



**'going in
with confidence'**
— *Ebrahim Patel*



Photos: Shariff

COSATU NEF negotiator EBRAHIM PATEL* speaks to Karl von Holdt about the budget, the NEF, productivity and union participation in industrial restructuring.

Bulletin: *What is COSATU's approach to the budget?*

Patel: COSATU believes that a number of tests should be applied to the budget.

Has it been drawn up by a legitimate government and in an inclusive way? The government has to consider the input of people within civil society.

The budget cannot be viewed in isolation. It is not fundamentally an accounting exercise where you are concerned only whether the income and expenditure balance. A budget needs to be seen within the context of a development plan for society. It is a critical instrument by which to develop a society, but it is not the only instrument.

"You have to have an idea of where you are going with your society, what your key goals are, what you are trying to achieve. Fiscal policy, which is what the budget promotes, should be seen in that context. At the same time care should be taken to avoid the negative effects of a large deficit.

The budget should promote social development and industrial development. It must have effective and efficient delivery systems. This year's budget ought not to promote the electoral interest of one party or finance activities that undermine the electoral chances of other political parties.

The budget cannot shift the burden of taxation from the rich to the poor and the workers. Tax collection needs to be effective. We believe a tax net ought to encompass properly the corporate sector and the informal sector. It should reduce the exemptions which companies have to the minimum, and only to those which are in the broader interest of

society. For example, if there is a tax exemption that promotes investment or promotes employment we could support it.

Bulletin: *Do the budget proposals that have come from the government meet these tests?*

Patel: Government has not released details of its intended 1993 budget to us. In December labour and business was given a presentation by Derek Keys where he outlined the broad income and expenditure parameters of the 1992 budget. If he keeps the tax income constant then he will have a massive deficit. That is what was placed on the table.

Our response to that is that one cannot address the issue of the deficit from purely an accountants point of view. One has got to take a developmental perspective.

There are two ways of dealing with the deficit. The one way is to increase income, the other way is to decrease expenditure. We believe that there are massive opportunities for cutting state expenditure in a manner that will not hurt our members, and does not lead to a decrease in the quality of services that our members and the community require.

Secondly, we want a merging of the income and expenditure functions of government. As a longer term goal we want a tax commission with trade union representation on it to re-examine the whole system of taxation in SA.

So that has been the specific comment of COSATU in regard to that bit of Derek Keys' dilemma which he has raised with us.

Bulletin: *Are you satisfied with the*

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degree of consultation?

Patel: I think if we reflect on Keys' response compared to Barend du Plessis' response, he has certainly been a lot more open and a lot more prepared to share information with society, with the public at large. But there is massive room for improvement. We must cross that bridge to real public accountability.



Bulletin: *Derek Keys has made known his views about the need to reduce the size of the state. What is your view?*

Patel: I think by way of general orientation COSATU does not see it as viable that we constantly swell the public sector. We stand for an efficient public sector which means one which is able to deliver the services that our members and society need, at the lowest cost possible.

The current state is very costly because of duplicating apartheid departments, because of corruption, because of mismanagement, because of the size of the military. So you can cut massively without hurting the workers and the poor. What you need to do within the public sector is to improve the quality of the services that are delivered and reorient it away from white communities towards all South Africans.

The National Party will struggle to shift the burden of cutting the public sector onto workers. We are not going to allow them to shift the burden onto our shoulders by cutting services in our areas or retrenching our members.

Bulletin: *What does this mean for the predominantly white bureaucracy?*

Patel: I do not think that COSATU is proposing a purge, but if an efficient and effective public sector is to emerge in the new South Africa the pressure will be on those people who have been employed primarily as a political favour. The NP has packed the civil service with its own supporters.

The public sector will not only contract, it will contract and expand. It will contract in the areas of patronage and expand in the areas where we are seeking to deliver social services to the community that was previously not serviced. What we must also obviously avoid as a major danger is the development of new political patronage within the state.

Bulletin: *Turning now to the National Economic Forum, do you see the NEF as a forum in which the three parties will make formal binding agreements?*

Patel: COSATU is not interested in a forum where we merely exchange opinions on the economic challenges facing the society. We see the National Economic Forum as a negotiating body. It has to bring together the three parties so that they reach agreement on the challenges facing the society.

When you have different interests the only way in which you can construct agreements is through bargaining. So we do seek formal binding agreements. One of the issues that government has raised is that government and parliament could never commit themselves to merely implement what some other forum has decided.

