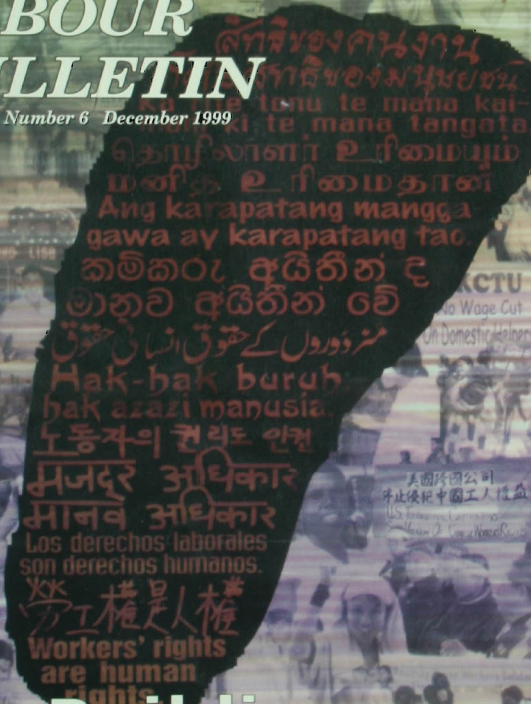


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SOUTH AFRICAN

LABOUR BULLETIN

Volume 23 Number 6 December 1999



நாடுகளின் மையம்
Kai tse tonu te mana kai
ki te mana tangata

தொழிலாளர் உரிமையும்
மனித உரிமைதான்
Ang karapatang mangga
gawa ay karapatang tao.

කමකරු අයිතීන් ද
මානව අයිතීන් වේ

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hak azazi manusia.

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The days of struggle are not over – certainly in the *Bulletin*. It is a struggle, every year, to ensure that we can continue to sell the *Bulletin* below cost to workers and unions. We also struggle to survive in an environment where only two of the many independent publications have made it.

Well, we've managed to do it again this year, thanks to a number of organisations and people. Firstly, thanks to our sponsors: FES, the Department of Labour, Entraide et Fraternite and the American Center for International Labor Solidarity. Through their sponsored columns, the NPI and Nedlac have helped ensure that the *Bulletin* becomes increasingly self sufficient.

I must also give a special thanks to Adrian Annett (of First Rand) and Ann Weisz (of Southern Negotiated Retirement Fund Services) who responded to my call for financial help, and have placed an advert and an advertorial in this edition. The advertorial outlines Southern's crucial work in locating ex-mineworkers and paying a special bonus to those who qualify. I'm going to be watching how the project unfolds. Southern Negotiated Retirement Fund Services also stand out as the only company who responded to our call for financial assistance – thus showing their commitment to empowering workers and supporting labour projects.

Unionists and labour activists at the Sigtur conference emphasised that the phrase 'workers of the world unite', is as important as ever. This edition focuses on the Sigtur conference, attended by 121 delegates from 10 countries. The range of articles cover what



happened at the conference, what delegates thought, conditions facing unions in other countries, and how internationalism is being built

Most sobering, are comments made by visiting unionists to South Africa – Arokia Dass Victor told me 'I was involved in the 1991 initiative. I saw COSATU then and was encouraged by their spirit. Now I see that the enthusiasm is no longer here... When you lose your spirit, you lose the soul of your struggle.' Hopefully the conference has raised unionists' and labour activists' energy and enthusiasm to continue to debate new issues, build organisation and put forward a progressive vision of a more humane world.

Lastly, we will be increasing the *Bulletin* subscription rates for next year in line with increases in printing and other costs. Fortunately, we are able to keep our increases in line with inflation, which comes back to thanking our sponsors for enabling us to do so.

Tanya van Meelis
Editor

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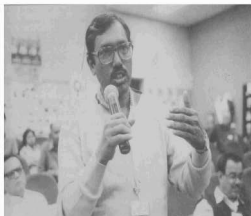
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All photographs by William Matlala unless otherwise indicated.

The views expressed by contributors are not necessarily those of the editorial board of Umanyano Publications

You can run...

BOYCOTT BACARDI

REDEYE has always had a soft spot for underdogs. REDEYE's favourite is Cuba, especially when it is up against the US and the multinationals. Recently REDEYE found a Cuban website, called Granma International (www.granma.cu).

From it, REDEYE would like to take up the following:

Rock Around the Blockade, which campaigns in solidarity with Cuba, has launched a Boycott Bacardi campaign to highlight the attempts by Bacardi to undermine Cuba.

Since fleeing Cuba, Bacardi's lawyers have helped draft the Helms-Burton Act that tightens the US's blockade of Cuba. The blockade prevents the sale of food and medicines to Cuba and threatens other countries if they trade with Cuba.

Bacardi has also apparently resorted to stealing the trademark of the real Cuban rum, Havana Club. The owners of the trademark have registered it in the US to prevent its use by other companies. Yet Bacardi uses it under a new American law, written specifically for Bacardi, which contravenes international trade law.

The makers of Havana Club believe that Bacardi is afraid of the competition represented by Cuban rum. Havana Club's sales bring much-needed hard currency into the Cuban economy.

The Boycott Bacardi campaign also exposes the lies behind Bacardi advertising. It falsely depicts the Cuba of the '40s and '50s as a place of glamour and sophistication. However, pre-revolutionary Havana was a

brothel and casino for US playboys, the Mafia and a rich Cuban elite. While Bacardi assets worth millions, the majority of Cuba's population – including Bacardi's own sugar workers – lived in shacks without running water or electricity with unemployment and illiteracy rife.

This campaign builds on the success of similar campaigns against other multinationals involved in inhumane activities, such as that against Nestlé for promoting powdered baby milk in underdeveloped countries and that against Shell for its involvement in atrocities committed against the Ogoni people in Nigeria. These campaigns attracted worldwide support and forced the companies involved to reconsider their policies.

The campaign aims to threaten Bacardi's profits and force them to get off Cuba's back. REDEYE won't be buying any Bacardi products, and will not go to Bacardi bars, clubs and shops.

REDEYE echoes the call by Granma International: 'Don't drink Bacardi – it will leave a bad taste in your mouth!'

...BUT YOU CAN'T HIDE!

In this issue, there is an article on the agreement signed by the Maritime Union of Australia (MUA) and the local transport unions. The agreement links the unions organisationally.

REDEYE wants to warn the chicken run to Australia, especially those running away from South African trade unions, workers and their work ethic. SATAWU and TGWU will now have a presence and a partner in Perth and Fremantle. So beware, you can run...

Inflation monitor: September - October 1999

Area	Consumer Price Index 1999 (Base:1995 = 100%)		Annual rate of inflation 1999 (% increase over one year)	
	September	October	September	October
Cape Peninsula	130,9	130,8	1,1	1,3
Port Elizabeth	129,8	129,4	0,5	0,7
East London	134,7	134,5	2,3	2,7
Kimberley	133,4	133,1	2,4	2,3
Bloemfontein	130,5	130,4	0,4	0,8
Goldfields	129,4	129,0	4,8	5,0
Durban/Pinetown	133,5	133,3	2,1	2,5
Pietermaritzburg	131,4	130,9	2,8	2,9
Klerksdorp	126,9	126,7	0,6	0,8
Pretoria	131,4	131,2	2,0	2,1
Witwatersrand	131,7	131,4	1,8	2,0
Nelspruit	132,2	132,0	1,7	2,2
Pietersburg	127,7	127,5	-0,8	-0,6
South Africa	131,6	131,4	1,7	1,9

Source: Statistics South Africa

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Disclosure of information

The LRA grants unions a number of organisational rights. One of these rights (found in Section 16 of the LRA) is the union's right to information during consultation or collective bargaining. Section 16 tries to balance unions' needs for relevant information (to fulfil their functions) with employers' needs to keep information secret.

In this article we discuss:

- how Section 16 of the LRA is being applied in practice;
- how trade unions can strengthen their position in disputes relating to the disclosure of information, particularly in the context of collective bargaining and proposed retrenchments

Section 16

Sections 16(2) and (3) of the LRA require an employer to disclose to a trade union all relevant information that will allow the trade union to:

- effectively perform the functions of shopstewards;
- engage effectively in consultation or collective bargaining.

If employers and unions are to engage in a realistic, intelligent and informed basis they must have factual information.

Unions and employers often contest what and how much information is needed for intelligent collective

Henry Ngcobo and Nikki Howard show how unions can strengthen their position in disputes relating to the disclosure of information.

bargaining. Unions and employees think that they need full disclosure of information in order to assess their own position and the employer's position. On the other hand, many employers consider disclosure of information as invading their privacy and prerogative. These different views are evident in disputes about whether an employer should be compelled to disclose particular information.

Relevant information

It is very important to look at the 'relevance' of the information that the union wants, because a union is only entitled to relevant information.

When an adjudicator (for example, a judge/arbitrator/commissioner) decides whether information is relevant or not, he/she will look at what the union wants the information for. The adjudicator will use an objective test to decide whether information is relevant or not. In

SACCAWU and others v Pep Stores (1998) 19 ILJ 1226 (LC) 1237D E. Judge Landman held that 'relevance... is directly connected to the purpose of disclosure. The purpose for which the disclosure of the information is required will determine whether or not certain information is relevant or irrelevant.' In this case the judge rejected an argument by the union that the information is relevant if the party requesting it thinks that it will be relevant.

Relevant information includes

- the information the employer has considered in putting forward its proposals,
 - the information that would enable the union to develop its own alternatives.
- In *NUMSA and others v Comark Holdings (Pty) Ltd, (1997)* 18 ILJ 516 (LC), Judge Mlambo expressed the view that in order to enable employee representatives to fulfil their duty of seeking alternatives through meaningful and effective consultation, it is necessary that they be given an opportunity to consider.
- information which, in the employer's view, suggests that there are no alternatives to retrenchment,
 - other information which the employer has not considered to be relevant but which might well be.

The union must prove that the information they are requesting is relevant to the issue that they are consulting on or negotiating. It is not enough to establish that the information may be relevant to the issues (*NUMSA/Nissan South Africa Manufacturers (Pty) Ltd [1999]* 4 BALR 494 (IMMSA) at 501G-D).

In the *NUMSA/Nissan South Africa Manufacturers* case, the arbitrator held that the party demanding the information must prove that the information they want is relevant. This means that the union or employees usually have to prove, on a balance of probabilities, that the

information they want will be relevant to the issue they are negotiating or consulting on. The problem with this approach is that it is often extremely difficult for a union to prove that the information is relevant when the union does not have the information in its possession.

Before requesting information, unions should identify what they want to achieve in performing their functions in a given situation. (For example, the union may decide it needs the information to look for alternatives to retrenching, or it may decide that it needs the information to check whether the company really is making a loss.) Once the union has identified its objective, it will be easier to identify what information it needs.

Because a union has to prove that the information it wants is relevant, it is important for the union to clearly motivate why it needs the information to perform its functions. In order to do this, the union must understand the connection between the information it wants and the function it is performing. If the employer refuses to disclose the information requested on the basis that it is irrelevant, the union should request a detailed motivation as to why the information is irrelevant.

The importance of making the connection between the information requested and the purpose for which it is required is illustrated by the judgments in a number of Labour Court cases. The Labour Court has held that an employer does not have to disclose financial information if the employer says that it is retrenching - but not for financial reasons.

In *Hendry v Adcock Ingram (1998)* 19 ILJ 85 (LC), Judge Revelas J found that: 'If the respondent can show that by cutting operational costs and excluding some of its business areas, it can make better profits instead of losses, I do not see the

need for furnishing other written information relating to the financial justification, for example financial reports and the like.' (at 93C-D)

In *Upusa v Grinaker Duraset*, (1998) 19 ILJ 107 (L.C.) Acting Judge Grogan stated, 'When asked to explain the relevance that such a figure [the respondent's bank balance] would have had, he [the applicant's representative] suggested that the respondent could not have fairly retrenched if it had reserves of 'millions'. But that is not the test where the employer does not plead poverty - which the respondent never did in this case. As mentioned above, its explanation was simply that the retrenchees' positions had become redundant due to a reduction of work.' (at 117D- F)

In *Van Rensburg v Austen Safe Co* (1998) 18 ILJ 158 (L.C.), Revelas J again found that: 'The applicant's post became redundant as a result of a change in business focus, not because the respondent was financially destitute. That was never the respondent's case. Therefore the respondent is not obliged to provide the applicant with an explanation as to its business errors in the past.' (at 169F)

These cases look at the reasons for the retrenchment when deciding whether the information that the union requested was relevant. In these cases the financial information may have been relevant to:

- the company's ability to implement alternatives the union wanted to propose;
- the severance packages the employer was in a position to pay.

If unions make clear what information they need and why they need the information, it will be more difficult for employers to claim that the information is irrelevant. For example, a union would be in a stronger position if it says that it

needs a company's financial statements to assess what severance packages a company can pay, than if it says it needs the company's financial statements to consult on retrenchments.

Unions must therefore clearly define exactly what they need the specific information for, if they are going to prove that the information they need is relevant. It is harder to determine relevance where the problem/purpose is not well defined, or where the parties believe that there are different causes to the problem.

Information and retrenchments

Section 189 of the LRA states that certain procedures must be followed when an employer contemplates dismissing one or more employees for reasons based on operational requirements. The first step to follow is consultation. During the consultation the parties must attempt to reach agreement on a number of issues that are listed in Section 189(2).

It is obvious that there cannot be adequate consultation over proposals if one of the parties does not have all the facts. In the retrenchment context, the union or the employees will not be able to make rational proposals or formulate alternatives, unless they have sufficient information to assess or challenge the employer's proposals. In appreciation of this fact, Section 189(3) requires an employer to supply in writing all relevant information, which must include but is not limited to:

- the reasons for the proposed dismissals;
- the alternatives considered by the employer;
- the reasons why such alternatives cannot be used;
- the number of employees and the number of employment categories to be affected;



Employers do not often want to disclose information that the union wants.

- the proposed methods of selecting retrenchees;
- any assistance which the employer proposes to give the retrenched employees;
- the possibility of future re-employment of employees who are being retrenched.

Employers often approach the disclosure of this information in checklist style, making empty statements on each of the issues on which they have to disclose information. This approach represents an attitude of minimal compliance. Employers are often mainly concerned with setting up a record that on the face of it appears to be in compliance with the LRA but is meaningless in substance.

The union can ask the employer to disclose more information on why it is proposing the dismissals – the union may ask the employer to substantiate the reasons it has given for the proposed dismissals. This may amount to evidence

that the retrenchments are in fact not necessary; and may involve disclosure of financial statements or an independent audit.

No disclosure

Even if information is relevant, sub-Section 16(5) of the LRA provides that an employer is not required to disclose information which'

- is legally privileged;
- if disclosed, might contravene a prohibition imposed on the employer by law or an order of court;
- is confidential and, if disclosed, may cause substantial harm to the employer or employee;
- is private personal information about an employee, unless the employee consents to disclosure.

Section 16 therefore recognises that total disclosure of confidential information could damage the employer's enterprise, the union and its members, and/or the

relationship between the union and the employer. However, this does not mean that all confidential information cannot be disclosed.

In terms of Section 16(4), if the information the employer is required to disclose is confidential, the employer must inform the union in writing that the information is confidential. This is to alert the union to the fact that the information must not be disclosed to outside parties. Employers often appear to believe that all they have to do is claim that the information is confidential to avoid having to disclose the information to the union or employees. But, if the employer is to justify non-disclosure, it must go further. The employer must also prove that the disclosure will cause substantial harm to it or an employee. Harm to a third party does not qualify as a justification for non-disclosure.

Employers often claim that they do not have to disclose information because the information is confidential. If the employer

refuses to disclose information on this ground, the union should demand that the employer explain fully:

- why the information is confidential;
- what substantial harm will be caused by disclosing the information.

Disputes

When a trade union requests information, an employer will often refuse to disclose the information on the grounds that the information the union wants is not relevant or is confidential.

If a dispute arises as to what information should be disclosed the dispute may be referred to the CCMA. The CCMA must attempt to conciliate the dispute but if this fails the dispute may be referred to arbitration.

The commissioner hearing the dispute must first decide whether the information requested is relevant or not. If the information is relevant and the employer claims that he/she by law does not have to disclose the information, the

Checklist for information disclosure

- Identify your objective/ purpose.
- Identify the information you need to perform your functions.
- Work out why the information is relevant to what you are doing.
- Ask for the information as soon as possible.
- Motivate why you need the information.
- If you do not know what information the employer has, ask for all the documents relating to the issue.
- Request the information in writing or confirm a verbal request in writing.
- When you get the information, read it and check whether you have all the information you need.
- If you need more information, immediately ask for it.
- If you do not understand the information, ask the employer to explain it or consult experts appointed by the union.
- If the employer refuses to disclose information ask for a detailed written explanation why he/she will not disclose the information.
- If the employer claims that the information is confidential, ask him/her to explain in writing why the information is confidential and what substantial harm will be caused to the employer or to an employee if the information is disclosed.
- If the employer refuses to disclose the information you requested, immediately refer the dispute to the CCMA or follow the procedure in a collective bargaining agreement relating to disputes about information disclosure.



Ditsela facilitates a course on information skills for negotiations.

commissioner must then proceed to the next stage of the enquiry. The employer has to prove that he/she does not have to disclose the information because the information falls into a protected category (that is a category of Section 16(5)).

But the enquiry will not end if the employer proves that the information is confidential and that its disclosure will cause substantial harm. The commissioner still has to weigh up the harm to the employer or employee against the harm that the failure to disclose is likely to cause to the union's ability to perform its functions in terms of the LRA. If the commissioner decides the balance of harm favours disclosure, he or she may order the disclosure on terms that limit the harm.

In summary, to rely on confidentiality as a basis of non-disclosure, the employer must establish:

- that the information is confidential,
- that its disclosure will cause substantial harm to the employer or an employee;
- that the harm of disclosure outweighs the harm to the union if it is unable to

perform its functions properly

Do not delay

Unions should be extremely wary of using the process of requesting information as a delaying tactic. The Labour Court and the Labour Appeal Court, have on numerous occasions made it clear that they will not be sympathetic to trade unions and employees who do not engage in negotiation and consultation processes with employers in good faith. In such instances, the employer often implements its retrenchment programme without consulting the union or employees, and the courts have found the employers' conduct here, to be fair in the circumstances. ★

This article draws heavily on material that Nikki Howard had developed for the Ditsela course on information skills for negotiations. Henry Ngcobo is a candidate attorney at Cheadle Thompson & Haysom. Attorneys Nikki Howard is an attorney at Cheadle Thompson & Haysom Attorneys.

Mineworkers Provident Fund

special bonus project

The Mineworkers Provident Fund is the largest defined contribution provident fund in South Africa (outside of the public sector) in terms of the number of members under administration. It was one of the first industry funds to be negotiated in South Africa - prior to legislation regulating that boards of trustees should have member representation. The Fund has 10 trustees - NUM appoints five and the Chamber of Mines appoints five.

Until its establishment in 1989, the majority of miners - mostly 'unskilled' or semiskilled - lacked any substantial retirement fund cover. Today, the Mineworkers Provident Fund has assets in excess of R3,7-billion! The average benefit accumulated in the fund has grown from approximately R7 000 a few years ago to over R20 000 today.

Special bonus

As a policy-holder of Old Mutual, the Fund was recently awarded an amount of 29 187 000 Old Mutual shares. The Fund's trustees decided to sell these shares on the listing date (12 July 1999). The trustees also decided to allocate the value of the 'free shares' to all Fund members who were in service (that is employed) on 31 December 1997. (Old Mutual allocated shares based on the Fund's assets on that date.) The trustees'

by Ann Weisz

decisions mean the Fund's members (who qualify) will receive a special bonus from the profit that the Fund made from the free shares. The Fund received R323 362 749 from selling the shares!

The trustees carefully considered:

- how to equitably distribute the proceeds of the sale;
- which members qualified for the special bonus.

The trustees consulted the Fund's actuary, attorneys and consultants before making a decision on these issues.

Qualifying members

The trustees decided that the following categories of people can share the special bonus:

Current members

All members who were in force (that is had money in the Fund) and paid-up on the 31 December 1997 could share in the proceeds of the special bonus. This includes people who have left the Fund since 31 December 1997 and 30 June 1999.

Members who are still in-service members will not be paid their special bonus amount in cash - instead the Fund



SOUTHERN NEGOTIATED RETIREMENT FUND SERVICES

will add the value of the special bonus amount to each in-service members' benefit in the Fund. The reason for this is that it is illegal for the Fund to pay members cash unless the members terminate their service with their employer and the Fund benefits become payable in terms of the rules of the Fund. The actual amount allocated per active member will be shown on the benefit statement for all in-force members.

People who are currently members of the Fund, but who only joined the Fund after 31 December 1997, will also qualify for a minimum allocation

Resignations, retrenchments and dismissals

The Fund will pay all members who had left the service of their employer before 31 December 1997 but had

not yet been paid their benefits from the Fund. For example, people who fell within the six month waiting period for payment, according to the Fund's rules

Deaths

The Fund will pay the beneficiaries of those who had died before 31 December 1997 but had not yet been paid by the Fund (the death had to have been reported before 31 December 1997). The Fund will also pay for special bonuses in respect of deaths occurring between 31 December 1997 and 30 June 1999.



Southern Life's dedicated administration team.

Untraced/unpaid members

The Fund will pay the special bonus to all former members who had benefits left or unclaimed in the Fund on 31 December 1997

If you were or are a member of the Mineworkers Provident Fund you may qualify for a special bonus. Read this article to see whether you qualify and who to contact with any questions or claims.

Special bonus administration team

Payment of the special bonus amount presents an immense administrative challenge to the administrators of the Fund – Southern Negotiated Retirement Fund Services (a division in the First Rand Group) for a number of reasons

- a lengthy time period has elapsed since December 1997 – this makes it very difficult to trace and pay members who left the Fund but still qualify for the special bonus;
- about 120 000 members left the Fund

as a result of the mass retrenchments taking place in the mining industry – this is a very large number of people to trace and pay and requires resources and good administration;

- 50% of exited members/beneficiaries live in Lesotho, Mozambique and Botswana
- The Fund's administrators do not have records of the exited members' home addresses – the Fund only has details of the member's identity, the member's specific employer, how long he/she had worked for, and other aspects relating to employment. In many instances, the employer does not have accurate up-to-date records of the members' home addresses. This makes it very difficult to trace exited members

The Fund has therefore formed a dedicated administration project team to focus exclusively on these challenges. Southern has established a dedicated team of 12 individuals whose mission statement is "To effectively, efficiently and correctly pay over 120 000 members or beneficiaries with the special bonus amount within a six month period commencing January 2000." The administration team consists of:

- 1 experienced manager
- 1 finance specialist
- 10 administrators.

The back office team consists of:

- marketing
- systems support

Contact

People who have questions should contact the administration team (Tel: (0861) 221-122).

The Fund will start making payments from January 2000. The senior administration manager to the Mineworkers Provident Fund is Ms Yedwa Simelane (Tel: (011) 491-6447).

The dedicated administration team is located at Ground Floor, Southern Life Centre, 45 Commissioner Street, Johannesburg

- finance
- senior management.

The professional administration team will be using the latest technology and the best tracing skills to complete the project successfully. Southern is committing large resources to the project, including flying people to neighbouring countries to trace exited members. It will also get assistance from NUM, the Chamber of Mines and TEBA.

Claims and payment

The Fund intends tracing or locating all the qualifying members. The qualifying members must then complete a questionnaire that will help the administrators check whether the person is in fact a qualifying member for the special bonus amount. The Fund will not pay any person whose identification is in doubt and cannot be checked.

Qualifying members must be able to provide detailed information relating to their period in service as members of the Mineworkers Provident Fund. Any person claiming the special bonus from the Fund must produce at least one of the following documents to the Fund's administrators:

- mine card (Makulu shop);
- benefit statement/member certificate;
- TEBA savings book;
- payslip from mine.

