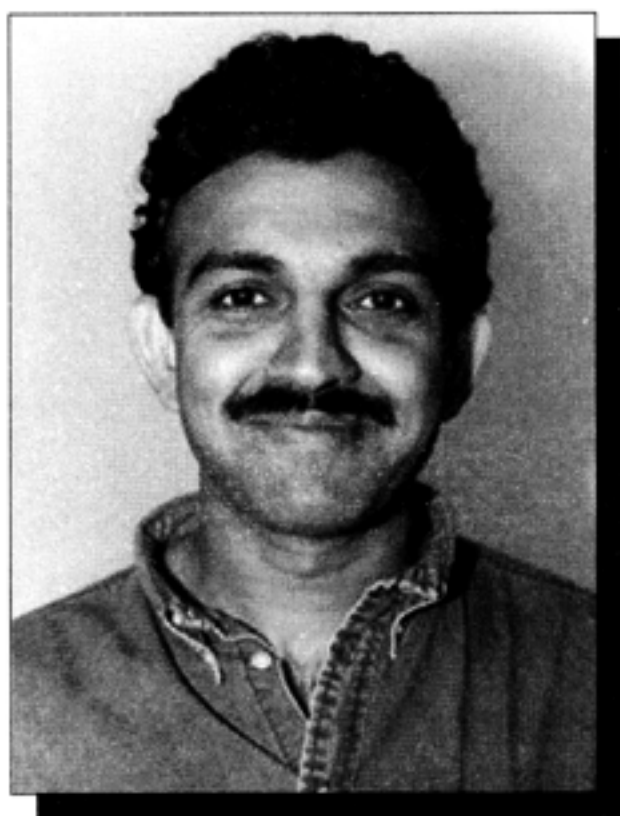


With 25 000 workers on strike employers and unions reach a new deadlock of 0,5%. ASHWIN DESAI gives a blow-by-blow account of how deadlock was reached.

## Auto strike

*so near and yet so far ...*



**A**t lunch time on Monday 1 August, some 25 000 workers in the automobile industry downed tools. This action came after three days of balloting in which 76% of NUMSA members mandated an industry-wide strike.

Central to the issues of contention were the overcoming of wage anomalies that are the direct outcome of our apartheid past, and the wage offer itself.

### **Apartheid wage gap**

In the 1960s the prevailing racial hierarchy on the shopfloor was reinforced by Job Reservation Determination No 16 of 1964. The Determination gave legal support to racial advantage by preserving all jobs then

occupied by whites for whites and by placing barriers to the kind of jobs blacks could undertake. While exemptions from the Determination were catered for, Adler's research on Volkswagen South Africa (VWSA) reveals that white workers were assured higher skill grades and supervisory positions without reference to their skills or education levels. For example, while black workers needed a Standard 8 certificate to move to a higher grade, no such proviso existed for white workers. By the late 1970s, 45% of white workers interviewed at Ford did not have a Standard 8 qualification, yet were located at the highest wage grade (Adler 1993, p51).

The 'job reservation' in the industry was complemented by a pay structure highly favourable to white workers and far removed from international standards. Production workers earned approximately 60% of the salary of skilled workers compared to a normal international standard of 85%. NUMSA also claims that salaried workers, who constitute less than one third of the total staff, consume over 45% of the wage bill.

While both the Automobile Manufacturers Employers Organisation (AMEO) and NUMSA agreed that such wage anomalies need to be addressed, there was a dispute about time-frames. NUMSA wanted a two-year time-frame, and subsequently changed this to a three-year time-frame, while the employers favoured a four-year period.

### Wage offer

At the onset of negotiations, NUMSA proposed a 23% wage increase. This was dropped to 15% and finally to 12% of actual earnings immediately before the strike. NUMSA based its demand partly on the argument that the consumer price index (CPI) on basic foods was 11,5% and that members had accepted increases of less than the CPI during the last two years of the recession. The employers' offer just before a dispute was declared was 9% on the industry average per grade.

