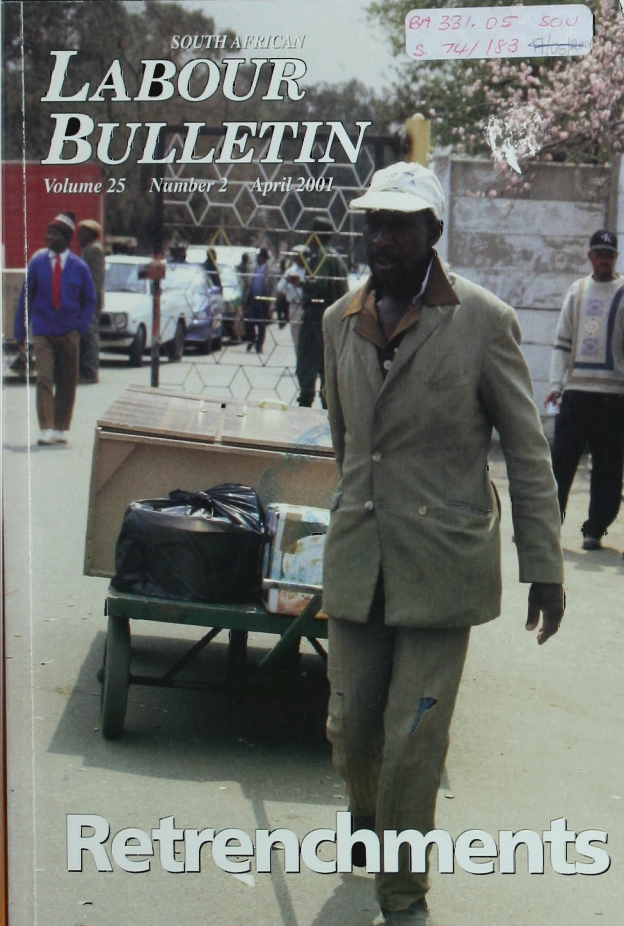


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SOUTH AFRICAN

LABOUR BULLETIN

Volume 25 Number 2 April 2001



Retrenchments



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This edition focuses on job loss. The most hard-hitting articles are Neva Makgetla's. In her first article she analyses employment statistics and argues that the 1999 October Household Survey figures do not show a growth in employment, but instead reflect a redefinition of employment to include very poorly paid jobs. Her second article outlines the problems facing the South African economy and proposes a new growth path as a way to restructure the economy and ensure that workers benefit.

Xolani Ngonini's article points to the devastating effect that retrenchments have had on mineworkers and the rural areas they come from. His research in the Eastern Cape points not only to an economic struggle to survive and different survival tactics employed, but also to changing social relations. The retrenchments have eaten into the core of the miner's beings, affecting their dignity, pride and self esteem.

Anton Roskam and Anushka Singh discuss the substantive fairness of dismissals for operational requirements.

Other articles in the focus include an overview of the problem and what unions are doing, a toolbox to use when preparing for negotiations around retrenchments, a briefing on the Sector Jobs Summits, and an overview of the social plan.

Any attempt to counter job losses, whether at the national, regional or individual company or plant level requires a strong, powerful and united labour movement. As the saying goes, while information is power, at the end of the day power is power. Martin Jansen strongly criticises labour leaders' engagement in



structures such as the Millennium Labour Council, arguing that they are making unacceptable compromises, weakening trade unions through their engagement; and undermining trade union democracy and unity. This debate is key – How can we ensure that we are building strong unions based on the principles on which they were founded including worker control and democracy? Are these principles still relevant today or should we change our notion of how democracy should operate in unions? These are complex questions that require constant thought, deliberation and debate.

Two final articles that are well worth reading are Ravi Naidoo's 'Can pension funds dance to a working class tune' and Liv Torres' article on multinational companies and international trade unionism.

This is my last edition as editor as I am leaving the *Bulletin* to return to working in the unions. Etienne Vlok is taking over as acting editor. I wish the *Bulletin* success in its future endeavours.

Tanya van Meelis

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Cover pic: A retrenched worker from ERPM

All photographs by William Matlala unless otherwise indicated.

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

Company policy

Memo to all employees re new company policies:

1. Sickness and related leave

We will no longer accept a doctor's certificate as proof of sickness. If you are able to go to the doctor, you are able to come to work.

2. Surgery

Operations are now banned. As long as you are an employee here, you need all your organs. You should not consider removing anything. We hired you intact. To have something removed constitutes a breach of employment.