Qualifying members/beneficiaries (as defined above) can choose whether they want to be paid:

- by cheque;
- by cash (as long as the person is no longer a member of the Fund);
- through TEBA;
- by having money transferred into a bank account

Ann Wetz is the divisional head of Southern Negotiated Retirement Fund Services.

Dialogue of the millennium

Labour internationally finds itself confronted by an apocalyptic beast with many different faces, names and guises. Unionists call this beast 'globalisation', 'neo-liberalism', 'structural adjustment', 'privatisation', 'mass unemployment'. What these reflect is the shift from a 'national/industrial/colonial' capitalism toward a 'globalised/computerised/service' capitalism. This process has deeply damaged and disoriented the labour movement - nationally, regionally, internationally.

Trade unions have seen their traditional membership base reduced, divided, individualised and dispersed. Unionism was once, and sometimes still is, a social movement, acting as a democratic force, with an alternative vision of the world. But, in much of our contemporary world, labour is finding itself outflanked here by the human rights, women's, ecological, peace and other such new radical-democratic and internationalist social movements. In other cases labour has seen a significant part of its traditional class base fall into the hands of authoritarian nationalist, racist or religious movements.

Traditional labour ideologies - communism, social democracy and populism (or radical-nationalism) - are declining along with the national/industrial/colonial capitalism they originally related to.

The crisis has had an even more

Unions and labour activists are rethinking and re-strategising at the international (or regional) level to confront globalisation and strengthen organisation. Peter Waterman analyses how this is being done and suggests ways to strengthen internationalism.

disorienting effect on the international trade union organisations. They had chugged along quite satisfactorily - until a globalised neo-liberalism ripped up the old national railway tracks. They confined themselves to the traditional ideologies, or to inter-union membership and influence battles (particularly in the third world). Or they buried themselves in ritualised conferencing, lobbying and committee work - dialoguing with international organs of capital and/or state - that were then quite prepared to do business with them.

This sorry international scenario continues for a large part today. But over the past two or three years we have begun to see a revival of labour internationally. Or, rather, a revival of international labour and of labour internationalism. Indeed, it even seems to be the case that unions are

rethinking and re-strategising at the international (or regional) level. It is those parts of the labour movement most involved in work at the international level, or in international solidarity, that have most seen the need for confronting and surpassing a neo-liberalised globalisation.

The response can be found most immediately in a number of international labour conferences taking place in 1999-2000, as we move from one millennium to another. The first is represented by the Conference on Organised Labour in the 21st Century (COL21). It is hosted by the ILO, and co-sponsored by the ILO and the International Confederation of Free Trade Unions (ICFTU).

The second is a whole series of events initiated by trade unions, socialist parties, or left academics. These are new forces on the international union scene, mostly on the geographical or political margins of the traditional internationals. Here we find the Conference of the Southern Initiative on Globalisation and Trade Union Rights (Sigtur), hosted by the Congress of South African Trade Unions (COSATU), October 25-29, 1999.

It is possible that a new kind of internationalism will emerge out of one or both of these types of events. This new kind of internationalism would be one that:

- returns to unions' social movement origins;
- and then adapts its social movement origins to a new millennium and the new world disorder of a globalised and computerised capitalism.

But this is only possible if labour, left and socialist activists respond critically to these new developments and engage energetically with/in them.

Which millenium?

COL21 is an international, trilingual,

electronic conference. It is open in principle to anyone with the motivation and the means (a computer with worldwide web or email access). It began in 1999 and it identified the following for discussion:

- employment and development;
- law and unions;
- responses to globalisation;
- unions and structural adjustment;
- collective bargaining and social dialogue;
- informal sector and marginalised workers;
- social protection;
- recruitment and organising;
- political strategy (relations with parties and NGOs);
- women;
- youth;
- union structures and services.

This agenda is ambitious and relevant. Several hundred people have already contributed, and many have enthusiastically discussed the value of 'social clauses' (in inter-state and global trade agreements) to the labour movement. The initiative is, however, also potentially limited by certain ideological, institutional or even electronic parameters.

Ideological parameter

Five initial declarations or analyses mark the beginning of COL21. Two are by the leaders of the convening organisations, three by European Union labour specialists. With one exception, these statements confine themselves to:

- the framework of liberal/social democracy;
- the existing international institutions of labour representation (for example the ICFTU);
- the existing international institutions of negotiation and norm-setting (for

example the ILO);

- the existing formal process and rituals for the advancement and spread of labour representation, negotiation, and norm setting (collective bargaining, tripartism, legislation, development co-operation, etc).

What comes out of the initial declarations is some notion of a Paradise (or paradigm?) Lost That paradise is some 1970s model (or myth) of Swedish or Dutch labour relations. Yet even this model was national and could not be applied in other parts of the world. It also, of course, left labour and society without relevant weapons to face the beast of neo-liberalism when it struck.

The exception amongst COL21's five limited opening statements is the input made by Richard Hyman, a British socialist professor of industrial relations. His point of reference and address is the labour movement rather than industrial peace, development or tripartism. He seeks solutions within the labour movement itself and its allies to the global crises. His central argument is that labour needs to begin a new battle of ideas. Labour can do this by entering the institutional/ideological terrain of the new workplace and processes, revealing their contradictions, and bending them to worker interests. He proposes a new labour project, which addresses:

- flexibility (for, not of, the labour force);
- security (of collective employment);
- opportunity (for personal advancement);
- democracy (its extension to the workplace and its generalisation);
- community (those amongst whom workers live or identify with);
- solidarity (a new solidarity that recognises and values national, cultural



Peter Waterman.

and other differences)

Hyman reconnects the present and future unionism to its origins, and to a broader social and international history. Hyman's is a welcome voice. But has he posted it to the right address? Will it be heard and discussed within a forum hosted by the ILO, and sponsored by the ILO and the ICFTU?

Institutional parameter

Both the ILO and the ICFTU are suffering something of an identity crisis. This is a result of the revolution within capitalism that tends to undermine and/or circumvent them. Both the ILO and the ICFTU are products of the national/industrial/colonial stage of capitalist development. Both were products of massive (inter)national social movements, conflicts and consequent world wars. They could also be seen as having offered a cosmopolitan, reformist and *successful* alternative to the Communist International

and revolutionism. But both the ICFTU and the ILO are literally *international* in the sense of their constituents being defined in terms of nation-state identity. Jointly these institutions have expressed a liberal-and-social-democratic project of bipartite or tripartite labour relations.

The ILO and ICFTU were marginalised, in different ways, during the United Nations-sponsored Social Summit of 1995. The ICFTU found itself defined as one NGO amongst many, rather than the privileged representative of the poor. It was reduced to publicly arguing that the event should have been run by the ILO, or on ILO lines. This would have put labour proudly on the podium, as a *partner of capital and state*, dominating the 'single issue' NGOs. Yet since the ICFTU is, for 40% of its activity, dependent on the same Western state-controlled funding as the development NGOs, it should surely be discussing such issues amongst them, rather than preaching from on high.

Given all the above, it seems reasonable to speculate that the ICFTU and ILO are jointly concerned to restore their 20th century organisations as the central international institutions of labour representation, dialogue, compromise and norm-setting for the 21st century. They do not seem to question whether they should be re-inventing themselves for the new millennium.

Communicational parameter

Participation in COL21, after just a week or so in August 1999, was impressive, in terms of numbers (462 signed up, almost 100 introductions/contributions). It was also impressive in terms of respondents' interests and backgrounds. I had expected the response to be strongly skewed toward the US and UK, and the usual on-line suspects - young, white, male, professional, northern. A rule-of-thumb

analysis, based on some 48 contributions, spread over four days in late-August, revealed the following: 43 were from core capitalist countries, mostly North American; 44 were from males; 25 were from union activists or employees and 25 from academics (the last two being often overlapping categories); 12 were from pro-labour NGOs; 16 appeared more oriented toward collective bargaining; 26 were concerned with international labour issues.

It would be easy to dismiss such participation, as limited to the usual suspects. I prefer to take note of it as qualifying the open and international nature of the event, whilst stressing its radical potential. This lies in the number of academically-qualified/employed and union-oriented/allied participants concerned with the future of labour under conditions of globalisation. Moreover, the marginal presence of women and people from the capitalist periphery, is not the end of the story. This is not, after all, an election - it is a discussion and even, possibly, a dialogue. We *could* end up with a lot of white, northern, pro-labour academic guys talking to each other (about the implications of globalisation for anglo-saxon-type labour relations, and their European or international projection). But the weight readers accord a particular contribution is not determined by its representativity but by its perceived relevance.

We have yet to see how the ILO understands and uses the contributions. This forum is, after all, created for the purposes of the sponsors. But the initial participation is potentially more radical than these bodies have demonstrated themselves to be. And the parameters of an electronic forum are more open than those of an academic or trade union conference or publication. Individual

contributions, indeed whole discussions, could, in principle be reproduced in some more activist-oriented web page

Which dialogue?

Now, there has been a flood of activist-oriented labour conferences on globalisation, planned either for the end of the old millennium or the beginning of the new. I have identified several, which have taken place, are taking place, or are expected to take place, in Brazil, the US (two), South Korea and Bangladesh, as well as in South Africa itself. We will have to await reports and analyses of their outcomes before we can compare and contrast. But the fact of their occurrence, their overlapping sponsorship and participation, their frequently overlapping agendas, and their networking organ or mode of operation, all suggest that the movement is being put back into the international labour movement! The conferences include:

- *The 2nd World Meeting Against Globalisation and Neo-liberalism*, organised September 1999 by Brazil's major trade union centre, the Central Unica dos Trabalhadores (CUT)
 - *The Open World Conference in Defence of Trade Union Independence and Democratic Rights* to be held February 2000 in San Francisco
 - *LabourMedia99*, in Seoul, November 1999, the second such international labour communication conference/festival to be hosted in South Korea
- The Sigtur conference certainly overlapped with the previous events in sponsorship, attendance and concerns. It struck, however, a number of quite original notes. Its 'South' was not confined to the capitalist periphery, since the initiative came as much from Australia, as from South Korea, India or South Africa. Moreover, it has received the blessing of a number of International Trade Secretariats

(ITSS). A Southern 'identity', moreover – a recognition of the South as a focus of labour exploitation and resistance, affecting all workers – was urged on unions outside any geographical or social South. The initiative was considered complementary to, not competitive with, the established international unions 'it creates space and meets needs'.

The agenda was itself innovative, with the intention to focus on commitments to relevant action by participant unions within a specific time period. The first full day highlighted an Australian (and international) campaign against the mining multinational, Rio Tinto, that also involved communities, the human-rights and ecological movements. The second day dealt mainly with workplace and national union responses to the affects of globalisation, in terms of organising strategies to regain members, reach out to new types of workers and to relevant communities. The third day concentrated on 'building global unionism', as exemplified by a co-operation agreement signed on the spot between the unions covering two ports with a recent history of solidarity (Durban, South Africa and Fremantle/Perth, Australia). It also proposed a common international May Day for the year 2000 (quite a challenge considering May Day's decline in the North and its often nationalist character in the South). In the mind of Rob Lambert, its South African/Australian co-ordinator, there lies within the Sigtur conference an express aspiration for a 'global social movement unionism' (see *SA Labour Bulletin* vol 23 no 5, 1999).

Sigtur is, evidently, only one of several networks pioneering labour-oriented dialogues on labour internationalism. The outcomes (printed, practical) of Sigtur will require comparison with those from other conferences. This does not mean that Sigtur

is in competition with either the 'more institutionalised' fora (like that of the International Chemical, Energy and Mineworkers Federation, which followed immediately in Durban, South Africa). Nor is it in competition with the 'less institutionalised' fora (like the Open World Conference forthcoming in the US). It is going to be involved in a dialogical and dialectical process involving all these. Or, perhaps, one should say, it needs to see itself as thus engaged. Nor, finally, does it mean that Sigtur (or other initiatives) will book success at shopfloor, grassroots or community level. This is, after all, where workers live - and die - and which we have to reach if we are to attract and motivate workers to become internationalists. We can also not assume that the models of internationalism Sigtur demonstrated, or the actions it proposed, will be implemented by its participants or spread globally.

Sigtur, moreover, like the other labour-oriented events or networks, has another limitation. Being 'real' rather than 'virtual' (existing in computerised form, within 'cyberspace'), it will directly affect those who attended, but is less likely to reach those who did not attend.

There is here an interesting paradox. I only got to know of these 'real' events because of the worldwide web. But they have here an extremely restricted presence and impact. They appear, or become accessible, only via electronic discussion lists and (personal) electronic mail. They do not have their own websites (a kind of continually updated electronic magazine and resource tool). A lack of 'virtuality', at least for internationalist movements today, seems to me to be an increasing restriction on their 'reality'.

Inside, outside

A new kind of labour movement and internationalism, a 'global social movement

unionism', cannot today be built alone - or even initiated - by *one* particular organisation (trade union, labour-support organisation), according to *one* particular ideology (radical, reformist), by *one* particular category (industrial workers, working women, left intellectuals), from *one* particular place (US, Latin America, Asia-Pacific). Those interested in forwarding this project therefore need to be working, or at least thinking, both 'inside' (within traditional international labour or left organisations) and 'outside' (within the increasing number of internationalist networks, coalitions and alliances). The latter simply 'create space and meet needs'. They do not substitute for unions - which represent the largest organised international resource for a radical-democratic global solidarity project.

Every reason, therefore, for computer-skilled labour internationalists (particularly outside the white, male, Northern, etc. category) to take active part in the ILO/ICFTU event and themselves test the parameters suggested above. And every reason, on the ILO/ICFTU side, to ensure that at least the outcome of these events are made available on or through its own site.

And, in so far as the Sigtur co-ordinators wish to be accessible and influential worldwide, every reason for them to ensure that they have their own website (or pages on someone else's). And, since we cannot assume that ILO/ICFTU knows or cares about their existence, every reason to post their analyses and proposals on the COL21 site. ★

Peter Waterman (UK/Netherlands) is an independent researcher/writer on 'the new social unionism' and 'the new internationalisms', who has been contributing on these topics to the Bulletin since the 1970s.

Reflections on SigTUR

successes and challenges

About 120 delegates from 10 countries attended the Southern Initiative on Globalisation and Trade Union Rights (SigTUR) conference in Johannesburg on 25 to 29 October. The conference was hosted by COSATU and was the fifth regional conference of what was formerly known as the Indian Ocean Initiative. Previous meetings have taken place in Australia and Calcutta, India.

SigTUR brings together independent unions and labour-related NGOs who share an identity based upon resisting the exploitation created by neo-liberal policies. SigTUR drew people from countries outside of North America, Europe and Japan. In practice, this involved unionists and labour NGOs from Australia, India, Indonesia, New Zealand, Malaysia, Pakistan, Philippines, Sri Lanka, South Africa and South Korea. Observers from the United Kingdom, the Netherlands and Canada also attended. The Johannesburg meeting focused on practical strategies that unions could take to combat neo-liberal globalisation. Discussions in small groups and larger sessions focused upon four main issues:

- developing global unionism,
- a corporate campaign against Rio Tinto,
- working towards a common May Day,
- rebuilding the union base.

Global unionism

Conference organisers asked the delegates to consider whether some kind of global

Robert O'Brien identifies the challenges facing labour and outlines the discussions that took place at SigTUR:

unionism could be developed in response to the increasing globalisation of capitalism. Delegates were unsure as to what increased internationalism might look like or whether it was possible to move much beyond ties between national unions. However, one practical example of this renewed commitment to internationalism was a statement of intent signed by the Maritime Union of Australia (MUA) and the South African Transport and Allied Workers Union (SATAWU), Transport and General Workers Union (TGWU). The MUA had supported the anti-apartheid struggle by boycotting South African ships and goods. South African workers had supported the MUA in 1995, 1997 and 1998 through a series of protests and boycotts of Australian ships because of the anti-union drive against Australian unions. The statement of intent committed the unions to explore the possibility of linking the ports of Fremantle in Western Australia and Durban in South Africa.

The SigTUR initiative itself is an example of one attempt to build a new form of unionism in a global era. It is meant to

complement existing international union structures such as the International Trade Secretariats (ITs), by bringing together trade unions and activists on an informal basis. Sigtur plays a co-ordinating role by establishing contacts between activists, supplying information and organising initiatives among its members.

Delegates at the conference then take this information back to their own organisations and consider whether they can take concrete action to bolster international co-operation. In form and function Sigtur, resembles a network of groups rather than a hierarchical organisation. Its growth has been facilitated by the breakdown of ideological divisions following the end of the Cold War and by the ease of communication brought on by the information technology revolution. It is a good example of what Peter Waterman has called a communications internationalism.

Waterman has suggested that new forms of communication allow labour groups to establish networks of activists and union members on an informal basis. These networks can be created cheaply, dismantled and rebuilt according to a particular issue, cause or need. Such networks can bring rank and file unionists directly into internationalist activity. This opens the possibility for an energised mass of labour activists operating on a network basis. These networks pressure traditional representative forms of organisation (such as the ITs or the International Confederation of Free Trade Unions (ICFTU) to become more active in combating neo-liberal globalisation.

Rio Tinto corporate campaign

One of Sigtur's goals was to raise the issue of a corporate campaign against the multinational mining giant Rio Tinto. Rio Tinto is the world's largest private mining

company and is based in Australia and the United Kingdom. It operates over 60 mines and processing plants in 40 countries, directly employing 51 000 people.

Rio Tinto has attracted recent union attention because of its aggressive campaign against unions in Australia and its activities in areas inhabited by indigenous peoples in countries such as Indonesia. It has moved aggressively in Australia to eliminate unions from its workforce by moving employees on to individual contracts. There have been allegations in Indonesia that the company has co-operated with military forces in campaigns against indigenous people who oppose mining activity.

Sigtur delegates expressed anger, but not surprise at the activity of Rio Tinto. They pledged themselves to distributing information on the Multinational Corporation's (MNC's) activity to their members in preparation for a wider and intensified campaign. The Sigtur organisers' goal was that, if successful, the Rio Tinto campaign could serve as an example for other campaigns against equally abusive MNCs.

May Day

Sigtur participants also sought to demonstrate their solidarity by having common May Day activities in the year 2000 and 2001. They suggested exchanging leaders and having similar banners and slogans. Korean delegates volunteered to develop a common song for May Day celebrations. The Korean Confederation of Trade Unions (KCTU) had just recently won the right to stage their own massive demonstrations on May Day in Korea. For some other delegates, celebrating May Day is illegal. Sigtur members agreed to lobby for others to have the right to celebrate May Day.



The Sigtur conference allowed unionists and labour activists to share their knowledge and experience.

Rebuilding the union base

All Sigtur participants acknowledged that their organisations were being undermined by processes of liberalisation, deregulation, privatisation and contracting out. They raised concerns about the limited role of youth and women within the labour movement. However, labour activists had considerable difficulty in addressing specific policies that could be adopted to address the challenge of rebuilding the union base.

Conference organisers asked delegates to consider two possibilities. The first was the development of social movement unionism which is embedded in the community and makes alliances with other community groups. The difficulty here was moving from commitment in principle to practical activity. South African unions have a long experience of such activity in the struggle against apartheid, but the ties seem to be

loosening with the transition to democracy. Some delegates spoke of the difficulty of mustering community support in recent public service struggles with the government. In Australia, unions received considerable public support during the maritime dispute, but this has been difficult to sustain after the strike.

A policy paper suggested that the meeting consider the creation of a general union to organise casual and contract workers. Once organised these workers could then affiliate with industry or sector unions. The general union would develop expertise in organising casual workers, young workers and women workers. It would deploy its own resources and would assist in rebuilding the base of unions undermined by deregulation. Delegates did not directly address this proposal in the group workshops. They were more articulate in outlining their recent problems than focusing upon new

strategies to combat falling union numbers and strength

A number of unions that had made progress in their battle against authoritarian states (COSATU during the apartheid era, KCTU in South Korea) expressed frustration that the struggle for economic justice in the successor democratic states posed new and difficult challenges. In the new environment it is less clear how to proceed against plans promoted by international agencies such as the IMF and supported by democratically elected governments. In South Africa the struggle is complicated by the fact that, at times, former comrades are on the other side of the table advocating measures which harm union members. New strategies are required for the new environment, but there is uncertainty about which strategies are most appropriate.

Knowledge transfer

One important theme that emerged from the week's discussion was for unionists and academics to learn more about the process of knowledge transfer around labour issues. This applies to the transfer of knowledge in the context of North-South and South-South relations. In North-South terms, participants in a public sector workshop indicated that models for restructuring were being exported from developed countries to developing countries. The transfer of these models often left labour in a disadvantaged position. For example, unionists were often unfamiliar with criticisms of these models that had been expressed in Northern countries. They were left to work out their own views without regard to the experience of workers who had already faced such restructuring.

This indicates a need for a better understanding of the mechanisms that

facilitate these knowledge transfers. How do such models spread and who spreads them?

The export of restructuring models raises the possibility of establishing alternative transfers of knowledge. For example, if unionists faced with the latest Northern restructuring fad were in contact with public sector workers in Northern countries that had some experience in combating such plans, it might be possible for Southern public sector workers to strengthen their bargaining position. At the very least they would be aware of management strategies and intentions.

In terms of South-South knowledge transfer, unionists were eager to exchange experiences of the struggle in their respective countries. In some cases these served to foster a sense of solidarity. Some delegates wanted to hold bilateral discussions to get specific information. For example, the KCTU were eager to learn from COSATU about their experience of close ties with a governing party. In addition, the Koreans were interested in learning about how they might make a transition from company-based unions to industry-wide unions. They hoped that COSATU might be able to offer advice based upon their experience of union formation and struggle.

Issues for internationalism

For five days over 100 union members and labour related NGOs considered the problem of responding to neo-liberal globalisation and worked on concrete plans to respond to the challenges of deregulation, casualisation and liberalisation. Valuable lessons were shared and actions have been planned for future activity. Sigtur participants, similar to labour activists around the world are struggling to develop a sound



The Koreans want to move from company-based to industry-wide unions.

internationalist strategy in the face of immense odds. Three crucial questions have emerged from the week's activities:

'Who is involved in the struggle and how is such activity to be co-ordinated?'

The answer requires decisions about the geographic locations of members and the possible roles they play in civil society. It can be broken down into two further questions - who is in the South and what role is there for non-union labour groups?

On the issue of Southern membership, Sigtur has tried to move from a geographical definition of 'South' to a more ideologically infused definition which incorporates social movement unions battling neo-liberal globalisation. The name change from 'Indian Ocean Initiative' to 'Southern Initiative on Globalisation and Trade Union Rights' reflects this change in emphasis. Thus, we see the participation of Korea, which is located in the northern hemisphere and Australia while in the southern hemisphere, is not a developing country.

Presumably there will be efforts to involve other similarly minded unions such as the CUT in Brazil. This leaves open the issue of the relationship of such a network with labour activists in Canada, the United States, Western Europe and Japan. Is it better to have a space where workers away from the centre of power can work together, or is there a need to make contacts with similarly minded unions in all states?

The other issue is the relationship between unions and other sectors of civil society. A wide range of views were expressed from full co-operation with community groups and NGOs, to trying to take up NGO issues in order to replace their activity. In practical terms, the issue comes to a head when dealing with countries that lack independent unions or have very weak unions. For example, labour rights NGOs in China are very crucial of the established, but state dominated All China Federation of Trade Unions. With whom should an independent trade union network such as

Sigtur operate? The role of civil society groups goes much further to encompass issues such as women's rights, environmental protection, corporate campaigns and indigenous peoples' rights.

'What is labour's view of an alternative international order?'

