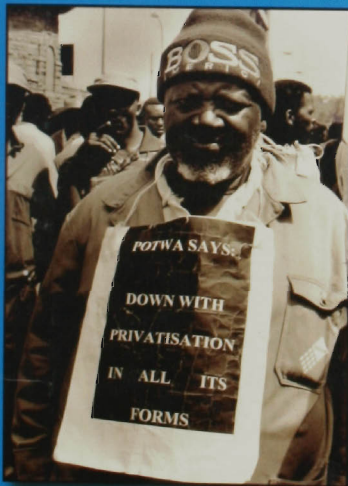


SOUTH AFRICAN
**LABOUR
BULLETIN**

Volume 20 Number 2 April 1996

Swaziland
Labour market killing fields
Wanted: a new economic policy



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Cover photo: POTWA march, 1995. All photographs by William Matlala unless otherwise indicated.

The views expressed by contributors are not necessarily those of the editorial board of the Labour Bulletin or Umanyano Publications.

The public future over the privatisation of state assets has died down but a long period of negotiations lies ahead. The National Framework Agreement (NFA) agreed by government and Labour sets the terms for these negotiations. In this issue of the *Labour Bulletin* we publish excerpts from this document.

This does not mean that trade unions have abandoned opposition to privatisation. POFWA president Lefty Momoakola profiled in this issue, says that the unions are not convinced that restructuring will contribute to the development of communities or the workers who staff public utilities.

Is opposition to privatisation a viable strategy for unions facing a globalised economy? Brendan Martin argues the need for alternative strategies that take into account present day economic realities whilst not abandoning the public interest.

Economic plans are very much in the news right now. Government has released its "National Strategy for Growth and Development", which seeks to accelerate growth in order to boost implementation of the Reconstruction and Development Programme (RDP). Business "Growth for All" plan has been planned by both Labour and some government representatives for its suggestion of a two-tier labour market. Labour has produced a document aimed at developing social equity and solving South Africa's economic woes.

Plans are all very well but what is happening in concrete terms? The recent government budget can best be described as a holding operation, presumably while the details of a coherent economic policy are mapped out. The Cabinet reshuffle has obvious implications for this process. More than ever before, we need open and careful



debate around policy alternatives. With this in mind the *Bulletin* introduces a new column called "Economic alternatives". We kick off with an article by economist Vella Pillay in which he critiques current monetary and fiscal policy.

We also introduce "Focus on NDLAC", a regular column sponsored by the National Economic, Development and Economic Council (NDLAC) which will give readers insight into the workings of the institution where many of the negotiations around economic policy will take place.

Labour Bulletin Consulting Editor Karl von Holdt resigned at the end of March. He will be working with the National Labour Economic and Development Institute (NLEDI) as co-ordinator of the September Commission (see story on p 27). Karl has spent eight years with the *Bulletin*. During often turbulent times he has provided consistent support, as well as insightful criticism to the Labour movement. He will continue this work in the commission. Fortunately we will not be losing his services altogether. He will remain an active member of the *Bulletin* Editorial Board. We wish him well in his new position. Finally my thanks to all those who kept the wheels of the *Bulletin* so well oiled while I was on maternity leave.

Deanne Collins

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HUMAN RESOURCE DEVELOPMENT?

One of the central ideas in the RDP is that South Africa must be a society and economy based on human resource development – in other words, based on highly educated and skilled citizens and workers. This is an idea regularly touted by government leaders like President Mandela and Trevor Manuel.

Yet the “restructuring” and “fiscal discipline” of the education budget will mean more pupils per teacher in schools in many areas such as Soweto. The quality of “human resource development” produced in such schools is already low. With “fiscal discipline” in education it can only get worse – which means in ten, twenty, thirty years’ time we will still have a human resource starved society and economy.

GOVERNMENT IN A PHONE BOOTH

REDEYE heard a sad story about an ANC MEC in the government of one of the more rural provinces. His counterparts in Gauteng regularly receive phone calls from him – from a public phone. The reason? His ministry is still staffed by agents of the old order, as he can’t find new people to fill his posts. His staff have sabotaged and paralysed him to such an extent that he trusts no-one – hence he sneaks out to a callbox for advice, or just a friendly chat with comrades in Gauteng.

GOVERNMENT IN A CAFÉ

REDEYE heard a strange story the other day. The assistant of an NGO researcher received

a phone call from someone who wanted to speak to the researcher.

Since the researcher was out, the assistant offered to take a message. The voice said, “Tell Sam (the researcher’s name) that someone from a government department phoned” and refused to leave a number or name.

Later it turned out the caller was from the National Intelligence Agency, and wanted Sam to give a paper at an NIA seminar. The caller would only ever leave a cellphone number. She refused to give Sam the address of the NIA building in Pretoria – they had to meet in a café.

It turned out that the café was located in the street frontage of the very NIA building where the seminar was held.

It does not make REDEYE sleep well, knowing that the NIA is guarding our nation so carefully.

REDEYE’S CELLPHONE

REDEYE purchased a cellphone recently just to keep in contact with all the old comrades in high places – you can’t get them on ordinary phones anymore (no wonder Telkom wants to privatise itself!).

Anyway, a month later REDEYE was almost forced to go into final liquidation because of the cellphone bill. You know how much a cellphone call costs? – R1,20 per minute! – even if you’re just calling your friend for a chat, or trying to arrange insurance for your BMW.

So this made REDEYE think about "fiscal discipline" – because it seems that every government department buys cellphones in bulk for everyone from a director upwards. Imagine all those phone calls! REDEYE suggests the IMF sign an austere letter of intent with the government banning all government cellphones. That could balance the budget, restore Telkom to modest profitability and give nurses a salary increase.

GLOBAL SALARIES, GLOBAL SOLIDARITY

The American telecommunications giant, AT&T is planning to gear itself up for global competition by retrenching 40 000 workers. At the same time the chief executive's salary package has increased from \$5million to \$16million per year! He does, however, declare that he is "saddened" by the retrenchments.

The very same AT&T has been sniffing around South Africa. They wouldn't be whispering into Telkom's ear about the benefits of privatisation, would they? They wouldn't be hoping for a slice

of Telkom's privatisation pie, would they?

And REDEYE wonders if Telkom's top managers are allowing themselves to think, late at night after everyone's gone home, about the benefits of globalised salaries.

Sounds like a case for global solidarity like no deals with AT & T unless it

negotiates acceptable restructuring with its own workers. We don't want pirates in SA.

STAR WARS VS JURASSIC PARK

Recently NUMSA and the metal bosses had a *bosberaad* to discuss NUMSA's three year bargaining programme.

The bosses were divided, for and against accepting the programme. Creative and sharp-tongued as ever, the workers named the anti-camp "Jurassic Park" and the pro-camp "Star Wars". REDEYE would love to see the movie, Jurassic Park versus Star Wars.

But REDEYE is also a little worried. "Star Wars" was Ronald Reagan's hi-tech plan to build lasers and nuclear weapons in space to attack the Soviet Union. REDEYE hopes the three-year bargaining strategy does not have the same effect. REDEYE also hears that Anglo American is one of the main forces in the Star Wars camp.

This is worrying, as Anglo is also a major supporter of the SA Foundation's 'Growth for all' R700 per month wage strategy. That sounds more like "Death by starvation" than Star Wars.



Privatisation will not benefit the majority

Dear editor

The April 1994 elections ushered in a process of political and economic transformation in our country. Whether we are managing this process in the best interests of our people is a subject for debate.

I have some key questions to raise on privatisation:

- Will privatisation unlock resources needed for the RDP?
- Who would be the beneficiaries if state enterprises are privatised?
- Will this not diminish the role of the state in regulating the economy and meeting basic needs?
- Will institutions such as Eskom, Telkom, Transnet if privatised provide efficient, affordable, accessible electricity, telecommunications and transport to the vast majority of our people?
- What is COSATU/ANC/SACP policy on privatisation?
- Is this move towards privatisation not representing a policy shift from the basic programmes of the RDP?

The privatisation strategy aims to depoliticise society by transferring social regulation from the state to market forces which regulate both the economy and social life. Underlying privatisation is a model of the free enterprise system where the government plays little or no role in the economy.

Because privatisation and deregulation increase opportunities for private capitalist activity, it is not surprising to find the private sector, and those sections of the media to

which it is closely linked, strongly in favour of those policies.

The privatisation lobby argues that privatisation will enable the public to take over existing state corporations. But which sections of the public will have the financial resources to buy up the major share of state corporations? Which sections of the public will have the technical and financial resources to run them? Only a handful of giant companies, like Anglo American, Barlow Rand and Rembrandt which currently dominate the private sector.

Privatisation serves the interests of powerful elements among the capitalist class and offers very little in the way of advancement for the working people. Some might argue that although this is true, it is nonetheless an improvement on the existing system of racial inequalities. But this ignores the fact of inequalities of social class. Privatisation will offer a relatively small number of black capitalists access to the ranks of the previously white middle and upper class. But for the vast majority of the black population privatisation offers no real benefit. Indeed, in some instances it is likely to worsen their situation.

Privatisation will not, as lobbyists argue, redistribute wealth in an equitable way. It will enable those who already have wealth, who are mostly white, to acquire more wealth and will leave those who are currently poor, who are mostly black, at the bottom of the social structure.

Silumko Nondwangu
NUMSA Border Region
Regional Education Officer

Inflation monitor: January and February 1996

Area	Consumer Price Index		Annual rate of inflation (% increase over 1 year)	
	Jan	Feb	Jan	Feb
Cape Peninsula	180.2	180.1	7.2%	6.4%
Port Elizabeth	178.4	178.2	7.1%	6.6%
East London	178.5	178.5	7.3%	6.6%
Kimberley	173.5	178.7	5.7%	5.2%
Pietermaritzburg	180.8	182.1	7.9%	8.0%
Durban	172.7	173.2	6.8%	6.8%
Pretoria	178.5	178.7	7.3%	7.0%
Witwatersrand	175.8	176.2	6.5%	6.3%
Klerksdorp	175.8	176.5	6.7%	6.5%
Vaal Triangle	167.7	168.0	7.3%	6.8%
OFS Goldfields	174.7	175.0	5.5%	5.0%
Bloemfontein	172.6	172.1	6.5%	5.8%
SOUTH AFRICA	176.7	176.9	6.9%	6.5%

Source: Labour Research Service

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A "salt of the earth" comrade

John Dumisani Khumalo was born in the Melmoth district in 1936. He attended school only until Std 6 when he was forced to leave home to seek work in Pietermaritzburg. Here he stayed with the Makhathini family whose name he assumed when applying for work under the infamous pass law system. From then onwards he became known as Makhathini.

Baba Makhathini was employed by the UK based multinational, Scottish Cables, in Pietermaritzburg. He gradually worked his way up, reaching the level of senior operator in the Rubber Shop by the early 1970s. He married his wife Lenah in 1963 and they had five children.

A year after the massive 1973 strike wave, the Metal and Allied Workers Union (MAWU), which was to become part of the Trade Union Advisory and Co-ordinating Council (TUACC), was formed by workers from Scottish Cables, Sarmcol and Hulett's Aluminium. Baba Makhathini was rapidly enmeshed in this early process of unionisation and was elected as senior shop steward at Scottish Cables

Building organisation

Soon after the second wave of bannings of union organisers in 1976, Baba Makhathini was approached to leave Scottish Cables to become an organiser in MAWU, with the task of completely rebuilding the Pietermaritzburg office. Despite the enormous instability and attendant risk of being active in the unions at the time, he agreed to the request and set

*Geoff Schreiner pays tribute to
John Dumisani Khumalo
Makhathini who passed away
on 23 February 1996.*

about this task with great commitment.

In the ensuing years Baba Makhathini succeeded in putting together a team of individuals who by the early 1980s had built the Pietermaritzburg operation into one of the most dynamic centres within the region. A host of young unionists including Petros Ngcobo, Rob and Lynn Lambert, Jay Naidoo and many others worked at different times as part of this team under Baba Makhathini's patient but firm guidance.

Baba Makhathini became MAWU Branch Secretary in 1980 and led the major recruiting drives in the early 1980s which transformed the union's small, hand paying membership into the mass based, check-off system which prevails today.

During the mid 1980s when violence engulfed the province with very serious consequences for the labour movement, Baba Makhathini played a central role in gathering evidence for the many court interdicts against various warlords and individuals responsible for acts of violence. He was exposed to much danger. After many threats he was forced to leave his house and his small church in Sinathini, where he was the resident Lutheran

minister and move to Sobantu where he rented a small four roomed home

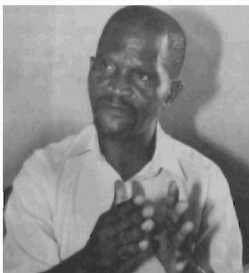
Stepping back

In his latter years Baba Makhathini began to wean himself out of the mainstream of union life. He had a clear sense that the reins had to be handed over to a younger, more energetic generation. He was never, however, entirely comfortable with this role and perhaps some blame is to be laid at the door of his union for never really developing a clear set of responsibilities for long serving staff who found themselves in this position.

Baba Makhathini had many common human frailties. He was sometimes stubborn to the point where he could drive anyone to distraction. He also had the worst singing voice in the entire union - something that he never believed and he never allowed to dampen his choral enthusiasm. But Baba Makhathini had some outstanding qualities which invariably elevated him to leadership status. He had an unshakeable commitment to the cause of the working class and the poor. He was a bridge builder and a team player who always managed to rise above the many conflicts which beset the labour and political movements. Above all he was a tireless and selfless activist - he never sought fame and publicity and never entertained the idea of using the union movement as a stepping stone to grander personal designs. Perhaps too much of the history of the labour movement has focused on individuals who have soaked up the glare of publicity and too little on those, like Baba Makhathini, who formed the real foundation on which the union movement was built.

Lessons

There are lessons to be learnt from the life of Baba Makhathini and the time that he was active in the labour movement. Foremost amongst these was Baba Makhathini's tremendous ability to adapt to the rapidly changed



circumstances of the 1970s and 80s. On the personal front he went through massive changes, moving from the IIP to the Congress movement in the early 1980s, while organisationally he continuously developed new approaches to his work as the union grew in size, complexity and diversity. It was this ability to continuously adapt to threats and opportunities and turn the former into the latter that gained the South African labour movement huge local and international recognition. Once again in this post-election period COSATU faces a massive set of challenges - how to create a new banner to replace the glue of the anti-apartheid struggle, how to respond constructively and realistically to the pressures of the global economy and massive local unemployment, how to service the increasingly personalised aspirations of members, how to attract back a wide diversity of skills and experience into the service of the labour movement.

Much can be learnt from the struggles fought by Baba Makhathini and those salt of the earth comrades who built the union movement from the bottom up.

Hamba Kable Baba Makhathini. ★

Geoff Selinger is a member of the SA Labour Bulletin editorial board and a change management and public participation advisor.

Privatisation

rethinking union strategy

South Africa needs rapid development of infrastructure and public services to enable socially just economic development and to overcome an apartheid legacy marked by racist skewing of access to basic utilities

So much is agreed by all. It is how this is to be done which strains the consensus. It is not just an ideological reaction to the dreaded P-word that makes unions suspicious and anxious. Their worry about opening the door to privatisation and their concern about the likely impact of the government's restructuring plans for state enterprises are fuelled by the basic trade union objectives of protecting their members' jobs and promoting their employment security, as well as a continuing responsibility to a wider constituency.

These concerns would not be well served, however, by treating as inviolable the old faith that a democratically governed state can provide all the equitable economic progress its citizens need.

When the Berlin Wall was torn down in 1989, many articles of faith of socialists of varying persuasions - not just communists, but many social democrats, too - were crushed beneath the rubble. As we continue to pick through the debris in the hope of piecing together a new politics of collective responsibility, the search has been made more troublesome

In a globalised economy, insisting on state provision of all basic services may not be feasible. Brendan Martin suggests that trade unions need to develop an innovative approach which will make both state and market the servants of society.

by the clearer view we now have of what went on behind that wall. Not only was it a democracy disaster area; the command model was economically inefficient and unsustainable.

The neo-liberal project

Neo-liberalism was already grinding out its own disastrous experiment by the time the collapse of communism delivered lorryloads more grist to its mill. British Thatcherites like to claim the credit for pioneering privatisation, but while they have indeed been prominent in spreading the gospel globally, the CIA-backed Pinochet regime beat them to it, putting the so-called 'Chicago Boys' - young economists schooled at the University of Chicago under Milton Friedman and

Friedrich von Hayek - in charge of restructuring Chile's economy within days of their 1973 military coup. The poverty pensions which Chilean workers can expect from the junta's privatised social security plan will be a tragic, lasting monument to neo-liberalism's greedy brutality.

Defining the terms

Because of privatisation's association with neo-liberalism, and the opposition it arouses among trade union leaders, its advocates often go to great semantic lengths to avoid using the term. Last month Britain's chief finance minister, Kenneth Clarke, led a delegation of City of London bankers and consultants on a trip to South Africa. Their purpose was to promote their services as advisors on privatisation. (It reveals much about the misnomer of 'free market' economic orthodoxy, that the private purveyors of privatisation advice need the assistance of a government minister travelling at public expense). One of them was quoted as saying: "Given that the issue, in some minds is inextricably linked to Thatcherism, avoiding the political dimension may be an entirely sensible strategy in some parts of the world".¹ Hence euphemisms such as Bolivia's 'capitalisation' and Sri Lanka's more Orwellian 'peoplelisation', and hence, too, in part, the many difficulties of defining privatisation and agreeing what counts as privatisation and what does not.

The South African government has also displayed some shyness about the term with its use of 'joint venture', in the National Framework Agreement with COSATU, to describe not only joint ventures but also partial sale of state-owned enterprises.

Similarly, at a recent seminar staged by Lyonnaise des Eaux at the Greater

Johannesburg Metropolitan Centre, executives of the French transnational - half a dozen of whom were flown in from Europe and Latin America to beef up the company's bid for water and municipal service contracts in South Africa - were at pains not to utter the P word, insisting that the franchise and contract arrangements they favour are altogether different.²

They are certainly not the same as a transfer of ownership, but transfer of functions can be just as decisive, or even more so, in transferring public authority and revenue to the private sector, as many examples of contracting out have shown. Conversely, transfer of ownership can involve only limited transfer of authority, depending on the scope and strength of regulation.

A new approach

We need to move beyond gut reaction to privatisation to focus on our objectives and priorities for public services and the best means of achieving them. We also need to distinguish between various ways of involving private sector players rather than damning them all equally.

An objection to this might be that if the union position becomes too nuanced it will lose its edge, and that it is crucial not to admit the thin end of the wedge. But if there is risk in departing from so clear cut a strategy, the greater risk is in not doing so, since unsuitable application can undermine the value of good arguments. Trade union strategy around privatisation and restructuring can only be strengthened by looking to new mechanisms of collective responsibility and action in a supranational economy, rather than remaining trapped in the increasingly outmoded and discredited parameters of state socialism. It needs to do that to effectively combat the neo-

The World Bank and the IMF have been more responsible than anyone else for not only forcing the international pace of privatisation but also, more often than not, for making it serve the inequitable neo-liberal agenda. As former World Bank and IMF senior economist Davison Budhoo put it, in an open letter of resignation after 12 years with the institutions:

"President Reagan effectively told us to go out and make the Third World a new bastion of free wheeling capitalism, and how we responded with joy and with a sense of mission! ... Everything we did from 1983 onward was based on our new sense of mission to have the south

'privatised' or die; towards this end we ignominiously created economic bedlam in Latin America and Africa in 1983-88".

The pace continues to quicken, with much the same results. Around 5 000 enterprises have been sold from the state to the private sector over the last decade, in addition to the tens of thousands privatised in the former communist countries.³ Annual privatisation receipts are this year expected to top US\$100 billion, a 50% increase on 1995.⁴ In 'developing' countries alone, the annual receipts from privatisation sales increased some 30-fold from 1988 to US\$29 billion in 1993.⁵

liberal assumptions guiding the advice of those City of London consultants, for whom restructuring advice is now a big business, funded largely by the World Bank and International Monetary Fund (IMF).

Globalisation

The prime targets for privatisation have been the infrastructure and utility services of telecommunications, energy, water and transportation.

An underlying factor, as with other economic and social change, is technological and technical development, which has changed some natural monopolies, such as telecommunications, into partly competitive markets, as well as transforming what public services are capable of and, therefore, what people expect of them.

What new technology has done is to fuel even more the development of perhaps the single most important driving force of privatisation in these strategic sectors - economic internationalisation, both global and regional. It has transformed the relationship between the state and transnational corporations,

which now expect utilities like telecoms and energy supply to prioritise the provision of cheap, reliable, state-of-the-art services tailored to their cross-border needs rather than subsidising universal services from profitable ones, as state monopolies have tended to do in the past (though not necessarily - as South Africa's case shows in the most extreme form - with equitable intentions or results).

