

codes of conduct

February 1977 : Sullivan Manifesto
July 1977 : SACC Code of Conduct
September 1977 : EEC Code of Conduct
November 1977 : Urban Foundation/Saccola Code of Conduct
May 1978 : ICFTU Code of Conduct
September 1978 : TUCSA Code

The above is an incomplete list of the contagious rash of codes that have invaded South Africa in the last 18 months. What has led to the eruption of this disease?

The codes are business' reply to three kinds of demands being made upon it. The first one comes in an overt form: A. the accusation is that business in South Africa is a co-conspirator in apartheid because it does not challenge the status quo. The most radical demand being made is that of disinvestment. This attack thus includes a challenge to the continued presence of foreign business in South Africa. The second attack is more subtle: B. the unrest of the masses in South Africa as exemplified by the strikes in 1973 and Soweto 1976 raises the question - is investment secure? C. The third relates to new demands arising in the South African economy in general and the structure of industrial relations in particular.

A. In March 1973 Adam Raphael published a stunning series of articles in the Guardian exposing the conditions of black workers working for British subsidiaries in South Africa (for which he won the Journalist of the Year Award). This signified a new era in the struggle waged against foreign investment in South Africa. The debate expanded from issues such as trade sanctions and disinvestment (most prominent in the USA) to include debate now on conditions of workers in factories belonging to foreign companies. The debate now moved not only to include the role of foreign capital in the maintenance of the system in general, but moved to incorporate the role of individual companies in their own particular factories in the maintenance of the status quo. Although many pressure groups have used the damning evidence of conditions of workers in these factories as further evidence to renew their calls for disinvestment, other groups have seized upon the evidence as a means of limiting the debate on the role of foreign investment and on the social responsibility of corporations to that of the employment practices

of business in South Africa. In other words, if the chief indictment of business in general can be said to be that of discrimination and inequality within each factory, then elimination of these conditions means an absolution of these companies and a justification of their continued presence in South Africa. Hence it no longer matters whether you are producing arms as long as you are not "exploiting" your workers. The rise of the school of "Constructive Engagement" falls within these parameters. The codes of conduct, in that they are primarily devoted to the remedying of inequality on the workshop floor, can be seen as a means to limit the debate on the implications of the role of business in South Africa and hence to justify foreign investment and the continuation of the "free enterprise" system here. The debate now becomes one of whether or not you are a good employer.

This response is not merely to mitigate the effects of pressure groups outside the country, but to ensure the prospects of investment in other parts of the world, in Africa in particular; the company has a reputation to maintain, or it will lose business!

B. It is noteworthy that the Codes of Conduct, the Urban Foundation, etc, all appeared in the aftermath of the Soweto revolts. These revolts, directed so strongly against the conditions of existence in the ghettos, could not but point out business as one of the culpable partners in the maintenance and furtherance of poverty in South Africa. But this fact, after the exposures throughout the 1970's, was common knowledge. The problem that Soweto 1976 presented was the fact that the continued maintenance of a population at near-starvation levels plus the continued frustration of the aspirations of a would-be black middle-class could lead to a dangerous and explosive alliance between the workers and this black middle-class. Not only does the potential volatility of this alliance threaten the security of investment in South Africa, but it could lead to changes of a far more radical kind, that could potentially disrupt the operation of the free enterprise system itself. The record of the operation of this system ("free enterprise") in South Africa is hardly a stunning advertisement for the continued existence of that system here! Thus the effect of the codes must be seen as an attempt to, firstly, remove the most blatant and glaring aspects of conflict on the workshop floor; secondly, to seduce an aspirant black middle-class (supervisors, managers, professionals, etc) away from an alliance with the labouring force, and; thirdly, to begin to create a black labour

aristocracy (ie, skilled workers, as well as certain categories of semi-skilled labour).

C. Finally, the codes are a response to changes occurring within the South African economy, as well as to changes occurring within the system of industrial relations in South Africa.

Many a company in the last year or so, has bleated out the pious statement that their employment practices go far beyond the requirements of the code. In some aspects this has an element of truth, and one thinks of the provision of fringe benefits and the advances made in training and opening up of new employment opportunities. In other respects, especially as regards provisions for adequate employee representation, the reverse is true. Nevertheless, particularly as regards black advancement, a certain amount of progress is being made. This is a result of changes occurring in the production processes in the South African economy. There is a marked growth in demand for semi-skilled operators which cannot be adequately met by the available white labour force. Blacks simply have to be trained to fill these positions. Coupled with this demand for semi-skilled labour is a noticeable increase in the deskilling of certain jobs, ie certain jobs, given the changing nature of the technology involved in production, are too skilled and their job content has to be diluted.