During the Sigtur event many delegates expressed opposition to the existing international order. There was no shortage of criticism of the International Monetary Fund, the World Bank, the World Trade Organization, financial and trade liberalisation. Globalisation was often equated with imperialism and a long history of Northern-based domination. Those who suggested that there were positive elements to a shrinking world and information technology were met with heated debate.

The challenge for labour activists is to move beyond criticising existing structures to promoting a labour-friendly international order. In designing this order, labour activists must also consider short- and long-term strategies. This is not an easy task and will require considerable effort and debate. There are a host of difficult issues to be addressed. For example, what role do labour advocates see for global governance? Do labour groups favour supranational enforcement in some cases or are they always supportive of national sovereignty? If their instinct is to prefer national solutions, how can an increasingly integrated economy be managed and conflicts between states be resolved peacefully?

Such issues took a concrete form in discussions around issues such as labour standards or the regulation of investment. Should labour standards be enforceable at the World Trade Organization? If not, should labour be working towards an ILO that can do more than issue reports? An

architecture of global economic regulation is being constructed as we enter the 21st Century. What is labour's vision and plan for its evolution?

'How do the different national experiences of union movements limit the possibilities of internationalism?'

The Sigtur conference illustrated the diversity of union movements and forms in Southern countries. The conference participants could be divided into three main groups:

- Relatively developed unions eager to engage in 'nuts and bolts' discussion about co-operative international activity to combat neo-liberalism. This included the Australian, Korean and South African unions.
- Indian trade unions who were eager to combat globalisation, but tended to follow a more traditional model of union activity and were not as engaged in building a social movement unionism
- People from countries where independent trade unions are very weak. This included NGOs, labour activists and unionists from China, Indonesia, Malaysia, Sri Lanka and Pakistan.

The variety of union organisations and ideological outlook place limits upon the types of solidarity that can be pursued. One key to furthering that solidarity is to acknowledge those differences and to build in areas where there is agreement while debating areas of disagreement. The Sigtur gathering was an example of an attempt to do just that. Its evolution will be watched closely by those concerned about the future of internationalism in the labour movement. ★

Robert O'Brien teaches in the Political Science Department at McMaster University in Canada.

Building unionism

challenging globalisation

During the Southern Initiative on Globalisation and Trade Union Rights (Sigtur) conference in Johannesburg, the Maritime Union of Australia (MUA) and South Africa's SATAWU and TGWU signed a statement of intent. It attempts to link the ports of Fremantle in Western Australia and Durban in KwaZulu-Natal organisationally. It also serves as an example for other unions to possibly follow.

Paddy Crumlin of the MUA best voiced the aim of this linkage when he said 'Every dispute is a collective dispute, every failure is a collective failure, every victory is a collective victory.'

Statement of intent

'The impact of rapid globalisation of economic interest on union organisation requires new initiatives in the defence of workers.

These changes have resulted in extensive workplace restructuring. These processes have often been forced on workforces, have weakened our organisation, and often diminished working rights, conditions and entitlements. We have lost members, and unemployment has risen through the processes of downsizing, outsourcing and casualisation.

Globalisation has provided a set of conditions requiring more effective international trade unionism. In the

by Etienne Vlok

transport industry economic deregulation has meant that national states are now more trade dependent. They need reliable transport, shipping and communications. The two unions have developed this initiative in recognition of these conditions.

Over the past decade we have recognised the enormous potential of international action under the current global conditions.

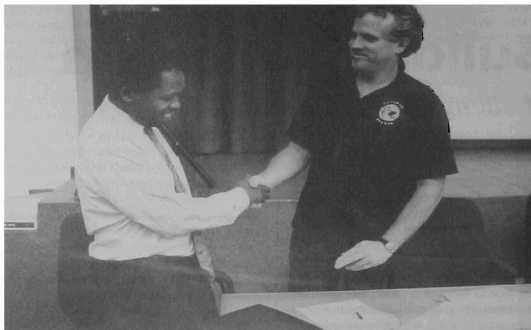
When the rights of Australian unions were threatened, the South African transport unions responded magnificently.

In May 1995, their threat to boycott shipping to and from Australia led to a withdrawal of anti-union laws in Western Australia.

In September 1997, South African dockworkers stopped work and marched in protest against the renewed legislative attack on Australian unions.

In May 1998, South African dockworkers successfully applied boycott action against three Australian ships. They refused to unload the ships because of the extreme attack on the MUA.

When the dispute was settled, the MUA leadership visited COSATU in August 1998, to personally thank the dockworkers for their commitment and support of the



SATAWU (TGWU) and the MUA will link organisationally.

International Transport Workers Federation (ITF) campaign

This experience led to the acknowledgement by both unions of the importance of effective international unionism and solidarity action. The challenge for the two unions is to consolidate and build the foundation for international unionism on an ongoing basis.

Workers cannot be called into action if they know little about the history, culture and current challenges of workers in other nations. These understandings and consciousness have to be built.

Organisation has to develop to foster this new internationalism.

With this in mind, the leaderships of the MUA and SATAWU (TGWU) wish to state their commitment to advancing this process.

The leaderships here present commit to advancing the process of linking the ports of Fremantle in Western Australia and

Durban in South Africa organisationally.

We commit to advancing this idea through our respective democratic structures.

We commit to calling for the establishment of the necessary sub-committees to examine the practical implications of linking these ports organisationally.

We make this commitment here today on 28 October 1999 before the Sigtur conference in order to inspire workers from other sectors to consider a similar direction.

Let us seize this historic opportunity.

Let us commit ourselves to build an international unionism, step by step, just as we organise individual workplaces step by step

Let us mark the beginning of the new century with a vision, a commitment, optimism that we can build a new unionism for a new century! ★

Linking political and economic struggle

Bulletin: What major challenges face unions in Indonesia?

Dita: Right now, although we already have freedom of association, we still face another problem. When trade unions want to apply to be registered they have to adopt criteria set by the government. This is sometimes difficult, because we have to adjust our union's principles to what the state ideology says they should be. You cannot register as a union if your basic principles are different from the state ideology. Our basic principle is a popular social democracy. When we put that principle in our constitution the government said that it could not register us and could not recognise this organisation as a union because it doesn't fit the criteria the government put forward.

The second major challenge is that after the economic crises and all the privatisation programmes, we lost some of our members - especially in the manufacturing areas because lots of the companies have gone bankrupt. We lost members, contact persons and we even lost our organisers that we had trained for months when they lost their jobs. As the union, we have very limited funding and resources and we cannot pay for the organiser's daily needs or his family. We can only pay for transport and lunch. If the organiser is not ideologically strong

Tanya van Meelis interviews Dita Sari,, chairperson of the National Front for Indonesian Workers' Struggle.

enough he will say I prefer my family and look for another job. The organising worker has no income. Most of the workers who have lost their jobs go back to their villages.

The third challenge is that because a lot of members have lost their jobs it is very easy for the employer to weaken the activity of the union. The employer can say 'if you want to keep your job - behave well. If you don't, if you become an activist, then it is easy for us to dismiss you because lots of other workers need this job'.

The employers used this to blackmail workers. So the workers now hesitate to be more active in the union because they are afraid they will lose their jobs.

Bulletin: If there is an organiser in a job and he/she is dismissed, can you not get him/her back in at all?

Dita: The company does not usually dismiss one, but implements massive dismissals - like 20 to 30. The company says it is doing it because it is almost going

bankrupt, but the company also does it because it wants to clean out activists. It just dismisses all the union's activists, but of course it doesn't say it is because you are a union activist. The company always says that it is dismissing because it must be efficient.

Bulletin: Can the union organise a general meeting for workers in the factory?

Dita: Yes, but not an open one, so we usually organise meetings in a worker's house. We choose a bigger house that can accommodate 40 to 50 people and we make verbal invitations. We usually hold meetings like this once or twice a week. We cannot hold open meetings in the factory or in a workplace because union activists will be identified by the company. This creates a problem

Even if you are a registered union, it doesn't mean that you can represent your members when they have disputes with the employers. Registration doesn't mean anything, so an employer can say we don't want this worker to be represented by that union and we don't want to negotiate with you. We can keep on striking but it doesn't solve the problem because people want negotiations to take place.

People in Indonesia want unions to register, so of course we undertake the process and experience all the difficulties of registering. We sometimes have to wait six months to one year before the registration papers come. But when it comes to practice, the companies still recognise the old yellow union as the best representative of the workers.

Bulletin: Were there debates around registration and the thought that you shouldn't register because if you register you might be co-opted?

Dita: After the opening up of space and the introduction of democracy in Indonesia, the government said that you can set up unions in the workplace, but you must be registered. We applied to be registered because there are some illusions among the working class that registered unions operate more effectively.

There is a big illusion among the masses about unions' legal status – this illusion has been created by the government so that the working class thinks that it is safer for them to join a union that has been registered. But registration won't lessen repression. The only advantage is that you can show journalists the piece of paper saying that you are registered, and then publicly say that the government is still repressing us. This gives us more legitimacy – it puts us in a better position

Bulletin: What conditions do workers face? What's the workplace like? What are hours of work?

Dita: Workers usually work seven to eight hours a day with half an hour break. Some will start at seven and end at three, some start at nine and end at five. We work from Monday to Saturday, so Saturday is not a free day, but the workers only work for five hours on Saturday. They sometimes work two hours overtime because it increases their income. Some workplaces provide meal allowances and provide transportation. Usually the companies who provide such allowances started to give the allowances after the workers had gone on strike. In other workplaces the workers don't get any of these allowances – they just get the basic minimum salary per day. So it depends on how strong the union in that workplace is and how regularly the workers strike. Many companies have dismissed workers or cut allowances because of the economic crisis.



'Do the political struggle as well as the economic struggle.'

Because workers are paid so little, three to four of them usually share one little room. Usually, they don't have a bathroom inside their room - they have a public toilet which they have to pay to use. The public toilet is often not open 24 hours a day but is only open until 10 o'clock at night.

Bulletin: *How important is it to look at culture in trade union activities?*

Dita: We believe right now that there must be some other way to approach workers when organising them - we cannot just approach them in a conventional way like we always did before - using leaflets, publications, public meetings. Some workers are quite afraid

when we hand them the leaflets - political leaflets - but they are more open if we introduce them to and ask them to join singing, theatre and poetry making. My union centre has set up an official programme that says to every regional union 'try to create or set up a theatre group amongst your members. It doesn't matter how bad it is, how unprofessional. Just go through the process. Do whatever you can as long as you have a theatre group in your regional level'.

Bulletin: *How are workers responding?*

Dita: They like it. They think it is much more interesting than leaflets. Sometimes we also try to provide leaflets that have cartoons with captions - they provide lots

of information for workers with a low level of education.

The cartoons have clear words and pictures - you can look at a picture and clearly see the military, other workers. We have others with pictures of students with books and spectacles. So the workers can recognise characters very easily and they laugh. But they keep the cartoon in their room and look at them again because they are funny.

The cartoons educate workers and are relaxing. We are trying to improve our approach to workers so that they will be more attracted to the union.

Bulletin: Can you tell me about EPZs in your country?

Dita: We have EPZs in West Java and in East Java. One of the biggest EPZs (in West Java) has a very large cement factory and factories supporting the cement factory. That EPZ has very bad working conditions. Workers are not provided with proper masks.

The cement factory creates pollution all around - when workers hang their clothes on a line to dry in the morning, they find the clothes full of dust in the evening. People's roofs are grey and most of the workers have problems with their lungs and breathing.

Bulletin: Are you targeting EPZs for membership?

Dita: Yes, we have been organising in West Java for the last three years - there are 15 000 to 20 000 workers working in that EPZ. But we have not succeeded in getting any industrial action there.

In other places which are smaller (with about 1 000 workers) we have succeeded in industrial action and setting up unions. In Indonesia, we have to have industrial

action first before we are able to set up a union.

When workers embark on industrial action, we identify who arranged the action, who the leaders are. We speak to them and get them to become union officials. Workers all have grievances and they will take action by themselves - then you go and pin-point the leaders. We also help the workers who are embarking on action - we ask them to identify the problems, help them investigate, offer solutions, ask them what they expect us to do. We also encourage them to take action and back it up in terms of security, legal aid, money, negotiation tactics and pamphlets. Then they see that we are serious about helping them.

Bulletin: What key issues do you mobilise workers around?

Dita: The key issues are wages and conditions in the factory. But of course my union's principle is to not only stand for economic struggle but also for political struggle. We think the political struggle is as important as the economic struggle. So besides wages and occupational health and safety and working hours, rights of women workers etc, we also take up issues like the role of the military. We say to the workers, where else do you see the military at union negotiations?

Right now in Indonesia we are trying to organise very big demonstrations because the new minister of labour is one of the leaders from the old yellow union in Suharto's era. We want to educate workers about this minister of labour - how he will become a tool of the capitalists and pass labour law that favours them. We have to challenge his position because he is part of the old forces. That's how we try to also raise the workers' consciousness beyond the issue of the workplace.



'Education, especially ideological education, is very important.'

Bulletin: *Can you explain the problems you face when organising where there is a very negative attitude towards communists?*

Dita: Sometimes the government uses the issue of communism against the labour movement. This is very effective if it touches the Muslim ground because the Muslims always picture communists very negatively - this is because government propaganda has painted a picture of communists as atheists who don't believe in God, don't have any sense of morality, as

people who are always violent, always trouble makers. When the government relates labour and communism, people see the labour movement as part of the communist way of getting back into Indonesia. People hate the communists ideologically, so the military doesn't even have to bother with labour because the Muslim civilians are always trying to attack us, stop us from continuing to embark on action. The Muslims have a slogan that 'Communist blood is allowed'. When we make leaflets and put them on the wall, the Muslims tear our leaflets off the wall or hang their own leaflets over ours.

Bulletin: *How do you ensure that you remain independent and democratic?*

Dita: We have a congress every two years. It is our biggest body and makes our strategic decisions. Between congresses we have a national council every year. It follows up on congress's strategic decisions. We have a national membership meeting every six months, with delegations from each of the regional unions - usually two or three from each regional union. They come with a mandate from the shopfloor. They gather together and evaluate what we achieved over the last six months and make

recommendations. We look at what has and has not been implemented from congress.

The national office has a regular meeting every Saturday and there are regular meetings in the regions every Saturday as well. We base our organising work in territorials – so we set up regional unions in the different regions. These regional unions are autonomous – we provide them with support and national programmes.

The regions vary in their ability – they experience different levels of repression and different conditions. Some are more progressive and better educated than others depending on their history. While they have autonomy they do not have complete autonomy – education still comes from the national centre because we think that education, especially ideological education, is very important. We take up national issues and programmes, like abolishing the political role of the military, a 32-hour working week, a referendum for east Timor. Each region takes up the programme but uses its own tactics. Regions can also run their own campaigns, as long as they are on the same political line as the central office and advancing our principles.

Bulletin: *How have activities by unions outside Indonesia been able to support your struggle?*

Dita: Well, since I got out of the prison, I have gone to countries like Australia, England, the Netherlands, Belgium, and South Africa. I have been explaining what has happened in Indonesia.

The situation in our country has been very well publicised – more than ever before. This has made people from other countries aware of what is happening. They have sympathy and want to help the

struggle to establish independent unions. Some unions have sent solidarity messages. Some provide us with financial support, material support, books and equipment. Because the situation is more open now, people are more confident to give us support.

Bulletin: *You were sentenced to five years in jail for your union activities. How did you get released early?*

Dita: I was released two years early when the president, Habibbi, decided to release me. I was also given amnesty as a result of international pressure. Many unions from all over the world took up the issue of my imprisonment and applied pressure to the government to release me. My government also wanted to improve its reputation, so it had a strong political reason for releasing me.

Bulletin: *Your union decided to split from the political party and be independent. What informed your decision?*

Dita: We based our decision on our historic experience. We had been affiliated to a political party but it caused a problem because of different levels of consciousness. Each member of the union must also become a member of the political party, but of course, the level of consciousness is different when you are in a union that is a mass-based organisation and when you are in a party which is a cadre-based organisation.

This difference has created gaps so we decided that we must be independent. When we broke our affiliation with the party, it caused some problems. Some workers developed an anti-party consciousness – they did not see the need for the party. But being independent does

not mean that you don't have any relationship with a political party. Right now we are trying to set up a new kind of relationship between the union and the political party - it is not an open relationship, it is more a conspiratorial relationship. The party makes sure that we have a political consciousness and take up our political responsibility.

We, as the union, push the party to take up workers' issues and look at what is happening to the working class. We push them to be more on the side of the workers and work more among the working masses than with other sections of society. That's the kind of dialectical relationship we are trying to build, but it is hard right now because the level of political consciousness among the workers is still low. Workers won't accept all the programmes we are running. They accept programmes like the anti-militarism programme. But workers did not accept a programme we had on disqualification of certain political parties during the last elections. Workers cannot understand disqualification, they cannot even pronounce the word disqualification, so it is very difficult to mobilise them.

We keep on informing each other (the political party and the union) and seeing where the union can contribute. We have weaknesses, and we have strengths that affect the level on which we can contribute. One problem is that there are 48 political parties in Indonesia and each political party has its own campaign. This confuses workers.

The different parties like to talk but they do nothing about wages. We don't



'We have weaknesses, we have strengths'

need a political party like that. We try and introduce workers to a political party, but the workers don't want the party, so it is a question of educating workers now. We need to tell workers that a trade union is not a revolutionary organisation - it can be very radical, very militant but not revolutionary.

Unions are reformist and only a party can be revolutionary because it contains the most progressive sections of each sector. It is not only limited to the working class. This knowledge makes me realise we have to work with a political party, otherwise when we talk about globalisation we are only talking about economic power.

But power is not only economic power, it is political power as well. We can only contest this economic and political power through an institution that is not based in

one sector. We need to link across sectors if we are to contest this power. But the unions must still remain independent.

Bulletin: What still needs to be done to build internationalism?

Dita: During our union's last congress we believed that the idea of internationalism among the workers was very low and we blamed ourselves for that. We could not blame anyone but ourselves because it is our job, the union's job, to develop workers.

We can't expect workers to have that kind of consciousness just like that. We then set up a department of international relations in the union. But we do not see it as a separate department - it is integrated into each and every department - like the department of education, organising, development and even the department of funding. So all work in the union has an internationalist character and understanding.

All publications have an international analysis of issues. For example, when we discuss militarism we also look at how the military is financially backed by capitalist countries like America. We relate people's daily wages to issues of imperialism. Workers are still at a very early stage of understanding globalisation and how it affects them.

Bulletin: You met South African unionists at the last conference. What shifts do you see emerging in the South African unions?

Dita: Since I met South African unionists, you have more people in power, in government. That has created a problem because the government's policy is not in line with what the working class wants - especially its policy on privatisation. This

has created a problem with trade unions who have activists in government positions. If you are not careful it can create a lack of faith - workers won't see you as an organisation for their rights.

Now, a union cannot control its members, but a political party can control its cadres. The political party can keep cadres in line. The political party has strong ideological principles and a strong revolutionary understanding - it must control its members and make sure that they are implementing the party's principles.

A union can develop political consciousness among workers, but it will always play a very limited role in politics. Even in Russia during the revolution, trade unions played a very limited role. They always had to look to the party for revolutionary action.

Bulletin: What message do you have for workers generally?

Dita: Just do the political struggle as well as the economic struggle. Don't narrow your struggle just behind the demands of wages, but also try to relate every economic problem to a political approach and an internationalist approach.

We are trying to do this in all our education work in Indonesia. We say that we will link economics and politics, no matter how much money we have to spend - we don't care as long as our workers have the best education that we can provide.

We put so much into intensive education, because what workers read they practise. We feel that we will have failed if our workers are not doing in practice what they read, because when they practice, that's the time when we can see whether we are succeeding or not. ★

Building internationalism

Why build internationalism?

Yoon Youngmo, KCTU, Korea: 'Only world wide solidarity and struggles can defend our rights and defeat neo-liberalism. I appeal for strong international struggle.'

Chittabrata Majumdar, CITU, India: 'We must have one objective - to unify the entire working class. The capitalist class is united - we are not. . . Our experience tells us that without unity, irrespective of affiliation, you cannot successfully struggle against globalisation.'

Paddy Crumlin, MUA, Australia: 'We love our country but we also love our comrades internationally. We organise, discuss, train and educate. We are inclusive not exclusive. We share and are honest. We find political and economic solutions. Justice, community and collectivism - we'll work with those who support this. We ask people to forget media distortions and listen to their head and their heart.'

This is not an MUA formula but an international formula. Every dispute is a collective dispute. Every failure is a collective failure. Every victory is a collective victory.'

John Maitland, CFMEU, Australia: 'Traditional militant action alone cannot defeat a TNC. This action needs to be

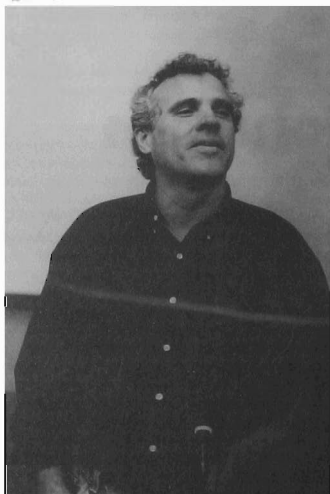
Tanya van Meelis documents Sigtur delegates' comments and responses to a range of questions.

supported by unions inside and outside the country'

Building alliances/broadening campaigns

Chittabrata Majumdar, CITU, India: 'The struggle against globalisation is not the struggle of the working class alone. We approached all other organisations - youth, women, students, peasants - and brought them onto one platform.'

John Maitland, CFMEU, Australia: 'Rio Tinto now also faces action from Norway, Portugal, the Philippines and Indonesia. Working with different groups is not easy. Using technology helps - the page on the ICEM website is very useful. But we need more than the Internet and enthusiasm. We need trust and support. We need to make sure that we use our collective strength to defend ourselves. This is a simple extension of what national unions do. In a global context, workers must have international organisations - we must move across borders to consolidate campaigns.'



Impediments to internationalism

John Maitland, CFMEU, Australia: 'Impediments to internationalism are when one's own membership doesn't know enough - the union needs to develop and extend education programmes. Another concern a union may have regards resource allocation to international activities - some members who are inward looking may complain. We need to explain that we operate in a global village and can't be left behind. We now put a large amount of resources into sophisticated training - we have focused on political training and have been very successful. People need to understand their industry's place in international trade.'

Maxine Gay, New Zealand Trade Union Federation, New Zealand: 'The major impediment to building worker internationalism is ourselves as trade union leaders. The

Paddy Gumlin, MUA, Australia.

John Maitland, CFMEU, Australia:

'You need spousal involvement in campaigns. When we demonstrated at Rio Tinto's headquarters, workers were there with their wives and their children.

This caused the company considerable embarrassment. The company also was unsure how to handle security around the demonstration. They would have taken a very different position if there were only mineworkers demonstrating.'

Peter Malepe, COSATU, South Africa:

'No struggle is a complete struggle without the participation of women.'

globalisation of the means of production, distribution and exchange provide the objective basis for a strong and vibrant international working class movement. Yet in spite of our rhetoric we are timid and impotent in the face of globalisation and seek to collaborate with international capital rather than oppose it. The international trade union movement must undergo a complete transformation itself if it is going to try and transform the most exploitative international economic order that this century has seen

'Workers of the world unite!' must be more than a slogan, it should be our guiding principle if we are going to build a

workers' counter power to that of international capital. Those who wish to surrender to capital before the fight has begun are not wanted or needed in the strong and fighting international trade union movement that we must build in the 21st Century.

The role of the South

Peter Malepe, COSATU, South Africa:

'Underdeveloped countries must give direction to the new world order. No one else will do it. Don't expect imperialists to wake up and understand the trade union movement... we can't sit in meeting after meeting and complain and do nothing about it.'