As the head of the privatisation department of the United States Agency for International Development (USAID) once put it - and USAID has been, after the World Bank and IMF, the agency most responsible for forcing the pace of privatisation through loan conditionalities - "Industries such as telecommunications, finance and energy are being restructured to respond to the needs of an integrated world economy. The global structure of these industries demands their participation in the privatization process."⁶

This trend has a self-perpetuating dynamic: The more privatisation in these sectors has spread, the more some economies of scale have shifted from the state to increasingly large, powerful and far-reaching transnational corporations

dominating the newly open markets. These companies are then able to subsidise entry into new countries from monopoly profits where they are already established.

The debt trap

Bearing down on states from another direction and adding to the privatisation pressure, have been their own financial problems in the form of debts and deficits. These have helped drive the privatisation trend not only by undermining the ability of national governments to invest in their countries' infrastructure and by forcing them to look for assets to sell. It has also pushed the creditor banks to look for ways to turn the risky debts on their books into more tangible assets through debt-equity swaps. Moreover, and perhaps above all, debt, deficits and the downward pressure on public spending that has come from the quest for global competitiveness have provided the World Bank and IMF with the leverage they have needed to impose conditionalities.

As the aforementioned USAID official added, after observing that eastern European countries were then estimated to need US\$350 billion for telecommunications investment alone, and were being offered only \$50 billion by official donors: 'Clearly, private international investment is the only answer.'

Poor performance

Others elsewhere, had already reached the same conclusion as a result of the performance of state management and public sector organisations. Of course, it is difficult to separate the truth about waste, poor quality service and corruption from the ideological propaganda (from sources unfazed by the endemic presence of the same problems in the private sector) which would portray the slightest lapse as the intrinsic incapacity of state ownership and

management to manage resources efficiently.

It is also a fact that, by reference to real or illusory problems of public finance, governments politically motivated against the public sector have contributed to much of the inefficiency about which they complain by systematically depriving services of the resources they need. It is no less true, however, that the structure and processes of many a state enterprise and public service have failed to keep pace with the times, to put it no more strongly than that.

This too has been a rich source of grist to the neo-liberal mill, but generalised claims about the success of privatisation do not stand up, and consistently ignore the downside. For example, while there is no doubt that services provided by British Telecom improved and expanded in the decade after privatisation, Deutsche Telekom and France T*Com have accomplished the same and probably more through public investment under state ownership over the same period.

Job losses

British Telecom's staffing was cut by almost half (not an encouraging statistic for POTWA, particularly since a recent merchant bank report highlighted the fact that Telkom has 61 lines per employee, compared to around 150 in the privatised telecommunications companies of Latin America). Its profits rose more than three times and Britain's 'teledensity' (the percentage of homes attached to the telephone) remained below that of comparable countries with state-owned telecommunications.

In the rest of the world, the impact on employment of privatisation and restructuring of state enterprises has been no less severe, except in the Asian 'tiger' countries, where rapid growth has more

than compensated

Argentine unions estimate that 200 000 jobs have been lost. A Czech government survey of 572 privatised companies showed a 'significant decline in employment' and the International Labour Organisation (ILO) reckons that 1.5 million workers (equivalent to 20% of the urban labour force) were retrenched from state enterprises and civil service over a five-year period in Vietnam.

Shifting priorities

Job losses have been just as bad in Britain's electricity supply industry, whose new corporate attitude has been well expressed by an executive of Scottish Power. "First we focus on operating profit, seeking ways to build cash inflows by maximising revenues and reducing costs," he explained.

"Secondly, we focus on capital employed to optimise cash outflows, looking very carefully at the timing and extent of investment and taking a rigorous view on disposals. Finally, we focus on understanding the cost of capital and the implementation of balanced financing policies." All fair enough, up to a point - if more state-owned enterprises took a more robust approach to their financial management, fewer of them might be privatised.

But it is in the next sentence that the Scottish Power chief gives the game away: "This focus is in marked contrast to the priorities that the company had prior to privatisation. Our primary role was the maintenance and security of supply to our customer base. Our approach to investment was to invest whatever was considered necessary on technical grounds to deliver an electricity supply to our customers."

That is why, as I write, many of Scottish Power's customers are without power for the second day running just when they need it most, in sub-zero temperatures. The same shift in priorities explains why, in Britain, water charges have risen

exponentially since privatisation (but not quite as fast as executive salaries and share options) while promised investment to renew the decrepit infrastructure is still awaited.

Restoring profitability?

While there is plenty of superficial evidence of privatisation having revived at least the financial health of formerly state-owned enterprises, slightly deeper probing can often change the picture greatly. Take a look at these examples:

- In one Asian nation, a privatized food processing plant doubled output and quadrupled profits. The new owners attributed this to a string of efficiency-oriented managerial reforms. In fact, as part of a side-deal, competing imports were banned for five years.
- An African steel mill was leased to a private buyer, which resulted in great improvements in profitability. However, the plant produced very little itself, making its money on imports for which it was the sole licensed supplier.
- In Latin America, a privatized telephone company greatly increased profits - by raising prices by several hundred percent.

Those cases come not from some union volume of scare stories but from the chief researcher in the team whose work led to the World Bank study "Privatization: Lessons of Experience".

No wonder Professor Leroy Jones - who said the above list "could be extended indefinitely" - urges rather more caution than the Bank itself has displayed in concluding that private ownership is intrinsically better.⁸

A viable alternative?

This begs another big question: is private ownership and management intrinsically worse? Here is another example, this time



Rural electrification project could a privatised service deliver the goods?

from Sweden. It concerns a municipality which contracted out a number of services.

"Follow up and assessment exercises over the three years which have now elapsed revealed that the tasks previously carried out by the technical management division are now being carried out equally well by the contractors at lower cost and on the basis of a more efficient decision-making process. The staff say that their duties are now more interesting, that they have greater decision making responsibilities, that they enjoy their work more, that they are better paid and that channels for transmission of decisions are shorter. The only negative aspect is less job

security in the event of shortage of work than was the case when they were employed by the local authority."

But did the workers want to turn back the clock?

"They have now been working for the contractor for three years and take a completely different view of their employer than does the union. Here is one of their comments. The biggest threat hanging over us today is that of having to go back to working for the local authority. We feel we have more freedom at work now."

The source of those remarks was a leader of public sector union SKTF, which has taken the hint and now promotes restructuring and reprocessing of public services. So does its sister union SKAF, which has gone so far as to set up a special training department led by an

official called Lars Oke Almqvist², who, explaining his new role, said "In order to confront requests for cuts in public services or privatisation, SKAF has realised that just trying to refuse changes is not very constructive, especially as some of the accusations of inefficiency in the public services have definitely been true. SKAF has for many years stressed that the traditional hierarchical organisation of work in local government administration must by necessity be inefficient if it does not involve the knowledge and experience of the employees.

"Our response to the threat of privatisation was to develop our own model of a more efficient, non-hierarchical

organisation which involved employees. Our aim was to save money while improving service quality - but without making people redundant."

More controversially, the German public sector union, OTV, couches its support for a similar approach in terms of a corporatist rationale: "Politicians, employers and unions such as OTV have a shared responsibility to ensure that the considerable reserves within the public sector in terms of innovation and productivity are put to use in order to improve the competitiveness of Germany and maintain its position as an attractive location for trade and industry. Probably the most important step is to realise that human resources constitute our most precious and under-utilised capital and should, therefore, be harnessed for the good of all."

Many would argue that the 'good of all' is incompatible with implicit acceptance of the 'competitiveness' terms of globalisation.¹⁰ OTV, wedded to the 'social market' model, would retort that its approach takes the high road to competitiveness - that of a well rewarded, highly skilled and flexible workforce - and is therefore in the interests of international as well as German workers. In any event, its articulation of the way in which global economic change is driving local public service change reinforces the thought that what is needed is a politics of collective responsibility which also links those dimensions, and which can be translated from general policy into technical detail of how to produce more and better services and more and better jobs on a globally equitable basis.

Securing the public interest

Fighting for a more democratic and participative approach to corporate governance, so that employees and other stakeholders are fully and fairly involved at all levels, may be as significant in securing

the public interest in the globalised economy as fighting for state provision was when the nation was a more significant economic territory.

Similarly, unions might in the coming few years develop as much interest in the politics and technicalities of regulating private companies, and in the nature of contractual arrangements between public authorities and private companies, as they have had in the last few in keeping them out of public service provision. They might be more focused on what distinguishes a good private employer and service provider from a bad one than in what distinguishes them all from the public sector, and more committed to protecting and promoting the best public service practice than to an indiscriminate turf war that sees good public management dragged down by the bad.

While clearly a departure from an ideological hostility to the involvement of private business in public service, this is not a recipe for wholesale privatisation. Indeed, the platform for such an approach must be public policy, reached through participative and transparent decisions, across a range of issues which the neo-liberals would prefer to leave to the market, such as employment and labour standards and environmental protection and improvement.

Transnationals

Concentration of ownership and power is one such area of legitimate public concern. This is why, while a case-by-case on-its-merits approach to privatisation makes more sense than either blanket opposition or generalised acceptance, there must nevertheless be parameters designed to prevent too much authority in public service planning and management being lost from public control.

That can be achieved in part through

the terms of public private partnership, in part by regulation and in part through the improvement of political and industrial democracy. The power of companies such as Lyonnaise des Eaux and AFAT must also be kept in check by limiting the extent of their growth into the public sector. While it seems likely that schemes (such as build-operate-transfer projects) to mobilise private capital to create or renew infrastructure will be indispensable to meet South Africa's transport, telecommunications, water and perhaps energy needs, it is also important that such projects do not become the sole or predominant development solution.

Otherwise the growing power of the small number of transnational corporations involved will soon dwarf that of the nation states and municipalities with which they are doing business - and that, rather than the formal contractual terms of public private partnerships, would determine the nature of the relationship.

While a pragmatic approach is fine up to a point, it would not do to be dogmatic about being pragmatic. While trying to beat neo-liberal revivalism with statist revivalism is a lost cause, if ever there was one, and an unworthy one at that, the challenge of privatisation and state enterprise restructuring remains a profoundly political one more fundamentally than it is technical. Innovative structures and methods there must be, but at the heart of the trade union approach must be an internationalist political economy that seeks to make both market and state the servants of society rather than allowing society to be the slave of either and which matches and balances individual initiative to collective responsibility rather than denying the possibility of their coexistence. ★

- 1 *Salesman Clarke on a voyage to market the City*, in *Financial Times* London March 11 1996
- 2 *Lyonnaise Water Southern Africa Ltd seminar on large water concession projects (methodologies - tendering procedures)*, Johannesburg February 23 1996
- 3 *Number conflated from various sources, mainly World Bank statistics*
- 4 *According to the Organisation for Economic Co-operation and Development (OECD) as reported in Financial Times* March 11 1996
- 5 *According to the World Bank's International Finance Corporation (IFC) in Privatization Principles and Practice, IFC, World Bank Washington, DC, 1995 p 9*
- 6 *Speech by Henrietta Holsman Fore at the Fifth Annual Conference on Privatization and Commercialization, organised by the Adam Smith Institute, London July 1991*
- 7 *Pursuit of Shareholder Value in an Emerging Industry*, *Scottish Power plc paper to Financial Times World Electricity conference, London November 11 1992*
- 8 *Paper by Prof Iern Jones, Boston University to OECD advisory group on privatisation, Moscow, March 1995*
- 9 *Svedish workers beat privatisation*, in *IMPACT News, October/November 1995, IMPACT, Dublin Ireland, p 6*
- 10 *Modernising the public services, OTV, Stuttgart 1995, p 5 (English translation)*

Brendan Martin is the author of 'In the Public Interest' - Privatisation and Public Sector Reform' (Zed Books London, 1993), and is working on a companion volume about trade union alternatives. He has recently been working with the National Labour and Economic Development Institute (NLEDI) advising COSATT on state enterprise restructuring. © Brendan Martin

Privatisation:

setting the ground rules

Parties

- Government of National Unity (GNU).
- Labour, comprising the Congress of South African Trade Unions (COSATU), the Federation of South African Labour (FEDSAL) and the National Council of Trade Unions (NACTU)

Purpose and status of the National Framework Agreement (NFA)

To establish an agreed process, based on stated objectives and principles, between the parties in regard to the restructuring of certain state assets

The status of the agreement is defined by the mandate of the National Economic, Development and Labour Council (NEDLAC). The NFA shall be a bilateral agreement between the GNU and labour that, in the interests of transparency, shall be tabled for information at NEDLAC.

The agreement and all structures emanating therefrom shall be valid until 27 April 1999

Objectives of restructuring

Labour and government are committed to the provision of affordable, good quality basic services to all South Africans

The initiative to restructure state assets is part of the process of implementing the RDP. Government has concretised some of these objectives in its so called "six pack" programme, namely: belt tightening; reprioritisation of state expenditure;

Government and labour have signed a National Framework Agreement which sets out principles and procedures for the restructuring of state assets. The Labour Bulletin reproduces extracts from this important document.

restructuring of state assets and enterprises; restructuring of the public service; building new inter-governmental relations; developing an internal monitoring capacity for this programme.

Government and labour recognise the legitimacy of the state playing a role in productive sectors of the economy. Therefore, restructuring is not necessarily geared towards reducing state involvement in any economic activity

The main objectives of restructuring are as follows:

Increased economic growth and employment

The effectiveness, sustainability and viability of state owned enterprises (SOEs) is vital to the objective of maintaining and generating employment opportunities. Enhancing the

economic efficiency of public enterprises facilitates long term economic growth, the key to widespread economic welfare and sustainable job creation

Meeting basic needs

Restructuring should be geared to meeting the basic needs of all South Africans with the focus on the poor and disadvantaged communities

Redeployment of assets for growth

To enhance growth and employment it is necessary to redeploy assets. Accordingly any proceeds from the restructuring process should be reinvested in assets and not used for consumption

Infrastructural development by mobilising and redirecting private sector capital

The burden on public finances, particularly for infrastructural development is enormous. On average, half of government investment is accounted for by the infrastructure sector and, as the industrial economy expands the demand will become greater

The principal new infrastructure providers include international firms operating in association with local companies. These firms bring to bear not only management expertise and technology but also the credit standing and ability to finance investment

Reduce state debt

Where appropriate, restructuring proceeds may be used along with improved financial management systems to reduce state debt

Enhance competitiveness and efficiency of state enterprises

It is essential that individual state enterprises should be competitive and efficient in the domestic and international markets and should be positioned to access

global resources and markets

It is also essential that there are improvements in corporate governance within the public sector to allow for effective asset management, investment policies, accountability and transparency. A complete audit of all state owned enterprises, holdings, properties and their assets will be conducted

Finance growth and requirements for competitiveness

In the utility sector there is large demand for development programmes which necessitates an increase in the operations of the state enterprises in this sector. By and large most of the state enterprises in this sector are already highly geared, ie the rate of borrowings to equity capital is too high

New financing through different forms of domestic and foreign partnerships to promote the infusion of new capital and especially technology may be required

Develop human resources

Restructuring should develop the human resources capacities of South Africa through decent employment conditions, efficient use of training and retraining, redressing previous discriminatory practices and enhancing technical and managerial capacity

Guiding principles for restructuring

The role which the enterprise can play in achieving transformation and transition goals as set out in the RDP should inform decision making. This requires new structures, new mandates and change management

Legal and regulatory

It is necessary to ensure that the new laws and regulations relating to, for example, property, labour standards, monopolies,

foreign investment, export incentives, environmental issues, capital markets and financial instruments are all consistent with and designed to support the government development initiative.

Appropriate legislation and constitutional mechanisms to facilitate the restructuring process at national and provincial levels should be provided. Regulatory structures should be staffed by knowledgeable persons and operate autonomously

Labour

Organised labour in general and employees of the relevant public enterprises should participate in policy formulation processes. Labour rights, obligations and standards should be maintained and enhanced.

Restructuring should not occur at the expense of the workers in state enterprises. Every effort should be made to retain employment.

Where restructuring potentially has negative consequences for workers, a social plan must be negotiated with the relevant unions at enterprise level which takes account of the workers' interests.

Workers who may be redeployed within or between state enterprises shall enjoy equivalent benefits and conditions of employment.

A coherent and common set of principles need to be developed and applied by government to the restructuring of pension and provident funds which are already undergoing massive restructuring

Integration of state assets

All assets, regardless of where they are situated, must be examined within an overall sectoral policy framework and wherever possible reintegration of apartheid divided assets must occur prior to restructuring

Historically disadvantaged groups

Restructuring must redistribute wealth,

boost the small and medium enterprise sector, have sustainable affirmative action implications and facilitate genuine black economic empowerment.

Special attention shall be paid to the needs of entrepreneurs and the role which pension and provident funds could play in broadening ownership

Participation and transparency

All key stakeholders should be full participants in the policy formulation process, boards of directors and other appropriate decision-making structures at an agreed level. The policy formulation process should be transparent in all respects

Macro-economic stability and growth

The restructuring of state assets and enterprises will take place within stated policy objectives and be evaluated for their overall macro-economic effect in respect of savings, investment, the balance of payments, ownership and their nett effect on employment creation and growth.

Industry sector and enterprise focus

The restructuring mechanism and process will be guided by circumstances prevailing in each industry sector as well as those in each of the individual state enterprises.

The process will involve the assessment of socio-economic imperatives, a sectoral approach, and an enterprise-by-enterprise case study focus.

Foreign involvement

In the event of direct foreign involvement in restructuring, the extent of such involvement should be negotiated within the affected enterprise.

Ownership

Ownership is not the determining factor for efficient operations ★

For defensive unionism and socialism

SAMWU general secretary Roger Romie argues that social contracts and co-determination cannot change the nature of capitalism.

COSATU needs to change direction and develop militant strategies in support of workers' demands.

Some points to ponder

"A question from the floor of its World Bank's final function at its annual general meeting asked bank president Lewis Preston whether this year's meeting had been any different because of the absence of socialists following the collapse of the command economies. 'There are still some socialists here,' Preston replied. 'There are still even some communists around. But they are talking in very low voices, and they are mostly South Africans'."

(Business Day 25/9/92)

"...the expenditure of a black person in South Africa represents on average only 11% of that of a white. The whites, who represent no more than 13% of the population, account for 54% of household expenditure....At Anglo American the directors earn almost 62 times the wage of a worker. The ratio is 96:1 at ABSA and 126:1

at Murray and Roberts."

(Weekly Mail and Guardian, 17/6/91)

"...anyone speaking of wage restraint would first have to tell us what has changed in terms of the distances that have to be travelled from Soweto to Johannesburg and in terms of the living standards of our people."

(Sam Sibhona, Financial Times, 18/7/91)

"What do we tell the 9 000 workers in the tyre manufacturing industry when tariffs are removed and their jobs are at stake? Do we tell them to wait for a socialist revolution?"

(Uroch Godongwana 1992)

"Are we really serious about socialism or are we much more serious about developing the economy at the expense of workers and the working class in particular?"
(NUMSA organiser, The Shopstewards Aug/Sept 1995)

COSATU remains one of the few organised labour formations in the world which has at the heart of all its policies the achievement of socialism.

However, we need to ask whether we are really serious about achieving our goal of socialism? Or have we accepted that we are prisoners of a capitalist world order which, with a little refinement and good management, will nonetheless allow all South Africans to share in its fruits?

The answer, promoted by researchers linked to the democratic labour movement (Economic Trends Group and Industrial Strategy Project), appears to be the belief that capitalism in South Africa can be different from capitalism in the rest of the world.

The ANC embraces capitalism

It is my view that the ANC has capitulated to the dictates of capitalism. It has stated on numerous occasions that the way to go for South Africa is to expose the country to the competition of the global market, including wholesale privatisation, in the hope that this will stimulate economic growth and facilitate delivery of the RDP.

This option (promoted by international financial institutions like the IMF and the World Bank) will mean continued suffering for the vast majority of South Africans.

Influential SACP elements within the ANC have encouraged this shift by way of their theory of "radical reform". This is the key component of the 1995 Strategy and Tactic document of the SACP, which asserts that by chipping away at the bourgeois state from within, a peaceful transition to socialism can be achieved.

However, the SACP's Jeremy Cronin (*The African Communist*, First Quarter 1995) has set out a compelling argument for vigorously opposing the capitalist agenda. The five myths of the neo-liberal model are nothing more than a strategy to "make the working class and broader popular forces pay for what little

social and economic change occurs. They are designed to weaken popular forces, and divert attention away from the crucial need to wage class struggle for effective redistribution and for the reconstruction and democratisation of the economy'.

But Cronin does not come up with a strategic programme to combat the neo-liberal onslaught and lay the basis for an advance to socialism.

International devastation

The collapse of what was described as socialism in Eastern Europe and the Soviet Union has thrown the left into disarray. It has led to an ascendancy of social democratic thinking within the left. We are now being asked to accept the possibility of a third

The five myths of the neo-liberal agenda

- Export-led growth, and international competitiveness, must be the cornerstone of our economic policy
- The key to getting reconstruction and development going is foreign investment, and in order to win foreign investment we need to send the right message out to the world
- The social and economic programmes envisaged in the RDP are totally unrealistic and will plunge the country into a debt trap. The only answer is a massive slashing of government spending and the privatisation of state assets.
- The greatest threat to economic growth is inflation. Inflation can be checked by controlling certain money supply aggregates by mechanically adjusting interest rates.
- Wages are high in South Africa, the militancy of workers is a major disincentive to foreign investors, and workers in South Africa are an elite whose wage demands diminish our ability to implement the RDP.



