand by the rich to maintain their wealth.

Austerity (limiting overall government spending especially on social services) has meant that the government cannot invest in developing social protections or adequately invest in job creation. Cuts to public service spending hurt womxn the most because they carry the burden of a shrinking public service sector through their unpaid labour which affects their ability to participate in the economy and traps them in a life of poverty. Collectively these policies have failed even by their own logic because they were meant to generate high growth rates and South Africa's growth has been low in recent years and unemployment ever rising.

Failing to protect workers

The exposure of our economy to global markets means that firms have to compete viciously for a share in the market. Shareholders and manager of companies have retrenched workers and used unfair labour practices while doing so in order to sustain high profits. The big job losses of past years have increasingly feminised the workforce, but has not improved womxn's conditions. Casualised and outsourced workers tend to earn less than permanent workers. They are less able to organise to protect their rights because employers can fire them simply by refusing to renew fixed-term contracts or by denying them shifts. A little more than one in ten workers were precarious in 2014 in South Africa, and the number doubled to more than two in ten workers by 2017. Womxn are worst affected by this: globally, eight out of ten womxn in work are precarious workers. The use

of these mechanisms to circumvent labour laws has allowed the wage gap and gender wage gap (the latter is 40%) to widen. This is made worse by the fact that the government has not capacitated itself to adequately enforce basic protections for these workers or for permanent workers. Compulsory secret balloting, conciliation, picketing rules and compulsory arbitration all work to “decrease the heat” and limit workers’ right to strike.

The minimum wage, which has been set at a low R20 an hour, should be a protection for workers who have the most difficulty organising, but it excludes some of the lowest paid workers – domestic workers, farmworkers and workers in the Extended Public Works Programmes. Also, employers may apply for even that minimum to be waived on the basis of ‘financial hardship’, ensuring that workers carry all the risks of a volatile economy.

Suppressing the informal sector

Another factor contributing to high levels of unemployment is the relatively low level of participation in the informal sector. In most low- and middle-income countries it is normal for a very large portion of workers to work in the informal sector and for relatively few to be openly unemployed. However, South Africa’s informal sector is smaller relative to other comparative countries. Since the global financial crisis, the presence of womxn in the sector has declined. Government has made a concerted effort to promote the informal sector as a way to address poverty and unemployment, but the dominance of the conglomerates over the economy and increased harassment and repression at a local level are a major source of the challenges to the sector. These legal and extra-legal restrictions have strong negative effects on traders’ livelihoods, especially womxn’s livelihoods, because of lack of safety. Both the spectacular and the everyday forms of harassment reflect a pervasive anti-foreigner sentiment, which reinforces a generally punitive approach to the informal sector that focuses on regulation and control. The rhetoric of policy

and officials regularly draw parallels amongst immigrants, illegality, and disorder, which affect South African and immigrant traders alike.

Failing to support small and womxn’s businesses

Industrial policy is skewed towards industries where the labour force is dominated by men and funding specifically for womxn-empowered businesses is limited. Thus, the state has failed to recognise that overcoming womxn’s economic marginalisation requires intentional targeting, similar to the work of the Black Industrialists Scheme (BIS) which aimed to address the lack of black industrialists in the country.

Competition policy currently focuses on the enforcement of rules against collusion (when rival companies agree to keep prices up) and excessive pricing; but competition laws and policies should be used to open up markets to include more participants.

Political and corporate capture of the state

Even if policies are well designed for dignified work, political and corporate capture of the state results in their failure. Schemes that were designed by the ANC in the early post-apartheid period to empower black workers and black-owned businesses in less populated and remote areas have been expanded and misused to create private fiefdoms that often involve a nexus of politicians, civil servants, and local contractors and subcontractors. The result is a state where political and corporate capture has been institutionalized.

Climate Change

Because of the role of the MEC as both a huge consumer of power and a producer of coal to run coal-fired power plants, South Africa is one of the world’s largest per capita emitters of greenhouse gas. But not everyone

is to blame – about 30% of South Africans are not even connected to the power grid. The biggest consumer of power by a considerable margin is the MEC itself, consuming more than twice the amount of power used by all South African residents combined.

Land

The privatization of land for use by the MEC can be understood as the colonial-era foundation of South African inequality. Post 1994, land reform policies were put in place that were meant to reverse this trend and allocate land to black South African womxn and men. Unfortunately, these policies have been largely unsuccessful. When mining companies want land, they have been able to obtain it without respecting the relevant provisions in South African law – including the need to ensure that people selling their land do so with Free Prior and Informed Consent (FPIC). A new economic model that embodies the qualities of a Peoples Economy is required for South Africa that will consistently reduce the gap between rich and poor. OZA has developed its own recommendations from this research, but people can use the report to develop their own demands and recommendations independently.

Addressing the crisis of inequality in South Africa therefore needs to go much further than the labour market reforms, and skills development policies advocated by mainstream economists. Long-term, socially sustainable distributions of income would require radical transformation of the economy towards more job creating, linked sectors that serve the needs of the population – for example via a developmental welfare state across health, education and other social needs – rather than the imperatives of profit and capital expatriation.

Specific policies to reduce labour market inequality –

01

A living wage and a cap on maximum income – Better enforce Section 27 of the Employment Equity Act which is meant to guarantee a measure of equity between the highest paid and the lowest paid employee in any given firm, which also includes contract workers. No CEO should make more than 20 times what is paid to their lowest paid employee in terms of cash and other forms of CEO compensation (company vehicles, share options, etc.). Sectors that have a lower minimum wage in comparison to the national minimum wage such as Expanded Public Works Programme (EPWP) workers, domestic workers and farm workers must also be in alignment with the national minimum wage level.

02

Implement a package of progressive macroeconomic policies – monetary policy must target full employment. Controls should be put in place to limit harmful hot money activities, and investors should be encouraged to invest in productive (not speculative) economic activities, prescribed assets must be used for job creating long term investments.

03

Fiscal Tax Justice – Re-establishing progressive direct and indirect taxes for PIT and VAT, the taxation of accumulated wealth, remove tax breaks for medical aid and pensions, tackle non-compliance, tax evasion and tax avoidance.

04

Tackling Political and Corporate Capture – professionalising the civil service so that it is not undermined by political and corporate capture.

05 Gender Accountable and Just Budgeting and Planning – gender accountable and just budgeting to be legislated as part of government’s budgeting responsibility which makes provision for the participation of broader civic movement including womxn and youth groups.

06 Recognise, reduce, redistribute unpaid work and care workers to be represented in policy decision making – access to quality universal public services are critical to relieve womxn of unpaid care work.

07 Implement industrial policies that prioritize the creation of more and better jobs for womxn – Womxn – especially young black womxn – are under-represented in the South African labour market. By prioritizing policies that will create more and better jobs for womxn, governments can both decrease disparities between womxn and men and increase the level of development overall.

08 Enforce labour protections for democratic and fair workspaces – Though anti-racist and anti-sexist laws exist with regard to workplace protection, these laws are rarely adequately enforced or even understood.

09 Reverse labour reforms that attack working class organising – Scrap the Secret Balloting, Extensions of Conciliation, Advisory Arbitration and Picketing Rules provisions in the Amended Labour Bills. The 2019 Labour Bills seem to be a step in the wrong direction in terms of ensuring that working people in South Africa have a right to organize themselves into strong unions.

10 Protections, Fair safe access to markets for informal sector – As per the ILO Recommendation 204, informal traders should be free from harassment by police and other officials, have access to places where their goods can be traded and have access to social protections, similar to those of formal workers (UIF, parental leave).

11 Universal Basic Income Grant – Expanding social protection through, for example, provision of a Universal Basic Income would go a long way towards alleviating the insecurity that many people in South Africa face.

WHAT WE DO IS IMPORTANT TOO

Does the CEO deserve 149 times the income of the average black womxn? Inequality is sometimes said to result from different abilities: the belief is that the rich are being rewarded for taking risks, having superior skills, hard work and an unusual determination.

But if wealth were a result of hard work, African womxn such as those referred to in the report would be the richest people on the planet.



Dade:
Street trader

I am Dade, I am a street trader at the corner of Joubert and President, which is now Helen Joseph. It's been a long time since I was a street trader.

I am sure I have more than 40 years working as a street trader. I started trading when I was very young, I didn't go to school. [See Education affects your chances at work: p35] I grew up working on a farm, that is why I didn't go to school. We used to work on a contract period of 6 months, but I was on the farm from a very young age. My job on the farm was to look after the farm owners' onions. I was working to help out my parents.

The farm was near eMnambithi. That is where my grandmother and grandfather had their house. My grandparents were the ones who raised me. My mother gave birth to me in Johannesburg, and she brought me to my grandparents on the farm. My mother was a domestic worker in Johannesburg at the time. I had two uncles who used to come to work on the farms interchangeably during the six-month contract periods. One of my uncles, the youngest one, got into a conflict with the white man who owned the farm and was beat up by the white farmer.

White people used to make you do what they want when you lived on their property. They would beat you up and make you do whatever they wanted. My younger uncle had very little patience. This incident ended up getting my uncle fired and my grandmother getting kicked off the farm. [XREF TO STRUCTURAL INEQUALITY AND TO HISTORY OF PRECARIOUS WORK: p28, p52].

As it was my job to collect onions on the farm, on one occasion I didn't come back with any onions because sometimes the things planted on the farm like the onions would get eaten by garden pests. The white farmer's wife gave me a basket with a letter inside and sent me on an errand to the nearest police station to deliver. She told me to run on foot from the farm to the police station, the distance was about the same distance from here in town to Soweto. I can't say for certain how long it took, it took me a long time, it was far, but I ran as fast as I could.

When I got to the police station, I handed over the letter to the officers who were there. They read the letter and locked me in a cell. I didn't know what the letter said, maybe if I had gone to school and was able to read, I would have opened the letter and read it on the way. But in any case, even if I could read, if you are sent to deliver a letter by a white person from the farm, you wouldn't dare open the letter.

After some time having been locked in the cell, they open the cell and got in with a sjambok. The letter said they must beat me up. It said that I had been disobedient. I was locked up for well over half a day. They would open when they wanted.

//

Did you see my son? He doesn't work. We must be here. You see over there (pointing across the street to another stand), he has a trolley, he is also trying. I've had all my children while working here. They have grown up under this table.

//

Anyway, the letter would say how many strikes you were supposed to get. Sometimes you would get two or three strikes with the sjambok on your behind. Growing up these incidents made me tell myself that "mandi khula mina, angeke, angeke ndisebenzele umlungu emakitshini" (when I grow up, I would never work for white people as a domestic worker).

It took quite a process to be permanently based here [where I am trading now], I had gone through several arrests and difficulties to get to this point. [XREF TO HARRASSMENT OF INFORMAL TRADERS, p104-105].

A typical day

On a daily basis, my days are spent here at this stall. I usually get to town at around 5am, set up my table with my goods and cover them (other days I have my son to help me out, but he is usually out looking for work because he is unemployed), then I go to the market to buy produce and stock (the market opens at 4:30am and closes at around 11:30am) and come back to my stall after that and sometimes we also have traders' meetings.

What would happen if you stopped doing what you do?

I don't want to be here anymore. There is no money in what I am doing. Back then when there weren't a lot of us doing this, things were better in terms of income, but now there is very little money in what I am doing. My body has been sitting at this corner for many years enduring such cold temperatures, it has become very hard. I know that I don't want to do this anymore, but I don't know how I am going to stop. Even all these meetings and workshops that we attend, we remain hopeful that maybe there will be opportunities for us to have better businesses. For me being here is very hard, but because I don't have any other choice, I continue to come back here, but personally, I don't like being here anymore.

Did you see my son? He doesn't work. We must be here. You see over there (pointing across the street to another stand), he has a trolley, he is also

trying. I've had all my children while working here. They have grown up under this table. I would rest only a few days after giving birth and I would bring them here with me, keep them under the table and sell my goods while they are here with me under the table. [XREF TO HOW WOMXN'S HOME RESPONSIBILITIES SHAPE THEIR ENTRY INTO THE LABOUR MARKET, p62]

I've had five children, but only three are still alive. Even my oldest daughter has worked as a street trader. I have a picture of her sitting at a corner and selling spices. I work to support them, and they also do what they can to help. [My grandchildren] are very young, and they are still at school; 5 grandchildren and 1 great grandchildren.

What are your dreams and challenges?

I wish I could register a business. But the problem is I don't know where to start, maybe I could apply for government tenders and opportunities. [XREF TO LACK OF CREDIT FOR SMALL BUSINESS, p89-90]. But I don't know how to write a business plan, I don't know how to put together a business profile and other documents that are required. I don't have any of the necessary requirements to go and look for better job and work opportunities. If I could learn how to put together these documents, because I have gone to the local municipality offices and I can't fill in the forms and provide any of the information they require. I would also like to go to school to learn how to read and write, because I understand English, but I never went to school to learn to read and write. I have gone to try and see if I can take classes, but they are too expensive for me to afford. [XREF TO EDUCATION SHAPES YOUR JOB PROSPECTS, p35]



Buhle: Contract worker/job seeker

My name is Buhle, I don't know whether I should say I am a worker from Heineken or not because currently I am dismissed, and I am just sitting at home. I live in Palm Ridge. I am a mother of two sons. I live with my siblings and my parents, and there is a total of nine of us in the house.

Apparently at work after we stood up against issues of sexual harassment that were occurring at work, issues of labour broking, our case became something big and they didn't want to deal with it. [XREF TO WHAT MAKES THE WORKPLACE UNFRIENDLY FOR WOMXN, p68] So, they tried by all means to kick us out of the company. They started suspending workers daily for things like striking, they started cutting our shifts saying that they'll let us know when we should come in to work again, until this day they haven't called us back to work. They told us that our agent that was LSE Masake is no longer working with the company. But there aren't any documents that say that we have been dismissed. They just told us we will call you when there is space. [XREF TO PRECARIOUS WORK p61-69; XREF TO LABOUR LAWS, p110-111]

It was a permanent post. We have never not been told not to come to work. This started when we started raising questions about contract workers, employee benefits, harassment issues and boycotting. Then they started giving us shifts and dividing us as workers. We tried to raise our voices and fight for our rights as workers, but they put a stop to that by telling us numerous reasons why we can't come to work, citing reasons such as slow production, they are waiting for bottles and other reasons. They kept saying they'll call us back, but they never did.

[I was last at work] in February 2019. Others it has been longer, since last year.

A typical day

Another person would probably not tell you, but it is hard. I told you that I live with my whole family. My father is a pensioner. My mother is not working. I don't work anymore. There are kids at home. And there is no income now because I was the one who was bringing in the income at home. [XREF TO WOMXN BECOMING HOUSEHOLD HEADS, p37-38] We are stuck. We feel like life is pointless. The only income we have now is from the social grants. Other than that, we are stuck.

It is social grants that we use. We pay rent with this money, buy food, get the necessary things that the children need for school. As I have said, it is very hard.

I am actively looking for work, sending out CVs etc. but nothing looks promising. Even my mom is trying to hustle by collecting recyclables. [XREF TO UNEMPLOYMENT, p48]

I would be lying if I said there was anyone outside of my immediate family who helps support us. My grandmother has her own household to support. So, my immediate family and I are on our own. If there is no food at home, there is no food.

What are your dreams and challenges?

I wish things would work out well. I wish I could get a permanent job so I can feed and support my family. As I said before, my father is a pensioner, so I am under a tremendous amount of pressure, it is like I am forced to work in order to support my family. I really wish in the future I could get a

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it is unfortunate that we lost our jobs fighting for our rights, and weren't just fighting for womxn only, we were fighting for the rights of every worker at Heineken.

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good job, for the children to go to school and not drop out because things like this could cause the children to drop out of school. So, I just really wish I could get a permanent job. [X-REF TO PRECARIOUS WORK, p61-69]

I wish I could choose, but unfortunately, I can't choose because at the moment I am a beggar. So, any job that comes up for me, for my family to eat and for me to be okay, I wouldn't choose I would take that job.

[If I got a permanent job] my first priority would be my family to have a house that we own. [X-REF TO SOCIAL INEQUALITY, p28-38, HOUSING]. I mentioned earlier that we are renting, I want shelter that I know that even if my parents were to pass away, I want them to rest knowing that their children are safe, they have a warm home. I would have a stable job and income and I would know that God has blessed me with the opportunity to provide shelter for my family. Now we live with uncertainty, the owners of where we stay could kick us out, anything can happen. None of us are working, if we got kicked out, where would we go? It's really rough.

Based on the story that I have just told you, where do you see a girl like me ending up? What kind of future do you think I can have? Because normally many girls end up as "prostitutes" or they end up in bad situations like human trafficking. [X-REF TO TRANSACTIONAL SEX IN FACE OF RETRENCHMENTS, p68]

Interviewer: This is a very difficult question for me to answer, because I know now things seem extremely difficult to bear, we live in a country with very high numbers of unemployment, and having been a job seeker previously myself, I know how hard things must seem at the moment. But I would encourage you to remain hopeful, to always stand up for your rights and what you believe in, and it is really sad that you lose your job

fighting for your rights but you deserve to be treated with dignity. I don't have the answers that would be helpful right now, try thinking and looking into things that you are good at, and seeing if those could be turned into business ventures, look at joining co-ops and always think of the future you would like to have and to remain hopeful that things won't always be like this.

So, to add onto what I have just said, it is unfortunate that we lost our jobs fighting for our rights, and weren't just fighting for womxn only, we were fighting for the rights of every worker at Heineken. There is nothing more painful than working and not seeing what you are working towards. You try to fix one thing and another problem arises. [XREF TO CHANGES IN LABOUR LAWS]

We are still fighting, I always tell my comrades that we aren't just fighting for us, we are fighting for the rights of future workers as well so that they don't have to experience the things that we have experienced. It is unfortunate the person who had employed us had a malicious heart and let so many of us go and terminated people's contracts without any justification. [XREF TO INTO THE FUTURE UNDER THE HISTORY OF PRECARIOUS WORK, p62]

The case is still going on. It's been 2 years now. So many people along the way have lost hope, I don't want to lose hope; I want to keep fighting. We are getting help from the Casual Workers Advice Office (CAWO), they have been helpful in informing us about our rights as workers and connecting to legal assistance with various issues. They have also been encouraging us not to lose hope.



Kgotatso: Retail Worker

I work in sales. My work involves selling gym memberships to customers at one of the big shopping malls. I have been unemployed for over 3 years, and I was placed in my current occupation by one of these youth development agencies. I never knew the real extent to which people walk past and through you, when you are trying to sell them something. It is especially difficult when people don't really know how to place me, when they do not know "what" I am. I know this because I see how they interact with my colleagues who are not like me.

My typical day at work includes so many indignities that I and the other womxn face. Things are so difficult there, that to even talk about our challenges with each other is almost impossible, we are watched, watched how long we talk to each other, how much time we spend on our phones, how we are smiling or not smiling.

We cannot drink water on the floor, we have to be searched every time we leave and enter the shop. There is always drama when I need to be searched because I'm somewhere in -between. I'm not a man, neither and I am womxn. I also don't identify with either, and no one will listen to me insist on what is comfortable.

We declare everything in our bags and pockets every day, the day it shocked me the most was when I got into trouble for not declaring my tampons. I had them in my pocket and they were loose, like coins. I did not imagine that I could be threatened with arrest, just because I did not want to tell people that I was menstruating.

I was five years old when I heard the word lesbian for the first time. I was sitting with my dad and he was having a beer, we were both watching Brenda Fassie on TV. The interviewer asked Mabrr a question and she said, "I'm a lesbian". I was fascinated by this word and asked what it meant. After it was explained to me, I then said to my father, well that's what I am.

I did not, and still am unable to comprehend for myself an attraction and a love for men. Many of my dearest and closest friends, growing up and now are men, but to be in a romantic and sexual relationship with them feels unnatural to me.

Growing up, and finding more girls like me felt really good. By that I mean girls who "according to others" dress like boys and like other girls. Being different can be very lonely and dangerous. I remember in 2007, after the cases of Sizakele and Salome, two lesbians who were brutally raped and murdered were reported in the media, my parents were so mad at me for the rumours that they were hearing on the street. They were so mad, asking me if I am what people say I am, a lesbian. It almost felt like they were asking me if I was going to burden them with this too; knowing that we already live lives of struggle at home.

My grandmother, father, aunts and brothers and sisters live in the same household. I am the primary provider, and have never in my life had a job that has paid me enough to survive.

Don't get me wrong, there is a lot of joy in my family. My favourite thing at home is hot summer days when we bring out the music and everyone talks

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We cannot drink water on the floor, we have to be searched every time we leave and enter the shop. There is always drama when I need to be searched because I'm somewhere in -between. I'm not a man, neither and I am womxn. I also don't identify with either, and no one will listen to me insist on what is comfortable.

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I have a university degree that I would like to sell for money, I haven't been able to use it and I still owe NSFAS over R200 000 for it. I did everything I was supposed to, I worked really hard for that degree, I was ill for most of it, I went back to school after the illness had forced me to drop-out and I was in a class older than my classmates, and went back to school without any other safety net.

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really loudly over the music with us breaking into awkward dance moves when the spirit moves us.

My dreams, are really not that huge. I want to build my grandmother a bathroom, to work in an environment where my dignity is respected and I am paid a living wage, and to be able to live and love freely. Ok, I want millions too.

I have a university degree that I would like to sell for money, I haven't been able to use it and I still owe NSFAS over R200 000 for it. I did everything I was supposed to, I worked really hard for that degree, I was ill for most of it, I went back to school after the illness had forced me to drop-out and I was in a class older than my classmates, and went back to school without any other safety net. It is really strange that even then, I know that I am still better than so many of my counterparts that I went to school with. You see, of us children who went to township schools, very few of us make it to university, let alone get whatever qualification we studied for. I got the degree, and I STILL don't have a job that can meet my basic needs.

The way I look is something I am always so conscious of, except for when I am in queer spaces. Interviews are generally anxiety inducing, and you should see how interviewers get when I walk in, in a shirt and a tie and how their heads get into a spin when they see breasts under my shirt (chuckles). It would be really funny, if I didn't know that "fitting in" is a prerequisite for many jobs.

Being an organizer is really important for me to remain hopeful. Understanding why the world works how it does, and that it's not my fault as an individual is so important to remember whenever, I feel stuck and despondent. But I really would like to catch a break, and I don't know how that will happen with so much seemingly stacked against me, being black, being womxn, being queer and having no wealth to fall back on.



JOHANN RUPERT'S ENTREPRENEURIAL SECRETS

According to the business-news agency Bloomberg, Johann Rupert is the world's 238th richest person, with a fortune of R103.4 billion at the start of 2020 - up R19 billion since the start of 2019. This makes him the richest South African.

Having rich parents

Johann Rupert took big risks in his life, but he started off with big backing.

"Johann Peter Rupert was born on the 1st of June, 1950, in Stellenbosch, the oldest son of billionaire industrialist Anton Rupert and his wife, Huberte. A self-made businessman, his father had founded the tobacco company Rembrandt Group in 1948. After attending school in Stellenbosch, the younger Rupert enrolled at University of Stellenbosch to study economics and corporate law. He didn't graduate, choosing to move to New York, where he took a trainee position with Chase, Manhattan.

After five years in New York -- working first for Chase, then for Lazard Freres -- he returned to South Africa where he founded Rand Merchant Bank. A few years later, the bank merged with Rand Consolidated Investments and Rupert joined the family business. Rembrandt diversified into wine and spirits and various South African sectors, including banking, mining, food and packaging. In the late 1980s, Rupert took over from his father as chairman of Rembrandt. One of his first big moves was spinning off Rembrandt's European assets and forming the Swiss luxury goods

conglomerate, Richemont. The company owns stakes in well-known brands such as Van Cleef & Arpels, Azzedine Alaia and Piaget.

Rupert serves as chairman of Richemont, Remgro; a restructured iteration of Rembrandt Group created in 2000 -- and Reinet Investments; a holding company he founded in 2009 to control Rembrandt's stake in British American Tobacco. As an avid sportsman, he designed the course at his Leopard Creek Golf Club in Nelspruit, which he bought in 1995 with professional golfer Gary Player.

The billionaire is also chairman of the South African PGA Tour, a lifelong member of the European Tour, and the founder of the Laureus Spor."

From <https://www.bloomberg.com/billionaires/profiles/johann-p-rupert/>

Dominating the economy

Johann Rupert is in your tea, on your sandwich and on your wine list. If you're not eating him, you're drinking him - Bonolo Ramokhele

I missed the interview last week that had black people seething. The following day, I ran through Remgro's stable, which is one of Johann Rupert's companies.

I must say, Remgro has some good brands, including as it does Nola Mayonnaise; Rainbow Chicken, which is a significant supplier of chicken to KFC in the country; Sunbake bread, Yum Yum peanut butter; Piemans pies; Selati sugar; Mageu; Ouma rusks and Rama, to name a few - all of which indicate a significant number of usage in black households.



Rupert could choose to skip his degree but poor children have much fewer opportunities without education, and much less success in education.

Fewer than four out of ten kids from the poorest households complete primary school in the usual time, compared to 84% of kids from the richest households, and compared to the 99% completion rate of the poorest households in Europe and North America. (Statistic via Chris Malikane)

[From https://city-press.news24.com/Voices/how-we-make-johann-rupert-rich-daily-20181211](https://city-press.news24.com/Voices/how-we-make-johann-rupert-rich-daily-20181211)

Born into a social class where your work will reap extra rewards

Having great power in one part of society attracts status and recognition in other parts of society so that the super-rich appear multi-talented, when they are in fact just rich.

“Mr. Johann P. Rupert is Chairman at Reinet Investments Manager SA, Remgro Ltd., Compagnie Financière Richemont, and Peace Parks Foundation. He is also a Chancellor at the University of Stellenbosch and Managing Partner at Compagnie Financière Rupert SA. He is on the Board of Directors at Renshaw Bay LLP and Rembrandt Trust Pty Ltd. He was previously employed as Executive Chairman by Compagnie Financière Richemont SA and Richemont North America, Inc., and as Chairman by Richemont SA, Merchant Bank and VenFin Ltd. He also served as an Officer at Rembrandt Group LLC, The Chase Manhattan Bank NA, and Lazard Freres & Co. LLC.

He served on the board at Rothmans International BV, British American Tobacco Plc, and James Purdey & Sons Ltd. Mr. Rupert earned an Honorary doctorate degree in Economics and graduated with a degree in Company Law at the University of Stellenbosch, South Africa. He was also awarded an Honorary doctorate in Commerce from Nelson Mandela University.

[From https://www.marketscreener.com/business-leaders/Johann-Peter-Rupert-80/biography/](https://www.marketscreener.com/business-leaders/Johann-Peter-Rupert-80/biography/)

See What is the Minerals-Energy Complex? **Page 77**

Taking your privileges for granted

How rich would the Ruperts be if they had not been white?

One audience member said Rupert’s white privilege had helped enable his current level of wealth and suggested that he use some of it to help boost young black entrepreneurs in Mamelodi. Rupert said: “I’ve tried my best. My people who work with me are happy. They’ve all got homes, I look after their kids and give them bursaries, and I’m not Father Christmas that can look after the whole country”.

“I’ve been luckier than I thought I would, I made more money than I thought I would and that I often think I deserve, and my mother taught me to share, and I really give away a lot more money than I spend on our family. Quite frankly, I don’t need lessons in sharing, because I know what I do and luckily the people close to me know what I do.”

[From https://www.news24.com/SouthAfrica/News/johann-rupert-branded-arrogant-racist-i-cant-be-father-christmas-for-the-whole-of-south-africa-20181205](https://www.news24.com/SouthAfrica/News/johann-rupert-branded-arrogant-racist-i-cant-be-father-christmas-for-the-whole-of-south-africa-20181205)

“His wife ... breeds racehorses because he talked her into it... he loves the feeling she gets when her prized horse wins a coveted race. Besides breeding horses, Gaynor looks after Drakenstein Farm. Johann and Gaynor are blessed with one son and two daughters.

Rupert owns Franschhoek Motor Museum that is home to his personal collection of over 200 antique cars including his very own 63 Ferrari Lusso GT. Years back, his son had a minor accident with his Ferrari F50 on the [grounds of the] museum.

[From Buzzfeed](#)

BLACK INDUSTRIALISTS

Race and gender inequality persist right to the top of South Africa's class structure: by 2019 there were only two black men, and one white woman, amongst South Africa's 24 richest people. However, even CEOs from humble beginnings, whose struggle connections paved their way to narrow the gap between themselves and the richest whites, tend to make their fortunes in ways which heighten inequality overall.

For example, Vincent Mntambo; ranked 29th on the list of the richest people in South Africa (net worth estimated at R914.9 million)⁴. Though he is perceived as humble⁵, Mntambo is also deemed "discreet" when making money moves. Now a non-executive director at Exxaro, his life has not been without overcoming hurdles. He was a leader of the 1976 Soweto students' uprising, dubbed "master dodger" because he was never arrested by the police. He matriculated in 1977 and later obtained a law degree at the North-West University, then a Masters at Yale University in Connecticut, America⁶.

He is now the chairperson of ASG Consulting Solutions. He was a lecturer at the University of Natal, an executive director of the Independent Mediation

Services of South Africa and director-general in the Gauteng provincial government. He is now the chairperson of Metrobus Limited, director of Eyesizwe Mining and a non-executive director of SA Tourism.

Presiding over job losses

Under his directorship in 2015, Exxaro suffered a setback which has led to its Arnot contract coming to an end, and the company closing the mine that had supplied the power plant since 1975⁷.

Although Mntambo retained his position, however, more than 1 500 jobs were lost. Also, under his directorship at Metrobus Limited, Metrobus services in some parts of Johannesburg were disrupted in 2018 after the company failed to reach an agreement with the Democratic Municipal and Allied Workers' Union of South Africa (DEMAWUSA). This left commuters stranded and about 300 drivers affiliated to the union subsequently embarked on a strike⁸.

In September 2019, the members of DEMAWUSA declared another dispute because the minority union demands an office space in three Metrobus bus depots and for salaries to be paid according to the number of years one has been in service. Unfortunately, the company's failure to reach a deal with the drivers will leave more than 30 000 passengers stranded and having to make other means of getting to work⁹.

⁴ Vincent Zwelibanzi Mntambo, 59 WallStreet Journal <https://quotes.wsj.com/ZA/EXX/company-people/executive-profile/165251>, accessed 11 September 2019

⁵ Blignaut, M., 2018, "Vincent Mntambo might be South Africa's humblest multi-millionaire" Briefly, <https://briefly.co.za/7119-road-riches-vincent-mntambo-south-africas-humblest-multi-millionaire.html>

⁶ MSG, "From master dodger to master builder 1995", Mail & Guardian, <https://mg.co.za/article/1995-03-10-from-master-dodger-to-master-builder>, viewed 11 September 2019

⁷ Omarjee, L., 2018, "Eskom overlooked Exxaro to benefit Tegeta, inquiry hears", Fin24, <https://www.fin24.com/Companies/Mining/eskom-overlooked-exxaro-to-benefit-tegeta-inquiry-hears-20180215>, accessed 23 September 2019

⁸ Ngqakamba S 2018, News24, viewed 12 September 2019, 6 June, < <https://www.news24.com/SouthAfrica/News/metrobus-operations-affected-in-johannesburg-after-stalemate-in-negotiations-with-demawusa-20180606>

⁹ ANA reporter 2019, "Johannesburg Metrobus strike continues, millions lost, IOL, 19 September, <https://www.iol.co.za/news/south-africa/gauteng/johannesburg-metrobus-strike-continues-millions-lost-33252247> accessed 20 September 2019

A

**DIMENSIONS
OF STRUCTURAL
INEQUALITY**

Men

Womxn

Black

White

Rich

Poor

Dimensions of Structural Inequality

What is the problem with inequality?

Inequalities have serious personal consequences, but inequality is also a problem for the whole society. Inequalities raise moral concerns about fairness and social justice, and they also have socially divisive tendencies. Inequalities therefore undermine community solidarity and contribute towards political instability and violence. Levels of inequalities also undermine economic growth and poverty reduction strategies. As a result, children from low-income earning households with low levels of education tend to experience unequal access to education, slowing down the development of their human potential and limiting their ability to rise out of poverty (their social mobility). Income inequality can also negatively affect economic growth and increase poverty by limiting mass purchasing power.

The contrasting life stories above tell us that inequality prevents people at the lower end of the scale from fulfilling themselves and developing their full worth; inequality is not a manifestation of laziness or individual failings or successes; and it does not arise because some people work harder, are smarter, or take bigger risks.

South Africa’s history of extreme inequality is rooted in three historical processes: **a)** establishing political and economic power structures which entrenched the white population in a privileged position against the indigenous population; **b)**

depriving the indigenous, black population of land, surface water and livestock and **c)** forcing slaves and indigenous people into various forms of unfree and exploitable labour¹⁰. Within these processes, womxn were used and abused in particular ways, ranging from sexual abuse to subsidising the migrant labour system by carrying a greater burden in the ‘homelands’¹¹ as men were pulled into work. Unfortunately, these processes are still expressed today in some pockets of the South African society.

Group inequality nourishes and feeds on stereotypes

and prejudices about the affected groups. For example, it is easy for white people to hold on to the idea that they are superior to black people because there are many poor black people and few poor white people.

Inequalities include unequal outcomes (income inequality, educational achievement or health) and unequal opportunities (access to quality education, employment, infrastructure, land and so on). Herein, unequal outcomes and opportunities reinforce each other.

The persistent gaps in infrastructure, and other resources inherited from the apartheid system, made worse by the neoliberal policy response and rising global inequality, are foundations for

continued high levels of inequality in South Africa.

This report focuses on three level of inequality in South Africa - **social inequality, economic inequality, and labour market inequality;** wherein race and gender are at the forefront of these inequalities.

¹⁰ Terreblanche, S. (2002). A History of Inequality in South Africa, 1652—2002. University of Natal Press, Pietermaritzburg.
¹¹ For readers who are not familiar with South Africa, the ‘homelands’, also called bantustans or reserves, were tiny areas of South Africa which the apartheid government designated as supposedly self-governing territories in which the majority of black South Africans would be allowed to reside after being deprived of South African citizenship.

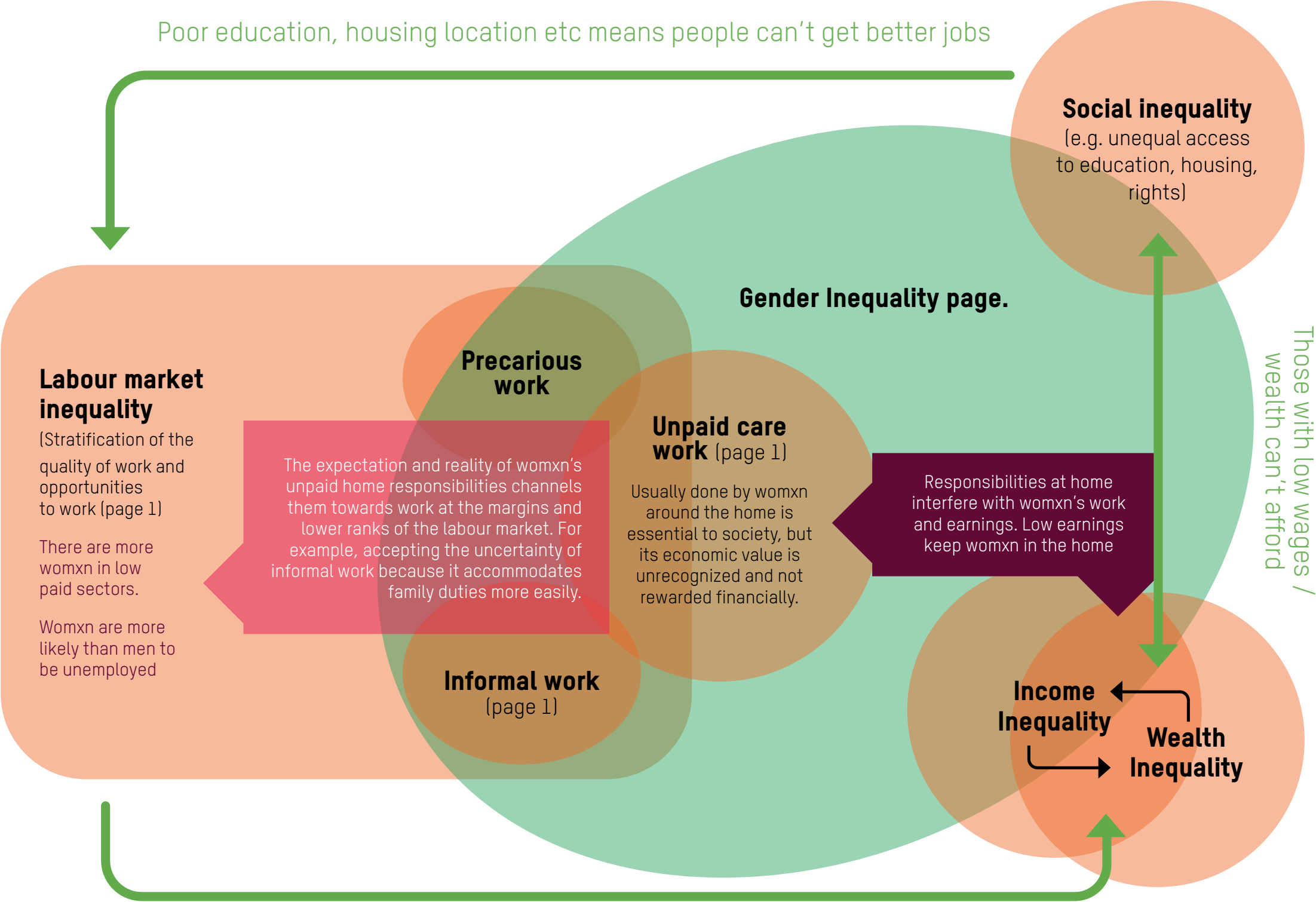
*The columns represent the inequalities for different groups

Men	Womxn	Black	White	Rich	Poor
<p>Social inequality describes differences in access to services. For example, public schools may be of very good quality in one part of a city and very poor quality in another. Healthcare, roads, water services – these are things which some people have more access to than others in South Africa. These are discussed in detail in section A.1.</p> <p>Economic inequality includes <i>income inequality</i> and <i>wealth inequality</i>. Income inequality has to do with how much more a certain group makes than another group. Usually we talk about the 1% and the 99% or the top ten percent and the bottom 50%. <i>Wealth inequality</i></p>	<p>includes income inequality and people’s assets. So a wealthy person may earn 200 times more than a poorer person in</p>	<p>a year, but that person is likely to have much more than 200 times the wealth of the poorer person, in part because the poorer person has less money to buy anything. Wealth and income inequality</p>	<p>is discussed further in section A.2.</p> <p>Labour Market inequality encompasses the idea that different people have different experiences with work. For example, a white man is likely to be paid much more for doing the same job as a black womxn. Womxn are more likely to be involved in precarious work and much more likely to be contributing a significant portion of their time in unpaid care work, without which the economy as a whole could not function. This is discussed further in section A.3.</p> <p>See the graphic on p.16 for more details.</p>	<p>Rising inequality is a tendency in the system</p> <p>The rich got richer faster than everyone else between 1980 and 2016:</p> <ul style="list-style-type: none">Across all regions, the top 0.001% grew their incomes by 275%, while the bottom 50% earners of the world’s population grew their incomes by only 94%.The growing income inequalities are expressed in a comparison between the lowest income earners [bottom 10%] and the top income earners [top 10%] over time. The top 10% earned 15 times the incomes of the bottom 10% and by 2016 this had grown to 21 times that of the bottom 10%.The growing income inequalities are also shown when we compare the lowest income earners [bottom 10%] with median income of company executive directors over	<p>time. Executive company directors earned 85 times the incomes of the bottom 10% in 2013 and this had grown to 100 times the income of the bottom 10% in 2017.</p>

¹² Marx K. (1954). Capital I, p.603. For Piketty T. (2014). Capital in the Twenty-First Century, p.25, the tendency towards wealth concentration occurs if the rate of profit is greater than the growth rate of the economy.