On the conference

Emilla P. Dapulang, Kilusang Mayo Uno, Philippines: 'The workshops were useful

Delegates had direct communication with what was happening at grassroots level. I found the workshops more fruitful than the plenary, since not all the countries spoke in the plenary... I am hoping that the conference will strengthen union leaders and prevent them from being co-opted to implement globalisation.'

Nelson Mibombeni, CEPPTAWU, South Africa: 'We need to start the process of engaging on a one-to-one basis so that we can understand how the other unions work, how they are organising and can identify common issues as trade unions... As South Africa, we are lagging behind on many



Arokia Dass, Victor of Malaysia.

aspects. For example, we are hosting, but other visiting unions brought more memorabilia. We were not as well prepared. I'm glad that as CIPPAWU we brought 50 books to give to the visiting delegates.'

Park, In-sook, KCTU, Korea: 'When we first heard we were going to South Africa, we were more interested in COSATU than Sigtur itself. However, during Sigtur, we found many common issues with each unions' activities and situation. We were happy to hear a lot of good impressions of KCTU struggles from other comrades. Through the true sincerity of those participants in the conference, we were

assured of the growing possibility of international solidarity:

On South African unions

Arokia Dass Victor, Labour Resource Centre, Malaysia: 'I was involved in the 1991 initiative. I saw COSATU then and was encouraged by their spirit. Now I see that the enthusiasm is no longer here. I can understand the struggle against apartheid is over. But when you lose your spirit, you lose the soul of your struggle... If you lose your spirit, you lose everything. I'm worried that the South African unions will become like unions in our country. We need new thinking. Once complacency sets in, it starts off something.'

Park, In-sook, KCTU, Korea: 'When we saw COSATU comrades, we felt COSATU was more developed and more stable than KCTU and the Korean labour movement. The structure and role of each of the affiliates and COSATU are well established. We also saw that comrades are very dedicated and committed. COSATU acts as a very good national centre. It connects with shopstewards at the workplace and is quite vigorous. What meant a lot to us was COSATU's policy towards women workers and its dedication to organise and work for them. We saw that COSATU still has many tasks and difficulties facing it, like we have in Korea. However, we still firmly believe that COSATU is taking care of its tasks and members.'

What next?

Chittabrata Majumdar, CITU, India: 'We need to expand this forum to make it more effective. One problem though is finding money for third world countries to attend. For us, we had to collect about \$1 500 per delegate - we could do it but smaller organisations couldn't. We could hold smaller conferences to include more

people - for example a conference for Southern Africa, Asia etc... The communication network must be strengthened, for example, spreading information about Rio Tinto.'

Peter Malepe, COSATU, South Africa: 'The message from what we have watched and heard is clear. This is about class struggle, about exploitation by capitalists and governments. If Australia can do it in terms of solidarity - we cannot fail. All of us are duty bound to take the resolutions from this conference forward, implement them and build solidarity.'

Hemasari Dharmabumi, Social Workers Union of the LBH Bandung, Indonesia: 'We must ensure that the local union is strong. We need to approach each member of the union about internationalism - this will ensure that the nucleus (the membership) of the union is strong. We must also make sure that unions remain independent financially and independent from government and political party control... Among the unions there are different political perspectives. How can we build internationalism with these gaps or differences? We have to put our red line together - identify our common interests - and build our power. Unless we do this we will be divided, separated and weakened. This internationalism must be built on our common interests. We can still respect our differences and argue about them. But when facing globalisation, we find that we have the same interests.'

Arokia Dass Victor, Labour Resource Centre, Malaysia: 'The South African experience will be useful for others to hear. COSATU affiliates should send comrades on exchange programmes - hopefully something should rub off...' ★

Tears behind toys

working conditions in China's toy industry

When last did you buy a toy for a baby or a child? I buy toys frequently for my baby and can easily list what I looked at when I made my latest purchase last week: was the toy manufactured by a tried and trusted company that makes quality toys? Was the toy safe for my child? Would she like the colours? Would she find it scary?

Not once had I considered whether the conditions were safe for the workers making the toy. Not once had I considered how much money the workers who made the toy were getting, or having deducted for minor offences. Not once had I considered that the toy may have been made by a worker who had worked an eight-hour day and then eight hours of overtime. Not once had I considered these things, until I spoke to researchers from the Asian Monitor Research Centre (AMRC), saw their exhibition at the Sigtur conference and read their report on the working conditions of the toy industry in China.

China produces one third of the world's toys. Many transnational corporations (TNCs) subcontract their work to their partners in Hong Kong, who in turn invest in China and other Asian countries. The TNCs design and market their products, but the products are most often produced by subcontractors. Corporations commonly have many subcontractors producing goods – for example Mattel,

Tanya van Meelis highlights findings from a study on the toy industry in China.

which 'owns' Barbie, has over 300 subcontractors in the southern part of China alone. For the researchers, this guarantees production for the TNC – if one manufacturer fails, another will deliver. The TNCs save substantial funds through not having to pay benefits or invest in capital – this falls to the subcontractor who most often does not pay benefits either. Having a wide variety of 'partners' also strengthens the

Coalition

A group of NGOs set up the Coalition for the Charter on the Safe Production of Toys in 1993 after fires in toy factories in Kadad (Thailand) and Zhili (China). They drafted a Charter in 1994 and it was endorsed by more than 60 local and regional labour and development activists including NGOs, trade unions, women's groups, environmental groups and church groups.

Researchers conducted the fieldwork for the study from July to October 1998 for the Coalition for the Charter on the Safe Production of Toys. The researchers investigated 12 factories. All the factories are in the EPZs in Guangdong Province.

bargaining power of the TNC - if the subcontractor does not accept the TNC's terms, the TNC can easily shift production elsewhere. Subcontractors cut costs, including labour costs, to guarantee orders, but as the AMRC notes 'lower quotations attract orders, but workers' interests will be sacrificed'.

Wages

The first thing that is striking about the wages paid in China is the fact that employers do not obey labour law regarding minimum wages. China's labour law states that some companies must pay the stipulated minimum wage. The minimum wage in Shenshen and Dongguan is about RMB350. However, in the low season workers earn as little as RMB250. Moreover, workers receive even less money when they are on probation - workers working for Tri-S Manufacturing (China) Ltd which produces Fisher Price and Tyco toys, said that some new workers on probation received as little as RMB40 per month.

Companies further reduce workers' wages by:

- deducting money for services (such as meals and accommodation);
- deducting money through fines (for 'offences' such as losing one's factory identity document).

Many workers believe that even if the company has a good reason to fine, the fines are often too high.

Overtime and piece work

China's labour law states that employees should not work more than eight hours a day or 44 hours a week on average. Overtime should not exceed an hour per day, but under special circumstances, overtime may be three hours per day at the most. Overtime should not exceed 36 hours a month. Employees are also supposed to have at least one day of rest per week.

The research showed that the standard working day is eight hours. However, workers work for much longer during the peak season - most workers worked 10 to 16 hours a day for six or seven days a week! AMRC reported that the minimum overtime work they found was at Vtech Electronics Ltd where workers worked three hours overtime per day, 15 hours per

Fines in toy companies (1 Yuan (RMB) = R0.74)

Fines in Zhongmel Toys Manufacture (Barbie dolls-Mattel)

- | | |
|-------------------------------|--------------------------------|
| 1. Leaving without permission | RMB6 + RMB200 (seasonal bonus) |
| 2. Violation of factory code | RMB15-50 |

Fines in Tri-S Manufacturing (China) Ltd (Tyco and Fischer Price-Mattel)

- | | |
|-------------------------------|--------------------------------|
| 1. Leaving without permission | RMB5/day, one month wage/2days |
| 2. Factory ID cards lost | RMB20 |
| 3. Meal cards lost | RMB2,5/day |

Fines in Dongguan Jifu Toys Factory (Tyco and Fischer Price-Mattel)

- | | |
|-------------------------------------|----------|
| 1. Lost factory ID cards | RMB28 |
| 2. Leaving without permission | RMB30 |
| 3. Smoking in the workplace | RMB100 |
| 4. Other violations of factory code | RMB10-20 |

Fines in Keyhinge Toys Ltd (McDonalds)

- | | |
|-------------------------------|--------|
| 1. Leaving without permission | RMB100 |
| 2. Late for work | RMB1 |

week, 56 hours per month. The maximum overtime they found was at Tri-S Manufacturing (China) Ltd and Dor Lok Toys Ltd where workers worked eight hours overtime per day, 56 hours overtime per week and 224 hours per month!

Since most toy workers are paid on a piece rate (that is paid for what they produce), they do not receive overtime pay, as one worker explains 'The quota changes everyday. Those who cannot finish the quota, cannot go home and will not receive any overtime wage. Only those who are hourly paid will receive overtime wage. Usually I work until midnight, sometimes 2 or 3am'

Workers complained to the researchers that the hours they worked were too long and that they did not have enough time to sleep. Dor Lok Toys Ltd workers reported getting only four hours sleep a day, while workers at Happy Crafts Industrial Toys Ltd reported getting only six hours sleep a day

Forced leave without pay

Three companies had asked workers to take forced leave without pay. They said that there were no orders and that the workers should stay at home until it got new orders. During this 'leave period' the workers were not paid, and the companies held their one-month wage deposits. The workers could therefore not look for a new job because if they left their existing employer they would lose their one-month wage deposit and half of their last month's salary which management was still holding. Getting a new job would mean losing one and a half month's wages.

Meals and dormitories

Most workers reported to the researchers that the food provided by the factories



Toys are produced by subcontractors for TNCs.

was very bad – it had poor taste and a low nutritional value. Most workers had to pay for their meals and accommodation.

Workers also complained about their living conditions. Twelve workers usually share a room with space only for six double deck beds. The rooms are thus very crowded and workers have little privacy.

Since activist action taken after a fire at Zhili in 1993, where 87 workers died and 51 were injured, there are fewer 'three-in-one' factories (a factory which combines the production site, warehouse and dormitory in one building). Now, many companies house production, the warehouse and the dormitory in separate buildings.

Health and safety

Most workers interviewed, told the researchers that their factory had a medical room with a doctor and a nurse on duty. Workers had to pay to see the

doctor, and pay for any medicine the doctor prescribed. If a worker had to go to hospital, they had to pay the hospital fees. Generally, workers are not allowed to claim for sick leave. A typical employer's view is that if a worker has flu she can still work.

China's labour law compels the employer to provide the employees with a safe working environment, sanitary facilities and protective devices. Employers are also supposed to carry out physical checks on employees who work on jobs involving occupational hazards. This is not being done. AMRC concluded that 'it seems that workers are not being protected properly and in many cases, their health and safety are undermined'.

Workers complained to researchers that the air in their factory was full of strong smells - especially in the paint spraying section. There were only a few fans on the ceiling of the factory. Workers also said that the work environment was too hot and that many workers got flu, breathing problems, red eyes, skin diseases like heat rash, itchy skin, sensitive skin and peeling.

The research also revealed a poor record in terms of compensation for accidents at work. Workers who worked at Bingo Corporation Ltd (which produces Tomy toys) were injured (30) or killed (7) when two balconies in the company's new dormitories collapsed. Six workers who were still in hospital told researchers that while management had promised to pay for the hospital expenses and their wages during hospitalisation, it did not mention anything about compensation for the accident.

Harsh management

Most workers complained that the factories had too many rules and regulations and that management was eager to implement them. Workers said

that management unilaterally imposed too many fines. There are also reports of supervisors shouting at workers and beating workers up.

Trade unions

China's labour law provides the right for workers to join or organise trade unions. Trade unions should represent and protect the legitimate rights of working people and conduct their activity independently and at their own discretion. However, as the AMRC reports, this law is meaningless as workers do not have the right to organise an independent trade union of their own free will.

The only union recognised by the state is the All China Federation of Trade Unions (ACFTU). ACFTU is reported to be subordinate to the state and the party: 'Though ACFTU claims to represent the interests of the workers, it follows government and party policy rather than defending the rights of the workers.' I was also informed, at the Sigur conference, that if one is caught organising an independent union you could get three years hard labour - without a trial.

One (Zhongmei) of the 12 companies the researchers investigated had a trade union. Each worker paid RMB6 per month to the union and received RMB100 coupons for shopping. The union's major activities included organising picnics and Karaoke. Workers reported having little confidence in the union, and thought that the union would be on management's side in a dispute.

Strikes

AMRC's interviews revealed that three strikes had taken place in the last two years. The factories affected were Zhongshan International Ltd (Tomy), Laxo Toys Ltd (Disney) and Happy Crafts Industrial Toys Ltd. However, the strikes

Factory Item	Mattel (HK) Ltd Chang An Plant (Mattel)	Tri-S Manufacturing (China) Ltd (Mattel)	Laxo Toys Ltd (Disney)	Keyhinge Toys Ltd (McDonald's)	Zhongshan International Ltd (Tommy)
Products	Barbie's Tyco toys	Fisher Price and other toys	Mickey Mouse	Free g it toys	Toys
No of workers	5 500	>3 000	>300	1 600	7 000-8 000
Proportion of women	89%	90%	Majority	97%	Majority
Age range	18-25	16-32	20-30	18-30	16-32
Contract	3 years	2 years	Yes	None	N/A
Deposit	20 days' wages	one month's wages (RMB10/month)	RMB60 + RMB120	One month wage	RMB50 + one month wage
Working hours	8 hrs/day 6 days/week	8 hrs/day 7 days/week	8 hrs/day 7 days/week	10 hrs/day 6 days/week Sunday 6 hrs	8 hrs/day 7 days/week
Overtime work	2.5 hrs/day 6 days/week	6-8 hrs/day 7 days/week	5 hrs/day 6 days/week	2 hrs/day 6 days/week	5-6 hrs/day 7 days/week
Wages	RMB390-700	RMB300-450 (L.S. RMB40 200)	RMB600-700	RMB700-800	RMB600-700
Overtime wage	No	No	RMB0 5-3/hr	RMB2.4-3.2/hr	No
Bonus	RMB30	No	RMB35/month	RMB24/3 months (partier RMB60-100 more)	RMB20 month
Fines	Yes	Yes	Yes	Yes	Yes
Meals / month	RMB150	RMB40	RMB75	RMB135	RMB60
Dormitory	RMB22	Free	RMB30	RMB32	Free
Leave / year	15 days + transportation	11 days + transportation	20 days + RMB100 transportation	4 days	7 days
Resignation	Not allowed	Not allowed	Not allowed	Not allowed	Not allowed
Sick leave	Not allowed	Not allowed	Not allowed	Not allowed	Not allowed
Medical fee	RMB2/month	RMB2 each time	Free	RMB1/time	RMB5-6/time
Trade union	No	No	No	No	No
Child labour		Many borrowed others' ID cards to secure job			
Strikes			Yes, 3/98, wages withheld & asked to write a statement of repentance	Wages withheld, workers complained to Labour Bureau and won	Yes, 3/97, some were fired
Workers' major complaints	Factory code too strict, workers resentful, high turnover rate	Factory management too harsh, too many fines, ID withheld during probation period (15 days)	Factory code too strict, too many fines	Factory code too strict. Migrant workers were discriminated against	Factory management too harsh, too many fines

(Source: Asian Monitor Research Centre)



The coalition pushes toy companies to make changes.

failed because they were not well organised or supported by a trade union. Zhongsham International Ltd reportedly fired some workers after the strike. Laxo Toys Ltd was said to have withheld workers' wages and forced workers to write a statement of repentance. Happy Crafts Industrial Toys Ltd supposedly fired supervisors and line leaders and fined other strikers six days wages.

Conclusion

Workers in toy factories in China still face poor working conditions including long hours, low pay, fines, lousy food, inadequate housing and poor health and safety conditions. Moreover, much of the conditions workers face are in violation of China's labour law.

'What is to be done?' The toy campaign will continue to do work on the issue including research and disseminating research results. AMRC feels that more work could be done on Codes of Conduct or Independent Monitoring mechanisms. However, subcontractors continue to

violate China's labour law and many of the factories investigated in the study are subcontractors for TNCs with codes of conduct. 'Clearly much work has yet to be done to make these codes into workable vehicles to improve working conditions.'

The consumer movement is strong and can pressure TNCs to make changes. AMRC suggests that the consumer movement be supported and strengthened by, for example, developing consumer education and a consumer campaign.

Lastly, and most importantly, labour activists such as the AMRC, need to and will continue to promote the formation of independent unions in China - independent unions that can monitor what is happening in the factories and challenge abuses. ★

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All information used in this article is taken from a report - 'The working conditions of the toy industry in China', edited by the Asian Monitor Resource Centre for the Coalition for the Charter on the Safe Production of Toys, March 1999

Building internationalism

one NGO's role

Solidarity and internationalism are not only the preserve of trade unions. NGOs also do their part to foster solidarity and promote internationalism. They work across boundaries and identify common challenges that unions in different countries face. NGOs can help these unions share resources and experiences and even come up with common responses.

An example is the AMRC Based in Hong Kong, it is an independent, regional NGO that focuses on Asian labour concerns. Its main goal is to support democratic and independent labour movements in Asia. The AMRC upholds the principles of workers' empowerment and gender consciousness, and follows a participatory framework to achieve its goal.

The AMRC focuses on EPZs, as many new ones have been established in Asia since the mid-1970s. May Wong, its project co-ordinator, explains: 'Most of our research focuses on EPZs in southern China. The industries in the zones are normally light industries such as textiles, shoes, toys and electrical goods. We are familiar with EPZs since they are a common issue in Asia.' For Selma Hayati, AMRC's documentation officer, studying EPZs allows one 'to see the workers' struggles against capitalism'.

Asian EPZ study

In 1994 and 1995 the AMRC ran a two year project covering ten Asian Countries (South Korea, China, Taiwan, Malaysia, Indonesia,

Etienne Vlok details how the Asia Monitor Resource Centre (AMRC) is building labour internationalism through its work on EPZs in Asia.

Thailand, the Philippines, Sri Lanka, Vietnam and Hong Kong). The project - 'Women Workers in Asian EPZs' - culminated in a book published in 1998 - 'We in the Zone: Women Workers in Asia's EPZs'.

According to Bong Angeles, the AMRC's communications officer, the book provides the background of EPZs in the different countries and discusses trade unions' difficulties and struggles in the EPZs. It also highlights the key issues affecting EPZ workers, especially women, and analyses these in the context of countries' export-oriented development strategies and current global trends.

AMRC published the book 'to provide detailed reference for labour and women advocates to enrich their knowledge about EPZs and women workers around the region'. Angeles adds 'The information would serve as a guideline on commonalities and differences between different EPZs. Also on how to organise in EPZs'. Hayati hopes that the different countries will feed the information back to the workers.

The book aims to exchange information

on EPZs and establish contact between groups. The AMRC has partners all over Asia.

Wong explains: 'Our partners differ. In the Philippines it is the Workers' Centre and in Sri Lanka it is the trade unions. It will either be an NGO or a trade union. In China we do not have trade union partners. Our network there is through researchers or cadres of the Hong Kong union. It cannot be done in the name of the Hong Kong union as it is not allowed to operate in China as a union.'

Single, young and healthy

AMRC's research revealed that most of the production in EPZs is done by subcontractors or suppliers for Transnational Corporations (TNCs). Wong says that these companies employ workers with the same characteristics - young, healthy, single women from rural areas. Wong continues: 'They are recruited because they work so hard and are more submissive than men. In a Samsung factory where I conducted interviews, the manager told me that they employed so many women because they are easier to control.'

Hayati attributes the women's age to the fact that they have less experience: 'In Indonesia, older women have too much experience of companies' policies so when a woman turns 25 she is fired. That is why they prefer younger, inexperienced women.'

Organising in EPZs

EPZs are synonymous with abuses, low wages and long hours. But why do trade unions not organise workers in these zones? Angeles stresses that it is not easy to organise workers in EPZs in Asia. 'In some countries there are national labour laws which guarantee freedom of association but the EPZs have different

laws which prohibit trade unions and strikes. An example of this is the Philippines where they have an EPZ administrator who deals with problems in EPZ factories. Labour problems do not go to the Department of Labour.'

Wong cites some more examples: 'In Thailand unions organise in EPZs, but the employers victimise the union members. In some cases they even dismiss them. Unions have the right to organise but the employers stop them. In China the situation is even worse because of the All Chinese Federation of Trade Unions (ACFTU). It is a yellow union - a puppet of the government. In the state-owned enterprises the trade unions are present but they are ACFTU-affiliated. The companies in the EPZs are usually set up by foreign investors so they are privately owned. Because unions have to affiliate to the ACFTU to be recognised, many unions who choose to be independent are thus prevented from organising in the EPZs.'

Latin American exchange

The AMRC's main focus is in Asia but it is trying to build partnerships and improve solidarity and internationalism with other regions. One country it has managed to do this with is Mexico. This partnership started when it hosted a Mexican intern for a year. The intern introduced the centre to Mexican unionists. This is how its other project on EPZs started.

Angeles says that the centre has just concluded an exchange with Latin American women workers who visited Asia. The exchange programme, held in July and titled 'Learning from our common struggles', was held for women workers and organisers of EPZs from Asia and Latin America.

According to the *Asian Labour Update*, women from Mexico, El Salvador, Dominican Republic, Sri Lanka,



The AMRC attended the Sigtur conference in Johannesburg as observers

Philippines, Korea and Hong Kong held a workshop to exchange information on and experiences in EPZs. They also looked at the situation of workers in EPZs and how to continue linkage and solidarity.

The Latin American workers were in Asia for two weeks. They first went to Korea for an exposure programme for four days. There they met the Korean Confederation of Trade Unions (KCTU), the Korean Women Workers Association, the Korean House for International Solidarity and other labour NGOs. They also visited a garment factory and looked at labour standards and codes of conduct in Korea.

The programme focused on Korea since Korean capital is growing in many Latin American countries. According to the *Asian Labour Update* 'Korean capitalists have a reputation for bad working conditions in EPZ factories and keep

violating labour and environmental laws'. This programme helped establish channels to exchange information and build solidarity on Korean capital.

After visiting Korea, the EPZ women organisers from Asia and Latin America convened in Hong Kong. They met with NGOs like the Hong Kong Women Workers Association and the Hong Kong Christian Industrial Committee. While in China, the group visited a garment factory in Guangdong province, and joined a group of migrant women workers at Macau's labour department in support of their struggle.

The women workers and organisers shared their experiences of EPZs. AMRC documented these experiences to show the similarities and differences between EPZs in different countries. This allowed the delegates to learn from and teach each other.

Some reports from delegates on the Latin American exchange

Korea

Korea was among the first industrialised countries to set up EPZs and free trade zones (FTZs) in Asia. Many women workers in these zones now experience worse conditions than in the seventies. Workers in Korea have struggled for improved working conditions for more than 20 years, yet conditions are now returning to what they were when their struggle started. This is because managers are using tactics to reduce salaries, reduce full-time workers and increase part-time workers. Thus women's salaries are less than half of what they were two or three years ago.

The Philippines

The Workers' Assistance Centre (WAC) is an NGO servicing workers in the EPZs in Cavite province. Cavite hosts the Philippines' biggest EPZ with 200 factories employing 50 000 workers. Most of the factories operating here are involved in the labour-intensive manufacturing of low value-added goods such as electronic parts, semi-conductors, apparel and travel bags. Japanese, Korean and Taiwanese capital mostly invest in these companies. All these companies act as local subsidiaries or sub-contractors of TNCs.

Similar to other EPZs, workers here face low wages, long hours, insufficient or lack of social benefits, job insecurity and capitalist and government bias against unions. The WAC started organising in 1995 and has formed eleven unions already. Recently, the first ever demonstration by 500 workers took place in the Cavite EPZ. After that, workers organised a strike against illegal dismissals in a garment factory in the zone.

The WAC is organising women workers through the Solidarity of Cavite Workers, an organisation which full-time and casual workers can join. As unions are not allowed in EPZs, the organisation establishes groups in factories. The WAC did a study on the working conditions of the workers in Cavite EPZ in 1997. It found that the respondents complained of the usual symptoms such as recurring headaches, back pain, falling eyesight, recurring coughs, stress and skin allergies. Other workers had developed pulmonary diseases, tuberculosis, urinary tract infections and ulcers.