Have socialists become prisoners of a capitalist world order? Ellermes workers arrested during a demonstration, 1991.

option between the failures of 'communism' and rampant capitalism - that of democratic and reasonable capitalism. But the evidence is strongly against any such third way.

Globalisation of the capitalist economy has resulted in

- An increase in unemployment, homelessness and poverty in advanced capitalist countries
- An impoverished third world increasingly drawn under the control of multi- and trans-nationals with the aid of the IMF and World Bank.
- Increasing cultural and ethnic fragmentation
- Ex-socialist countries with an alarming increase in ethnic conflicts and crime
- A developing ecological crisis

An international attack

Alongside this pain and suffering of the masses a general offensive is underway internationally against unions. This offensive takes various forms. Tactics range through new industrial relations and management techniques to the use of pure brute force. Quality Circles, FIZs, Free Trade Zones and deregulation are some of the buzz words of

the day. In places like Indonesia and China, jailing, torture and murder of trade union activists are commonplace.

South Africa has not been left untouched by these developments. Although linked to a sympathetic government, which professes support for the development of a strong labour movement, workers continue to come under attack by management. Ongoing attempts to drive down real wages, attempts at co-optation, collapsing of industrial councils and opposition to centralised bargaining continue to be the order of the day. When basic needs are not met, and this has been illustrated during the recent strike wave, the government will resort to more and more authoritarian methods to control workers.

Rupert Murdoch (he who seeks to own the world) said during 1992 that the 'successful unions of tomorrow - they will be essentially staff associations, based in the individual workplace. They will be unideological except in understanding that their members' prosperity is linked to that of their employers. They will uphold individual contracts and workers' legal rights. Worker organisations have a role in

updating management"

Is that not where workplace forums intend to lead us? It is ironic that the direction in which we seem to be moving as a labour movement in South Africa, and indeed the direction in which the new Labour Act wishes to move us, is currently under attack and busy collapsing in Western Europe.

COSATU and co-determination

As early as 1992, observers commented on the dramatic shift in South African trade unionism from militant resistance to strategic unionism. Reasons advanced for this shift include recession and democratisation in South Africa and the ideological crisis of socialism. Karl von Holdt, during 1992, had the following to say: "The leadership of the trade unions realises that the economy - and the manufacturing industry especially - has to be restructured if it is to become *internationally competitive*... the labour movement can either oppose this change, or be at its centre: this amounts to a new manifesto to drive the process of change, to shape it and to empower the labour movement through it."

Until fairly recently, COSATU, and indeed the whole liberation movement, struggled on the basis that apartheid and capitalism were two faces of the same coin. Now that apartheid is officially dead it is considered impolite to remind ourselves that capitalism is still all too alive. Instead we are asked to accept that the class struggle no longer exists.

Although COSATU does not appear to have a formal position on the issue of co-determination, the actions of the federation as a whole do seem to indicate its support for this option.

Social contract

The document that comes nearest to an acceptance of social contract politics is possibly the 1993 document dealing with

the "reconstruction accord". The South African Clothing and Textile Workers Union (SACTWU), however, has come out very clearly about where it believes the union movement should be moving. At its last but one Congress it formally decided to pursue a policy of co-determination between state, employers and employees. "Through our struggle we can create a system of co-determination, where capital or government is unable to act in a unilateral manner. Through co-determination we can have a joint say over economic policy at national, sectoral and company level. Decisions on macro-economic policy would need to be resolved through tri-partite institutions"

Enoch Godongwana, in a contribution to the *SA Labour Bulletin* in 1992, supports the concept of social contracts but qualifies this with the need to prevent falling into social democracy by adding that an "ideological outlook" whose aim is socialism is required. He justifies social contracts which are "informed by a socialist perspective".

But both Godongwana's view as well as the SACTWU position ignores the experiences of the working class across the globe. Australia, Britain, Sweden, Canada are but a few examples where social contracts led to attacks on the living standards of workers. (In any event, none of these countries have a clear, coherent and comprehensive socialist alternative.) Workers were made to work harder, wage restraints were implemented and in many cases many workers lost their jobs.

In South Africa, where the ideas of social contracts et al are being mooted, the living and working conditions of the black majority, and even of white workers, has become progressively worse. We are confronted by an ever escalating crime rate, social diseases, such as drug abuse, are on the up.

The response of COSATU has been to become more and more enmeshed in the politics of co-determination on the premise

that economic growth via international competitiveness will somehow start addressing the social needs of the masses

Engagement by labour

In whatever form of engagement we undertake, negotiations must never become a substitute for mass struggle, and we must never allow ourselves to become jointly responsible for the management of a system which seeks to destroy the very constituencies we claim to represent

We must accept that we will continually be confronted by obstacles along the road to socialism. Very often in dealing with these obstacles we shall be called upon to make compromises which conflict with our socialist programme. In making these compromises we need to avoid or minimise the deviation from our ultimate goal. It is when we choose exclusively the pragmatic solution that the gap between reality and our socialist objective becomes ever wider. This unfortunately, is where we are headed unless we change course.

Already the following features have emerged in the union movement:

- a strong bureaucratisation of trade unions
- an erosion of shopfloor democracy on which the union movement was built,
- a decline in shopfloor militancy,
- a change in basic union attire from struggle t-shirts to a more corporate image,
- a pre-occupation with 'policy development' which often involves the use of academics in a way which is totally disempowering. How often is it not heard that certain things are too technical for workers to understand?

At the same time, the bosses in South Africa have continued to enrich themselves at the expense of the workers. Massive conglomerates continue making minimal or no productive investment in South Africa and totally oppose the anti-trust initiatives of the new government. It is no secret that the



The ANC has capitulated to the dictates of capitalism

bottom line for capitalism is the maximisation and control of profits by a few capitalists. Competition for a greater share of profits makes the system unstable and anarchic, thereby negating any real adherence to social contract arrangements. We live in a fools' paradise if we believe that capitalism can be controlled by a paper agreement.

Building the international

We must start giving new meaning to the term international working class solidarity. It is our failure to tackle capitalism internationally which forces us into class compromise situations. The growing insecurity in the living conditions of most of the people in the north, and the collapse of the south are two sides of the same coin and this makes our task the more urgent. At present, a victory for workers in a particular country is at the same time their defeat, in that capital is able to find another home where it can exploit workers. Any change in approach as to how we engage in South Africa must include a very clear strategy for building a transnational union movement.

The way forward for COSATU

Certain comrades within the executive structures of COSATU have become the butt of many jokes for consistently raising the following question during debates within the federation - "What has this got to do with socialism?" The question has never been answered. The kind of dynamic, analytical debate which informed us during our formative years is sadly lacking. There is a blind acceptance of the dominant world order. To counter this, our engagement should be informed by the following:

- Our vision of socialism and by implication the fact that we are involved in a class war;
- social contracts and other forms of co-determination are not in the short or long term interest of the working class;
- we should seek to win over other sections of the organised working class (NACTU, FEDSAU) not by bending over backwards in the name of labour unity as we currently do, but rather on the basis of the class nature of our struggle;
- our key reason for engagement is not towards co-responsibility for managing capitalism, but rather towards defending and struggling for improved wages and other conditions of employment as part of our struggle for socialism;
- a clear set of demands aimed at securing for workers a living wage, job security; a safe environment, education, health care, food and housing and ongoing job creation;
- we need to develop alliances with other working class formations in advancing the demands of the broader working class;
- our demands will only be realised if we develop an international strategy to defeat capitalism.

Our engagement in institutions like NEDLAC must be aimed at getting the ANC-led government to implement programmes which immediately start addressing the

needs of workers

The current route taken by COSATU can never address the needs of the working class. We need to reject the notion that the "bosses' interests" are the "national interests". It has been shown over and over again that the interests of the working class are diametrically opposed to those of the ruling class. As workers become more resistant to talks of belt tightening and the need to be grateful that they are at least employed, so union leaders will be called upon to restrain the activity of rank-and-file members. This has very serious implications for the labour movement.

I have attempted to indicate what the implications are for organised labour (and the broader working class) if we continue to participate in institutions like NEDLAC on the present basis. Honesty of purpose is required by union leaders if we are true to our objective of socialism. It is very easy to be labelled ultra-leftist in South Africa these days. Just to mention the word socialism is often enough. Very often defensive trade unionism has been challenged (even from within the union movement) as being short sighted and narrow.

I argue to the contrary. All other forms of unionism have brought nothing but the decimation of the trade union movement and the demoralisation of workers. Most of our gains have been secured through the medium of struggle. We need, therefore, to develop a series of demands which consistently expose and resist the neo-liberal agenda. In addition, we need to develop a set of transitional demands as alternatives for taking South Africa forward. ★

This is an edited version of a paper delivered to a COSATU strategy workshop held during October 1995. The views expressed are those of the writer and not necessarily of the South African Municipal Workers' Union (SAMWU).

COSATU under the spotlight

COSATU has appointed a 12 person commission to investigate the future strategic direction of the federation. The commission, under the chairpersonship of COSATU vice-president, Connie September, will sit for a year. The project will be co-ordinated by Jeremy Baskin and Karl von Holdt of the National Labour and Economic Development Institute (NALEDI). Funding will be raised by COSATU.

Tasks

The main task of the commission is to examine the challenges facing COSATU in post apartheid South Africa in the context of global changes in the world of work.

To this end, it will focus on three areas of enquiry:

- Organisational questions, including union structures, level of service, staffing levels and competence, trade union benefits and unity with other federations.
- The world of work and the economy - employment levels, approaches to remuneration, globalisation and competitiveness and labour market policy. The issue of job creation is clearly at the top of the agenda. The commission intends to develop coherent alternatives on all these issues.
- The political role of the unions in the new South Africa.

by Deanne Collins

Method

COSATU does not see the commission as a departure from its previous work. Rather, it is intended to build on past struggles and experience. To this end, the commission will adopt two methods of enquiry: research will be combined with the knowledge and opinions of union leadership.

Public hearings in various centres are being explored as a means of ensuring the widest possible participation. Members of the commission include two ex-unionists who are now Members of Parliament (Phillip Dexter and Susan Shabangu) as well as representatives of the national leadership of most of the COSATU affiliates.

The commission vice-chair is Abraham Agulhas of the Chemical Workers' Industrial Union (CWIU). Two preliminary meetings have already been held.

COSATU sees the appointment of the commission as an affirmation of its role rather than an admission of weakness. In adopting this particular method of enquiry it is following a well trodden path - unions in Australia, the Netherlands and the United States of America have all undertaken similar investigations with positive results. ★

Labour market killing fields

*Suzanna Harvey unravels the reasons behind the massacre at
NF Die Casting.*

It is 3.30am on Monday 29 January. Phineas*, a National Union of Metalworkers of South Africa (NUMSA) shopsteward at NF Die Casting (NFD), is on his way to work. He is going to be late - but not for his shift; he is NUMSA's

representative observing recruitment of new workers today. Around 6 000

unemployed people have been queuing for 200 jobs since yesterday evening 6pm. From 3am they will be given numbered tickets, and allowed to wait on the company soccer field, off the streets so as not to disrupt other companies and traffic. At 7am, numbers will be drawn from a hat and 400 lucky ticket-holders will be interviewed and tested for 200 available jobs.

Phineas is with two of his

workmates. As they cross the bridge linking Alrode Industrial area to Kattiebong, they hear shooting, running, general pandemonium. They turn back, hide. They venture near again at daybreak. Bodies are lying in the street. Eight have been

...they hear shooting, running, general pandemonium. They turn back, hide...

shot dead and 25 taken to hospital. The dead and injured are both township and hostel residents.

On the soccer field Phineas finds United Workers' Union of South Africa (UWUSA) shopstewards handing out the tickets to those who continued to queue after the massacre. Shocked, he stops them. None of the representatives from NUMSA, UWUSA or company management had been present when the massacre occurred. They talk to lingering survivors and piece together a story.

The horror of these deaths made national and international headlines. What is the story behind the massacre?

Why did 6 000 queue?

Let us start our enquiry with the queue itself, and ask whether it is normal in Alrode for 6 000 jobseekers to queue all night for a handful of jobs. Recruitment in Alrode is normally accomplished through existing employees. Management informs unions of vacancies. Unemployment in the East Rand townships is phenomenally high: some NUMSA members estimate that for every adult family member who works there are three or four who don't, putting unemployment at nearly 75%. Workers secure vacancies for family members. Then there is always the factory gate where 50 000 jobseekers wait daily and recruitment through the Department of Labour.

These recruitment techniques keep jobseekers individualised, isolated from one another. Management would normally not wish the "reserve army" to gather together conspicuously, recognise itself, become an organised class force.

What combination of forces resulted in NFD's willingness to entertain and cater for such a huge presence of the unemployed?

The answer is twofold. The presence of rival unions in the factory made difficult the usual practice of recruiting through union structures. Then an extremely unusual third contender entered the picture: an organised grouping of the East Rand unemployed.

Unemployed force lucky draw

Back in time to early 1995. NFD is recruiting 105 workers for its "list" - a pool of trained workers who can be called in for absentee cover (a wonderful luxury for capital, courtesy the "5" unemployed). UCUA leaders are asked to announce this at the hostel. NUMSA finds out, insists that it too, must be informed of vacancies, spreads the word in the township.

NFD is one of the very few companies to be expanding and employing at present, due to large export orders. Before long over 100 jobseekers appear at NFD's gates each day. They do not just sit there. They campaign, they collectivise. They elect a delegation to meet management, demanding jobs and complaining that the company promotes nepotism by allowing workers to call in family. They are rumours that amongst their numbers are members of the grouping which besieged the new Pepsi plant in 1991 demanding jobs. NUMSA shopstewards are threatened.

NUMSA members fed up with threats and the menacing presence at the gate, march there to confront their critics. There ensues a meeting between the unemployed and those whom they accuse of conspiring to deny them jobs: the employed and the employers. Only a transparent system of recruitment will satisfy the rival organised groupings. This is how the lucky-draw system evolves.

To recruit the 105, the company prints numbered tickets. Each job-seeker is given one. The counterfoil goes into a box, and 200 tickets are drawn at random. This is how the thousands of applicants are cut down to a manageable number. The 200 are then aptitude tested and 105 selected. The system is cumbersome and inefficient, but the company is in a cleft stick, this is the only way it is allowed to recruit.

By 29 January, NFD could have had no doubt that this method of recruitment set up a volatile situation. A similar exercise had earlier resulted in a fatal shooting, probably the result of queue frustration, at SA Breweries, a kilometre distant. The massacre on 29 January was in truth a sequel to a chaotic first recruitment attempt a week before.

Dress rehearsal for massacre

Monday 22 January - the date initially set for the recruitment. Workers begin to queue.

from 3am By 7am when the gates are opened the queue stretches a kilometre. Within minutes the crowd storms the gates and accosts the Human Resources officer, grabbing the numbered tickets as well as his car, crooning "we need jobs, man!" He is gallantly saved by NUMSA shopstewards A fight erupts further up the queue A job-seeker, apparently heeding the call by Jay Naidoo for micro enterprise, sells snatched tickets to job-seekers at R5 apiece NFD has lost control of the tickets and of the event Recruitment is cancelled for the day The following day sees a march of 500 to the Department of Labour in Alberton complaining that NFD did not provide the promised jobs

We now know where the queue came from, and something of its history and social meaning. But why the massacre?

A look at why NFD was recruiting can throw some light on the puzzle. There were two reasons. About 100 workers were needed for a new contract. Another 100 would make up a third shift. The company would thus change from two 12-hour shifts to three eight-hour shifts.

Battle over shift systems...

NUMSA and UWUSA had diametrically opposed views on the three-shift proposal. NUMSA supported it. UWUSA opposed it. The roots of this difference lie partly in the different material circumstances of members of the two groupings.

NUMSA members are permanent township residents living with their families. A shorter working week is attractive to them, and NUMSA negotiated a pay adjustment which partially, although not totally, offset the lost overtime pay.

UWUSA members on the other hand are migrant workers residing in hostels. Recreational time with family is not a possibility for an uprooted migrant who is

keen instead to maximise his working time and hence his earnings.

The unions' failure to agree on this matter was a problem for management, since, although NUMSA has overall majority membership, UWUSA controls some key departments. Management suggested balloting each department only those departments supporting change would move to three shifts. But they also intimated that those not supporting three shifts could be retrenched. Negotiations over three shifts were never finalised with UWUSA.

... becomes inter-union fight to death

For the company to have proceeded with recruitment for a third shift can only have exacerbated UWUSA's fears of becoming marginalised. UWUSA membership stands at around 15% while NUMSA's tops 60%. Both unions are aware of the new LRA's 35% representivity definition. It follows that both unions were concerned that the extra 200 workers to be employed (comprising a good 20% of the workforce) should not fall to the other side.

It is possible that UWUSA saw the three-shift system as the manifestation of a perceived alliance between NUMSA and management; in truth the relationship between the two has improved in recent months. NUMSA sees the company becoming wealthy, successful, able to provide opportunities. NUMSA is not automatically opposed to moves towards expansion and export-class quality. Capital, which used to favour UWUSA during the early 1990s because of its docile workforce, now favours the more efficiently organised COSATU unions to assist it in its move towards world-class manufacturing methods. UWUSA is rightly afraid of being edged out.

A worker whose trade union has minority membership and is beginning to be ignored would normally join the other, more effective union. The situation is skewed when membership is tantamount to membership of



Scene of the massacre: now only a handful of jobseekers

a political organisation. Members of ANC-aligned COSATU unions do not survive well in Inkatha-controlled hostels. If joining the majority union is not possible, there remain two methods of political survival for the minority. It must either become the majority by ensuring that new company recruits join it. Or it can make it clear that should it be edged out, it would continue to make itself felt through terror from the outside.

Marginalised UWUSA fights for survival

What does Phineas bear from survivors that Monday morning? It is said that the shooting was aimed at only the rear half of the queue - 250m from NFD's gates. It seems that jobseekers from Tokoza hostel, the first to arrive on Sunday evening, made up the front half of the queue. Survivors claim that immediately prior to the shooting there was an organised rollcall and reshuffling of the front half of the queue by hostel leaders. The hostel people in the back half of the queue who were killed and injured were allegedly latecomers from hostels in outlying regions.

This version would suggest that the aim of

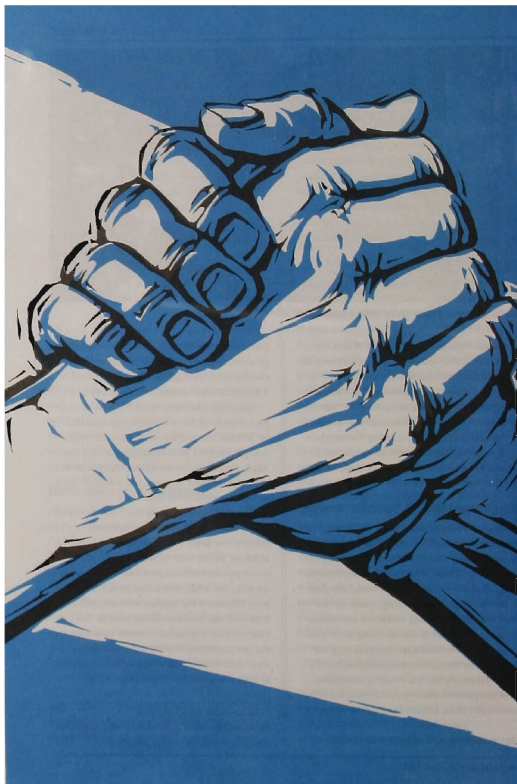
the massacre was to stop the recruitment process to prevent the three shift system, to exert power through terror, and to do all this without sustaining Inkatha casualties.

Since the massacre three NUMSA members have been isolated and attacked by Inkatha supporters who say that they will pick out NUMSA members one by one. Anglo-American, concerned about the effect of terror on their exports, has asked NUMSA to sign a productivity deal.

Three UWUSA-aligned men, one a current employee of NFD, have been arrested. Inkatha has marched to protest the non-arrest of NUMSA members. Perhaps the court process will in time throw more light on who did what, when and possibly even why. Whatever the legal system can offer, the legacy of the migrant labour system, the majoritarian dispensation in the new IRLA, the pressures exerted by mass unemployment and the culture of terror will continue to take their toll for years to come. ★

* Names have been changed.

Suzanna Harvey is a former NUMSA organiser. She is currently an IMUSA panelist.



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Wanted: a new economic policy

Our politicians appear to have succumbed to the view that the new global order and its concomitant neo-liberal economic regime cannot be challenged or even controlled in the home economy. Hence the political retreat now taking place in the country – a retreat marked by the virtual abandonment of interventionary economic policies, in the rolling back of the South African state, and reducing much of the Reconstruction and Development Programme (RDP) into something approaching a mantra.