*The columns represent the inequalities for different groups

This report is concerned with inequality at and around work (labour market inequality) and income inequality. This diagram shows some components of labour market inequality and income inequality and how these interact with social inequality within the framework of economic structure. It illustrates how some forms of inequality enable other forms. ‘Intersecting’ inequalities do not simply add layers of inequality upon each other: they mix. For example, the intersection of income inequality with gender inequality reinforces a view that womxn are big children by making them more dependent on others. This diagram focuses on gender. Other inequalities not shown here, such as race, also come into play.



Poor education, housing location etc means people can't get better jobs

Those with low wages / wealth can't afford

Wage differentials / business insecurity; exploitation

Definitions: Intersecting inequality ("Intersectionality").

The word intersectionality is not important for this report, more so than the idea is. An intersection is the area where two things overlap – like the purple parts of the sketches above. This is very similar to a traffic intersection, where two streets cross. When the word is used to refer to oppression, it reminds us that the overlap produces something new. Similarly, ‘intersecting’ inequalities do not simply add layers of inequality upon each other: they mix together to produce unique forms of inequality. For example, the oppression of poor womxn is not simply the oppression of rich womxn plus poverty. Rich womxn do face sexism in the boardroom and often remain responsible for their homes, but they may escape from the home to some extent by hiring another womxn as a nanny or domestic worker. The poorer womxn, on the other hand, inherits a double burden of doing her own housework as well as paid work, and her paid work is often undervalued because it is poor womxn’s work. To be a black womxn in a racist world is not just racism plus sexism: it changes the form of sexism and also the form of racism. A sexist employer, for example, might think his own wife is too weepy, emotional and delicate for work but regard black womxn employed by him as “unnaturally emotionless” because they are trying not to offend him (and may never question the same characteristic in black men). The word was first used in this way by Kimberly Crenshaw, a lawyer in the USA who had to prove that black womxn were facing discrimination in a particular industry where white womxn and black men were being hired in numbers, leading employers to claim they were neither racist nor sexist. Crenshaw argued that they were both because black womxn in particular were not getting work.

A note on gender labels: Why womxn? Why men and womxn?

There is no way to understand inequality in South Africa without recognizing that it is highly gendered. We know that to understand poverty and inequality, we have to consider how men, womxn and gender non-conforming and non-binary persons are differentially affected.

Hetro-patriarchal and cis-normative notions of understanding gender, work along the assumptions that there are only two genders, male and female and only one kind of sexual orientation, which is heterosexual. These are historical realities that were connected with the construction of the racist, sexist and classist South African state through violent conquest.

An inability to conceive of gender, outside the binaries is a reflection and inheritance of a colonial past and of a neo-liberal patriarchal environment.

These notions, evident even within social justice initiatives, do not consider gender and sexual diversity in defining the problems, and in thinking about solutions to intervene.

All other experiences and expressions that are different from the “standard” are seen as not respected/studied and people become invisible.

This is despite the fact that sexual orientation and gender identity and expression diversity is explicitly protected in the constitution, challenges such as recurring stigma and violence towards sexual and gender minorities means

that this understanding and work around gender is not as normalized as it should be.

This report, does not explore gender and sexual diversity in depth, but does recognize it. In this report, and in the development of the report and workshops around the campaign, we did ensure that we have people who do not identify within the strict hetero normative gender binaries in the room. We also consulted literature that can assist in the nuancing of the argument on gender and inequality. This is all far from sufficient, and this note is to highlight this limitation.

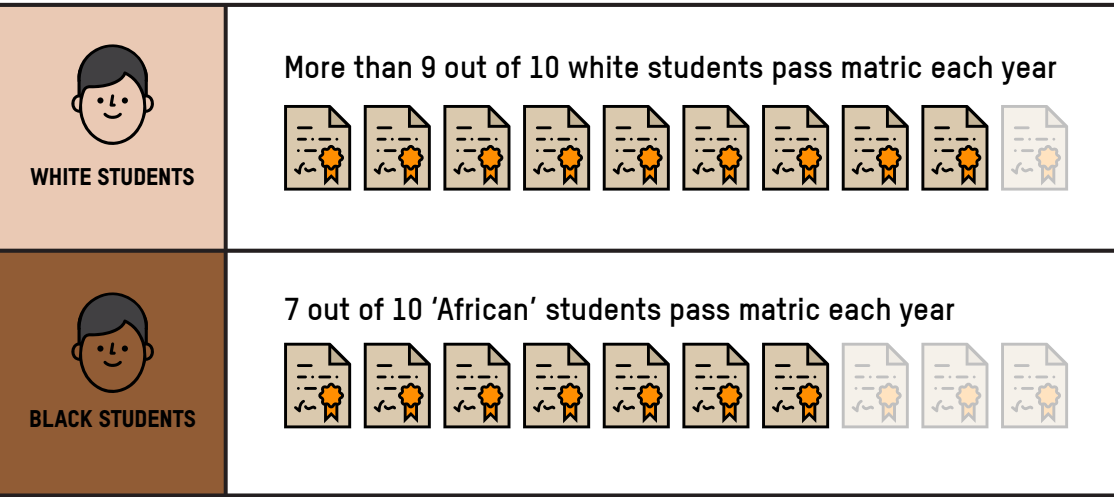
In this report we use the term womxn, we understand this spelling to signal a more inclusive conceptualization of womxnhood. It explicitly includes, not only cis-gendered womxn but also transwomxn and femme/feminine identifying gender-queer and non-binary persons. Therefore, when we refer to data, and when we write about men and womxn, we are aware that this includes all genders, and is definitely an area for further research.

A1

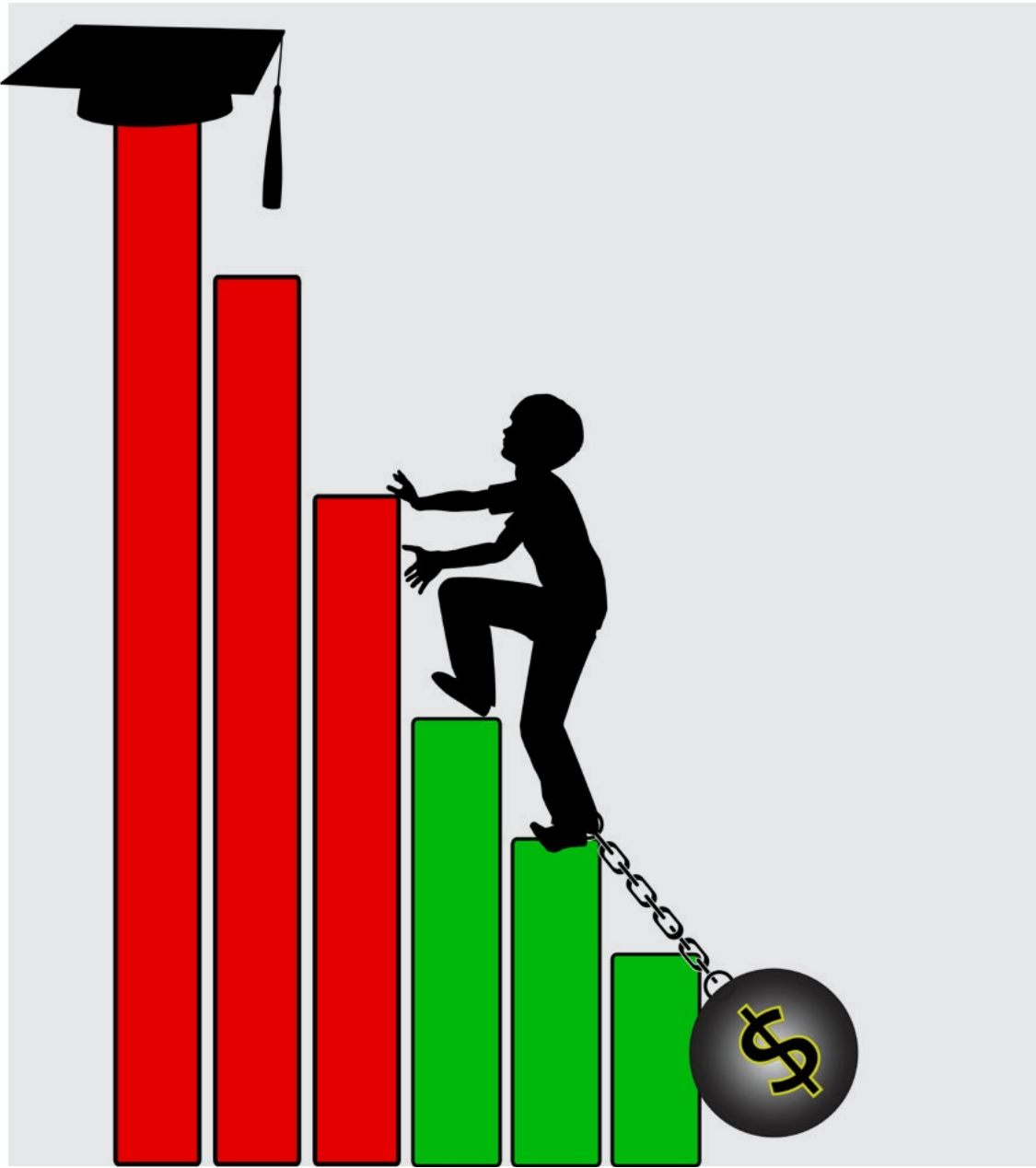
Social
Inequality

**A note on race labels:
who is 'Black' in this report?**

The concept of inequality in South Africa is largely linked to apartheid and how it created and entrenched four main racially based categories that were always confusing. We do not like these categories, but we need to use them because the census still uses them and these historic divisions still shape inequality today. 'African', for example, was used to classify everyone who was not classified 'White', 'Coloured', 'Indian', or 'other Asian', but African also means anyone from this continent, so apartheid's 'Indians' are actually African. As a result, this problematic system produced even more problematic and ambiguous names. To avoid this confusion, this report uses black to mean people who would have been classified 'African' during apartheid, although we realise that this can also create a difference.



Despite the democratic dispensation, South Africa is still characterized by extreme social inequality, made worse by race, class and gender inequality. Inequalities in education, health status and household living conditions indicate that the black population, and black womxn in particular, bear the brunt of this inequality. The position of black womxn compared to white men is a sharp indicator of the levels of inequality in a society.

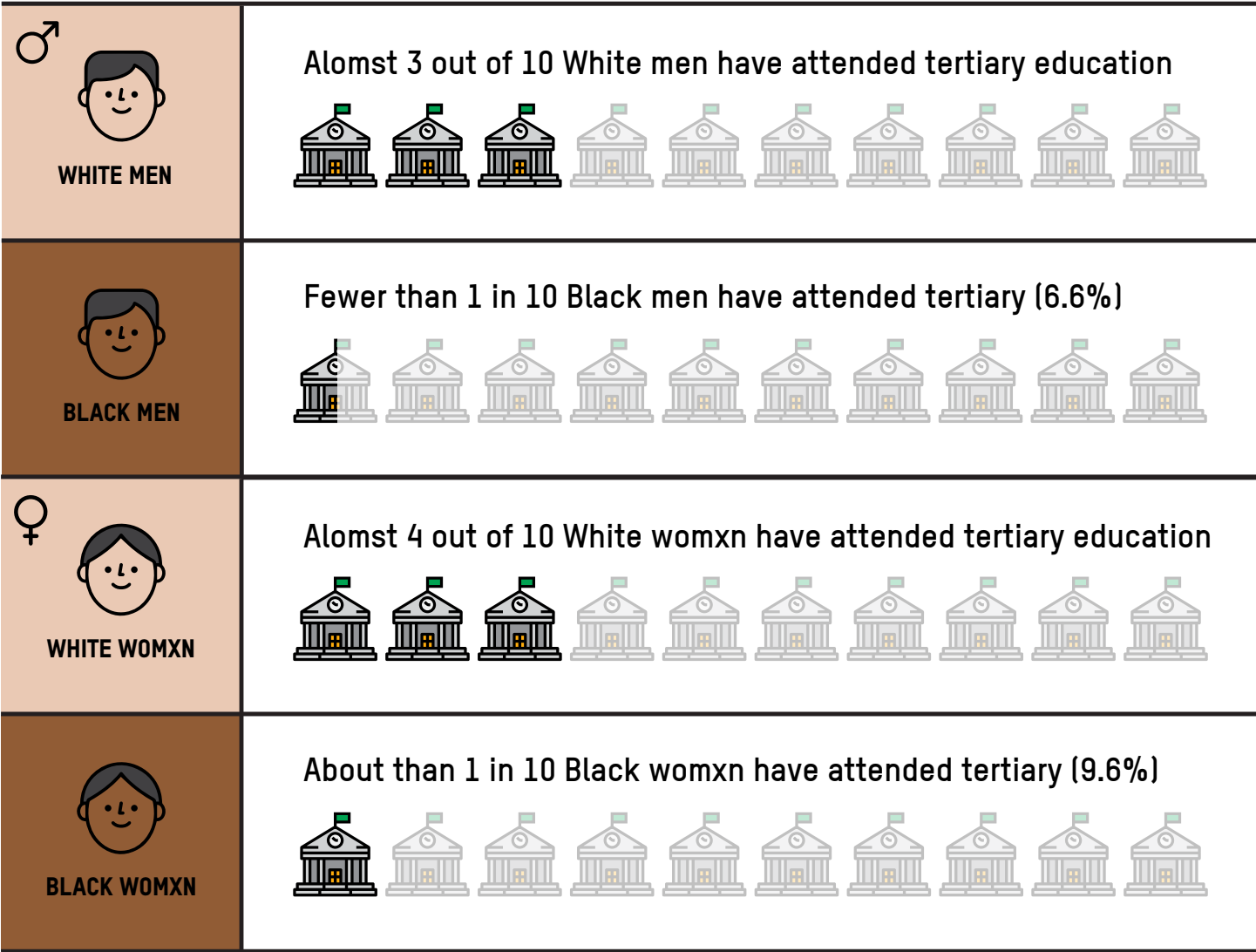


¹³ Van der Berg S. (2007). Apartheid's Enduring Legacy. *Journal of African Economies* 16, p.849–880.
¹⁴ Moses E., van der Berg S., Rich K. (2017). *A Society Divided: How Unequal Education Quality Limits Social Mobility in South Africa*, p. 21.

SOCIAL
INEQUALITY:
EDUCATION

Differences in educational achievement are important in sustaining other kinds of social and economic inequality. It is important to note that the quality of education (measured in class sizes, the number of pupils per teacher, and so on) is connected with racial inequality, which leads to racially skewed achievement in education).

Access to university
and college education



Note that this only shows attendance, not graduates. Black students have higher dropout rates and take longer to get degrees for many reasons ranging from financial difficulties and travel distance to the difficulties of adapting to white culture at the formerly white institutions and lack of resources at the previously black institutions.

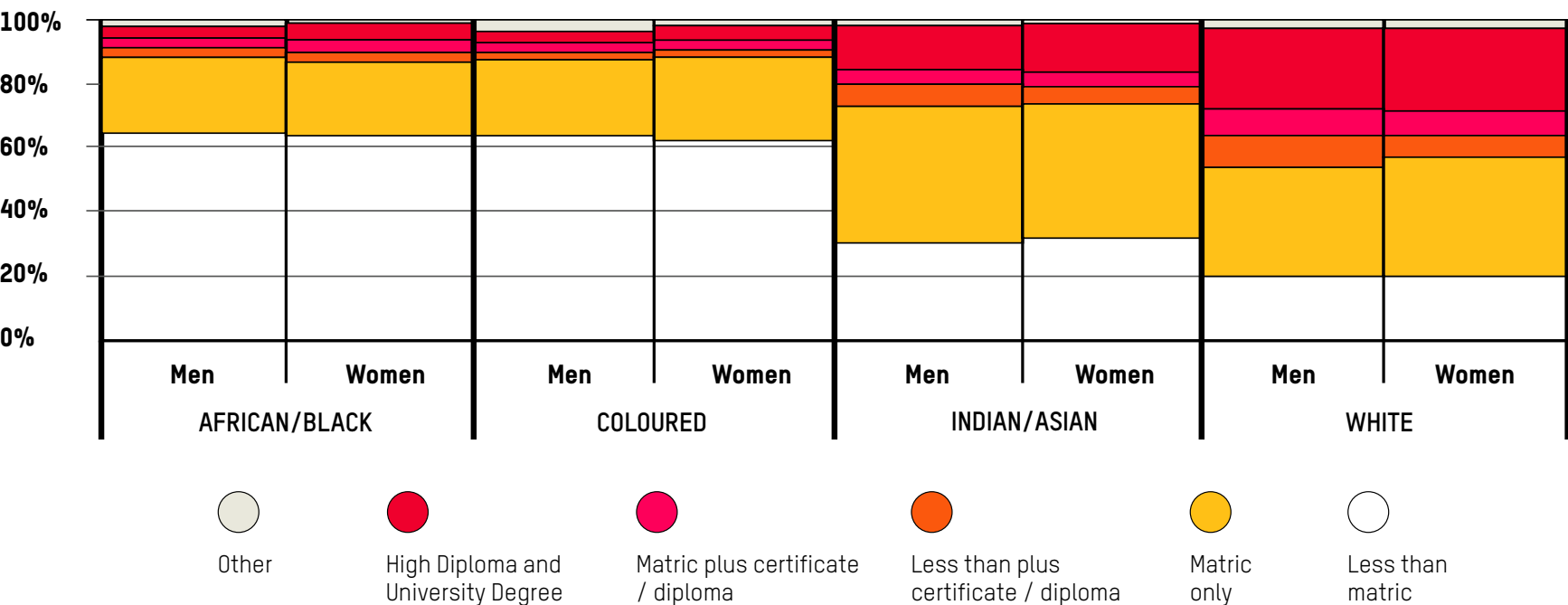
- The scores for mathematics and the sciences in schools which were classified ‘African’ during apartheid are roughly half the scores for schools which were classified white
- Only 8% of A-grade mark achievers were people who would have formerly been classified as ‘Africans’¹³
- By the age of 24, fewer than 1 in 10 people formerly classified ‘African’ will be enrolled in any kind of educational institution¹⁴
- Less than 1 in 10 youths with a tertiary qualification are unemployed
- 5 out of every 10 youths without a matric are unemployed
- Youths with post school education earn 60% more than youths with matric

A note on race labels: who is 'Black' in this report?

The concept of inequality in South Africa is largely linked to apartheid and how it created and entrenched four main racially based categories that were always confusing. We do not like these categories, but we need to use them because the census still uses them and these historic divisions still shape inequality today. 'African', for example, was used to classify everyone who was not classified 'White', 'Coloured', 'Indian', or 'other Asian', but African also means anyone from this continent, so apartheid's 'Indians' are actually African. As a result, this problematic system produced even more problematic and ambiguous names. To avoid this confusion, this report uses black to mean people who would have been classified 'African' during apartheid, although we realise that this can also create a different kind of confusion because 'black' was a political identity during apartheid for all those who were not classified white by apartheid and who did not aspire to whiteness and rejected apartheid's divisions, so 'Biko Black' included people classified African, Coloured and Indian by apartheid.

In much of the report we present only white and black (not Biko Black) to simplify the amount of information that the reader has to take in. This is not because we think the position of 'coloured' and 'Indian' people is unimportant, but because it is difficult to find statistics that combine, for example, black and coloured people, yet it seldom adds much to our understanding to present all four categories. Readers can assume a pattern repeated across all the information, which is that 'coloured' people are on average slightly above black people on average, but much, much closer to black people than to whites. (If we were categorising people statistically rather than according to the categories inherited from apartheid, 'coloureds' would be part of Black people.) Meanwhile, people classified 'Indian' during apartheid are on average some way above 'coloured' and black people, but still closer to these categories on average than to white people on average. Where we have presented all four categories, we retain the labels 'coloured' and 'Indian' although they are unsatisfactory.

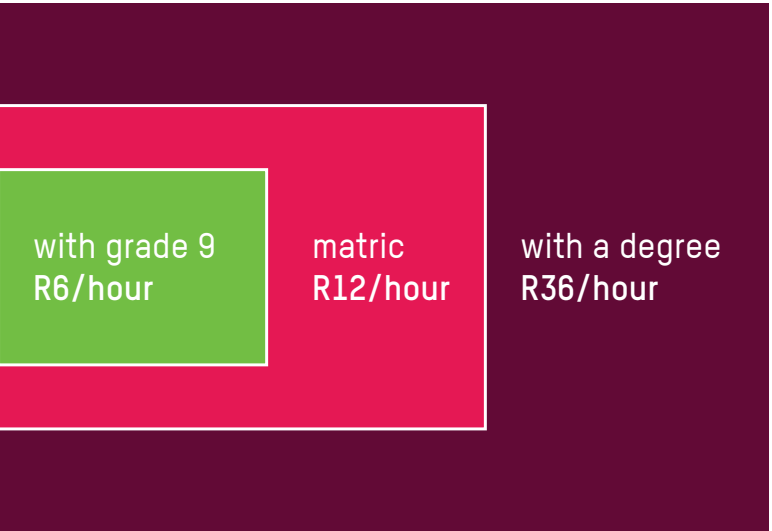
Educational achievement for each race/gender¹⁵



Source: Labour Market Dynamics, 2016. Downloaded from Stats SA <http://www.statssa.gov.za/> in September 2018

Education affects your chances at work:

Average hourly wage:



Race and gender override education when it comes to income

Black womxn with a university degree, and who are aged between 18 and 34 years have a median income of about R13 000, compared to about R17 000 for white womxn aged between 18 and 34 years with a university degree. At the lower end of the scale, white men and womxn with no matric, regardless of age, have better median incomes compared to African womxn with matric¹⁶, regardless of age.

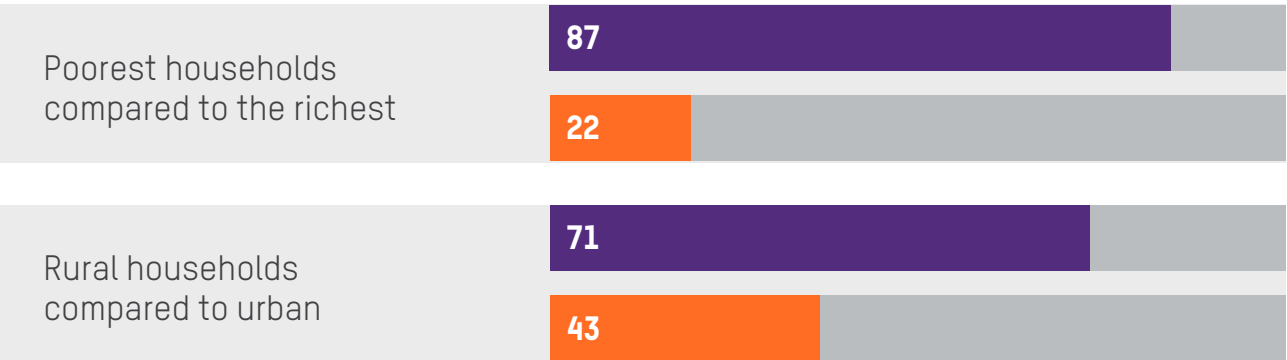
¹⁵ For consistency, the female should be womxn.

¹⁶ For readers who are not familiar with South Africa, matric is the final year of schooling in South Africa.

SOCIAL
INEQUALITY:
HEALTH

People often say, wealth is nothing without health. But in very unequal societies, health and wealth often go together.

Out of every 1000 babies born alive, how many die before the age of five?

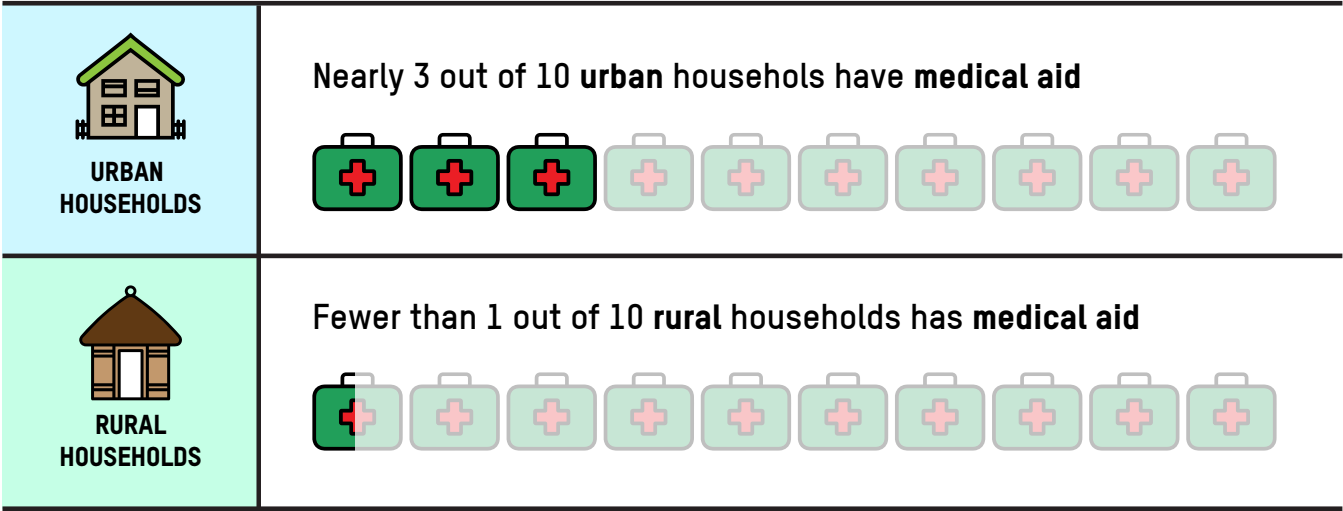
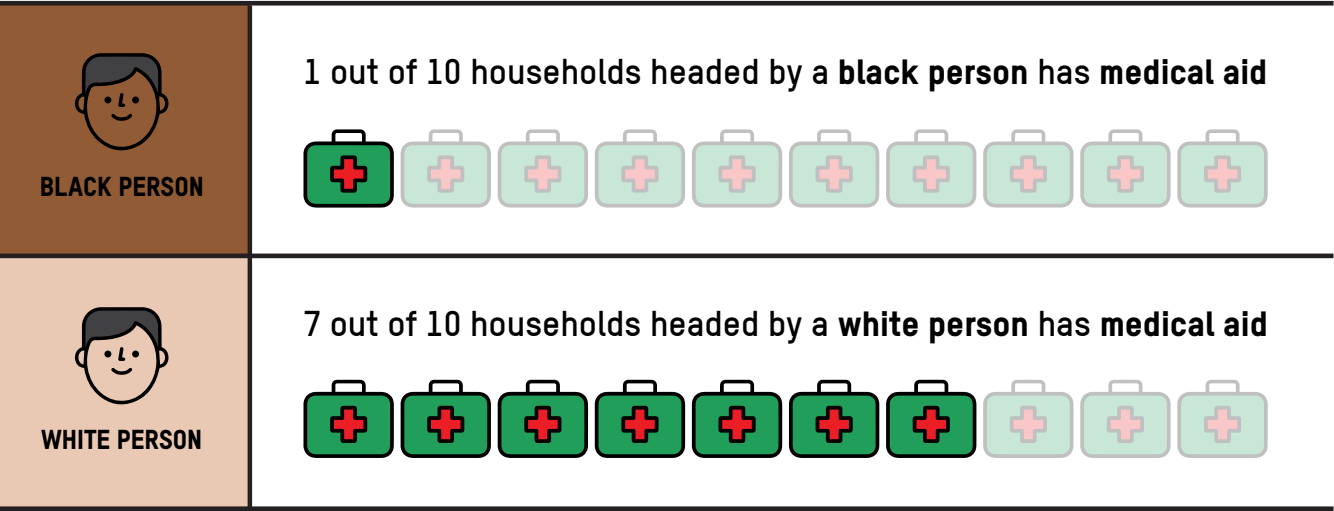


Source: B Sanders¹⁷.

There are many possible causes for these tragic deaths: it could be accident or inborn illness, it could be disease or dirty water, it could be that the nearest clinic is far or because a private doctor is expensive so the parents hesitate to go there, it could be because the mother has to go to work leaving younger children with other children or at a crèche that is not safe, it could be child abuse. However it is clear that a single factor, poverty, plays the key role in exposing babies to all these risks. Poor families in South Africa are at much greater risk of losing their children at an early age.

“The national public health sector, staffed by some 30% of the doctors in the country, remains the sole provider of health care for more than 40 million people who are uninsured and who constitute approximately 84% of the national population. Approximately 16% of South Africans (8 million people) have private health insurance that provides access to health care from the remaining 70% of doctors who work full-time in the private sector”

Under the current health system, one must have a good paying job to afford medical aid in order to have a fighting chance at life.



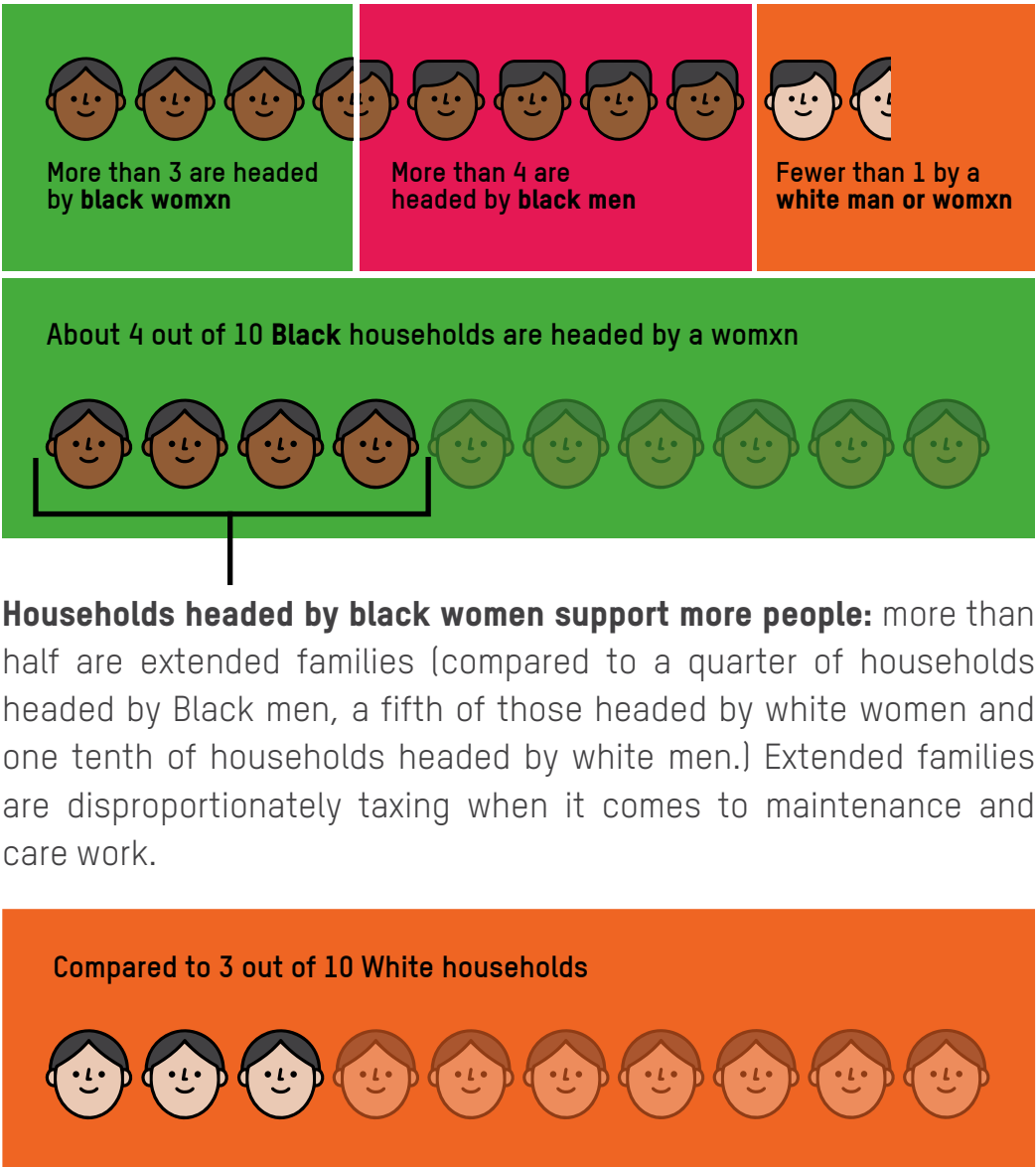
Source: Vulnerable Groups Indicator Report (2015 & 2016); Men, Women and Children (2014/2015)

¹⁷ Sanders B. Health Inequalities and Their Social Determinants in South Africa: Implications for Policy and Practice.

SOCIAL
INEQUALITY:
HOUSEHOLD
CONDITIONS

Household living conditions revolve especially around expenditure, but the size of the household also matters because it determines how much each member of the household benefits from the expenditure. Households headed by black womxn tend to be poorer than other households by several measures.

Out of every 10 households in South Africa...



Average household expenditure each year for households headed by:



Source: Vulnerable Groups Indicator Report (2015 & 2016); Men, Women and Children (2014/2015)

The section on health (above) exposes other household inequalities

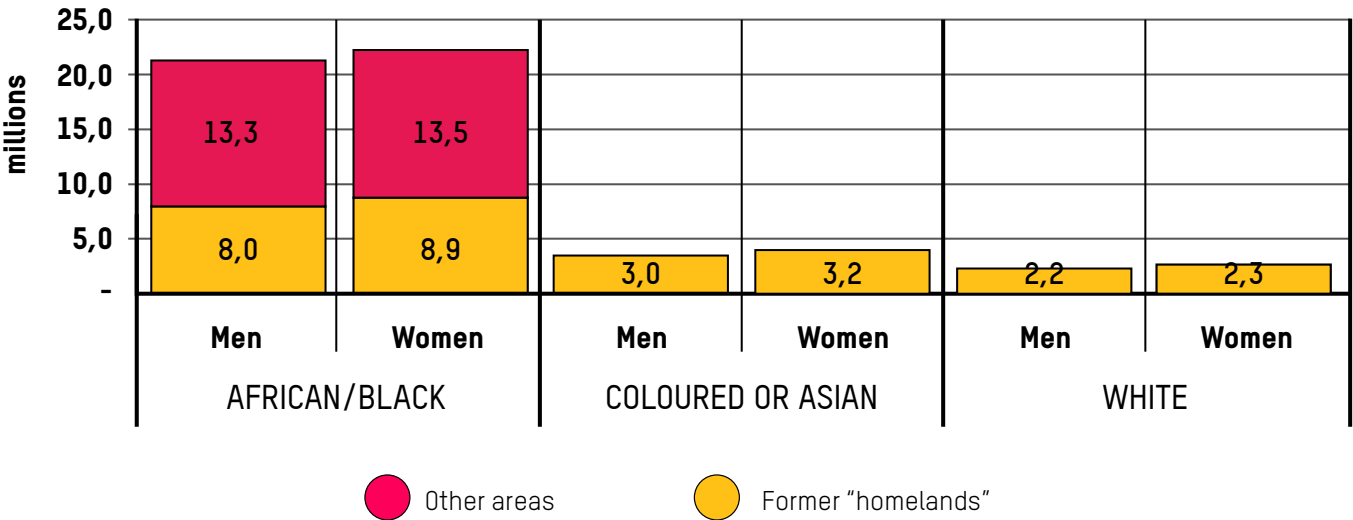
Around four out of ten households headed by womxn are without employment, compared to about 2 out of ten households headed by men.

At the same time, with the 'feminisation' of work [see p67, p95], more and more households are headed by womxn.

SOCIAL INEQUALITY: PLACE AND SPACE INEQUALITY

The location of your household affects the quality of your life and access to other resources. If you live in a former township, transport is expensive to get to work, for example, and the infrastructure is usually worse than in a formerly white area. Your location affects opportunities to find work or run a small business.