Miscarriages were also common.

Dominican Republic

Here the Maquilas – another name for FTZs or EPZs in Latin America – are bordered by unbreakable fences or walls. FTZs were launched in 1983 and have grown quickly. The growth can be explained by the government's fiscal and tax incentives. Today the country has 42 FTZs where 496 companies operate and 200 000 workers are employed. The FTZs are either privately administered (59%), publicly administered (36%) or mixed (5%). Only seven recognised unions exist. Investment comes from the US, Taiwan, Korea and Britain.

The Centre for Participation Research and Female Action found that many women who worked in the EPZs were previously activists. However, when they start working in the EPZ they would lose contact with everything. One reason is that they are exhausted; they work long hours in the factory and then go home for their second shift. The centre is concerned because in the union movement nothing is said about women's double shift. About 60% of EPZ workers have children; about half the EPZ workers are heads of families.

Mexico

In the early 1990s the Maquila industries grew rapidly, especially along the US border. Wages in the Maquilas do not cover the cost of living, so a family needs several wage earners – according to recent studies, a Mexican family needs seven minimum wages to satisfy basic nutritional needs.

Working conditions in the Maquilas are very difficult. Protection for handling chemicals like lead and other dangerous substances do not exist. This is in addition to the exploitation that is part of working in a Maquila.

The Maquiladora Women Workers' Network has been working to form local groups as a prelude to forming independent unions. The network also encourages current unions to fight for workers' rights. It tries to mobilise workers in the Maquilas to demand a living wage, the right to a job and, most importantly, the right to organise. While workers have a constitutional right to organise, they do not have the right to have an autonomous union in the Maquilas.



AMRC delegates (centre).

Issues that were common to many EPZs were the fact that the women worked in poor working conditions, and that many of their working conditions were eroded over time. For example, delegates reported that a worker in China's Special Economic Zones would have earned 1 000 Yuan a month ten years ago, but now has to make do with 400 Yuan per month.

Not only were working conditions declining, but jobs were also being lost in some EPZs. For example, factories relocated from Hong Kong to China, Thailand, Sri Lanka and Vietnam.

The women found that it was very difficult to organise unions in the different EPZs - both because of the law, and because the women workers themselves were exhausted from their long working hours. The reports also highlighted how different union-supporting organisations were able to support workers in different EPZs.

NGOs' role

In the near future the AMRC will visit Mexico to organise the second leg of the exchange - the visit by Asian women workers to Latin America. Angeles believes that the first leg was successful as it formed the platform for future work and relationships. Not only will this improve solidarity between the continents but, according to Wong, it will also improve solidarity within Latin America where an alliance does not exist. The AMRC's website declares that workers will only become truly empowered if international solidarity is strengthened. By building bridges between different countries and continents, the AMRC is showing what NGOs can do to strengthen international solidarity and empower workers. ★

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iGoli 2002

The iGoli 2002 plan to radically restructure Johannesburg is going full steam ahead, despite the dispute declared by SAMWU in the Bargaining Council in early October 1999. So far iGoli 2002 has managed to bulldoze through public condemnation by a popular Soweto councillor (suspended for two years from the ANC for his public criticism of iGoli 2002), an outcry by Braamfontein's forcibly removed hawkers, complaints from the provincial office of the South African National Civics Organisation and protest action by the SACP's active Johannesburg branch.

So far, nothing has been able to put a decisive stop to the implementation of iGoli 2002. The restructuring plan, dreamt up by an elite group of top councillors, officials and private consultants, was formulated at a weekend *bosberaad* in January 1999. Later that month, iGoli 2002 was then refined at an employer workshop called 'Bite the Bullet'.

The iGoli 2002 plan has these key elements:

- ❑ the outright sale and privatisation of Metro Gas, Johannesburg Stadium and the Rand Airport, as well as the sale of land and council housing stock;
- ❑ the formation of separate companies (registered under the Companies Act) in water and sanitation, electricity and waste management (called utilities in the plan) This amounts to privatisation

SAMWU's Anna Weekes argues that iGoli 2002 addresses the needs of the rich and not the working class.

by stealth. The council will be a shareholder in these companies and a board of directors and a managing director (MD) will run these companies;

- ❑ the formation of 'agencies' in roads and stormwater, parks and cemeteries. These are separate companies but they will not be registered under the Companies Act. Whilst having a board of directors and a MD who control the assets and staff, the council will continue to own the assets in the immediate term. Agencies will tender for contracts and if they win the tender, will deliver services;
- ❑ the zoo, Civic Theatre, farms, a housing company, property, urban and economic research and special projects will be 'corporatised'. They will have a separate legal existence and may have private company involvement or partnerships.

Profit not social need

This plan adopts a neo-liberal approach to the problems of service delivery. It is primarily driven by financial concerns. Its

starting point is neither social needs nor transformation based on adequate and thorough participation by those affected. It does not recognise that the state must be the primary provider of decent and affordable services for all. Instead it extensively opens the door to the private sector whose involvement is contingent on profits not social need. It threatens cross-subsidisation which is essential to ensure redistribution to the working class and the poor. It threatens labour standards as the council will increasingly turn to subcontracting arrangements to save labour costs and erode hard-won gains.

In short, iGoli's approach promotes the commodification of basic services. It undermines the possibility of mass participation as well as decent service delivery for all.

Consultant's advice

SAMWU released a critique of iGoli 2002 earlier this year. All the criticisms still stand. SAMWU said that a business plan that refers to citizens as customers would never be able to socially uplift the lives of people living in the most unequal city in the world. SAMWU also said that the plan did not make economic sense to begin with, mainly because it was hurriedly thought up and did not use any thorough cost-benefit analysis or integrated development plan as a starting point. For example, the profitable Fresh Produce Market, which is a major job-creation asset - selling the produce of 10 000 farmers to 200 000 hawkers across the SADC region, was put on sale because the Lekgotla was not sure where exactly the market's surplus was going. The market's R23-million annual surplus could be spent on upgrading the market, or cross-subsidising water to township residents. Instead, a decision to sell the market was made purely because the Lekgotla said it

would be more efficient.

At one 'stakeholders meeting' that SAMWU representatives attended by accident - not by invitation - suited consultants from five international companies said in their slick presentation, that the outright sale value of the market would be R85,9 million. The alternatives they had explored were converting it to a section 21 company - which would bring in R119,4-million, or leasing it out, with the council retaining ownership. The lease option would raise R76,7-million. The consultants recommended that outright sale was the best option even though outright sale would only bring in R9,8-million more than a lease option. The consultant's recommendation was hardly surprising given that the market had already been earmarked for privatisation in the iGoli 2002 document, before they were commissioned.

But the council's public-private partnership (PPP) officer, Prem Govender, admitted that the predicted sale price might be lower, depending on what the private sector felt like offering, and that council would simply take the best bid. He also mentioned that the market's information technology system had been upgraded just a month before at a cost to the council of R12-million. The previous system was apparently so old that it did not function at all from time-to-time. The new system meant that the market would start generating more surplus immediately. Taking these extra factors into account, the consultant's recommendation of privatisation was actually the worst option, and would bring in R3-million less than any other option. It seemed only logical to SAMWU that this, at the very least, was a ground to oppose the sale of the market. Gas was earmarked for sale because according to iGoli 2002 'it is also plagued by problems of unaccounted for

gas that is growing, non-payment, inadequate management capacity and growing competition'.

Since Metro Gas mainly supplies business and better off sections of our society, it seems strange that non-payment was being listed as a valid excuse to privatise. This element of iGoli 2002 is just another illustration of the lack of the council's political will to recover debts and attach the property of rich non-payers with the same vigour that is applied to township non-payers.

SAMWU concurred with the SACP comments on the sale of the Johannesburg stadium. According to iGoli 2002, the Johannesburg stadium was meant to cost R97-million but eventually cost us R140-million after the council paid R23-million for a claim by the contractor and R17-million in legal fees. The SACP comment on this was that 'this means R40-million more was spent ostensibly due to a serious management error. Now it is the workers who must pay for this...'

Alternatives

The Lekgotla has not made any effort whatsoever to explore alternatives to iGoli 2002. But alternatives do exist - from simple tasks to creative solutions. The council is incurring massive losses in Alexandra, where for example, water workers could simply fix leaky water pipes and the council could ensure proper revenue collection. SAMWU initiated such a project in Cape Town last year. Known as the Water Leaks Repair Project, it makes use of young intern plumbers from the community who work hand in hand with SAMWU members to repair leaks inside the council homes of Ikapa residents. The project is saving the council R10-million per year.

The Lekgotla is also ignoring public financing options. In September, Fitch

IBCA (an international rating agency) gave the city of Johannesburg a good short-term and an average long-term credit rating. The council can now borrow substantial amounts of money at prime minus 3%. Instead, the Lekgotla chose to take a R20-million 'donation' from international financiers like the International Finance Corporation and USAID. It has not disclosed whether future loans it will get from the World Bank, will be at prime minus 3%. If these loans were, they would be the cheapest in the history of the World Bank.

Surprises

The iGoli 2002 plan is also ever changing, and seems to have many surprises in store for the people of Johannesburg. Recently, City Manager Ketso Gordhan announced it will sell off 33 old age homes - this was never in the original plan.

It is clear that iGoli 2002 only has one aim: zero deficit for the city of Johannesburg. At first glance, achieving zero deficit in a huge metropolitan city where a few people have control of millions of rands of assets, should not be too difficult. All that is needed are buyers for the services. But sadly, even a mass sell off is unlikely to solve Johannesburg's financial problems because the city's financial mess is rooted in managerial incompetence.

A SAMWU official said 'when workers die or retire they are not replaced. Yet they are hiring manager after manager and we don't know what these managers are doing'. They are not keeping their books competently. The Auditor General could not balance Johannesburg's books this year for the third year in a row.

Nothing seems to faze the Lekgotla. The most recent example of this was the mass march of about 18 000 people which brought Johannesburg to a standstill on

26 October. At the march, COSATU's regional secretary Anthony Selepe, the SACP's general secretary Blade Nzimande, SANCO, Microbusiness South Africa and IMATU all gave iGoli 2002 a resounding thumbs down. A representative of Microbusiness South Africa said 'We don't want this privatisation, and we don't want this Ketso!' The Freedom of Expression Institute publicly condemned the ANC's decision to suspend Pinville ward councillor Trevor Ngwane who spoke out against the plan. Yet despite protests coming from several diverse corners, and despite television footage of the march, and about 10 journalists being present as eyewitnesses, Kenny Fihla (head of the Transformation Lekgotla), told the press the next day that the demonstration consisted solely of 2000 'ignorant and misguided' SAMWU members

iGoli 2002 says it aims to make Johannesburg a 'world-class city'. Yet so far it's only supporters are not the ordinary working class inhabitants of the city. It's supporters are the DP, whose spokesperson on local government put forward a motion in the Gauteng legislature that the provincial government should 'express its full support for iGoli 2002' and that SAMWU should do the same.

iGoli 2002's supporters are the international financiers. Its support is also drawn from those who are the biggest rates defaulters – Johannesburg business. Not one community group has indicated support for the plan



SAMWU members protest, 26 October 1999.

As this article went to press, SAMWU reiterated its call for a moratorium on the implementation of the plan. The union's understanding of the LRA is that when a dispute is declared, the cause of that dispute should be held in abeyance until resolution has been reached. SAMWU believes that the Lekgotla's continued implementation of iGoli 2002 undermines the spirit and the letter of the LRA. As COSATU provincial secretary Anthony Selepe said at the march: 'We didn't vote for Ketso and we didn't vote for privatisation.' ★

Anna Weekes is SAMWU's media officer



Social dialogue: recent initiatives across the continent

The thrust towards greater social dialogue in African countries has taken off in recent months, with a number of workshops, conferences and symposia focusing on the role of social dialogue in social and economic policy making. Other workshops have highlighted the need for stakeholders across borders to come together and strategise about trade relationships. This issue's *Focus on Nedlac* is on five of these recent events, attended by the Nedlac secretariat and constituencies.

Unido workshop

The United Nations Industrial Development Organisation (Unido) held a workshop in Dakar, Senegal, on establishing consultative mechanisms and partnerships for industrial development. It was attended by representatives from a range of countries, including Mozambique, Mauritius, Tanzania, Ghana, Nigeria, Eritrea and Cameroon.

Nedlac presented a paper on its experiences and specifically those of Nedlac's Trade and Industry Chamber. We reported that Nedlac had enjoyed some degree of success in respect of dialogue on trade and industrial policy matters including competition policy, a social plan, research on sector competitiveness, workplace change, trade negotiations, and industrial development zones.

A number of countries had established Industrial Partnership Councils to

promote consultation and dialogue on industrial policy matters. In certain countries these councils did not yet include all relevant stakeholders. Nedlac emphasised that it was very important that the consultative forums include organised labour and other organised sectors of civil society. Other countries felt that development finance institutions and universities could also contribute to effective dialogue. The countries agreed that dialogue on industrial development was critical if they were to successfully manage the economic challenges they faced. They acknowledged that development could not be achieved by one sector, whether the public sector or the private sector, acting alone. Rather, government, business and labour had to work together to promote sustainable industrial development. Dialogue between these parties would lead to effective policy-formulation, implementation and monitoring.

Although the experience with consultative mechanisms in Africa is fairly recent, several lessons have started to emerge:

- A balance of power among the parties fosters productive dialogue.
- All parties must commit time and resources to the process of dialogue.
- The development of trust through information-sharing is very important.
- The process must be flexible and well-managed.

- Patience is required as it takes time to build trust and develop a partnership
 - Capacity-building in technical and strategic competencies is important
- Some common constraints on productive dialogue emerged from the workshop. These included the costs of institutionalising dialogue processes. Certain representatives argued that all participants in the process should contribute towards its funding. Other constraints were overcoming distrust and facilitating the identification of common interests, as well as the difficulty in obtaining consensus on complex policy issues.

People emphasised that the model of social dialogue represented by Nedlac was, in many respects, unique to South Africa as it had evolved from the country's political transformation. Countries were urged to develop a model of dialogue appropriate to the dynamics in their own country. Nevertheless, it was useful to share experiences and identify best practices that could, after appropriate adaptation, be replicated in other countries.

Ministerial meeting on social dialogue in Africa

Organised by the ILO, this meeting came about as the result of a decision at the annual OAU social and labour commission. The organisers invited 20 countries. Les Kettleidas, deputy director-general of labour represented South Africa's Minister of Labour, whilst Bokkie Botha represented business and Manene Samela, labour. The conference was held in Addis Ababa, Ethiopia.

The main themes on the agenda were familiar items:

- Should social dialogue be opened up to parties not currently in it?
- Should the agenda be limited to social affairs or labour market issues, or

should there be a wider agenda?

- How supportive is government of social partnership?

As in the Unido conference, the South African delegates warned other African countries against trying to copy the South African model too closely, although it did seem to address most of their requirements. The ILO statutes require that member countries commit themselves to a social dialogue body, but the question of whether poorer countries could afford such an institution was of serious concern. Participants were impressed by the South African government's commitment to Nedlac and by the inclusion of the community constituency. They also commented on Nedlac's wide agenda, the fact that it has sustained its contribution over a period of nearly five years, and the number of actual agreements reached.

Structural adjustment and social dialogue

The ILO also put together a regional seminar on structural adjustment programmes and social dialogue in southern Africa. The seminar was held in Harare, Zimbabwe. Participants at the seminar were drawn from the tripartite bodies of Zambia, Malawi, Botswana, South Africa, Zimbabwe and Namibia. The ILO and SADC played an advisory role at the seminar.

The main focus of the discussions was to impress on social partners the importance of involving civil society in the formulation and implementation of structural adjustment programmes. Other important questions included:

- Who should benefit from reform programmes?
- How to ensure that the reform programmes reach the targeted people?
- How to compensate those who were negatively affected by the programmes?



□ How to use the proceeds of the programmes in the future?

The employer delegation felt that the lack of an all-inclusive social partner consultative process had led to reform programmes that were unrealistic and unobtainable. Meaningful dialogue between social partners required an unquestionable social will from government to drive the process.

The labour movement expressed its dissatisfaction with the current reform programmes in the southern African region. It said that the current programmes were increasing poverty because the programmes did not consider the consequences of reform on local industry and the labour market. The reduction of the civil service generally led to massive retrenchments and was not matched by the emergence of new jobs as

was promised. Governments also tabled their frustrations with structural adjustment programmes. They complained that the time span

between the implementation of programmes and the impact on its beneficiaries was too long. Generally parties shared a view that there was a need for government to initiate proactive home-grown reform programmes. Social dialogue institutions needed to be changed from being advisory to being able to reach binding agreements between parties. In respect of the model of such institutions, similar points were made as in the above-mentioned workshops regarding a broader agenda, broader consultation base, and political commitment from the government.

Oxfam trade unions workshop

'Trade and investment in the new millennium' was the theme of this workshop attended by a wide range of union representatives from across SADC,

and other civil society organisations. Its purpose was to strategise around SADC and globalisation, and how best to address this.

Discussions centered around:

- the nature of trade and investment;
- what power relations exist and opportunities to influence the system,
- who potential alliances could be formed with;
- how regionalism could be used to reduce the costs that globalisation and the dominance of liberalisation might bring if not effectively managed

In this context, delegates saw the upcoming WTO Seattle Ministerial meeting in November as an important event around which social movements and civil society should strategise. There was a recognition that unionists need to find ways to balance members' immediate needs with a broader strategic vision and awareness of how trade and investment might impact on their everyday existence. Participants felt that these issues needed to be demystified in order to become more accessible to broader society and enable debate.

Regionalism and a post-Lomé convention trade regime

This workshop, jointly hosted by the Institute for Global Dialogue, the Friedrich Ebert Stiftung and the Institut Français d'Afrique du Sud, brought together a variety of players from SADC, Africa, Europe and South America. It provided an opportunity to more clearly position southern Africa in the context of various regional trade strategies. Specifically, participants considered what the EU's overall global strategy might be in relation to both trade and other issues, and how southern Africa was placed to maximise the potential benefits of interacting with the global economy.



Rose-tinted glasses

Kelvinator's liquidation

There is an old jazz standard, called 'La vie en rose', which means looking at life through rose-tinted glasses. It has to do with seeing things in a different way depending on who you are. This is the story of Kelvinator and its liquidation and seeing it in a different way depending on who you are.

Kelvinator's history

In December 1996 Sovereignty Investments bought Kelvinator, the domestic appliances brand, from Barlows for R1. Terry Rolfe was appointed chairperson and Simon Koch managing director.

At Kelvinator's relaunch, Koch pinpointed what he thought was Kelvinator's biggest stumbling block to success: cheaper imports. He criticised neighbouring states for employing cheap labour - R2,50 per hour against R10,51 locally. He suggested collective bargaining for the region and equal labour standards among southern African trading partners.

Koch targeted NUMSA and the workers to enhance competitiveness. In July 1997 NUMSA and Kelvinator entered into a two-year agreement on wages and conditions. They shifted from plant level bargaining to accepting centralised bargaining determinations. Old workers still received the Barlow's rate of R2 200 per month but new workers were employed at the industry minimum rate of R1 640. Koch

Etienne Vlok outlines different parties' views on why

Kelvinator was liquidated. He concludes that NUMSA was mistaken in believing that low wage competition from Swaziland was the primary cause of Kelvinator's problems.

also got the union to help the company fight imports, presuming that its relationship with the ANC would ensure a slower lowering of tariffs.

Kelvinator shopsteward Benjamin Marokoani explains 'When Barlow sold Kelvinator, the new management identified areas that could stop the company from going under. They asked us not to have any work stoppages or demand excessive pay increases. We did this. The workers complained because they also lost privileges such as bursaries. The workers' commitment to productivity was also shown when only the shopstewards embarked on a five-week national NUMSA strike in 1998.

By the end of 1997 Kelvinator had increased production from 175 units a day to 1 000. An ex-director explains 'We continuously set targets. We increased

production because we adopted a volume-driven strategy, producing as much as possible.'

In November 1997, Seartec acquired a 10% stake in Kelvinator for R20-million based on Kelvinator's growth potential, South Africa's electrification and the quality of the Kelvinator brand. In December 1998 the Commonwealth Development Corporation (CDC) took a 45% stake in Kelvinator for R34-million based on Kelvinator's strong management and productive workforce. These investments took place when Kelvinator showed huge losses which had increased by 350% since 1994.

Koch told me to sign the agreement or there would be no investment. I did not like it but the members wanted it.

In November 1998, before CDC invested, NUMSA and Kelvinator signed an agreement to ensure the company's survival. It extended the 1997 wage agreement on the use of industry minimum rates to 2001. It also stated that changes in conditions of employment would not be negotiated if it increased the company's costs. George Choshane, regional secretary of NUMSA-Wits, explains: 'Koch told me to sign the agreement or there would be no investment. I did not like it but the members wanted it.'

Emmanuel Sikakane, a shopsteward, says that when CDC decided to invest, Kelvinator abolished all plant-level bargaining for central bargaining. It started paying workers monthly instead of weekly to improve its cash flow. By July 1999, according to its newsletter, the company was only paying overtime at one and a

third and its minimum rate was R9,60 per hour.

A share of nothing

Koch wanted the workers to own part of the company so he allocated them a 20% shareholding. 'Founder members' who had been working at Kelvinator got more shares than those employed after Koch took over. He also offered 20% to the union, but NUMSA did not take up the offer. The understanding was that, when Kelvinator listed on the stock exchange in 1998, the shares would be worth something. 'However,' says the ex-director 'because the company never listed, everyone's shares were worth nothing.'

Later, the shopstewards were bitter. Marokoani says 'the workers could not sell their shares or trade with them. If you left the job you could not get money for the shares.' Another shopsteward, Aaron Thinane, believes management cheated them. 'We were supposed to get part of the profits at the end of the year but it never happened. They took us for a ride. Management made promises and got us to work harder but nothing happened.'

Lance Cellier, the former human resources director, believes 'Koch brought a vision and the workers bought into it. He embraced them and the union. He wanted to be rich but he wanted to take the workers along.'

Choshane says Koch was very clever as he divided the factory into two groups. 'He made sure that the workers did not listen to the shopstewards. They were very loyal to Koch. I told them never to make management your shopsteward. You could be left on your own.'

Liquidation

Kelvinator was placed under provisional liquidation on 3 September 1999 with 1 200 jobs under threat. On 8 September 1



Kelvinator was one of the smaller companies in the industry.

met the Kelvinator shopstewards at the NUMSA office in Alberton. It is filled with SACP stickers proclaiming 'Halt job losses! People before profits!'

Sam Namane, chairperson of the shopstewards, explains: 'On 1 September we were consulting with management about 200 retrenchments. They proposed 10 September for the retrenchments and a temporary shutdown of the company. Yet when we arrived for work on 2 September, production had stopped. Management told us that the company was under provisional liquidation and proposed that we shut down the next day... We never had a chance to save the company.'

'Workers see liquidation as a thorn - that they are going to forfeit everything,' says Thinane.

On 10 September, during the liquidation, the National Productivity Institute (NPI) announced the 37 winners in its annual productivity contest. Ironically, Kelvinator won a bronze medal.

Will the workers see any of the money

from the liquidators? Hendrik Quinn, administrator to the liquidator, explains the procedure: 'Administration fees are paid first, including the liquidators. Then banks are paid as their assets are secured. Then we pay the Receiver of Revenue and other government taxes. The workers are next in line. The liquidator will know how much the workers get once the offers for Kelvinator have been finalised.'

It seems that companies going broke is only bad news for some. Liquidators receive more than R1-billion in fees each year. These fees are calculated as a percentage of the assets recovered from a liquidated company with 10% being the norm.

