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AFTER signing an agreement to introduce a 2018 national minimum wage (NMW) of

R20/hour, Deputy President Cyril Ramaphosa stated: "(The NMW) could have been lifted to any number you choose, but this would have had dire consequences with a huge loss of jobs."

Ramaphosa is content to see some job losses, but just not "huge" job losses. That he is content to see some job losses but not a "huge" amount must be of little consolation for those who will be affected and forced to join the ranks of the more than 9 million currently unemployed.

In a shockingly ironic twist, the parties at the National Economic Development and Labour Council, have been tasked with, among other things, deciding whether government employees employed under the Expanded Public Works Programme (EPWP) should be included in the NMW agreement.

Devout communist and Deputy Minister of Public Works, Jeremy Cronin

states: "Presently they (EPWP employees) are paid R83 a day. If we (the government) increase that to R20 an hour, 310 000 (people) will be out of work opportunities in a year... If we pay R20 an hour, the government will have to find an extra R10 billion. In the current (economic) situation, that is not going to happen."

What's good for the goose is apparently not good for the gander.

The most ardent supporters of minimum wages are those who already have jobs, politicians seeking to win votes, and trade unions that stand to gain when their members' wages increase. Whether or not these groups understand it, the NMW is a massive barrier to entry, protecting those lucky enough to have a job. NMW champions claim it will reduce inequality. It will not, and claiming it will, cruelly mocks the millions – especially the unskilled and inexperienced – who might

have had jobs were they not priced out of the labour market.

Forcing up the wages of the working poor will not permanently solve the problem of, for example, South Africa's failed education system. There are approximately 36 million people in South Africa of working age, but

more than 60% have education levels of less than matric. Typically, higher levels of education attainment are associated with improved labour force participation rates and higher labour absorption and consequently lower rates of unemployment.

A costly additional layer of regulation will only serve to worsen the unemployment problem. A legislated national minimum wage will have a disparately negative effect on the employment prospects of

most new entrants into the labour market and the unemployed – who are typically young black people.

Last year, Labour Minister Mildred Oliphant expressed concern about the number of retrenchments that might follow after the implementation of the NMW. She is right to be concerned. The National Treasury has warned that

a minimum wage of over R3 000 per month would result in over 700 000 jobs losses. After all, employers

respond rationally and predictably to a rise in labour costs – they either mechanise and employ fewer people, reduce the hours of existing employees, or do a combination of both. Some employers may choose to forgo profits but this will stall investment in their businesses, which will halt any expansion – so they won't take

NMW will have a negative effect

will harm the very people it pretends to assist and exacerbate poverty and inequality in this country.

At the current projected levels of economic growth (1.3%), incomes will double roughly every 55 years, which is clearly too long a period to substantially address South Africa's unacceptably high levels of poverty. In contrast, at a higher level of economic growth, say 5%, which is the level targeted in the National Development Plan, incomes will double every 14 years. If the South African government really cares about the poor, it will adopt policies that are known to foster economic growth. Forcing up wages by government decree does nothing to boost economic growth and productivity and fails to address why people are poor.

Furthermore, exempting government programmes from the NMW will bloat the public sector at the expense of the private sector. When these policies take hold, get ready for many more years of economic stagnation and rising poverty.

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on any additional workers and existing workers' wages will stagnate. To cover the increased wage payments, employers will have no choice but to raise the price of their goods and services. But it's not rich people who will suffer, they can easily afford to pay a few extra rands. It's the poor who will suffer the most because they are far more sensitive to even minor changes in prices.

We can also expect to see more people forced into the informal and underground sectors of the economy, which will have the perverse effect of reducing the amount of protection for the poorest and most marginalised members of society.

The most principled case against a national minimum wage is that it is morally wrong. Even one person made unemployable, is sufficient reason to oppose such a policy. No matter how well-intended, a national minimum wage