There are more poor households in rural areas and more womxn-headed households in rural areas. There are more womxn than men in the former ‘homelands’, which are usually rural areas. The top of the bars represent the total number of people in a category. The black part of the bar covers people still living in former homelands, the grey part is anywhere else. The numbers are in millions. For example, there are more than 20 million ‘African’ men shown in the graph below.



Source: Labour Market Dynamics, 2016. Downloaded from Stats SA <http://www.statssa.gov.za/> in September 2018

- RDP¹⁸ houses often entrench the geographical inequalities of apartheid because they are usually built on low value land on the edges of townships instead of in the city centres close to work opportunities. The houses themselves are often low quality.
- More than 3 out of 10 South Africans travel more than 30 minutes to their place of employment.
- Almost 2 out of 10 households reported spending one third or more of household income on transportation per month.

¹⁸ For readers who are not familiar with South Africa, the Reconstruction and Development Program (RDP) houses are subsidized by government (but built by private contractors) for people who earn very little and have never owned a house before.

A2

Income
inequality and
wealth inequality

Income inequality and wealth inequality

There is ample evidence that income inequality (differences in what people earn) is the main driver of other kinds of inequality. When there are weaknesses in the provision of public services such as health and education, households with low income are unable to access private quality services, thus limiting social mobility. Wage inequality accounts for between 80% and 90% of overall inequality. Hundenborn et al. (2018) find that changes in labour income are the main driving force behind income inequality, wherein “the changes in labour income worsen inequality and are driving the increase in the Gini coefficient by 6.6 or 0.045 points between 1993 and 2008”¹⁹.

Wealth inequality differs from income inequality in that it includes both income (the amount of money a person earns in a year) and assets (things

a person owns that may be of value). Income inequality also plays a big role in wealth inequalities: to acquire assets and to keep them, people need to earn enough to have something left after their survival needs. Wealth inequality makes a difference to your health, i. e. how long you will live, your children’s chances of dying before they are five, and their social mobility. The difference in rates of infant deaths between the lowest and the highest income earners is mainly due to wealth inequalities²⁰. Over the generations, children of wealthy families accumulate capital faster than children of poor families, making them more socially mobile. In this section we use a set of aggregate measures to analyse the income and wealth gap between those at the top and those at the bottom.

The majority of South Africans have very few assets. According to numbers derived from Credit Suisse’s “Global Wealth Report”, nearly 7 out of every 10 South Africans (nearly all black and disproportionately female) own wealth less than R117,000.²¹ But there are a few South Africans who have a lot of assets. According to the Financial Times, about 1 out of every 10 South Africans own 90 % of the wealth, while about 9 out of 10 own 10% of the wealth.²² Both in South Africa and globally, wealth inequality is much greater than income inequality.

¹⁹ Hundenborn J., Leibbrandt M., Woolard I. (2018). Drivers of Inequality in South Africa. WIDER Working Paper No. 2018/162.

²⁰ Humanity Divided: Confronting Inequalities in Developing Countries. United Nations Development Programme, 2013, p. 9.

²¹ Markus Korhonen. 2018. ‘FACTSHEET: Wealth in South Africa’. Africa Check. 22 March 2018. <https://africacheck.org/factsheets/factsheet-wealth-south-africa/>.

²² Bruce-Lockhart, Chelsea, and Joseph Cotterill. 2019. ‘Black South Africans Lose out as Economic Divide Bites’. 2 May 2019. <https://www.ft.com/content/42ef27d2-6c13-11e9-a9a5-351eeae6d84>.

The most important form of assets for the rich are financial assets – stocks, bonds, equities, life insurance and so on. STATS SA estimates that about two-thirds of assets held by South Africans are financial assets.²³ This type of asset is particularly important because it is also a type of income. As Thomas Piketty demonstrated in his landmark *Capital in the 21st Century* (2017), inequality skyrockets when the very rich can make as much or more money through speculative investment than through productive investment [see p31 on speculative investment].²⁴ In South Africa, profit and capital gains from such investment account for 50% of income for the richest 1%.

To put this in context, if rich people who own financial assets can see those assets grow at a rate of 10-20% per year, but the market economy is growing at only a rate of 4% a year, not only will inequality continue to increase, but the rich will never invest in the productive economy made which is made up of the production and trade in goods and services that meet our basic needs. [Turn to p81 on financialisation]

Despite the rhetoric about **intergenerational class mobility**, most people's income and levels of wealth in South Africa are determined by their birth. For 9 out of 10 people who have entered the labour market, their earnings are determined by what their parents earn.²⁵ By international standards, this is a very low level of mobility. This works the other way as well; such that if a person's parents is among the top earners, they have a 70% likelihood of being a top-earner when they enter the labour market themselves. Moreover, despite what we hear about free markets and individual choice, the structure of South African wealth and income inequality looks more like a **caste system**, where one's social status is determined at birth, than a system of free association among people of equal value.

Additional information on income and wealth inequality is on the back cover of this report.

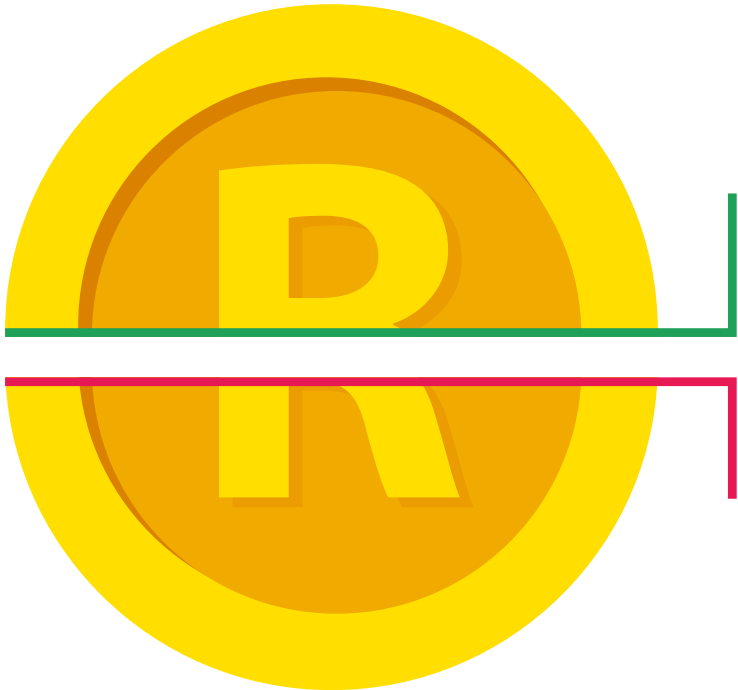
²³ STATS SA. 2019. 'Inequality Trends in South Africa: A Multidimensional Diagnostic of Inequality'. 2019. <https://www.afd.fr/en/ressources/inequality-trends-south-africa-multidimensional-diagnostic-inequality>. See page 56.

²⁴ Piketty, Thomas. 2017. *Capital in the Twenty-First Century*. Harvard University Press.

²⁵ STATS SA. 2019. 'Inequality Trends in South Africa: A Multidimensional Diagnostic of Inequality'. 2019. <https://www.afd.fr/en/ressources/inequality-trends-south-africa-multidimensional-diagnostic-inequality>. Page 139

INCOME
INEQUALITY
AND WEALTH
INEQUALITY:
WEALTH GAP

The richest 1% of the world’s population now have as much wealth as the rest of the world combined²⁶:



THE 1%
THE RICH

THE 99%
EVERYONE ELSE

Black womxn’s housing
is less valuable

- Property valued at less than R50 000 is most likely to be owned and headed by a black womxn²⁸
- Property valued over R1 000 000 is most likely to be owned by a white man

- As one of the richest people in South Africa, Nicky Oppenheimer, has a net worth of \$7.7 billion by 2018. Assuming he earns 10% rate of return on this, he could support more than 3 million workers at the national minimum wage on his return alone²⁷.

Company	CEO Salary	Pay Gap
Shoprite	R100.1 million	1332
Steinhoff	R88.9 million	234
Capitec	R35.6 million	183
MTN	R72.2 million	157
Anglo American	R70.2 million	135
Ab InBev	R23.4 million	82
Sasol	R56.4 million	64
Mediclinic	R18.0 million	28
Transnet	R7.4 million	21
Rand Water	R5.1 million	15
Eskom	R8.9 million	13
SABC	3.6 million	5

Source: Francis, D and Massie, K. 2018. Tackling Wage Inequality: Pay ratios and capping pay. In M. Nassen Smith (ed) Confronting Inequality: The South African Crisis. Jacanda: Johannesburg

The corporate
pay gap

This table shows the gap between the CEO and the lowest paid worker in a selection of companies and state owned enterprises:

Ownership of housing is an important determinant of access to formal credit. The value of the property, as collateral, influences access to capital for productive opportunities. Access to financial assets enables access to economic opportunities, enables individuals to accumulate savings, borrow against accumulated financial assets, and make investments in productive activities.

²⁶ PwC, Executive Directors: Practices and Remuneration, 2017, p.3.
²⁷ This assumes a national minimum wage of R20/hr, an 8-hour working day, and 20 days a month. His net worth converted at R/\$13.78.
²⁸ General Household Survey, 2017. (2018). Statistics South Africa

INCOME
INEQUALITY
AND WEALTH
INEQUALITY:
**SOUTH AFRICA'S
GROWING
INCOME GAP
AND EXECUTIVE
PAY GAP**



Note: Executives include Chief Executive Officers (CEOs), Chief Financial Officers (CFO) and Executive Directors. When CEOs alone are compared to a black womxn, the pay gap is x149 (see front and back cover)

South Africa's growing income gap

If this is the income of an earner in the lowest 10% of incomes ...



...then this is the 2010 income of an earner in the highest 10%...



...and this is the 2016 income of an earner in the highest 10%



2010 2016

Source: Labour Market Dynamics reports

South Africa's growing executive pay gap

Median income of an earner in the lowest 10%



2013 median income of a company executive



2017 median income of a company executive



Earner in lowest 10% 2013 2017

Source: Labour Market Dynamics reports

Definitions: What is a median income?

Imagine you get everyone in the population to stand in a line arranged from the lowest earner to the highest earner. Then count half the people and draw a line at the halfway mark. Now ask the person standing on the line what their income is – that is the median income.

Why use medians?

Mean averages – where you add all the incomes then divide by the number of incomes – are fine for working out fair shares of the total, but when you have one or two extremely high incomes which are far above most incomes, mean averages are misleading. Johann Rupert's income makes us all seem richer than we are using mean averages. For example, a group of ten people earning 1000 a month has the same mean average as a group of ten people where one earns R9000 a month and the other nine each earn only R111 a month. But the median in the second case will be much lower than the median in the first. In other words mean average incomes hide inequality, whereas medians reveal it.

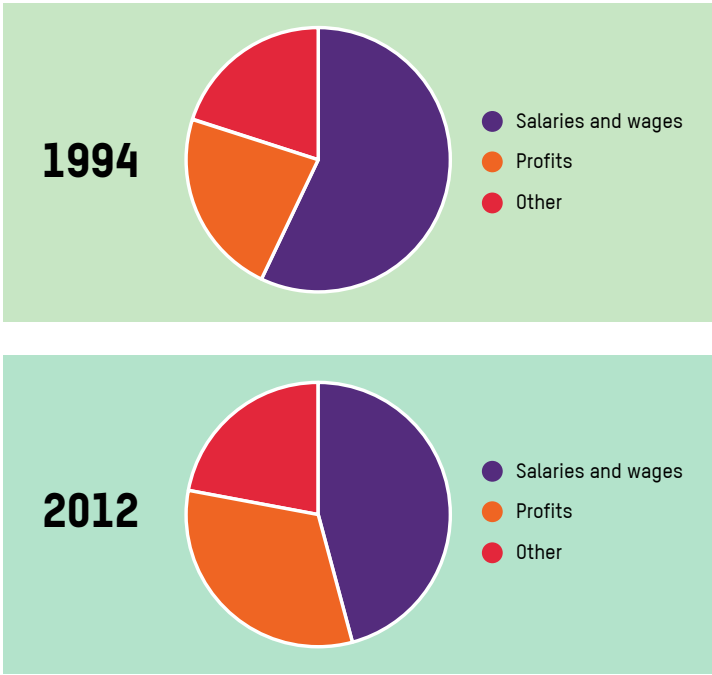
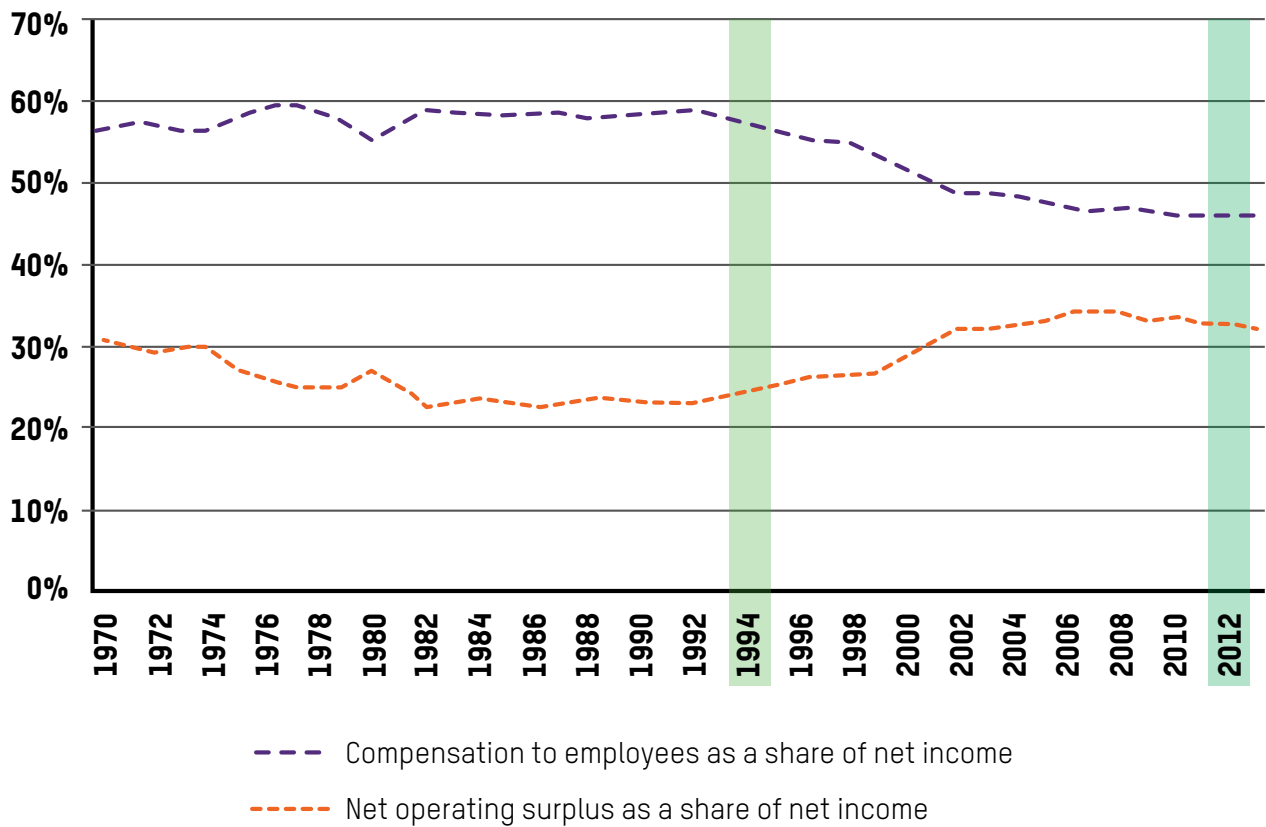
INCOME
INEQUALITY AND
WEALTH INEQUALITY:
**INCOMES ARE
BEING SHIFTED
FROM WAGES
AND SALARIES
TO PROFITS**

The graph below shows how company incomes have been divided between wages and profits since 1970. The share going to salaries and wages has shrunk below half while the share going to profits has grown to more than one third.

**Incomes are being shifted from wages
and salaries to profits**

The graph below shows how company incomes have been divided between wages and profits since 1970. The share going to salaries and wages has shrunk below half while the share going to profits has grown to more than one third.

Income for all industries, 1970-2013²⁹



²⁹ Data source: SASSID 2014

A3

Labour
Market
Inequality

Labour market inequality

The labour market is a key mechanism for creating income and gender inequality as wages and salaries usually differ depending on the quality of the job, gender, the sector, type of occupation, and the lack of jobs.











This section describes the South African labour market through an intersectional analysis of class, race and gender. It shows that job segmentation based on race, gender and class remains a major sticking point. Black womxn in South Africa are most likely to be unemployed or less likely to be employed, they do more unpaid work than men, and are most likely to be employed in low wage highly insecure service sector jobs in private households, community and social services. On the other end, white men are the least likely to be unemployed or most likely to be employed, the least likely to do unpaid work, and are most likely to be employed in high wage jobs. Interestingly, the number of womxn who are **own-account workers** in the informal sector has declined such that the sector is dominated by men. By own-account workers, we mean that they work for themselves, not for someone else.

Labour market lingo:











- Unemployed – official definition: someone who is not employed, self-employed, a pensioner or a student and is actively looking for work
- Unemployed – expanded definition: as above but includes those who want to work but have given up looking for work (discouraged work seeker)
- Unemployment rate: the unemployed as a fraction of the labour force
- Labour force: all those employed (including self-employed) plus all those unemployed
- Labour market participation rate: the fraction of the working age population in the labour force
- Labour market absorption rate: the fraction of the working age population that is employed
- Working age population: individuals that are considered able and likely to work between the ages of 15 until 64

LABOUR MARKET INEQUALITY:
WHO PARTICIPATES IN THE LABOUR MARKET? WHO GETS WORK?

Who participates in the labour market?

 WHITE MEN	8 out of 10 working age white men are working or looking for work (a slight decline since 2008) 
 WHITE WOMXN	6 out of 10 working age white womxn are working or looking for work 
 BLACK MEN	6 out of 10 working age black men are working or looking for work (increased since 2008) 
 BLACK WOMXN	5 out of 10 working age black womxn are working or looking for work 
 YOUTHS	6 out of 10 working age youths are working or looking for work 











Who gets work?

 WHITE MEN	7 out of 10 working age white men are employed. 
 WHITE WOMXN	5 out of 10 working age white womxn are employed. 
 BLACK MEN	A bit more than 4 out of 10 working age black men are unemployed 
 BLACK WOMXN	A bit more than 3 out of 10 working age black womxn are unemployed 
 YOUTHS	A bit more than 4 out of 10 working age youths are employed 





High rates of participation in the labour force coupled with low rates of absorption imply high unemployment rates for that group.

LABOUR MARKET
INEQUALITY:
UNEMPLOYMENT
RATES...
INCLUDING
DISCOURAGED
JOB SEEKERS

Unemployment rates

 WHITE MEN	For every 10 white men who participate in the labour force, fewer than 1 is actively looking for work 
 WHITE WOMXN	For every 10 white womxn who participate in the labour force, fewer than 1 is actively looking for work. 
 BLACK MEN	For every 10 black men who participate in the labour force, 2 are looking for work. 
 BLACK WOMXN	For every 10 black womxn who participate in the labour force, 3 are looking for work. 
 YOUTHS	For every 10 youths who participate in the labour force, 5 are looking for work 

... including discouraged³⁰ job seekers

 WHITE MEN	For every ten white men who participate in the labour force, less than 1 want work (including those who have given up looking) 
 BLACK WOMXN	For every ten black womxn who participate in the labour force, 4 want work (including those who have given up looking). 

Inequality amongst men has widened

Inequalities among men seem to have increased faster than inequalities between rich men and poor womxn. In 2010 the highest earning 5% of men earned 23 times the earnings of the lowest earning 5% of men. By 2016 it was 50 times more. The highest earning 5% of men earned 35 times the lowest earning 5% of womxn in 2010 and 50 times in 2016. So the gap between high earning and low earning men is now as big as the gap between high earning men and low earning womxn.

These developments are most likely the result of increasing class inequality and increasing racial inequality. It shows that there is no solidarity between men across classes. Although there is inequality between men and womxn who are working class and poor, they have more in common with each other than with people of the same gender in a higher class.

³⁰ Statistics SA has two measures of unemployment. The narrow definition only counts people as unemployed if they looked for work in the week before the survey. The broad definition includes people who want to work but have given up looking for work.

LABOUR MARKET INEQUALITY: IT SEEMS HARDER FOR BLACK PEOPLE TO FIND WORK OR SATISFACTORY ALTERNATIVES TO WORK AND WOMXN ARE CHANNELLED TOWARDS LOW QUALITY JOBS

It appears that, to a significant extent, womxn have achieved greater access to employment through replacing men in more vulnerable and 'lower-quality' jobs.

It seems harder for black people to find work or satisfactory alternatives to work

5 out of 10 discouraged work seekers are African men; 4 are African womxn but only 2 out of one hundred discouraged work seekers are white men and womxn. A little more than 1 out of every 10 black people is a discouraged work seeker. Moreover, a little more than 4 out of every 10 Youths are not in education and not employed.

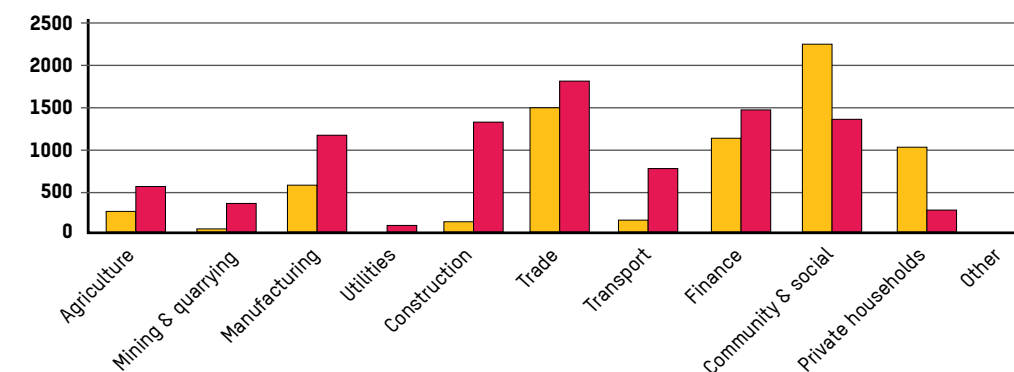
Womxn are channelled towards low quality jobs

Womxn are much more likely to be employed in low-wage service sector jobs in private households, community and social services. These are also the sectors with worsening insecurity.³¹ Womxn are fewer in occupations that are higher waged and higher skilled. Employers tend to think that womxn are most suited for work that seems to resemble womxn's roles at home, such as cleaning, working with food and various kinds of care work.

Sectors: Men outnumber womxn in most sectors of the economy.³²

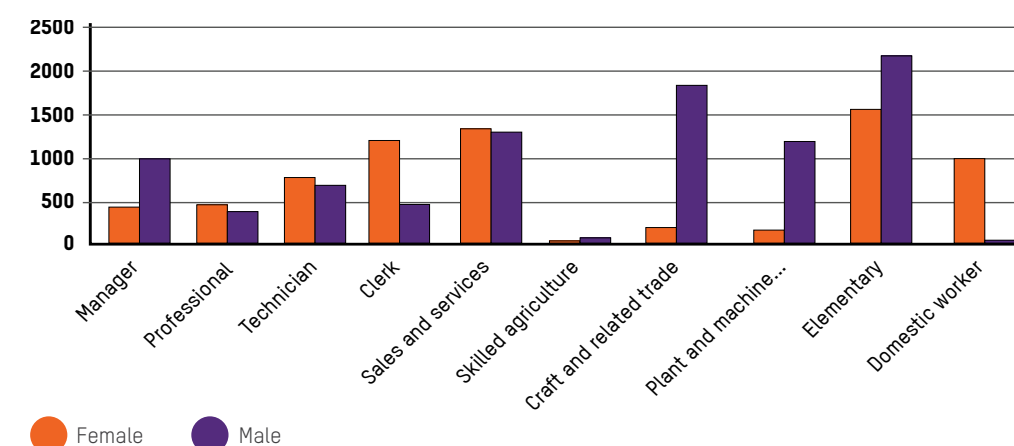
The yellow bars represent the number of womxn in each sector and the pink bars represent the number of men. The height of each bar represents the number of people in that category. The figures on the left are in thousands - for example, there are 500 000 womxn in manufacturing in the graph below.

The graph shows that womxn outnumber men only in community and services, and domestic work in private households.



Gendered occupations³³

The orange bars represent the number of females in each occupation and the purple bars represent the number of males. The height of each bar represents the number of people in that category. The figures on the left are in thousands - for example, 500 000 females are in the professional category (which includes most nurses) in the graph below.



Source: Calculated from Statistics South Africa, Labour Market Dynamics 2016, Electronic database.

Norms about gendered economic roles contribute to universal and long-lasting occupational segregation, insecurity of womxn's work, growing precariousness of work, and womxn's unequal burden of care work, to name a few of the daily realities facing womxn in precarious circumstances. Ideas about 'natural male and female qualities are often problematic, such as womxn are expected to be homemakers and have nimble fingers; while men are expected to be breadwinners who do heavy, technical and physical work. Conversely, there is also the role that norms about the economy play in several areas of policy making and in private sector practices that prevent women from accessing dignified work. For instance, norms that convey the economy as only the so-called 'market' (while ignoring non-market activities) or norms that do not recognize private homes as workplaces, help to perpetuate the exclusion of domestic and home-based workers from labour laws, and the failure of statistics to capture unpaid carers as labour force participants. Cost-benefit analyses do not happen in a vacuum, but are influenced and framed by gender norms and norms about the economy that need to be challenged and unpicked in order to realize womxn's right to dignified work. The recognition that change also needs to tackle deeply rooted social norms provides another baseline for long-lasting changes in the field of policy making, changes in the current social organisation of care and private sector practices. [X-REFERENCE TO THE RECOMMENDATIONS SECTION, p15-16]

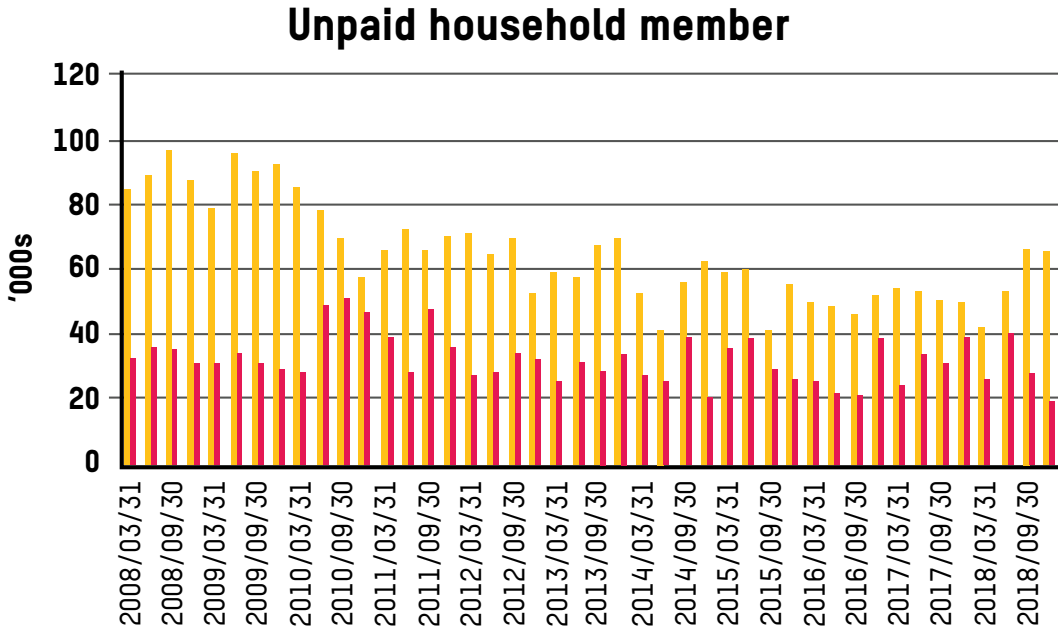
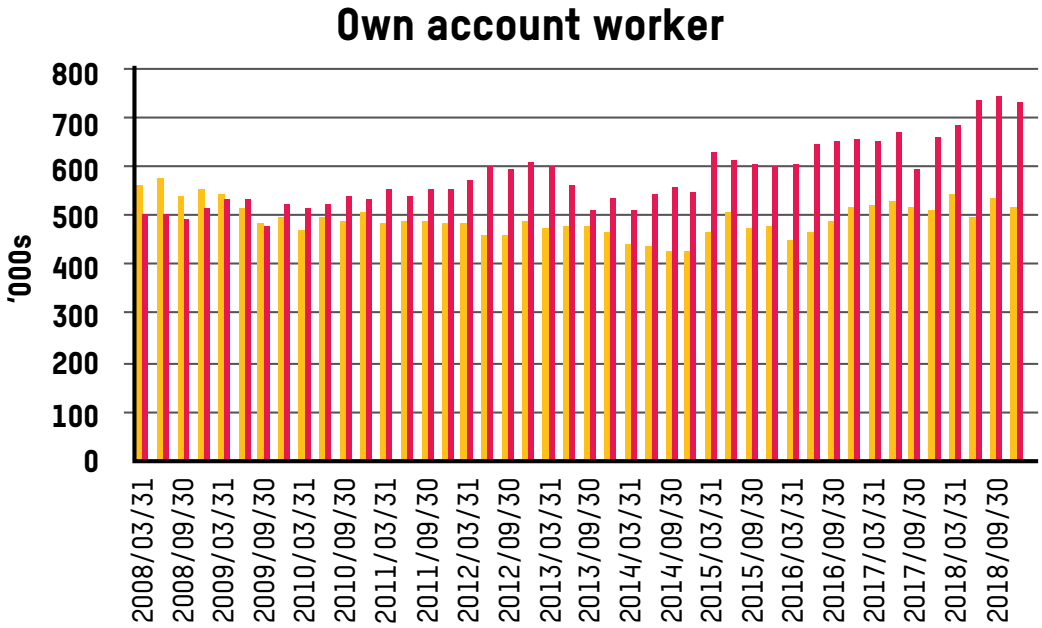
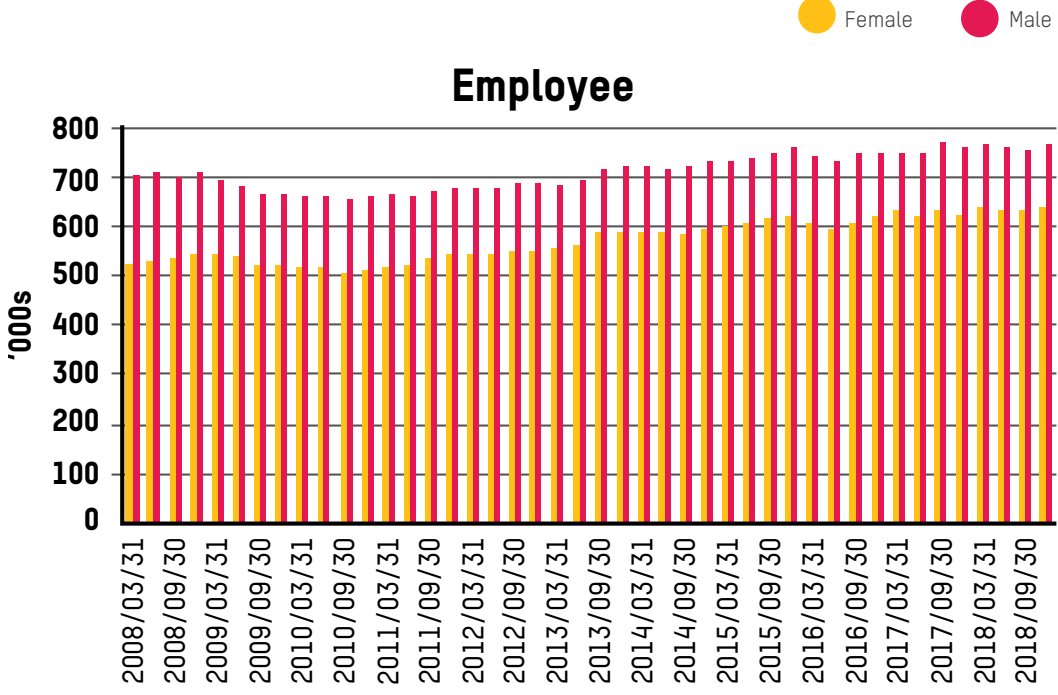
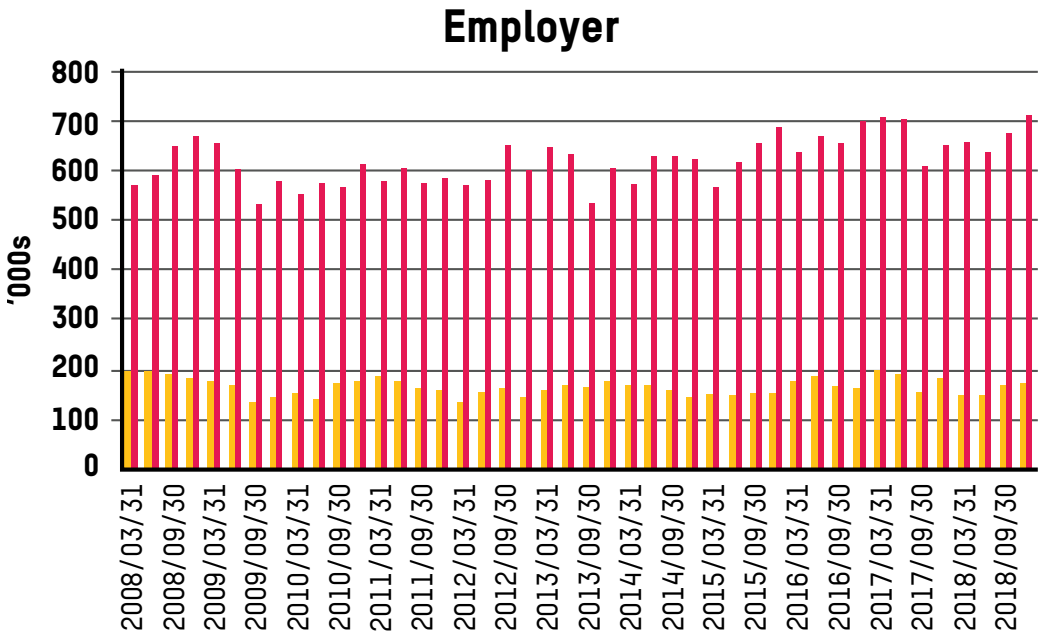
³¹ PDi Paola, M., & Pons-Vignon, N. (2013). Labour market restructuring in South Africa: low wages, high insecurity. Review of African Political Economy, 40(138), 628-638

³² Data source: Quantec 2018

³³ Data source: Quantec 2018 and for consistency, the female should be womxn

LABOUR
MARKET
INEQUALITY:
CHANGES IN
GENDER AND
EMPLOYMENT
STATUS FOR
MEN AND
WOMXN

Changes in gender and employment status for men and womxn³⁴



Yellow bars: represent the number of females in each employment status
Pink bars: represent the number of males
The height of each bar: represents the number of people in that category

The numbers below the graph show the half-years

The figures on the left are in thousands - for example, there are 700 000 females who are own-account workers in 2018. Each blue-orange pair shows the number of people in that category over a six month period.

In these graphs, the tops of the bars also become a line showing the changes for that category.

The graphs above show that men outnumber womxn in all forms of employment, but many more womxn than men are unpaid household members. There used to be more womxn than men who are self-employed (own-account worker), but the number of self-employed womxn has declined a little while the number of self-employed men has risen a lot. [Why? Turn to p72]

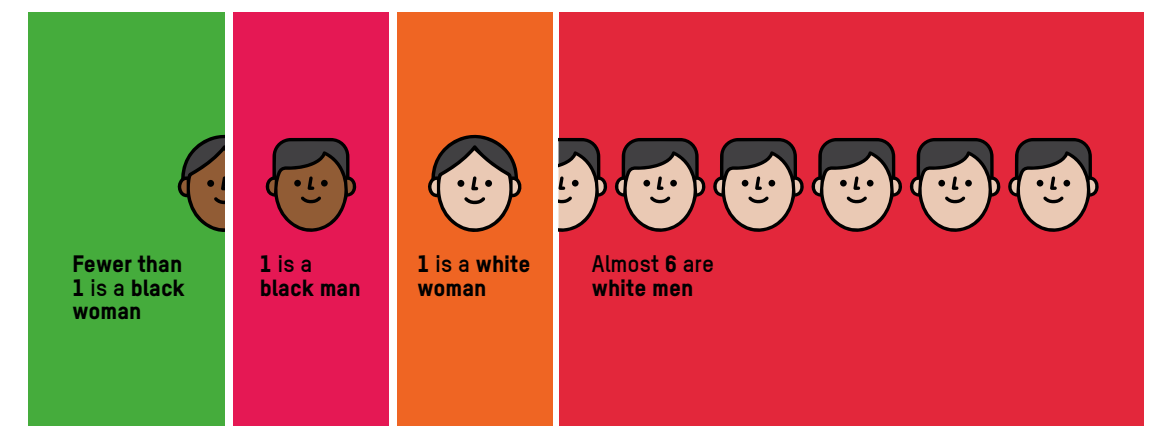
The absolute number of womxn unpaid household members has been falling since 2008 while more womxn are entering the workplace as employees. This is not, however, lessening gender inequality [Why? Turn to pg 57].

³⁴ For consistency, the female should be womxn

LABOUR MARKET INEQUALITY: OCCUPATIONAL MOBILITY – IS THE LABOUR MARKET CHANGING?