Indeed, there is much breast-beating about the scale of unemployment, but no convincing policy or programme to address that severe economic blight, apart from vague generalisations about a 6% growth economy in or around the year 2000. It seems this 6% growth economy has already become no more than a sound bite, designed to mesmerise and further befuddle the unemployment problem. When workers are prepared to kill each in order to reach the front of the job queue, as happened recently (see pp 28-31), then clearly we face a new situation of extreme gravity – a situation which stands in marked contrast to the seeming complacency of the government in matters relating to the economy.

Reading and following much of the debate one perceives an inexorable rise of what are called political "spin doctors" who through their public relations skills have displaced serious political debate about real issues.

ANC economist Vella Pillay attacks the "fiscal discipline" and tight monetary policies of the government. He proposes that goals of development and employment creation should take precedence over money supply and inflation targets.

This has resulted in a process of depoliticisation and the parallel emergence of a society which is angry, violent, cynical and profoundly disinterested in the seemingly exclusive politics of parliament, the latter's tortuous procedures and the often impenetrable language of its practitioners. What one sees is the triumph of image over substance in an increasingly ideology-free zone, reflecting much of what goes on in America's "pork-barrel" politics.

Monetary and fiscal policy

How can monetary and fiscal policy be deployed to produce the conditions for sustained development, economic growth and employment creation?

Monetary and fiscal policies do not and cannot be considered as either independent of each other or independent of other

policies which possess an economic dimension. Thus monetary and fiscal policies must not only be consistent with each other but consistent with policies which deal with trade and industrial development, with mining, energy and other infrastructural programmes and even with supply-side aspects such as industrial training and other human resource requirements to achieve growth within a development framework. These then represent the dimensions of what we term macro-economic policy - all its constituents should together comprise a fundamental unity.

Mixed economy

This macro-economic approach requires, for its success, an area of the economy, usually the major public utilities, to fall directly under the management and control of the state. This implies a mixed economy with a viable state sector working in tandem and in harmony with the private sector.

Fiscal policy refers to the way in which government raises money (through, for example, taxes on individuals and business) to spend on services such as developing roads, health facilities, schools etc. Government will try to expand on the money available to extend such services.

Monetary policy relates to the issuing of money by a central bank, normally controlled by the government, as well as controlling the issue of credit by the commercial banks. This is usually undertaken by changes in the rate of interest.

SUID-AFRIKAANSE RESERWEBANK
SOUTH AFRICAN RESERVE BANK

Alas! Such an approach to macro-economic policy, which strongly featured in the programmatic documents of the liberation movement, now appears to have been sacrificed on the altars of what has come to be known as "monetarism". Budgetary and indeed the entire framework of fiscal policy is now severely constrained and tied to parameters set by the inherited volume of domestic public debt, the servicing of that debt and by arbitrary limits to the size of the budgetary deficit. This suggests that macro-economic policy initiatives directed towards steering the economy on to a viable growth path no longer exist and the economy is almost entirely managed by the South African Reserve Bank through its money supply and interest rates policies.

At the heart of the policy dispute in this country is the nature of the diagnosis of our problems. To many of us the central cause of the country's difficulties remains the poverty of our people - their lack of jobs and hence their inability to command the required purchasing power to support expanding output and investment. Here, alleviating poverty remains crucial to economic policy. That in turn calls for active intervention by the nation state in the economy and the creation of a public sector through which capital investment would be encouraged and thereby bring about a crowding in of private investments for the expansion of the output and hence of employment. This was the approach of the Macro Economic Research Group (MERG) study of 1993. That approach remains as relevant as ever to our present economic difficulties.

By contrast, the opposing view, which is now very much on the ascendancy, believes that subjecting our economy to the disciplines of monetarism, the global injunctions for open trade, the ending of tariff protection and exchange control on



Municipal worker in Johannesburg: low wages result in lack of purchasing power.

capital movements, the privatisation of public assets, other deregulatory measures and supply-side policies – all these are seen as the necessary preconditions for long term stability and sustainable economic growth. This approach to economic policy will fail dismally

Role of the state

Macro-economies cannot exist without a clear conception of the nation state. Whether economic policy makes the state loom large as a major player in the economic area, or reduces its role to one of behind-the-scenes activity, there is inevitably an underlying theory and indeed a practice about the way in which the state and civil

society are formed and interact. Sadly, in our country, there is an observed tendency to brush aside this implicit conception of the state. Yet that conception remains crucial because it informs and affects the way in which macro-economic processes themselves are viewed and managed

Considerable pressures on the government have been mounted by business and more generally the economic establishment in support of the view that the state should be regarded as an unnecessary interloper in the economy, namely that the state infringes upon that territory which should be left to the workings of the market and that all social and contractual mechanisms should be left to individual agents. This, today, is the dominant form of a set of arguments calling for the privatisation of public assets and the rolling back of the state in the economy

By contrast, by defining and establishing a basis for macro-economic policy, we are bound to accept the alternative instrumentalist notion of the role of the state – a state

which seeks to further certain explicit goals as set out in the economics of Keynes, and by present-day development economists who see it – the state – as much the more important and critical agent for economic growth.

This is not to underestimate the problems which tend to be associated with what is called the “instrumentalist” role of the state or for that matter the ability of governments to construct viable development strategies and to carry them out. It is also not to ignore other related problems such as corruption, nepotism and other departures from the rule of law which result from excessive and arbitrary power being accorded to the public authorities.

On the other hand, leaving everything to the market in a class-ridden environment marked by considerable inequalities in the distribution of income and wealth simply serves to exacerbate these inequalities. We have what are called "market failures", as reflected in the scale of unemployment we have at present, coupled with the evidence of sleaze and corruption associated with privatisation and the subjection of the national economy to the multinationals. These latter experiences have become endemic in those developing countries which have chosen to reduce the role of the state in favour of what are currently termed "market friendly" policies.

The East Asian experience

There has been significant economic and industrial progress in "Third World" countries in the period 1950-80. Even the countries of sub-Saharan Africa, which started with extremely unfavourable conditions, increased their share of world manufacturing production during the 1960s and 1970s. Much more significant in this experience was the success of the so-called "newly industrialising" countries of East Asia and some parts of Latin America in establishing scientific, technical and industrial infrastructures, in training their labour force, in creating managerial and organisational capacities and in developing broad based industrial structures.

How did this happen? In large part, and in particular in the East Asian countries, it is their long term economic strategies which assume extreme importance. The main issues which explain the dynamic of their industrialisation and their resulting powers in the international trading place were

- state intervention in industrial development,
- government regulatory policies designed to limit and define the areas of their integration with the world economy, and,

- crafting government policies towards regulating the impact of international competition on the domestic economy.

On these principles the East Asian governments pursued strong and purposeful industrial policies. Their interventions were designed to guide the market rather than conform to it. Moreover, these countries chose not to develop too close or comprehensive a level of integration with the world economy, rather they sought what was called "strategic" integration. In a word, the state adopted a whole plethora of measures to guide the market towards structural change.

Monetary policy issues

Our country's monetary policy is largely guided by the need to be seen by the outside world as a developed economy. This flows from a particular mind set which views the advanced economic sector - the white economy with its income and employment levels, its capital concentration and its seemingly sophisticated financial markets and banking structure - as the key object of economic policy. By contrast, the requirements of the other side of this advanced economy, namely the economy in which much of the life and labour of our black population reside, hardly occupies any attention in the construction and pursuit of monetary policy, except in seeking to curb wage advances and sustain the surplus-generating system of cheap labour.

These were the underlying considerations determining monetary policy since around 1985 - the year of the publication of the final report of the De Kock Commission. In its more formal structure this policy closely followed the orthodoxy of the "monetarism" of the major Western economies. In South Africa's case this meant:



Soup kitchen for the unemployed. There is no coherent policy to address unemployment.

- The separation of monetary policy from other areas of economic policy. This in the course of time became the rationale for extending the independence of the South African Reserve Bank and its authority over monetary policy.
- The interim constitution captures this well in declaring that the Reserve Bank "shall exercise its powers and perform its functions independently, subject only to an Act of Parliament". The Reserve Bank will be required, in these terms, to defend and protect the value of the national currency. This means that monetary policy will aim to achieve what is called monetary stability; conditions of relative non-inflation in the economy.
- That stability, in turn, requires that the Reserve Bank will seek to maintain interest rates at positive levels - that is, higher than the ruling rate of inflation by some appropriate margin.
- The key monetary regulatory mechanism is the "cost of funds" through frequent changes in the Bank rate - the official interest rate cost for the discounting of financial paper at the Reserve Bank. In the pre-1980 period the main such instrument was the Reserve Bank's willingness to advance funds to the financial markets through open market operations (the purchase and sale of securities in the capital markets). This latter practice of the pre-1985 period tended to avoid undue variations in interest rates.
- As in the advanced countries with their sophisticated financial markets and institutions, monetary policy in South Africa ceased applying all those prescriptive and regulatory practices of the past, which the apartheid regime had adopted in tandem with fiscal policy and other policies in support of its "grand apartheid" construction.

Impact

What we are concerned with here is the impact of this new orthodoxy in monetary policy on the national economy. The money supply was targeted generally to fit the tight money regime of high positive rates of interest.

This inevitably generated falling aggregate demand, rising bankruptcies especially of small and medium enterprises and increasing unemployment. In a word considerations of employment and economic growth and hence discretionary monetary policies related to macro-economic counter-cyclical requirements were abandoned and now substituted by rules on money supply targeting enforced through the real positive rates of interest.

However, the evidence available suggests that large tracts of the economy, including the commercial banking and financial sector, remain impervious to the cost of funds regulation of the Reserve Bank. This results from the fact that the monetary system is in large measure ruled by a banking cartel which stands at the heart of the country's massive conglomerate structure and which is managed and controlled by a formidable tangle of share cross holdings.

The four largest conglomerates, each of which owns a major banking group, control 75% of the Johannesburg stockmarket. These banks are the "big brothers" of the banking industry providing credit and other facilities not only to the constituent enterprise within each group but to the economy at large and thus possess powers to extend credit and lending independent of the level of the interest rate.

Indeed, in recent times, when several of these banks over lent it was the Reserve Bank which bailed them out. As we know, the prime rate of interest is normally applied to the constituent members of each

conglomerate whereas the penalising levels of the rate of interest ("prime plus") falls heavily on small and medium enterprises, hence their low survival rate in the economy.

Today, the prime rate stands around 10% and "prime plus" for small and medium sized enterprises at anything between 18 and 25%.

Foreign Exchange

The Reserve Bank's defence mechanisms for stabilising the exchange rate have been and remain fragile - apart from the relentless pursuit of relaxations in exchange control in the recent period, the Reserve Bank owns little more than \$2, billion of foreign exchange reserves with which to protect the rate.

This has led to external borrowings through credit lines from foreign central banks and through private borrowings abroad, particularly in the form of foreign trade credits and loans raised by commercial banks and traders. It is estimated that the country's short term foreign debt now stands at some R60 billion.

Another R60 billion has been invested by foreigners in South African company shares and securities. The latter can be withdrawn at will by the foreign investors - a danger which is ever present as shown in the case of the Mexican meltdown last year - and could lead to a disastrous run on the South African Rand. The Reserve Bank's management of the exchange rate has been marked by its unbridled determination to relax exchange controls and show the world that this country not only aspires to, but belongs to the big league of globalised finance.

Fiscal policy

Since 1989 the public sector's borrowing requirement to meet the deficit in the fiscus and the resulting indebtedness of the state soared to new heights. Between 1989 and

1995 the total national debt (inclusive of the debt of the so-called Bantustans) as a ratio of the gross domestic product (GDP) jumped from 44 to 56%. The nominal debt of the state sector has been rising by 20% a year and the share of interest payments on that debt to total government expenditure now amount to over 25%, or double the amount spent on health and about the same devoted to education.

All these numbers have been used to suggest that the South African state faces a debt trap – namely, the primary deficit which has become structural, resulting in increasing fresh borrowings by the government to meet the interest servicing of the existing debt.

This seemingly alarming situation results not so much from either a sharp increase in government expenditures or a reduction in tax receipts in the recent period. One of its causes is the significant sums of payments being given to the upper echelons in the civil service, including ministers of the previous government, in terms of their retirement – embracing tax-free severance payment plus pension. This not only sharply pushed up government spending but also bankrupted the pension funds of the state sector.

Deficit

The rising debt profile of South Africa has become the basis for the arbitrary fixing of the size of the budgetary deficit of the government at 5,8% of the GDP.

Whatever other consequences flow from the sharp rise in the indebtedness of the state, its actual size is far from excessive for a country with some 40 to 50% of its working population being unemployed. Indeed there are a number of countries in Europe with higher debt ratios than South Africa.

There is no reason why the budgetary

deficit as a proportion of GDP should not rise between 7 and 9% in current conditions. The impact of such a rise in the deficit would rapidly reflect itself in rising output and higher employment. Such an outcome could produce a virtuous movement of rising tax revenues and hence lowering of the budget deficits in the medium-term.

Policy alternatives

Monetary and fiscal policies need to be constructed within a macro-economic framework if they are to be the servant of the nation's economic progress. They must not only be consistent with each other but also with all the other key policy instruments within that framework. This in turn calls for a strong central state, possessing a clear vision and a decisiveness to employ the public sector as the principal zone of its intervention in the economy and thereby promote a "crowding in" impact on private investment.

A mixed economy, grounded in a partnership between a significant public sector and the private sector, are in these terms, the preconditions for relatively high growth rates in income and output with markedly lower levels of unemployment and of income inequality.

In terms of the policies now underway in our country such an approach seems to be being sacrificed, spelling a future of aggravating levels of unemployment, and an economy which goes nowhere in terms of the living conditions for the greater majority of our people.

This sombre outlook can indeed be avoided. There do exist viable options to the present run of economic policies. However, what they require is a new courage and determination in our governing institutions not to be intimidated by the threats of investor

confidence collapses and other similar pressures from the old establishment and the international financial institutions. The options which immediately suggest themselves are

- ↳ The key focus of policy should be directed towards mobilising and putting into productive employment our country's most important resource, namely our people. This implies policies which generate through rising domestic employment an ever widening domestic market with the latter becoming the mainstay of the economy and the basis for constructing a launch pad for a competitive structure of foreign trade relations. Our present policies are precisely the reverse of this approach and hence the feeble state of the economy's growth.
- ↳ We should demystify all those policy injunctions which seek to divert the country's macro-economic policy from redressing inequality and reducing the RDP into a mantra. This means that arbitrary limits to the fiscal deficit should be abandoned and fiscal policy should be structured around target levels of employment generation. Today, a feasible fiscal deficit as a ratio of GDP is around 7 to 8% and not the 5.3% being presently sought by the government. The funding of such a deficit can be easily managed by the restitution of the policy of requiring, by law, all the savings institutions holding one half of their assets in government bonds (the so-called "prescribed assets" system).
- ↳ A further process of demystification concerns monetary policy - the practice of enforcing arbitrary rules on money supply and credit and the penalising level of interest rates in the name of "fighting" inflation. The reduction of the effective rate of

interest to around 5% will save the government many hundreds of millions of rands in the cost of servicing the national debt. Further, such a rate will allow small and medium sized firms to flourish and expand employment opportunities.

- ↳ The protection of the largely infant sectors of our economy through an active tariff policy against foreign competition should be enhanced instead of the present trend which has already begun to decimate our manufacturing sector, and the textile and clothing industry, in particular.
- ↳ The further relaxation of exchange controls, especially on the capital account, should be abandoned. The alternative would be a scale of capital flight that could bankrupt our economy.
- ↳ These approaches to policy suggest a reversal of the present rolling back of the state in the management of the economy. This means the halting of the current programme for the privatisation of public assets and next, the construction of a purposeful macro-economic policy which brings together in a consistent whole all the instruments of economic policy: fiscal, monetary, trade and tariffs, labour market, transport, the social and economic infrastructure, industrial policy and much else in the pursuit of clearly defined objectives. The most important of these must be the creation of jobs and the reduction of poverty. ★

Vella Pillay is a member of the board of the National Institute of Economic Policy (NIEP). This is the text of a speech delivered at the Labour Negotiations School in March 1996.



Introducing NEDLAC

The National Economic, Development and Labour Council (NEDLAC) was launched on 18 February 1995. Four stakeholders are represented at NEDLAC:

Organised labour is represented by COSATU, FEDSAL and NACTU who directly represent two million workers.

Business is represented by Business South Africa (BSA) and the National African Federated Chamber of Commerce (NAFCOC).

Government is represented by ministers, deputy ministers and director generals from several ministries and departments including labour, finance, trade and industry, public works, the reconstruction and development programme office, and mineral and energy affairs.

The *community* is represented by the South African National Civics' Association (civics), the National Women's Coalition (women), the National Youth Development Forum (youth), the National Rural Development Forum (rural) and the Federal Council for the Disabled (disabled people).

Senior decision makers from each constituency are participating in NEDLAC.

Objectives

At the launch, representatives of the constituencies signed a founding declaration

by Tanya Rosenthal

which specified common goals:

- sustainable economic growth;
- greater social equity in the community and the workplace;
- increased participation of all major stakeholders in shaping policy on economic, labour and development issues.

The parties face major challenges in the achievement of these goals, not the least of which are the scale of transformation needed, global economic developments and pressure for delivery.

It is hoped that, through participation in NEDLAC, the parties will be able to enhance the process of democracy, co-operation and consensus in tackling South Africa's social and economic challenges.

Structure

NEDLAC's structure is designed to ensure that these objectives are realised. Four chambers have been set up to drive NEDLAC's work programme.

They are the:

- labour market chamber;
- trade and industry chamber;
- public finance and monetary policy chamber;
- development chamber.

Six delegates per constituency sit in each chamber. The chambers meet twice a month.

to draft reports and reach consensus. Experts and advisors are brought in to assist the representatives with their work.

The chambers make recommendations to the NEDLAC Executive Council (up to 18 delegates per constituency) sit on this Council which meets quarterly. The Council receives report-backs from the chambers, reviews progress and concludes agreements. Only if there is full consensus in the Executive Council can a recommendation from a chamber be changed.

About 300 participants attend the annual NEDLAC Summit which is chaired by President Mandela or the Deputy President. Participants receive feedback and inputs from a broad range of organisations and individuals.

The work done in the chambers, executive council and national summit is supported by the NEDLAC management committee and secretariat. The management committee oversees and co-ordinates NEDLAC activities at its monthly meetings. Chamber convenors and a delegate from each constituency attend these meetings. The secretariat, which employs 19 staff members, supports all structures, processes and negotiations.

Framework for social partnership

NEDLAC aims to provide more than a quick one-off solution to South Africa's problems. Its long term vision is to bring about, sustain and extend co-operation between the different social forces in this country. A great deal of emphasis is placed on facilitating the process of reaching consensus.

While process is important, however, so too is the need to develop a strategic thrust and agenda for the NEDLAC work programme.

A document from the secretariat, formally tabled at the Management Committee meeting on 13 October 1995, provides a starting point for developing NEDLAC's

strategic thrust.

The different constituencies have been holding detailed discussions on the document and have given preliminary feedback to the steering committee (specially convened to review the process proposals and make recommendations on how to proceed).

Process

A "process for agreement making and social partnership" has now been agreed upon by all parties. It will work as follows:

- Constituencies will prepare their positions.
- There will then be exploratory talks between the parties, where the constituencies will outline their priorities and targets, how they reached these decisions, and implementation strategies.
- The parties will then exchange their mandated positions and clarify areas of difference.
- Differences will be debated at a *hosheread* and consensus developed.
- Draft documents will then be negotiated and draft agreements presented at the executive council meeting.

Since then the constituencies have been developing their own positions. Discussions have been held at a steering committee set up for this purpose. The positions developed now await tabling in NEDLAC.

The executive council meeting will take place on 25 April 1996. At the Summit meeting on 1 June there will be a progress report or public announcement of agreements reached.

The development of the strategy will also be informed by research. The Management Committee has been mandated to investigate the feasibility, desirability and possible content of an



"accord for growth and development". Comparative studies will be done to assess the lessons of social accords internationally and to identify foreign and local expertise to assist the process.

Key areas in the secretariat document

While the social partners will identify what they regard as core issues, the secretariat's document outlines some possible areas for discussion.

The discussion document identifies four main strategic objectives:

- a strategy for growth and development, which results in growth levels substantially above 5%;
- attracting significant levels of new investment which create a substantial number of new jobs;
- a strategy to improve incomes generally and to create a higher level of equity;
- increase the productivity and labour absorbing possibilities of the labour market.

Wages and incomes

The document notes that South Africa has an adversarial industrial relations climate where conflict is fuelled over wages and conditions of work. The value of goods and services workers can buy has not increased in real terms, and there has been an increase in the number of unemployed and poor.

While the new Labour Relations Act (IRA) will contribute towards industrial peace it does not solve the conflict regarding real wage gains and job security versus productivity.

A starting point may be an approach that promotes improvements in real incomes for workers, increased productivity for companies and which encourages the employment of new

workers. The difficulty lies in implementing these objectives.