### Negotiations continue

Talks between NUMSA and AMEO continued in Port Elizabeth after the start of the strike. On the first day, 3 August, the talks centred around education and training, job security and the extension of the bargaining unit. Although described as 'tense', both sides remained optimistic. However, on Thursday, once the wage offer and wage policy was discussed, negotiations became heated. The day culminated in union officials toyi-toying out of the negotiations venue. There was uncertainty about what would happen on Tuesday the 9th, the next scheduled meeting date.

By the weekend of 6/7th August, both parties signalled their intention to return to the negotiating table at the Midland Chamber of Industries.

Tuesday 9 August was to see dramatic shifts as both sides made concerned efforts to reach consensus on the wage offer and wage policy. Tuesday marked the first appearance of Mercedes-Benz' Ian Russel, highly regarded in union circles as a shrewd negotiator. Interestingly, he was flanked by two black managers, both former leading lights in NUMSA. Russel's arrival was seen as crucial, given the fact that AMEO's most experienced negotiator, Delta's George Stegmann, was holidaying in the USA.

Russel's presence led to an almost immediate shift in AMEO's position. AMEO began to indicate unofficially that it was offering 9% on actuals rather than the industry average. This had important

implications because, as NUMSA had indicated, 48% of the industry's employees earn above the industry average for their grade. This meant that they would receive only between 5% and 9% in terms of the employer's offer.

The NUMSA team, led by chief negotiator Gavin Hartford and president Mtutuzeli Tom, responded by indicating that they were prepared to delink the wage dispute and wage policy. Their proposal was to set up a study group to report no later than mid-1995 on the most efficient mechanism to overcome the 'apartheid wage gap'. This was a fundamental shift, as all NUMSA's press statements had emphasized that the dispute was not fundamentally about an annual wage increment, but about ending apartheid in the factory. In return for this delinking, NUMSA indicated it expected management to settle at 12%.

A series of meetings between a small group of employers and NUMSA representatives took place to explore the basis of a final settlement. NUMSA began to explore the possibility of 10,5%, arguing that it was mid-way between 9 and 12%. The plan was to take this back to the Shopsteward's Council and argue for a settlement at 11%.

The breaking off of talks on Tuesday led to heightened expectations that Wednesday would herald a compromise settlement. After all, the employers had moved from talking about averages to actuals and NUMSA had agreed to delink the wage policy issue from the wage offer.

On Wednesday, NUMSA offered the opening gambit by indicating that they were prepared to take a proposal of 10,5% back to the Shopsteward's Council (SSC) which was due to meet on Friday. The employers responded by proposing to shift to 10%, with the industry minimums adjusted by 12%. NUMSA indicated its dissatisfaction with this offer and argued that only 1 300 out of 25 000 workers would be affected by the industry minimums.

The employers then broke off for a lengthy caucus. Expectation on the NUMSA side was that they would settle at 10,5%. The

NUMSA negotiators were more concerned about how to sell the revised offer to the SSC. The NUMSA negotiators, with a collective working experience of 264 years in the industry and 140 yearsshop stewards were acutely aware that if negotiations with the bosses were tough, selling 10,5% to the SSC would even be tougher. Expectation was further heightened when Paul Sherman from Delta entered the negotiating chamber and asked for more time as AMEO was preparing a written document.

Late on Wednesday afternoon AMEO entered the negotiating chamber and placed its offer on the table. It confirmed its earlier offer of 10% across the board and a 12% on industry minimums. It ended its written offer with the statement "that this is a final position and not open to further negotiation or mediation". At this stage Yster en Staal, the exclusively white union, after a brief caucus, entered the fray.

### **Yster and Staal joins in**

Earlier this year, Yster en Staal came under fire from NUMSA for being a racially exclusive union. Beyond this, NUMSA workers were upset that Yster en Staal benefitted from increases that they had struggled for.