3. Bereavement leave

This is no excuse for missing work. There is nothing you can do for dead friends, relatives or co-workers. Every effort should be made to have non-employees attend to the arrangements. In rare cases, where employee involvement is necessary, the funeral should be scheduled in the late afternoon. We will be glad to allow you to work through your lunch hour and subsequently leave one hour early, provided your share of the work is enough to keep the job going in your absence.

4. Your own death

This will be accepted as an excuse. However, we require at least two weeks notice as it is your duty to train your replacement.

5. Rest room use

Entirely too much time is being spent in the rest room. In future, we will follow the practice of going in alphabetical order. For instance, those whose names begin with 'A' will go from 8:00 to 8:10, employees whose names begin with 'B' will go from

8:10 to 8:20 and so on. If you're unable to go at your time, it will be necessary to wait until the next day when your time comes again. In extreme emergencies employees may swap their time with a co-worker. Both employees' supervisors must approve this exchange in writing. In addition, there is now a strict three-minute time limit in the stalls. At the end of three minutes, an alarm bell will sound, the toilet paper roll will retract, and the stall door will open.

6. Paycheque guide

The following helpful guide has been prepared to help our employees better understand their pay cheques:

Item	Amount
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Sundry tax	R224,65
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Ability	R10,25
Liability	R44,10
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Coffee	R16,85
Coffee cups	R76,51
Floor rental	R26,85
Chair rental	R10,32
Desk rental	R14,32
Miscellaneous	R113,29
Sundry	R32,09
Various	R148,08
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Thank you for your loyalty to our company. We are here to provide a positive employment experience. All questions, comments, concerns, complaints, frustrations, irritations, aggravations, insinuations, allegations, accusations, contemplations, consternations, or input should be directed elsewhere.

Dear Editor

I'm writing this piece to express my feelings about the social situation and misery faced by poor people and the working class that they have to endure every day of their lives. Here is my straight talk.

Let us stop this jungle of words, in a desert of ideas. Workers are retrenched, millions are without education. The children of the working class know hunger because their parents are not given a living wage - that is a true fact.

But look at Oppenheimer's dog, it eats roasted chicken every day. Look at Sol Kerzner's breakfast table, you could eat for a whole week with all that food.

It is really a contradiction and confusion, whilst millions die of hunger and a few thousands bosses live like they are in 'heaven'. It is this way of life where the rich get richer and the poor get poorer. It is a kind of society that lives on profits, profits are more important than workers. That is why many die of hunger when there is so much food, that is why factories are closed down and bosses go out looking for better profits elsewhere. It is workers who must always suffer.

When you are hungry most time all you can think of is food and how to get it. Even a priest will stop preaching when he/she is really hungry, this shows importance of food to human beings. All the big talk and fancy words, all big plans and fancy dreams, come to a stop when the stomach rumbles because there is no food.

Most black people in South Africa are workers, their job is to work. Every day they wake up early in the morning to catch a taxi or a train to work, they come back late, tired and broke, all the time they have no money, no money for food, no money for education, no money for health, and no money to pay for expensive privatised services. Some workers live in shacks, some are unemployed, and those who are lucky enough to have a job, get little pay.

Most white people in South Africa are middle class, but these days we can see many black people become middle class in front of our eyes. They have better paid jobs, they get a subsidy and buy a house on credit, they drive their shiny cars with borrowed money. In the township they act big, but at work they must always have a false smile for the boss otherwise they lose their jobs.

The few tiny families, fat cats and money bags are the bosses, the owners of Anglo American, Barlow Rand, Sanlam and all the big companies, they are the owners of capital, the capitalists, the profiteers, the exploiters, the parasites, the oppressors. They do not work, their job is to count the profits and enjoy the money in Mauritius, Hawaii, Sun City, New York, and all the famous and expensive places in the world, because they own the 80% of the wealth of this country, which is generated day and night by the sweat and the blood of the workers.

A huge problem and the challenge faced by the labour movement - the loss of jobs and unemployment is a necessary issue and in need of the working class to act upon very quickly before it eats the marrow of the society.

The above issue becomes difficult to be concretely and cohesively addressed, because of the two conflicting interests between workers and the bosses.

If unemployment rises, it means wages will fall. This is so because when most workers are employed, business is pressed to react to wage demands, however when there is significant unemployment, business knows they can find labour at lower wages, thus unemployment drives down wages for all workers.