Possible solutions put forward by the secretariat include the development of a national framework for collective bargaining that promotes certain outcomes in industry level negotiations or provides a 'menu' of options for negotiations at industry level and a social wage (which would include lower prices on specified consumption, improved quality of public services, and public pension plans).

Investment and creating jobs

Growth in the economy does not necessarily produce an increase in the number of jobs. A growth strategy is needed that will deliver significant growth in the rate of employment.

One possible solution identified in the discussion document is an agreement concerning wages, employment, training and skilling, inflation and investment policies. This would help create a more stable labour market for foreign and local investors and also make their potential investments more easy to assess in the long term.

Thorough discussion is needed on ways of supporting and promoting small enterprises, worker share ownership and participation on board of companies so that workers 'buy into' a longer term strategy on wages and incomes; and a targeted policy to promote the employment of additional workers, by means of training subsidies or even wage subsidies for vulnerable categories of work seekers.

Reprioritising government expenditure

The government is faced with a high level of debt and interest payments, and the need to step up provision of basic services. Previous governments prioritised security needs above social needs, and consumption rather than capital expenditure. The discussion



document calls for a total re-evaluation of government spending

It also calls for the state to re-evaluate how it finances its expenditure. Should it, for example, sell state assets? Should it borrow from foreign or local sources?

Trade and industrial development

A strategy is needed to enable South African companies to adjust to the lowering of protective tariffs and become competitive, and to provide for the social and employment consequences of trade liberalisation. Such a strategy could include:

- ┆ supporting supply-side measures such as the maximisation of the skill and productivity of workers
- ┆ lower raw material pricing and lower transportation costs
- ┆ promotion of certain industries
- ┆ an assessment of South African compliance with international health safety and environment standards
- ┆ the phased opening up of our markets and obtaining access to other markets,
- ┆ measures to boost job creation to absorb the short term net job losses arising from restructuring

The way forward

These are some of the major issues being discussed and negotiated at NEDLAC. Based on preliminary feedback core areas emerging for consideration in an accord include:

- ┆ restructuring and democratisation of the workplace;
- ┆ initiatives to promote training and human resource development;
- ┆ investment and job creation with particular attention to infrastructure development, the role and control of pension and provident funds, local economic development and provincial development corridors
- ┆ industrial restructuring and its link to trade policy reform and job security;
- ┆ the link between bargained wages, wage improvements linked to productivity and the social wage

Future editions of 'Focus on NEDLAC' will report on debates around these and other issues. ★

Tanya Rosenthal works at the Sociology of Work Unit (SWOP) at Wits University. SWOP has been commissioned to research and write 'Focus on NEDLAC' for the Labour Bulletin.



NOTICEBOARD

April

25 Executive Council meeting

June

1 Summit
13 Chambers meet

May

2 Chambers meet
17 Special Executive Council meeting to prepare for annual Summit
30 Chamber meets



What has NEDLAC achieved?

Since its was launched NEDLAC has survived several crises and produced some significant, albeit few, agreements. More importantly, it has prepared the ground for substantial agreement-making in 1996.

Agreements reached

At the top of the list of the agreements reached in NEDLAC thus far is the new *Labour Relations Act*, which will be implemented later this year. The new Act facilitates a more equal balance of power between employers and trade unions. This means that labour relations disputes that may arise in the future are likely to be resolved peacefully, with less cost to society.

The partners in NEDLAC have also reached agreement on several *International Labour Organisation (ILO) conventions*, including those concerning the right to freedom of association (convention 87), the right to organise and bargain collectively (convention 98), the abolition of forced labour (conventions 29 and 105), and discrimination in respect of employment and occupation (convention 111).

Agreements were reached on the establishment of an *investment centre* to promote direct foreign investment, and on the creation of a *competitiveness fund* to enhance technical and marketing support for small, micro- and medium-sized enterprises (SMMEs).

There has also been agreement that, while a national development agency is being conceptualised, a transitional national development trust should be established. The transitional trust was launched last October.

Key issues on the agenda

NEDLAC is currently working on several

important issues which are in various stages of consideration. The Ministry of Labour's green paper on *employment standards* (which will replace the Basic Conditions of Employment Act and the Wage Act) was tabled in the Labour Market Chamber on 22 February. Negotiations on this document must be completed by the end of June. The implementation of the LRA is also being discussed.

The Labour Market Chamber has commissioned research to gather information on trends in collective bargaining. Copies of this research are available from NEDLAC.

The Development Chamber is looking at redefining the *Masakhane campaign*, as well as at the government's *urban and rural development strategies*. The Department of Housing will soon present a report on developments in housing policy to NEDLAC and dialogue about the housing delivery will then commence.

In the Trade and Industry Chamber, work has almost been completed on an agreement on including a *social clause* in trade agreements in order to protect human rights. The Chamber is also working on supply-side measures, the social plan and on trade negotiations with the European Union.

The Public Finance and Monetary Policy Chamber's work up until now has focused on the *1996/97 national Budget*. This chamber is now in the process of formulating its work programme for the rest of this year. It has already decided to continue its work on a new Budget process and on the Katz Commission and Smith Committee reports (both of which deal with taxation policy).

THE NEDLAC STRUCTURE

National Summit

- Gives feedback and receives inputs from a broad range of organisations and individuals
 - Chaired by the President or Deputy President
 - 300 participants
 - Convened annually

Executive Council

- Receives report-backs from chambers, reviews progress, reaches consensus and concludes agreements
 - Chair rotates amongst constituencies
 - Up to 18 delegates per constituency
 - Meets quarterly

Management Committee

- Oversees and co-ordinates
 - Convenors of delegations in each chamber, plus an additional delegate from each constituency
 - Meets monthly

Chambers

- Draft reports, reach consensus and make recommendations to the Executive Council
 - Six delegates per constituency
 - Meet frequently

Labour Market	Trade & Industry	Public Finance and Monetary Policy	Development
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Secretariat

- Supports all NEDLAC structures, processes and negotiations
 - 19 staff members



Breakthrough public sector agreement

Two weeks of intensive bargaining at the Public Service Bargaining Council (PSBC) have resulted in a framework agreement on wages and conditions of employment in the public sector.

The agreement is the culmination of several months of negotiations and co-operation between unions and government and will have far-reaching consequences for the public service.

Both government and unions are claiming a major victory. For unions, the agreement delivers significant wage improvements for many of their members, including unskilled workers, nurses, police personnel, and professionals. While a minimum salary increase of 7,5% has been agreed, adjustments of up to 14% are possible. The minimum wage has been improved from R1 100 to slightly over R1 400 a month. For government, the agreement provides significant opportunities to rationalise the public service through a process of rightsizing.

The comprehensive agreement comprises four inter-related programmes. These are:

- a three-year remuneration adjustment strategy largely facilitated by an improved and streamlined grading system;
- the rightsizing of the public service in accordance with available financial resources;
- a voluntary severance package to assist the programme of rightsizing;
- restructuring of pension benefits for the public service.

The wage gap between the highest and lowest paid has been reduced only

by Imraan Patel

marginally - to 19:1. Government proposes, however, to further reduce the gap to 17,8:1 in 1997 and to 12:1 by 1999. In the face of labour market constraints, particularly the shortage of skilled managers and professionals, further reductions may be difficult to achieve. To be sustainable, further reductions in the wage gap must be complemented by similar reductions in the private sector.

Significant progress has been made in changing the wage relationship between different groups of workers. The extent of the changes will only become apparent once the system is fully implemented within government departments and provinces. In general, greater parity has been achieved between administrators and the providers of services. Significant progress has also been made in reducing the wage gap within many of the key occupational classes including administrative staff, nursing, teaching and policing. The agreement lays a solid foundation for improved labour relations in the public service. However, its success will depend on the parties' ability to address four subsidiary issues.

Thrashing out the details

The agreement is only a framework agreement. Detailed provisions have yet to be agreed between the parties. This will be done during a follow-up round of negotiations.

Some of the important details still to be developed include the consequences of rightsizing on actual employment numbers. Because of the different membership composition of the various employee organisations, significant differences are likely to emerge between them on appropriate rightsizing measures.

The role of the consumers of government services in the process of rightsizing has also not been clarified. Urgent guidance in this regard is required if rightsizing is to harmonise with the process of extending and redistributing government services to previously disadvantaged communities.

Implementation

Agreements reached at national level set out broad parameters within which government departments and provinces must implement them. One of the factors responsible for significant levels of industrial action in the public service in the past has been breakdowns in the implementation of national agreements within departments, provinces and particularly institutions.

Various reasons have been put forward for this breakdown including incapacity as well as favouritism and discrimination. Proper training of officials within departments and provinces is required as well as effective monitoring and appeals systems. Improvements in the capacity of employee organisations may be required to ensure effective implementation.

Impact on unions

The agreement is bound to impact on unionisation within the public service. In the face of possible job losses, larger numbers of unorganised workers (currently estimated at more than half of all public servants) can be expected to become members of a recognised trade union. Their choice of union may alter the current balance of power within the Bargaining Chamber and thus impact on the

implementation of this agreement and the development of future agreements.

Alliances and possible mergers can be anticipated between the many employee organisations within the Central Chamber to strengthen bargaining positions. Already, this process has begun with the formation of a federation by three of the more conservative employee organisations (the Public Servants Association, Public Service League and South African Nursing Association) in the public service. The total membership of the new federation is approximately 250 000, making it the fourth largest federation in South Africa. The development of such alliances would play a significant role in the final shape of the programme of rightsizing.

Transformation

Although not stated, the agreement signals an intention to effect widespread changes in the nature and organisation of the public service. Major transformation in the form of changes in workplace organisation, workplace democratisation, training, career development and personnel management are required. Many of these issues are being addressed outside of the bargaining process, for example, by the Presidential Review Commission on the Public Service. The successful implementation of the agreement will hinge heavily on whether the agreement can be harmonised with other government processes.

The latest agreement provides significant opportunities for improving the working conditions of public servants and thus of reducing the level of industrial action. This must be offset, however, against the possibility of labour unrest generated by ineffective implementation of the agreement and the difficult and controversial process of rightsizing. ★

Imraam Patel is Public Sector Researcher at the National Labour and Economic Development Institute (NLEDI).

New communication union to be launched

A new union for workers in the communications industry will be launched in May this year. The union - to be called the Communication Workers' Union - will incorporate workers in the broadcasting, media, postal and courier, telecommunications and telecommunications' manufacturing industries

The Post and Telecommunication Workers' Association (POTWA), which is spearheading the new union, will be dissolved immediately before its launch. The merger will bring together POTWA's 30 000 members and the 10 000 members each of the largely coloured and Indian South African Postal and Telecommunications Employees' Association (SAPTEA) and the Post Office Employees Association of South Africa (PEASA). All three organise at Telkom and Sapos (SA Post Office)

President of POTWA, Ramateu 'Lefty' Monyokolo, says that his union has already begun to organise within the SABC and is creating a department specifically for these workers. SABC workers who are members of the South African Union of Journalists (SAUJ) have shown interest in POTWA as well

Indicating POTWA's break with long-standing COSATU policy, Monyokolo declared that "Communications is an industry on its own and if communications is an industry on its own

by Matthew Ginsburg

then we do not belong to the public sector union."

The Central Executive Committee of POTWA met in September 1995 and communicated in writing to COSATU that it did not intend to participate in a future public sector union

According to Monyokolo, POTWA officials were given an opportunity to explain their position at a meeting of the COSATU Central Executive Committee and their arguments were taken under consideration

However, COSATU's highest body ordered that the union adhere to the original 1989 resolution on a single public sector union, a resolution to which POTWA is a signatory. Monyokolo seemed unfazed by the official rebuff. His response?

"SAMWU and NEHAWU must go ahead with the public sector union. We may join them, together with other public sector unions, at the second stage. This will also depend on demarcation discussions within COSATU." ★

Matthew Ginsburg is an MA student in the Sociology Department, Wits University. He is originally from the United States

Empowering the supervisor at SA Engineering



SA Engineering is a structural steel and heavy engineering workshop. It employs some 600 hourly paid workers - about 350 permanent and 250 on temporary contract. The National Union of Metalworkers of South Africa (NUMSA) has 250 members and the United Workers Union of South Africa (UWUSA), SA Iron and Steel, SA Boilermakers and a fifth union have 30-50 members each.

In 1992 SA Engineering was told by its corporate head office that its confrontational industrial relations and strikes had to end, and that consultants had been hired to help make the change. After initial reservations, the company MD became committed to what was called the "democratisation" process. "There was change in the country. If we wanted to survive, we also had to change," he explains. "We had to change our management style. We knew the expectations of our workers would change dramatically."

The programme consisted of surveys of worker and managerial attitudes and a series of "diversity workshops". This programme clearly did not aim to democratise the workplace. Its main aim was to change the "culture" and the "attitudes" in the company, and it was therefore a typical "value sharing" programme.

The MD says the programme "sensitised us to different approaches in the rainbow nation. The attitude of black workers

Management at SA Engineering' has introduced 'democratisation' and a 'Workplace Improvement Programme'. What do these changes mean for management? What have they meant for workers and their unions? Have the NUMSA shopstewards managed to assert their own agenda for change? Last year Karl von Holdt visited SA Engineering on the East Rand to find out.

changed. We as management also realised the need to resolve disputes through talking. Now there is more trust and compromise."

Soft issues and bottom-line issues

But "value sharing" was not enough. The MD recalls feeling that "something very big was missing". The company "needed to move from the soft issues to bottom line issues". Accordingly, another group of consultants was called in at the end of 1994, to introduce a "Workplace Improvement Programme" (WIP).

According to the MD, "Democratisation was more of a social responsibility

programme. WIP is directed towards the bottom-line, to profits. All bottom-line programmes entail reduction of costs, number cutting and maybe deskilling through automation. This can annoy workers and they will sabotage you. You can only introduce such a programme if they trust you. It is important to start with a democratisation programme before you introduce the bottom line programme. Trust is very important."

WIP is essentially a programme to "empower" the supervisor. "The shopstewards have taken over the role of the supervisor to some extent," explains the SA Engineering works manager. "They bypass him. WIP will help restore the supervisors' authority."

While WIP is driven by a team of senior managers, its main thrust is to devolve managerial authority and decision-making to the supervisors. The aim is to develop a more flexible, cost-conscious management on the shopfloor so that quality, waste and delivery targets can be achieved. WIP requires a "multi-skilled" workforce that can be deployed to the range of different tasks that arises in a big engineering workshop. "Teamwork" should be built between supervisors and workers through 'green area' meetings every morning. WIP focuses on providing training, systems and support for supervisors.

It is not surprising that management strategies should focus on frontline supervision. The supervisor-worker

relationship has been the frontier of apartheid in most South African workplaces. Power and resistance have been defined and fought out along this frontier. Any attempt to develop a new workplace consistent with a democratic society - and able to meet international competitive pressures - will have to negotiate a new frontier, and new relationships at the frontier.

Management union relations

Managers at SA Engineering say relations with NUMSA have improved and become more co-operative. The MD believes "NUMSA made the transition work. They could sink us if they want to - their communication is excellent - but they sold the process to their members." Production managers say there are fewer wildcat strikes and



less antagonism on the shopfloor. As an example of the programme's success, all managers quote the fact that workers and shopstewards reported for work after only two days of the three day stayaway/three week national wage strike in 1992. As another example, they say shopstewards recently persuaded members to work overtime to get an export contract out on time.

But managers also express some anxiety about relations with NUMSA. "After the new shopstewards came in there was some toying. It looked like we were heading for a big confrontation - but it came right," said a production manager. "We have good relations but it could blow up," said the MD. He referred to ongoing "psychological warfare" and to the fact that "NUMSA used to rule this place." The HR manager said "They don't appreciate the benefits. They haven't changed attitudes even with the new government. They complain that we don't consult, but they do participate."

Managers also indicate mixed feelings about the success of WIP. After human resource managers had given me a glowing account of the success of attitude changing, production managers told me productivity, costs and deliveries are affected by "terrible industrial relations." The reason was "low morale" because of wages. "We are trying to encourage participation but the shopfloor is not interested. They say the money is too little. They are not interested in being happy or participating unless there is money."

One manager told me people are only working "at 10% capacity - bearing in mind that the maximum you can ever get is 20%. The objective of WIP is to double productivity."

The production managers seemed quite pessimistic about how to overcome this "morale problem", since the company is not currently very profitable. In the longer term they believe multi-skilling will reduce the

number of workers and increase the pay of those who remain. One suggested profit sharing or a performance bonus. Another suggested reducing the number of pay systems to increase fairness and equality. Everyone - management supervisors, shopstewards - agreed that income tax for workers is too high, especially on overtime.

No negotiation

Shopstewards have their own perspective on the problem of morale. They say the mutual respect preached by the "value-sharing" programme is not practised on the shopfloor and WIP was never negotiated with them. Management called them to a meeting to inform them about the WIP consultants. Because they had not been consulted prior to the consultants being appointed, and they got no clear picture of their role, they withdrew from the meeting.

"Management must forget about being alone," say the shopstewards. "They must negotiate. We should have representatives in their decision meeting so they cannot make decisions alone."

"Productivity is important," they say. "Even NUMSA says so, or workers will lose their jobs. It is all of our responsibility, managers and shopstewards. But we cannot do it without information." Even if there was more information they say, WIP cannot work unless there is a wage increment.

The shopstewards acknowledge that management is more prepared to negotiate, that there are fewer disciplinary and dismissal cases and there is less overt racism on the shopfloor, but they deny this means there is trust. "They trust our hands but not us. We fight and press and negotiate - that does not mean we are close. Most of the time they don't compromise. If the company was transparent we could work well."

They say they agreed to work overtime on the export contract or they would

have lost their bonus. They explain that the return to work during the 1992 stayaway/strike was the result of conflict among shopstewards. The shopsteward chairperson did not get a mandate to return to work. Conflict increased when managers showed they regarded some shopstewards as reasonable and others as militant. "The chairperson was meeting management alone." Last year, after SA Engineering participated in COSATU's mass action on 6 June, the "reasonable" shopstewards opposed participating in the 19 June half-day stayaway. "Workers dismissed them," explain the current shopstewards.

Supervisors: agents of change?

The two supervisors I interviewed at SA Engineering were generally positive about WIP. One emphasised the new skills he has learnt: "Our job is to motivate workers, set goals, communicate. We try to solve problems immediately before they get too big and become grievances." Management stresses that all queries or problems raised by workers must be resolved within 24 hours.

In earlier days, according to this supervisor, "we were one-sided. We always supported the artisan when he complained about his labourers. Now we see both sides. If there is a dispute we call them both in and discuss it."

The second supervisor described the change more simply: "In the 1980s if someone caused a problem you could take a hosepipe and *donner* the shit out of him. Now we get their own people to discipline him." WIP could work, he said, but the obstacle is that workers don't understand it and want to know how it will improve their wages. "A lot of WIP is what we do on the shopfloor anyway," he said.

Both supervisors say there is reasonable participation of workers in their 'green area'

meetings. Most suggestions seem to be about improved housekeeping. "If I don't work with the people, they can work against me," said one. "Some workers don't feel free to come forward," commented the other.

NUMSA shopstewards have a very different perception of WIP and 'green areas'. According to management, it is the foremen's task to keep workers informed about WIP, but "they only tell us that WIP means keeping the workplace clean and making work easier," according to shopstewards. "Sometimes you hear a foreman saying WIP is a waste of time, we don't know why. We don't know the targets. They plan alone and then come and tell us."

In the 'green areas', say the shopstewards, "only the supervisor talks. It is used for management instructions, safety and housekeeping. The workers just go there to sit. If you ask for new overalls or boots, the supervisor says the company has no money. If you ask a question, he has to ask his superior for an answer. There is no discussion about work or about priorities. They just change the job in the middle."

Management is aware of problems. "Supervisors should talk to workers in the 'green areas'," says the HR manager, "and all problems must be solved there. However, most supervisors don't do this, so workers are uninformed." The MD says most supervisors became supervisors "because they were *bardegat* or clever. They were never provided with managerial training." How do they respond to the WIP training? "Some flourish, some crumble."

A fundamental problem in the WIP strategy is that it depends on the same supervisors inherited from the previous era. There is only one black supervisor and he supervises an area where all workers are black. Shopstewards believe most



supervisors became supervisors because they were white "How can I respect him? How can he tell me my job? The company says I must get a Std 10 to become a supervisor - but I work under a man with a Std 6"

The shopstewards say they have learnt about team work and green areas from MSA. They believe they should elect team leaders, there should be time for proper discussion and they should be rewarded for profitable suggestions. "We offered to explain how green areas should work. We also want them to explain how they understand green areas. They have never responded."

Multi-skilling

Production managers and supervisors are enthusiastic about multi-skilling which they see as an integral part of WIP. But as with green areas, shopstewards and managers have very different views on training in the company.

Each supervisor is in charge of training in his department. He draws up a skills profile of the workers and decides who should be trained and how.

Both supervisors spoke with pride about their efforts to multi skill workers - teaching labourers how to operate grinders, workers to do different kinds of welding operations, grinders to use cutting torches and drive cranes.