Why did it go under?

There are different opinions on why Kelvinator went into liquidation. Depending on what glasses people were wearing, they either blamed the low wages in neighbouring countries or Kelvinator's strategy.

Shopsteward Wiseman Ngwane does not know why the company went under. 'Top management knows They reported to us that it is competition from Fridgemaster in Swaziland as they have fewer labour costs.'

NUMSA agrees and claimed in the *Business Report*, that Fridgemaster (which has about 50% of the local market) pays R2,50 per hour compared to Kelvinator's R10,01. Fridgemaster's reply was that their wage is R4,80 per hour.

Ephraim Dlamini, general secretary of the Swaziland Manufacturing and Allied Workers Union (SMAWU), says that wages at Fridgemaster are actually between R3,22 and R4,00 per hour. SMAWU does not have a recognition agreement with Fridgemaster as they have organised only 500 of the company's 1 600 workers. Dlamini claims that the relationship between the workers and management at the company is not good and that the company victimises workers for belonging to the union 'Fridgemaster's attitude does not allow us to organise there.'

Cellier feels that the workers did their best. They all took a wage cut and productivity was unprecedented.

In reply to Dlamini's accusations, Geoff Mangan, chairperson and chief executive officer of Fridgemaster, explains: 'If one includes the incentive schemes and benefits, the wages come to R4,85 per hour.' Mangan denies Dlamini's claim of union members being victimised and the union being stopped from organising 'I was a union member myself and respect its role.'

Mangan does not agree that his

company's low wages brought Kelvinator down: 'In Swaziland we have a different situation to South Africa. Our workers only have one home - not another in a former homeland also. So their cost of living is cheaper' Mangan claims that, because of custom duties and transport costs, his company has no advantage being in Swaziland. He says 'Kelvinator has been blaming everyone except themselves: Fridgemaster for cheap labour costs and Whirlpool for dumping. Half of Kelvinator's production was stoves and half was fridges. So even if our low wages in Swaziland brought Kelvinator down, it only explains half of their problem as we only produce fridges there. We produce stoves in South Africa where we pay industry rates.'

Cellier, however, agrees that Kelvinator went under because of Fridgemaster's lower labour costs. But then why did other local companies, like Defy, not go under? Cellier again: 'Kelvinator and Fridgemaster competed head on, whereas Defy was also strong in other areas. Defy is also a well-established business.'

According to Cellier, the industry felt that Barlow should have closed, rather than sold Kelvinator as the market was overcrowded. 'However, when Koch stepped in, he inspired and motivated us to the extent that we thought we could compete. Clearly there was not place for four manufacturers.' Cellier feels that the workers did their best. They all took a wage cut and productivity was unprecedented.

Ross Heron, Defy's managing director, describes Fridgemaster's labour rates as a factor, but not *the* reason for Kelvinator's demise. He believes the demise of Kelvinator, one of the smaller companies in the industry, is part of a rationalisation process as the industry is exposed to global competition. Tight economic

conditions contributed to the situation

The ex-director also does not see Fridgemaster as the reason for Kelvinator's demise 'The reasons were the volume-driven strategy, the company being top heavy, the economic conditions and the role of the retailers With hindsight volume production was the wrong strategy Every month we reached the targets set and would still lose money With a volume-driven strategy, you flood the market, causing supply to go up and giving the retailers the power to get the cheapest price. It also increases inventory costs'

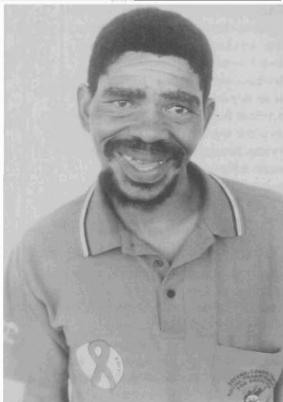
CDC, who had invested R34-million in Kelvinator ten months earlier, also attributed Kelvinator's demise to its volume-driven strategy Another factor was its weak position in the appliance market.

Meschack Robertsons, NUMSA regional organiser, believes that the reasons are multiple. 'Kelvinator increased its production rate so quickly that it had to reduce its prices The SADC trade agreement is another reason We have had fruitless meetings with the Department of Trade and Industry (DTI) to ensure that tariffs are not reduced quicker than required'

Company for sale

At the time of my interview with the workers, they were looking for someone to buy Kelvinator. One possibility was their own investment company. However, it is not allowed to invest in the sector where NUMSA organises. So who can invest in this sector?

Two candidates are Kelvinator's competitors, Defy and Fridgemaster Choshane believes they only want Kelvinator's brand name and might close down the factory.



Meschack Robertsons of NUMSA

Mangan denies that Fridgemaster is interested in buying Kelvinator or the brand name Heron, however, admits that Defy wants to buy Kelvinator's assets and not only its brand name Defy has made an offer and is currently in negotiations with the liquidator. If the offer is successful, Heron believes it would be necessary to rationalise. 'We will start a new operation with 250 sustainable jobs and produce to viable levels and activity'

If Kelvinator were to open again, the ex-director suggests it uses its quality 'People will pay a premium for quality but then your production must match demand If you flood the market with your expensive product and it does not sell, you will have to offer your fridges to the retailers at a cheaper rate Then they will never buy your fridge at the original price again'

Another offer is from a consortium including employees and Koch. The proposal entails each worker putting down R10 000 to finance the offer. Choshane explains: 'The workers can get the money from the Metalworkers' Provident Fund but if the company goes down the workers will be in trouble. The workers accepted the proposal but the leaders have advised against it. Nevertheless, it is the workers' decision in the end. The other problem is Koch's involvement. He messed up the company in the first place.'

The consortium has agreed that the workers will be paid R9 per hour - under the industry minimum - to ensure survival. However, the difference between R9 and Fridgemaster's wages is still large. Choshane believes 'you can only match Fridgemaster if you pay the same wages. People do not buy fridges because there is a South African flag on the side. The price is all that matters.'

'The only thing that can save Kelvinator, is government involvement,' argues Choshane. He believes government should link its RDP housing projects to Kelvinator products. 'Putting fridges and stoves in houses will keep jobs, generate taxes and stimulate the economy.'

SADC

Choshane argues that the SADC and the DTI need to look at low wages being paid in neighbouring countries. He suggests labour law be put on the agenda when discussing trade and that competition be based on labour cost as well.

Heron warns 'the situation of companies moving out of South Africa must not get out of hand. The SADC agreement should include labour legislation so unions can organise and bargain in all the countries. It is unfair if unions are not able to organise

everywhere.'

Sipho Ngcobo of the *Business Report* agrees. He says that the DTI has not addressed appeals for tariff protection against competitors with lower labour costs 'If Kelvinator is not a lesson to South Africa, nothing will ever be. Cheap imports from low-wage economies destroy South Africa's manufacturing base.'

More than workers

Depending on who you are, you probably saw Kelvinator's liquidation differently. The disappointing aspect of the story is the glasses that NUMSA put on. It accepted management's call that low wages in Swaziland caused the company's demise, even when the main reason might have been the volume-driven strategy. If the union had done more research it might have realised this and done more than accept wage and benefit cuts and try to keep protective tariffs up. It could have been more progressive through challenging power within the company, building solidarity and linking to development projects - for example, it could have challenged management strategy, linked up with the Swazi unions and taken up Choshane's proposal on the RDP housing projects.

Another issue concerns the role of management and government. This story shows the workers' determination to make Kelvinator work. They took pay cuts, made sacrifices and gave up benefits. Did it work? No, their company closed down. But it takes more than the workers. It is about choosing the right company strategy if you are the management and creating a conducive environment if you are the government. It takes three to...tango. ★

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Kelvinator

restructuring, collapse and struggle

On 7 September 1999, the workforce of Kelvinator South Africa in Alrode was notified of the company's application for provisional liquidation. As a result, 1 200 employees were left jobless: about 810 of them are NUMSA members whose shopstewards declared that the company had not consulted the union over its intention to liquidate. In this way, what in 1997 had been announced as a courageous and innovative experiment in production and human resource management in a highly competitive sector came to a halt (see box on p 66).

Kelvinator was started as a producer of electric domestic appliances at the end of 1996 when Sovereignty Investment bought Barlows Appliances as an on-going concern for the price of R1. This followed the collapse of the company and the retrenchment of its 800 workers. At the time, Simon Koch, chief executive officer of Sovereignty, identified the company as a profitable business in what looked like a promising and expanding market because of:

- Eskom's electrification programme which strengthened expectations for a rising demand for durable consumer electrical goods;
 - policies aimed at promoting a new black middle class;
 - the spread of new consumerist attitudes promoted by the media.
- A brief period of expansion for the South

Franco Barchiesi argues that a company's efforts to survive are limited by the structure of the economy and the demands of finance capital.

African 'white goods' industry seemed to confirm such expectations. The market leader, Fridgemaster, closed 1996 with a market capitalisation of over R700-million, while Defy announced spectacular turnover increases.

Companies operating in South Africa were eyeing promising opportunities for export in the continent, while new names, such as Whirlpool, entered the market with ambitious programmes for expansion. However, this short-lived boom did little to address the structural shortcomings of the industry, which became apparent once the sector was adversely affected by a broader economic downturn.

These shortcomings are part of a scenario where local producers have not been able to overcome their dependency on foreign multinationals. During the apartheid era, lack of competitiveness had been counterbalanced by protective tariffs against foreign competitors. This protection allowed the growth of many producers and brands in a relatively

Assessing participation

When Kelvinator relaunched, NUMSA members accepted wage deductions in order to ensure the company's viability. Shopstewards recognise now that 'it took a lot of strength for workers to start the company again'. In fact, workers' retrenched by Barlows had to contribute their packages into a separate account run by the new company. In this way workers defined as 'founder members' were given shares equivalent to 20% of the new company. They also accepted a no-strike pledge and a 'wage freeze'. NUMSA agreed to Seifsa wage rates for one year for newly recruited workers from 1 June 1997. Such rates were, at operators' grade 17, equivalent to R8,03 per hour, compared to the R10,42 that the workers had been getting. In this way, the union agreed to a breach of centralised bargaining, and introduced a division in the workforce.

When CDC invested in Kelvinator, it demanded that NUMSA accept what a senior shopsteward now calls a 'tough decision': an extension of the Seifsa minimums for new employees. They created a 'grade 17b' for new workers whose wages would be lower than founder members in 'grade 17a', doing the same jobs. This ignited a sense of betrayal on the part of the 'new' workers, who had expected the company's wage differentials to be bridged. It radicalised the shopstewards who then embarked on lunch-time demonstrations.

Kelvinator management agreed that continuing the wage differential was 'not a great strategy', since it created a potential for disruption. It is, however, interesting to quote Simon Koch's analysis: 'It was a mistake to employ workers with matrices. I thought they were smarter and I wanted to give them a chance, but labour intensive production was not suited for them.' This statement recognises that hiring educated and conscious workers into a production process based on routinised manual labour and lowering wage levels could only intensify

factory militancy among what Koch describes as 'disruptive young workers with nothing to lose'.

The company believed that the 'new' members resentment against the 'founder' members caused the low trust in the company. But many of the older employees felt betrayed by the company. In fact, founder members either did not oppose or even supported the 'new' workers demonstrations.

'Founder' members argue that dividends were never paid to them because the company never disclosed its financial statements. Koch's reply was that it was 'nonsense' that NUMSA did not have access to information. He stated that the company never paid dividends because it had not made a profit since 1996 and blamed the union for failing to communicate this to workers. He attributed this failure to the union's lack of trust and its boycott of the company's 'consultative forum' after the radicalisation of the shopstewards on the question of wage differentials. Shopstewards, on the other hand, reciprocated the accusation of lack of trust by attacking the company's strategy of mass capacity production, hinting at the fact that huge stocks could have been a strike-breaking device.

Kelvinator is one of the many recent examples of the failure of consultative or codeterminist workplace structures. NUMSA had initially agreed to the forum as part of its commitment to relaunch the company. The union had thought that it could use worker participation to engage management meaningfully and affect company policy-making. However, this was an illusion. Part of the reason that workers rejected workplace participation was that they were radicalised when the company unilaterally recruited casual employees and set up a wage differential. Once again, unequal power relations and unilateral restructuring limited the potential of participative and consultative workplace structures.

THE NEW HOME OF
Kelvinator
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Kelvinator's liquidation threatened 1 200 jobs

limited and racially skewed market geared to low- and middle-class white consumers

Simon Koch's Kelvinator entered such a scenario with an ambitious programme for restructuring, diversification and expansion. The company opened a new cookware division and planned to increase production. This would stretch its

capabilities in a market where retailers can set prices, and relationships with distributors depend on providing for bulk orders. According to Kelvinator's financial director, Andy Fenn, this scenario forced the company to opt for a high-

volume approach. It aimed to benefit from economies of scale and negotiate better prices with suppliers through bulk deals. Production was therefore pushed from 200 units per day in 1996 to 1 000 by the end of 1997 with a target of 1 300 units per day for the following year. Kelvinator

focused on producing stoves because they were more profitable. At the same time, however, the market became more competitive. Between 1996 and 1997 there was an increase in supply of 750 units per day. Moreover, the mass-capacity route followed by the company meant increased stocks and work-in-progress

Market problems and overproduction ultimately shifted management strategies towards containing wage costs to increase competitiveness.

Road to collapse

Regardless of the union's commitment, the expected upturn in demand failed to materialise when high interest rates dented the company's profit margins. Kelvinator's stocks increased and selling

prices plunged - 1999 prices were 10% lower than in 1997. This created renewed tensions between the company and retailers, making some managers question the validity of the mass capacity road. However, Koch continued to defend it as the only viable solution at the time. Market problems and overproduction ultimately shifted management strategies towards containing wage costs to increase competitiveness. Management also identified a challenge to the company's survival - lower labour costs and a greater capacity to hire and fire in Fridgemaster's new Swaziland plant. Koch accused Fridgemaster of dumping fridges in South Africa - fridges made in Swaziland at hourly rates reported by NUMSA as R2,10, against R11,10 paid at Kelvinator. Ironically, Kelvinator's management were paid 2,5 to 3 times higher than Fridgemaster's management. Moreover, during 1999, Fridgemaster took over the

on p 66).

When Kelvinator decided to liquidate it cited market difficulties and a breakdown in relations with the workers as the main reasons for its decision. One year earlier Kelvinator had made a commitment to banks and shareholders that it would cut production to 700 units a day. But this had ultimately proved ineffective in reassuring investors. CDC withdrew from an earlier agreement to contribute a new rescue package in what had become a risky business for them. Banks then withdrew their support for the company. Kelvinator management agreed that the bank's and shareholders' decision was due to a 'panic reaction', based on over-estimating the market difficulties and the labour problems experienced. The banks and shareholders had also underestimated Kelvinator's competitive potential. Pricewaterhouse & Cooper's liquidation process defined Kelvinator's decision as

When Kelvinator decided to liquidate it cited market difficulties and a breakdown in relations with the workers as the main reasons for its decision.

'premature' and not based on its effective viability. However, shopstewards claim the decision to liquidate effectively stalled NUMSA's demand for full disclosure of the company's financial situation - information it needed to consult around

liquidated UNIVA plant in Alrode to produce stoves and to store imported fridges. NUMSA reported production increases at the UNIVA plant from 90 to 200 stoves a day, mainly achieved through using short-term, lowly paid contract workers in an anti-union environment.

proposed retrenchments. Koch and Fenn agree that the decision to liquidate was premature and that the company would need to be fundamentally restructured if it were to continue.

Kelvinator intensified its own low-wage competition strategies. The Commonwealth Development Corporation's (CDC) investment in Kelvinator of R34-million in 1998 was conditional on extending the Seifsa rates beyond their June 1998 deadline for 170 new non-permanent employees (see box

Kelvinator's fall (and rise?)

The story of the CDC involvement in Kelvinator shows that the survival of relatively low-technology sectors exposed to intense international competition depends on interventions by financial actors with no specific and deep rooted interests in the industry. This demands short term, drastic processes of

'rationalisation' in exchange for new investment. In the case of Kelvinator, this involved downsizing production, retrenching workers and increasing wage flexibility - which ultimately contradicted the company's 'mass capacity' strategy. However, the liquidation process provides opportunities to restart the company on a terrain that is closer to the priorities of management, shareholders and financial capital. Such priorities are currently shared by a very influential section of Kelvinator's management. In fact, Andy Fenn is openly critical of the 'mass capacity' strategy which created 'unnecessary tensions' between the company and the retailers. He also recognises that the shareholders' premature lack of support was a product of impatience of poor financial results, high wages and worker resistance. At the same time, however, he is of the opinion that a restructured Kelvinator will not be able to continue as before and will be forced to downsize production and the workforce.

Current rescue bids for the company promote rationalisation. Defy's offer aims to gain control of the Kelvinator brand for producing fridges, close down the cookware section, and re-employ 350 of the current 850 production employees.

While totally opposed to this rescue attempt, NUMSA is currently dealing with the Industrial Development Corporation, whose availability to invest in the company is conditional on identifying other equity partners. They may be looking to Electrolux and NUMSA is likely to approach also COSATU investment fund, Kopano ke Matla. While this latter scenario could have more positive consequences for the maintenance of current employment levels, it nonetheless



The white goods industry is very competitive.

reinforces the impression that the future of the company will largely depend on strategies of brand management determined at the level of large multinational conglomerates and local financial capital.

Implications

Kelvinator's 'mass capacity' strategy faced inherent contradictions that ultimately accelerated a setback for local manufacturing capital. In particular, the company's assumptions that domestic demand would expand, proved unrealistic. Mass demand for 'white goods' from the rising black urban middle classes failed to materialise. This is not just a product of temporary factors such as the high interest rates. It has rather to do with the absence of a sustained domestic demand for 'white goods'. A model of mass production and

consumption based on semi-durable goods was made possible elsewhere by policies of expansion of domestic (mainly working class) demand. In particular, welfare states, social security models and centrally bargained productivity-related increases expanded demand in the domestic market. In South Africa, this scenario seems unlikely, given GEAR's restrictions on social spending which results in limited welfare and workers having to pay for social services. This increases the households' costs for reproduction and reduces the income available for consumer goods.

Moreover, the policies of cheap labour and wage containment followed by companies such as Kelvinator can hardly provide the kind of expected mass

Kelvinator's collapse should be analysed in a more general scenario of the crisis of a model of manufacturing development where rationalisation and profitability demand lower employment levels and lower working conditions.

consumers for their own products. Moreover, an industrial area such as the South-East Rand is affected by high formal unemployment – calculated at above 25% by the Development Bank's (DBSA's) Gauteng Development Profile – and the new jobs that are being created are casual or contract low-wage employment.

It does not come as a surprise then if the market for 'white goods' remains restricted and unpredictable and as a consequence management continues to reduce wage costs to restore profits. This takes place at the same time that local and international financial capital are demanding increased employment flexibility, reduced wages and downsizing as conditions for investment.

Finally, the story of Kelvinator's liquidation carries important lessons and implications for union strategy. Not only does it reveal the importance of full information disclosure in order to assess company's claims and strategies. It also questions the very usefulness of company-specific information. In fact, mere figures and data showing performance and productivity results are of little value when powerful financial actors compel companies to restructure, downsize and retrench.

Moreover, unions must be able to deal with information on the structural problems of the industry. This includes knowing the labour practices of foreign competitors and strategies of domestic companies. Such information should then be used to co-ordinate resistance to low-cost

management strategies, define alternative views and win popular support.

Kelvinator's collapse should be analysed in a more general scenario of crisis of a model of manufacturing

development where rationalisation and profitability demand lower employment levels and lower working conditions. This underlies the problem of a working poor – workers who are earning less and less, but having to pay higher prices for goods and having to pay increased amounts for social services. Unions need to therefore not only fight to retain employment and conditions of employment, but also for a social wage, based on the redistribution of social resources and access to universal decommodified social rights ★

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Clothing and textiles

ensuring survival of the South African industry

In the 1990s, few countries have managed to escape the effects of *globalisation*. The term *globalisation* describes the dramatic increase in the flow of information, goods and services, technology, investment, and the rise in multi-country production networks. This has fundamentally changed the context within which the creation and retention of jobs occur. Policy-makers tasked with job creation and sustainable development thus face new challenges, such as

- using globalisation as a lever for economic development,
- containing the social and economic imbalances that result from globalisation.

Meeting these challenges requires

- transforming the policy-making conceptual framework, and identifying the forces that shape the development of global networks of economic activities;
- a strategic assessment of the opportunities and constraints that these networks create for local firms and institutions;
- developing innovative approaches to promote economic development.

However, before we can suggest that globalisation can be used to South Africa's benefit, we need to understand the organisational processes that underlie globalisation and the growing functional integration of international activities

Augustine J. Williams and Stephen Hanival argue that business, labour and government must jointly strategise and act to ensure the survival and growth of South Africa's clothing and textile industry:

across industrial, and increasingly, service sectors

Global production networks

One of the key consequences of the lower costs and increased speed of transport across the world has been the increased potential to develop multi-country production networks where specialised production functions are carried out in different countries. The clothing industry has become a particularly successful site for this, although the approach is increasingly applied to the footwear, autos and even service sectors.

In the clothing pipeline, the more labour intensive production functions, such as Cut-Make-and-Trim (CMT), are 'delegated' to developing countries while the functions requiring higher degrees of skill, such as design services, are allocated

to developed countries. This method of production tends to be used for mass produced goods as the quality required is generally fairly low.

The high skill component is often the highest paid. It is thus not surprising that the network is characterised by hundreds of relatively small CMT sub-contractors operating sweatshops in developing countries whilst the relatively well remunerated functions remain concentrated in the developed countries. As more and more least developed countries see the clothing pipeline as a source of low cost jobs, the competitive pressure across the labour intensive network builds. The source of competitive advantage then essentially becomes one of wage costs and labour flexibility.

Under these circumstances, South Africa will find it increasingly difficult to compete internationally. However, there is a second option. The demand for relatively customised, high quality fashion goods has

risen as income levels in developed countries have increased. These markets are not easily served by the type of production networks described above as they require higher quality and quicker response times. Whether SA can compete in these sectors remains to be seen.

Employment trends

The geographical distribution of production in the textile, clothing and footwear industries has changed dramatically in the past 25 years. This has resulted in sizeable employment losses in Europe and North America and employment gains in Asia and other developing countries. This has largely occurred as a result of increased competition from developing countries, which have been relatively successful in acquiring the limited skills and capital investments required in the clothing sector particularly. Moreover, developed countries have seen the benefits of

outsourcing the labour intensive parts of the production process to developing countries in an attempt to cut labour costs.

Table 1 shows the extent of some of these shifts in recent years, highlighting in particular, the increase in employment in Mauritius, Malaysia, Mexico and China.

The shift in employment from developed countries to a range of Asian, Latin American and even African developing countries has led to a further intensification of competition within these sectors. This competition has been characterised by a 'race to the bottom' in

Table 1: Percentage changes in employment in textile, clothing and footwear industries, 1980-1993

Finland	-71,7	Mauritius	344,6
Sweden	-65,4	Indonesia	177,4
Norway	-64,9	Morocco	166,5
Austria	-51,5	Jordan	160,8
Poland	-51,0	Jamaica	101,7
Syria	-50,0	Malaysia	101,2
France	-45,4	Mexico	85,5
Hungary	-43,1	China	57,3
Netherlands	-41,7	Iran	34,0
United Kingdom	-41,5	Turkey	33,7
New Zealand	-40,9	Philippines	31,8
Germany	-40,2	Honduras	30,5
Spain	-35,3	Chile	27,2
Australia	-34,7	Kenya	16,1
Argentina	-32,9	Israel	13,4
United States	-30,1	Venezuela	7,9

(Source: ILO)

terms of labour production costs. In some cases this involves only wage repression. In others, it involves the repression of worker rights, reduction of worker benefits, and the increased use of child labour and forced labour.

