

Straight Talk (26), 16-22 July 2012:

## **Coca Cola Workers and the Struggle for A Living Wage**

*Prepared by Herbert Jauch for The Villager newspaper*

Last month, workers went on a short strike at Namibia Beverages which is the bottler and distributor of Coca Cola soft drinks in Namibia. At first sight, there seemed nothing unusual as the wage increases demanded by the workers and their union, the Namibia Food and Allied Workers Union (NAFAU), were higher than what the company offered. In the end, agreement was reached and thus it seemed like the Coca Cola strike was just another wage dispute that was settled quickly.

What set this strike and the subsequent wage deal apart from other wage disputes was the demand that workers had tabled and the increases received by workers in the lower income categories. We need to remember that unions usually negotiate wage increase on an "across-the board" basis. This means that an increase of a certain percentage, usually very close to the inflation rate is granted to all employees for whom the union negotiates. This common practice tends to widen wage gaps and has not been beneficial for workers in lower income categories. For example, a worker earning N\$ 8000 month will receive an addition N\$ 800 from a 10% increase while a worker earning N\$ 1500 a month will only receive an increase of N\$ 150 resulting from the same percentage increase. Thus, across-the-board increases are inherently biased towards higher income earners and disadvantage low income workers.

Over the years, we witnessed very few cases where trade unions have adopted another strategy for wage increases with a view of narrowing income gaps and of securing an income that would allow those in low-income categories to meet at least their basic needs. This ideal of guaranteeing workers the right to live a decent life is underpinning the demand for a living wage that featured so prominently amongst trade unions in the years just before independence. It has hardly been mentioned since then and thus the successful action taken by the Coca Cola workers has put the idea of a living wage back on the agenda.

The workers and their union had demanded almost a doubling of wages for workers in the lowest income category who were earning a mere N\$ 1755 per month. This would have raised their income to N\$ 3500 per month. For those in the higher income categories, the union also demanded substantial increases although of a significantly lower percentage. Both demands were initially refused by the company who was only willing to grant far lower increases.

Negotiations continued during the strike and after a few days an agreement was signed which provided a general increase of at least 12.5% for all workers which is at least significantly above the inflation rate and thus will improve workers disposable income. Most importantly, workers earning less than N\$ 2500 a month received a basic salary

increase of N\$ 1000 a month and this new agreement will be valid until August next year when new negotiations will take place.

During the strike, union officials had explained that their aim was to get a fair deal that would allow workers to make ends meet. The Coca Cola wage deal is indeed one of the few agreements where the interests of workers in the low income categories took centre stage. This should encourage other unions in other sectors to consider a similar approach and to place the idea of a living wage for all back on the agenda. It is a powerful tool and it should remind all those who focus only on figures during wage negotiations, that there are people's lives at stake. When leaders of business and government bemoan high percentage increases (around 60% in the case of the lowest paid Coca Cola workers), they need to be reminded that it is virtually impossible to take care of families on monthly wages below N\$ 2000 as most Namibian households have only 1 main income earner who has to take care of several other household members.

Mass unemployment in Namibia does not only affect the unemployed themselves, but also places enormous pressures on income earners. Thus the fight for a living wage and the active act of social solidarity by placing the first emphasis on those workers in the lowest income categories needs to be saluted and appreciated. The Coca Cola workers have shown what can be achieved if workers are united and determined to fight for social justice. They have set a worthy example for others to follow.

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