Shopstewards on the other hand are sharply critical of the fact that there is no negotiated, clearly defined training programme. They say it is not clear when training begins or ends. The foreman may neglect the training, change the training half way or fail to complete it. He may prevent an operator from picking up different skills on different machines. Workers who do receive training frequently find themselves back in the same job with the same pay.

The MD says the company can only upgrade "multi skilled" workers when more skilled jobs become available. He

argues that multi-skilled workers have better chances of promotion, and will be better placed to find a job if they become unemployed. He is disappointed that trained workers are refusing temporary work at higher grades because they want permanent regrading.

Shopstewards argue that there should be a proper training course with permanent upgrading at the end of it. It should be clear to everyone who is being trained, for what, how long it will last and with what benefits for the trainee. At the moment everything is decided by the foreman and "we are in the dark". White supervisors are "rewinding us, not promoting us". They delay training and promoting black workers "because they fear for their jobs". Certain machines, they say, are reserved for whites.

Shopstewards also say it is more difficult for workers to be promoted now because the company requires higher educational qualifications. They say such qualifications were never required in the past. White supervisors, and those who occupy skilled jobs, do not have the Std 8 or 10 certificate required of blacks. Shopstewards refer to an affirmative action committee meeting where a white supervisor argued that only a person with the right educational qualifications should get promoted. "But he himself does not have education, he has to ask us for help with spelling."

In this context of conflict over skills and training, shopstewards view the adult school established by the company with mixed feelings. While workers get one hour of company time, matched by an hour of their own time, to study, and many have taken advantage of this, the requirement that they improve their schooling before they are promoted makes the school seem like an obstacle to progress.

The shopstewards argue that affirmative action should deliver training and upgrading with increased pay. There is an affirmative

action committee, but they say NUMSA has little influence as it has only two delegates and the majority on the committee oppose affirmative action. The white SA Iron and Steel shopstewards, on the other hand, say management is "making problems" with affirmative action.

Discipline

Managers and supervisors believe the "value-sharing" programme and WIP have produced more co-operative relations with shopstewards. "I have been telling the supervisors for years to use the shopstewards when they have disciplinary problems, because the shopsteward has a mandate," says the works manager.

The supervisors agree. "If I have a problem with someone I use the shopsteward," commented one. "It is the best way to work. He can hammer or bend the worker more than me. He can get the workforce behind him. I can get the whole workforce against me."

The shopstewards explain how they deal with such cases. "We do discipline members where there is a problem like lateness or absenteeism. We call the person to the shopsteward committee and question him. If he does not tell the truth we take him to a general meeting where the workers can discuss and decide on the case. They may suspend him for a week. If he does not mend his ways we allow management to dismiss him without defence."

The shopstewards say it is important "to show management and workers that we are here to work". Sometimes the "very same guy" wants shopstewards to present a case for adjusting his rate. And shopstewards can avoid trying to defend hopeless disciplinary cases.

Is WIP working?

The interviews at SA Engineering show that management and union have very different

perceptions about whether a "change programme" is working or not. Management says there is more trust and cooperation. Shopstewards deny it.

Underlying these different perceptions are different goals and concerns. So is WIP working for management?

To an extent it is. There is less overt conflict and industrial action. At least some of the supervisors are becoming more effective managers. There are fewer disciplinary cases or grievances. In this new climate it is easier to negotiate - formally or informally - with shopstewards over production and disciplinary issues.

However shopstewards feel WIP has been imposed on the workplace and there is no genuine participation or negotiation on fundamental issues. This is likely to limit the productivity gains management is seeking, especially in a jobbing shop where machines cannot set the pace. "Value sharing" and WIP are unlikely to solve the "morale" problem.

The wisdom of placing the supervisor at the centre of WIP should be questioned. More effective supervisors may benefit both management and workers. But many white supervisors will not or cannot easily change their ways. They are a source of conflict with black workers. This limits attempts to dismantle the

frontier of apartheid.

Management has clearly invested considerable resources in the company school and in training. But again, control by the supervisors generates resentment on the shopfloor and limits the potential benefits.

Management has avoided negotiating a framework for change that would allow workers to challenge or re-educate supervisors. A clear agreement on training and promotion or on green area participation would empower workers to hold supervisors accountable. Autonomous work teams would allow work to be organised in new ways.



But management prefers to retain control of the shopfloor and of skill development. Even if WIP has limits, the changes have made it easier to manage production. That may be enough for management to declare it a success.

Is WIP working for the workers?

WIP and "value-sharing" has had benefits for workers: a school for adults, less racial conflict, a management more prepared to negotiate. But it has not addressed their central concerns: better pay, transparency, information and negotiation over change, real power to participate on the shopfloor, a training programme that improves their skills and pay. WIP "empowers" management, but keeps the union on the sidelines.

Management programmes often cause conflict, confusion and division over strategy among shopstewards. The SA Engineering shopstewards have their own experience of division and the problems it causes. They meet twice a week, and urge shopstewards to "be observant - management has many dangerous strategies in the new SA".

The shopstewards are extremely active in the workplace. Last year they mobilised pickets and marches in support of the industrial council negotiations and COSATU's mass action. They call frequent meetings with management to address grievances.

As a jobbing shop dependent on big contracts, SA Engineering employs a large number of temporary workers. Shopstewards have concentrated on negotiating problems connected to this, with some success. For example, the company has agreed to register groups of temporary workers as permanent every six months.

The shopstewards have been able to use NUMSA's three year programme to

critique management strategy (see *SA Labour Bulletin* Vol 19 No 2). But they have been unable to seriously shape the agenda for change. Their proposals and demands have not been accepted, and they have not managed to initiate a campaign to pressurise management to negotiate these issues. In 1994 they proposed a boycott of 'green areas' to workers, but the workers rejected this. "They said we must just go and sit there, because we are paid for that time."

The example of SA Engineering indicates that NUMSA has made impressive progress in equipping shopstewards to understand management strategies and develop their own ideas. But it has not yet equipped them with the tactics and strategies to assert their shopfloor agenda for change. They are left with the tactics of withdrawal and boycott.

Negotiating on these issues is difficult. One problem is that company restructuring often means loss of jobs. Managers hint at this in the interviews quoted above. This makes it extremely hazardous for shopstewards and their union to agree to restructuring. Another problem is that issues are complex and cannot be dealt with in traditional structures such as the general meeting. The shopstewards suggested one shopsteward should be trained and given time to canvass the views of workers. This could then serve as the basis for negotiations.

Unless unions can overcome these problems and help shopstewards to assert their workplace agenda, management is unlikely to meet workers' needs. The union will stay on the sidelines. While workers see WIP as a failure because of the low level of participation and co-operation, it may well be a success for management purposes. ★

* SA Engineering is a fictional name

Life assurance and long term financial planning



DEPENDING on a person's individual needs, various assurance policies are available. In this issue we take a closer look at three of them.

Life policies

When we talk about a life policy we are in fact speaking of a whole life policy. This is one of the cheapest types of assurance and pays out only at death within the guaranteed term. One can add a disability benefit at extra cost, which means that the policy will also pay out if the insured person becomes disabled.

Endowment policies

A whole life policy fulfils the basic need of a benefit at death or disability. Another type of policy pays out at a preselected date. This is called an endowment policy. Endowment policies have become very popular in recent years.

One of the reasons for their popularity is that one can choose the maturity date – the date the policy will pay out. One could, for instance, decide to take an endowment policy with life cover over fifteen years. If one should die at any time within this period, the policy will pay out the full benefit, and should one live to the maturity date, the proceeds will be paid out then. With an endowment policy with life cover one can save, be it for a house, a car, studies, or for whatever reason with the advantage of having the full financial benefit in the case of death.

Retirement annuities

A retirement annuity is a policy which is specifically aimed at providing a pension or, if

one already has a pension, to supplement it. The main difference between an endowment policy and a retirement annuity is that in the case of an endowment policy the full proceeds are paid out at a specified date, whereas a retirement annuity will pay out only a third of the available capital at the pre-specified age, the rest provides a life-long monthly income, or pension.

With a retirement annuity you can choose your retirement date between the age of 55 and 70. One has no access to the build up retirement capital of a retirement annuity before the age of 55.

Tax benefits

According to current legislation there are certain tax advantages in taking out assurance. The death benefit paid out on a whole life policy is not taxable. Neither is tax payable on the proceeds from an endowment policy.

In the case of a retirement annuity one is actually encouraged to provide for old age in that one's contributions are deductible up to a statutory maximum.

The Katz Commission has recommended greater concessions than are applicable under current legislation. At the end of the term up to R120 000 or sometimes even more of the lump sum can be tax-free. The balance is paid out as a monthly pension and this part is taxable as income.

Nico van Gijsen

Senior Media Relations Practitioner

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MONEY, MONEY, MONEY

I'M GETTING MARRIED
IN THE MORNING

LEAVING ON A JETPLANE

WHEN I'M 64

IF I WERE A RICH MAN

ROCK A BYE BABY

OH TEACHER

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Interview with IMSSA National Director, Thandi Orleyn



Can you start by telling us something about your background?

Oddly enough, I am a human rights lawyer by profession, although I also worked as an Independent Mediation Services of South Africa (IMSSA) mediator before becoming the National Director! I commenced my studies at Fort Hare in 1977 and became the first black woman from the Port Elizabeth townships to graduate in law. I subsequently studied at the University of South Africa (UNISA) and

started my legal career as an articled clerk with Kondile & Somyala Attorneys in Port Elizabeth. Subsequently I joined the Legal Resources Centre (LRC) as an attorney and eventually became the Regional Director in Johannesburg with responsibility for a staff of 30 including nine attorneys and five candidate attorneys.

I sit as a trustee on various trusts and was involved in establishing the National Consumer Forum. While at the LRC I was a member of the defence team in the Constitutional Court case on the death penalty.

I joined IMSSA as the National Director in July last year. One of the largest cases we have mediated since I joined was the Municipal Workers' strike last spring, which I mediated with Charles Nupen. Also, late last year, I participated in an International Conference on Genocide and Impunity in Rwanda.

What is IMSSA's role now that the Commission for Conciliation, Mediation and Arbitration (CCMA) is being established?

IMSSA has welcomed the establishment of the CCMA. We see many opportunities to assist the CCMA in its work, and while we will retain our independence we also plan to seek accreditation from the CCMA in due course.

Firstly, it will take some time before the CCMA is fully operational, and we can assist them in getting established by providing training and other support

Secondly, there will be opportunities for IMSSA to continue providing mediation and arbitration services to companies and trade unions on the basis of private arrangements.

Thirdly, IMSSA can assist parties who are not in dispute to deal with complex issues through facilitation processes.

Fourthly, we can design dispute systems for particular sectors.

IMSSA has already had contact with the CCMA with regard to providing training in conflict resolution skills, focusing particularly on mediation and arbitration, for the new Commissioners

I am sure that we will also be assisting the CCMA in other ways as well. If the CCMA is correct in anticipating a workload of around 30 000 cases annually, they will certainly need assistance from IMSSA!

Fundamentally, and perhaps most importantly, IMSSA will continue to offer an independent, professional, quality service on a voluntary basis and at affordable rates

How should companies and unions approach dispute resolution within the framework of the new Labour Relations Act (LRA)?

Under the Act, collective bargaining is primarily a matter for the companies and the unions themselves. It is important therefore that companies and unions should look first to their own resources and capacity

It will obviously be easier if they can agree to their own arrangements for resolving disputes. IMSSA can assist both companies and trade unions to build their own capacity in conflict management and

dispute resolution through our various training programmes and relationship-building initiatives.

We also assist parties to structure mediation and arbitration arrangements with IMSSA, whereby we can dedicate the services of skilled mediators and arbitrators with expertise in the particular sector concerned

Secondly, industry groupings should determine their dispute systems in the new bargaining councils. IMSSA can also assist here by designing effective dispute systems or adapting existing systems to the new legislation, and through providing training to the councils.

Thirdly, parties may approach the CCMA. However, the CCMA is likely to have a substantial work-load and we would encourage parties to make their own private arrangements except in areas where the CCMA will have exclusive competence.

Many non-government organisations (NGOs) have collapsed or are struggling to get funding. How is IMSSA managing to survive?

It is true that times are difficult for many non-government organisations. Perhaps the NGO sector has been too cushioned in the past when significant funding was available for NGOs from overseas donors. NGOs did not have to report, evaluate and account for funds as they do now. And there was little real measurement of impact or demonstration of results.

What is clear is that the old days are gone. Good track records are not enough. All we have to recommend us is the quality of our work, and IMSSA is only as good as its last intervention.

There is more competition out there, and not just with other NGOs but with the private sector as well. We need to be

cost focused and customer focused, and to concentrate on delivering quality outputs

Like many other NGOs, IMSSA has depended on overseas funding. However we have embarked on a strategy for sustainability which involves identifying new target groups and income generating opportunities.

The objective will be to secure a diverse funding and income base within South Africa. The strategy will include working with government structures to deliver programmes in terms of the Reconstruction and Development Programme (RDP).

We will need to compete for this work, and have already tendered successfully to the Department of Land Affairs to administer a land mediation panel.

We are also reviewing our own internal costs and budgeting procedures, to ensure that we are running as efficiently as possible. However, our strategy for sustainability is much more than simply looking at income and expenditure. We are developing a new organisational culture, which will focus on encouraging people to work in new ways and this will mean that empowerment and training will be critical components.

How will IMSSA structure its relations with government?

IMSSA will continue to be an independent organisation. We will continue to service the corporate sector, trade unions and communities. However, there is a clear emerging role for us to assist government departments through offering conflict management and dispute resolution systems as a vital component in the delivery of RDP programmes.

We can best do this as an independent organisation - indeed this very

independence is what will be attractive to government!

We see no contradiction between our independence and contracting with government departments. We have a diverse customer base and an increasingly diverse funding base and by maintaining and expanding our work into new areas we can best assure our continuing independence.

What is IMSSA's approach to affirmative action?

In the past IMSSA was perceived as a white male organisation. And most of those white males were lawyers! This has changed.

After Charles Nupen left IMSSA we lost quite a number of other staff who identified new opportunities elsewhere. Some are even joining Charles at the CCMA! This has given me the opportunity to build a new management team.

We now have a staff profile that is increasingly representative of society as a whole. Apart from having a black woman director our staff profile is 65% black and we currently have more women than men working for IMSSA.

We still have some work to do to ensure that the profile of our panelists is more representative, but here too we have made progress. Our affirmative action policy is designed to ensure that we can recruit from all sections of society on the basis of merit. The profile of IMSSA staff, panelists and the board is monitored every three months through an Affirmative Action Audit, which is available to the public.

We have a highly qualified, highly motivated staff and we are fully committed to staff development as an integral part of our affirmative action policy. We also run a highly successful internship programme for young black graduates interested in conflict resolution. ★



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Labour and the South African arms industry

During the 'total onslaught' era of the 1970s and 1980s South African society became increasingly militarised as vast amounts of national resources were mobilised in defence of apartheid. This included increasing levels of military spending and the establishment of a domestic arms industry.

Due to its access to resources, by the end of the 1980s the arms industry had developed into one of the country's largest industrial sectors, employing nearly 160 000 people (10% of total manufacturing employment). A large number of people employed in the arms industry were highly skilled (for example scientists and engineers).

As demand grew, so the private sector became increasingly involved in armaments production. By the late 1980s there were over 800 private sector companies involved in armaments production, either as contractors, sub-contractors or suppliers to ARMSCOR, the state arms acquisition and production agency.

These firms were spread across a number of sub-sectors such as iron and steel, non ferrous metals, metal products, machinery, electrical machinery, motor vehicles and parts, transport equipment, and chemical products. In 1989 the value of domestic arms production accounted for 7% of total manufacturing output and nearly 2% of Gross Domestic Product (GDP).

*by Peter Batchelor and
Penny McKenzie*

Defence cuts

Since 1989 South Africa's defence budget has been cut by nearly 50% in real terms. This is the result of the ending of apartheid and the Cold War and the re-prioritisation of government spending towards social services and the RDP. The 1995/96 defence budget of R10,5 billion amounted to 7,1% of total government expenditure (15% in 1989) and 2,2% of GDP (3,3% in 1989). This year's budget has seen further cuts. The total allocation to defence is now R10,2 billion (2% of GDP).

The bulk of these cuts were achieved through reducing the equipment budget, whose share of the total defence budget declined from nearly 50% in 1989 to 27% in 1995.

Restructuring

The cuts in the equipment budget have had a dramatic impact on the domestic arms industry, which has been forced to downsize and restructure in order to survive. In 1994 domestic arms production declined to 4% of total manufacturing output and 1% of GDP.

Defence firms in the public and private sector have used a number of adjustment strategies to minimise the impact of defence

cuts. These have included retrenching workers, reducing and/or halting arms production, increasing exports, international joint ventures and producing for the civilian market.

The value of arms exports rose from R230million (1990 prices) to R604million between 1989 and 1994. Arms exports as a proportion of total manufactured exports increased from 0,7% in 1989 to 2,5% in 1994.

Restructuring has, however, led to large-scale retrenchments. Since 1989 the arms industry has shed over 100 000 jobs. Semi-skilled and unskilled labour has been hardest hit. In most cases the retraining of workers for civilian jobs was not considered. The mainly-white, skilled defence workers who were retrenched have relatively scarce or easily transferable skills. They have been, in many cases, able to find alternative work in South Africa or overseas. This category of workers totalled around 15 000 out of a total workforce of 50 000 in 1995.

The future of the arms industry

Since the April 1994 elections the defence budget, and particularly the equipment budget, has continued to decline. In the 1996/97 budget, defence has taken a further 5% cut. This has profound implications for the domestic arms industry. At the same time, the government has not developed policy on the future of the arms industry.

Privatisation of state assets will also impact on the future of the arms industry. Privatisation inevitably results in retrenchments as companies attempt to become more profitable in order to provide short term returns to owners and shareholders. Denel, which inherited all of ARMSCOR's production and research facilities in 1992, falls under the auspices of the Department of Public Enterprises. If Denel is privatised, or restructured so that the private sector acquires a stake in it, this could have negative consequences for the

company's 14 000 employees. Many of the divisions of Denel are not profitable or commercially viable and would probably be closed down or rationalised if it is privatised.

The shrinking international arms market could lead to further retrenchments. Labour needs to develop policy options on the future of the arms industry, taking into account ethical, economic, political and strategic considerations.

Conversion

Conversion is probably the most appropriate adjustment strategy for South Africa's arms industry. Conversion is the shifting of military resources (ie land, labour, finance and equipment) to civilian purposes. The conversion of South Africa's arms industry should be linked to the broader processes of demilitarisation and democratisation. Government, in conjunction with organised labour, management and other interested parties could develop a national conversion strategy, linked to industrial, labour and technological strategies. This strategy should be geared towards redirecting the country's military, industrial and technological resources towards meeting development needs.

A crucial element of conversion would involve the retraining of workers, given the shortage of skilled workers in South Africa. Government could use various policy tools such as subsidies and tax-breaks to assist and encourage conversion.

Conversion presents an opportunity to redirect South Africa's scarce industrial, technological and human resources towards meeting the country's development needs, while at the same time eradicating the destructive legacy of militarism which still pervades South African society. ★

Peter Batchelor works for the Centre for Conflict Resolution and Ivany McKenzie works for the Group for Environmental Monitoring

Swaziland:

edging closer to democracy?

More than 100,000 workers heeded a call by the Swaziland Federation of Trade Unions (SFTU) to participate in the biggest, longest, most costly national strike in Swaziland's history which began on 22 January and lasted for nine days. The strike, which plunged King Mswati III's government into crisis, was called to demand the unbanning of political parties and the repeal of the Industrial Relations Act of 1995 which criminalises strike action and mass meetings called by union federations.

At least one person (a 16 year old girl) was fatally shot, allegedly by the police, and several others were critically injured in battles with security forces. Three SFTU leaders, president, Richard Nxumalo, secretary general, Jan Sithole and assistant secretary general, Jabulani Nxumalo were arrested. They were later released on the orders of the high court. Activists were arrested, tortured and beaten by the police. Some are still in hiding.

The strike cost the country over R1 billion. People were without water, electricity and fuel supplies for days. The opening of schools was also delayed for two weeks.

Build-up

In its new year message to the nation SFTU called on workers to intensify the struggle for the realisation of 27 demands set three years ago (see Dlamini, S. 'The old order is dying' in SA Labour Bulletin Vol 19 No 1). Government had failed to meet the a 31 December

The recent strike in Swaziland brought together a coalition of social and political forces, led by the trade union movement.

Kuseni Dlamini argues that this new approach will have a decisive impact on the politics of change in the country.

deadline previously set by workers. It warned government of a 'tough year ahead'.

The underground People's United Democratic Movement (PUDEMO) also issued a new year message threatening to 'make Swaziland ungovernable through mass action to bring about political change in the country'.

The pace was set by mass action led by the women of the Association of Street Hawkers on 4 January. Mhahane and Manzini (the administrative and commercial capitals respectively) were brought to a virtual standstill. The action was supported by members of the Swaziland National Association of Unemployed People (SNAUP), Swaziland Youth Congress (SWAYOCO) as well as PUDEMO and SFTU. This was the first-ever mass action led by women traders.