It means in essence, when masses of people are unemployed they (bosses) call it 'good for business'. How can what is bad for people be good for business? It's because it means more and more profits for the bosses.

Thobile Maso

South African

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The substantive fairness of retrenchments

When trade unions challenge the retrenchments of their members in the Labour Court, the inquiry is largely, if not entirely about whether the employer followed a fair procedure or not. Seldom do the parties and the Labour Court thoroughly consider the substantive fairness of dismissals for operational requirements.

We think it is high time that the trade union movement begins challenging the employer's substantive decisions to retrench instead of only quibbling about the procedural issues. We do not believe the actual decision to retrench is, or should be, construed as a matter of pure managerial prerogative. In order to do this the trade union movement must expand the notion of 'substantive fairness'.

Substance and procedure

According to the Labour Appeal Court, 'the court will take great pains ... to ensure that the retrenchment was not simply an exercise to conceal an improper aim'.¹

The court's attitude seems to suggest that procedural fairness is a factor to be carefully considered when determining whether there is a fair reason for the dismissal. In *Visser v SA Institute for Medical Research* the Labour Court stated that: 'It is, of course, trite that the substantive fairness of a retrenchment

Anton Roskam and Anushka Singh discuss the substantive fairness of dismissals for operational requirements.

dismissal is usually intricately linked to the procedural fairness of such dismissal because it is primarily by way of the exhaustive consultations that are envisaged by section 189 of the Act that the economic rationale, that is, the (fair) reason for the dismissal, is established'.²

The court's promise to:

- 'take great pains' to ensure that the retrenchment does not conceal an improper aim and
- to ascertain the substantive fairness of the dismissals from whether the procedural requirements envisaged in section 189 were complied with, is often of cold comfort to workers who face the prospect of the unemployment line. They require more than a review of management's motive. They require a thorough interrogation and implementation of alternatives that do not lead to job losses. This means that the Labour Courts should not shy away from their responsibilities to interrogate the possible alternatives to retrenchment.

Column contributed by Cheadle, Thompson and Haysom

Operational requirements

Operational requirements are defined as economic, technological, structural or similar needs. The Labour Court has interpreted the concept of operational requirements very broadly and warned against interfering in the business decisions of employers. In *Hendry v Adcock Ingram*¹ the court stated that: 'If the employer can show that a good profit is to be made in accordance with sound economic rationale and it follows a fair process to retrench an employee as a result thereof it is entitled to retrench. When judging and evaluating an employer's decision to retrench an employee this court must be cautious not to interfere in the legitimate business decisions taken by employers who are entitled to make a profit and who, in doing so, are entitled to restructure their business.'

While interpreting the concept of operational requirements very broadly, the Labour Courts interpret the notion of substantive fairness very narrowly. This attitude is based on the idea that the decision to retrench is a managerial prerogative. The Labour Court is unwilling to second guess an employer's decision.

In *SACTWU & others v Discreto*² the Labour Appeal Court chose to limit the scope of the inquiry into substantive fairness. The court stated that: 'The function of a court in scrutinising the consultation process is not to second-guess the commercial or business efficacy of the employer's ultimate decision (an issue on which it is, generally, not qualified to pronounce upon), but to pass judgement on whether the ultimate decision arrived at was genuine and not merely a sham (the kind of issue which courts are called upon to do in different settings, every day).'³

Commercial rationale

These statements seem to be the most direct and honest representation of the ideological leaning of many of the judges of the Labour Court. Evidently the Labour Court has made use of the concept of the commercial rationale of the employer. The notion of commercial rationale is, however, a double-edged sword. Workers too have commercial objectives. It should come as no surprise, but their commercial objectives include not losing their jobs. And so, from the workers' perspective, it makes no commercial sense to shed jobs to increase the profits of employers.

Fairness is the concept that is used to balance the competing interests of the employer and the workers. The fact that the operational reason is justifiable commercially and from the employer's point of view may not however mean that the retrenchment is substantively fair.

Because of the court's reluctance to interfere with management's business decisions, all the employer is required to show is that there was an operational requirement and that it justifies the decision to dismiss.

Undermining substantive fairness

The effect of the court's thinking is to conflate the test for substantive fairness with the test for whether there is an operational requirement or not. This means that as soon as the employer is able to show that there is an economic, technological or structural reason for the retrenchments, the substantive decision to retrench is properly and genuinely justifiable.