But government obviously would have to give its consent to whatever is finally agreed, or it is not an agreement of three parties. To

that extent the sovereignty of any parliament will be exercised in the negotiating process.

Bulletin: *Given that COSATU has a very specific view on how these negotiations should be conducted, and the government has a different view, is any agreement possible?*

Patel: COSATU's idea of binding agreements is not in itself a precondition for entering the NEF. It becomes a struggle within the NEF. In the NEF we must struggle to reach agreements that advance the interest of our members, and then have massive struggles to ensure that those agreements are in practice binding.

Bulletin: *In some respects the issue of parliament's sovereignty can be related to the fact that the government is illegitimate, that it represents a small sector of the population. Do you see the NEF as a transitional arrangement peculiar to this period, or as in general a good way to conduct the relationship between business, labour and the government?*

Patel: The NEF in my view is a desirable model for a democratic society.

Any society is complex, and people's needs are not always best articulated through a member of parliament. They can be articulated through trade unions, or through other organs of civil society. In addition, government is not the only power in society.

In today's very open world capital can move between borders with ease. At the same time labour is also a powerful factor. If you wish to have a reconstruction arrangement that can work, you need to get broad consensus between organised labour and organised business. Now of course there will be many areas of government where government may well need to act on its own, but there will be very many areas where government would consider it prudent and where we would consider it necessary that government not act on its own.



Bulletin: *You mentioned on the one hand tripartite negotiating institutions, and on the other hand the sovereignty of parliament. What about the question of the relation between the labour movement and the governing political organisation if we have an ANC government? How would that impact on tripartite institutions and bilateral relations between capital and labour?*

Patel: I would hope that when we have an ANC government reaching agreement in the NEF will become easier, because a government which has been elected through the will of the majority would seek to promote the interests of ordinary people. It would be a government that is not a captive of the rich or the minority. In that sense, the broad reconstruction perspective of a democratic government would be similar to the broad reconstruction perspective of a very special type of labour movement.

COSATU is a labour movement with a difference. We take the view that we need to promote the interests of our members vigorously, but those interests are best pursued by also looking at the interests of the unemployed, and those who have no voice in the society. Also, our interests are best pursued by not focusing on consumption issues only, but also by focusing on issues of economic

growth. We are a labour movement with a developmental perspective.

Bulletin: *For how long is it going to be possible for the labour movement to represent the specific interests of its own members as well as the interests of non-members? There is a fear that forums such as the NEF exclude large sectors in our society and may take decisions against their interests.*

Patel: There are potential tensions even within organised labour, because of the massive disparity in wages in different parts of the country and in different sectors of the economy. COSATU already has to manage that tension. In the same way we would accept that there are potential tensions between organised workers and any other group of workers. There will be tensions between the employed and other elements of the society.

The question is, is organised labour such a privileged group that you can distinguish them from the unemployed? I would contend not. It is not the case because the wage rates paid in many industries are so low that those workers' real standard of living brings them very close to the unemployed.

If one tries to identify objective interests you do not see whether the person carries a union card or not. You see what is the standard of living and what programmes are required to transform or change the standard of living.

It is not that the unemployed live in one township in misery, and the employed live in another township in luxury and privilege. The truth is it is the same community, and those that are employed either in the formal sector or the informal sector subsidise and keep alive those who have no job, because it is our family, our people. Hence there is not a huge social gap between the employed and the unemployed.

If one looks at COSATU's programme of reconstruction for the new South Africa, one is struck by the fact that such a large part of its programme is aimed primarily at the poor and those with very little resources.

Instead of COSATU fighting for a minimum wage of R500 a week, we are demanding a social wage that benefits everyone whether employed or unemployed. We demand housing for everyone. We demand a national health care system that is accessible to all. The labour movement seeks to develop the entire society, not only its membership.

Bulletin: *Does COSATU consider that an incomes policy, or a policy of wage restraint, has some place in the strategy for economic growth?*

Patel: COSATU has not rejected the idea of an incomes policy. What we do reject is a low wage strategy. A low wage strategy is not possible because the labour movement is too strong and we will resist it. Then, too, a low wage strategy will not work in a relatively industrialised society. So we reject that.

But that does not mean we reject an incomes policy. Obviously the question that our members will pose is, what is the benefit for them and for their communities? If an incomes policy only means sacrifice by workers and no gain to workers and their community, then there is no benefit in it.