This necessity has provided business with a golden opportunity to progressively advance blacks into several semi-skilled jobs that were once consolidated into one skilled operation and the exclusive domain of a white skilled operator. Thus two birds are being killed with one stone: racial discrimination is being erased, ie blacks are being promoted, but not into exactly the same job as the white man (thus preventing the "white backlash"), whilst at the same time meeting the changing demands of the production process for more semi-skilled labour. Further study needs to be done on the relationship between black advancement and the demands for labour in other categories of jobs that are not only semi-skilled jobs. It would appear that business, in pursuing the issue of black advancement, is following its own enlightened self-interest. Hence one can expect that the black advancement clauses of the codes will be one of the most highly publicised aspects.

One of the most contentious issues raised by the codes is that of employee representation. The Sullivan code does not even bring up the issue; the Saccola/Urban Foundation code is so ambiguous

that it would endorse anything from a liaison committee to a trade union; whilst the EEC code backs trade unions. This confusion is a reflection of the ambiguity which business in general has about the organization of a black labour force. It is certainly okay for management to decide what is good for the employee (the codes of conduct being a perfect example of unilateral management decision-making), but it is another question of permitting employees to decide on the content and the boundaries of what is deemed to be "in the employees interests". One view is that if one permits the organisation of the work-force, the latter will become uncontrollable - a "look-what-happened-to-Britain" response. Another view is that a worker organisation is unnecessary if management is genuinely interested in the well-being of its employees - the "happy-family" response. A more sophisticated response is the argument for the necessity of a worker-organisation, so that decisions become legitimised and the work-force has predictability with its own in-built "prefect" system. The 1973 strikes and the continuing labour unrest has nevertheless sent management grubbing around like a flea in a fit for new ways of ordering industrial relations, drooling at the mouth for the hallowed pronouncements of the Wiehahn Commission. The lack of clarity about the most desirable system of industrial relations is reflected in the ambiguity present in the different codes, and which constitutes the Achilles heel of these codes. At this stage, business is still very much in a defensive position as regards worker organisation, as opposed to other clauses in the codes where they are very much on the offensive. Nevertheless, the cudgel which Wiehahn is likely to present to them will no doubt do much to alleviate much of their ill-ease.

In conclusion to this section then, the codes must be seen as a response to three issues affecting business in South Africa today: (a) the threat of disinvestment (b) the threat of political unrest, involving an alliance of the black middle-class with the labour force (c) the necessity to restructure the labour process and the system of industrial relations in South Africa. At the present, because there is still so much confusion surrounding the topic of industrial relations, the latter is the weakest point of business offensive - this does not mean that it will remain that way within the next two years or so.

From the analysis above, I have implied that the codes cannot merely be seen as a "window-dressing" charade. If the codes were

only an attempt to justify the role of business in South Africa and hence to secure investments elsewhere, then the window-dressing element would certainly feature very strongly. But it seems that there are other forces underlying the emergence of the codes which would seem to compel management to take them much more seriously - these are the issues outlined in B and C (above). Nevertheless, the window-dressing element will still play a significant part in the antics of the codes of conduct. This is so for several reasons: (a) certain clauses of codes, because they coincide with management's interests will tend to become the focal point of the debate. Other clauses, including issues such as the system of migrant labour, trade union representation, etc, will lag behind; the window-dressing that will ensue will be more in the nature of omission than commission (b) the monitoring is still almost exclusively being done by consultation with management; Inkatha is the first group in South Africa who appears to be incorporating the workers in the system of monitoring, in order to present a more balanced picture. TUCSA is following suit (c) there are few direct sanctions applicable to companies who do not comply with the conditions of the code - it is still left to the goodwill of the company (d) unless an acceptable and standardized system of monitoring is introduced, it becomes excessively difficult to make sense out of the information collected (as was the British experience when they attempted to monitor the British Code of Conduct).

Thus the fact that the codes still rely to a large extent on voluntary self-disclosure with no mechanism available to enforce compliance, means that they are open to a great deal of abuse. (This does not mean that it is not in the interests of certain companies to implement certain conditions within the codes). The codes are also likely to precipitate an interesting conflict between those large companies who are in position to implement certain aspects of the codes (the multi-nationals, for example), and the smaller companies who do not have the resources. Moreover, it is possible that areas such as mining and agriculture are also less likely to implement the codes - the focus already is very strongly on the manufacturing sector.