It is correct that courts should not be able to simply step into the shoes of the manager or board of directors and make decisions for them. The court should not be able to interfere with the legitimate



Unions have expressed dissatisfaction with section 189 of the LRA.

business decisions of the employer. We could not have our economy run by and from the courts. But as long as the courts are willing to assume that the decision to dismiss is fair if an operational requirement exists that is rationally connected to the dismissals, the court is, in essence, excluded from questioning the fairness of the decision. This is especially problematic where the employees or their trade union representatives have proposed viable alternatives to retrenchment.

Why have the courts emphasised the procedural instead of the substantive and reduced the substantive to checking whether there is an operational requirement rationally connected to the dismissals?

Perhaps the reason lies in the fact that much of what is said about dismissals for operational requirements in the LRA is in fact couched in procedural language. Section 189 of the LRA is largely procedural, although from the procedure

one may pick up some of the substantive requirements. The Code of Good Practice on dismissals for operational requirements, which has now been incorporated into schedule 8 of the LRA, only refers to procedural requirements.

It is when seen in this context that Acting Judge Brassey's comments in the case *Sikbosana & others v Sasol Synthetic Fuels*⁶ are so refreshing. 'There is, for instance, no provision [in section 189] stating that non-compliance with the section makes a dismissal for operational requirements unfair nor any provision stating the converse - ie that compliance with the section makes the dismissal fair ... Section 189 has nothing expressly to say on matters of fairness.'⁷

'A court determining the fairness of a retrenchment must consider, in addition to the matters for which the section provides, whether the employer really needed to retrench, what steps he took to avoid retrenchment, and whether fair

criteria were employed in deciding whom to retrench. Compliance with section 189, in short, is neither a necessary nor a sufficient condition for the fairness or unfairness of the applicable act of retrenchment. The section gives content and colour to fairness in retrenchment and its significance as such should not be underrated; but ultimately it provides only a guide for the purpose, and cannot be treated as a set of rules that conclusively disposes of the issue of fairness.¹⁴

This reading of the LRA has important implications: The test for the fairness of a dismissal for operational requirements must evaluate both the procedural and the substantive. Section 189 is only a guide to assist in this evaluation. The factors contained in section 189 are not conclusive. The courts should in addition to these factors, consider whether the employer really needed to retrench, what steps it took to avoid retrenchment, and whether fair criteria were employed in deciding whom to retrench.

This case clearly supports a more in-depth approach when determining the fairness of dismissals for operational requirements. The Labour Court is encouraged to examine substantive fairness beyond the inquiry of whether there is an operational requirement that justifies retrenchment.

If the Labour Court is willing to scrutinise the employer's reasons for deciding to retrench its employees, it will go a long way in ensuring that employers act in good faith and sincerely engage with employees before making the decision to retrench.

Testing substantive fairness

We believe that if the substantive fairness of the dismissals for operational reasons is adjudicated upon, the substantive fairness

of the dismissals must be evaluated on the basis of all relevant criteria. It is not possible to reduce all these factors to writing at present. They will develop through the Labour Court's judgements over time, as the Labour Court is confronted with new cases. It is undesirable to limit the notion of fairness and hinder its development.

However, here are at least some factors that we believe should be considered:

Operational requirement

- Is there an operational requirement?
- Is the operational requirement genuine?
- Is there a rational and justifiable connection between the operational requirement and the dismissals?

Necessity

- Were the dismissals necessary?
- Would the continued existence of the employer's enterprise be threatened if there were no (or fewer) retrenchments?

Fault and foreseeability

- Was the operational requirement giving rise to dismissals the fault of the employer?
- Was the employer able to foresee the operational reasons for the dismissals?
- Did the employer take any steps to prevent these operational reasons?

Alternatives

- Were there any reasonable alternatives?
- Were there any less restrictive and less disadvantageous means of achieving the employer's purpose?

Minimising the harm

- Did the employer take any steps to minimise the disadvantage or harm caused to the dismissed employees?
- Were those steps reasonable?



Courts should consider the impact of the retrenchments on employers and employees.

Impact

- What was the impact of the dismissal on the employees and the employer? The 'operational requirement' factors are those the courts already consider.

Necessity

We do not think that the mere factor of 'making more profit', as the Labour Court has previously found, is a good enough reason to justify the substantive fairness of a dismissal for operational requirements. The dismissal should be operationally necessary, which means that the enterprise's future should be threatened.

Necessity itself is a relatively extensive concept. It does not mean that retrenchments can only take place if a company is about to go under. If a company is to lose its international competitive edge, it may be necessary to introduce new technology that means that workers lose their jobs. But then the

company would have to show that the necessity of introducing this technology.