Occupational mobility is one of the important markers of whether there are changes taking place in society. The apartheid system suppressed the talents of the black population and, through entrenched networks, blocked career progression of black professionals and denied skills development and training to workers at the bottom of the wage distribution. A little progress was made towards transforming the demographic profile of the managerial segment of the corporate sector, but these seem to have been recently reversed. Gradin (2019) finds that there is “no compelling evidence that distribution of occupations has been disaggregated [and there remains] over-representation of blacks in low-paying jobs. The situation in 2015 is the same as it was in the mid-1990s”³⁵

In 2017, out of every 10 **top managers** in South Africa...



- The proportion of black people in top management has declined slightly since 2010.³⁶
- White men account for less than 6% of people employed in the formal private sector, but account for more than 30% of senior managers in the formal private sector. In contrast, African womxn account for about 36% of the employed population, but account for about 4% of senior managers in the private sector.

³⁵ Gradin, C. Occupational segregation by race in South Africa after apartheid. Rev Dev Econ. 2019; 23: 553– 576. <https://doi.org/10.1111/rode.12551>

³⁶ PwC, Executive director's: Practices and Remuneration Report, 2017.

In conclusion, we have spent a lot of time in chapter A describing the state of economic inequality at the intersection of race, gender and class more broadly and specifically by looking at social inequalities, economic inequalities and an overview of the labour market. There are a few factors that we have noted. Social inequalities such as education, access and quality health, as well as location play a significant role in generating income opportunities (see section A.1). Secondly, economic inequality has worsened since apartheid and wage inequality is a key driver of income inequality followed by unemployment (see section A.2). Thirdly, we have also seen that the South African labour market remains highly segmented on gendered and racial lines. Social norms that shape womxn's work in the household, are extended in the market economy (see section A.3). Womxn do a lot more unpaid work than men (see section A.2i). These differences in gendered unpaid work on the one hand disrupts the ability of womxn to do market work in their lifetimes, while on the other hand put men at an advantage to do more market work in their lifetimes. While womxn have increased their participation in the labour market since the end of apartheid, they have generally occupied low-wage service sector jobs in private households, community and social services. These are also the sectors with worsening insecurity.³⁷ Womxn are fewer in occupations that are higher waged and higher skilled. Employers tend to think that womxn are most suited for work that seems to resemble womxn's roles at home, such as cleaning, working with food and various kinds of care work. Indeed, womxn's wages are generally 30% below the wages of men. Fourth, the South African labour market remains highly segmented on racial lines. The broad classification of womxn and men hides the extent of racialised inequalities. Interestingly, differences in skills does not alone account for these inequalities as we have seen that young black womxn with the same level of educational achievement at university level as white men and womxn earn 16% less than white men and womxn. The youth do not fair better with high unemployment levels that are shaped by their low levels of educational attainment. Moreover, young black womxn with a matric will earn less than young white men and womxn without a matric. The focus of the next chapter of the report is on how inequalities are expressed in the work of womxn living on the margins in three categories of work: unpaid work, precarious work and informal work.

³⁷ Di Paola, M., & Pons-Vignon, N. (2013). Labour market restructuring in South Africa: low wages, high insecurity. *Review of African Political Economy*, 40(138), 628-638

B

**WOMXN AT THE
MARGINS: UNPAID,
PRECARIOUS, FORMAL
AND INFORMAL WORK**

Womxn at the Margins: Unpaid, Precarious, Formal and Informal Work

Womxn workers are often denied their rights while carrying an economic system that benefits the few, not the many. Gender stereotyping, restrictive legal frameworks and discrimination put millions of womxn in low-paid jobs, unsafe working conditions, with few labour rights or benefits, low status jobs that are often temporary, part-time or seasonal.

Therefore, womxn forced to live on the margins are typically subjected to undignified work and are forced to do more care work (paid and unpaid) than men. Oxfam's approach to dignified work builds on the International Labour Organisations' widely accepted concept of decent work and its main dimensions, but goes beyond this to fully embrace the notion of work as one of the valuable dimensions that enables a dignified life. Building on the ILO's well-known agenda, we seek to push further the boundaries of what is defined as work in order to ensure an individual and collective sense of dignity for womxn. For Oxfam, dignified work entails 10 substantive elements listed in Box 3. In this section, we will zoom in on three segments of the labour market: unpaid work (section B.1) and precarious work (section B.2) and informal sector work (section B.3) (the drivers of unemployment are discussed in the next chapter). The chapter will showcase the extent to which womxn in these types of work are exploited by the economic system.

Box 3: Oxfam's 10-point definition of dignified work for womxn

For Oxfam, dignified work entails 10 substantive elements:

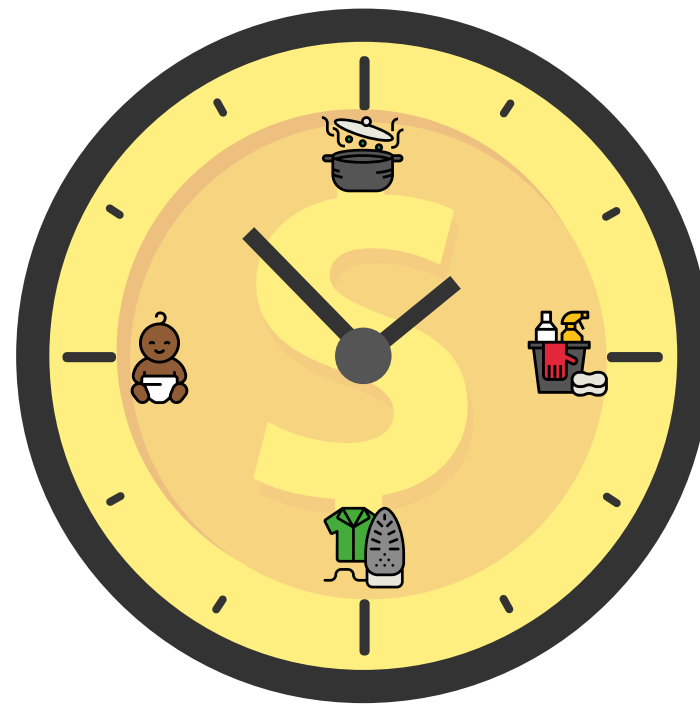
1. A recognition that unpaid care work is work, and should be counted and valued as such. Unpaid care work should be shared more equally between the state, the private sector, civil society organizations, and men and womxn, facilitated by improvements in infrastructure, technology and public services.
2. Enjoyment of the right to work and equal employment opportunities.
3. A balanced distribution of work, family and personal life.
4. Remuneration that meets at least the basic needs to enable a dignified standard of living (including living wages in case of wage earners).
5. Equal pay for work of equal value.
6. Full control over income generated from work.
7. Work stability and security, as well as opportunities to enhance skills and for improved career pathways.
8. Social protection for workers and their families, including access to appropriate healthcare, entitlement to paid sick leave and rest, pensions, and adequate compensation in case of unemployment or reduced income.
9. Freedom of movement and communication at work, as well as freedom from coercion and any kind of violence.
10. Respect for workers' rights, including freedom of association, freedom to form unions and engage in collective bargaining, and prohibition of all forms of forced labour/trafficking for labour exploitation, elimination of child labour, and non-discrimination in employment.

B1

Unpaid
Care Work

UNPAID CARE WORK

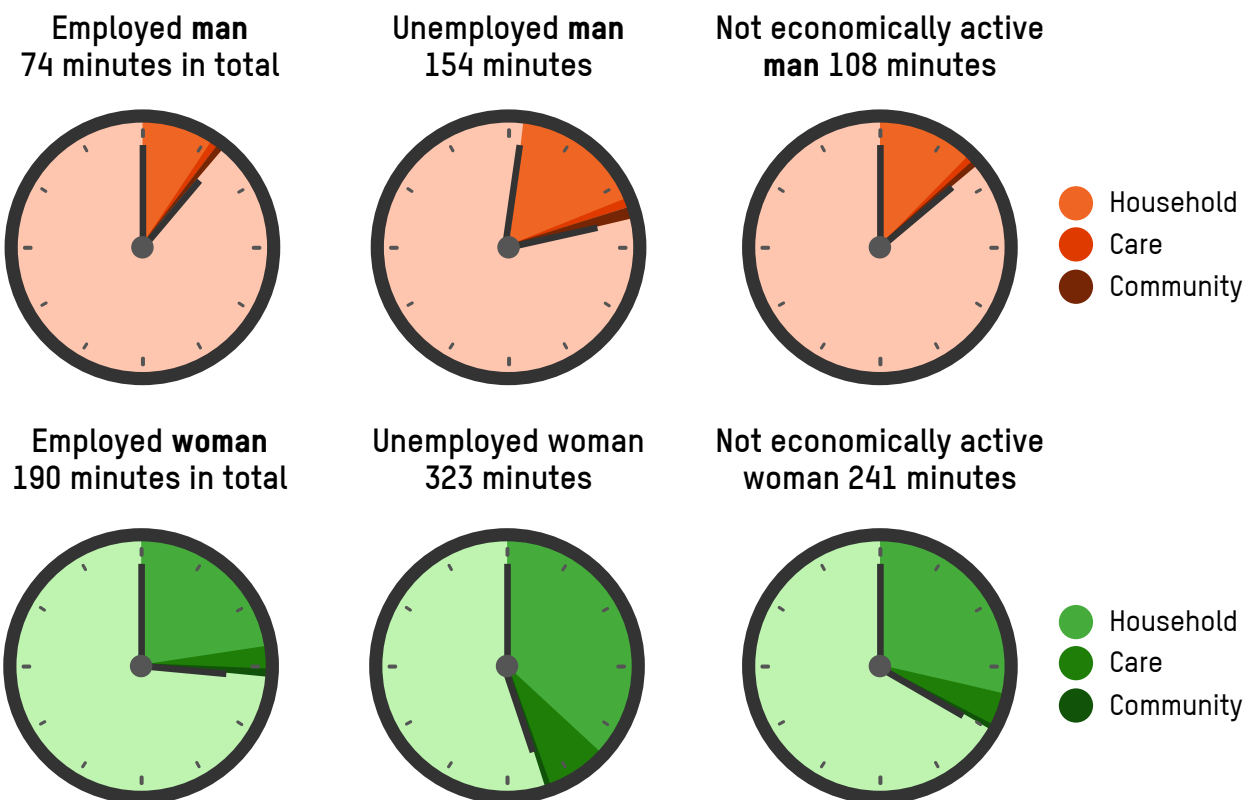
The work done mainly by womxn in the home for love or duty is not included in calculations of the size of the economy or its growth; but the productive economy could not exist without this reproductive economy which feeds us, cleans for us, cares for us when we are old or sick, and raises our children. Unpaid domestic work is usually considered to be outside the labour market. Yet womxn's place and participation in the labour market is strongly shaped by the fact that womxn bear the greatest responsibility for private domestic work and care work. Womxn have to choose or reject work depending on how well it accommodates their domestic responsibilities. Unpaid work is one of the factors that explain lack of occupational and social mobility of womxn. The UNDP notes that a lot of research shows that, even after accounting for education and age, there is an earnings gap between men and womxn that is partly explained by interruptions in womxn's employment histories related to raising children³⁸. By disrupting womxn's education and employment history, for example, unpaid work contributes towards the slow occupational and social mobility of womxn. Sociologists have noted how even womxn's waged work is shaped by their roles at home: womxn are considered best suited to undervalued forms of work that most resemble domestic drudgery (such as cleaning, serving food, and nursing).



10.8 Trillion

This is what it would be worth if we measured in money the **time spent globally cooking, cleaning, collecting water and firewood, and caring for children, elderly and the sick**

- Unpaid work in South Africa is valued at roughly 14% of GDP.
- About 2.6 million people who are not otherwise economically active report that they are homemakers
- The number of people reporting that they do unpaid work only has declined over the past decade.
- The value of unpaid work performed by black people in South Africa has been increasing over the past decade, in contrast to other groups. By the end of 2018, black womxn contributed 59% of the value of unpaid work, African men 24% and white womxn 9%.



How many minutes of each day do men and womxn spend on household maintenance, caring for people, and community work?

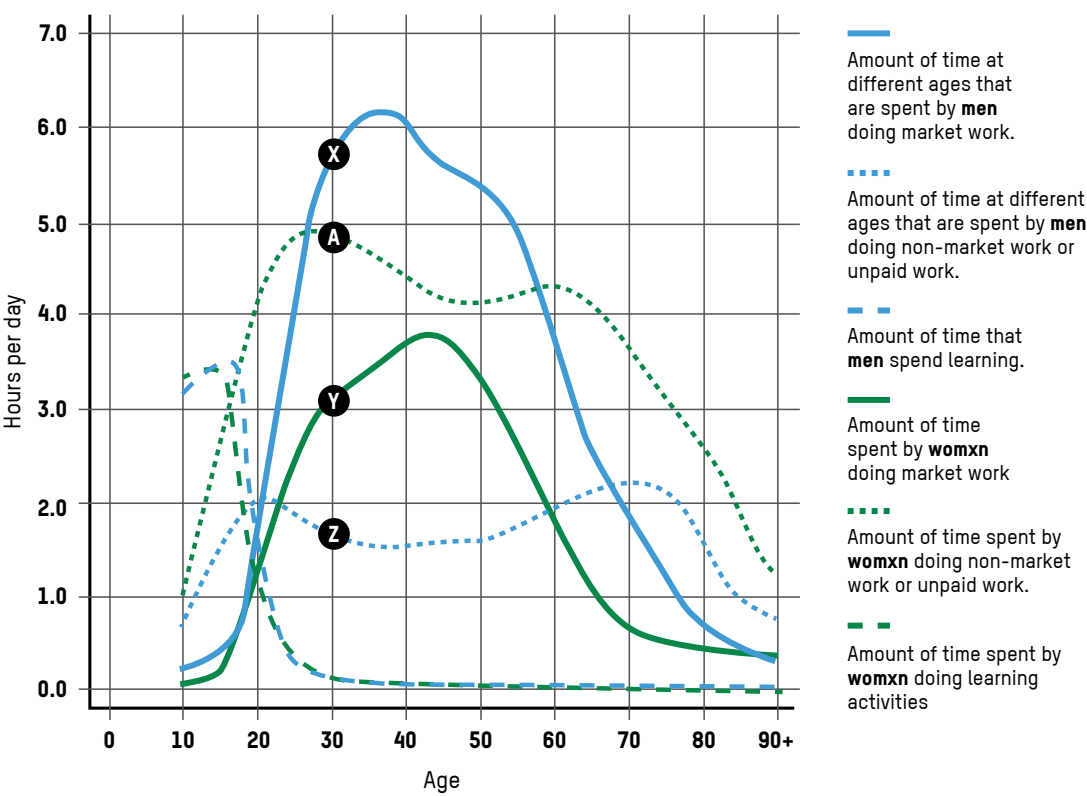
Employed womxn do more work at home than unemployed men do.

Womxn on average spend twice as long on home maintenance as men.

Womxn on average spend six times longer than men caring for others.

³⁸ Humanity Divided, p.89/ *SOURCE for 10 trillion: ILO. 2018. World Employment and Social Outlook: Trends 2018. International Labour Office, Geneva: ILO, 2018,

The following analysis is taken from Oosthuizen’s (2018) Counting Women’s Work report. The report unpacks the gendered patterns of the amount of time people spending doing market work and non-market work in South Africa over a 100 year cycle which is depicted in the graph on the right. The report finds that from 0 to 7, then the more time spent on a certain activity. The numbers from 0 to 90 show the different ages. The more we move from 0 towards the number 90, then the higher the age of the average person. The solid blue line in the graph shows the amount of time at different ages that are spent by men doing market work. While the dotted blue line shows the amount of time at different ages that are spent by men doing non-market work or unpaid work. The dashed blue lines show the amount of time that men spend learning. The solid green line shows the amount of time spent by womxn doing market work, and the dotted green line shows the amount of time spent by womxn doing non-market work or unpaid work. The green dashed line shows the amount of time spent by womxn doing learning activities. So how do we connect these dots to read the graph? Let us take point x on the graph. The point x shows the market work of males. If we put our finger on point x and then drag it down towards the horizontal line, then we hit the age number 30. If we go back to x, and drag our fingers across towards the vertical axis, then we hit a number that is between 5 and 6 hours which we can guess to be 5,8 hours. This means that men that are aged 30 spend about 5,8 hours doing market work. If we want to compare the point x with the amount of time spent by a 30 year old womxn doing market work, then we can do a similar exercise with point Y on the graph. Point Y shows the amount of time spent by a 30 year old womxn doing market work. We see that 30 year old womxn do 3 hours of market work per day. This means that the average 30 year old man does more market work than the average 30 year old womxn. Let



Source:Oosthuizen, M. (2018). Counting Women’s Work South Africa. CCW Working Paper WP8. Nov 2018

us turn to non-market work done by womxn and men that are 30 years old. Point z on the graph shows that the average 30 year old male spends about 1,8 hours a day doing non market work whereas point a shows that the average 30 year old womxn does close to 5 hours of non-market work. This means that the average 30 year old womxn in South Africa does more non-market or unpaid work than the average 30 year old male. We can do this exercise across the age and time points on the blue and green solid or dotted lines.

³⁷ Di Paola, M., & Pons-Vignon, N. (2013). Labour market restructuring in South Africa: low wages, high insecurity. Review of African Political Economy, 40(138), 628-638

As Oostuizen's (2018) report finds, this exercise reveals that womxn's market work is disrupted throughout their lives by the dominance of unpaid or non-market work. The disruption of unpaid work on womxn's market work is experienced throughout most of their working age life span, and is strongest between the ages of 20 and 60 years old. On the other hand, the dominance of men's market work over womxn is supported by the fact that they do far less non-market or unpaid work in comparison to womxn throughout their lives. Moreover, the strongest age for men's time spent towards unpaid work is in their retirement age around the age of 70 years old, whereas for womxn it is during their working age around their late 20s to early 30s.

The evidence in South Africa is similar to trends across the world. Globally, **the main reason given by womxn of working age for being outside the formal labour force** was that they were doing unpaid care work. For men it was "being in education, sick or disabled". In 2018, there were **about 647 million full-time unpaid carers worldwide, and 94% of them were womxn**. Consequently, millions of womxn lose key opportunities in education, fair earnings and social entitlements over their lifetime. It also stands in the way of their full enjoyment of labour, social and political rights, and limits their time available for other activities, including leisure. Across all regions, womxn with care responsibilities are 3.9 % more likely to be working in a family business than womxn with no care responsibilities, and 8.7% more likely than men who are not care workers. Womxn with care responsibilities are 1.8% more likely to be own-account workers (self-employed, small scale) than womxn with no care responsibilities. (see ILO Care economy 2018 report). These forms of paid work usually have working conditions that are far from what the ILO labels as decent work.



B2

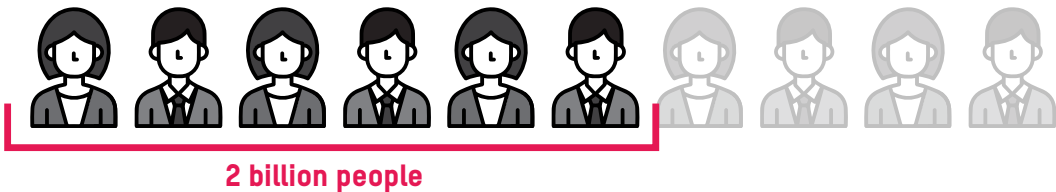
Precarious
Work

PRECARIOUS WORK

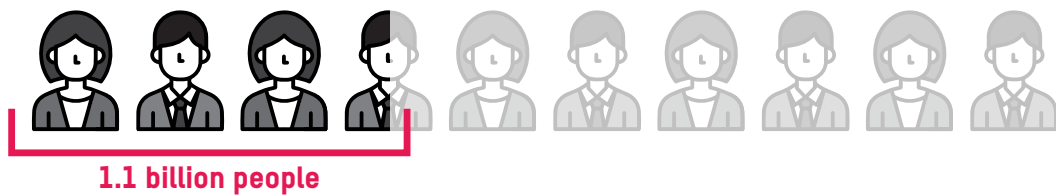
A major source of growing income inequality is the increase in precarious work – low-quality, badly paid and insecure jobs such as those held by the increasing number of subcontracted workers and the normalisation of casual work in supermarkets, for example. Subcontracting is where the ‘core’ company pays a smaller company to provide workers who are not regarded as employees of the core company, and who can be let go at short notice without paying retrenchment packages by simply terminating the contract with the small company. These subcontracted workers can be identified as non-core workers. Cleaning and security, for example, are both generally subcontracted in South Africa today. However, as we will see below, most subcontracted workers do the job of core/permanent workers. Precarious work is not new in the Global South, but it has been intensifying and spreading. In South Africa, precarious work dominated during apartheid, was reversed in the later years of apartheid, and has become normalised again after apartheid. It is becoming the ‘normal’ form of work. Precarious workers earn low wages, have few or no benefits such as pensions or housing allowance, work under poor conditions and often face job insecurity. Black womxn, particularly migrant womxn, are most likely to find themselves in precarious forms of work.

The global labour force

6 out of 10 workers globally are precarious workers



More than 3 in 10 workers globally are own account workers



PRECARIOUS
WORK:
WOMXN ARE
MORE OFTEN
PRECARIOUS
WORKERS

Globally, womxn occupy precarious positions in what is designated as the care and service economy, which is characterised by low wages, poor working conditions and job insecurity. Womxn can be found working in home-based care, childcare, catering, cleaning, retail, sales and customer services, all of which are low-wage sectors. The social and economic system, which is based on patriarchy or the social and economic oppression of womxn, is typified by practices which tend to undermine and underplay the contributions that womxn make to the economy.



8 out of 10 employed womxn globally are precarious workers



Womxn in developing countries earn, on average, the equivalent of R8 rand for every R10 that men earn.

Mothers tend to earn lower wages because child-bearing and child-care interrupt their interactions with the labour market and they seek employment in family-owned and family-friendly jobs, which tend to pay lower wages.



In South Africa, 3 out of 10 employed womxn are in 'elementary' occupations...



...compared to 1 out of 10 men.



Domestic work in South Africa

- There were more than 1.1 million domestic workers employed in private houses in SA in 2011. More than three quarters of them are womxn
- Domestic work is the third largest employing sector in South Africa
- 9 out of 10 domestic workers are so-called 'African' and the remainder are so-called 'Coloured' (1 in 10)

In a 2009 survey of domestic workers, nearly 99 % do not have an employment contract although their employment has been formalised into South African Labour law, they are dismissed without notice, they do not receive assistance with their pensions.



More than 1 out of 10 womxn employed in SA are domestic workers



8 out of 10 domestic workers earn less than the minimum wage

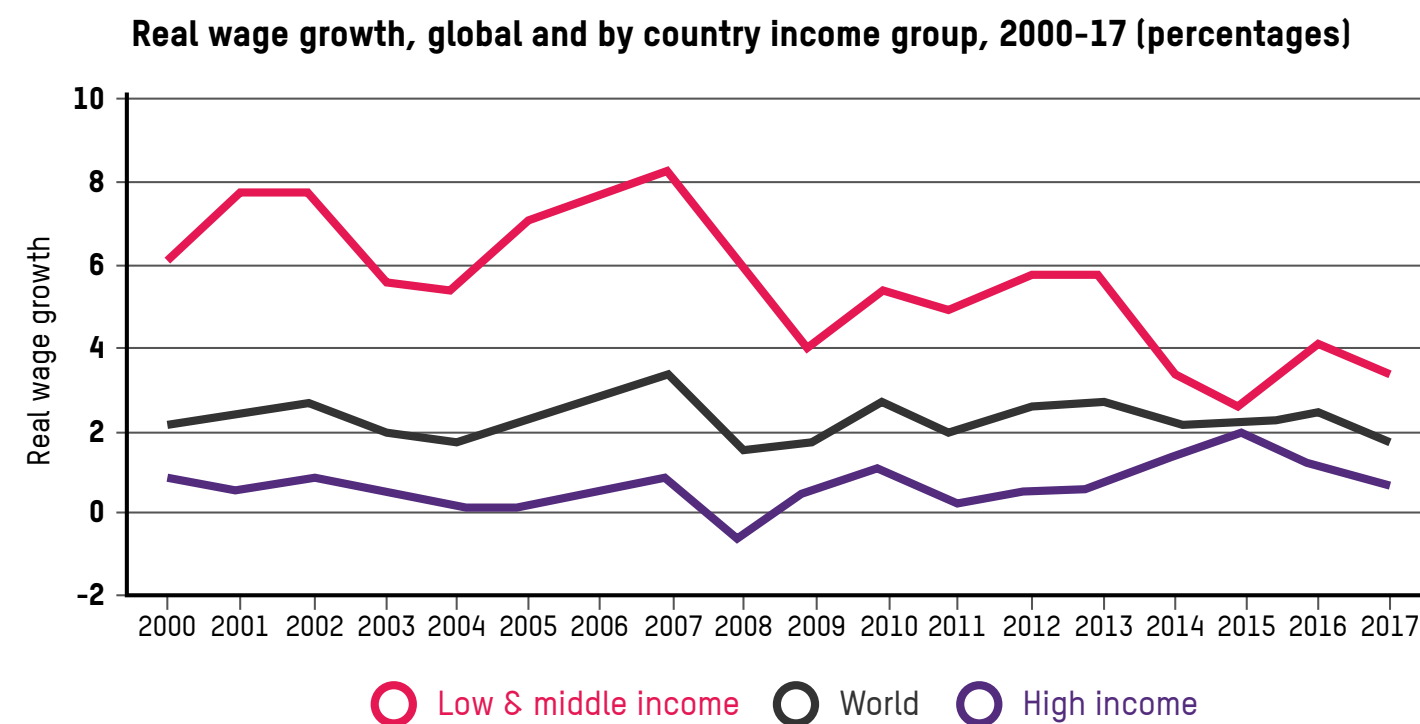


³⁸ Muñoz, A. and Izquierdo, op cit. p3.
³⁹ Ibid. p3.

PRECARIOUS WORK: DECLINING WAGES IN THE 'GLOBAL SOUTH'

- Wages are the main source of income for 1.7 billion employees globally
- Real wages declined overall in 2017 by 3%, according to the Global Wage Report 2018/19
- The decline is sharpest in the low and middle income countries, as the graph below shows:

In this graph, the numbers up the side show the growth or decline in wages over time, as a percentage of wages in the previous year



Source: Global Wage Report⁴¹

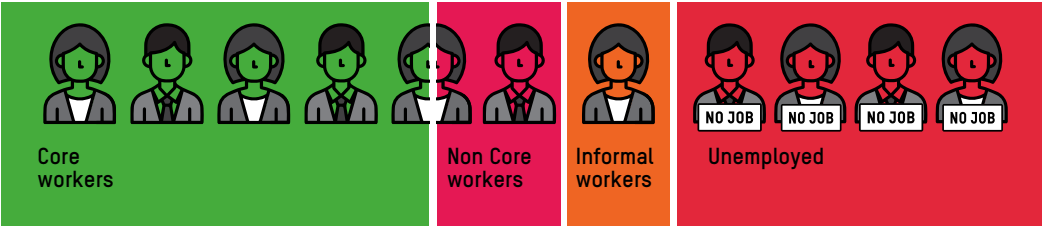
Wages in middle and low income countries have declined substantially, overall, over the past 17 years.

⁴¹ ILO. 2019. Global Wage Report 2018/19 https://www.ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/---publ/documents/publication/wcms_650553.pdf p xiv

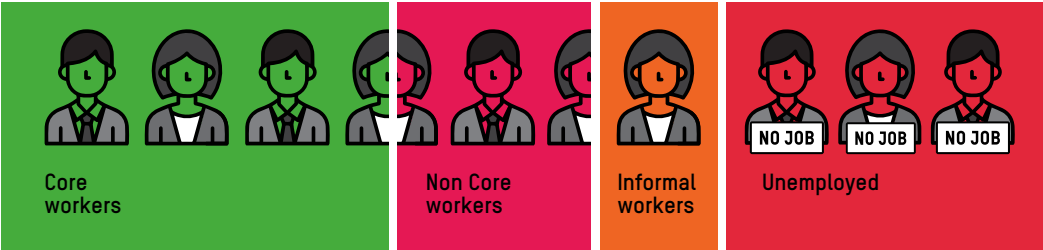
PRECARIOUS
WORK:
THERE HAS BEEN
A GROWTH IN
PRECARIOUS
WORK.

All workers are exploited, and being a permanent worker in South Africa does not mean that you earn a living wage that will guarantee your own well-being, let alone your family's well-being. However, precarious workers experience an even greater burden. In South Africa, the number of precarious jobs is increasing faster than other kinds of work. Today's permanent worker is tomorrow's precarious worker. That is why it is important that all workers, permanent and precarious, must come together to fight against exploitation.

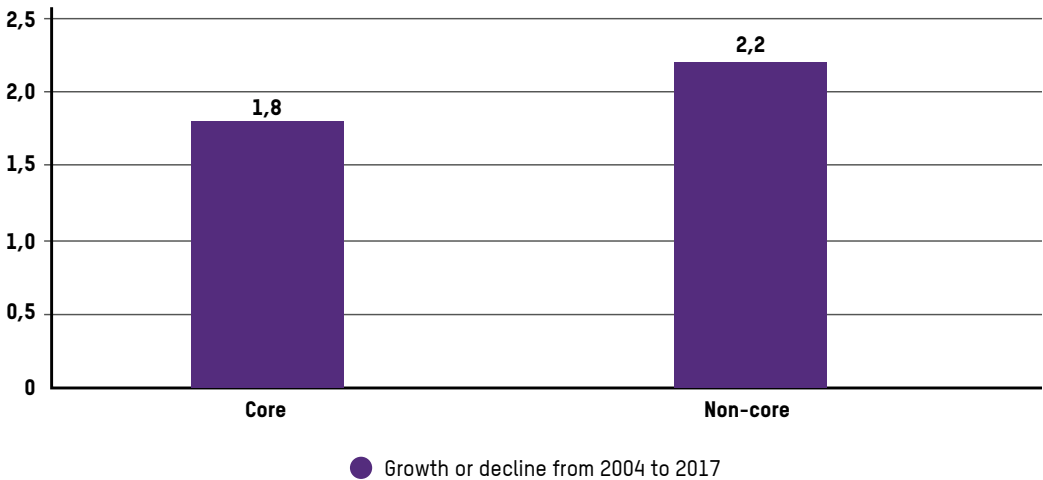
A little more than 1 in 10 were precarious workers in 2014



More than 2 in 10 were precarious workers in 2017

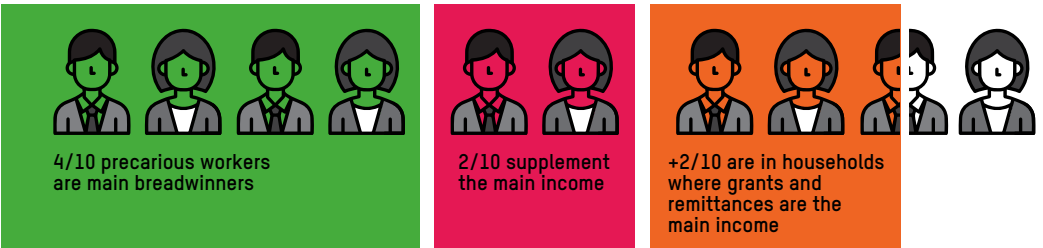


Precarious work has grown faster than the other sectors from 2004 - 2017



Source: Englert (2017)

Where do precarious workers' households' incomes come from?



There were 1.8 percent more core jobs in 2017 than in 2014, and 2.2 percent more non-core jobs

- There are about 5.4 million casual workers in South Africa
- The majority of workers who do not have permanent contracts are doing permanent work. More than 8 out of 10 labour broker workers are doing permanent work, according to Cassim and Casale.

Labour brokered workers tend to be black womxn who are breadwinners that are supporting families in a context where men have been retrenched.

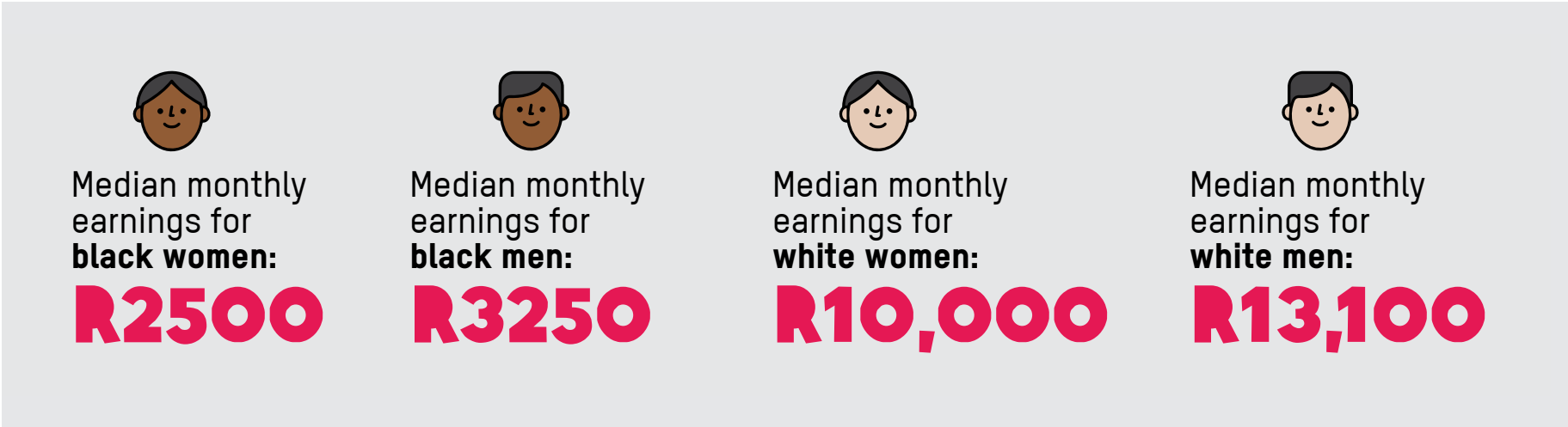
"...Permanent workers have more and better benefits than us (part-time employees). The first of their good benefits is that they have a straight basic salary while we earn according to the hours allocated for the month..."⁴².

The median income per person among precarious workers' households is about R900 (\$90) per month⁴³.

⁴² Leri Nyula (not her real name), retail part-time worker (Pick 'n Pay), 23 March 2017, Johannesburg.
⁴³ Scully, B., 2016. From the shop floor to the kitchen table: the shifting centre of precarious workers' politics in South Africa. Review of African Political Economy, 43(148),

PRECARIOUS
WORK:
**THE WAGE GAP
AND BARGAINING
POWER**

The wage gap



Bargaining power



PRECARIOUS WORK: THE 'FOURTH INDUSTRIAL REVOLUTION'

The so-called 'fourth industrial revolution' promises greater automation of work. (There is a lot of debate about whether it is actually an 'industrial revolution' or simply increasing automation within the 'third industrial revolution'.

According to the World Economic Forum, jobs destroyed by automation are likely to be replaced by jobs created by automation: "The expectation emerging from the estimates of employers surveyed for this report is that by 2022, structural decline of certain types of jobs (10% decline) will be fully counterbalanced by job creation and the emergence of new professions (11% growth)⁴⁴.

However, the displaced workers are unlikely to enter the 'new professions' as it will often be the least skilled workers who are displaced. It is estimated that occupations performed by 3 out of 10 South African workers – roughly 4.5 million people – could be automated in the near future. The occupations of another 2.6 million workers, of whom 900 000 are employed as farmhands and labourers, have an 80%-89% probability of being automatable⁴⁵.

Technological changes in production processes tend to lead to the intensification of work, increased surveillance of workers, the restructuring of skills and the creation of a group of skilled workers that comprises a tiny minority of the total workforce.

The Gig economy? - Watch this space

The gig economy, describes labour market activities whereby the demand for work is linked to the supply of work through digital technology. The gig economy, which is not yet very big in South Africa, is another way in which changes in technology may contribute to increasing inequality by undermining secure, protected work. In the gig economy, workers – for example, Uber drivers – are supposed to see themselves as independent contractors. An app on a smartphone matches the drivers with riders and Uber takes a portion of what the rider pays for each trip. Many drivers are attracted to Uber because it promises the freedom to work when you choose without a boss breathing down your neck. But you are not as free as you feel: you are still required to meet targets set by Uber alone for the number of trips and customer ratings, which can lead drivers to drive at dangerous times, and Uber decides alone on pricing and on the number of drivers, which affects how much competition there is for riders. The drivers carry most of the risk: if your car gets smashed or hijacked while you are working, it's not Uber's problem. If there is a downturn in the economy or a quiet month, you get less money, and if you're sick it is on your own account. from accessing dignified work. For instance, norms

The domestic work sector has also made advances in the area of the gig economy. There are 7000 domestic workers employed in the gig economy by mainly two companies, Sweep and Domestic, in South Africa. This figure is about less than 1% of the total domestic worker labour force, which stands at 1 million workers. A study of South Africa's only digital platform for domestic workers, Sweep, shows that domestic workers face the same challenges as Uber drivers. The study highlighted some benefits e.g. flexi-hours, and workers tend to earn more, finding work easier. However, these benefits were often outnumbered by the costs. While domestic workers on the platform can earn more than those not on the platform, the incomes are highly unstable because the incomes earned by domestic workers are determined by the hours of work they have been able to obtain through the platform. Many domestic workers on the platform complain that they experience changes in their income on a weekly basis based on the number of hours they work. This leaves domestic workers on the platform nowhere because they still earn below the medium national income that is at R3800 per month. Another drawback is that while the platform creates flexibility for domestic workers to work when they want to if opportunities are available, clients are empowered to cancel their appointments whenever they want. This leaves domestic workers highly uncertain about when they will be booked next. Therefore, the nature of gig work is highly insecure and inconsistent as gig workers are continuously adjusting to the available gigs.