Achievements

The strike brought together a labour-led

coalition of social movements and underground political parties around a common set of demands. The mass action gave ordinary people confidence in their capacity to challenge the regime directly. It demonstrated the ability of the labour movement to bring together the majority of the people of Swaziland. More people attend SFTU mass meetings these days than they do royal meetings addressed by the king despite the fact that chiefs and the radio station play an active role in 'encouraging' people to go and listen to the king.

The fact that organisers could get a huge number of people to participate in a nine day stayaway is a remarkable achievement. The majority of workers did not heed the king's call to return to work on 30 January, but only returned to work after a call by the SFTU. Mswati's test of his own authority failed dismally. Even those who did heed his call and return to work on 30 January probably did so because it was month end and, as schools were about to open, people needed to collect their wages.

A long history

The January stayaway was not a sporadic or spontaneous event. It was a culmination of the struggles waged in 1994 and 1995.

One of the achievements of the 1994 struggles was the creation of a tripartite forum comprising government, employer and worker representatives to look into 27 demands lodged by workers.

The forum recommended that government meet the demands. Despite an initial undertaking by the government to do so, it did not abide by its promise. The SFTU started mobilising for another national stay-away early in 1995. Government was given until 13 March to respond to workers' demands.

With no response from government, workers throughout the country either stayed at home on 13 March or attended a mass rally held in Mbabane. Rallies were also

organised in other towns. For the first time ever, bus owners co-operated with unions, ferrying workers from different parts of the country to the main towns to attend rallies.

In Mbabane, thousands of workers marched through the streets, chanting and singing political songs. Several shops were looted and damaged. Members of the Royal Swaziland Police and its riot squad were overwhelmed by the mood of resistance.

In Manzini, a massive rally took place. SFTU warned employers not to fire any worker for participating in the stayaway. In most cases, employers heeded the call.

The stayaway cost the economy over R100million in lost production and damage to property. One of the major achievements of the stayaway was the recognition of May Day as a paid public holiday. A government gazette issued a few weeks after the stayaway proclaimed 1 May as Workers' Day.

Surge in strike action

When the stayaway ended on 14 March workers resolved to give government seven more days to meet their demands or face another stayaway. In the interim, there were a number of strikes in different companies. At the Sappi-owned Usuthu Pulp Company in Blunyu (20km south of the capital Mbabane), 600 workers went on strike on 23 March in protest against management's decision not to pay them for the two days of the national stayaway. Management was eventually forced to pay workers for the two days.

Another major strike by workers employed by the Water Services Corporation took place in Mbabane on the same day.

Taking the battle to court

On 25 March the government sought a court interdict to declare a proposed SFTU mass meeting illegal. However, the high court ruled that nothing precludes a union federation from holding a meeting with its

Staying away again?

The victory over May Day strengthened workers' resolve to continue with the struggle for the realisation of all 27 demands put to government.

They gave the state until 17 July to meet all their demands. SFTU mobilised its members for yet another national stayaway which was to go on until government responded positively to workers' demands. This was to be the third national action spearheaded by SFTU in the country within a period of four months.

Government responded by banning the stayaway and openly declared war on workers and their leaders. Opening a shopping complex in Pigg's Peak, (65 km Northwest of Mbabane), on 14 July, King Mswati warned that there "will be bloodshed" should the strike take place. He warned the 'perpetrators' to be careful "not to create division, and lead the country into a state of anarchy". Meanwhile government hastily drafted and printed a gazette banning the strike.

The regime mobilised its forces for battle. On 16 July, the day before the stayaway, heavily armed soldiers and police were deployed in the country's major cities and towns. Military helicopters hovered while police hippos were driven around. Every gathering of three or more people was monitored by security force members wearing civilian clothes.

Holding back?

On 16 June SFTU held a meeting attended by at least 10 000 workers, to decide whether to go ahead with the stayaway. After heated debate it was agreed to postpone the stayaway, to allow a tripartite body to look into the remaining demands.

This was an intensely contested position which, according to some commentators, threatened to divide and weaken SFTU. Most workers were unhappy with the executive's

proposal that government be given more time. By the time a vote was taken many workers had left out of disillusionment and impatience at what they saw as delaying tactics on the part of leadership.

Some accuse the leadership of having agreed beforehand with government and employers to suspend the stayaway without a mandate from workers. A document signed by two SFTU committee members and SFL leaders appeared on the front page of Swazi newspapers the morning before the meeting. It read, "the nation should be at ease. The negotiating teams have reached an understanding, the details of which will be announced on 16 July, after SFTU have communicated with their members."

Why did the SFTU take this decision? According to one unionist, "we feared for workers' lives because the state had already deployed its security forces around the country and we had information that some British military officials and right wing Afrikaaners from South Africa have arrived to offer 'assistance' to the armed forces and the police here."

Worker dissatisfaction did not, however, translate into widespread disaffection with the leadership and SFTU. Worker victories over the last few years have made them value the importance of unity under solid leadership. However, their disappointment was reflected in very poor attendance at a meeting called by SFTU the following week at which workers passed a vote of no confidence in the government and called for its immediate resignation. They also demanded the halting of all retrenchments and warned the government to refrain from intimidation and harassment of unions and their members.

Supping with employers?

Employers were eager to prevent another stayaway. They blamed government for the continuing impasse, as they had met some of the demands which directly concerned

them such as disclosure of information and consultation with unions before retrenching. Employers portrayed themselves as innocent victims of a conflict between the state and labour.

The executive director of the federation of Swaziland Employers (ESE) Musa Hlophle, says employers believe in constructive engagement with the unions. ESE played a key behind-the-scenes role in convincing government and SFTU to set up another tripartite forum to look at workers' demands.

Through the tripartite forum SFTU managed to bring employers closer to its side and got them to support the workers' position on the controversial Bill. The wedge between the regime and employers ensured the sidelining of the former.

In a joint protocol on the controversial Industrial Relations Bill which criminalises strike action called by a union federation, the employer federation and SFTU submitted that "a union federation has a right to protest, to promote or defend the socio-economic interests of its members".

The protocol reached and signed on 2 October 1995 was, however, disregarded by the government and parliament. This provoked a public outcry.

A united front for democracy?

In November 1995, SFTU convened an historic meeting attended by banned political parties and other progressive social movements to work out a "common strategy" to overthrow the undemocratic Inkhundla (traditional councils).

This meeting was unprecedented. By bringing together organisations of unemployed youth, women, church and others, SFTU has enlarged the field of confrontation and struggle in Swaziland.

In the late 1980s and early 1990s SFTU shunned anything which it saw as political. It concentrated on bread and butter issues affecting workers. It did not see the lack of democracy in Swaziland as an issue that could be taken up by the union movement because that would "compromise the autonomy and independence of the trade unions". The new approach has had a decisive impact on the politics of change in Swaziland. It marks the emergence of a labour-led project to deepen and advance the struggle for democratic change in Swaziland.

Whither Swaziland?

Mswati's announcement that a Westminster type constitution will be revived has been



Violence erupts during the stayaway in Manzini.

dismissed by many activists as a public relations exercise to appease the international community which was getting concerned about the situation. Real democratisation will hinge on a legitimate process presided over, not by the king's brothers or puppets, but by a democratically constituted body representing all the sections of Swazi society. Such a body cannot afford to leave labour and the democratic forces out as other bodies have done in the past. Labour can equally not afford not to be part of such a body because the stakes are high. SFTU's call for a National Convention has already put the labour movement at the forefront of the process of change and it is such a body which can have the necessary legitimacy to manage the transition to democracy in Swaziland.

SFTU's initiative to form a United Front is a step in the right direction. The process of

struggle in Swaziland has so changed that the current conjuncture necessitates the formation of a strong coalition of forces for a process of change in which the labour movement will be central. Another stayaway was supposed to take place on 19 February, but was postponed to give negotiations a chance.

If the government fails to negotiate in good faith and continues to renege on its promises, Swaziland will be plunged into a crisis of immense proportions. A royalist coup that will clamp down on democratic forces was widely rumoured during the January stayaway, and cannot be ruled out in the future. Can southern Africa afford that? ★

Kuseni Dlamini is a Rhodes Scholar and former Kibunya College and Natal University student currently reading for an MPhil in Sociology at Oxford University in the UK

South Africa's position

On 27 January President Mandela's office announced that the president had no immediate plans to get involved in the dispute in Swaziland. This was after strike leaders had requested him to do so. The president was, however, said to be "keeping a watchful eye on the situation". Meanwhile the South African Foreign Affairs parliamentary committee met on 7 February to discuss the crisis in Swaziland. The committee expressed its concern and said that South Africa was willing to play a facilitative role if requested.

COSATU

The mass action also received support from the Congress of South African Trade Unions (COSATU). COSATU announced that it would request a special meeting of the Southern African Trade Union Co-ordinating Committee (SATUCC) to consider forms of solidarity action with Swazi workers.

On 8 February the South African Communist Party (SACP), COSATU, the National Council of Trade Unions (NACTU)

and the South African National Civics Organisation (SANCO) met a SFTU delegation in Johannesburg and resolved to endorse SFTU's demands and set up a solidarity committee on Swaziland.

The Afrikaner Weerstandsbeweging (AWB) made its own intervention. It went to Swaziland to tell the government that the general strike was master-minded by South Africa's national intelligence service which it alleged had supplied funds and logistics support to the SFTU. The Swaziland foreign minister wrote a letter of protest to South African foreign minister, Alfred Nzo, complaining about South African interference in the country's internal affairs. The AWB is understood to have offered to provide military support to crush the strikers. This is not the first time the AWB has reportedly been involved in Swaziland. In the build-up to South Africa's democratic elections they went to Swaziland and had secret meetings with senior officials. An AWB military base was later discovered in north-western Swaziland next to the border fence with the former KaNgwane homeland. ★

The MIF-ICEF merger

structural adjustment for solidarity

Last November over 1 000 delegates from trade unions representing nearly 100 countries assembled in Washington DC in the United States of America (USA) to celebrate the birth of a giant new International Trade Secretariat (ITS)

The International Chemical Energy and Mineworkers Federation (ICEM) unites all the unions around the world that were formerly affiliated to the Miners' International Federation (MIF) and the International Chemical and Energy Federation (ICEF). Boasting some 20 million affiliated members, this makes the ICEM the newest and probably the biggest International Trade Secretariat (ITS)

This may well be the first in a series of mergers in the international trade union movement, as organisations which were formed in Europe in the late 19th century seek appropriate structural formations to protect workers' interests into the 21st century

Structural adjustment...

Structural adjustment has a bad name amongst trade unionists, especially in Africa,

by Mike Murphy

where it has come to mean the imposition of conditions for aid disbursement to governments by bodies like the World Bank and International Monetary Fund (IMF). Often the consequence of these "structural adjustments" has been serious job losses, especially in the Public Service sector, and usually without the promised economic recovery that was the main incentive for the national governments' adoption of a structural adjustment programme (SAP)

...of another kind

The formation of the ICEM represents a structural adjustment of a different kind. Trade unions have always sought to respond to the challenges presented by capital, so as to better defend workers' interests. The rapid changes in the global economy signalled by the end of the Cold War, the corresponding shrinking economic influence of nation states and the parallel development of trans-national corporations as the dominant actors in the world



economy have detonated challenges which trade unions ignore at the risk of their rapid extinction over the next two or three decades. These challenges demand structural adjustment at all levels within the trade union movement, internationally, nationally and regionally.

Within the African region, the ICEM is probably the largest industrial sector grouping, with some 550 000 organised members, more than 80% in mining. Of these members, around 450 000 are in South Africa, a reflection of the fact that South Africa's economy is four times larger than all other sub-Saharan African economies combined.

Outside of South Africa, unions in Africa are generally structurally weak. A recent study of the southern African region revealed that, on average, southern African unions (excluding South Africa) have recruited only 1.4% of their potential members, despite labour law dispensations that have, for the most part, been reasonably facilitative of recruitment.

Multiplicity

More serious than low unionisation levels in the region is the multiplicity of small - even micro - unions, with very little potential of survival except in the context of handouts from wealthier trade unions in the "North". In this context the slogan adopted by the ICEM at the founding congress is particularly apt, "Unite and Organise". Kwame Nkrumah's African nationalist response to the plethora of totally economically unstable states bequeathed by the departing colonial powers in the 1960s - "Africa must unite" - may be profitably echoed in the regional trade union context in the 1990s.

Certain structural factors within the ICEM sectors could help to make this slogan an achievable goal in the African context.

□ Mining is the key wealth-creating

industry and the biggest sectoral employer in the region and the signs are that the growth spurt in Asia over the next decades could reinforce this reality.

- The mining unions in Africa are probably the largest and best organised and they have a sub-regional solidarity organisation of some ten years' standing (the Southern African Miners' Federation) as a potential launching pad for serious organisational development work amongst the ICEM unions in the region.
- The chemical sector in Africa dovetails closely with the mines, and the ICEM merger will encourage closer collaboration between mining and chemical sector unions.
- The electrical power sector is about to undergo rapid expansion and reorganisation in the region, as Eskom is set to become a regional transnational corporation. This will create a powerful impetus for the greater unification of energy workers in the region.

Conference

The question of how to realise ICEM's "Unite and Organise" slogan will be the subject of a strategic planning conference for all the ICEM's affiliate unions in Africa in August this year.

The conference, scheduled to be held in Johannesburg, will review research which is currently being conducted by the ICEM on the economic challenges facing ICEM affiliates in Africa over the next decade. It is anticipated that many of the "structural adjustments" which will be necessary in the ICEM-affiliated unions over the next few years will become evident in the light of the economic challenges facing these organisations. ★

Mike Murphy is the Regional Training Co-ordinator for the ICEM Africa Region

The value-added approach to sharing company wealth

By Gideon Skhosana

Value added as a concept is nothing new. It has been around for more than 200 years. Economists have been using the concept in national accounting for over 100 years, yet it is only in the last 20 years that accountants have started to realise its usefulness.

Value added is a performance measure and it reports the wealth created by a business entity over a period of time. It can be defined as sales minus bought-in materials and services and therefore only reflects the wealth created by those who participate in the business. The value-added statement (VAS) has become a recognised part of annual reports in South Africa since 1977.

According to the South African Institute of Chartered Accountants, 80% of the Top 100 companies as ranked by the *Financial Mail* published a value-added statement in 1991. Only 32% of these companies published a value-added statement in 1982. The increasing interest in value-added statements is probably due to its relevance in the context of prevailing economic and social conditions in South Africa. The value-added statement has been described

as the simplest and most immediate way of putting profit into proper perspective vis-a-vis the whole enterprise as the collective effort of capital, management and employees.

Seven advantages may derive from including a value-added statement in the corporate report of a company. Each of these has some relevance to the poor performance of the South African economy in recent years.

- ↳ Improved "team spirit" within the company. It is hoped that reporting on value added would secure some changed attitudes so that employees would become more co-operative, would put in more effort and perform better. The enthusiasm for value added is partly in reaction to the fact that "profit" is a dirty word to many workers. Among the value-added enthusiasts one finds those who sincerely believe that the workforce deserves the dignity of explicit recognition as responsible participants in the process of adding value.
- ↳ A value-added statement in the corporate reports offers a clear measure for the introduction of productivity improvement schemes.

- It directs attention to employees' share of the value added, and to trends in that share over time.
- It directs attention to the government's share of value added and to trends in respect of that share over time. It also makes clear that corporate tax is a cost to the company and that it reduces potential retentions and funds for reinvestment. It therefore counteracts the belief that only the shareholders will suffer if the burden of corporate tax is increased.
- It directs attention to the funds generated internally to replace and expand fixed assets, i.e. to depreciation plus retained income for the year. Studying the trend in this ratio over time would reveal a slow decline in many companies who find themselves unable to reinvest sufficiently to maintain modern plant and equipment that compare favourably with those of their foreign competitors.
- It provides a very good measure of the size and importance of a company

Alternative methods for ranking companies are sales revenue or capital employed. Sales can be misleading, however, as the figure could be inflated by huge amounts of bought-in expenses. Similarly, capital employed is misleading because it can make a capital-intensive company with few employees seem more important than a labour-intensive company in a key industry. The

Financial Mail ranks the Top 100 companies according to adjusted total assets. Value-added could identify far better those companies where most economic activity is taking place.

- The final advantage of the value-added statement is that it reports on the company's contribution to the national economy, since a major goal of economic policy is economic growth.

It would help economists if value added was consistently and uniformly reported by all major companies. The benefits to be derived from widespread value-added reporting might therefore include better government statistics and better forecasts, more timely and accurate use of the instruments of economic policy, and hence the smoother running of the South African economy.

At the moment the biggest disadvantage is that no standardised accounting procedure exist. This means that the statements have been characterised by a host of different practices and disclosures which makes comparisons between companies very difficult. It is possible, however, to adjust the value added of different companies to render them comparable.

Finally, it must be noted that value added is not the only measure to be used when measuring productivity. If used alone it could be misleading. Ideally, it should be used together with other measures like "realist", a productivity measure developed by the NPI

Organising nurses

The contribution to the debate on organising nurses by Gwede Mantashe (SA Labour Bulletin Vol 19 no 6) is most welcome and will serve to deepen our understanding of the complex nature of the task facing us. But most importantly it will instil a sense of urgency on the part of the COSATU with regard to organising "professional workers" and nurses in particular.

We wish to state from the outset that no-one should blame the nurses for taking strike action. They have for decades endured appalling working conditions and are the lowest paid of all the professional groups.

In our response we will deal with the debate in a manner that seeks to find a constructive solution.

We must state that we disagree with some of Mantashe's assertions and the conclusions that he has arrived at. We do not agree that the answer to the organisation of nurses is the formation of an "independent" nurses' union outside COSATU.

On the strategic importance of bringing the majority of nurses and indeed all workers, into COSATU we are all agreed. However, we do not believe that Mantashe or COSATU have well considered the implications of forming a nurses union or assisting to form one.

NEHAWU's contribution

Since our inception in 1987 we have made a deliberate effort to organise nurses into NTHAWU. This is because we appreciate their strategic importance in the health sector. Because the project needed special

NEHAWU argues against the formation of a separate nurses' union.

effort, in the late eighties a national nurses organiser was appointed to concentrate on the co-ordination of this project. We established separate forums where nurses as a distinct group discuss and address issues specific to them. A co-ordinator of each forum sits in constitutional structures at all levels to make input on matters specific to nurses.

To date, we have been able to organise in the region of 40 000 nurses. This should be seen against the background of nurses being compelled to belong to the South African Nurses Association (SANA) and the fact that until recently nurses were prevented from joining unions.

Organisational weaknesses

In organising nurses we had, as a union to face up to some organisational weaknesses. The fact that we organise across sectors encompassing many different occupational groups has meant that we could not concentrate fully and equally on all groups. Our structures are currently under review to accommodate and deal with this shortcoming.

A separate union?

The COSATU approach is based on the understanding that if we do not organise

nurses into a COSATU-friendly union, the formation of a union hostile to COSATU is inevitable. It is assumed that if COSATU assists in the formation of a union, this union would affiliate to the Federation in the future and eventually become part of the new Public Sector union in COSATU.

It is by no means guaranteed that such an approach will work. During the nurses' strike, as Mantashe points out, the leadership of this action was openly hostile to the democratic movement as a whole, and did not want to hear anything from trade unions. There were consistent calls for unions to stay out of the nurses' struggle, and the leaning towards organisations opposed to the democratic transformation process.

The implication of forming a nurses' union is that NEHAWU must transfer its 40 000 members or have a COSATU sponsored formation organising parallel to us. This could lead to tensions and confrontation on the ground which will not serve the objective of bringing nurses into COSATU.

Organising professionals

The 1994 COSATU congress adopted a NEHAWU sponsored resolution on "organising professionals". Our failure to give effect to this resolution and mount a concerted campaign to get nurses and other professionals into the Federation has meant that actions such as these by unorganised workers will continue to occur and every time this happens we will all point fingers.

It is our view that we need to consider carefully the progress made by the Federation and especially NEHAWU in regard to organising nurses and other professionals. The methods we employ in this situation must be informed by work that we have already done and build on

the achievements we have made. Any tactic that demobilises the groundwork already laid will not work in our opinion, and will therefore face resistance.

COSATU affiliates have yet to penetrate management echelons. An audit of the level of organisation of any group of professionals within any COSATU affiliate will reveal the same shortcomings faced by NEHAWU. There are approximately 180 000 nurses in SA, and NEHAWU has organised 40 000 - under the circumstances stated above, this achievement is enormous.

Obviously nurses will be the focal point of any programme that emerges. We should revisit the 1994 Congress resolution on organising professionals and see how best it can be implemented.

Our problem with an approach that seeks to isolate nurses from the rest is that other professional groups will demand their own union. Our members who are social workers have already hinted that there is no reason for them to be treated differently from nurses.

Worse still, each professional group will demand and get its own negotiation's chamber where wages and conditions can be negotiated. (This was one of the demands of the nurses' strike.) If this were to happen it is going to fragment the wage policy of the public service and inflationary salary increases will be the order of the day.