Alternatives

Perhaps the most important factor is establishing whether there were alternatives that would have saved jobs or minimised the disadvantage or harm caused by the dismissals.

Of course, not all alternatives will be the classic 'win-win scenario', that is, satisfying the profit motive of the employer and saving the jobs of the workers. Inevitably, and at least to some extent, the judge will be called upon to weigh up the possible compromises. The alternatives cannot be rejected purely because they may translate into fewer profits for the employer. The judge should balance this with other factors, including the loss of jobs. If, for example, there was an alternative that meant fewer profits but satisfied the employer's need to remain

globally competitive and also saved jobs, the dismissal should be substantively unfair?

Similarly, the employer's failure to enter into a re-employment agreement or cooperate sufficiently with the Department of Labour in developing a social plan for the dismissed workers should point to substantive unfairness.

Experts

Where it is difficult for the Labour Court to determine these factors factually it should be able to draw on experts to assist it in its evaluation. The CCMA should have a list of experts upon which it and the Labour Court are able to draw upon.

To leave this up to the parties to organise is not an efficient way of dealing with this problem. Also, experts are usually expensive and beyond the financial reach of many trade union or worker litigants.

Fault and foreseeability

These factors contemplate the situation where management may be required to compensate workers if the need to retrench is as a result of management's poor business practices.

One of the great frustrations of workers arises when they see the enterprise being run badly by incompetent managers who do very little to rectify the problems. In some instances workers actually warn management of the consequences or approach government for assistance to ensure that the enterprise is managed properly. In these cases, the operational reasons for the dismissals are foreseeable and the fault of management and the employer. In the absence of them doing anything about it, the dismissals must surely be unfair.

These factors will encourage employers and their management to be proactive and act early to avoid retrenchments rather

than allow the business to deteriorate to a point where retrenchments are inevitable.

Impact of the dismissals

Some argue that the impact of the dismissals on the employees and the employer should also be a factor that the courts consider. They argue that it would put the dismissals in perspective. If the employees obtained alternative employment immediately afterwards, then the unfairness of their dismissals is less than for employees who could not secure alternative employment. This may be the case. However, the impact of the dismissals is important in determining the nature of the relief that employees should be awarded. The relief may include whether to re-instate or re-employ the workers and how much compensation should be awarded to them.

Balancing the scales

These factors are not a checklist. They should be considered as a whole. The failure to enter into a re-employment agreement may in a particular context not in and of itself render a dismissal unfair. The scales will have to be balanced in each case. ★

Endnotes

- 1 *Môrester Bande v NUMSA* (1990) 11 Ilj 687 (LAC) at 689A-B
- 2 (1998) 19 Ilj 1616 (IC) at page 1618
- 3 Section 213 of the LRA
- 4 [1998] 12 BLLR 1228 (LAC)
- 5 at 1230G
- 6 (2000) 21 Ilj 619 (IC)
- 7 at 654H-J
- 8 at 655F-G. This view was cited with approval in *Fletcher v Fina Sewing Machine Centres (Pty) Ltd* (2000) 21 Ilj 603 (IC)

Anton Roskam and Anusika Singh are attorneys at Gbeadle Thompson and Haysom Inc. The views expressed in this article are their own and not necessarily the views of the firm

Job losses

what can trade unions do?

Trade unions are generally aware of the potential and opportunities for job creation in their own sectors. These range from tourism, provision of basic services, crime prevention, to the building of social and economic infrastructure. One of their major concerns though is whether such prospects and opportunities for job creation exist in the context of the current macro-economic policies and economic globalisation. Both the Gear programme and economic globalisation in their current forms do not promote large-scale absorption of the labour force.

The public sector unions are mainly concerned about the privatisation and outsourcing programmes initiated by the government. The proposed privatisation of prisons and the restructuring of local government are cited as some of the examples that could lead to more job losses. In order to respond to the challenges of globalisation, private sector companies have tried to cut labour costs as a way of increasing their profit margins.

It is against this background that job losses constitute one of the primary concerns of the trade union movement and other important formations of civil society. Thousands of jobs have been lost especially in the mining, agriculture, and manufacturing sectors. COSATU's recent national congress identified job losses as one of the issues to be resolved if the

Thobile Yanta outlines the broad challenges facing labour with regard to job losses.

country is to secure a stable future. What are the unions doing to stem the tide of job losses in the sectors where they are organised?