Because Uber drivers and domestic workers in the gig economy are not considered employees, they have no protection from labour law and they cannot ask for pension funds or maternity or paternity leave. For instance, Sweep and Uber do not need to make contributions on behalf of the workers on their platforms. These workers are denied access to quality healthcare as they are not afforded a medical plan (only 5 percent have a medical plan). Moreover, the majority workers (71 percent) that have either a funeral plan or medical plan have to pay for it themselves. Only 7 percent of the domestic sector gig workers have pension schemes and these are not provided for by the platform.

In the same way as outsourcing puts a middleman employer between the worker and her real employer, the gig economy puts an app or 'platform' between the worker and the people who profit from their work, but goes beyond outsourcing by depersonalising the intermediary. This model, which is being tried out for food delivery, services and domestic work, reinforces existing inequalities: rather than giving womxn a chance to break through the glass ceiling, a recent study of more than a million Uber drivers showed that womxn earn 7% less than men in the gig economy, even when doing the same work. The gig economy requires adapting and creating innovative ways of organising.

⁴⁴ World Economic Forum. 2018. Insight Report The Future of Jobs Report 2018 Centre for the New Economy and Society. http://www3.weforum.org/docs/WEF_Future_of_Jobs_2018.pdf

⁴⁵ le Roux, D. Many jobs could soon be automated, and SA isn't prepared. <https://www.sun.ac.za/english/Lists/news/DispForm.aspx?ID=5767> p1

⁴⁶ See, for example, Alois S. Mlambo FROM AN INDUSTRIAL POWERHOUSE TO A NATION OF VENDORS: OVER TWO DECADES OF ECONOMIC DECLINE AND DE-INDUSTRIALISATION IN ZIMBABWE 1990-20151 [Department of Historical and Heritage Studies, University of Pretoria, South Africa]

PRECARIOUS WORK:

The economic dominance of South Africa in southern Africa and in the rest of the African continent, as well as the economic decline of the economies of other African countries, are contributing factors to migration into South Africa. Most migrants to South Africa come to Gauteng. Migrants are especially vulnerable to precarious work.

False claims: "Immigrants are taking our jobs"

The total number of migrants in South Africa is estimated to be around 2 million. Yet some 9 million people are unemployed in South Africa (including some immigrants). If every immigrant had a job to give to a South African, there would still be 7 million unemployed. Immigrants often take jobs that no-one else wants. More importantly, it is actually big companies, from South Africa and other countries such as China, which stole hundreds of thousands of jobs from our neighbours as their exports crushed local industries. Manufacturing in Zimbabwe is a case in point⁴⁶. Instead of turning against immigrants, we need regional solidarity to reduce inequality.

The colonial and apartheid economy of South Africa has always been defined, to a large extent, by internal and external migrant labour from other southern African countries. However, the new phase of migration to South Africa in the post-apartheid period is at a time characterised by a general decline in South African industries, which has led to intense competition between local workers and migrants from other African countries.

Womxn migrants

In the southern African context, the 'feminisation of migration' - that is, the tendency for more womxn to leave their countries to look for work in Johannesburg - and the 'feminisation of work', are linked to processes of worsening precarity and violence against womxn.

For example, the journey from Zimbabwe to South Africa to look for work presents visible and invisible possibilities of being subjected to violence. Many womxn making the journey are raped, robbed, and humiliated by the authorities and members of the general public. When they arrive in Johannesburg, for example, they must deal with the difficult questions that arise from being regarded as 'illegals', a term which further dehumanises and criminalises them. When they eventually find work, they tend to be employed in precarious positions such as domestic workers, cleaners, waitresses and service workers. The fact that they are generally not unionised increases their vulnerability, so that they are victims of low wages and poor working conditions. Xenophobia in the workplace and within the communities in which they live, makes them the most oppressed group within the southern African borders.

PRECARIOUS WORK: **WORKPLACES ARE UNFRIENDLY FOR WOMXN**

There are additional obstacles to womxn in the workplace, especially black womxn, which increase inequality.

- Sexual harassment and rape at work and sex for jobs are both big problems for womxn entering work and staying at work:

This means that womxn have not clearly defined legal recourse in these countries. The labour force participation rate for womxn aged from 25 to 54 is 63% compared with 94% for men.⁴⁷

- There is widespread violation of the rights of womxn workers, especially those who are regarded as precarious workers:

“[I] joined the strike voluntarily because we were all demanding better working conditions and wages. We were demanding maternity leave for pregnant women, provident fund, and standard working hours. Casual and extra workers were working 6 to 6 (from 6 am to 6 pm) Monday to Saturday with only one hour break per day and overtime was not remunerated”⁴⁸.

1

Womxn’s participation in the labour market is shaped by the idea that they are best suited to the role of housework and care work, as we said earlier in the report:

- They are more likely to get jobs in lower paying industries that are considered womxn’s work, such as cleaning and catering and domestic work in private homes.
- Within other sectors they are more likely to get jobs considered appropriate for womxn, such as HR, receptionist, or painting arrows underground, which are often jobs with few possibilities for promotion.
- Womxn are passed up for promotion or not hired at all because it is assumed that their family responsibilities will interfere with their work, but men with families do not face the same prejudice.

2

Some workplaces do not have proper facilities for womxn, such as separate change rooms or proper toilets.

3

Few companies take into account the safety of womxn workers in getting to work and home again. Night shift workers in particular are at risk travelling in the dark, or they may end up sleeping on cardboard at work until the sun rises, which is also bad for their health. Medical studies prove that womxn shift workers are most likely to contract breast cancer.

4

Some kinds of work done mainly by womxn are not considered work, in particular sex work, so it receives no protection.

5

Since the end of apartheid, the largest and most organised unions tend to be in industries dominated by men. Well established unions have been reluctant to organise amongst casual and outsourced workers because winning recognition is hard work, the workers have little protection in labour law, and the outcome is uncertain. These are often the sectors with many womxn.

⁴⁷ UN Women. 2019. Facts and Figures: Economic Empowerment. <http://www.unwomen.org/en/what-we-do/economic-empowerment/facts-and-figures>

⁴⁸ Nkosinathi Godfrey Zuma Supervisor: Prof. Bridget C. Kenny Title: ‘Contingent organisation’ on the East Rand: New labour formations organising outside of trade unions, CWA0 and the workers’ Solidarity Committee. Wits, Johannesburg, 2015, <http://wiredspace.wits.ac.za/bitstream/handle/10539/22795/Research>

PRECARIOUS WORK: WORKPLACES ARE UNFRIENDLY FOR LGBTQ INDIVIDUALS

1

Employers tend to discriminate against LGBTQ individuals for a variety of reasons. Scientists sometimes have colourful names for these forms of discrimination, such as the justification-suppression model, but they often boil down to the fact that we live in societies that are heteronormative, meaning we tend to favour people who form heterosexual relationships (that is, man and women relationships) over those who do not.

2

This prejudice manifests itself at multiple levels. LGBTQ womxn and men in South Africa earn less on average than their gender-conforming counterparts. The gap is significant, however, the gap between men and womxn in general is even worse. So the pay gap between gender conforming and gender non-conforming men is about 18%; and it can be as high as 35% between men and womxn.

3

LGBTQ individuals are also more likely to face unemployment. The research shows that a person is 9-20% more likely to be unemployed if she or he identifies as LGBTQ in South Africa.

4

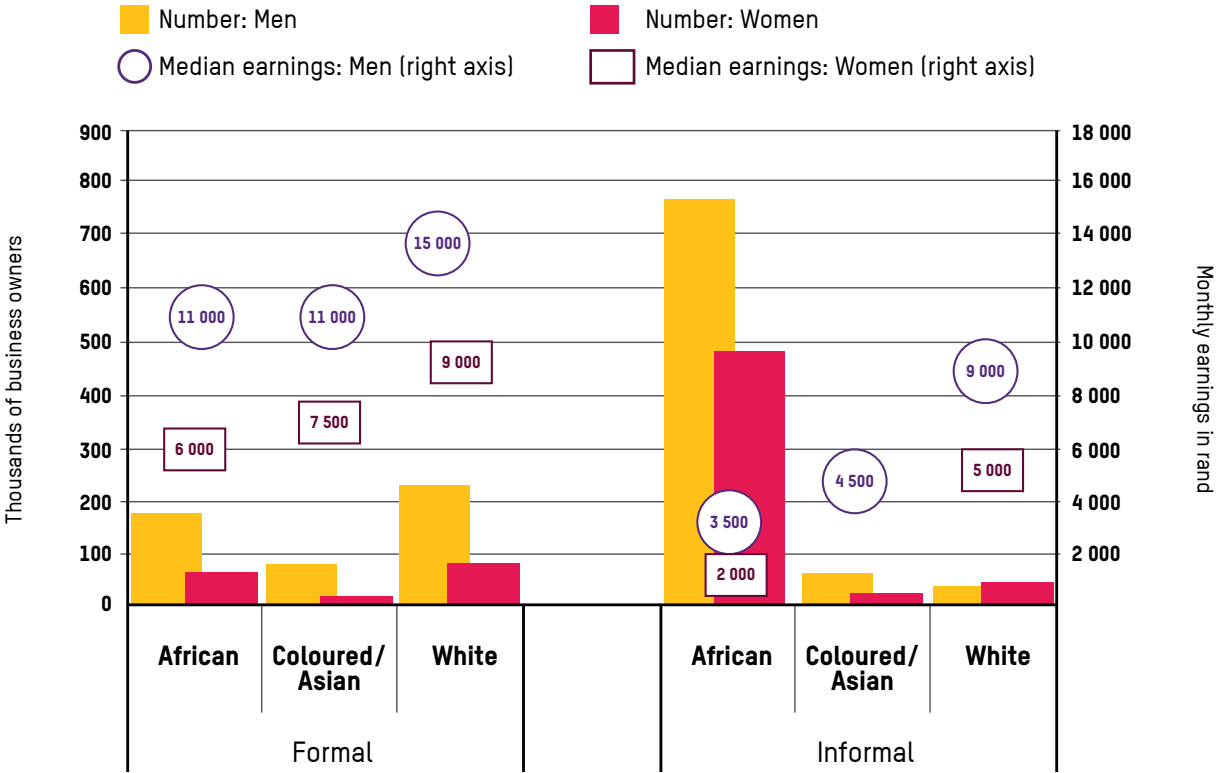
The discrimination has a cost. In the case of wage discrimination against people who identify as LGBTQ, researchers estimate the cost to be R2.54 billion per year; and the estimate of the cost of underemployment of people who face this form of discrimination is R1.7 billion. Together that is R3.24 billion lost to wage discrimination and underemployment due to discrimination.

B3

Informal
Work

INFORMAL WORK

The work done mainly by womxn in the home South Africa’s informal sector is puzzling. In most low and medium income countries, the informal sector is a major source of employment, particularly for womxn. South Africa has one of the highest levels of unemployment in the world and a contributing factor is the low level of participation in the informal economy compared to other countries, and womxn’s participation in the sector is declining. This makes the informal sector small as a percentage of the number of working age and unemployed people, compared to other countries. Also, informal work in South Africa is characterised by low incomes and low-productivity activities.



Informal sector work is often only one component of a complex livelihood strategy for many, and especially for womxn. Womxn often combine informal economic activities with unpaid reproductive work, and especially child care which further limits their prospects in the already structurally-constrained informal sector. This form of disadvantage is made worse by the relative lack of quality social services, including child care, health care, and education, which increases the burden of unpaid labour that many womxn bear in households and communities (Alfers, Lund, and Moussie, 2018).



Unusually small and not very lucrative

- South Africa’s informal sector absorbs only about 3 out of 10 non-agricultural workers, despite an unemployment rate above 25%
- India and Tanzania’s informal sector absorbs more than 7 out of 10 workers, and unemployment rates are around 6% in these countries. Egypt and Mexico’s workers are more than 5 out of 10.

Informal retail (selling) dominates the sector, along with services such as **transport, hair-care and child care**.

Incomes in the informal sector are low, especially for woman

Median incomes informal sector versus the formal sector by gender

	INFORMAL SECTOR	FORMAL SECTOR
WOMEN 	R1 516	R3 640
MEN 	R2 166	R5 000
TOTAL	R2 000	R4 300

Source: Skinner and Rogan (2018)


A volatile sector

Almost four out of five individuals who were in the informal sector in 2014 (78%) had left the sector within 3 years. This follows the economic crisis in 2011 but the trend was even faster in 2008 before the crisis (82% left within 3 years.)


Womxn’s participation in the sector has been declining while men’s participation continues to rise:

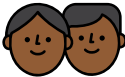
WOMXN

In 2008 nearly 6 out of 10 womxn working in the informal economy were own-account workers




By 2014 this had declined to about 5 out of 10.






Almost 3 out of 10 self-employed people in the informal sector were selling food in 2008.



Only 2 out of 10 were selling food in 2014.



Where do people go when they leave the informal sector?

Most leave the labour market entirely, and they stop looking for work.


WOMXN

7 out of 10 “own-account” womxn who leave the informal sector leave the labour market,



MEN

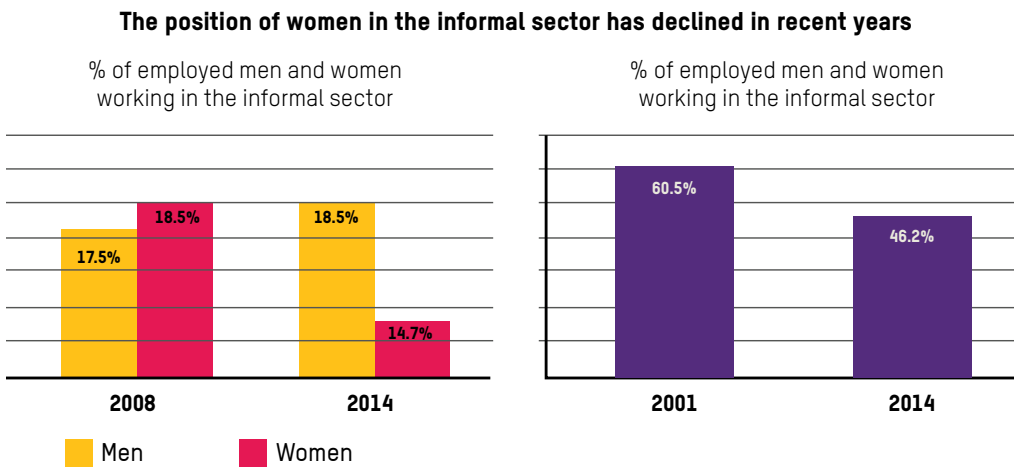
compared to 5 out of 10 men.



Nearly 3 out of 10 men who leave take a ‘step up’ into activities that are probably better (such as formal self-employment, informal or formal wage work), compared to fewer than 2 out of 10 womxn.

Source: Top - Skinner and Rogan (2018); and bottom - Fourie (2018)

So the small size of the informal sector is not because people are leaving for something better. The decline of retail has not been matched by an increase in higher income sections of the informal sector. While there was an increase in informal construction, the portion of informal firms involved in manufacturing has declined between 2001 and 2013, from 9.3% to 7.6% (Fourie, 2018, p. 115). Over the same period, “Community and Social Services”- low income activities such as child care and hairdressing - increased from 6% to 12% (ibid). The graphs on page 40 (Changes in gender and employment status) suggest that men’s increasing participation in the informal sector is a mirror for their falling participation in formal waged work.



Source for Graph (above) “The position of womxn in the informal sector”: Sources: Top: Rogan, M., & Skinner, C. (2018). The size and structure of the South African informal sector: A labour-force analysis. In F. Fourie (Ed.), The South African Informal Sector (pp. 77–102). Cape Town: HSRC Press. Bottom: Fourie, F. (2018). Informal Sector Employment in South Africa: An enterprise analysis using the SESE survey. In F. Fourie (Ed.), The South African Informal Sector (pp. 103–150). Cape Town: HSRC Press.

In summarising this chapter, though racial and class inequalities in South Africa are well known, gender inequalities overlap and underpin those racial and class inequalities. Womxn were forced to take up certain roles in the care economy, and the informal economy as a direct result of the policy which was designed by the apartheid-era to push black South Africans to work in the mines. These structures still exist to a large extent, and they manifest themselves in the fact that womxn still do much more unpaid care work than men. Womxn are more likely to work in the informal economy, although their numbers are in decline as men now dominate the sector since the Global Financial Crisis. When womxn do have access to more formal work it is usually precarious work, meaning it is usually underpaid, dangerous, short-term and where womxn may be subjected to sexual harassment. LGBTQ individuals face discrimination that leads them to be more likely to face poverty than gender conforming individuals. These issues can be addressed if the South African government takes steps to better recognize, reduce and redistribute unpaid care work; ensuring the rights of womxn who work in the informal sector, including their right to access their potential customers; and take steps to regularise precarious work.

C

**WHAT IS BEHIND
CLASSIST, GENDERED
& RACIALISED LABOUR
MARKET INEQUALITY
IN SOUTH AFRICA?**

C1	What is the Minerals Energy Complex?	Pg 76
C2	The Financialised Minerals and Energy Complex	Pg 80
C3	The Historical Origins of the Financialised MEC	Pg 87
C4	Economic Reform since 1994	Pg 94
C5	Other Social Impacts of Financialised MEC	Pg 101

What is behind classist, gendered & racialised labour market inequality in South Africa?

Structure:

To understand what the structure of the economy is we need to understand the immediate causes and the underlying causes of a problem. To illustrate: if your roof leaks during a storm, you could say the storm caused your roof to leak. But if the roof had a hole in it before the storm, then the storm was the immediate cause of the leak, but the structure of the roof which had a hole in it was the underlying cause. So it is essential to understand underlying causes. Why then should we even mention immediate causes? Often, the immediate causes are the way in which people experience the underlying causes. Also, the immediate causes may expose the underlying causes – i. e. you did not know your roof had a hole until the storm hit.

Indeed, the chronic under provisioning of universal, accessible and quality public services such as education and healthcare is much to blame for deepening labour market inequalities.

Oxfam's 2019 Public Good versus Private Good report reveals that the provision of universal, accessible and quality public services, particularly education, health and social protection reduces inequality by 13%. However, it is also true that the manner in which the economy is **structured** (see below definition) does not ensure that many of the semi-skilled or "unskilled" seeking employment in the formal and informal sector will gain employment that is dignified. We have seen that especially more black womxn are placed right at the bottom of the sticky floors of inequality. They are the most likely to be unemployed and/or to be employed in underpaid insecure service sector jobs. The economic model that shapes the structure of the economy reinforces and worsens the classist, racist

and patriarchal social norms that have been long in the making. We focus in this chapter on the manner in which our economy is structured as a key driver of a classist, gendered, and racialised labour market inequality.

The outline of the chapter is such that it begins by defining South Africa's dominant economic structure, the Minerals Energy Complex (MEC) and demonstrates its gendered and class nature (section C.1). This is followed by a discussion on the financialisation and neoliberalisation of the MEC and its impact on economic and gendered inequality (section C.2), which is followed by a discussion on the historical roots of the MEC (section C.3), and then a further look into how to survive post-apartheid South Africa through the economic reforms implemented by the government and its impact on labour and the informal sector (section C.4); wherein the last section of the chapter will draw on other social impacts of the financialised MEC.

C1

What is
the Minerals
Energy Complex?

What is the Minerals Energy Complex?

Intermediate outputs/inputs:

Goods or services produced to be used in further production, such as raw gold or energy.

The manufacturing sector is important to a country's economic development because it has special features. The special features include activities that are able to produce a lot of value for the economy and society, which helps the economy to grow. Many countries around the world that have succeeded in growing their economies and employing people in a sustained manner have done so by investing in their manufacturing sectors, especially manufacturing activities that require a lot of workers i.e. labour intensive (e.g. China). The manufacturing sector also relies on accessible and quality services in order to generate its value. Services that are part of what is known as the care economy such as healthcare and education, as well as services that facilitate transactions such as communication, wholesale and retail, transport and financial services, are crucial to a well-functioning manufacturing sector and economy. Services in the care economy contribute to the development of a strong work force that has the capabilities that are required to carry out the functions required.

South Africa's economy is dominated by large-scale mining (minerals), energy production which supports mining (such as Sasol and Eskom) and financial sector. Their domination of the economy is called the **Minerals Energy Complex (MEC)**. The minerals-energy-complex (MEC) was the name put forward by Fine and Rustomjee to describe historical industrial development in South Africa. The MEC describes the process of economic development special to South Africa's political economy. It is an analysis of industrial development that focuses on the interdependence of different economic power elites, industrial sectors and the state. It emphasises

class relations and class conflicts and how these show up in gathering wealth and capital (called accumulation by economists), in the repeating cycles which drive the economy (economic reproduction), and in the structures that keep social inequality alive from one generation to the next (social reproduction).

It is worth noting that the MEC has stuck together throughout the four decades since 1970.

IN 2010, ALMOST 70% OF INPUTS

necessary for production in the MEC sectors came from the MEC-core itself

MORE THAN HALF (56%) OF INTERMEDIATE OUTPUT

from MEC sectors goes back into the MEC core as inputs.

By contrast, only one quarter (25%) of **intermediate inputs** into non-MEC manufacturing sectors come from the MEC and only 10% of **intermediate output** from non-MEC sectors enters into the MEC sectors as inputs. Concentration was especially dramatic in manufacturing activities. Fedderke and Szalontai (2009) wrote that 'by the 1990s, there is no manufacturing sector in which 5% of the firms do not produce at least 50% of total output' (p. 6).

⁴⁹ Fine, B and Rustomjee, Z. (1996). The political economy of South Africa: From minerals energy complex to industrialisation, Johannesburg: Witwatersrand University Press

Table 1 The MEC core identified through material linkages⁵⁰

MEC subsector	Share of inputs from MEC sectors (% of total inputs)	Share of output to MEC sectors (% of total outputs)
Coal mining	26	90
Gold and uranium ore mining	55	5
Other mining*	23	77
Coke (the coal product, not the drink) and refined petroleum products	88	18
Basic chemicals	77	60
Other chemicals and man-made fibres	67	37
Plastic products	68	30
Non-metallic minerals	73	8
Basic iron and steel	82	59
Basic non-ferrous metals	91	59
Metal products excluding machinery	70	41
Machinery and equipment	63	53
Electricity gas and steam	53	47
Non-MEC manufacturing	23	6

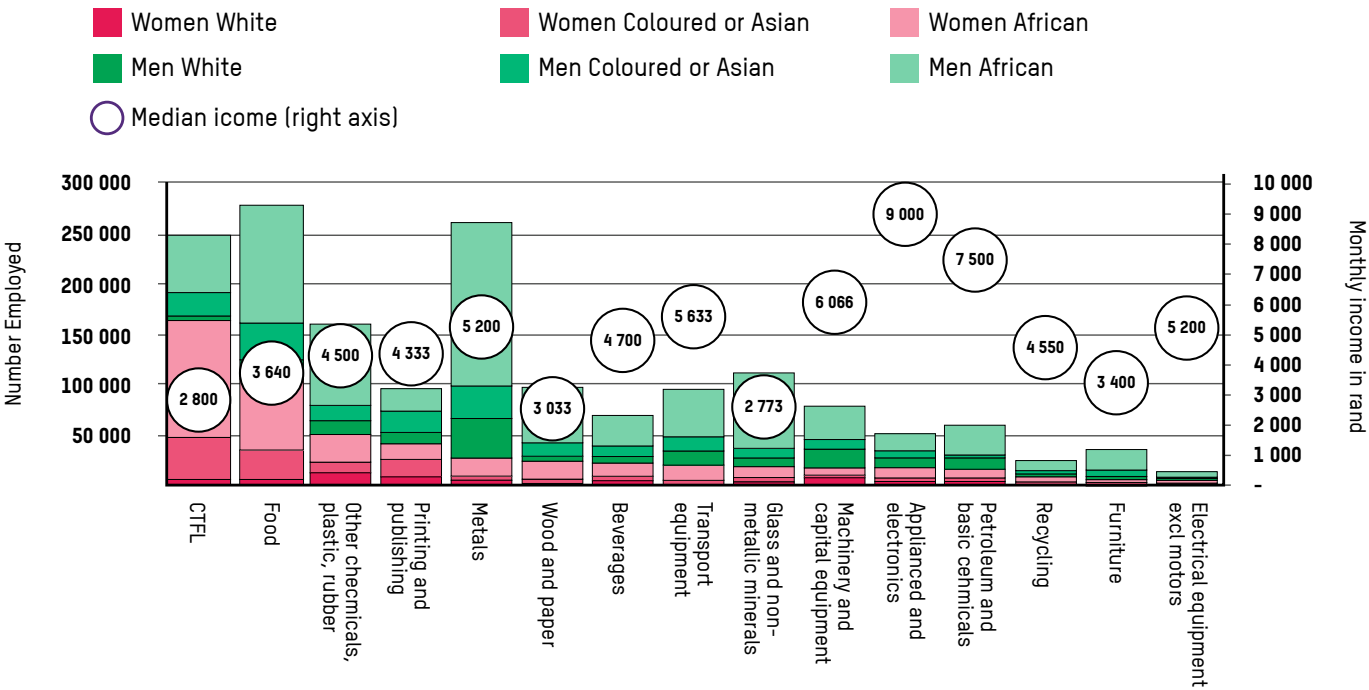
The Gendered and Class Dimensions of the MEC and Non MEC sectors

The MEC and non-MEC manufacturing sectors are also extremely gendered. The diagrams below show the employment and medium pay for all workers in manufacturing industries and the other looks at employment by gender and race in the services sector. These diagrams overall tell the story that male workers (especially black men) generally dominate the manufacturing sector in numbers; while womxn dominate about half the services sector in numbers. MEC manufacturing sectors are paid more than non-MEC manufacturing sectors. What is striking is that womxn working in the manufacturing sector are mostly in non MEC manufacturing sectors such as clothing and textiles and processed foods. Moreover, when womxn enter the manufacturing sector, they are often posted as cleaners. The clothing and textiles sector, a manufacturing sector dominated by black womxn in numbers, is also amongst the least paid manufacturing sectors. In the services sector, womxn sectors linked to the care economy: education, community and personal services (mostly domestic work) and healthcare.

These sector activities and pay differentials could be said to copy the sexist cultural norms and attitudes that dictate that womxn’s work is not productive so it has no value; and is meant for taking care of the work force. Therefore, patriarchy is at the root of this economic structure. Patriarchy is a system of oppression that enforces male dominance over womxn and non-binary people. Through systematic and institutionalized gender oppression, it exploits and subjugates womxn within both the private sphere and public realm. Patriarchal social norms also mean that care is considered a womxn’s natural role and a womxn’s duty to provide, rather than it being a shared responsibility between men and womxn and/ or the state’s responsibility to provide.

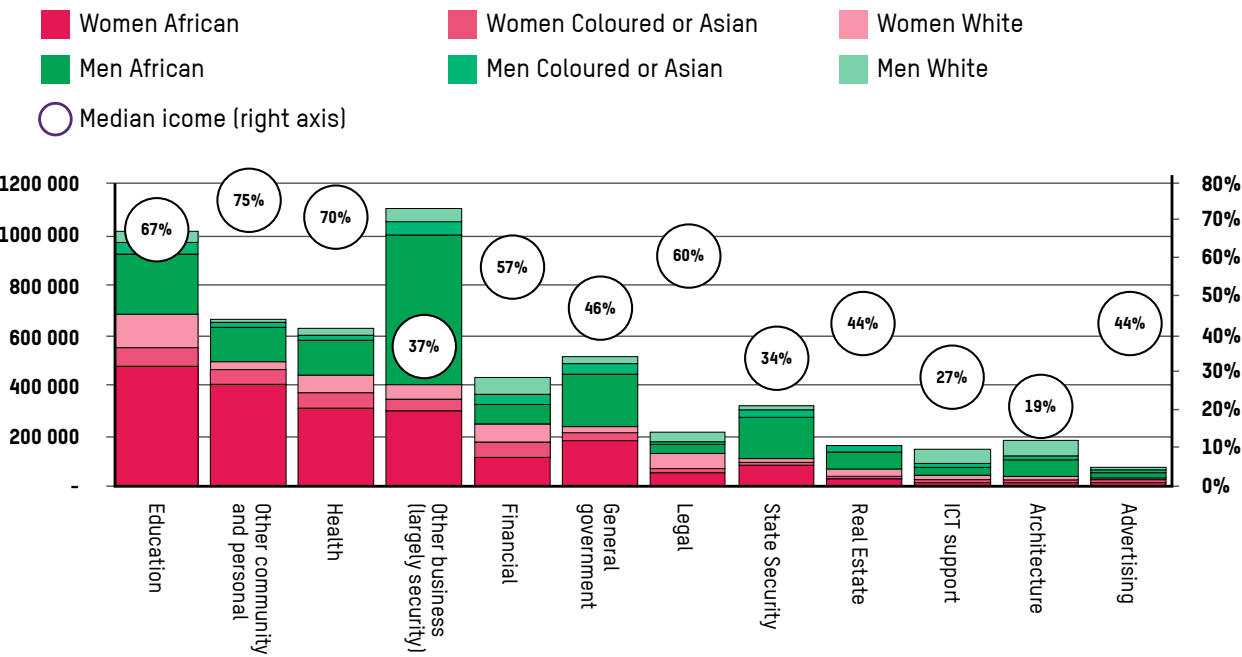
⁵⁰ Susan Newman’s calculations; Data source: Quantec Input-Output tables 2011

Women’s employment and median pay for all workers in manufacturing industries, 2016



Source: Labour Market Dynamics, 2016. Downloaded from Stats SA <http://www.statssa.gov.za/> in September 2018

Employment in services by gender and race, 2016



C2

The Financialised
Minerals and
Energy Complex

The Financialised Minerals and Energy Complex

The financial sector has also become more important in the complex as financialisation takes hold. (Financialisation, which we have nicknamed 'The Mashonisa Economy', is defined in the box below.

Definitions

What is financialisation? uMashonisa omkhulu we-economy

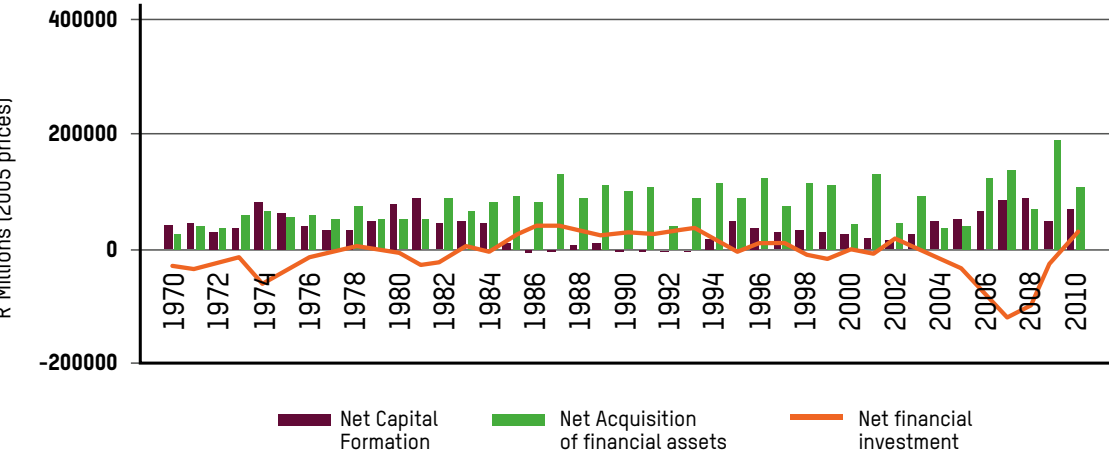
Financialisation refers to ways in which finance has become more and more powerful in shaping the economy and our lives. In businesses, more and more investment becomes about just making money for shareholders, rather than investing in making a physical thing or providing a tangible service. Banks and the likes of mashonisa have always made money directly from the money given to lenders by charging interest on loans; but with financialisation, this expectation is becoming more widespread and more and more of our everyday activities are financed by credit. Speculation is like taking a bet on the performance of a share price (which means looking ahead, from the same word that gives us spectacles) is another example that has a long history, where traders on the stock and commodity exchanges would gamble on the future prices, company shares or commodities like oil or minerals. With financialisation, however, even companies that are not banks turn away from productive activities towards purely financial investment, or find other ways to financialise

their activities, such as clothing stores offering credit cards to their customers.

What is wrong with financialisation?

We can see financialisation in a lot of recent unbundling and downsizing, where big conglomerates (see glossary for explanation) sell off their 'non-core' businesses (that is, businesses that generate the least money) (while retaining controlling shares in some of them) and outsource very large parts of their operations. Sometimes, all that is left after unbundling is a company of managers managing investments and paying out shareholders. A aspect of financialisation is that investors expect ever increasing returns on their money, which in turn encourages short-term investments, where investors pour money into, let us say, companies providing housing loans when the housing market is rising, and then pull their money out at the first sign of collapse to put it somewhere else. This makes economies very unstable. Another problem with financialisation is that it diverts investment away from productive activities. It also intrudes right down into our everyday life, where provision of basic needs must now depend on financial markets: important safety nets such as pension funds are getting into risky investments, and even our social grant pay-outs are managed by companies expecting to make money out of people who are otherwise 'unbankable' by processing the grants through bank accounts created only for that purpose, leading to the social grants payment crisis in 2018. Financialisation also further increases the advantage of big corporations over small businesses, because it is easier for them to get credit as they are considered less risky, and there is more money 'looking' for sure-fire returns.

There are a variety of ways that indicate that the South African economy has become increasingly financialised. The figure below shows just how much the economy has been financialised through the amount invested in short investments over long term investments over time.



How to read the bar chart:

The maroon bar shows the investments in plants, machinery, and buildings (that is, net capital formation) that businesses purchase for the running of their operations. These investments are long term investments because the rewards from these investments are enjoyed over a long-time horizon because once purchased they take a long time to be sold. Moreover, the

crucial benefit of these types of investments is that they have the potential to increase employment and incomes which is inequality reducing.

The green bar shows purchases made in short term investments (that is, net portfolio financial assets) discussed in the box above. These types of investments do not raise employment and incomes therefore they are not inequality reducing, instead they are inequality enhancing as they benefit the owners of these investments.

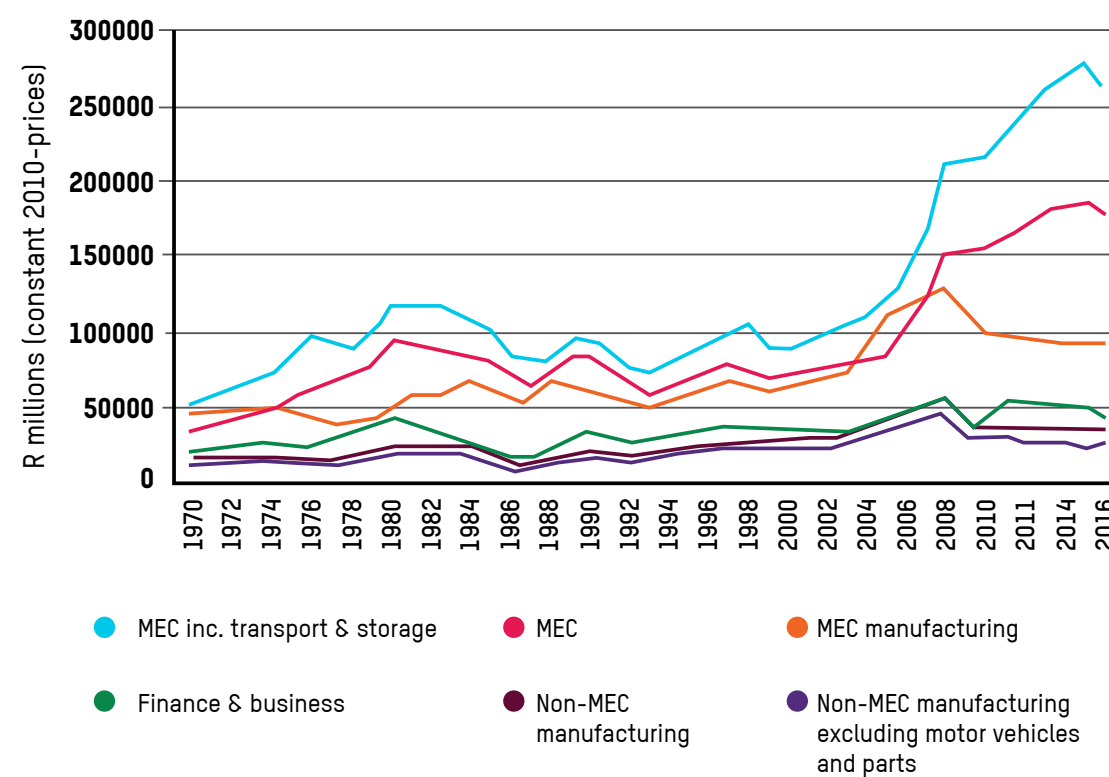
The height of the bars shows us the amount of money in millions of Rands that was invested in either short term or long term investments each year. The amount of money that was spent is shown from the numbers on the left-hand side of the chart that go from minus R150 billion to R250 billion. The years in which those amounts of money were spent are captured by the numbers at the bottom of each bar chart, from the year 1970 to the year 2008. The millions of Rands are adjusted to 2005 prices, which means that they are showing what the figures would be if there was no inflation. This allows us to make a proper comparison from one year to the next.

What this chart tells us: The chart shows that financialisation of the South African economy had already taken hold by the mid-1980s as short term investments (that is, net portfolio financial assets) have been rising ever since beyond long term investments. Therefore, as the economy has become financialised, the economy’s growth and development has become increasingly reliant on unstable forms of investments.

Figure 18. Net annual capital formation, acquisition of financial assets and financial investment by non-financial corporations in South Africa: 1970-2010⁵¹

⁵¹ Data source: Flow-of-funds tables, SARB 2011

The graph above tracks investment in different sectors of the South African economy from 1970 until 2016. Investment in the MEC and finance has grown steadily while investment in non MEC manufacturing has not ⁵²



How to read the graph:

Each dot on the graph shows how many million Rands (the figures from top to bottom on the left hand side of the graph) were invested in each year (the figures running left to right at the bottom of the graph). The millions of rands are adjusted to 2010 prices, which means that they are showing what the figures would be if there was no inflation. This allows us to make a proper comparison from one year to the next.