The problem is that nurses feel that in a multi-sectoral organisation such as ours, their needs are not fully addressed and their professional interests neglected.

To us, the key issue is to accommodate nurses and other professionals in our union in such a manner that they do not feel neglected and can actively participate in the structures of the union. If COSATU is to release any resources for a nurses' project or a wider professionals' project,.



Nurses feel their needs are not being fully addressed

this project has to be located within NHAWU

Organising from within

Our CEC of December 1995 took a firm decision against the formation of a nurses union or giving assistance to such formation

If we do not assist the South African Democratic Nurses Union (SADNU) and the Democratic Nurses Organisation of South Africa (DENOSA) with our expertise of building organisation they will not survive on their own or they will be assisted by our opponents. We have received correspondence from unions and funders overseas asking if they must consider a funding request from these formations – and we have explained why they must not be assisted

Any intervention by the Federation should seek to strengthen its existing affiliates. We are mindful that we cannot

continue to insist that there can be no assistance to the formation of a nurses union if the majority of nurses remain outside NHAWU and the Federation

With the help of UNISON, our sister union in Britain, we launched a new project at the beginning of February focusing on the organisation of professionals. Workshops will be held in all our nine regions. Participants will then be deployed in their regions to recruit professional workers. In the process we will be reviving our nurses' forums as well as the forums for other professional workers. We are confident that with improved service we will win over the majority of workers – professional and non professional – to our ranks. It is this project that COSATU should support. ★

This is an edited version of an article which was originally published in the NHAWU Worker February 1996

The Open Democratic Act

a challenge for labour

Of the approximately 210 Bills intended for processing by Parliament in 1996, the Open Democratic Act (ODA) is one of the more important for labour. It is also one of the more controversial.

In its current form, the Bill proposes making increased levels of government information available to the public at large - private sector information disclosure is mentioned only peripherally. The principle behind the Act is that if South Africa is to achieve participatory and accountable government, citizens need to know and understand what government is doing and how government works. The Act is formulated in a manner which ensures that information disclosure is driven by citizen requests.

Two major controversies have emerged in relation to the ODA. These are the scope of the Bill and the composition of the Open Democracy Commission (ODC).

Scope

Labour wants all bodies wielding public power to be included within the Bill's ambit. Not only the state but also big business wields substantial public power. In South Africa this is intensified by the concentration of economic power. Companies' impact on communities is enormous - take for instance their environment impact, the impact of their employment practices, the influence they have on consumers due to price fixing of

by *Kate Skinner*

essential food products and medicines etc.

Business representatives argue that private sector information disclosure should be addressed through the enforcement and/or expansion of existing legislation, for example the Companies Act, Income Tax Act, Environment Act, consumer legislation and the Competition Act. They claim it is unnecessary for the ODA to cover this area as well - its focus should remain government disclosure.

Labour and community organisations argue that:

- ❑ Existing legislation is inadequate in addressing broader community information needs. For example, the Labour Relations Act (LRA) covers only limited, confidential collective bargaining information - and this only in unionised companies. The Companies Act requires the disclosure of minimal information to shareholders. These Acts and other legislation cater for *particular* groupings in society in *particular* contexts but no legislation exists that caters for the information needs of the public at large.
- ❑ It is not only important for communities to have access to private sector information - it is in business' own interest that it becomes more transparent. Many large companies "get

away with murder" in covert business dealings - such as the bailing out of Trust Bank by the Reserve Bank. In the long term this has a detrimental effect on the economy as a whole.

- Small companies struggle to survive in South Africa - and one of the reasons they battle is due to monopoly control of information. The situation is serious - a healthy economy needs small and medium companies to be given space to grow.

Labour has called for a preamble to be included in the Act which will clearly state that all bodies wielding public power should be subject to the Bill's disclosure codes. A separate chapter or chapters should be included to look at the specifics of information disclosure in the private sector. Certain of the clauses presently included in the Bill - for example, the need for a specific information officer - would be inappropriate for business.

The selection of the ODC

For Labour the ODC is a very important structure. The Commission is mandated to oversee the implementation of the Act, to review all other laws having a bearing on the accountability and openness of government and all other bodies which exercise power in society. Two positions have emerged on this issue.

- The first, formulated by a working group emerging out of a conference organised by the Freedom of Expression Institute (FEI), at which Labour was not represented, calls for maximum independence of the Commission, both from parliament and from particular sectors. The President should appoint a selection committee of eminent persons. This group would then select the Commissioners. The Commissioners should be representative of the population in terms of race and gender. They should have knowledge of

particular sectors - ie business, labour, the development sector - but should not be tied to the mandate of these groupings. Maximum objectivity will be ensured by maximum independence of the Commission.

- Labour is calling for the selection committee to be an existing parliamentary committee, such as the Communications Standing Committee, where parties are represented in proportion to their electoral support. They argue that parliament is a legitimate representative structure and therefore the most appropriate structure to select the Commissioners.

All stakeholders should be able to put forward nominations for the Commission. Commissioners should be mandated representatives of the different stakeholders/sectors represented by the Bill.

Labour's position on objectivity is that it is gained not through the so-called "independence" of the Commission - individuals are not free of political bias - but through balancing opposing positions, for example, balancing labour with business.

Developmental aspects

A further area for debate is the developmental aspects of the Act - although some consensus has been reached on this issue.

One of the major problems with the Bill is that it is request driven. Labour and the community sector have been calling for more proactive information disclosure. Government (and private) bodies must disseminate information about their proposed and ongoing programmes. The purpose would be to empower citizens and community groups to engage effectively in these on a policy/developmental level as well as on a practical/consumer level. ★

Kate Skinner is the media officer for the South African Democratic Teachers Union (SADTU).

The Pensions Fund Amendment Bill

Important changes have been made to the Pension Funds Act. The Act sets minimum conditions for the operation of pension and provident funds. It has been criticised for failing to adequately control the operation of these funds.

Board

The most significant amendment is that every pension fund and provident fund must have a board to direct, control and oversee its operations. At least half of the members of the board must be elected by the members of the fund.

The Board should have at least four members. Pensions funds may request the Registrar of Pension Funds to allow the fund to have a board of less than four members if it is impractical or unreasonably expensive to have a larger board. This is designed for small funds. However, the rule on equal representation applies to these funds.

Funds will have two years to have their boards in operation. However, there is no reason why unions or workers should not call upon employers who operate pension or provident funds to establish a board earlier. The rules of funds will also have to include procedures to resolve deadlocks that may arise between members of boards.

This is a major change to the law as up until now pension and provident funds have not been required to have controlling boards. When the Bill was first presented to

by Paul Benjamin

the Joint Standing Committee on Finance (JSCOF) of Parliament towards the end of 1995, it was proposed that members of funds should be able to elect one-third of the members of boards. These proposals had been prepared by the Financial Services Board which regulates the operation of pension and provident funds.

Business South Africa supported this proposal and the insurance industry supported this position. Business and labour had negotiations on the issue but were not able to reach agreement. The JSCOF accepted the argument that members should have equal representation with employers.

The changes to the law poses great challenges to the trade union movement. Literally thousands of union members will have the opportunity to become trustees of the pension and provident funds to which they and their fellow employees contribute.

Exclusions

The Registrar of Pension Funds may also exclude two types of funds from the requirement to have elected representatives of the members of a fund on the Board. These are:

- funds with members who are employees of different companies that are not

subsidaries of a single holding company,
 ↓ retirement annuity funds
 If these funds want to be exempted they must apply to the Registrar

The reason for this is that where there are funds which have members from many different companies or from the general public where there is no trade union participation it may be impractical to elect representatives. COSAFL recorded its reservation that this provision could be used to try and exclude industry wide pension funds from the requirement for elected representatives of members. The Chair of the Portfolio Committee requested the Registrar to monitor applications for exemptions to ensure that there is no abuse of this sort.

Complaints

The Act will now permit members of pension and provident funds to lodge complaints about their funds and have these adjudicated. A member of a pension or provident fund who is unhappy about the operation of the fund can complain to the fund and if this does not satisfy the member he or she can lodge a complaint with the Adjudicator.

The Adjudicator will have the power of a court to make a decision on the complaint. These complaints can deal with whether the rules of a pension fund have been observed, for instance, has a member been paid out his or her full entitlement from the fund. The Adjudicator has no power to change the rules of the fund.

The Mine Health and Safety Bill

The National Union of Mineworkers (NUM) long struggle for improved health and safety laws for South Africa's dangerous mining industry will soon bear fruit. On 9 May Parliament will debate a Mine Health and Safety Bill. The major part of the Bill has been agreed on in tripartite negotiations. The debate on the Bill comes one day before the first anniversary of South Africa's most recent major disaster at Vaal Reefs in which more than 100 workers lost their lives.

As the parties finalised negotiations on the Bill, there were further reminders of the massive task facing the mining industry. Accident figures for January and February 1996 are as high as in previous years. The Government Mining Engineer has said that most of these accidents were preventable. In March ten employees were killed in a mine accident at an Iscor Colliery in the Northern Province. The court cases that arose out of the Mermespruit slimes dam disaster that killed 17 people in a neighbouring suburb ended with

small fines being placed on the mine and the contractors involved.

Consensus

The press coverage of the Bill has concentrated on the issues on which the Chamber of Mines and the NUM remain in dispute. This conceals the extent to which agreement has been reached on a new approach to the regulation of health and safety in the mines.

The Bill draws extensively on the recommendations of the Leon Commission of Inquiry into Mine Health and Safety which sat in 1994 and the 1995 ILO Convention on Mine Health and Safety. This note looks briefly at some of the principle features of the Bill and also discusses its implications for workers and unions in other sectors of the economy. At the time of writing the outstanding issues on which agreement was not reached are being considered by the Parliamentary and Senate Committees.

Employer's duties

The Act imposes an extensive series of duties upon the owners and managers of mines. They must take all reasonably practicable steps to ensure the health and safety of mine employees as well as all other persons who may be directly affected by mining activity. This will require mines to take steps to avoid health and safety consequences for persons in neighbouring communities. The Merriespruit accident is an obvious reminder of the importance of these duties.

Risk assessment

The approach to the promotion of health and safety is built on the concept of risk assessment. Mines must identify and evaluate all risks to health and safety that are present in their mine. If possible, the risk must be removed totally from the mine or, if this cannot be achieved, it must be controlled at source by engineering means or methods such as the design of safe work systems.

Mines may only rely on the issue of personal protective equipment to protect workers if these other methods can remove the risk or reduce it sufficiently. These duties must be carried out to the extent that is reasonably practicable. Risks must be assessed regularly and accidents and other dangerous events must be investigated to ensure that steps are taken to avoid a repetition.

Safety representatives and committees

One of the most important advances in the new Bill is its recognition of the close connection between labour relations and occupational health and safety. The Bill promotes collective bargaining as the method for introducing worker participation on health and safety issues. Representative (majority) trade unions have the right to negotiate with mines over the

establishment of systems of health and safety representatives and committees. In other mines there must be consultations with trade unions or other representatives of workers.

Representatives must be elected at all mines with more than 20 workers and committees at all mines with more than 100 workers.

In addition, the Bill proposes that there should be full-time health and safety representatives and contains a guideline that this should be introduced at mines with 200 or more workers. (At the time of writing this article, the Chamber of Mines is still arguing that Parliament should remove this guideline from the Bill.)

Unresolved disputes concerning health and safety representatives can be referred to the Commission for Conciliation, Mediation and Arbitration (CCMA). If a union and mine cannot agree about the number of full-time health and safety representatives this dispute can be referred for arbitration.

The Bill sets out an extensive list of rights and functions for health and safety representatives and committees. These go beyond those in the Occupational Health and Safety Act (OHSA) and give extensive rights to conduct inspections, receive information, participate in the identification and assessment of risks and investigations and inquiries into accidents and health-threatening occurrences.

The Bill's approach is in sharp contrast to that of OHSA which only permits consultation over the setting of health and safety committees and representatives. The present experience is that OHSA is not working and in most factories and offices safety representatives continue to be appointed by management.

Refusing dangerous work

The Bill established that employees have the right to withdraw from a workplace if they

have reason to believe that there is a serious danger to their health or safety. Health and Safety representatives may also instruct employees to withdraw from danger. The Bill requires mines to have procedures to resolve disputes over whether a workplace is dangerous and sets out the essential elements of these procedures. The approach recognises that health and safety disputes are best resolved quickly and requires management and worker or union representatives to participate in setting issues. The OHS Act does not give workers a right to refuse dangerous work.

Inspectorate

The Bill establishes a National Health and Safety Inspectorate operating under a Chief Inspector. Previously, the effectiveness of the inspectorate has been undermined by the extensive powers of regional directors. The system of investigation and inquiries has been modified to encourage more effective inquiries into accidents.

An important innovation is the establishment of the Medical Inspector who is the senior official for ensuring that the health-related aspects of the Bill are implemented and enforced. The Leon Commission was extremely critical of the state of occupational health in the mining industry.

Implementing the legislation

Will the new legislation improve health and safety? The answer is that the law in itself cannot prevent death, injury and disease. This will require an increased commitment from workers, employers and the government. The new Bill offers a sound and appropriate basis for improvement.

For unions, the major area of commitment will be in participation at mine and industry level. The development of effective health and safety representatives will require extensive training and support. The Act also provides for a tripartite Mine Health and Safety Council

which will have a number of specialist sub-committees. These committees will be responsible for developing and advising the Minister on new regulations and policies to improve health and safety performance. Active and informed union participation is required for this approach to lead to improved health and safety conditions in mines.

The Bill requires mines to adopt a systematic approach to identifying and controlling work-related hazards. This will have to be performed on an ongoing basis and accidents and occurrences that endanger health will have to be investigated to ensure they can be prevented. Employers will also have to develop improved systems for health and safety training and management.

For the government, there are significant challenges as well. The Leon Commission commented on the inadequacies of the inspectorate. There were too few inspectors with too few resources. In addition, the history of race and gender discrimination in the mining industry poses particular obstacles to developing a representative inspectorate. The rebuilding of the inspectorate is underway as part of broader initiatives to restructure the public service. It remains to be seen whether the Mine Health and Safety Inspectorate will receive sufficient resources from this process. However, this issue is the major test of the government's commitment to improving the lives of South Africa's mineworkers.

Will the new Mine Health and Safety Act affect workers in other sectors? Unions will now be able to call for the improvements introduced for the mines to be extended to other sectors. This will require the revision or replacement of the Occupational Health and Safety Act. *

Paul Benjamin is an attorney and has recently opened the Cape Town branch of Cweadle, Thompson and Hassom.

"The way we fight is very important"

"I am from a family of ten, five boys and five girls, from Soweto Two passed away My mother was a domestic worker and my father was a postman

I went into the Post Office in 1985 as a trainee When I got there, there was one training college for whites and one for blacks. In the black college, for each intake of ten people who went through that training, five would be Indian and three would be coloured and two or one would be African There were two courses - you could become a technician or an electrician With whites even if you had Std 8 you could become a technician With blacks even if you had your matric you had to undergo a course called 'AI'. Even if you passed that course you could only become an electrician, not a technician. Then, during the course we Africans were informed that even if we passed the 'AI' course we could not be technicians because the Department did not have enough money for blacks to take further technical courses

Recruiting for POTWA

One of my lecturers at this time was actually the first president of POTWA, Mr Khumalo So, when POTWA was formed I started recruiting from the training college Then there was a national strike in August 1986 When the strike started it was our last week at the college We finished and joined the strike a week later on 10 August. Parity on all benefits was the key campaign. We were fighting for transport

Ramaten 'Lefty' Monyokolo, president of the Post and Telecommunication Workers Association (POTWA), talks to Deanne Collins and Matthew Ginsburg about his life as a unionist and the challenge of privatisation which POTWA members face.

because whites, coloureds and Indians were given transport and blacks were not The strike took about three weeks and I was elected the deputy chairperson of the shopsteward committee in Alrode in the East Rand.

I was first detained in August 1987. They held me for 3-4 hours We had gone to address workers in Springs and when we came out of that meeting we were followed by agents of the security branch On 3 September 1987 I was detained for about seven months My child was just two months old But that did not keep me from fighting for workers' rights.

When I was released there was no organisation; workers did not even want to talk to me in the yard. At one point the bank wanted to repossess my house, because I could not pay My family paid for me. I was actually instructed at a family meeting to 'stop this nonsense'. I told them that I cannot stop. There is no way that I can stop. I cannot be

intimidated I told them that if they supported me because I am part of the family then I would appreciate it very much

I became the chairperson of our region We started organising again and after the first meeting I came home very late at night The following day my mother left and said that I was not serious about life I said that since I was only being paid R84 per month it was better to continue to fight than to give up but she left

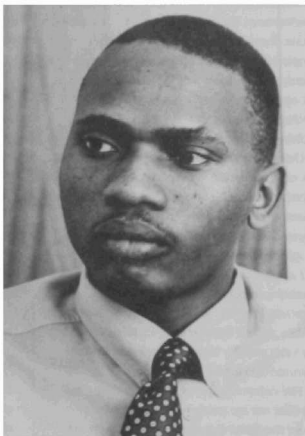
Accountability

In 1991 I was elected treasurer of POIWA Since 1988 I had been a chairperson of the region and so I was also a member of the National Executive Committee However being treasurer of the organisation was tough It was a difficult task because financial statements were never adopted by any union structures Since I became the treasurer financial statements have been adopted and are up to date even when I am not around

It is a question of accountability We still have problems with our regions failing to account - this is not due to corruption but often because people do not get slips for things like taxi rides - but at least at the head office we have our house clean I was re-elected in the same position in our 1993 Congress

The challenge of privatisation

We managed to stop privatisation of the Post Office and Telkom in 1989 We fought and the state said that instead they would commercialise - which in a way was part of a process that would lead ultimately to privatisation The reason they forwarded to justify commercialisation was that they wanted efficiency and to increase the number of telephone lines in the community The question we ask is Did they achieve that? The



answer is no

Now privatisation has been re-introduced in our industry In 1995, the Ministry of Public Enterprises was mandated to formulate a framework within which negotiations can take place on the restructuring of government departments and parastatals We have problems with the framework document because the document defines privatisation as selling 51% or more of a company's shares In our view privatisation is the removing or selling of any percentage of equity Privatisation is also the removal of public activity into private terrain as happens through sub-contracting

Alternatives

We are looking at a variety of options for restructuring We called international labour experts to assist us in developing our policy Government must develop infrastructure in telecommunications so that people are able to

communicate and contribute to community development. We see government not wanting to take that responsibility. It wants other people to do that. We have communicated openly to Telkom so that they understand that our opposition to privatisation is not just ideological but because there are serious problems with privatisation itself.

One of the reasons that we have to get past talk of privatisation is that if you want to liberalise and bring about competition in this country you need skills. Telkom has not engaged in any process of ensuring that people are literate and that people are trained and acquire skills. Skilled whites can find jobs in other companies. Our people do not presently have the skills to be competitive and so they will be the first to lose their jobs. In our view, priority should be given to human resource development.

The current round of negotiations is the last time we are going to negotiate salaries under the Patterson system. In the future we are going to negotiate a skill-related grading system and link it to human resource development.

The situation that we find ourselves in is that we are not fighting a minority government, we are fighting a democratically-

elected government. As a result, the way we fight is very important. The slogans that we articulate need to be properly formulated. We are aware of the fact that people have different opinions about privatisation since the new government came into place. We have got people who think that privatisation is about creating jobs. We have had discussions with the South African National Civics Organisation (SANCO) and they said that they support our campaign against privatisation. We have gone throughout our regions to tell our workers that we must start attending COSATU locals and participating in the civics and put our views across. A job belongs to the community, because if I lose that job I am going to become a criminal. If I lose my job my kids are going to suffer.

Family life

I do not have much spare time because most of my life is work, unfortunately. I do spend time with my family on Sundays. I have three kids now. My wife is understanding, but obviously there are times when she does not understand. At times I go beyond limits because of my commitments. You need somebody to say 'Hey, wait! You have a family to take care of!' ★

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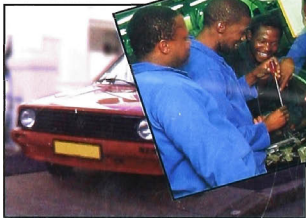
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When workers sit down to form a stokvel, they rely on each other to save just as they rely on each other when they work together.

As a representative of your fellow workers, you can help increase their wealth, prosperity and happiness when you tell them about NBS Savings Club: a secure savings scheme that earns a higher interest rate than you would normally be able to achieve.

You save your money weekly or monthly and it goes directly into a special group savings account. And, the more people

saving, the higher the interest rate you earn.

Not only does your money then grow at a faster rate, but it is also available to the Club's Members in an emergency.

We all know that saving is harder than ever. Whether it's the small things like end of year parties or whether you're planning for your children's education or saving for a car.

Everyone needs the security that NBS Savings Club offers you: knowing that your money is safe for when you need it make your dreams come true.

For further information phone **0800 331 133** toll free