Reasons and results

Some of the factors behind the unemployment crisis have been identified as the following

- the massive decline in employment in mining and agriculture, due to fundamental shifts in those sectors,
- job losses in the public sector, in the name of modernisation,
- the loss of employment in manufacturing with the opening of the economy after 1994 combined with significant tariff reductions.

Job losses have resulted in more workers being driven into the informal sector in order to scrape a living. Though the informal sector is increasingly becoming the employer of 'last resort', the quality of jobs created is highly questionable. For instance, many clothing workers who used to earn R400 per week as full-time workers now only earn R125 per week as home workers.



Cosatu resolved to fight job losses

With the unemployment levels estimated around 37% of the total labour force trade unions have genuine reasons to be concerned. First, job losses add to the current levels of poverty and inequality in the country. For instance, the poorest 40% saw their incomes fall by 20%. This shows that the poorest of the poor are most affected by job losses and declining incomes. Second, job losses eat at the heart of trade unions' strength and survival in its membership. In 1989 manufacturing unions represented 55% of total COSATU membership; in 1999 it had fallen to about 28%.

Furthermore, the total membership of these unions was 530 625 in 1994, and has fallen to an estimated 481 258 in 1999. The

majority of trade unions within COSATU are taking measures to prevent job losses in sectors where they are organised. Through their forthcoming engagement in the Sectoral Jobs Summit processes many of these trade unions are hoping that a best solution can be found to the problem of job losses. These sector summits constitute a brainchild of the Presidential Jobs Summit held in 1998.

Proactive action

For unions, the aims and objectives of the sector summits are to:

- save jobs in the short term;
- create jobs in the short- and medium-term;
- improve the quality of employment;
- contribute to development of an industrial policy.

Through the sector summits many trade unions believe that prospects and opportunities for job creation and retention can be explored.

They also hold the view that the summits can further provide a platform to look into long-lasting and sustainable forms of employment creation. For instance, one of the key concerns among trade unions is that restructuring in the country has often been equated with retrenchments and downsizing of personnel. Through their involvement in the sector summits, trade unions can suggest alternatives to retrenchments and job losses. For instance, they can argue a case for better training of the workforce so as to increase their employment prospects in the job market. Trade unions have already put forward some suggestions in order to restructure the economy towards a job creation path. These proposals include increasing

industrial output to underpin a stronger demand for labour.

A couple of unions have already been part of sector summits SACTWU and NUM submitted concrete proposals of how the industries could generate rather than lose more jobs The development of a Social Plan to assist workers and communities affected by job losses is one of the proposals presented by the unions during the sector summits. The establishment of the Mining Development Agency (MDA) by the NUM serves as a shining example of the participation of trade unions in job creation and poverty alleviation initiatives.

MDA's programmes have targeted rural communities, as well as the mining towns that are worst affected by job losses Some of the training programmes that the MDA provides include electrical repairs, business training, business improvement, bakeries, printing, food processing, and manufacturing of various products The Buy South Africa Campaign is yet another proposal among many that the unions have considered The core objective of the Buy South Africa Campaign is to promote and stimulate demand for South African products and services that achieve standards of good and responsible manufacturing

SACTWU has a range of proposals of how to restructure the clothing and textile industry for job creation and fair labour standards These include the need for interventions in areas of training, tariffs, customs and excise, technical assistance, and labour legislation as ways of creating sustainable jobs

On the area of training, the union proposes that a legislative effect be given to the Skills Education and Training Authority (SETA). This is to ensure that all concerned parties are held accountable for the implementation of skills development resolutions in the workplace. Differences of

opinion have emerged between unions and government on the issue of tariffs The main problem is that every September tariffs drop further in the industry, even though they are already substantially below the level necessary in terms of the schedule of reductions, which South Africa concluded during the Uruguay Round of trade liberalisation In order to prevent further losses of jobs in the industry, SACTWU proposes the freezing of tariff reductions on clothing and textiles for a five-year period On the area of customs and excise, the union suggests that these be improved by, among other things, reducing levels of corruption, preventing the smuggling of illegal goods, and adding technical resources at ports of entry With regard to changes in the labour laws, unions are demanding that the LRA be amended to make retrenchment a matter of negotiations with the unions

Challenge

The participation of the trade union movement in the socio-economic restructuring is an important element in the successful transition to the democratic order. The challenge facing trade unions is to carry the social and economic aspirations of the poor and marginalised sections of society This implies that unions have to define their interests much wider than only the workplaces Many current proposals made by the South African trade unions in the areas of economic development and job creation are steps in the right direction Such bold measures should be promoted and encouraged by all progressive minded individuals and institutions The country has no option but to save current jobs, prevent further job losses, and create an industrial strategy designed to provide opportunities for the creation of more and better jobs. ★

Thobile Yanta is researcher at Naledi

So how bad is unemployment really?