The response of developed country policy makers to these significant employment shifts has involved an approach that draws on primarily five strategies, although individual countries have weighted the relative emphasis of each strategy differently. These strategies include:

- erecting high tariffs and quota barriers;
- re-focusing production on high value/high quality niche markets,
- work intensification;
- re-training relatively unskilled workers,
- modifying production processes and structures of organisation and management.

These strategies have, in many cases, resulted in a stabilisation of employment in the textile and clothing sectors at a 'socially and politically acceptable' level. Whilst it is clear that protectionist sentiment remains in developed countries it is noteworthy that these countries continue to compete in the international market and quite successfully in their domestic markets, in specific niches.

Furthermore, there is little evidence that globalisation has led to a narrowing of the labour cost gap between developed and developing countries. Table 2 indicates that while developed countries may have

lost substantial numbers of jobs the labour cost differential remains very substantial.

Employment in South Africa

Employment in South Africa has generally been on a downward path since 1996. The last five to six years have been characterised by changes in government's industrial policy, including the phasing out of substantial export subsidies and investment subsidies. Moreover, the new government's industrial policy has been based on the view that many of South Africa's key consumer industries, having developed with substantial protective tariffs, need to restructure to ensure their long term survival and growth potential.

Restructuring's impact on employment

In the clothing industry in particular, substantial job losses have been seen in the formal sector over the period 1996 to the first half of 1999 (see chart on p 74). Whilst these job losses are in themselves cause for concern, it appears that a quite complex restructuring of companies production processes is also occurring. Anecdotal evidence suggests that there are essentially three stages in these restructuring processes. The first phase involves companies outsourcing peripheral services such as catering, maintenance and security functions as they attempt to reduce costs to meet international competition. However, the benefits of this relatively easy phase of restructuring are soon lost as international competition continues to reduce profit margins.

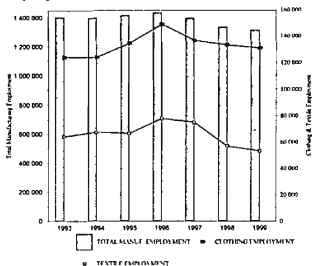
The second phase of restructuring involves a more substantial restructuring of the production process as companies begin to sub-contract the more specialised services that cannot be

Table 2: Hourly labour costs

Germany	\$18,40	Mexico	\$1,70
Italy	\$15,70	Hong Kong	\$3,70
France	\$13,40	Korea	\$3,80
Japan	\$10,30	Taiwan	\$4,20
Canada	\$10,50	China	\$4,20
United States	\$10,00	Spain	\$9,70

(Source: ILO)

Employment trends in South Africa



viably undertaken in-house. These services could include design services or processes requiring specialised (often expensive) dedicated machines or skills. If this restructuring does not lead to suitable increases in profit margins, it is likely that the firm will now be forced to consider a drastic restructuring of its production process. This, the final phase, generally involves sub-contracting a very substantial portion of the production process to small and/or informal manufacturers. This is usually accompanied by significant retrenchments.

Growth of the informal sector

The labour movement has, with good reason, brought the plight of these retrenched workers to government's attention increasingly forcefully over the last few months. However, Salinger *et al* argue that far from being helpless and disempowered, many of these retrenched workers rapidly become entrepreneurs or sub-contractors in the informal sector. In addition, others find employment with these informal sub-contractors. Salinger *et al* also argue that the very creation of

these informal producers, has a second round effect, evident through the flourishing of informal traders in the clothing sector. These informal producers range from 'backyard' machinists producing low quality tracksuits and school uniforms for neighbours to relatively sophisticated 'design houses' producing for the major retailers

These informal production units have a number of distinct advantages over formal

sector manufacturers. For one thing, it is practically impossible for labour inspectors to enforce the legal Industrial Council wage rates. In addition, most of these informal operators do not pay their workers any benefits, and as the employment is dependent on the availability of work, labour flexibility is extremely high. Furthermore, as production often takes place at home the informal firm's overheads tend to be very low. Finally working hours are completely flexible, with the machinists working according to client deadlines. If need be, as one informal firm owner remarked, a 24-hour day can be worked.

This completely informal sector exists alongside the more formal labour brokers who have a very close link with formal sector manufacturers and indeed in some cases a direct link with retailers. These labour brokers, which are essentially CMT operators, pay Industrial Council wages and abide by most labour regulations. However, even these formal operators, which are themselves a result of formal manufacturers previous attempts to outsource production, increasingly sub-contract their surplus



Labour must strategise with government and business on the future of the industry.

production to informal operators. The main reason given by industry players for the rise in these innovative relations of production is the production *and* labour flexibility that they offer.

Policy implications

In this section we are concerned with the question: What implications do these employment trends hold for economic development in South Africa. Put differently, what does this actually mean for labour, business, and government?

For labour, the current trend holds a number of dangers. Clearly the shift to *informal* employment, as it involves the retrenchment of workers, results in reduced job security in the formal sector and the erosion of SACTWU's membership base. Moreover, the difficulties of organising in the *informal* sector are well-known and it would require a significant response from the union movement to make any inroads into unionising the *informal* sector at all. Until now, this response has not really been forthcoming. Furthermore, workers' rights and benefits are likely to come under increasing

pressure within the *informal* sector where the very absence or suppression of these rights essentially provides the competitive advantage for the sector. Formal sector workers are also likely to see their benefits and rights under pressure as the demonstration effect of companies who successfully shift production to the *informal* sector encourages more and more other companies to attempt it.

For business, who may at face value believe *informalisation* holds only positive spin-offs, the long-term effects may also be negative. For example, sub-contracting a part of the production process is unlikely to be an easy step. A whole range of crucial factors would need to be satisfied by the sub-contractor. For example, the sub-contractor would have to be able to guarantee quality, reliable delivery, quick response to orders and more. The risk to both the sub-contractor and the formal business is likely to be high. If the sub-contractor does not, for example, maintain quality levels, the formal business could cancel its contract, spelling disaster for the sub-contractors. Similarly, if the sub-contractor does not deliver, the formal

business may well find its retail contract cancelled which, during a time of low demand, could also be disastrous.

Moreover, whilst a strategy of sub-contracting may win business a temporary respite from global competition, it is already clear that this strategy, applied by all our developing country competitors can have only one realistic outcome. This outcome simply involves the increasing pressure on informal operations to lower costs until the country with the lowest informal sector wage costs dominates.

For government too, informatisation holds significant risks. The most obvious of these is that as most informal sector businesses do not pay any form of tax, the existing tax base will simply become progressively smaller. This applies to a range of taxes including corporate tax, the Skills Levy, UIF, and PAYE. In addition, in so far as government is also responsible for the protection of worker/human rights, government is likely to find it increasingly difficult to police its various pieces of labour legislation. However, many would also argue that as the informal sector tends to use more labour intensive production and retailing methods, the net effect on employment has in fact been positive and people are being given the opportunity to become entrepreneurs. While this may have some truth to it, these arguments tend to romanticise life in the informal sector. The reality is that for many working in the informal sector, both as employers and employees, day-to-day life is more about survival than enjoying the fruits of being an entrepreneur.

If we accept that informatisation of production in the clothing sector is occurring and perhaps even accelerating, what then is the role of government, business and labour in this process? We would argue that if South Africa is to be successful in retaining at least some of the

clothing sector, strategic positioning of the industry is required. It is increasingly clear that South Africa cannot compete with low cost, labour abundant economies. Nor is South Africa willing to offer the kinds of incentives that encourage wage suppression such as EPZs. Almost the only strategy left then is to focus on the high quality, high skill end of the value chain. Notwithstanding protectionist sentiments in many developed countries, this is precisely the strategy they followed and we have shown that wage rates in these countries remain substantially higher than in developing countries.

However, to be successful here will require much more than simply extra training and market research. To successfully compete in these segments requires a commitment from all tripartite role players to think innovatively and act decisively in order to guarantee the long-term viability of the industry. This will require open-minded debate on a range of issues from work organisation to skills development to co-operation between exporting firms, and more. These discussions are long overdue but to wait much longer will doom the South African clothing industry and many hundreds of workers to a life of sweatshop labour with severely restricted worker rights in the informal sector. ★

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Think twice before you mess with us

Bulletin: *When and why was FEDUSA formed?*

Milant: FEDUSA was formed on 1 April 1997. The Federation of Organisations Representing Civil Employees (FORCE) and the Federation of South African Labour Unions (FEDSAL) merged to become FEDUSA. There was a need for affiliates to have a relevant federation that could address the needs and aspirations of their members and play a role in policy issues affecting labour.

Bulletin: *How many affiliates do you have?*

Milant: We started with 25 affiliates and 515 000 members. In July this year we had 27 affiliates and 555 471 members. We encourage our member affiliates to merge. The biggest merger we had was in 1998 when ATEASA merged with OASA to form the UASA.

We distinguish between mergers and incorporation. Incorporation occurs when a small union joins a larger union. PHOSA became incorporated into PAWUSA and WUSA became incorporated into SALSTAFF. It is anticipated that SALSTAFF and TWU will merge soon to become a powerful transport union. Our largest affiliate is the PSA. The oldest trade union in the country is SATU (101 years old) and they are also an affiliate.

**Tanya van Meelis and
Rugaya Rees interview Chez
Milani, general secretary of the
Federation of Unions of South
Africa (FEDUSA).**

Bulletin: *Do you intervene in the internal workings of your affiliates?*

Milant: Our affiliates are autonomous in their operation and we do not interfere in their internal working, as long as they operate within the scope and ambit of our constitution and policy laid down by our congress and the NEC. By the same token, we do not like affiliates interfering in our internal working outside of the relevant structures. We get involved in affiliates' internal affairs if they ask us to intervene. Spoornet's retrenchment announcement, Sun Air's closure, Igoli 2002 are recent examples of issues we took up at the request of our involved affiliates.

Bulletin: *What do you see as FEDUSA's role?*

Milant: Our main goals may be summarised as follows, firstly, to unite workers under the FEDUSA umbrella around important and relevant issues;

secondly, to provide a platform for affiliates to participate in tripartite structures and other structures at national, international and provisional level; thirdly, to disseminate information to our affiliates. We aim to be a major role player both nationally and internationally; build capacity among affiliates; defend and protect our affiliates' rights; promote co-operation and co-ordination between affiliates; and to speak with an independent voice.

We represent workers on a number of national bodies including Nedlac, the National Skills Authority (NSA), South African Qualifications Authority (SAQA), the Unemployment Insurance Fund Board, the working group of the Presidents International Investor Council, the Minister of Labour's Occupational Health and Safety Advisory Council and the National Productivity Institute, to name a few.

Bulletin: *Who are your members?*

Milant: Our members are situated all over South Africa and come from a wide range of sectors. We have seen a growth in our membership. This may be ascribed to our drive to recruit new affiliates, the public sector agency shop agreement and general improved recruitment of members by our affiliates. Our membership is representative of South Africa's demographics and we pride ourselves in being a truly 'rainbow' federation.

The majority of our members are drawn from the ranks of the semi-skilled, skilled and professional workers and may be classified as white-collar workers. Globalisation affects all workers, but it is particularly the 'unskilled' workers who are the most vulnerable. We do have many 'unskilled' workers and would refer to the Food and General Workers Union (F&G)

and our farming unions who organise predominantly 'unskilled workers'.

FEDSAL was historically a predominantly white staff association, with FORCE being representative of all groupings. Our pre-1994 staff associations have democratised and these staff associations have become fully fledged trade unions representing all workers regardless of race.

Any union who does not fully support the non-racist principles we stand for, will fall foul of our constitution and will accordingly not be permitted to join us. Believe it or not there are still unions out there who would fall into this category. The LRA allows anyone to join a trade union and we are finding more and more well paid employees and professionals joining our unions. They can relate to our ideology and obviously find the security in belonging to a union and the related benefits offered, attractive.

I do not like putting people in a 'box' or classifying them, but would guess that our membership could be classified at about 70% previously disadvantaged, inclusive of women. Don't write off the 'pale males', they are also important. We are making an effort to be representative of all South Africans - there is place for everybody in the sun.

Bulletin: *How do you represent the interests of all your members - given differences in skill levels?*

Milant: This is not difficult, as there are not many areas where our members radically disagree. Most issues we busy ourselves with affect all workers - for example labour legislation, economic policy and so on. Where there are different points of view, this ensures good debate within our structures. I've yet to have an issue where we were not able to reach

consensus, with the exception of trying to formulate a FEDUSA policy on the death penalty. We just let this one ride.

When negotiations deadlock on a particular issue there are two weapons available to us. We either institute legal action, ranging from a letter of demand through to the filing of a Section 77 notice, or make use of protected strike action. Our members are responsible and will usually only make use of a strike as a last resort. Can you imagine if our IT employees, pilots, train drivers or miners went on a full blown strike. Our members generally hold strategic positions and have a lot of clout. Bottom line - think twice before you mess with us.



Chez Milani

Bulletin: *Is there competition between the unions?*

Milani: There is competition between our unions who organise in the same sector. This does however not get out of hand because the affiliates understand that unity within FEDUSA must be maintained as far as possible. There is competition between many of our unions and unions outside the FEDUSA camp, particularly for semi-skilled and unskilled workers. Labour must stand together, but we do agree to disagree with COSATU on certain matters.

The two main areas where we differ relate to the relationship between labour and political parties and the question of ideology. We believe that workers are compromised if a federation is required to tow a particular party line. We will lobby any and all political parties to further our members' interests. Ideology explains what drives a person and why they behave in a particular way. We subscribe to

Mazlow's hierarchy of needs and the idea of self-actualisation. In essence this states that you should be allowed to reap the socialist thinking of 'each according to his/her ability to each according to his/her need'.

Bulletin: *How is FEDUSA staffed?*

Milani: Our head office is based in Northcliff, Johannesburg. This office is the heart of our operation and we are in the process of expanding it. We also have a parliamentary office in Cape Town. We employ 10 competent full-time officials who are paid market related salaries and they are expected to deliver. We are at the service of our affiliates and continually strive to add value to these affiliates. We have a fully fledged training department which is headed up by Dennis George. Our parliamentary office is run by Gretchen Humphries. Both Dennis and Gretchen are assistant general secretaries.

The general secretary is the chief executive officer of the federation and reports to congress, NEC and the management committee. He also takes mandates and instructions from these constitutional structures and gives effect to them. Our officials are empowered to take decisions. In order to streamline our operation and improve on turn around times for mandating, the secretariat summaries the content around issues and makes a recommendation to the structures, who then either accept, vary or reject the said recommendation. This system seems to work well in the present 'high tech' age we live in where there is an information and paper overload and the issues being dealt with are often complex

Bulletin: *How do you ensure that staff work efficiently?*

Milani: We believe in having a properly managed and administratively sound federation. The general secretary supervises the staff. FEDUSA prides itself in having a 'lean mean professional secretariat team' and these individuals are expected to work efficiently and effectively. We have also created a healthy and enjoyable work environment and this I believe is substantiated by us presently having a zero staff turn over rate. If people are unhappy and unfulfilled with their work, they will leave. Where staff problems do occur then the necessary counselling or disciplinary process is obviously initiated.

Bulletin: *What major challenges do you face, both internally and externally?*

Milani: The first major internal challenge we faced after our formation was setting up the necessary systems, departments, correctly placing staff and generally operationalising FEDUSA. A six point strategic plan was

drawn up and implemented and I am satisfied that we are fully operational and offering the type of value and service required by our affiliates

From an external point of view there are many challenges, too many in fact, and one has to prioritise the issues you want to tackle should you really want to make a difference. It is important for FEDUSA to be relevant today and tomorrow and to adapt with the fast changing times. It is important to take ones members with you and therefore we place a lot of emphasis on training our members on topical issues around economics, labour legislation, globalisation, to name a few, in order that they may understand what is going on and make the necessary contribution.

It is an ongoing challenge to obtain proper mandates from grassroots members. A further challenge is combating the present high rate of unemployment. No grouping can conquer this challenge alone and it is important for all the social partners to take hands and come up with workable solutions together. We were initially not opposed to GEAR but it failed to meet the set employment target and therefore cannot be supported. Should GEAR realise its projected job creation targets, we would probably support it. We are committed to building South Africa, and try to adopt a pragmatic and value adding approach in what we do.

Bulletin: *What is your view of debates taking place around labour law?*

Milani: There is nothing wrong with our labour laws. It is unfortunate that these laws end up being the 'scape goat' for everything and anything that goes wrong. People should read less commentary and opinions on the law and rather familiarise themselves with the actual legislation. The

current labour law is effective and fair, when applied properly

There is a push from government to exempt small business from the labour law. A blanket exemption would definitely not be supported by FEDUSA. We do however understand that SMMEs are responsible for creating 80% of the employment worldwide and therefore must receive focus from government, especially when our high unemployment rate is considered.

Should one want to consider one or another form of exemption, the employer concerned should engage with the union or employees (where no union is present) in the workplace, information should be shared, agreement should be reached, whereafter the parties should jointly approach the Department of Labour for the required exemption.

We are also pushing for a tightening up of Section 189 of the LRA. Our concerns are that this section allows an unscrupulous employer to merely go through the motions of consulting, thereby avoiding matters of substance. We are also concerned about the lack of a procedure to maintain the status quo in a workplace when a dispute arises during the consultations concerning Section 43 of the previous LRA. We also want adequate disclosure provisions to be included.

Bulletin: *What major campaigns are you running?*

Milant: We believe that the individual tax rate and the tax rate applicable to pension funds are too high and we have been running a campaign on this. Other focus areas have been HIV/AIDS, child labour and equality in the workplace.

Bulletin: *What is your assessment of Nedlac?*

Milant: I think that Philip Dexter is an

excellent choice as the new executive director to take Nedlac into its next phase of social dialogue and nation building – he has our support. The social partners must guard against bringing a talk shop and petty point scoring mentality to Nedlac. Nedlac has played a very important role in the past and I hope this trend will continue. To be successful, Nedlac will have to sharpen its focus to lead (and not follow) on changing trends and matters of importance.

Bulletin: *What is your message to your members?*

Milant: South Africa is at a very exciting, but also a critical time in its' history. We hold the future of this country in our hands and must work together in building the economy, cross-cultural relationships and 'a proud to be South African' ethos. You get three types of people: those who wish for something to happen, those who make things happen and those who wonder what happened. Let's make sure we fall in the second category.

Bulletin: *What is your message to the employers?*

Milant: Labour relations is about relationships. Instead of hardening attitudes and seeing labour as a nuisance, we would encourage employers to interact with us and build relationships in the workplace – we can add value.

Building friendships will help build a more productive environment that is worker and investor friendly. Don't be scared to encourage this. It is bad business to only engage with labour when there is a crisis. The employers should not forget that they are dealing with people, fellow citizens, and not dispensable factors of production. ★

Union investment companies *business unionism or union business?*

The articles on trade union investment companies in the *Bulletin* vol 23 no 4 of August 1999 are a welcome sign that the debate on these initiatives is still alive. This is crucial since most unions have set up these companies as an experiment and are monitoring them closely to decide on the future of these companies. The political debate about the desirability of these companies also needs to continue.

Unfortunately the articles presented fall a little short of the mark in that they provide little empirical information that can help unionists make an informed judgement regarding these companies. As a result of this shortcoming and the tendency to assume that unions that set up investment companies are 'going into business' and are therefore becoming capitalist in orientation, the debate is a little superficial.

Context

The fact that unions have taken a decision to set up companies that will attempt to capture and create wealth is not a decision that can be understood outside our political history and context. Stephen Faulkner's cautionary tale is one that has aspects that unions should heed. But we need to move from a premise that seeks to understand whether the setting up of trade union investment companies is a turn to capitalism, or whether it is a

Philip Dexter responds to articles written on union investment companies in SA Labour Bulletin vol 24 no 4.

unique response to an inevitable period of accumulation, arising out of our transition from apartheid to democracy, that will end at some point.

It is clear that in South Africa the transition to democracy has brought with it the restructuring of the economy and limited transformation of capital. In this process there are assets, resources and economic opportunities that are literally 'up for grabs'. In short, opportunities for relatively rapid accumulation exist. The issue then becomes, who accumulates what? Many strategic unionists believe that if unions are to let this moment pass and leave accumulation up to black business, to a 'patriotic' bourgeoisie (can there be such a thing in this era of globalisation?), it would be to the detriment of workers. Workers would be passing the chance to influence patterns of accumulation.

A response that says unions should not adapt strategically to such a moment is short-sighted. Surely unions should not become capitalist, even reluctantly. In this respect, none of the notions that motivated the turn to 'business unionism'

in Europe have been factors that have driven the decision for unions to set up companies, except perhaps for the motivation for additional services over and above what unions ordinarily supply. In that sense, capturing assets on behalf of a collective is hardly a capitalist practice. It should rather be seen as a form of communal or social ownership. Surely this is a legitimate activity for unions and any other groups of people that have been discriminated against under apartheid.

Key issues

What unions have done is to create a mechanism to accumulate on behalf of their collective membership. History has many forms of such social or communal organisation, such as co-operatives, mutual societies, trusts and associations. The key issues for unions are:

- to ensure that such companies align their strategic objectives with the union and its membership and keep this alignment;
- to ensure that good corporate governance exists in such companies to avoid the union and its membership being taken advantage of;
- to measure the performance of these companies and see exactly what they have achieved.

In other words, such investment companies need not be stereotypical of capitalist enterprises. This depends on

- the types of investment;
- the effect such investments have on the lives of workers, both in the union and in the companies they invest in;
- the overall strategy of the unions to transform society together with other forces, such as a working class party and a national liberation movement.

In other words, investments are not the key weapon of the union, but one option amongst many to be involved in the

economy, in society, and leading transformation rather than responding to the initiative of capital.

Information

It is crucial for unionists to have information to assess the performance and development of these companies, since it is in conditions of secrecy and the keeping of workers in ignorance that excesses can occur.

The financial reports of the trade union investment companies need to be considered. For instance, the fact that the two companies listed as case studies in the article by Etienne Vlok (*SA Labour Bulletin* vol 23 no 4, August 1999) have not paid anything to the unions or their members in the form of dividends is an important signal, whatever the time frame that they have been operating in. Yet on its own it tells us nothing.

What is needed is information regarding the capital employed to start the companies up, the return on this capital, the dividends paid (if any), and the disbursements to directors in the form of fees, salaries, commissions, restraints and other such payments.

Information is also required as to the types of investments made by the companies, the performance of these investments, including what they have done in terms of job creation, skills transfer etc. This will enable an assessment to be made as to whether these companies are achieving the strategic objectives set out in COSATU's policy on investments. There is often a tension that develops between the strategic objectives of labour as a group and the individual unions that companies purport to represent, as well as between the individuals that stand to benefit from the activities of the trade union investment company. Both these contradictions can be managed if there is

transparency and if the union membership and leadership are involved in shaping the policy and performance of the trade union investment company.

Answering criticism

This in essence answers the key criticisms and cautions raised by Faulkner. He is right to argue that secrecy around business activities promotes corruption and fraud. He is also right to argue that unions cannot pay their directors huge packages and argue against those of business. But it cannot be true that to set up a company owned by the unions demobilises workers. This would only be true if the union stopped organising and waited for the company to make profits as a means to improving the lives of its members. In the South African example the trade union investment companies are separate from the union and there is a clear division of powers and responsibilities. Such a demobilisation cannot therefore take place.

Unions must use the creative methods

of organising and mobilising that Faulkner points out have been successful in other countries. But this does not mean that workers must allow all assets and wealth to be owned by the bourgeoisie and managed by their stooges. Surely contesting power in society means engaging at all levels, including ownership and management. If so, it seems clear that, as unpalatable as it may seem to our notions of pure socialist organisation and transformation, unions will have to venture into uncharted or dangerous waters. How they navigate this course will determine what the outcomes are. The debates surely need to move now from generalities, such as in the case studies of NUMSA and SARHWU, to detailed analysis supported by empirical evidence. Then we will be able to decide whether we have succeeded or failed, and where we need to correct our strategies and tactics. ★

Phillip Dexter is executive director of Nedlac and chairperson of Union Alliance Holdings.