In subsequent negotiations, Yster en Staal supported 12% but did not condone the strike. Instead they demanded that their members continue to be provided with employment during the duration of the strike, especially at the VWSA plant. The core of the union's members, some 642, were located at the plant. To this end they brought an urgent court order to force VWSA to continue paying Yster en Staal members. This court bid failed.

With AMEO's final offer on the table, Yster en Staal changed tack. It returned to the negotiating chamber and informed AMEO that it was declaring a dispute. Chanting "die stryd gaan voort", a slogan made popular by AWB leader Eugene Terblanche, and "viva NUMSA", Yster en Staal lined up on the side of NUMSA against the bosses. In a spirited attack on the employers, their chief

negotiator, Johan Prinsloo, expressed his dismay that the bosses had brought the entire industry to a standstill over wages, which made up only 4% of the industry's total cost.

While a gulf remained between Yster en Staal and NUMSA, significant shifts were taking place. Prinsloo indicated their total support for the new government. Importantly, their earlier reluctance for strike action had changed. NUMSA's attitude also began to warm. This process was greatly facilitated by an impassioned speech from Mtutuzeli Tom who harangued NUMSA workers for treating Yster en Staal with scorn and reminding them that Yster en Staal members were workers and needed to be treated with respect.

### **NUMSA – return to the workers**

On Thursday, NUMSA organised a march of VWSA and Delta workers from its headquarters in Korsten to MCI. The march was delayed for about two hours. VWSA workers were held up as bus drivers in Uitenhage had gone on strike. Finally, some 1 500 workers marched on to the employers' headquarters. John Gomomo, COSATU president, who had worked for over 25 years in the motor industry, told the crowd

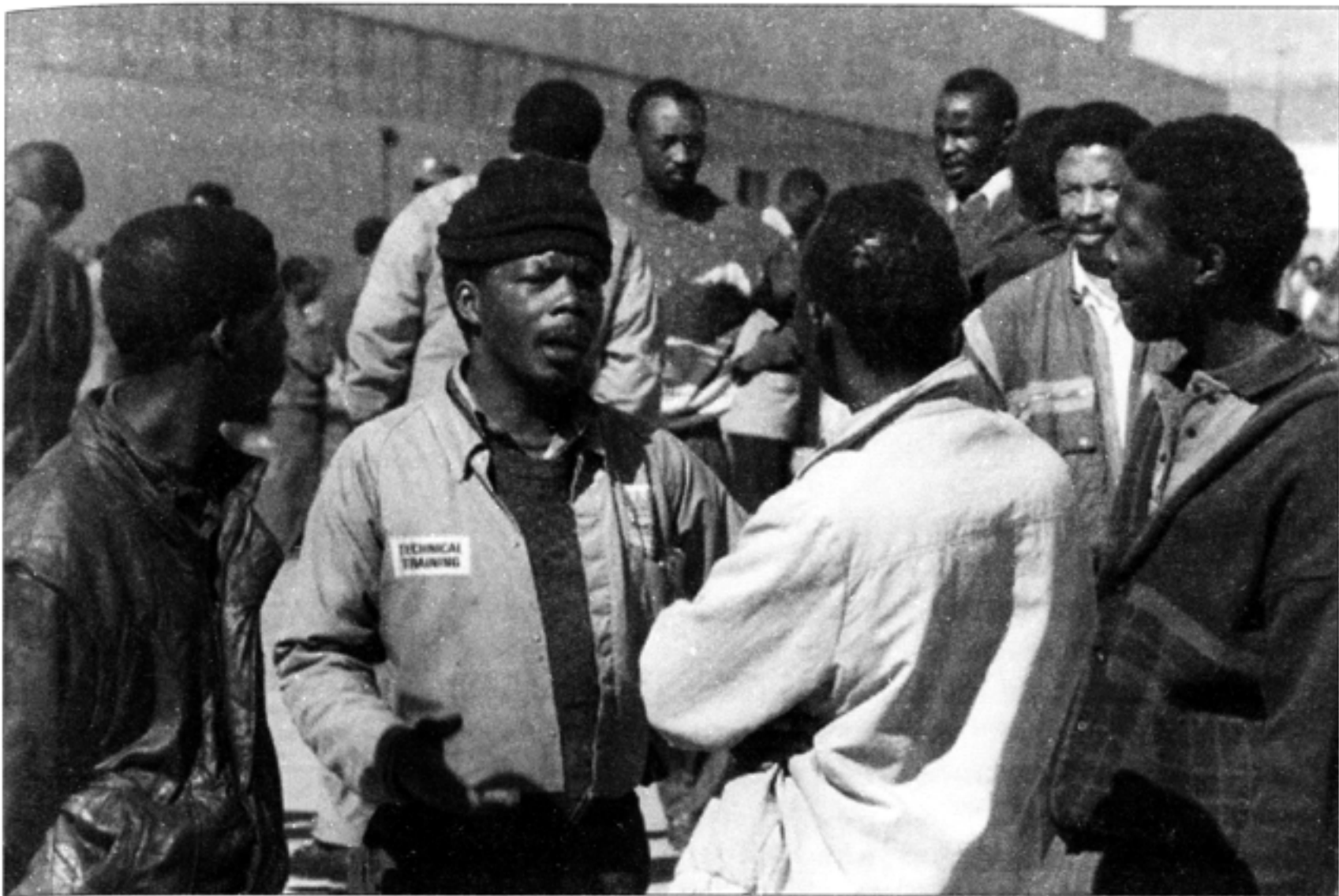
"We are accused of undermining the same government that we put into power. We reject that. What we want it is to do away with inherited apartheid, and we are going to use our forces to force the employers back to the negotiating table."