South Africa ranks amongst the countries with the worst unemployment and poverty, and the greatest inequalities, in the world. Massive unemployment and the loss of formal jobs have contributed to huge inequalities in income. According to the United Nations Development Programme (UNDP), only Brazil and Guatemala have a more unequal distribution of income than South Africa.

Despite these facts, which are affirmed by the experiences of millions of COSATU members every day, government ministers continue to argue that we do not have sufficient data to assess the extent of the unemployment problem. Too often, this debate on measurement of unemployment seems to pre-empt discussions on how to solve the problem.

A particular problem has arisen with the publication of the 1999 October Household Survey (OHS), which showed a million more employed people than the 1998 OHS. These data have been cited widely by government leaders - notably by the President when opening Parliament and in the Budget Review this year - to demonstrate that the economy is now creating jobs. Unfortunately, analysis of the data shows that the 1998 and 1999 OHS effectively define employment differently, making comparisons meaningless.

In this article, I will first look at the available data on job losses in the formal sector, and then at the impact of

Neva Makgetla analyses employment statistics and argues that the 1999 OHS figures do not show a growth in employment, but instead reflect a redefinition of employment to include very poorly paid jobs.

unemployment by race and gender. The last section analyses the 1999 OHS.

The formal sector

According to Statistics South Africa (SSA), since 1990 employment in the formal sector outside of agriculture has shrunk by over a million, with one in ten workers in the formal sector losing their jobs between 1997 and 2000 alone.

The biggest job losses took place in mining, construction and transport, with growth only in wholesale and retail trade. OHS data suggest some increase in informal-sector employment to compensate for the job losses, but obviously these activities are worse paid, less secure and more dangerous than formal work.

As Table 1 shows, since 1990 employment losses have gone through

three distinct phases, with substantial downsizing in the period 1990 to 1993, stabilisation in the next four years, and then renewed job losses in the past three years. As a result, almost 20% of formal jobs have disappeared since 1990. The stabilisation phase after 1994 may reflect a statistical anomaly, since until then national statistics did not include workers in the former TBVC states.

Since 1990, cuts in mining have consistently driven job losses, accounting for about a third of downsizing by the private sector. But after 1997, manufacturing shed over 100 000 jobs, or about a quarter of the vanished positions. In manufacturing, metal and machinery production outside auto suffered the

biggest losses, with employment contracting by a third (Table 2). In contrast, wholesale and retail trade gained 120 000 jobs. As a result, it rose from 11% of private formal employment to 16%.

In the public sector, cuts in the budget ultimately require cuts in employment. The public service lost 78 000 jobs in this period, with a total loss from 1995 to 2000 of around 170 000 or 13%. In real terms, since 1996, personnel spending in the public service has fallen almost as fast as the budget as a whole. State-owned enterprise and local government have also faced pressure to downsize in order to permit cuts in state subsidies.

Overall, the decline in employment went hand in hand with a fall in the share

Table 1. Changes in formal employment, 1990-2000

Sector	Employment in 2000	% of private forml empl in 2000	Change 1997-2000		Average annual change			Percentage of formal job employment	
			Number	%	'90-'93	'93-'97	'97-'00	'93-'97	'97-'00
Mining & quarrying	421 000	7%	-138 000	-25%	-7%	0%	-9%	36%	33%
Manufacturing	1 278 000	23%	-117 000	-8%	-1%	0%	-3%	18%	28%
Construction	224 000	4%	-90 000	-29%	-4%	-4%	-11%	28%	21%
Transport, storage & communication	222 000	4%	-54 000	-19%	-6%	-2%	-7%	23%	13%
Financial institutions	195 000	3%	-21 000	-10%	1%	3%	-3%	-9%	5%
Electricity, gas, water	40 000	1%	1 000	1%	-6%	-2%	0%	3%	0%
Subtotal	2 382 000	42%	-419 000	-15%	-3%	-1%	-5%	100%	100%
Wholesale/retail trd	883 000	16%	119 000	16%	-2%	0%	5%	13%	-28% ^b
Public service	1 100 000	19%	-78 000	-7%	n a	-4% ^c	-2%	46%	19%

Notes

- a. excluding wholesale and retail trade, retail and the public service
 b. ie, the increase in jobs in this sector compensated for 28% of job losses in the rest of the private formal sector
 c. figures for 1995 to 1997 only

Sources

For the private sector, Labour Statistics, Survey of Total Employment and Earnings, March 2000 Statistical Release, P071, 27 June 2000; Labour Statistics: Employment and salaries and wages (Summary), Statistical Release P0200, for June of other years; agricultural employment from 1990 to 1996 provided by SSA on the basis of Agricultural Surveys, Report 11-01-01; for 1998, from OHS 1998, for the public service, PERSAL.