One concludes that at the present stage of struggle re the codes, there is still room for considerable abuse; nevertheless, it cannot be dismissed as merely a window-dressing exercise.

In the above analysis the codes have been presented as management's response to certain issues confronting it. How does this response



affect the position of the working class in general?

Firstly, as regards the disinvestment debate, the codes will play a fairly significant role in justifying the continuation of foreign investment in South Africa. As has been pointed out before, the codes narrow down the debate on the complicity of business in supporting the apartheid system as a whole. In the ideological struggle that is going to ensue, it will be extremely important to point out that racial discrimination on the shop floor is not the only form of racial discrimination which affects the worker, and that these other forms of racial discrimination (eg the system of controlled labour, and lack of political power) have a direct bearing upon the functioning of business in South Africa. This kind of response could reject the codes in so far as they legitimate the continuation of foreign investment in South Africa, but accept the codes in so far as they are a genuine attempt to improve the lot of the worker. Part and parcel of the intervention of the codes in the disinvestment debate, is the potential abuse (ie the window-dressing) to which the codes are open. Two responses are extremely important in this regard: firstly, the codes are statements of principle and not of detail, and hence open to as much interpretation as possible. In order for workers to gain the optimum use out of the codes, it is necessary that the workers themselves place their own interpretations on the clauses of the codes. Secondly, it is important that the codes are monitored carefully, especially in those areas which are usually neglected, viz that of worker representation. It is extremely important that business is kept to its word. Importantly, the monitoring needs to be done in such a way as to include the experience of workers themselves, to redress the imbalance already present and caused by monitoring being undertaken by management only.

As regards the new divisions in the working class which are to emerge out of the elimination of racial discrimination on the workshop floor, it is important that those workers who stand to gain the least from the codes (ie migrant workers with no section 10 rights) are constantly brought forward as an example of the profound limitations of the codes. Too often, too much attention has been focussed on the urban worker involved in secondary industry, to the detriment of large numbers of workers in other categories.

Finally, as regards the necessity to restructure industrial relations in South Africa, it is important to point out the ultimate

contradiction of the codes. On the one hand, the codes are management-derived and formulated with no worker participation; on the other hand, the more enlightened codes call for collective negotiation rights on the very issues upon which the codes are formulated by management. An essential demand therefore re the codes is that they are opened to negotiation between management and employees - until such time, the codes can still be relegated to the suspect realms of management machinations.

In conclusion then, the codes must be rejected as a means to justify the role business plays in South Africa; it is necessary that codes are placed in their proper perspective. However, their presence cannot be ignored and they must be taken seriously as a limited attempt to improve working conditions for the worker. The inadequacies and limitations of the codes need to be continually exposed until such time that workers are permitted to both negotiate the conditions laid down in the codes and (if the presence of the codes is still being seen as being necessary at this stage) to be included in the formulation of the codes themselves.

In July, 1978, General Motors and three other United States companies with investments in South Africa (Ford, National Cash Register Corporation, Control Data Corporation), testified before the Africa sub-committee in Washington. They opposed legislation that would lead to clamps on investment in South Africa - "blacks would suffer most of the consequences". In great style the directors said they were committed "to the training and education of blacks... to a policy of equal employment opportunities for all... to striving to improve conditions for the blacks in their organisations".

At the end of August it was announced that General Motors (GM) would increase prices of cars by 4 to 5 per cent, and would spend some R4-m on a programme "to abolish apartheid in the corporation's South African operations". The main points in this scheme for the

company's approximately 4 000 employees in South Africa would appear to be: blacks to be trained for "top jobs" (managerial) would be tripled; an expanded training programme; all GM plants in South Africa would be provided with "modern, fully integrated dining facilities, locker-room and restrooms". The company also drew attention to the money already spent in the Port Elizabeth area on housing and recreational facilities for "their" black workers.

These steps would be taken in response to the "Sullivan Principles", guidelines drawn up for business in South Africa by the Rev Leon Sullivan, a director of GM.

Most of these points have been situated in the article on "CODES OF CONDUCT" in this issue. They have to be seen in terms of the business strategy of deflecting attention from the basic exploitation of workers and the particular elements that distinguish the South African system of exploitation (eg labour control, violent repression of strikes, political action against leadership, bantustans, etc), and, on the other hand, shifting the focus onto dining rooms, and stabilisation of a sector of the total work force.