At its SSC on Friday, this is precisely what NUMSA attempted to do. While reverting back to its original demand of 12% across-the-board, NUMSA signalled that it was not against government mediation to kick-start the wage talks. In any case, with Yster en Staal declaring a dispute, the labour ministry would have to set up a Conciliation Board. While the same players would return to the negotiating table, the ministry had the right to nominate a chair.

### **Why deadlock**

By day ten the strike had reputedly cost close to a billion rand. In addition, many of the 80 000 workers in the components industry





Discussing the strike: Samcor workers on day one of the strike

face the possibility of lay-offs (*Eastern Province Herald*, 13 August 1994). The strike comes at a time when the industry faces a struggle for its very survival in the face of imminent international competition as tariff barriers are reduced in accordance with GATT obligations.

Toyota's Harry Gazendam and AMEO's acting chair indicated that it was not a question of affordability. It was about principles. Christoph Kopke, MBSA chief executive, gave credence to the fact that it was not about affordability when he revealed that MBSA had grossed a record R435 million in July and were achieving international standards at the level of quality. Constant reference was made to SIEFSA settling with NUMSA at 9,5%. AMEO was not going to allow auto workers to breach the earnings boundary and so create a ripple effect down the line. Thus Gazendam in an obvious reference to the recall industry and the footwear industry, which settled at 12,3% and 11,5% respectively, argued that if other wage settlements in other industries were higher than 10% it was made "off a much

lower wage base" (*Evening Post*, 11 August 1994). According to Gazendam, AMEO owed it to the country to bring a coherence to its wage structure and it was in this context, the offer of 10%, was final and not open to further negotiation or mediation.

The strike remains unresolved on the basis of a 0,5% difference. However one evaluates the differing positions of AMEO and NUMSA, it is sadly ironic that at a time when both parties are close to reaching agreements that will fundamentally restructure production and work relations, a total breakdown occurs on the basis of 0,5%. Indications are that the labour ministry will prevail upon the parties to return to the negotiating table. AMEO is likely to heed this call, despite its public assertion that its 10% offer is not up for negotiation or mediation. Everything is negotiable in the new South Africa. *FB*

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