Each colour shows a different sector. **Pink** shows investment directly in the MEC itself (Mining and energy). The **blue** line is investment in the MEC including investment in transport and storage for the MEC. **Orange** shows investment in manufacturing heavily linked to mining, such as chemicals used to separate minerals from the ore and to make explosives for blasting. (Table 12: The MEC core identified through material linkages on page 74 lists these sectors.) **Green** shows investment in finance and business services (for example banking itself and services like IT) and **blue** shows investment in manufacturing that had nothing to do with the MEC (such as clothes, washing machines, etc.). The **maroon** is all non-MEC manufacturing and the **purple** shows non-MEC manufacturing if you take out motor vehicles and their parts.

So for example we can see that total investment in the MEC has grown from around R68 billion (=R68000 million) in 1984 to R177 billion (R177000 million) in 2016.

What the graph tells us: The graph shows that investment in the MEC (orange and grey lines) has increased faster than investment in any other sector. Investment in manufacturing, even manufacturing for the MEC, (light blue, dark blue and green lines) has gone up and down but overall, it has stayed quite flat. Not much more is being invested in manufacturing now than in the 70s, whereas investment in the MEC has been growing steadily. The fact that MEC investment including transport and storage (grey line) has increased still more than MEC investment is probably related to the fact that more is being done to facilitate the export of minerals. We can also see financialisation in this graph, as the yellow line has also risen, and even though it fell in 2008 due to the global financial crash, it still remains some way above the green and blue lines (manufacturing).

In other words the graph tells us that the skewed structure of the South African economy during apartheid has been emphasized rather than corrected in the years after the end of apartheid.

⁵² Susan Newman's calculations; Data source: Quantec

How the Financialised Minerals and Energy Complex drives economic and gendered inequality

Definitions a conglomerate:

A large company composed of a number of other companies, often from various sectors, eg. Rupert's Remgro group started off producing cigarettes but now owns controlling shares in food producers, medical aids, equipment manufacturers and insurance.

Conglomerates centred on mining, **energy and finance** (The financialised MEC) began to dominate the economy during apartheid. The state is directly involved in the MEC, through energy production, such as Eskom, and some manufacturing and services are also within the MEC core.

The MEC is **capital intensive**, meaning it relies on a lot of machinery and equipment relative to the number of workers it needs. This is called capital intensive.

It is **commodity based** – centred on extracting raw materials, such as minerals, which are sold as they are without further work being done on them. (For example gold is a commodity; gold jewellery is not).

Overall, the **manufacturing** and **services** sectors are more labour intensive than the MEC. This means that they use a lot of workers compared to the amount of equipment and machinery investment required. These sectors are usually much more **labour intensive**. They use a lot of workers compared to the amount of equipment and machinery investment required. But very large companies and conglomerates also dominate the market in these sectors. Because of the dominance of big companies, the **informal sector** in South Africa, which is mainly in **services** (retail, hairdressing, etc.), is very small.

Around the time that apartheid was ending, **neoliberalism** (which is defined in the box False Solutions) came to dominate thinking about economics amongst global elites composed of politicians and captains of business. Neoliberal thinking strongly influenced **state policy** under the ANC, which was **captured** by this so called 'Washington consensus' early on. Later **policy** intended to encourage labour intensive **manufacturing** growth,

but **implementing industrial policy on labour intensive manufacturing was weak** in practice, while the **focus on the needs of capital intensive**, highly influential industries – the **MEC conglomerates** – was strong in policy and in practice. This contributed to **deindustrialisation**, leading to a **decline in manufacturing jobs** which in turn fed unemployment and also fed the **recession** (where the economy – production and trade – shrinks). During the **recession**, a lot of investment was withdrawn (**outflows**) in the climate of **short-term** investment associated with **financialisation**. **Short term investment** does not help to build a strong economy. It takes a long time in resources, effort and patience to raise a child into an adult, and similarly, to build an economy with a good structure that can create jobs and growth takes patience, long term investments. This is the type of investments where rewards are a long time coming, but sustained over the long term. An economy with a poor structure attracting short term investment is vulnerable to crisis and job destruction. While short term investments create quick wins in a short time, they are not sustainable.

False Solutions: Neoliberal wisdom was all about trickle-down economics: according to this thinking, if you let business have its way, let the 'free market' rip, and allowed the rich to get richer, the economy would expand, creating jobs and new opportunities for everyone else. This included 'deregulation' – removing rules and regulations on business, ranging from tariff barriers to controls on exporting profits to workers' rights – and the idea that the state should not spend much – hence privatisation, cutting back government funding for healthcare and unemployed support in those countries which had it – or limiting the introduction of such

things here – in order to reduce taxes on companies and leaving job creation to the whims of the market. By the time the ANC came to power, the RDP was already being elbowed out to make room for GEAR, which produced jobless growth and redistribution upwards, from workers to the very rich. Since then, the pale attempts to provide social support, such as the social grants, have always taken a back seat to the needs of the conglomerates. Of course a free market is not free for all when some players are elephants and others are ants. Neoliberalism simply opened the way for the giant players to get into every nook and cranny of the world's economies, with devastating effects on the general population.

The underbelly of **neoliberalism** was **intensified financialisation** (defined on p70 above), which contributed to **asset price inflation** – that is, an increase in the price of bonds, shares, land property and the like – as international investors bought up such assets **short term** in order to sell them for profit. This tendency of short term investment, leading to rapid **inflows and outflows of investment**, made the **recession** worse as investors pull their money out quickly when things start to go wrong, and **asset price inflation** contributed to the **recession** because it made it harder for anyone to buy into the inflated asset market to get things going again.

Meanwhile, **neoliberalism** allowed the **mining conglomerates**, in particular, to outgrow South Africa and become **increasingly transnational**, so that they were able to export their profits (**outflows**) instead of investing them locally. And although the price of gold, Apartheid's backbone, had taken a dive, worldwide demand for minerals such as platinum increased amongst

international manufacturers which were making, for example, exhaust filters for cars. The increased demand, alongside some clever stockpiling by the mining companies, pushed up the prices of commodities such as platinum, leading to the **commodity boom**, which cemented the **state's** commitment to the MEC because it looked like this part of the economy held the most promise for growth. However, the **commodity boom** actually further weakened our economy by encouraging **short term inflows and outflows**: international shareholders were looking for places to invest their money where the returns were high, and South Africa's mines still had very low wages by international standards which made the returns bigger; this **investment flowing in** worked as an **outflow** overall because the profits were paid out to shareholders in other parts of the world. The **commodity boom** in the context of **transnationalisation** of mining companies thus also ensured further **deindustrialisation**: before **neoliberalism**, controls on exporting capital would have forced the big conglomerates to look for local opportunities invest their profits.

The outflows of profits are not always legal, they have also been illegal (or what is defined as illicit financial flows). According to the African Union high level panel on illicit financial flows (Mbeki Panel), 4% of the South African GDP was lost every year on average between 1970 and 2008, this represents over the period US\$1.8bn (~R1145 billion⁵³). In today's terms, this trend of 4% of GDP would mean R216.5 billion for the 2019/20 budget year. The mining sector is the biggest culprit of illicit financial flows in South Africa due to high levels of foreign currency it brings to the country. Digital giants such as apple, Google, etc. operate remotely. Therefore, it is extremely easy for them to artificially (for tax purposes) delegate their tax functions to subsidiaries companies located in offshore low tax jurisdictions the role of final service providers to customers.

⁵³ For 1 USD = 14 rands, inflation not taken into account

However, this does not account for tax evasion practiced by individuals and tax avoidance schemes used by multinationals to 'legally' bypass South African tax laws. It also does not take into account the ripple effect these losses have on the economy in general under what the AIDC call wage evasion (*See Tax and Wage Evasion - A South African Guide*⁵³). In other words, illicit financial flows have a massive impact in eroding the South African tax base, both in the long and short term. This in turn has led the South African government to reverse the progressivity of the South African tax system by increasing indirect taxation in 2018, and to a growing pile of public debt which future generations will have to deal with. [Turn to p96-97 for more on government's reverse of the progressivity of the tax base]

As a result of all of this, the South African economy overall suffers from uneven investment and low fixed investment.

In recent years, therefore, employment has grown only in the low-wage services sector, while profits have skyrocketed for CEOs in the MEC. This is the most direct way in which the MEC-skewed economy has sustained and intensified inequality.

We have not shown in this diagram all the other ways that this set up contributes indirectly to inequality by giving rise to the five lows: low investment, low productivity (of the economy, not of workers), low wages, low levels of employment (=high unemployment) and low levels of social support from the state. We will come to some more specific drivers of inequality under the MEC a bit later in the report.

The diagram also does not show the politics which enabled the MEC to keep the upper hand, namely the centralisation of authority with the presidency and the treasury under Mandela and Mbeki, and its subsequent abuse and restoration in a context where politicians had become accustomed to being courted and persuaded by captains of industry since the 'Washington consensus' took hold, while the Triple Alliance held opposition from the unions tightly leashed.

The next section gives us more information about the origins of the MEC economy came about and how it survived the end of apartheid.

⁵³ Read the full document here: <http://aidc.org.za/download/taxation/Tax-Evasion-and-South-Africa-Final-version-24.04.2019-00000003.pdf>

C3

The Historical
Origins of the
Financialised MEC

The Historical Origins of the Financialised MEC

Dispossession by the Market crushes the emergence of Black Business

Inequality in South Africa today is an outcome of the dispossession of the black majority that took place throughout the colonial and apartheid eras. In addition to the direct theft of land, cattle, and other assets, there was a significant degree of “indirect” dispossession through the market. This was accomplished, first, through restrictions put on black people’s participation in various economic activities, such as the Group Areas Act limiting residence and business activities by black people in areas designated for white people. Second, state-aligned white-owned formal enterprises were given a range of advantages over small black-owned and informal enterprises, including state support, finance, and access to key social and business networks.

This resulted in the transfer of wealth and market share through “market mechanisms”, rather than through more direct and overt forms of dispossession. Yet they played such an important role shaping the structure of wealth and power in the South African economy that they can be considered forms of dispossession in their own right. The goal was not only to advantage formal capitalist enterprises in the market. It also aimed to turn black communities into sources of labour supply. Successful business activity by black people would give them an alternative to wage labour. Therefore, policy for much of the 19th and 20th centuries not only ignored, but actively discouraged the development of a viable class of business owners among black South Africans, both in rural and urban areas.

The inequality produced by the market is a feature of the structure of South Africa’s economy which had persisted from the colonial and Apartheid eras and into the present.

In the late 19th century, growing populations and the emergence of towns and cities around the mining areas of the interior led to increased opportunities for African agricultural producers. In response to these opportunities, there emerged a successful and differentiated class of black peasant-commercial farmers (Bundy, 1988).

The state aimed to curtail the growth of the black commercial farming class through a series of laws, one of the most important of which was the 1913 Native Land Act. This act restricted African ownership of land outside of the small ‘Native Reserves’ and limited the development of land markets even within the reserves.

In addition to dispossessing those who owned land outside the reserves, the Land Act “had important implications for the population within the reserves. By preventing the most straightforward form of accumulation open to successful black peasants, namely expanding the land under cultivation, it sought to apply the brakes” to their development (Bundy, 1988, p. 213). This ‘brake’ not only prevented the successful expansion of commercial agriculture, but a whole range of other business opportunities beyond the reserves. This limitation on the economic opportunities of rural residents was further reinforced by legalized racial discrimination in education and the labour market.

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One of the few remaining opportunities available to black entrepreneurs was retail trading, but, as Southall notes “even within the commercial sphere, African activity was subject to severe limitations, and historically, white dominance in trading and retail was continuously guaranteed by a system of protective licensing from the early years of the century, if not before” (Hart, 1972, p. 95).

Such regulations served to protect the established position of white traders in rural areas who had been well-established by the beginning of the 20th century. Protest from black traders in the Transkei eventually led to the space monopoly being limited to two miles, but even this restriction was widely seen by black residents of rural areas as limiting opportunities. By the time this restriction was removed in 1964 by the Transkei legislature in its first session (ibid, p. 96), already-established white traders were in an advantageous position.

African traders on the Witwatersrand in the first half of the 20th century were restricted from “dealing in anything but the bare necessities, such as tea, sugar, coffee and tinned meat et cetera” (Southall, 1980, p. 43).

In the 1930s there were increasing levels of migration to the Witwatersrand, including by womxn. Womxn were legally restricted from virtually all forms of wage work, from the mines to domestic service. Beer brewing and sales were amongst the few profitable activities open to womxn in the urban areas (Bonner, 1990). Womxn brewers faced continual police raids and harassment by authorities who aimed to prevent urbanization by cutting off this source of urban income.

African womxn brewers were also indirectly disadvantaged through a restructuring of the market for beer. In 1937, national legislation was passed that allowed the establishment of municipal monopolies on the brewing and sales of sorghum beer. Over the next few decades the municipal beer halls became a major source of revenue for local governments across the country. And municipalities protected their lucrative legal monopolies with greatly increased repression of “illegal” African womxn brewers. According to Bonner (1990), in 1936, out of 344,710 convictions against black people in the entire country, 107,348 were for liquor related offenses. By comparison, Pass Law offenses in the same year numbered 71,052.



Khawuleza Mama Khawuleza Mam Khawuleza Mama Khawuleza Mama Khawuleza Mama She Shi Za Wo	Jonga jonga jonga yo khawuleza Mama, iyeyiye Mama Humm, Patti, jonga jonga jonga yo khawuleza Mama Iyeyiye Mama	Iyooo amapolis’ azongen’endlini Mama, Patti, khawuleza Mama Jonga jonga jonga yo khawuleza Mama, iyeyiye Mama Khawuleza, Patti, jonga jonga jonga yo khawuleza Mama Iyeyiye Mama
Naaaank’ amapolis’ azongen’endlini Mama, Patti, Khawuleza Mama Naaaank’ amapolis’ azongen’endlini Mama, Patti, She Shi Za Wo	Ooooooy Naaaaaaak’ amapolis’ azongen’endlini Mama, Patti, khawuleza Mama	

- Miriam Makeba: Khawuleza



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In 1962 laws that prohibited the sale of “European Liquor”, including lager beer, to black people were repealed. In the decades that followed South African Breweries, already established as a dominant player in the local lager beer market, used its position to solidify its near monopoly in the beer industry as a whole. It was even able to capture the market in townships and among urban black residents, eventually displacing the municipal beer halls which continued to sell sorghum beer (Mager, 1999, 2008; Rogerson, 1986a). The growth of SAB did provide some opportunities for informal enterprises, especially shebeens, which were a major market for SAB’s products (Rogerson, 1986b).

This provides an example of how the structure of the economy is skewed in favour of large formal businesses. SAB was able to monopolise the higher-value activity of production, while it left the lower-profit and legally risky activity of selling beer to black township residents and a network of informal enterprises.

These examples contradict the idea that the small size of the informal economy today is the result of some natural or cultural disinclination towards entrepreneurship among black South Africans.

Indeed, black South Africans have historically proven to be responsive to market opportunities and innovative in the ways that they carve out livelihoods from them even in the face of legal restrictions.

One of the few remaining opportunities available to black entrepreneurs was retail trading, but, as Southall notes “even within the commercial sphere, African activity was subject to severe limitations, and historically,

white dominance in trading and retail was continuously guaranteed by a system of protective licensing from the early years of the century, if not before” (Hart, 1972, p. 95).

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Dispossession of Black male labour for MEC and commercial farming

The discovery of gold in what is now called Johannesburg accelerated the development of capitalism and the creation of a working class in South Africa, as more and more black workers were recruited from rural reserves and from neighbouring African countries.

Migrant work in South Africa started before the discovery of gold in 1886. For example, there was a migrant labour system in the agricultural sector and in diamond mining. But the discovery of gold intensified the migrant labour system. Taxes were introduced by colonial governments that had to be paid in cash and this meant that more and more black men were compelled to enter the wage-based economy. This led to land dispossession and the destruction of the African peasantry⁵⁵.

The migrant labour system in South Africa, which came after colonialism and the dispossession of the black people who are the original inhabitants of southern Africa, was another form of precarious work. In the 1800s, black males were compelled to work in the mines as migrant workers and

to leave behind their wives and families in what were called reserves. These were depressed areas, later known as Bantustans. The cheap black labour system exploited black men, who lived in poorly-constructed hostels in the cities and earned very low wages. In addition, violence and surveillance by the employers and the racist state security forces created slave-like conditions for these workers, who also faced the danger of mine work. On the other hand, white workers who came to South Africa from the Global North during the post-war years with a tradition of organising were able to bargain for exclusive rights and privileges like those of workers in their countries of origin.

It can be argued that a two-tier labour system existed in South Africa during the phases of colonialism and apartheid, with most workers occupying extremely precarious positions while white workers had access to better working conditions and decent wages.

Rural Womxn’s Unpaid Work Subsidises Growth of MEC

The whole system was sustained by unpaid care-work conducted by black womxn, who had to take care of the families in the reserves. Black men would only see their families once a year, as they were contracted to work in the cities and towns for almost a year. It can be argued that black womxn were the heads of their households, since they looked after children and organised food and other services for entire families, with little or no state support. The low wages earned by black men meant that black womxn’s unpaid labour in the reserves subsidised the state and the private sector, which did not provide welfare for the black majority⁵⁶.

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⁵⁵ Callinicos, L., 1985. Gold and workers (Vol. 1). Ohio University Press.

⁵⁶ Moodie, T.D. and Ndatshhe, V., 1994. Going for gold: Men, mines, and migration (Vol. 51). Univ of California Press.

A **conglomerate** is a large company composed of a number of other companies

Concentration occurs when fewer and fewer companies control more and more of the economy

Entry of Black Womxn as Domestic Workers and Retail

Besides industrial workers, black workers in retail and services sectors tended to be employed in extremely precarious positions even at the height of unionisation and worker militancy in the 1980s. They were also involved in challenging racism, sexism and the cheap-black-labour system. A good example of union action occurred in 1986, when the black workers employed by the OK Bazaars, one of the biggest retail chains at that time, organised a full-blown strike to challenge the company's policies regarding race and gender, as well as to protest about low wages. Kenny notes that retail companies, OK Bazaars in particular, employed mainly black womxn, who were often victims of racism in the workplace, sexual harassment and abuse by employers and customers. About 10 000 workers at more than 100 OK stores throughout South Africa demanded an end to unfair dismissals, starvation wages, poor working conditions, sexist and racist behaviour⁵⁷.

The origins of a skewed financialised industrial structure

The economic effects of the policies of dispossession by the land and through the market throughout the 19th and 20th centuries was to stifle the emergence of a class of small-scale black business owners. The state and capital enforced the super-exploitation of black male workers which was subsidised by the unpaid labour of black womxn shackled to the underdeveloped rural areas. These processes would lead to high levels

of concentration in the South African economy, as large corporations and **conglomerates** came to dominate key sectors – the MEC (Minerals Energy Complex) (Fine & Rustomjee, 1996).

During apartheid, economic power was concentrated with English mining and finance capital (big banks) on the one hand, and political power was in the hands of Afrikaner interests controlling the state. Industrial policy promoted Afrikaner economic interests in core sectors of the economy, mining and finance. Their success depended on harnessing English capital in mining and finance. In turn, English capital depended on the state.

The state promoted Afrikaner finance to make it easier for capital to become concentrated in Afrikaner mining and other economic interests. **The Industrial Development Corporation (IDC)**, is the state entity that originally provided financial support to Afrikaner economic interests. Industrial policy included the establishment of state-owned mega-projects critically dependent on mining inputs and critical as inputs into mining – specifically energy – from which the likes of Eskom and SASOL have been built. The apartheid regime also made use of prescribed assets in order to develop the racialised economy. Prescribed assets were governed by the Pensions Fund Act of 1956. Every pensions fund had to invest at least 10 percent of its total assets in government bonds and 40 percent to prescribed stocks. Firms located in the MEC were amongst those targeted such as the steel company Iscor (now Mittal Steel) and Sasol and other activities and government bonds such as water services

⁵⁷ Kenny, B., 2018. Retail worker politics, race and consumption in South Africa: Shelved in the service economy. Springer.61

and National Defense Bonds. Prescribed assets were abolished just before the end of apartheid in 1989. By 1989, just over half of pension funds assets were prescribed assets.

In addition, there was heavy protection of manufactured consumer durables (washing machines, fridges and the like) for a small section of society, mainly white. It also offered small-scale support for labour intensive activities to ensure full employment for the white population.

The outcome of this industrial strategy was a heavily skewed industrial structure, with ownership highly concentrated in six **conglomerates** (definition on p9 & p92) that collectively owned 83% of the stock market in 1988.⁵⁸ These companies came to be the dominant players in the South African economy, and they are emblematic of the **concentration** which has historically crowded out small-scale enterprises.

As discussed above, industrial policies of the apartheid era involved the promotion of finance. With the crises of debt and political legitimacy, the 1980s and early 1990s saw volatile and negative GDP growth rates that were driven by divestment (negative growth in the capital stock) that resulted from external economic sanctions and the reluctance of domestic capitalists to invest in long term investments with growing political uncertainty. Trapped by economic sanctions, domestic capital sought different avenues for investment via the financial sector. The period from the mid-1980s until the early 1990s saw persistently large financial

surpluses as a share of GDP in the domestic economy (Newman 2014). This saw the increase in purchase of financial assets by non-financial corporations throughout the 1980s that fuelled the rapid expansion of, and developments in, the financial sector made possible by a series of financial sector reforms (figure 18). The financial sector reforms of the 1980s amounted to deregulation through the abolition of specialised bank categories and the removal of barriers against foreign entry into the sector and the shift to international standards for capital requirements as prescribed by Basel and saw the rapid expansion of the financial sector.⁵⁹

There have been significant changes since the 1980s that have transformed the economy and the MEC itself. But these changes have not altered the strong disadvantage that small and informal producers face in the economy.

⁵⁸ Fine, B and Rustonjee, Z. (1996). The political economy of South Africa: From minerals energy complex to industrialisation, Johannesburg: Witwatersrand University Press

⁵⁹ Verhoef, G. (2009). Concentration and competition: The changing landscape of the banking sector in South Africa 1970–2007. South African Journal of Economic History, 24(2), 157–197.

C4

Economic
Reform
since 1994

Economic Reform since 1994

Economic reform since 1994 has been shaped by the interests of South African capital. The crisis period of the 1980s saw capital trapped within the national economy because of international sanctions and capital controls, and it was reluctant to invest in fixed assets (investments that cannot be moved). Democratic transition promised corporate unbundling and a shift from an 'old economy' to a 'new economy'. South African capital was eager to internationalise by moving to stock exchanges outside South Africa (relisting offshore). By doing this they wanted to make the most of new opportunities for profit offered by an increasingly globalized and financialised economy, and also benefit from exporting capital and profits.

Conglomerates managed to capture macroeconomic policy to their benefit⁶⁰. Macroeconomic policy describes actions that the state can take by itself to affect the whole economy, such as inflation control. Meanwhile they supported growth of the conglomerates through financing from the Industrial Development Corporation (IDC) and tax breaks that assisted the expansion of mineral processing during the period of transition, which in turn helped conglomerates to go international after 1994.⁶¹

In 1996, the South African government adopted **GEAR**, with its neoliberal macroeconomic framework that reflected the interests of conglomerate capital. GEAR rested on policies such as control of inflation (which often means wages must be kept back), cutting state spending and reducing government debt, opening our markets to cheap imports of foreign goods, and high interest rates that supported the globalisation and **financialisation** of South African economy⁶².

Politically, the tension between the interests of the conglomerates and the black majority, particularly MEC conglomerates in mining was resolved through promoting and co-opting a black elite through the policy of **Black**

Economic Empowerment (BEE) that was initiated by the conglomerates. In the first decade of democracy, industrial policy took a back seat.

The only sector that received policy attention backed with real programmes for investment was the automotive sector via the **Motor Industry Development Program (MIDP)**. The automotive industry was the only sector outside of the MEC-core that saw positive investment and growth in value added and employment, except for food and beverages, which has expanded into other countries in the region (South African Breweries, for example).

The **Duty Credit Certificate Scheme (DCCS)** for clothing and textiles was completely inadequate to support that sector in the face of competition from imports, and the sector was particularly hard hit after 1994. By 2017, there were 115,000 fewer jobs in textiles and clothing than there had been in 1993.

Deindustrialisation under GEAR was devastating to the labour intensive sectors, further strengthening the MEC and weakening employment. Manufacturing's share of the country's total production has shrunk dramatically, from one fifth (21%) in 1993 to less than one twentieth (4%) in 2017. Manufacturing's share of employment has fallen from 14.8% to 9.4% over the same period. This pattern of deindustrialisation has made manufacturing more capital intensive (meaning it relies on large investments and less labour). This speeded up the growth of unemployment associated with the decline of manufacturing. In 2010, light manufacturing had fallen to just 33.8% of the net value of output in total manufacturing. This has ruined the prospects of youth employment, as the uptake of semi-skilled workers has shrunk.

'Feminisation' of work and growing unemployment have deepened womxn's difficulties.

In the Vanderbijlpark area, where one of the biggest plants of the ArcelorMittal Company is situated, the township of Bophelong was deeply affected by retrenchments, leading to womxn becoming heads of households. This places womxn in a contradictory position, which is characterised by violence against womxn and a general emphasis on patriarchy. Rather than increasing their power, the situation deepens patriarchy.

The decline of industries like textile and clothing manufacture in areas like KwaZulu-Natal has placed an additional burden on womxn, who must work in the informal economy and also use social grants to support their households. This has given rise to the Blesser

⁶¹ Zalk, N. (2017). The things we lost in the fire: the political economy of post-apartheid restructuring of the South African steel and engineering sectors (Doctoral dissertation, University of London, School of Oriental and African Studies).

⁶² Ashman et al. 2011, Alami 2018)-

Culture or an exchange of money for sex between men and young womxn has caused an increased in the social vulnerability of young womxn. In some instance, womxn remain in violent and abusive relationships for economic survival.

The workforce has changed drastically. There is now a declining male workforce in the manufacturing and mining sectors, which are represented by established unions. Precarious forms of work are more prevalent, and it appears that they are a permanent feature of the South African labour landscape. Most significantly, black womxn are entering the labour market as precarious workers with little access to the labour rights that have been won and having to start from scratch in rebuilding workplace organisations. [X-REF SEE BUHLE'S TESTIMONY, p19]

GEAR Revisited

The global economy remains in crisis since the Global Financial Crisis of 2008. By some estimates, 1 million jobs were lost at the start of the crisis. The youths, especially those aged 15- 24 with only a matric or less, experienced the greatest job losers. By other estimates, 570 000 out of the 700 000 that lost their jobs were youth.

However, what started as a crisis in the financial system that was caused by the rich elites, is being solved in the homes of the poor. Governments across the world, including our own, are making the political choice of implementing austerity measures in the hopes of reducing public debt and stimulating economic growth. This is sure to have greater social costs as discussed.

What are austerity measures?

These are government policies and actions taken to solve the “debt and growth problems during a period” of low economic growth, no economic growth or negative economic growth. The types of austerity measures that concern us because of their effects on womxn and girls and dignified work are: Low expenditure on public services; cuts to the national budget especially directed towards public services; regressive taxation where the poor pay more tax than the rich; labour market reforms and conservative monetary policy. We focus here on low expenditure on public services, cuts to the national budget especially directed towards public services, regressive taxation as the other two have been discussed in pages 96 & 97.

Austerity Actions taken by Government

Low expenditure on public services:

According to the Institute of Economic Justice, expenditure has not kept up with population growth since 2014. For instance, in healthcare, expenditure has slowed over the last five years. This has impacted the quality of care given by healthcare workers who complain of exhaustion and stress. For instance, the number of nurses per 1000 population has drastically declined from 2008-2018 by 11.8%.

Regressive taxation:

The South African tax system is generally progressive. This means that the more you earn, the more you are taxed, or the less you earn the less you are taxed. However, there has been creeping austerity in other areas of the tax system too.

- **Personal Income Tax:** the inflation-linked adjustment of PIT brackets has meant that, overtime the effective tax rate for high income earners has decreased dramatically. As shown below, the adjustment of tax brackets has led high-income earners to save substantial amounts of money.
- **Indirect taxes:** Taxes on goods and services (indirect taxes) are increasingly regressive. The top 10% (10th decile) contribute towards only 56.9% of all indirect taxes, almost at the same level as their share of the national income (56.7%). At the same time those considered under the PIT thresholds to be too poor to pay income tax (the bottom

50% – decile 1 to 5) are contributing as much as 5% of total indirect tax contributions whereas their share of disposable income is only of 4.8% nationally.

- **The controversial tax breaks offered to wealthy individuals:** Currently classified as tax expenditures, these tax credits are offered to wealthy individuals earning above R500 000 rand per year. These credits are government subsidies taken from the budget and then directed to private healthcare and insurance providers to pay for these wealthy individuals' private healthcare (medical aid) and pension schemes. Therefore, these taxes are not collected that stop the national budget from important revenue resources.
- **Corporate Taxes:** Taxes on companies' income have decreased since 1990 from 50 percent to 25 percent. This follows a global race to the bottom where countries decrease taxes charged at companies in the hope to entice them to invest in their economies. This strategy has generally failed including in South Africa. Instead, the country has missed the opportunity to raise public finances. If the rate of the Corporate Income Tax was still at its previous levels of 50% in 1994 or 35% in 1999, R410 billion or R287 billion would have been collected for the 2019/20 budget year, instead of R229.6 as planned currently. This would be able to contribute to reducing Eskom's massive debt that threatens our economy.

Government's False Hope

The South African government believes that austerity will boost economic growth. This strategy is a false hope. Austerity only leads to a bad mix of inequality, low growth, unemployment and rising debt.

Impact of Economic Reforms on Unpaid Care, Paid Care Work and Youth

These negative impacts have huge social costs. Womxn are more exposed to gender-based violence. Moreover, womxn are left to fill in the gaps left by a shrinking public services as their unpaid labour increases which stops them from participating in the market economy. Lancet's Global Burden of Disease study has placed South Africa amongst the countries in the world that do not have enough health workers to deliver quality care services. A study has shown that VAT reduces disposable income and therefore the power to make purchases of goods and services. This drastic fall in income is mostly felt by the poor, particularly womxn⁶³. **Southern Africa Towards Inclusive Economic Development (SA-TIED)** argues that scrapping the zero-rated items, and using the resources (R20 billion) to finance more social benefits, would result in reduced poverty and inequality.⁶⁴ A higher VAT on luxury goods can be another important measure to raise revenue and redistribute income.

Impact of Economic Reforms on Informal Sector

With rising unemployment, and fewer jobs in the formal sector, one would think that the informal sector would be a shock absorber that takes in job losses from the formal sector. The biggest obstacle to the informal sector is outside the informal sector. This report argues that the main cause of South Africa's small informal economy when compared to other countries, is not found within the informal economy itself, but rather in the structure of the country's highly concentrated formal economy. However, there are government policies and practices that also contribute to the sector's smallness, wherein the formal and informal sectors are tightly interconnected.

⁶³ Institute for Economic Justice. 2018. Mitigating against the VAT increase: Can zero-rating help?

⁶⁴ Modelling value added tax (VAT) in South Africa: Assessing the distributional impact of the recent increase in the VAT rate and options for redress through the benefits system.

The size of conglomerates compared to the economy has declined since 1994, but they have reorganised rather than lost their central role. As government lifted restrictions on outside trade, South African firms have become integrated into global economic networks, which pressured the sprawling conglomerates to change their businesses and concentrate in “core” activities which generated the most money. However, as their activities became more focused on core activities, they extended their operations to take over or control their suppliers and distributors within their core sectors (this is called vertical integration). Chabane et al. (2006) conclude that “the positions of major conglomerates are if anything even more entrenched, especially in industrial and mining sectors” (p. 573).

The high levels of concentration in manufacturing helps to explain why South Africa not only has a small informal sector, but also one that is mainly made up of low-profit activities such as retail trading and personal services. Many sectors that are the domain of the informal sector in other low and middle-income countries are controlled by large formal firms in South Africa. Examples include, agriculture, processed food, clothing, and furniture. As Philip (2018b) notes, the high concentration and vertical integration of many sectors means that many producers also control the supply of their own raw materials – for example, bread producers control flour –which allows large conglomerates to outcompete small rural producers despite the rural producers’ advantage of low transport costs and wage expectations. Small enterprises in these sectors find themselves in a position where their suppliers are also their competitors (Philip, 2018a, p. 315).

In some countries, informal producers such as small farmers sell to big supermarkets, and so the expansion of supermarkets expands the informal sector. In South Africa, however, big companies try to buy or otherwise control the whole value chain, from production all the way through to distribution. They set standards about quality and quantity of produce which are too high for small producers to meet, and require their producers to pay marketing fees, provide discounts and wait a long time for payments. All of this makes it very difficult for small producers to get into the game, and traps them as very junior partners if they do.

In the informal trade of food sector, supermarkets have expanded rapidly, pushing into townships and rural areas that previously relied on informal traders.

South Africa is **number 6** globally in the amount of space given to shopping centres. South Africa and New Zealand are the only countries outside Europe and North America to feature in the top 25 for formal retail space.

Another global trend which has played out in the South African economy in recent decades is increasing financialisation. The South African economy has long been heavily financialised, both through the role of financial firms and the financial activities of non-financial firms. But the form and effect of financialisation has changed with the liberalization of the economy. As Karwowski (2018) shows, companies have used liberalized capital markets to attract foreign capital investment; however, rather than investing in productive activities, these new funds have been held in commercial banks, and ultimately have fuelled an expansion of lending to consumers and inflation in property prices.

The expansion of credit, which is at the same time an expansion of consumer debt, has consequences for informal producers, and in particular informal traders.

The ability to offer credit is a further market-based advantage that large formal retailers have over small informal traders; thus giving further advantage to the large chain stores. This has also resulted in a boom in property values and development has led to the expansion of shopping malls and formal retail sites in areas, such as townships and rural areas, which were previously serviced by informal traders.

Impact of Economic Reforms on Labour

GEAR's neoliberal framework had effects within workplaces, where employers were able to restructure work by introducing new technologies, outsourcing, labour brokering and employing casual and contract workers. These measures reduced the power of workers and trade unions by fragmenting and restructuring the workforce⁶⁵.

Precarious work, which used to be referred to as unusual forms of work in the 1980s, became the typical forms of work in the 1990s and the 2000s⁶⁶: "Flexi-work [or precarious forms of work] is being introduced at the same time as South Africa's first democratically elected government is trying to extend basic core rights and standards to large sectors of the workforce that have been excluded in the past from the core labour regulation regime."⁶⁷

GEAR called for deepening labour market flexibility and privatisation, for further opening up the South African economy to promote and entrench global competition, and for deregulation and austerity measures to reduce state expenditure on social services.

Webster and Kenny argue that the flexible forms of employment introduced by employers were attempts to weaken the labour movement and remained a real threat to permanent workers who had labour rights and better working conditions. Other scholars argue that although precarious forms of work are a global phenomenon, the labour movement in South Africa, particularly COSATU affiliates, tend to focus on 'palace politics'. Political connections and being part of the ANC provides better job opportunities and income for COSATU-linked trade unionists. That is why, instead of responding to shop-floor challenges regarding precarious work, union leaders spend time, energy and resources intervening in the political direction of the ANC government, which, in turn, implements policies which harm workers⁶⁸.

In South Africa the re-organisation of work dates from the 1980s and has had far-reaching implications for workers. The organised workforce was massive and organised in factories and mines affiliated to relatively strong trade unions. This pattern has been fragmented, both by the changing nature of the labour process and by the inability of trade unions to respond to this change. The democratic dispensation was a contradiction in the sense that formal apartheid laws were repealed and the black majority

⁶⁵ Buhlungu, S., 2010. A paradox of victory: COSATU and the democratic transformation in South Africa. University of KwaZulu-Natal Press.

⁶⁶ Kenny, B. and Webster, E., 1998. Eroding the core: Flexibility and the re-segmentation of the South African labour market. *Critical Sociology*, 24(3), pp.216.

⁶⁷ Kenny, B. and Webster, E., 1998. Eroding the core: Flexibility and the re-segmentation of the South African labour market. *Critical Sociology*, 24(3), pp.216.

⁶⁸ Masondo, T., 2012. The sociology of upward social mobility among COSATU shop stewards. *COSATU's Contested Legacy: South African Trade Unions in the Second Decade of Democracy*, pp.110-131. Buhlungu, S., 2010. A paradox of victory: COSATU and the democratic transformation in South Africa. University of KwaZulu-Natal Press.

attained political rights; however, generalised neoliberalism introduced at the same time has led to the return of precariousness, where workers earn low wages and have neither job security nor benefits.

The decline in manufacturing and mining employment (discussed earlier in this report) has weakened the unions, which used to be anchored by workers employed in industries.

Several surveys of COSATU, the biggest union federation in South Africa, have shown that permanent public sector workers who are professionals, like nurses, police officers and other state officials with university and diploma qualifications, have a strong presence in the federation. It has also been shown that the union federation has fewer workers employed in the private sector, particularly precarious workers. At the same time, leading union officials have used their proximity to the ruling African National Congress to access high-paying positions in the public and private sectors, thereby weakening the ability of the unions to represent the interests of workers⁶⁹.

The bureaucratisation of the unions and a social distance that exists between workers and the union leadership has far-reaching implications for workers and the unions. For example, in 2012, 34 mine-workers who

were demanding a living wage were massacred by the state police, and the union that was supposed to defend the interests of the workers was culpable in the massacre, demonstrating a social distance between the unions and workers.