We are certainly not hostile to the idea of looking at a broad reconstruction programme, one element of which may be an incomes policy. Another element would be the provision of houses and the electrification of our townships. A third element would be centralised bargaining. A fourth element would be the better utilisation of investment resources towards the needs of the poor.

Bulletin *You are talking about responding to proposals for an incomes policy. But would COSATU consider putting such a proposal on the table?*

Patel Apart from what I've already said, there are some technical difficulties. One of the difficulties that we have with incomes policy is that all bargaining takes place within the affiliates. COSATU itself does not bargain on

behalf of affiliates, unlike the highly centralised federations which you find in many European countries. It is possible for such federations to come up with a proposal for an incomes policy.

The second problem is that affiliates do not all negotiate nationally. Many affiliates are forced to bargain at plant level and you cannot have an incomes policy if your bargaining is done at a plant level. I think these problems would have to be addressed before we could make such a proposal.

Bulletin: *The NEF has a long term working group. What are COSATU's long term goals in the NEF?*

Patel: Our intention with the long term working group initially was to provide a forum where we could identify our policy positions on macro-economic issues. Business would do the same and government would do the same. Then we could identify the areas of similarity and areas of difference.

Then we would involve our members more thoroughly in debating those areas of difference. If we remain committed to positions where we differ from government and business we would seek to involve all of our resources – intellectual, human, and membership resources – to try to promote our perspective.

It appears to us that some of the other parties in the NEF have a somewhat different goal in the long term working group. It appears as if they want to try to test every agreement of the NEF against their macro-economic perspectives. In that way it could delay or frustrate the delivery of jobs, the delivery of human resource development, the delivery of the needs of our members. We will resist that vigorously.

Bulletin: *Is it fair to say that COSATU does not have a macro-economic policy at the moment? Is there a danger in not having a coherent macro-economic policy? You may be able to respond to very specific issues with good ideas,*

but be unable to challenge the economic programmes of capital or the government as a whole.

Patel: COSATU does not have a detailed macro-economic blueprint, but COSATU does have the essential elements of a macro-economic framework and we are developing the detail a lot more.

Some years back, we had demands with regard to the budget, but we had no coherent fiscal policy. We are now developing fiscal policy in some detail. We have developed very detailed propositions for our industrial policy. A few years back COSATU's concerns about monetary policy were very narrow and specific. Now we are able to engage Chris Stals in a wide ranging debate on monetary policy. Some years back our key concern was consumption. Increasingly through the efforts we put into provident funds we are now developing policies on savings and on investments.

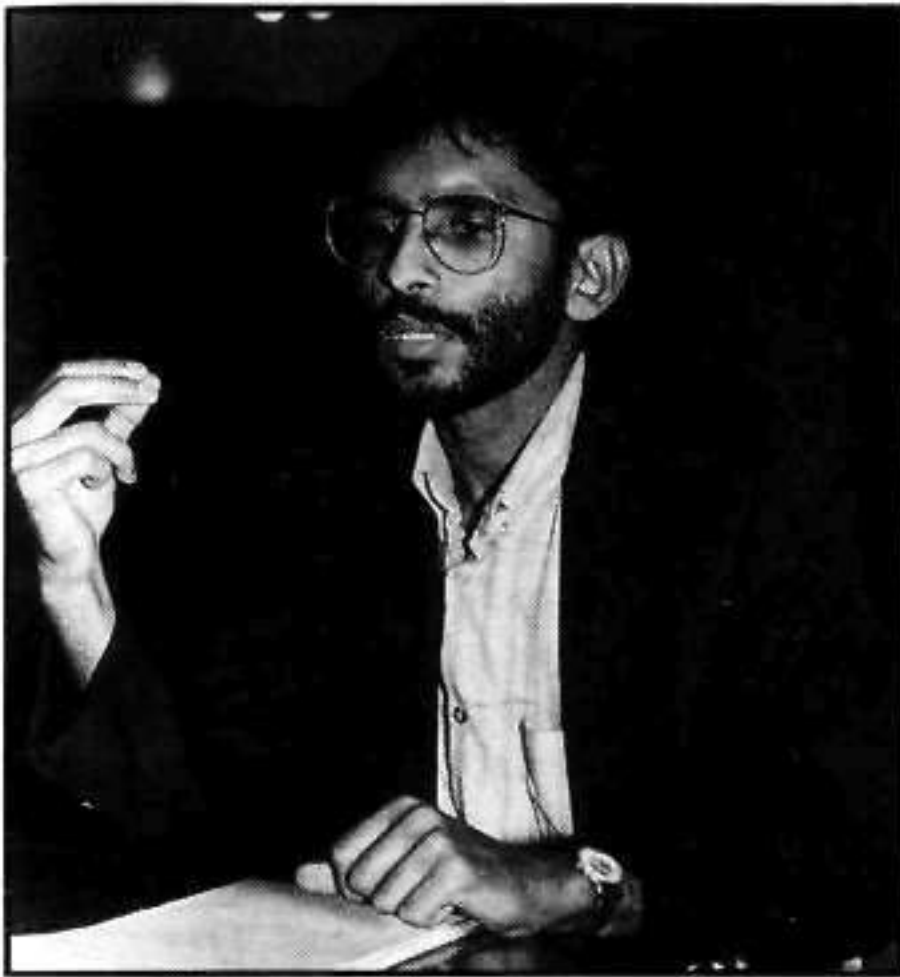
So on an wide range of fronts, COSATU is going beyond just the odd general observation into very concrete propositions that we are able to advance with confidence and with vigour in the public arena.