It appears as though many people and organisations are being fooled by the codes of conduct, or by the extent to which they signify commitment to change in South Africa. Those who wish to be fooled are daily given reinforcement by such important figures in the struggle for the rights of workers in South Africa as Andrew Young ("I think the key to change in southern Africa and the key to long-range business success in Africa, is going to be a more responsible and aggressive (sic) role in American and

European business", 1/10/78), Hennie van der Walt, Nat MP ("SA will have to do everything in its power to counteract economic boycotts - and the means are available to South Africa. For example, SA must show its willingness to harness codes for employers regulating their actions with respect to their employees. One of the most important of such codes used in SA is the Sullivan code for American firms"), and TUCSA (see Items in this issue).

But, the Sullivan "Principles" are only one side of the strategy employed and the evaluation made by General Motors. In the words of Gatsha Buthelezi, business is following a "multi-strategy approach" in its response to the present crisis in South Africa. The other side of the smiling and benevolent capitalist can be glimpsed in the extracts from a General Motors South African (Pty) Limited memorandum that we are publishing below:

” Subject: Contingency Planning - GM South African
Date: 20 July, 1977

We have summarised the potential situation which might arise and the proposed action by the plant, without of course the benefit of any experience of such conditions.

No doubt the type of civil unrest experienced in the US comes to mind in this context, but as you are aware, the free mobility of dissidents and the ability to organise large numbers of non-whites and generate action is not the same in South Africa as it is in the US. As indicated in Attachment "B" which provides some wider background to the subject, law enforcement action is pretty fast and aims at confining disturbances to residential areas.

To minimise detrimental effect on employee morale and to avoid giving the impression that we expect these things to happen, all preparatory work has been carried out quietly and discretely.

LH Wilking

Attachment "B"
Related Assumptions

It is assumed that almost 100% of white employment at GMSA would not be party to creating or stimulating civil unrest and that the population groups involved would be African and Coloured.

Comments

Under normal conditions, the motor manufacturing and assembly industry is one of the largest in the country with considerable economic weight. The recent downswing has clearly indicated the extent to which it is affected by declining market demand. While there is little indication as yet that the Government may prescribe some course of action to the industry, it is almost certain that should economic conditions decline sufficiently far, there could be a directive issued on model build by various companies - firstly to preserve the capability of building vehicles and secondly, to ensure sources of supply in the case of greater emergency requirements:

Contingency Plan In Event Of Serious Civil Unrest

In assessing the potential effects and probability of serious civil unrest developing in the Port Elizabeth area and formulating contingency plans, the following factors have been taken into consideration:

2. Assessment of the in-plant situation indicates that the risk of open unrest among employees on the premises is low. The White employee group would not be party to such action and could be relied upon to take action to contain it and/or isolate any outbreak pending arrival of law enforcement authorities.

Deterioration Of Business Conditions

Because of the wide geographic spread of principal centres in South Africa, it is unlikely that successful co-ordination of civil unrest could be achieved to the point at which it could cripple business on a short term or predetermined timing basis. The cumulative effect of such action, however, could in time severely depress the economy.

The more likely pattern of events might be:

- (a) Gradual enforced reduction in economic activity through trade recession and financial stringency affecting ability to maintain job opportunities.
Business could and in many cases would reach a point of non-viability, at which time the only options would be to cease operation, disperse material and human resources and mothball facilities or go into liquidation.
- (b) There is a possibility in the interim period that US based companies might incur the "annoyance" of the South African Government by apparently failing to meet their (the government's) view of support from local enterprises.
GM South African has, for example, been requested to supply vehicles such as the K25, K31, 4x4 LUV for Defence Force purposes and refusal to offer such might be interpreted as reflecting doubt on the motives of the company.
Such interpretation or a variation thereof could lead to direct loss of other government business and seriously affect GM South African's share of the vehicle market and very likely threaten its viability.
Alternatively, should international political issues compound the situation postulated, it is within the bounds of possibility that the Government might request that GM South African be shut down.

Declared National Emergency

In the event that a National emergency is declared, there is little doubt that control of GM South African's facilities, already designated a National Key Point industry, would be taken over by an arm of the Ministry of Defence and its production capabilities integrated into the national industrial effort. It is highly likely that in a developing situation affecting the national stability and maintenance of law and order, some measure of government direction would be introduced ahead of time.

At the time of declaration of a national emergency (state of war), if not before, the question of continuing American participation in South African business may well have been resolved and operating control of the GM South African facility be vested in South African nationals.

At the point where government takes action in terms of the Civil Defence Act No 39 of 1966, such as in the form of placing a military presence on the property, it is understood at this time that all aspects of security will fall under their control. Plant

management and personnel will have specific requirements to meet and there will undoubtedly be additional security facilities required.

The full implications of such eventuality cannot be assessed at this time. ”