Social distance and bureaucratisation did not only affect leaders of trade unions occupying powerful positions in national offices. In a survey conducted in 2012, it was revealed that 39% of COSATU members were drawn from public sector unions, showing a significant increase in public sector workers, who comprised only 7% of the workforce in 1991. The same survey showed that more than a third of shop stewards interviewed were not interested in community or service delivery issues.

The division within COSATU became evident when the **National Union of Metalworkers of South Africa (NUMSA)**, the biggest union in South Africa, was expelled from COSATU in 2014 due to political differences over the ANC's inability to defend and advance the interests of marginalised workers. Subsequently, a new union federation called the **South African Federation of Trade Unions (SAFTU)** was launched in 2017. With its membership drawn mainly from NUMSA, the new federation claims to be representing 700 000 workers.

⁶⁹ Webster, E., Britwum, A.O. and Bhowmik, S. eds., 2017. Crossing the divide: Precarious work and the future of labour. University of KwaZulu-Natal Press. Scotville. Masondo, T., 2012. The sociology of upward social mobility among COSATU shop stewards. COSATU's Contested Legacy: South African Trade Unions in the Second Decade of Democracy, pp.110-131. Buhlungu, S., and M. Tshoaedi, eds. 2013. COSATU'S Contested Legacy: South African Trade Unions in the Second Decade of Democracy. Brill: Leiden.

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Other Social
Impacts of
Financialised MEC

Land dispossessions

South Africa's land reform process meant to benefit the poor (urban and rural poor, farmworkers, labour tenants, as well as emergent farmers) for their residential and livelihoods' needs has been elite captured.

The MEC has contributed to inequalities through the continued process of dispossessing communities of their land for the purpose of furthering mining wealth for the few. Mining companies have been aided and abated by the state and 'other governmental actors'. The Department of Minerals and Resource and traditional leaders have been key actors in the land grab process.

As a result, most of the land for mining projects is acquired by force and/or via non-voluntary means because due process is not followed in line with the **Interim Protection of Informal Land Rights Act (IPILRA)** and other international principles for responsible investments such as **Free, Prior and Informed Consent (FPIC)**. The investors disregard IPILRA which protects informal land occupiers because they are required to consult and to seek consent from affected communities. Mining capital chooses the Mineral and Petroleum Resources Development Act, 2002 (Act No. 28 of 2002) (MPRD Act) in its investment decisions because it promotes easy dispossession of locals in the context of weak governance and unequal power relations. Traditional leaders are seen as the authority to sign agreements with investors to cede communal land which is mainly worked by womxn. This is based on the wrong application of the **Traditional Leadership and Governance Framework Act (TLGFA)** of 2003 and the MPRDA

Act. There are many cases that expose the injustice that mining capital has inflicted on communities. The Xolobeni case, is a famous case in which the community has been battling an Australian mining company against attempts of dispossessing the community of peasants from their land. Another less known case is the Mokopane district Case.

Smallholder farmers located in Limpopo Province in South Africa were dispossessed off their land by a foreign mining company. The Department of Mining granted Ivanplats a 30-year mining right on 30 June 2014 without following due process in line with the IPILRA and other international principles for responsible investment. A total of 20 villages under Kgoshi (Chief) L.V. Kekana in Mokopane district, amounting to about 150 000 people were directly and indirectly affected. To meet BBBEE regulations, the mining company registered Platreef BBBEE as a private limited company and constitutes 'local communities, local entrepreneurs, and staff'.⁷⁰ This transaction has not helped this community as they were awarded a loan of R2.6 billion for the transaction without knowing the terms of the loan. This has resulted in the massive debt that must be paid back to the company at a 75% interest rate.

Climate Change

South Africa is the world's fourteenth largest emitter of carbon dioxide, the primary pollutant linked to climate change. South Africa pollutes even worse when we count the amount of pollution produced per person. We release 7.4 tonnes of carbon per person into the atmosphere in a year, making the country the tenth worst emitter in the world.⁷¹

⁷⁰ Interview, Moremi Pehashidi, Mokopane Trustee, Mokopane. Also see Ivanhoe Mines Ltd, 2016. The Platreef 2016 Resource Technical Report has been prepared for Ivanhoe Mines Ltd. (Ivanhoe) by OreWin Pty Ltd (OreWin), Amec Foster Wheeler E&C Services Inc (Amec Foster Wheeler), SRK Consulting Inc (SRK), Stantec Consulting International LLC (Stantec), DRA Projects (Pty) Ltd (DRA) as the Report Contributors.

⁷¹ Figures from Union of Concerned Scientists. 2019. 'Each Country's Share of CO2 Emissions'. 19 October 2019 (updated). <https://www.ucsusa.org/resources/each-countrys-share-co2-emissions>.

The reason for South Africa's poor performance is that it relies on coal for the majority of its electricity production.

But roughly 30% of South African population is not on the grid meaning that they hardly contribute to these figures. Though research has yet to be done specifically on South Africa, Oxfam estimates that at the global level as much as 50% of carbon emissions are generated by the top 10% of the population.⁷²

South Africa is likely to be even worse than the global trend because the primary consumer of energy is the MEC itself. According to a report that Deloitte consulting prepared for Eskom in 2017, MEC related sectors account for a whopping 47% of South African energy consumption. By contrast all residential energy use only accounts for 20%.⁷³ Thus the MEC is both the cause of the underlying problem – an overreliance on coal – and the primary beneficiary as a huge percentage of the power produced is going back to the MEC.

In conclusion to this chapter, financialised MEC dominates not just the South African economy, but South African politics too. This is because since it accounts for a large percentage of the South African economy, governments have been unable to confront the MEC in a meaningful way, and neoliberal economic reform undertaken at the beginning of the post-apartheid period mean that the money the financialised MEC generates need not be re-invested into the economy – they can leave the country or even the continent and often do. Womxn are excluded from dignified work

because the MEC was set up on the premise that men would work in the mines and womxn would do the unpaid care work needed to support them.

The result of all this is the opposite of a good development policy – a focus on resource extraction and financialisation of the economy as opposed to sustainable industrial development that would create more and better jobs, especially for womxn and young people. The job crisis is set to worsen with governments' continued austerity which will hurt womxn and young people from meaningful economic participation. For womxn their burden of care work arising from budget cuts in public services is set to exclude them from participating in the labour force, for young people cuts in education for instance will make them less employable.

There are also other social impacts of the financialised MEC. The MEC dominance over land allocation policy means that there is little scope for small farmers or rural livelihoods. This is a continuation of the dispossession suffered under colonialism and apartheid that squashed the emergence of rural livelihood out of which the MEC was born. The MEC is a major driver of climate change both as a consumer of energy and as a producer of coal. Without taking real measures to reduce the size and influence of the MEC – by investing in sustainable and pro-womxn industrial policies (meaning an end to austerity measures), enacting and enforcing better regulations and taking measures to discourage capital flight, ensure a macroeconomic policy that targets jobs and that the MEC pays its share of tax – it will be near impossible to reduce inequality.

⁷² Gore, Timothy. 2015. 'Extreme Carbon Inequality: Why the Paris Climate Deal Must Put the Poorest, Lowest Emitting and Most Vulnerable People First'. Oxfam International.

⁷³ Deloitte. 2017. 'An Overview of Electricity Consumption and Pricing in South Africa'. <http://www.eskom.co.za/Documents/EcoOverviewElectricitySA-2017.pdf>.



Dade: struggling to be self-employed [BOX]

Dade, who we met on p17 above, got emotional telling the story of her past. Here she tells more of the violence and ill-treatment she faced from white farmers when she was a child, the constant setbacks her family had to deal with, and her struggles to be self-employed.

As I had said my uncle also experienced ill treatment by the white people. He was also beaten up by the farmer owner and this got my grandmother kicked off the farm.

My grandmother's name was Nonkelevana, she had grown up on a farm owned by the white farmer's father; she later moved to the son's farm [the white farmer who beat up Dade's uncle] where she built her house. The farmer told my grandmother, "I would let you stay on the farm but I am evicting you because your son is important to you and he will miss you, he will want to come and see you and I don't want him on my farm, go and find somewhere else to stay."

My grandmother asked him where she would find another place to stay because "the letter you will give me will make other farm owners reluctant to let me live on their land". After that my grandmother moved to Dannhauser at a place that we called ko noKitshini [Translated, a place for kitchen workers, that is domestic workers]. This was a place where there were no white people, indawo zabantu [a place for black people]. When we moved to the area it was around November, which was rainy season, so that made it difficult to build a house. Eventually we managed to build one house in which my grandmother, my aunt [the wife of my uncle who had gotten beaten up by the white farmer] and I stayed.

As we were no longer on a farm, things were different there in terms of food supplies, where the food was normally provided by the farmer. In

this area there was a slaughterhouse nearby that supplied meat to coal mine workers. My grandmother saw this as a business opportunity and started selling this meat. The slaughterhouse would sell the meat to my grandmother for a ticky (2 and ½ cents). It would have been the equivalent of meat that you can buy for a R100 today.

My grandmother would then sell this meat to households who weren't able to go to the slaughterhouse themselves because it was a bit of a distance from where people stayed. I would help my grandmother sell the meat and it would give us a Zuka (5 cents). So I grew up selling that meat for my grandmother and helping her out while my mother stayed in Johannesburg where she worked as a domestic worker.

As I grew older, my mother came to ask my grandmother that I move to Johannesburg (Soweto) to stay with her and assist her in the city. This was around the late 1960s. I came to live with my mother and started selling for her in the township. My mother was also a street trader in town - she was selling fruits, vegetables and second-hand clothes around Jeppe Street and Park Station.

Around 1970, my mother and I did not have a permanent place to stay - we would rent at different places for short periods of time. At one place we stayed it, Kwa Mhlabathi [referring to the owner of the house] in the township, everyone who was renting in that house got arrested. One of the womxn who lived in the house snitched to the police that my mother did not have permits and papers for her children (myself included). We then got taken by the 'Black Jacks' [Black men employed in place of regular policemen to enforce pass laws] to Zola Police Station and because I was old, the police said I should have had a pass by then.

I did not have necessary documentation or permit to be in Johannesburg. My mother did not know when I was born exactly, and the law required the exact date (day and month) when you were born. The hospital where I was born had closed, so we couldn't get my birth certificate. At the police station there were nine of us who were arrested for not having documentation/papers.

There was a school called Zibukeli, and through the assistance of a local councillor he helped get me a letter from the principal that said I had attended Sub A and Sub B (grade 1 and 2) at that school. With this letter, we estimated that I was born in 1952. And if I hadn't gotten this letter, I would have had to leave Johannesburg.

I am not sure when I was actually born, but I was quite grown when I was working on the farm and during the 1960s when the hit song Pata Pata came out I was old enough to remember the song and the dances, so that tells me I was born much earlier than 1952. After the assistance of the councillor with the school letter, I got my pass at the end of 1970.

It was difficult getting the pass. You would need to be able to speak Afrikaans; they [the officials] would ask Soweto street names in Afrikaans to try and see if you were really from Johannesburg. I didn't speak Afrikaans, so this was hard for me.

I started selling in town with my mother during the times when you had to move around from one place to the next because of the fear of getting arrested and getting your goods confiscated by the police.

After having my first child in 1973, I started selling for myself and to support my child. I had to work for myself - I could never work for white people again because of the beatings I had experienced in the past.

Because I had gotten my permit and pass, I then got my license to be a walker - a movement license - which meant you could sell your goods moving from one point to another. During that time there were few of us who weren't scared of going beyond Park Station to sell their goods. We had to hide our movement license because the police would tear them whenever they wanted, you would only show your license if you got arrested.

D

**HOW THE STATE'S
MICROECONOMIC POLICY
AND PRACTICE MAINTAINS
THE STATUS QUO**

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How the state's microeconomic policy and practice maintains the status quo

This section details some key mechanisms by which the big picture of conglomerate dominance translates into making work less equal and creating inequalities in finding work, often via government policy.

We look specifically at labour laws and practices affecting the formal sector workers to understand how they contribute to precarious work faced by womxn and youth (section D.1); policies affecting informal sector workers to understand how they contribute to conglomerate dominance, the small size of the informal sector and decline in womxn informal sector workers (D.2); how industrial policy, while necessary, has been ineffective at job creation in general, and has been inadequate for womxn empowerment in particular (D.3); and finally how political and corporate capture is undermining the developmental project and contributing to inequality.

D1

At work in the
formalised
sector

At work in the formalised sector

Saving on labour costs

Precarious work was generated by employers seeking to minimize labour costs and shift their risks to workers. This has deeply divided the workforce into more stable, permanent workers and precarious casuals and subcontractors, which increases inequality amongst workers, and increases overall inequality.

Under capitalist systems, work has always been precarious. However, conditions of precarity have often been mitigated by the ability of workers to mobilise and organise. For example, in the post-World War Two period in the Global North, it was trade unions and other workers’ organisations that made it possible for workers to gain advantages that countered the precarious conditions imposed by the state and the private sector. It should also be noted that, even in the post-war period, there were workers, especially migrants and women, who were consistently regarded as precarious workers.

The late 1960s and early 1970s saw the rise of neoliberalism as a social and economic system based on austerity measures and the implementation of changes in the workplace which were designed to neutralise the rights of workers and the progress that had been made in this regard. Since the 1980s, observers in the Global North have emphasised the occurrence of precarious work and of attacks on labour standards and labourers’ rights by the state and the private sector. In the Global South, the phenomenon of precarious work has always been present.

(Mondli Hlatshwayo, 2019)

Labour laws which divide workers and weakens unions

The Basic Conditions of Employment Act (BCEA) and Labour Relations Act (LRA) were some of the most progressive labour legislation globally when they were enacted; and they were a major victory during a period when other policies were very neoliberal. However, they have been undermined or not enforced.

The BCEA covers all workers’ working condition such as leave, safety, hours of work etc. Under the LRA of 1995, the labour and pay conditions (including the minimum wage) is left to Bargaining Councils established by the unions and employers in each sector. In cases where unions are too weak to bargain then the Minister of Labour sets wage rates. In this way, the restructuring of the labour market has reflected the sectoral restructuring of the economy, entrenching the power of capital, by limiting collective bargaining to the sector level.

Sectoral determinations in the context of uneven union organisation and the concentration of capital in the South African economy resulted in the fragmentation of the working class into the protected and the unprotected, a move away from centralised bargaining (typically associated with better outcomes for workers) to bargaining at the local level. Coverage of low-paid sectors has been partial and in this context, labour was unable to resist casualization, informalisation and worsening precarity which further undermined union organisation.⁷⁴

The LRA also recognised outsourcing and labour broking, which legitimated the continuation and growth of precarious work, as did the Basic Conditions of Employment Act.

Bargaining councils

In the past, the Minister of Labour or the Registrar were required to establish a bargaining council or extend agreements to parties outside the bargaining council once they were satisfied that the employer organisations employed the majority of workers and that unions represented the majority of workers who were union members. But the latest amendment to the law on bargaining councils states that representivity will be decided based on employer organisations employing the majority of workers, or the union having a majority of members. The implication of this change is that the unions do not have to have the majority of workers in a sector as their members. In fact, an employers’ association having majority employees is a sufficient condition to warrant an establishment of a bargaining council or an extension of a collective

⁷⁴ Di Paola, M., & Pons-Vignon, N. (2013). Labour market restructuring in South Africa: low wages, high insecurity. Review of African Political Economy, 40(138), 628-638

agreement to non-parties in the sector by the Registrar or the Minister of Labour.

The Casual Workers’ Advice Office (CWAO) interpretation of these changes is that they are likely to entrench the power of established unions, which tend to exclude precarious workers and employers in determining wages and working conditions. In calculating representivity, 4.5 million non-standard workers or precarious workers will be excluded. The CWAO concludes: ‘The changes will keep minority unions in control of whole sectors and they will have no need to organise the other workers.’⁷⁵

Undermining strikes

Compulsory secret balloting, conciliation, picketing rules and compulsory arbitration all work to decrease the heat and limit workers’ right to strike. Large unions with the most power to strike are usually tied up in bargaining councils.

Unfair Maternity and Paternity Leave

Womxn are only entitled to four months of maternity leave, and companies are not compelled by law to pay for such leave. Womxn who contribute to the **Unemployment Insurance Fund (UIF)** managed by the Department of Labour may claim 35% to 58% of their salary from the fund. The amended Basic Conditions of Employment Act grants ten days’ paternity leave which is paid for by the fund, which also covers adoption leave⁷⁶. This is a small advance because it accepts that fathers are also parents but the discrepancy between paternity and maternity leave means that womxn are left carrying the baby.

LRA and BCEA still promotes Labour Broking Even After Constitutional Judgement.

The Constitutional Court in the case NUMSA versus Assign Services (Pty), a labour broker, ruled that labour brokered workers who work beyond three months must be made permanent workers of the client company. However, the judgement only covers workers that earn below R205 433.30. For instance, professional nurses earn above this minimum. Therefore they are not afforded any protections that the BCEA affords permanent workers such as pensions, medical aid, working hours.

Youth and Womxn targeted Employment Programmes do not promote Dignified Work

While the Expanded Public Works Programme (EPWP) has met its targets, womxn (40% is the target) and youths (30 % is the target), it is widely seen not to produce dignified work.

- It has had limited impact on job creation and job security because it is highly temporary in nature
- EPWP has had limited impact on poverty alleviation as wages rates are below the minimum wage
- EPWP workers are not recognised as formal workers, therefore do not qualify for UIF in spite of the short-term nature of their work. They also do not have pensions and medical aid
- EPWP is not a stepping-stone to better employment because it only provides low skilled jobs with no job training (Simkins 2007; McCutcheon 2012)

BCEA transportation provisions puts shift workers at risk

Section 17 2b of the BCEA states that transportation from the worker’s residence and the workplace must be available at either side of the shift. However, this falls short of forcing companies to actually provide workers with safe and secure transportation. Care workers who often work night shifts fall prey to sexual violence and theft due to the use of public transport at unsociable hours.

Youth wage subsidy given by government to the private sector is meant to act as an incentive to get employers to employ the youth. There is

⁷⁵ CWAO. 2017. Submission to the Parliamentary Portfolio Committee on Labour on the Labour Relations Amendment Bill, the National Minimum Wage Bill and the Basic Conditions of Employment Bill, all of 17 November 2017

⁷⁶ Reporter. 2019. Living and loving. How South Africa’s maternity leave compares internationally. Posted on February 4th, 2019 <https://www.livingandloving.co.za/pregnancy-blogs/south-africas-maternity-leave-compares-internationally>

⁷⁷ Ranchhod, V., and Finn, A. 2015. Estimating the Effects of South Africa’s Youth Employment Tax Incentive – An Update (SALDRU Working Paper No. 152). Cape Town: University of Cape Town.

⁷⁸ Ebrahim, A., Leibbrandt, M., & Ranchhod, V. 2017. The Effects of the Employment Tax Incentive on South African Employment (UNUWIDER Working Paper No. 2017/5). Helsinki: United Nations University World Institute for Development Economics Research.

evidence that it has had no impact on youth unemployment⁷⁷ and that the limited jobs that were created would have been created anyways⁷⁸.

The campaign for a living wage

The Marikana Massacre essentially revived the struggle of a living wage that had been at the core of the trade union movement emerging in the early 1970s. A living wage is defined by Daniel as “... the amount of pay considered sufficient for a worker and their family to cover basic costs of living in a given period⁷⁹”. Marikana was also an important precursor to discussions over a National Minimum Wage. For the first time in our history we have enacted the historic demand of the freedom charter – for a NMW. The 22% of lower wage workers who have never been covered by any agreement of sectoral determination are now covered. That is a major victory. Indeed, the minimum wage sets a floor that no employer can pay beneath. While it is a starting point, it is a poverty alleviating strategy rather than an inequality reducing strategy. Indications are that the gender wage gap at the average has been reduced as a result of the minimum wage. This is due to the fact that many workers that did not have a wage setting regime previously were womxn. However, the gender wage gap at the median is not only larger than gender wage gap at the average, but also the gender wage gap at the median remains stagnant over time. This is further justification for a campaign for a living wage.

A contested concept

At the beginning of 2019, South Africa’s first-ever national minimum wage bill came into effect. The bill states that a minimum national rate of R20 an hour, or R3 500 if the worker is full time. This agreement was first signed

in February 2017 by stakeholders in government, labour and business, represented in the National Economic Development and Labour Council, and approved by cabinet later in 2017⁸⁰. The minimum wage debate stems from a 1994 call by organised labour where, in August 1997 for example, the trade union federation COSATU (Congress of South African Trade Unions) proposed to lobby for a national minimum wage, in part to “prevent the re-emergence of apartheid-type employment strategies”⁸¹.

Organisations which are for the wage bill are COSATU and FEDUSA (the Federation of Unions of South Africa) who have supported the wage bill. However, the new trade union federation SAFTU (The South African Federation of Trade Unions) has ridiculed the wage for not being a living wage and held a national protest, challenging the president to try and live on it and threatened to challenge the National Minimum Wage Bill in court if it was passed without input from a wide range of people from the working class.

At the other extreme, some economists have warned it may depress South Africa’s already high unemployment rate further by making it more expensive to hire workers.

A CCMA labour conference in 2018 debated the state of readiness for the implementation of the National Minimum Wage. A speaker highlighted the importance of raising public knowledge and awareness of the National Minimum Wage, and said that the CCMA’s jurisdiction in enforcing the National Minimum Wage would expand because the labour department had no capacity.

“The introduction of a minimum wage of R20 an hour, usually punted as R3 500 a month, will not apply to the largest group of the lowest paid: domestic and farm workers, let alone the thousands earning as little as R50 a day in the expanded public works programme (EPWP). Workers in these three categories are supposed eventually to qualify to be paid a minimum of R18 an hour for farm labour, R15 for domestic work and R11 for those under the EPWP umbrella. And, in all cases, any employer may apply, on the basis of financial hardship, to have the rate waived.”⁸²

⁷⁹ Daniel, D. 2017. South Africa and the introduction of a national minimum wage. Bargaining Indicators 2017, Volume 17, Labour Research Service, Cape Town. p46.

⁸⁰ Fin 24, 2017, “Cabinet approves minimum wage bill” <https://www.fin24.com/Economy/cabinet-approves-minimum-wage-bill-20171102>

⁸¹ Omarjee L 2019, Everything you need to know about the national minimum wage, Fin24, <<https://www.fin24.com/Economy/everything-you-need-to-know-about-the-national-minimum-wage-20190101>>. Accessed 12 September 2019

⁸² Bell, T. 2018. Inside labour stories facts and the minimum wage. 30 December 2018. <https://www.fin24.com/Opinion/inside-labour-stories-facts-and-the-minimum-wage-20181130> Fin24.com.

In 2017, the department had one inspector for every 120,000 economically active citizens, but the ILO recommend one for every 20,000.

Austerity measures within the Department of Labour and the government in general has led to the diverting of funds intended to strengthen the labour inspectorate, which is supposed to protect workers, particularly womxn. The weaknesses of the Department of Labour and its inspectorate mean that minimum wages and workers' rights are not likely to be enforced.

With regard to the CCMA, even if workers bring cases and it issues orders to redress injustices, employers tend to ignore them. The Casual Workers Advice Office (CWA0) elaborates:

"Over a ten-year period there has been a 52% increase in the numbers of cases referred to the CCMA. In 2006/2007 123,472 cases were referred, an average of 496 a day, by 2016/17 this had increased to 188,449, an average of 745 a day"⁸³.



⁸³ CWA0. 2017. op cit. p18.

D2

At work in
the informal
sector

At Work in the informal sector

Many government policies and practices that contribute to the volatility and the decline of womxn’s participation in the informal sector:

- Womxn’s participation in the informal sector is affected by their home responsibilities, as mentioned above.
- Access to credit is a problem for all informal businesses, but particularly for womxn, given that they have few assets (See, for example, Black womxn’s housing is less valuable, page 28).
 - National government policy talks much of supporting the informal sector, but:
 - It focuses on internal characteristics of the informal sector such as skills and reducing competition amongst informal traders by scapegoating immigrant traders, but ignores the larger economy which shapes and limits the informal economy.

False explanations:

“Foreign traders are pushing locals out of business”.
It is false because it cannot explain why the sector is so small.

“Traders mainly need skills”. Traders themselves argue that accounting skills and so on do not increase the number of people buying from them and skills do not reduce harassment from metro police.

- National policy and municipal actions do not match.
- Municipal policy is generally punitive and regulates traders heavily without supporting them.
 - Around half of Durban traders reported insecurity at the place where they sold; confiscation of goods by metro police, harassment from police, and eviction from the trading site.
 - The repressive approach to immigrant traders, far from protecting local traders, is extended to all traders along the lines of illegality and legality.
- Space to trade is a big problem. In many cities, such as Johannesburg, traders are restricted from trading in the most desirable areas of the inner city. They are restricted to demarcated markets where they have to pay fees.
 - The markets are not big enough for everyone who wants to trade
 - The fees are not matched by services
 - Those paying fees are still competing with traders who take the risk of trading outside the formal markets who don’t pay fees
- Informal workers also do not have social protection such as: Unemployed Insurance Fund, occupational health and safety, maternity protection, decent working conditions and minimum wages.
- Womxn are more disadvantaged by the harassment because they do not feel able to run away from police or confront them and therefore are more likely to end up paying fees in markets.

D3

Industrial
policy

Industrial policy

Development financial institutions do not adequately target employment creating sectors and womxn’s-empowerment business

Our Mashonisa Economy relies on short-term, impatient money. Therefore, it does not allow for long term patient money to be mobilised to the benefit of all South Africans. Development financial institutions (e.g. IDC) are vital in mobilising patient money or long-term investments that can contribute to building an inclusive economy. Research has shown that the IDC has not been successful in contributing to structural transformation towards an inclusive people’s economy. This is based on the following observations made by Das Nair, Mondliwa and Roberts⁸⁴:

- The IDC does not support sectors that typically create employment because capital intensive sectors take up the bulk of finance, particularly minerals and energy complex sectors.
- The IDC does not adequately support small, medium and micro enterprises: the number of loan approvals for SMMEs has declined from 2002 to 2017 although the scale of funding over the same period has increased.
- Although the IDC’s BEE funding has shifted from funding black people who buy shares or equities in existing big businesses, the funding of black industrialists continues to be in sectors that do not create employment.

In addition, womxn-empowered business (where womxn own at least 25% of the business) received a smaller portion of funding support from the

IDC. Approximately R2.2 billion was approved for such businesses. Upon inspection, the womxn-empowered projects were smaller, which is likely to have influenced the value of approvals. In addition, the structure of support provided by the IDC typically applies a cost sharing model and access to capital for womxn remains a key barrier to accessing support provided by the IDC (IDC, 2018). Funding approvals for womxn-empowered enterprises was directed to industrial infrastructure projects, enterprises operating in clothing and textiles, media and motion pictures, tourism and the services sector.

Industrial incentives favour men

Industrial policy is skewed towards male-dominated industries.

IN 2017/18 73.3% of the DTI’s R9.5 billion ⁸⁵ funding for key sectors went to manufacturing,		14.7% to industrial infrastructure 7.6% to film and TV	
and the balance went towards agriculture (0.9%)		business process services (0.3%) innovation (3.2%)	

⁸⁴ Das Nair, R., Mondliwa, P., and Roberts. 2015. The inter-relationships between Regulations and Competition Enforcement in the South African Liquid Fuels industry, Journal of Energy in Southern Africa, vol 26 (1), pp 11 - 19

⁸⁵ Annual incentive report, 2017/18. 2018. The dti.

Within manufacturing, the automotive industry received about 45% of the approved funds, while the chemical products, pharmaceuticals and plastics subsector received about 25.1% of the approved funds, compared to just 2.4% for the Clothing, Textiles and Footwear subsector. So fewer projects are funded in sectors that employ more womxn, and where womxn are more likely to own businesses.

In 2018, R7.9 billion was approved for black industrialists. However, womxn-empowered business (with at least 25% of ownership in the hands of womxn) received a smaller portion of funding support from the IDC, approximately R2.2 billion, as mentioned above.

Thus, perhaps the biggest let-down of industrial policy lies not in the state's unwillingness to elevate and fund sectors where womxn are located, but rather the failure to recognise that to address the fact of womxn's economic marginalisation requires an intentional setting of targets and creation of projects to uplift womxn, similar to the work of the Black Industrialist Scheme (BIS) whose creation was aimed at addressing the lack of black industrialists in the country. Furthermore, funding levels for projects aimed at womxn's business empowerment need to be improved beyond the R16 million allocated for the Isivande Womxn's Fund, or the R11 million allocated for the South African Womxn's Empowerment Network, for instance.

Industrial incentives do not create new jobs

The country's industrial policy has a number of financial supports for targeted sectors, including the 12i tax allowance, the Manufacturing Investment Programme, and the Manufacturing Competitiveness Enhancement Programme. Assessments of these incentives have found that:

- 12i tax allowance is a tax allowance for new firms. The allowance led to large investments, whose value was at times "twice the tax allowance, [but] the projected number of jobs [compared] to the tax incentive was very low". The sectors benefiting were predominantly capital intensive [such as chemicals]
- The Manufacturing Competitiveness Enhancement Programme provides grants and loans to promote job retention and competitiveness of firms. Its budget of R5.75 billion had all been allocated to projects by 2015. More than half of the approved financial support was targeted at labour intensive sectors - metals and agro-processing - but the majority of the funds (75%) was targeted towards buying machinery, and less than 20% towards enterprise level improvements (e.g. skills development).

- The Manufacturing Investment Programme is a grant programme in which R2.4 billion was invested between 2012-2015 resulting in the retention of 150 662 jobs.

Competition policy has not opened market access for small and new firms

The current structure of our economy rewards established big business and blocks SMMEs (Small, Medium and Micro Enterprises) and new enterprises from entering and thriving in the market. Established big business can use its economic power to block SMMEs "by lobbying for policies and regulations that make it difficult for rival firms to enter the market". This explains why the economy has not performed well and remains so unequal.

Competition policy currently focuses on the enforcement of rules against collusion (when rival companies agree to keep prices up, as happened with bread prices recently) and excessive pricing.

But there is still a need for competition laws and policies to be used to open up markets to include more participants. For instance, competition

policy must not allow retailers to control the value chain from production to selling, and to thus use their economic power to unfairly block the entry of small scale producers.

Mondliwa and Roberts identify several examples of how big firms use their economic power to unfairly block rivals and keep profits high:

- in liquid fuel, the major oil companies have long had regulations which allow them to control off-loading facilities at ports, storage facilities and access to pipelines;
- in telecommunications, Telkom has persuaded policy makers to support its privileged position in the name of extending access;
- in pay TV, there has been strong lobbying to pass regulations which stop potential rivals; and in beer distribution and sales, SAB-Miller (now ABInbev) headed off changes to the Liquor Act which would have opened up distribution to rivals (although some concessions were later granted during the process of getting approval for their merger).

D4

Political and
corporate capture
as a driver of
inequality

Political and corporate capture as a driver of inequality

Inequality is bad because it ensures that those that have money and power, are able to influence policy and decision making in a way that makes them more rich at the expense of the poor. In recent years “state capture” and “corruption” have become buzz words in South Africa. A series of high-profile cases including those involving former President Jacob Zuma and his ties to the Gupta family have shone a light on the political capture of public resources. But are these high-profile cases a symptom of a deeper problem? When we look at what happened in apartheid and what happened just after apartheid, we see that political and corporate capture of public resources is not a recent event, but rather it is systemic. Such capture makes powerful instruments such as local procurement, ineffective. Local procurement, or buying from local producers of goods and services rather than cheap imports has helped other countries develop an industrial base that employs people and reduces inequality. Therefore, to be successful at developing an economy that can cater to our most basic needs requires that we tackle our crisis of governance.

Political and Corporate Capture existed in Apartheid

The apartheid system was all about political and corporate capture. A person's employment and ability to provide for themselves and their families was based on their race and gender. Apartheid used a system of patronage to enforce political and economic control over the masses.

Traditional authorities regulated access to land. Black politicians and administrators regularly turned these resources to personal enrichment and patronage, providing for the apartheid regime a measure of social control. Moreover, towards the end of apartheid, companies would make profits from illegally taking money out of the country (defying international sanctions applied against businesses in South Africa).

The Politicisation of the Post-Apartheid Civil Service in early Post-Apartheid South Africa

As apartheid fell, ending one kind of political capture – white privilege – became a high priority. Another form of political capture – apartheid-era patronage networks – would be strengthened as a way to combat white privilege, and to provide resources to an impoverished population.

Apartheid was not a free market system. The relatively large apartheid state and its reliance on its civil service officials were among its core elements. As the ANC and its allies took over in 1994, a question arose: How could the civil service be made not only more racially diverse but also be compelled to make decisions that would benefit the least privileged?

The answer unfolded between 1994 and 2000. First, as older white civil servants left their posts (employment law protected them from simply being fired) new positions were removed from the purview of the Public

Service Commission. The Commission would, due to changes to the law in 1996 and 1997, only play a role as an oversight, advisory and grievance body. By loosening this significant, constitutionally independent check on the President and ministers, on premiers and members of provincial executive councils, the scope for politicisation in the national and provincial public service was dramatically expanded. In municipalities, councillors and mayors gained wider powers over appointments and operations under the Municipal Systems Act of 2000.

One result of these changes is that politicians have a large degree of control over civil servants. The most senior management posts, with notable exceptions in core national institutions such as the National Treasury, are filled in accordance with political criteria. Political appointments of senior managers helps to introduce political criteria over merit in lower positions. Therefore, the whole administration from the top to the bottom is politicised.

It was believed that this result could ensure that the civil service as a whole would be committed to multi-racialism and poverty alleviation. Thus it falls largely on the governing ANC and its allies to see that their representatives make decisions that transform the civil service into an engine of multiracial development.

This sounds great in theory. In practice, the system is rife for misuse. Politicians can favour whomever they choose, for good reasons or bad, and those favoured may be expected to repay the politicians in question. In other words South Africa has a patronage system not unlike those of other countries, but specifically justified in terms of undoing the legacy of apartheid. The apartheid legacy coupled with the changes to the law in the early post-apartheid period (long before Jacob Zuma became President) created a deeply uneven patronage system. Many local governments effectively function as fiefdoms with ordinary people dependent on good relations with local leaders for food, jobs (in the public and private sector), legal assistance and much else that they need.

Layered on top of the patronage system are policies like **Broad-Based Black Economic Empowerment (B-BBEE)** which are designed to ensure that governments can only do business with companies that are implementing a form of multi-racialism. In 2018 66% of registered suppliers were B-BBEE Level 1, the highest level possible. 57% of suppliers were majority black-owned. 22% were majority black womxn-owned. In the last eight months of 2017, 36% of national and provincial budgets went to B-BBEE Level 1 companies and 75% went to companies that were at least Level 4.⁸⁶

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⁸⁶ National Treasury. 2018. State of Procurement Spent in National and Provincial Departments. < http://ocpo.treasury.gov.za/Resource_Centre/Publications/2018%20State%20of%20procurement%20spent.pdf >; National Treasury. 2018. State of Government Suppliers. < http://ocpo.treasury.gov.za/Resource_Centre/Publications/Report%20State%20of%20Gov%20Suppliers%20Report.pdf >.

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The Department of Trade and Industry reports that between March 2015 and July 2017, nearly R59.95-billion was ‘locked into the country’ under local content designations. Only 4.43% of this amount, or R2.66-billion was verified. Most of the remaining R57 billion went to Transnet’s R50-billion plus purchase of 1064 rail locomotives, which has come under scrutiny by investigative reporters, public regulators, and the Zondo Commission of Inquiry.

To the extent that these policies and the patronage system more generally have created a more diverse South African workforce, they are to be applauded. But South Africa as a whole is even more unequal (in economic terms) than it was in 1994. In practice these policies have not allowed for the creation of a more equitable South Africa. If anything, they may be contributing to the diversification of the most privileged class. That is not necessarily a bad thing, but it is far from the vision South Africans were promised as apartheid ended 26 years ago.

Worse yet, there is a threat that resources desperately needed for development are being diverted to benefit a few who might be misusing a patronage system that could – despite its problems – serve a constructive role. As Cambridge economist Ha-Joon Chang has documented, development has only ever occurred through a collaboration between the state and the domestic private sector. As such, government procurement policies are important tools to boost industrialization, which is the key to the creation of more and better jobs, which in turn is key to overall development.⁸⁷

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Political and Corporate Capture undermines employment generating Industrial Policy

Unfortunately, South Africa only began to link its procurement policy to the promotion of domestic industries in 2011 through the Preferential Procurement Regulations. But even with this late starting date, South

Africa could well have made progress towards its development and industrialization objectives had there been better compliance with these regulations.

State Owned Enterprise: Case of Transnet

The Department of Trade and Industry reports that between March 2015 and July 2017, nearly R59.95-billion was ‘locked into the country’ under local content designations. Only 4.43% of this amount, or R2.66-billion was verified.⁸⁸ Most of the remaining R57 billion went to Transnet’s R50-billion plus purchase of 1064 rail locomotives, which has come under scrutiny by investigative reporters, public regulators, and the Zondo Commission of Inquiry. The hard evidence that has emerged from these quarters follows a pattern that can be discerned at smaller scales in such areas as the purchase of solar water heaters for public houses (R450 million of local content reported).

Transnet’s board and CEO are formally appointed by the Minister of Public Enterprises with the concurrence of Cabinet. By 2011, Zuma and Gupta associates were finding their way into strategic positions in Transnet’s board and senior management. Despite the existence of some local manufacturing capacity, Transnet would contract with foreign firms, including General Electric, Bombardier Transportation, China North Rail and China South Rail, which entered into joint ventures with local, front

⁸⁷ Chang, Ha-Joon. 2010. *Bad Samaritans: The Myth of Free Trade and the Secret History of Capitalism*. Bloomsbury Publishing.

⁸⁸ Department of Trade and Industry. 2018. Industrial Policy Action Plan, 2018/19 – 2020/21. < https://www.gov.za/sites/default/files/gcis_document/201805/industrial-policy-action-plan.pdf >

companies without a history in locomotive construction. Prices were misrepresented and then inflated.