The apartheid framework which has been the basis of government policy for so long, and which business has accepted so slavishly, has been fundamentally flawed and has collapsed so spectacularly and with so much human misery. We are able to counterpose our perspectives against this crumbling framework. When you have so much evidence of failure you go in with confidence.

Bulletin: *Is there not a danger in terms of taking co-responsibility for the crisis? Keys has told all the participants in the NEF that in his view the NEF is a forum where the different parties can come together and make decisions that are unpopular with their constituencies. Is there danger in this?*

Patel: There is a danger, if a few leaders engage in an intellectual exercise and first

reach consensus on matters, then having reached consensus, go and sell that to our members. If the government wants decisions to be made in this way, then COSATU will not co-operate.



We believe we should follow the lessons of wage negotiations where you go in with your proposals, you bargain and at each critical stage, when hard choices have to be made, you go back to your members and you have the courage to explain to them the balance of forces, the economic realities.

If there are hard choices which labour needs to face, let our members become part of discussing those hard choices. We may have to take decisions that are hard, but not necessarily decisions that are unpopular, because our members themselves would have to make those decisions.

We see the NEF as an opportunity for the voice of our members to be heard and for whatever constraints are raised in the NEF to be fed to our membership.

Bulletin: *You have said we should choose a high productivity path for the economy, rather than a low wage path. What would be the major ways of increasing productivity from a labour point of view?*

Patel: We need a new look at how and what we are spending on education. Both education within the formal schooling system, and training within industry. The next area is technology development. I would say human resource development and technology development, and a proper strategy in both areas would be fundamental issues to address.

We need to deal with the way in which business has systematically locked workers and the union out of any economic decision making. We have forced our way into economic decision making, and we now have the capacity to unlock the creativity of workers on productivity issues.

Unions are not afraid of the challenge of productivity. Of course productivity always has to come within the context of no job losses in consequence of productivity gains. Workers want to have the fruits of productivity increases.

Productivity is not just about labour. The critical issues in productivity have got nothing to do with people sweating more. It has got a lot to do with better management of factories, a lot to do with the appropriate technology for an industry. Capital productivity has to be looked at, raw material productivity has to be looked at. One has to look at how to increase the productive use of every factor of production.

Bulletin: *This takes us onto the question of SACTWU's involvement in the industry rescue plan for clothing and textiles. What are your reflections on that experience?*

Patel: For any project like this to work it is vital to find new ways to involve workers and shopstewards. Workers need to understand the issues, to feel excited about them and to feel that it is really their future that they are also helping to shape.

We have noticed in our industry major divisions within capital, for example between the cotton farmers and the textile producers and the clothing manufacturers. These divisions within capital have paralysed capital to the point where they do not have an

embracing vision of how to grow the industry. And labour, because it is not wracked by so many divisions, has the historic opportunity to promote a policy and a strategy that grows an entire industry, and that ensures a net gain of jobs in the industry.

The third thing that we have come to realise is that the key issues of growth in our industry do not necessarily involve a cut in labour standards. This gives us renewed confidence that if we can tackle the structural problems not only can the industries grow. The industries can grow without a low wage base to the economy.