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Union investment strategy

socialist unionism or 'social capitalism'?

It is good that the debate on union investment companies has resurfaced in the pages of the *Labour Bulletin* (vol 23 no 4, August 1999). Since the 'early' days, when the establishment of such investment companies caused a great deal of head scratching and heated argument, an uneasy silence has descended. This is not merely about money matters or union control over investment decisions. At stake is the political and organisational future of trade unionism in South Africa.

From Etienne Vlok's article, it is clear that union investment companies such as the National Manufacturing Workers' Investment Trust (NIT) and SARHWU Investment Holdings (SIH) (and presumably most others), alongside a large portion of union leadership, are well on their way to becoming bona fide members of the 'capitalism with a human face' club. When a union leader confidently defends capitalist investment strategies as a socialist means to 'ensure that the means of production are owned by the workers', alarm bells should be ringing. Not surprisingly, this kind of thinking has much in common with the assumptions underlying the country's macro-economic strategy - GEAR. First, much like GEAR's neo-liberal assumptions regarding the role and character of the state, these arguments assume that capitalism's new round of global accumulation means that unions' core role and character has changed. It is becoming commonplace to

Dale T. McKinley critiques current union investment ideology and strategy and proposes a reconceptualisation of investment that is based on strengthening the working class' capacity to struggle for a socialist political economy.

hear unionists arguing that, because of the 'hegemony of capitalism' and 'new global realities', unions must fundamentally alter their strategic vision in order to remain 'relevant'. In other words, 'if you can't beat them, join them'.

This line of thinking is consistent with the view that the April 1994 democratic breakthrough signalled some kind of 'end-game' for union struggles guided by a socialist political programme. In other words, the days of unions placing the active political struggle for socialism at the top of the strategic agenda are over, or at the very least, must take deep cover in the bowels of an ongoing National Democratic Revolution. The dominant strategic focus of South African unionism now appears to resemble a combination of narrow workerism and 'social capitalism'. As a result, most organisational resources and

political energy are given to 'shopfloor' issues, participation in corporatist forums and capitalist investment schemes, as well as participation in a classless 'nation-building' exercise. It is argued that this 'new' unionism will:

- provide greater benefits to union members;
- make the organised working class more 'influential' in a situation where overt class-based politicisation of workers' struggle is neither appropriate or 'pragmatic'.

It is more than unfortunate, for the workers themselves, that such thinking and practice has taken hold. In South Africa, just as in the rest of the capitalist world, the reality of the content (not form) of class oppression and ownership has not changed. The underlying assumptions of the 'new' South African unionism are a great deal more 'unrealistic' than alternative socialist strategies grounded in an overt political unionism linked to the realities of class struggle.

While aspects of the 'objective conditions' under which the workers' movement now finds itself have changed, the fundamental programmatic role of unions has not. This is the case precisely because as long as (capitalist) private property constitutes the basis for the continued existence of collective worker organisation (ie the exploitative relationship between wage labour and capital) so too is there the necessity to struggle for working class economic and political power. Some of us still like to call it socialism. The question then becomes how should unions struggle for socialism in South Africa, when they face a difficult environment with new possibilities?

Conceptualising investment

If we accept the strategic challenge posed by the above question, then our departure

point should be that there is nothing inherently wrong or unprincipled with finding new and creative ways to strengthen the working class's capacity to struggle for socialism. In relation to union investments, this is something quite different from a starting point that views a union's use of capital as a means to merely make more capital.

This kind of approach is exhibited by NIT chief executive officer, Charles Millward, when he claims that 'we have a responsibility to make money'. Clearly, many union investment strategies have been 'realised' against the dominant background of jumping on the bandwagon of the 'black economic empowerment' trend. The underlying mentality behind such initiatives rests on the notion that union investment companies represent 'business with a conscience', and should thus be seen as a 'credible partner for empowerment'. Workers are being told that unions must 'get a piece of the action now', or potentially lose out on the 'gap' open to politically correct, aspirant black capitalists.

If this kind of approach informs union investment initiatives, then an 'investment' can only be viewed as a means by which the union can make more capital. Union investment strategies thus become no more (or no less) than the parallel investment strategies of a capitalist finance house. We should remember that the tradition of socialist struggle in South Africa has never been one in which the movement has adopted capitalist strategies as a means to defeat the capitalist system. This is exactly why the South African working class still remains one of the strongest and most vibrant in the world. While it was easy to reject such capitalist strategies when capitalism was in bed with apartheid, it now seems that many unionists have no problem



Public public partnerships with the state ensure real joint ownership

accepting the same strategies under the umbrella of a deracialised capitalism. When the investment criteria of NIT rest solely on growth potential, the presence of affirmative action and the transferral of skills to black managers, it is clear that there remains only a pretense to an anti-capitalist union investment strategy.

The union movement needs to re-think what an investment is. What would constitute such a re-think at a strategic level? The fundamental principle underlying any 'investment' must be based on strengthening the working class' capacity to struggle for a socialist political economy. This means that union investments cannot, and must not, be reduced to an attempt at playing politically correct games in the capitalist market place. It is thus essential that any initiative be aligned with the political programme of the union (and the Federation) itself. The two cannot be separated.

The starting point for such a strategic re-think should be first at the federation

(COSATU) level where a common set of principles and strategic guidelines can be adopted that would lay the basis for affiliate initiatives. This means much more than the present situation where the COSATU CEC resolution on union investments merely sets out a more 'democratic' bent to the present set up. It is simply not good enough for a union federation, that is programmatically committed to socialism, to view union investment companies as tools to mitigate the negative side of capitalist class and social relations at the workplace.

New strategy guidelines

The practical implementation of any investment should be guided by the following:

Building union strength

Investments should be guided by the need to build the political and organisational strength of the union itself on a

democratic platform. This does not mean merely concentrating on 'shopfloor' issues, although these are important. It means an investment in serious political education and worker campaigns that will go a long way in rectifying the Achilles heel of the union movement - the gap between political/programmatic commitments and the ability of workers to give practical content to those commitments. If unionists are truly serious about benefits for members, then they should understand that building the political and organisational confidence and ability of the working class will carry much greater material and social benefits than any distribution of 'social' capital. An investment must be seen (and practiced) as part of a class struggle that is trying to fundamentally change society, not as another slice of the capitalist pie that allows the capitalists the upper hand in the battle for hegemony over the kind of political economy we operate within - ie, GEAR.

Building political organisation

The practical implementation of an investment strategy must be guided by the need to build and be active in working class political organisations. In terms of existing formations, this would apply mainly to the SACP. However, investing on this front always throws up the possibilities of new forms of political organisation. An investment here means, for example, using the financial muscle of the union movement to ensure that working class political organisation is independent in both organisational and intellectual terms. It also means engaging in joint campaigns that, for example, have the capacity to seriously wage a war of ideas. Without finding the means to confront the ideological primacy of capitalist neo-liberalism amongst the workers and poor, unions are in danger of

putting themselves in an economic box from which it will be very difficult to emerge. This is an absolute necessity given the present situation internationally as well as the need to give political content and leadership to the ongoing struggles of the unions themselves.

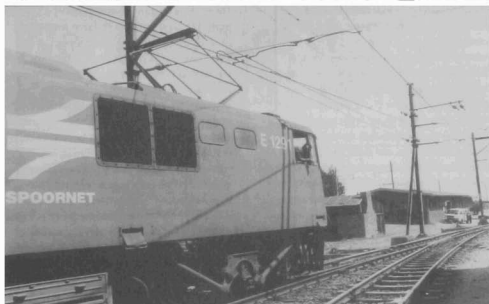
Transcending 'intra-capitalist' circulation of capital

Rather than seeing an investment as an ad-hoc means to singularly 'influence' the use and distribution of capital, union investments should concentrate on building the necessary strength to fundamentally transcend the 'intra-capitalist' circulation of capital.

For example, instead of buying shares on the Johannesburg Stock Exchange (JSE) or engaging in joint-ventures with private (black economic empowerment) capital to become 'players' on the capitalist markets, unions need to begin using capital to start a process of changing the ownership/control of the real economy (ie the productive side of capital). This might mean, for example, 'buy-ins' with the state when it comes to 'restructuring' of the public sector (not the purchasing of privatised state assets). Instituting such 'public-public' partnerships would enjoin the union movement to exercise real joint ownership with the state. This would fundamentally effect the actual control of productive decision-making and the delivery of 'de-commodified' basic goods and services. Additionally, worker (union) controlled trusts could act as investors in the independent production and use of knowledge.

Internationalist control of capital

On the international front there exist possibilities for joint investment initiatives with other union federations and progressive movements. No longer would



Union investment in relation to the state must be rethought.

internationalism be confined to political solidarity, but would encompass the internationalist control and use of capital. Resources could be pooled to fund internationalist public-public partnerships with progressive public sector entities at different levels of government. Other examples of internationalist investment would be in an international research capacity on key issues and the establishment of publications' initiatives. In addition, more overt political investment can be made to those struggling without resources, but whose struggles directly affect the well being of all workers across the globe.

A socialist approach

We must reclaim a political approach to the entire issue of union investment. We must reclaim a process that is politically driven by a working class perspective. This allows for investment to be conceptualised and implemented in terms

of the socialisation of capital (ie creating a system of dual power). Such an approach opens up the possibility for the working class to fundamentally alter the way in which capital is produced (a productive/ownership challenge) as well as the way in which capital is circulated (a distributive challenge). It is, at one and the same time, a strategy that is aware of national specifics and internationalist possibilities. This is a socialist approach to the question of investment!

An investment strategy that plugs into the existing 'market' by attempting to 'influence' the distribution of capital, or, in a few cases, to grab a share of the pie through prioritising notions of vague 'black economic empowerment' cannot, and will not, fundamentally empower workers. Such a strategy will not contribute to any sustainable struggle for socialism, let alone provide material and social benefits to union members. Similarly, notions such as those expressed by

SATAWU national organiser, Derrick Simoko, that through better 'communication and sharing of information' corporate entities owned and/or controlled by union investment companies will empower union members are tantamount to arguing that workers can be better and more responsible capitalists than capitalists themselves.

All COSATU unions (and the COSATU federation) have adopted programmes that ground the primary role and central principles of the union within a struggle for socialism. It is these programmes that must act as a guide to any subsequent strategic activity. Clearly, it is from this base that any investment strategy must arise. Ultimately, it is a matter of finding the best 'fit' between the two. In other words, a strategic challenge!

It is this strategic challenge that has not been taken seriously, or, at best, has been sidelined over the last several years. The vast majority of union investments have embarked upon the search for the so-called transitional 'gap' that allows for the 'let's get into the game now, or we'll lose out' approach. This has created a 'quickie' strategic approach that is essentially devoid of class content, programmatic (ideological) accountability and a participative democratic process. As a result, the present investment schemes undertaken by unions, serve to solidify existing capitalist relations of production and distribution.

The fact that such schemes might succeed in re-directing small amounts of capital into new ventures with new 'bosses' in no way effects the core operation and logic of capitalism itself. Instead, such schemes slot into the role of new 'players', who must abide by the capitalist ground-rules in return for a 'piece of the action'. The new strategy of dominant capital (commonly referred to

these days as globalisation) is sophisticated enough to have made the leap from broad-based social pact processes with progressive sectors of society to new, more specialised forms of the same social pactism. It is in the interests of big capital to encourage corporatist investment schemes by unions. By bringing the unions 'on board', even if the union schemes must give more priority to socially useful criteria, they succeed in further co-opting one of the key weapons in the hands of the workers - ie the fruits of their labour!

The arguments (and more specifically, the practice) of some present, and former unionists, are no more than well-disguised 'salesmen' manoeuvres. They are 'selling' the notion that the best unions and their constituent members can do is to get onto the playing field and hope that through shrewd 'investments' workers will be empowered and be able to 'influence' the way the game is played.

We have heard these kinds of arguments many times in different and failed contexts. And, what have such strategies delivered for the working class in places such as Australia and the US, not to mention current attempts in places such as Argentina and Thailand? There is a world of difference in unions becoming 'players' in the capitalist game of accumulation and surplus distribution, and unions seeking to use capital (in a capitalist-dominated world) as a means to undermine and transcend the game itself. It is ultimately the difference (and choice) between having a socialist strategy and making excuses as to why you cannot have one (regardless of the difficulties). ★

Dale T. McKinley works at the SACP head office. This paper is written in his personal capacity.

Work culture change key to productivity

By Jan Syfert

Thirty-seven organisations and individuals won awards in the 1999 National Productivity Awards competition organised by the NPI.

Parliament won the highest award – the new chairman's award. The Independent Electoral Commission won the award in the new platinum class.

Productivity champions

The NPI studied a sample of previous gold and silver award winners, in the public and private sectors, to determine how they initiated and succeeded in achieving huge productivity improvements.

All the respondents indicated that the major sparks for their productivity initiatives were unsatisfactory performance at the time and projected future results. This is common to many organisations, yet only a few embark on productivity improvement programmes. Our research discovered that all the gold and silver winners had a productivity champion who made all the difference.

These champions had the following characteristics and used the following approaches.

- the champion was a person in the organisation who did not accept unsatisfactory performance and decided to co-operate with others to improve the situation,
- he/she was well-educated in a particular discipline;
- he/she enjoyed the support of his or her superiors;

- he/she showed quick results in the form of small productivity victories,
 - he/she measured performance.
- The productivity champion also
- produced a well-developed productivity vision and action plan with deadline dates, responsible people and proper control over the implementation of the plan,
 - made sure that everyone who took part in the productivity improvement initiative received training to enable them to perform their tasks well,
 - showed total trust in people,
 - showed total commitment to productivity improvement and did not let any barriers stand in the way,
 - benchmarked other organisations worldwide,
 - allowed employees to share in the benefits of productivity improvement.

Productivity champions always acknowledged above-average performance. They learned the lesson from John Ashcroft that 'the worst mistake a boss can make is not to say "well done".'

The productivity champion involved other people in the productivity improvement process and listened to their ideas. President Thabo Mbeki advocated this principle in his first speech in Parliament: 'The government commits itself to working in partnership with our people, inspired by the call "Faranani!" to ensure that we draw from the energy and genius of the nation to

give birth to something new, good and beautiful.'

Good examples are the Neave Windshields Manufacturing (a gold winner this year) and the Struandale toughening plant (a 1999 silver winner). Both their manufacturing managers, Brian Brooks of Neave and Gavin Hardick, were the driving forces behind their productivity improvement programmes.

Case study

Shatterprufe Neave employs 429 people and produces and distributes motor car, truck and bus windshields. It exports 68% of its production. The company faced extreme price pressure in its export and domestic markets. It was in danger of losing part of its North American and European market share and needed to reduce its cost per windscreen.

Neave downsized and re-engineered in 1995. This placed significant strain on the factory and Neave needed to build motivation and increase the participation of the employees to revitalise the plant. Management introduced a project called 'cut the cost by R30 a windscreen' to ensure the plant's survival. It adopted a multi-faceted and detailed productivity improvement programme and established employee co-operation and participation.

Because raising capital was out of the question, the team had to improve current processes. Pursuing best operating processes became the norm. Existing technology was optimised and operators continuously tried new and improved methods of operating.

Management encouraged everyone to identify practices to change and suggest methods to reduce costs. This encouraged constructive rivalry between departments. Regular information meetings for all employees improved customer focus.

Neave achieved impressive results. Work

in progress decreased from about 150 days (March 1997) to about 18 days (February 1999). Product losses due to quality and scrap were reduced from 22,4% to 14,8%. Pieces per man-hour improved from 0,58 to 0,83 during the same period. The cost of manufacturing a windscreen decreased by about R33 per windscreen and orderfill levels improved to about 80% for exports.

Struandale

In three years the Struandale plant, employing 342 people, changed the work culture from one with little employee involvement in decision-making and very little accountability to an open and participative culture with a sound working relationship between management and workers. Remarkable results followed.

Struandale had experienced capacity and supply problems due to the growth in the export market. The existing manufacturing process could not supply the required output in time to satisfy the market requirements. This posed a serious threat to the company's credibility as a world class supplier of toughened automotive safety glass.

The company decided to embark on a productivity improvement drive, aimed at improving customer service in terms of quality and delivery dates, higher productivity and reducing operating costs. It flattened its organisational structure to improve response time in decision-making, and created a culture of continuous improvement, creativity, calculated risk-taking and team work. The last two years have yielded good results.

The lead times for the manufacturing of rear-lights, door glass and side vents were reduced from 22 to 10 days, 17 to 8 days and 12 to 6 days respectively. Overall productivity improved by 20%. Stock holding decreased by 50% and manufacturing yield increased by 15%.

Act now, don't delay

I was born in Delhi and belong to a state in the hills called Himanchal Pradesh. My father was an executive engineer with the government. My mother is a housewife. I have one brother.

I went to Carmel Convent School and to Jesus and Mary College. I got an honours degree in history and then joined the airlines as an air hostess. I have been with the airlines for the last 13 years.

Comrade's death

I joined the union after a woman who I had worked with died. She was a tribal air hostess. India has a caste society. Our constitution says that 70% of jobs must go to the scheduled or tribal caste. I belong to an upper caste, and in the upper caste there is high competition to get a job

'I take care of the hostesses cause - their working conditions, demands and problems.'

The woman who died belonged to the scheduled tribe - she died because of ignorance - because the company did not give her information. Our airline, which is in the public sector, provides free medical aid. This woman who died, did not know

Neera Thakur, an air hostess and ACEU counsellor and cabin crew representative for the Northern Region, India, speaks to Tanya van Meelis.

that she could get free medical aid. She did not know her rights and perks in the company. When she died, we thought that her death occurred because of the company's lack of interest in the wellbeing of its employees - it was not informing individuals of their justified rights. Management was not forthcoming with the information. We just used to learn the information, by the by, as the years passed.

The union

I joined the union five years ago after the death of the woman and seeing that the hostesses were disorganised. Hostesses had their own association - but it was not recognised by management. I joined a very old union which air hostesses had left because they felt that their interests weren't being protected.

My union, ACEU, covers all employees in the airline except engineers, pilots and management. It covers grades 1 to 9 - a sweeper would be grade 1 and a manager would be grade 9. It is a company union,

and is not affiliated to any federation. It has about 23 000 members.

Union duties

I became active in the union as soon as I joined it. I had to fight for the company to pay for the transportation for the woman who had died to be buried. The doctors and the airline had been indifferent, so I had to take the issue up. She had been absent from work - the company never found out why, never found out that she was sick. It stopped paying her salary because she was absent. When she died she had only \$1.

'We fear that the new medical checkups will lead to harassment and dismissals of crew who are not 'medically fit''

I was elected regional councillor in the union. This means that the entire North region is my responsibility. If an employee is disciplined, I take up their case. I take care of the hostesses cause - their working conditions, demands and problems. I liaise with management and discourage workers striking at the drop of a hat. This means that I am always very busy.

When I was elected, I was the only lady to hold office in the union in Northern India - a region which is larger than South Africa. I was also elected a member of the works committee. This is a committee which management has to set up to look into the welfare of employees and ensure that the labour law is being implemented. I have also been recruiting air hostesses to become members of the union - I tell them that it is better to be in a recognised

union than in an association that management won't recognise.

We have regional council meetings once every three months and once a year we have a general council meeting. All the regions come together in the general council meeting, and they make resolutions. We also have informal shopfloor meetings during lunch hour.

We have many elections - for example, we have elections for the works committee, the labour relations committee and the thrift and credit society. The thrift and credit society is like a bank for union employees.

Major problems

One major problem that we are facing now is that management decided to send us all for thorough medical examinations. This includes X-rays and ultra-sounds. When we joined we were told that we would have to have a medical checkup, but that it would only include our height and your weight. We fear that the new medical checkups will lead to harassment and dismissals of crew who are not 'medically fit'. These tests can be misused.

Another problem is the discrimination of women. Women make up the majority of the flying crew, but male persers are allowed to pick and choose the flights that they go on. There are only a few male persers, but the advantages they get show that it is still a man's world. We used to be paid no matter how many hours we flew - so the men used to choose to do short flights, and the women would do the long flights, but get paid the same. We fought this and now we get paid for how many hours we fly.

We are also very worried about privatisation. We fear that management will become more strict about working hours. At the moment, we have to fly a maximum of 11 hours per day. We are

scared that management will extend these hours. We are also concerned about job loss and whether permanent staff will be turned into casual workers.

A woman unionist

I don't think that it's a problem being a woman in the union. The only thing is that I'm not invited to late evening meetings, because of the constraints of being a woman. But I do not think there is a problem of being sidelined. I'm given important positions and things to handle. I belong to the higher strata in the organisation. But, you need to be educated to be a unionist.

Political affiliation

My union is not affiliated to a political party. If you are affiliated to a political party it can dictate to you what you should or shouldn't do. We all have political affiliations as individuals, but we took the position that the union should not have a political affiliation.

Sigtur

I think that the Sigtur conference is a very important conference. We must implement the decisions we take. Saying things does not mean that we will take them up. We must take up issues at an urgent level. We must address issues at shopstewards level, because our very existence is being affected by the issues we are



discussing at the conference. We should have this conference every six months so that we can keep working on the issues.

We should engage in massive active resistance to threats to the labour movement. This shouldn't be delayed. We also shouldn't get into a parochial attitude where we judge people by their education, income etc. We should set aside pride and everything else, look beyond colour, caste and other affiliations. We need to think and act on a common platform.' ★

glossary

ANC	African National Congress
BEC	Branch Executive Committee
BCEA	Basic Conditions of Employment Act
CC	Central Committee
CCMA	Commission for Conciliation, Mediation and Arbitration
CEC	Central Executive Committee
COSATU	Congress of South African Trade Unions
DP	Democratic Party
EPZ	Export Processing Zones
Exco	Executive Committee
FEDUSA	Federation of Unions of South Africa
GATT	General Agreement on Trade and Tariffs
GDP	Gross Domestic Product
GEAR	Growth, Employment and Redistribution strategy
IFP	Inkhatha Freedom Party
ILO	International Labour Organisation
LRA	Labour Relations Act
MEC	Member of the Executive Committee
MP	Member of Parliament
NALEDI	National Labour and Economic Development Institute
NACTU	National Council of Trade Unions
NEC	National Executive Committee
NEDLAC	National Economic Development and Labour Council
NGO	Non-governmental Organisation
NNP	New National Party
OUA	Organisation of African Unity
RDP	Reconstruction and Development Programme
SACP	South African Communist Party
SADC	South African Development Community

SMME	Small, Medium and Micro Enterprise
UIF	Unemployment Insurance Fund

COSATU-affiliated unions

CAWU	Construction and Allied Workers' Union
CEPPWAWU	Chemical, Energy, Paper, Printing, Wood and Allied Workers' Union
CWU	Communication Workers' Union
FAWU	Food and Allied Workers' Union
IPS	Institute of Public Servants
NEHAWU	National Education, Health and Allied Workers' Union
NUM	National Union of Mineworkers
NUMSA	National Union of Metalworkers of South Africa
POPCRU	Police and Prisons Civil Rights Union
SAAPAWU	South African Agricultural, Plantation and Allied Workers' Union
SACCAWU	South African Commercial, Catering and Allied Workers' Union
SACTWU	South African Clothing and Textile Workers' Union
SADTU	South African Democratic Teachers' Union
SAMWU	South African Municipal Workers' Union
SARHWU	South African Railway and Harbour Workers' Union
SATAWU	South African Transport and Allied Workers Union
SASBO	The Finance Union
TGWU	Transport and General Workers' Union



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