No one knows exactly how much money was lost or stolen on the Transnet deal, but for the moment let us suppose that the amount was about R10 billion (which seems reasonable given that the overall project budget increased from R38.6 billion to R54.5 billion in what amaBhungane calls the “Gupta premium”⁸⁹). Calculating an average wage of R60 per hour, that R10 billion could have provided some 73,102 year-long jobs.

Where it has mattered most, South Africa’s local content programme has been wholly dysfunctional. Political manipulation of personnel and procurement processes has likely had severe detrimental consequences for industrial development and job creation.

Public Works Programmes

This is one high-profile example of the patronage system gone bad, but even at a more mundane level there is little to suggest that the system benefits South Africans. South African municipalities generally try to distribute public works evenly across areas and wards, although fairness can run up against the constraints of technical efficiency and party and factional competition can creep into decision-making. Once in wards, main contractors subject to set-aside requirements (money earmarked for investment in local businesses) must find a way to work with communities, at least to identify eligible sub-contractors and workers, but really as a way to deal with any number of other contingencies. Ward

councillors, being in principle legitimate representatives of communities, are well-positioned to insinuate themselves into the role of mediating this relationship. Operatives are formally encouraged to run impartial processes such as lotteries and rotations, but councillors – often through force or fraud – have often secured for themselves substantial contract and job patronage.

The relevant councillor may be more or less controlled by their branch executive committee and powerful persons therein. They will themselves, or through their appointed community liaison officer, maintain lists of community suppliers and workers for purposes of making recommendations to main contractors. Community development is theoretically conceived of as a sort of democratic and universalist welfare and empowerment mechanism, but under the influence of this kind of political control and patronage it often changes into an unpredictable and exploitative form of short-term workfare. Beneficiaries are not paid very well. They are commonly required to tithe a portion of the meagre benefit received back up to the politician who distributed it. Participants in fieldwork have sometimes reported that such tithing is required, for instance, of EPWP (Expanded Public Works Programme, an employment promotion programme) workers. Under the current ministerial determination, these workers earn a minimum of R92.31 a day, and in South Africa’s eight largest cities they earn an average of around R150.

Research readily turns up reports from the ground about how political opponents of the governing party risk being shut out of the small but

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⁸⁹ amaBhungane. 3/6/2018. ‘The R16bn “Gupta premium” - how the Transnet locomotive acquisition went from R38.6-bn to R54.5-bn.’ Daily Maverick < <https://www.dailymaverick.co.za/article/2018-06-03-analysis-the-r16bn-gupta-premium-how-the-transnet-locomotive-acquisition-went-from-r38-6-bn-to-r54-5-bn/> >

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needed resources that community development projects might provide. New political movements that come to confront local politicians often have their leadership co-opted and their ranks divided by offers of community development sub-contracts and jobs.⁹⁰ These effects of patronage politics extend well beyond community development to affect unions and other social movements, and indeed the ANC itself.

Effects of Political and Corporate Capture on Tax Base

Another interlinked problem has been revealed by the State Capture scandal, as analysed by the Alternative Information and Development Centre⁹¹: corruption. What some have defined as a public-private partnership between corrupt officials and business interests, is dangerously threatening public finances and the sustainability of our tax system on many fronts; it has used the same loopholes as illicit financial flows.

There has been a profound lack of public oversight over tax authorities in South Africa that led to the erosion of SARS capacities. In fact, the shortcomings of revenue collection have meant R141 billion in losses, not taking into account any of the rigged contracts that were often overpriced and sometimes useless.

This illustrates the impact a political faction had by dismantling key investigative units. Without an independent nonpartisan body being able to oppose such a move, the fertile ground for corruption characterised by secrecy in the tax system will not be rooted out. Not only is the short term stability of our tax system at stake, but overall there are huge risks

of non-compliance increasing if no action is taken to rebuild trust in the fairness of our tax system.

The Free Market will not save us

Unfortunately, most criticisms of South Africa’s patronage system throw the baby out with the bathwater. Mainstream criticism creates a false dichotomy between the “corrupt” patronage system and a “pure free market system”. Some proponents of this view also emphasize foreign direct investment and the idea of corporations – whether South African or foreign – being a less corrupt road to development.

There are many problems with this story. First, the story of political capture explained above involves relations between the state and corporations, sometimes multinational corporations. The Transnet story is one such example where domestic and foreign companies both seem to be implicated. Second, according to Global Financial Integrity, trade mis-invoicing and other common corporate practices costs South Africa an estimated 7.4 billion US Dollars (R110 billion) per year in lost tax revenue. Most of these mechanisms may be technically legal, but corporate profit hoarding in the form of tax avoidance costs South Africans on a scale comparable to if not in excess of money lost to leakages and kickbacks within the patronage system.

The other problem with seeing a “corrupt” status quo in opposition to a “free market” alternative is that it implies that South Africa should open up its economy to competition from international competitors. The problem with this approach is that countries or regions that are much further along

⁹⁰ For similar arguments along these lines see Claire Bénit-Gbaffou. 2011. “Up close and personal” – How does local democracy help the poor access the state? Stories of accountability and clientelism in Johannesburg,’ *Journal of Asian and African Studies*, 46 (5), pp. 453–65; also Beresford, op cit.

⁹¹ Submission to the Zondo Commission of Inquiry – The Tax Consequences of State Capture and reform proposals, May 2019

in the development process – the USA, Europe, China and Japan to name a few – will enter into trade agreements with South Africa that will force South African companies to compete with much more mature foreign industries. The predictable result is further de-industrialization and even more job losses as foreign goods further displace South African products in the market.⁹² This is already happening; thousands of jobs have been lost in the first quarter of 2020 alone due in part to the opening up of South African markets.⁹³

In conclusion to the chapter, the South African government is actively working to enshrine the status quo on multiple levels. Formal sector jobs are being displaced by precarious work and contract jobs to circumvent labour laws. This benefits corporations interested in their own bottom line, and is being facilitated by the State which has undermined the role of labour unions and has not taken adequate measures to ensure a living wage for all, including womxn. Womxn especially bear the brunt of policies that punish those who work in the informal sector, including traders who do not have adequate access to markets. To the extent that South Africa does have an industrial policy, it does not create adequate jobs, or jobs that are well paid. Money invested in industrial policy is often wasted through poorly designed incentives and when jobs are created they are usually jobs in sectors dominated by men without creating incentive for womxn participation in these sectors. Lastly, the schemes that were designed by the ANC in the early post-apartheid period to empower black workers and black-owned businesses in less populated and remote areas have been expanded and misused to create private fiefdoms that

often involve a nexus of politicians, civil servants, and local contractors and sub-contractors. The result is a state where political and corporate capture has been institutionalized. The solution should not be a return to “free markets” (which will only exacerbate the problem) but rather better enforcement of existing conflict of interest policies and ensuring that civil servants are on the one hand no longer beholden to politicians and on the other in no way able to gain personally from monies allocated for development.

⁹² Chang, Ha-Joon. 2002. ‘History Debunks the Free Trade Myth’. The Guardian, 24 June 2002, sec. Business. <https://www.theguardian.com/business/2002/jun/24/globalisation>.

⁹³ Staff Writer. 16 Jan 2020. ‘South Africa’s Jobs Bloodbath’. Accessed 18 February 2020. <https://businesstech.co.za/news/business/366636/south-africas-jobs-bloodbath/>.

D5

Taking the
fight into
the future

Taking the fight into the future

Unlike in the 1970s and the 1980s, when worker organisation focused on male migrant workers, in post-apartheid South Africa the feminisation of work and migration will require an emphasis on organising black womxn, who face oppression as womxn in households and as womxn workers in the workplace. A strategy for organising precarious workers will also have to allow for the fact that migrant workers, who are also frequently black womxn, are part of the South African workforce who also need to be organised.

There are lessons to be learnt from the 1980s and the early 1990s. For example, SACCAWU highlighted demands and issues related to womxn and reproductive rights such as maternity leave, parental and other rights intended to ease the burden on womxn. Lessons from gender struggles waged by womxn belonging to SACCAWU could help to formulate demands by precarious workers. Formed in 1975 and largely comprised of black womxn, and despite tendency of patriarchy within the union, SACCAWU is known for its struggles for the rights of womxn workers, such as paid maternity leave⁹⁴.

Precarious workers and workers in general, unionised or non-unionised, have been constantly engaged in overt and hidden struggles for decent work, better working conditions and a living wage. Pushing back the

frontiers of inequality will require the recognition and validation of the existing struggles against social and economic inequality such as these described below.

Under neoliberalism, government and the Department of Health tended to shift the burden of care from the state to black womxn who are already carrying a huge burden in their households as carers who are mothers in the context of generalised patriarchy. Community health-care workers are generally black womxn who take care of their families as well as patients in hospitals and clinics. In many instances, these workers were hired by NGOs and earned only stipends. Although they did crucial work within the public system, such as looking after HIV-positive patients, and worked a normal work week, they were regarded as volunteers by the Department of Health.

Led by the Gauteng Community Health Care Workers Forum, which is comprised largely of black womxn employed as community health-care workers, community health-care workers servicing communities in Gauteng were declared to be permanent workers of the Gauteng Department of Health by Advocate James Matshekga from the Public Health and Social Development Sectoral Bargaining in 2018.

⁹⁴ Appolis, P., 1998. Workers as fathers. Agenda, 14(37), pp.78-81.



Most of the outsourced workers were black womxn, often single parents, who worked as cleaners. Between 2016 and 2017, several universities agreed to end outsourcing, and in many instances, workers won wage increases close to 100%.



The legal victory was preceded by intense organising, popular and political education, education about workers’ rights and other forms of support by activists based at Khanya College since 2010⁹⁵.

After three and a half years of legal battles between NUMSA and Assign Services (Pty), a labour broker, the Constitutional Court, the highest court in South Africa, ruled that, in cases of labour brokering:

“...the dual employer interpretation is the correct one. The ... provision creates a statutory employment relationship between the employee and the client. But it does so in addition to the existing employment relationship between the employee and the labour brokered worker and not in substitution thereof. I would accordingly uphold the appeal⁹⁶.

In 2015 the LRA was amended to say that precarious workers hired by temporary employment agencies or labour brokers who have worked for more than three months must be made permanent workers of the client company. As discussed earlier, these provisions only cover workers that earn below R205 433.30. Therefore workers earning above the threshold, such as professional nurses, are not afforded the protections.

There were many instances where employers use labour from labour brokers for work that is permanent in nature and often performed on the premises of a client company. The result of this is that labour-brokered workers earn low wages and do not enjoy the rights granted to workers of a client company. Workers hired by labour brokers who have been working for more than three months for a client company can now approach the CCMA to access this right. However, realising this right will require

organising, education and mobilisation. This court victory could help to improve wages and working conditions of labour brokered workers⁹⁷.

The student uprising which was dubbed ‘Rhodes must Fall’ began in 2015 when student activists at the University of Cape Town and other universities challenged the colonial symbols and generalised racism at universities. In the same year, from October to November, more universities became involved and began to call for free higher education, a movement called ‘Fees Must Fall’. In the process, student activists supported what had often been low-key but ongoing struggles against outsourcing of universities’ services, which began in the 1990s.

Most of the outsourced workers were black womxn, often single parents, who worked as cleaners. Between 2016 and 2017, several universities agreed to end outsourcing, and in many instances, workers won wage increases close to 100%. In addition, certain benefits were granted, such as allowing the children of workers to access universities. The momentum gained from the student uprisings added to the low-key struggles that had been waged by workers dating back to the 1990s to make it made it possible for workers and student activists to end outsourcing within a short period of time of a few months⁹⁸.

The campaigns waged by precarious workers in universities, in workplaces and in communities have shown that organising womxn and building a layer of a cadre of womxn organisers should be one of the major tasks, as womxn, particularly black womxn, are affected by precarious work on a large scale. Related issues which require attention include demands for a living wage, struggles against sexual harassment, and the promotion

⁹⁵ Khanya College. 2018. Forum Wins Permanent Status for CHWs in Gauteng. 18 December 2018. <http://khanyacollege.org.za/forum-wins-permanent-status-for-chws-in-gauteng/>

⁹⁶ Assign Services (Pty) Limited v National Union of Metalworkers of South Africa and Others (CCT194/17) [2018] ZACC 22; [2018] 9 BLLR 837 (CC); [2018] 39 ILJ 1911 (CC); 2018 (5) SA 323 (CC); 2018 (11) BCLR 1309 (CC) (26 July 2018). Assign Services (Pty) vs NUMSA: paragraph: page 36.

⁹⁷ NUMSA. 2018. “NUMSA wins landmark Constitutional Court decision on labour brokers!” 26 July 2018, <https://www.numsa.org.za/article/constitutional-court-judgment-on-labour-brokers/>

⁹⁸ Luckett, T. and Mzobe, D., 2016. # OutsourcingMustFall: The role of workers in the 2015 protest wave at South African universities. Pp 94 – 99.

of health and safety for womxn workers. Decent working conditions and improved benefits for womxn will be central demands in the struggle against precarious work. The state must make sure that it provides quality social services to minimise the social and economic burden placed on black womxn and precarious workers. One of the womxn workers who works at Wits University as a cleaner had this to say:

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"These companies don't pay us enough, we have needs that are not met because we get peanuts, needs like buying food and paying transport fare for my kid, like I said before I pay a lot of money, I would pay R800 a year for school fees."

//

Given the decline in services like health, education and social welfare, and the fact that the burden of care is carried by womxn, social movements and community organisations will have to build alliances with precarious workers to make sure that the state, in consultation with communities and precarious workers, makes it possible for children of workers to access state-funded basic services like early childhood development services and education in general. In addition, access to water, electricity, effective public transport and other services will go a long way towards improving the lives of workers, especially precarious workers.

Domestic Workers Rising (#DWRising), which has been supported by the **South African Domestic Service and Allied Workers Union (SADSAWU)**, The

Socio-Economic Rights Institute (SERI), and Oxfam South Africa launched in October 2018. The campaign emphasises the important role and contribution of domestic workers not just in people's homes, but also to South Africa's workforce and economy – but with little recognition, value and pay.

The #DWRising campaign kicked off with galvanising public support for the **Sylvia Mahlangu's case (Mahlangu v The Minister of Labour)** which seeks to get domestic workers included in the Compensation for Occupational Injuries and Diseases Act ("COIDA") 7. Ms. Sylvia Mahlangu is the daughter and sole dependent of **Maria Mahlangu**, a domestic worker who was reported to be dead on the morning of 31 March 2012, at her employer's home in Faerie Glen, Pretoria. It is alleged that Maria, who was partially blind, slipped and fell into her employer's pool, where she later drowned. Ms. Mahlangu challenged the constitutionality of section 1 (xix) (v) of COIDA 130 of 1993 to the extent that it excludes domestic workers employed in private households from the definition of "employee" and therefore from compensation. After years of challenge these are some of the achievements of the campaign: A court ruling which found that the exclusion of domestic workers from COIDA was unconstitutional, opening the way for greater inclusion of domestic workers in labour rights legislation. Mobilisation of domestic workers around the struggle for inclusion in COIDA, increasing their knowledge of their labour rights. Increased public support for, and recognition of, the struggles of domestic workers for full labour rights. The digital campaign launched in October 2018 gained over 50,000 impressions in just three months.

The Xolobeni community, situated on the Wild Coast, in the Eastern Cape Province has been for over 15 years locked in a battle with Transworld Energy and Minerals Resources from Australia, which wants to acquire a mining licence for titanium-bearing minerals in the area. Transworld Energy and Minerals Resources (TEM) is owned by Minerals Resources Commodities (MRC). MRC's main shareholders are; Caruso Brothers (Exec Chairman and non-exec Director at Tormin mine), Graham Edwards (also owns a property outsourcing and investment business in the United Kingdom) and other smaller shareholders. The Xolobeni community won a major court battle after years of struggle which included several assassinations and death threats. The Judge ruled that the community has the right to say no to mining in line with the Interim Protection of Informal Land Rights Act (IPILRA). Beyond the legal right, the community resists this form of development citing their activated agricultural fields, grazing lands, harvests from natural resources among other wider livelihoods benefits, which outweigh envisaged mining benefits.



E

**WHAT COULD WE
DO INSTEAD? OZA'S
RECOMMENDATIONS**

What could we do instead? OZA's recommendations

How do we shift the tide away from an economy made for the billionaire class? Oxfam South Africa working with its partners believes that an economy that meets the basic needs for all, which does not privilege men over womxn, a certain class and race group over another is still possible. We are committed to building a People's Economy that is fair, ensures the right to dignified, secure, safe work and fair pay. No one would live in fear of the cost of falling sick. Every child would have the chance to fulfil their potential. Our economy would thrive within the limits of our planet, and hand a better, more sustainable world to every new generation.

It is clear that the current policies are not working to lessen inequality. What can be done instead? These are the recommendations that Oxfam South Africa intends to put forward and campaign around. These are not prescriptive: you and your organisation are welcome to take up some or all of these recommendations in your campaigns, but you are equally welcome to develop your own demands and policy recommendations. We hope that this report will help you to develop demands and solutions that work for you.

In summary

South Africa's inequality is extreme and stubbornly high. This report has shown that inequalities across economic and social outcomes correspond to the persistent four lows, low employment levels, low investment, low productivity and low levels of social provisioning (other than social grants) that are underpinned by a skewed economic structure which has its roots in the political economy of apartheid industrial development. The South African economy in 1990 was heavily skewed towards capital intensive economic activities connected to extractive industries, and ownership was heavily concentrated in six diversified conglomerates.

In the first decade after apartheid, industrial policy was subordinated to a neoliberal macroeconomic framework that was informed by conglomerate interests. The conglomerates wanted to globalise and financialise through unbundling, overseas listings and offshoring. This process involved the promotion and co-option of a new black capitalist elite through BEE, whose interests were also aligned to conglomerate capital. This period saw the collapse of labour-intensive manufacturing and stagnant capital investment, and apartheid patterns of investment continued, further entrenching the skewed industrial structure.

Macroeconomic policy promoted trade liberalisation, leading to increased imports and unsteady export earnings. Consequently, the country was importing more than it exported, and government managed this by strongly defending inflation-reducing measures (which depress wages) and keeping interest rates high to attract short term investment. Short-

term portfolio inflows are a source of instability and have financed the expansion of the financial sector, fueling inflation in the price of assets (such as the property market), and restructuring of the financial sector to serve financialised accumulation rather than long-term investment in productive activities.

South Africa's economic path and policy making have been dictated by globalisation, financialisation, neoliberalisation serving the interests of capital and elite enrichment. This is evident from tensions between, on the one hand, the Treasury, which remained committed to neoliberal macroeconomic policies, and on the other, the Department of Trade and Industry and the Economic Development Department, whose efforts to develop industrial policy have been severely limited. Policy has become centralised under presidential and treasury control, stifling coordination of industrial policy. National Treasury has revived its austerity measures that will result in job losses and continue a declining economy. Income inequalities have been amplified by persistently high levels of unemployment, worsening conditions for informality, uneven sectoral patterns of employment and pay, as well as highly unequal relations between different income groups and the financial sector.

Addressing the crisis of inequality in South Africa needs to go much further than the labour market reforms and skills development policies that have been advocated by mainstream economists. Labour market reforms must be geared towards workers' protection and fair pay and benefits across sectors. This would involve a sufficiently high national minimum wage together with a cap on maximum income that could deal with unequal distributions of income according to sector, skill and gender. Further, long-term socially sustainable distributions of income would require the radical transformation of the economy towards more labour intensive, linked sectors that serve the needs of the population - for example via a developmental welfare state across health, education, and so on - rather than the imperatives of profit and capital export.

False solutions: more black womxn CEOs

On page xx, we showed how the rise of a handful of black people into top ranks via BEE since the end of apartheid only increased inequality amongst black people, without reducing inequality overall and without challenging the structural causes of inequality. The widening gap between rich and poor men, which grew faster than the gender gap in recent times, also suggests that there is little gender solidarity across classes.

False solutions: Black industrialists

Black industrialists have simply fitted into some spaces in the existing structure of the MEC, as discussed on page xx [HOW THE MEC SURVIVED APARTHEID]. They have relied on the same exploitative methods of precarious work and low wages to boost profits. Though none of them have come close to the Ruperts yet, they have all joined the same game on the MEC playing field, and they have therefore, consciously or otherwise, relied on continuing and increasing black workers' exploitation just as any other industrialist has. Reducing inequality requires a new and different economic structure, not merely changing the colour or gender of those at the top.

Policy Recommendations for Dignified Work for Womxn and All



A living wage and a cap on maximum income

Labour market reforms must be geared towards workers' protection, fair pay and benefits across sectors. Currently CEOs in South Africa are amongst the most highly paid in the world which contributes to a high wage pay gap. Therefore, provisions made in Section 27 of the Employment Equity Act for the reduction of the pay gap between the highest paid employee and lowest paid worker should be applied across race and gender. This will grow the economy because workers will have more buying power which stimulates production and employment growth.

Sectors that have a lower minimum wage in comparison to the national minimum wage such as EPWP workers, domestic workers and farm workers must also be in alignment with the national minimum wage level.



A macroeconomic policy that serves employment creation and inequality reduction

Macroeconomic policy must be re-orientated away from the service of capital outflows and expansion of the financial sector in and of itself. Rather, both macro and financial policies need to be in the service of industrial policies aimed at the radical restructuring of the economy

for the promotion of sustainable and equitable economic development. This would require a wide set of policies that are mutually supportive that include:

Target full employment: full employment must be the key target of macroeconomic policy and the possible replacement of the interest rate by the exchange rate as a policy tool since adjustment costs of raising interest rates may be carried more by sectors sensitive to interest rates that include manufacturing.

Capital controls on short-term capital inflows: controls on short-term capital inflows would reduce sources of fluctuations in exchange rate and asset prices directly and by reducing the amount of short-term funds channelled towards purely financial investment.

Financial sector geared to long-term productive investment: this should be done through regulation, such as a separation between commercial and investment banking, and through state-led development of a large green industrial development bank that finances productive activities at different scales. The key to a successful strategy is the integration of macro, financial, welfare and industrial policy serving a common policy goal.

Prescribed assets: this policy lever was used under apartheid to mobilise domestic resources that were re-invested in a range of infrastructure and public corporations which was critical in the development of the economy. This entails the requirement that financial institutions invest a fixed portion of their funds that into a government bonds that will be used for public investments in job creating key industries and the care economy.



Fiscal Tax Justice

In spite of South Africa's progressive tax system (i.e. the richer you are the more you are taxed), we have seen creeping regressive taxation. Therefore, there is room to improve the redistributive impact of our tax system.

Re-establishing progressive direct and indirect taxes for PIT and VAT

Wealth tax: the taxation of accumulated wealth. Not only does it have the potential to contribute positively to the reduction of inequalities today, but by limiting for the wealthiest South Africans the capacity to accumulate tremendous wealth, it has a big potential to boost long term transformation of wealth ownership patterns and revenue flows.

Tax expenditures and tax breaks: clearly, the massive amounts at stake lead us to question: are those tax breaks useful and for whom? A close oversight of such tax breaks shows the reform of the health tax credit seems to be the most urgent one, especially in the context of the implementation of an ambitious national universal health care system.

Non-compliance, tax evasion and tax avoidance: there is a need to tackle non-compliance within the tax system at the individual and corporate level. Companies and wealthy individuals in particular are benefiting from a range of public investments in infrastructure and unpaid care work without paying their fair share of taxes. To improve revenue collections, greater efforts must be put towards enhancing tax transparency, implementing stricter rules and enhancing institutional capacities. This will re-establish trust and confidence in our tax system, rule out the risk of corruption and prevent complacency from tax authorities. This can include practices such as: making individual tax returns public like they do in Scandinavian countries;

create a public registry of beneficial ownership where beneficial owners list all property titles both real and financial assets; MNCs tax practices are made transparent by forcing them to disclose their tax practices in South Africa and in other countries worldwide; and implementing a specific tax regime for mining and digital services.

Similarly, adopting stricter rules to bring back to our national tax net multinational entities must be implemented both locally through the adoption of new tax avoidance rules, and internationally by promoting an ambitious reform of the currently broken international tax system.



Tackling Political and Corporate Capture

There are compelling grounds for a process of appropriately insulating and professionalising South Africa's public administration. What this will require, centrally, is the institution of an independent check which works to prevent politicians from introducing partisan political criteria into appointment and removal decisions. The Public Service Commission, which enjoys constitutionally-entrenched independence and can reach into provinces, is the most feasible location for this check. Similar structures can be designed for local governments. For the most senior appointments, to ensure a link between policy intent and administrative expertise, politicians should retain a say in defining the qualifications and capabilities to be selected for. Representivity, in relation to the demographics of the country, can and should remain an important criterion. The Commission, however, should design and manage the appointment process, checking for applicant

compliance, administering tests, and constituting selection committees to conduct interviews which could include political participation. These selection committees should then score and make recommendations to political leaders. Politicians should appoint from these recommendations. Administrative leadership should take responsibility for appointments lower down. Removal of administrative leadership should require authorisation by the Commission. These are some of the fundamentals of public administrations that are insulated in the right sorts of ways from illicit political interference. South Africa's political machines cannot be taken on all at once. Instead, reform should proceed department by department, state organisation by state organisation. Pockets of administrative integrity and capacity could, for instance, be established to drive the more vital developmental processes, then expanded from there



Gender mainstreamed industrial policies

Womxn's economic participation should become part of the core of industrial policy. Documents such as the Industrial Policy Action Plan (IPAP) should provide policy direction and tangible plans for including more womxn in paid employment and business ownership, in the same way that legislation codifies the participation of African people in the mainstream economy through the BBBEE, so that progress can be monitored and the state held accountable for any failures.

Industrial policy should also support sectors in which womxn dominate: IPAP and the National Informal Business Upliftment Strategy (NIBUS) should include sectors that employ more womxn. These jobs are important as they contribute to the functioning of the economy and society at large, but are

generally low paid. Therefore, the promotion of these industries must also go hand in hand with improved worker conditions and wages in the formal sector. In the informal sector, industrial policy should also support sectors dominated by womxn, beyond the workshops and mentoring currently implemented by government.

Industrial policy currently identifies and supports 'growth sectors' that are labour intensive in the manufacturing sector. *Industrial policy can also incentivise formal sector employers to hire more womxn* in industries that have historically been male dominated, as this will improve their earnings potential. However, these industries have also been associated with high rates of sexual harassment and poor conditions for womxn. Therefore, *enforcement of protections must be strengthened to ensure safe spaces for womxn.*

Government must mobilise more investment support towards low-carbon manufacturing. The MEC itself is missing the opportunity to transition to the metals and minerals that will be crucial for solar, wind, and battery technologies that are making up a greater share of global energy production. These resources should only be mined in ways that respect workers' rights and take into account potential negative effects (like pollution).

Industrial policy should counterbalance factors that limit womxn entrepreneurs' access to resources and opportunities. Here the outcomes would be to strengthen linkages to market for businesses owned by womxn by leveraging state investment and local procurement as tools to facilitate womxn's access to supply chains. This would require state funding to be directed not only toward start-up costs, but also to fund business skills development.

There must be *monitoring and evaluation* of the impact and sustainability to ensure that incentives and supports given by governments' industrial policy are indeed creating dignified work.



Fiscal Tax Justice Enforce labour protections for democratic, non-sexist and fair workspaces

Policy must be put into practice and into action if it is to make a difference to the lives of millions of workers and to reduce wage inequality. Government must make available the resources necessary to put an end to precarious work and the mistreatment of workers in general at the hands of employees.

At a minimum, government must make available *at least one labour inspector per 20 000 workers* as recommended by the ILO: justice unavailable is justice denied. Currently, South Africa has one inspector overseeing more than 120 000 workers, leaving workers very vulnerable and employers unaccountable. For instance, employers are still practicing illegal labour brokering despite a judgement that labour brokered workers must be put on permanent contracts after three months. Employers continue to use sexual harassment as a weapon of control.

Government must make available resources to strengthen the *CCMA so it can process cases more speedily*: justice delayed is justice denied. Unlike employers, most workers do not have the legal muscle or livelihoods to wait for a long process in the case of unfair dismissal.

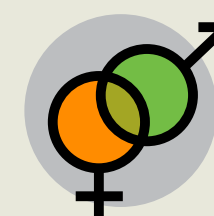
CCMA must run educational programmes for worker rights and procedures: justice unknown is justice denied. Workers must be made aware of their rights and the procedures to obtain protections against mistreatment.



Reverse hostile Austerity based Labour Market Reforms

South Africa's labour protections were once praised for being amongst the most progressive in the world. Some of the provisions in the amended labour bills that came into effect on the 1st of January 2019 will contribute

to an increase in income inequality and worsen labour conditions because they make it harder for workers to organise themselves to demand fair pay and improved conditions. Secret balloting, for example, isolates and individualises union members and workers and criminalises strikes so that workers cannot take collective action to defend their rights. The extension of conciliation and advisory arbitration both give employers the power to prolong the processes towards a strike, thus giving them time to stockpile and prepare scab labour so that production continues during a strike, thus diminishing workers' power. Similarly, picketing rules are designed to diminish the effectiveness of strikes, which are workers' only clout if bargaining fails to reach an agreement.



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Protections and fair access to safe markets for informal sector workers

The International Labour Organization (ILO) is the UN agency tasked with laying out and (to an extent) regulating the relationship between business and labour at the global level. As part of their mandate, in June 2015 the

ILO adopted Recommendation 204 (R204) which is largely focused on the "formalization" of people who work in the informal sector. In most countries, people who work in the informal sector are at greater risk of being underpaid, becoming unemployed and are more likely to face dangerous working conditions. By contrast, the formal sector at least has some degree of regulation through labour courts, wage bills, and other regulatory mechanisms. But R204 isn't just about formalisation. Rather R204 sees formalisation as a medium-to-long-term goal which government should aspire towards. In the meantime, they must respect and advance the rights of people who work in the informal sector. That includes the right to safety, freedom from intimidation from the police, the right to use public facilities including toilets, and the right to access markets, i.e. the ability to sell their goods or services at all. For this reason, Oxfam South Africa is asking the government to comply with ILO commitments under R204. More specifically:

: Government at all levels must address the disconnect between policy aimed at supporting the informal sector and the continuing harassment and repression of informal enterprises by police and local officials. At a minimum, informal sector workers should be free from harassment, confiscation of goods, and insecure access to space. Ideally, city officials should not just refrain from harassment but should offer support and regulation as promised in policy.

Access to markets and fair finance: Existing policy is insufficient even when effectively implemented because it focuses too narrowly on characteristics of enterprises and workers rather than the structure of the economy in which informal enterprises operate, which is governed by big business that squashes livelihood of new entrants.

Space in malls: Shopping malls do not facilitate the inclusion of informal traders and are often built where informal traders previously traded, crushing their livelihoods. Therefore, the design of mall space must integrate and include affordable and safe spaces for informal traders as is the case in other parts of the world.

Competition policy must end big business anticompetitive behaviour: Efforts to reduce conglomerate's dominance over highly concentrated markets

would not only benefit the informal sector but could stimulate growth and innovation in the economy as a whole. Competition policy should therefore be a priority of economic policy.

Cheap finance: Informal traders' incomes are low. Some have to resort to loans from loan sharks, due to increasing costs of living and doing business. Cheap finance is needed.

Social protection must be strengthened to include workers in the informal sector: The informal sector is not a panacea for the problems of unemployment, poverty, and inequality. The low incomes and insecure livelihoods in the informal sector reflect a broader structural weakness of the South African economy which is currently incapable of providing dignified work and secure livelihoods for all residents of the country. This should include access to unemployment insurance and maternity leave.



Social Protection for all

There is a need to make available to working-age people whether employed or unemployed basic social protections. This must include, for example, the provision of a universal basic income grant for all. This will increase the spending power in poor communities, who are the customers of many informal enterprises and help to stimulate growth in the economy.



Womxn's unpaid care work and paid work must be Recognised, Reduced, Redistributed and must be represented in policy decision making

Womxn spend much more time doing unpaid care work in their most productive years of life than men. This means that womxn are unable to fully participate in the economy which traps them into a life of poverty. The report also found that paid care work is generally underpaid. Poor black womxn are the most affected by unpaid and underpaid care work. The crisis of care is sure to deepen due to government's austerity policy. There is a need to:

Recognise unpaid and underpaid care work as a type of productive work with real social and economic value.

Reduce the total number of hours spent by womxn doing unpaid care tasks by investing in the provision of quality universal care supporting public services.

Redistribute the total number of hours spent by womxn doing unpaid care tasks within the household and also shifting the responsibility of unpaid care work to the state in the form of quality universal care supporting public services; and also work spaces in the private sector (e.g. free day care centres).

Represent care givers in the design and decision making of policies at all levels - national, provincial and local government.



Gender Accountable and Just Budgeting and Planning

Governments' austerity measures on the national budget in the form of budget cuts and creeping regressive taxation hurt womxn the most. This is a testimony to the lost momentum in gender responsive budgeting, or what we call Gender Accountable and Just Budgeting and Planning. A gender accountable and just budget is a strategic tool to help a feminist government achieve its policy objectives. The budget process is of key importance in realising government's policy agenda and it is therefore important that budget work is conducted in a manner that includes the effects and consequences of gender equality when decisions are made on the direction and distribution of resources. There is a need for gender accountable and just budgeting to be legislated as part of governments budgeting responsibility which makes provision for the participation of broader civic movement including womxn and youth groups. There is also a need for gender disaggregated data to improve policy making decisions.

Build your own campaign

The main aim of this report is to assist campaigning against inequality. Here we suggest an agenda and an exercise to help plan campaigns against inequality in your sector. Organisations need to build their own campaigns and also seek alliances with others tackling inequality to strengthen their effectiveness.

A proposed agenda

Begin each section with an open discussion. Then use the report to complement what people say. Ideally, everyone should have a copy of the report before the workshop but at least two or three people should be familiar with the report before the workshop.

- 01
- Brainstorm: what inequality are we facing?**

a. Where can we see inequality in our own sector or work? How does it affect us? How does it affect others?

b. What does the report add to what we know? What do we still need to know that isn't covered in the report?

- 02
- What invisible factors shape inequality in our sector?** (Brainstorm, then refer to the report).

- 03
- Are there factors from beyond our sector that affect us?** (Brainstorm, then refer to the report).

- 04
- What are our demands or solutions?**

- 05
- Use the power analysis below to discuss: Who are our allies, and what are we up against?**

From here, the meeting can decide the form of the campaign, methods to win the demands, how to raise money or ways to do the campaign without money, opportunities and risks, and so forth.

Power analysis

Use sticky notes or pieces of paper with *Prestick*. Give everyone in the meeting three or four sticky notes. Everyone should write on their sticky notes actors and institutions who will affect our demands, for good or bad. Then each person places the sticky note in one of the nine blocks below: allies are people on our side, blockers are people/institutions who might stand in our way, and floaters are those who might be pulled to our side. Decide whether this actor or institution is high, low or medium influence and place the sticky note in the block where the correct row crosses the desired column.

High (influence/ power)			
Medium			
Low			
	Ally	Floater	Blockers

Quick Guide to Gender Analysis

What is gender analysis?

We all live and work in societies that are permeated by gender differences and gender inequalities, which shape the way that decisions get made, resources get allocated, and people interact with the world. A gender analysis explores the relationships of womxn and men in society, and the unequal power in those relationships. It brings inequalities to the surface and to the attention of people who can make a difference.

One of Oxfam’s corporate priorities is to address gender inequality through every aspect of our work (‘gender mainstreaming’). Conducting a gender analysis is the first stage in this process: it allows us to understand how poverty affects men, womxn, boys and girls differently, and the differences between poor men’s and womxn’s needs and concerns. Once we have this information, we can identify what our gender equality goals should be and design our work in a manner that is sensitive to and reflects the different experiences and needs of womxn and men.

This is important, first, because more womxn than men suffer from poverty, so it is a question of justice, or basic rights; and secondly, being aware of the distinct needs and concerns of men and womxn, and acting on this awareness, means that we can address poverty more effectively. If we fail to base our work on gender analysis and just assume that our work will benefit men and womxn equally, we will reflect and probably re-enforces the imbalances that exist.

Some basic questions to ask:

- Who has power?
- Who owns/controls resources?
- Who takes the decisions?
- Who sets the agenda?
- Who gains, and who loses?
- Which men, and which womxn?

What information should a good gender analysis provide?

The purpose of conducting a gender analysis is to identify the specific aspects of gender relations and inequalities that are present in your programme context, and to examine their implications for programme design and implementation. It should explore the following areas:

The differences in the lives of poor men and womxn;

The barriers that unequal gender relations present to womxn's development;

The status of womxn and their ability to exercise their human rights;

The different skills, capacities and aspirations of womxn and men;

The division of labour: men's and womxn's different activities, and their access to and control of resources.

What does gender analysis involve?

There are some basic things that you can do to highlight gender concerns in any analysis you do:

Disaggregate and analyse the data you collect by sex;

Actively involve womxn, men, girls and boys in data collection, to ensure that different opinions are heard;

Identify existing sources of information and analysis (e.g. womxn's groups, past evaluations);

Include gender analysis in terms of reference, and ensure researchers have the necessary skills.

How to use this report:

- Our main aim is to provide information to strengthen movements experiencing inequality and against inequality
- By sharpening our picture of the systemic and sometimes invisible causes of inequality
- Others will find information here to build a case against inequality in their field of work, policy, or organizing
- Readers can and should interact with the data via the forums at www.oxfam.org.za; @OxfamSA.... Inequality does not stand still, so your interactions will help to keep the picture up to date and we can inform you when we update the data

This report for popular use was produced by OZA (Oxfam South Africa) from papers on different aspects of inequality researched and written by Mondli Hlatshwayo, Ben Scully, Susan Newman, Chris Malikane, and Baba-Tamana-Gcubule, Ryan Brunnet, Alternative Information and Development Centre commissioned by OZA.

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