Bulletin: *How have you managed to engage members in your industry restructuring and how do you do that in a sustained way?*

Patel: We have had some success, but I think there is a massive area for improvement in our union. The first step is to have a system where you can communicate to all the factories. We bring out a fortnightly newspaper which is distributed to all 2 000 workplaces where we have members.

The second step is to create forums where matters can be debated. We use our regional shopsteward councils.

The third step is to be able to run campaigns. Even those issues that are complex should be captured into a campaign or else you have lost your members' involvement.

Last year we ran a campaign against the importing of second-hand clothing in order to make complex trade issues come alive for workers. Each union and COSATU has to choose issues which they can transform into a campaign. The same thing applies to NEF negotiations - you must be able to reduce the agenda to some campaign issues. When you do that you involve members.

Finally, once we have established a programme, we have got to find a way to transform this into micro issues within each factory. At the end of the day the strongest participation from workers will come when they are able to interface with issues affecting

their own shopfloor and their own management. For example, when we take up training at the national level, we have got to find a connection with what is happening at the factory and pursue that connection vigorously.

Bulletin: *Is it possible to run a campaign on more complex issues like tariffs and subsidies, which are some of the important areas that you have been covering?*

Patel: It is absolutely possible. But we want to go beyond being a union movement that it is always agitating for higher protection and more public money coming towards industry.

The real challenge for SACTWU would be to concentrate on the supply side of the manufacturing industry. We could consider a huge campaign around training, appropriate technology and proper managerial systems. There is no reason why workers ought not to be concerned about that, because it is the weaknesses in these areas that force their companies to retrench or close down.

There could be a big productivity campaign within the factory aimed at inefficiency of management. I do not see why workers cannot protest and if necessary down tools against the manager for leaving the office at 3 o'clock, or taking long leave. It is our future, it is our industry, and to just be resentful of it is not enough. We were resentful about low wages in the early 70s, and we transformed that resentment into active struggle. We have got to take the resentment about the mismanagement of our economy and turn it into issues of active campaigning on a micro level, not only at industry level.

Finally, there are broad social issues that the labour movement should take up - campaigns around housing, campaigns for democracy in the society, campaigns for the equality of men and women. That must involve members. That is the slogan of course - what we need to constantly work on is getting our members involved. With wages it is easier to draw the connection with members and to have them actively mobilised.

There is a danger that we go the route of so many other unions – where if you have centralised bargaining you then start to concentrate only on that because it is easier to do it nationally.

Centralised bargaining becomes the heart and soul of the union. That would be a big mistake. We have got to find a way to use our manpower and our experience in labour to transform the factories and make them an arena of real engagement and dynamic activity by workers.

Bulletin: *There have been some criticisms raised that the union/employer agreement in the clothing and textile industries amounts to collusion which keeps prices up and damages consumer interests. What is your response to that?*

Patel: COSATU increasingly has a sensitivity to the fact that our members are consumers. We must always balance the interests of our 1,3 million members as producers and as consumers. A good example of that is the COSATU campaign on lowering food prices.

In addition, we can see the economic folly of passing huge cost increases onto consumers. If clothing prices should just rise massively all that will happen is that people will buy less clothing. So our perspective as the union is to produce good quality, affordable clothing for the country as the basis of our industry.

If we cannot meet that challenge, there is no long term future for the industry. You cannot build a future through government protection. At the end of the day what we are concerned about is not protecting jobs, but improving the quality of life for all South Africans. That is the real heart of it.

Bulletin: *Now for a final question. Personally what have you learned from engaging with the government and employers in forums such as the NEF or the industry restructuring committee?*

Patel: I have been struck by the fact that those who have managed the economy and industry have so little coherent vision for the future. Business has focused primarily on short term. They have lost the vision of how to grow the economy.



The second thing that struck me is that the issues of industrial policy are a lot more complex to resolve than industrial relations issues. In industrial relations there is normally a clear polarization between the interest of organised labour and the interest of business or capital. Within industrial policy there is no easy division. What may be in the interest of one section of workers may not be in the interest of another section of workers. It is not always possible to pose labour's perspective in all instances as different to the perspective that sections of business may have. So it is a lot more complex to define one's mandates and to define one's tactical positions than it is in ordinary collective bargaining. It is at a personal level and intellectually a lot more challenging than ordinary wage bargaining.

Finally, there is a lot more information and information analysis that one has to absorb to be effective in this area. With industrial policy issues the international experience and what happens in other economies is a lot more relevant. You need a world perspective to be able to help to restructure industry. ☆