Table 2. Job losses within manufacturing, 1994-2000

Industry	Employment in March 2000	% of manuf employ Mar '00	Change '96-'00		Average annual % change		% of job losses '96-'00*
			numbers	%	'94-'96	'96-'00	
Basic metals, metal products and machinery	222 000	17%	-54 000	-19%	2%	-5%	35%
Textiles, clothing, leather	220 000	17%	-40 000	-15%	7%	-4%	26%
Electrical machinery	71 000	6%	-33 000	-31%	-3%	-9%	21%
Non-metallic mineral products	46 000	4%	-30 000	-39%	-2%	-12%	19%
Food, beverages, tobacco	196 000	15%	-12 000	-6%	-1%	-2%	8%
Transport equipment	84 000	7%	-11 000	-11%	5%	-3%	7%
Furniture, manufacturing and recycling	62 000	5%	-10 000	-14%	3%	-4%	7%
Coke oven products, petroleum refineries, etc	174 000	14%	-3 000	-2%	1%	0%	2%
Professional equipment	22 000	2%	15 000	190%	-7%	30%	-9%
Wood, paper, printing, publishing	181 000	14%	24 000	15%	-3%	4%	-15%
Total manufacturing	1 278 000	100%	-155 000	-11%	1%	-3%	100%
Machinery except auto**	316 000	25%	-72 000	-19%	0%	-5%	46%

Notes

* A negative figure means employment grew

** Includes basic metals, metal products and machinery; electrical machinery; professional equipment

Sources

For the private sector, Statistics South Africa, *Labour Statistics: Survey of Total Employment and Earnings, March 2000 Statistical Release, P071, 27 June 2000*; Labour Statistics: *Employment and salaries and wages (Summary), Statistical Research P0200, for June of other years*

of labour in the national income. By implication, in the aggregate the rise in employee incomes lagged behind the growth in productivity. Moreover, the loss of quality jobs increased income inequalities.

The relative drop in labour incomes continued a trend that lasted from 1992 until 1998. In 1992, labour received 57,1% of the national income. Its share dropped to 51,8% in 1997, then stabilised at 55,7% in 1998 and 1999

Province, race and gender

According to the OHS 1998, very large

differences in unemployment emerge by race and gender. Joblessness remains worst for Africans, especially women, although fewer women are 'economically active' - that is, fewer have paid employment or are looking for it. Unemployment for Africans - using the expanded definition, which includes those who are too discouraged to look for work - ran at 38%, compared to 14% for others. Only half of women are economically active, compared to two thirds for men. Nonetheless, unemployment for women was 45%, compared to 31% for men. Over half of African women in the labour force were unemployed



Large differences in unemployment emerge by race and gender.

After 1994, women and black people obtained more higher-level positions. Still, because of cuts in elementary jobs, their total employment fell

Employment levels also vary by province. In the provinces that incorporated substantial areas from the former homelands, unemployment runs as high as 50%. In contrast, in the relatively industrialised provinces of Gauteng and the Western Cape, unemployment lies at around 30%.

Unemployment crisis?

Government and business sometimes suggest that while unemployment is bad, it

is not the most important crisis facing the country. They give two reasons for their position:

- Even if formal employment fell, informal employment grew
- The 1999 OHS shows a rise in employment.

Table 3. Employment and unemployment, 1998

	Total population aged 15 to 65 years	Not economically active	Unemployment rate*
Total population	25 710	42%	37%
Total women	13 397	49%	45%
Total men	12 312	34%	31%
Total African	19 427	44%	46%
African women	10 176	50%	55%
African men	9 252	36%	38%

Notes

* Expanded rate

Source

Statistics South Africa, October Household Survey, 1998.

Definitions

Formal jobs mean jobs that use modern technology, with employers who are mostly legally registered. Large-scale employers are all formal employers. While many formal workers face bad conditions, these jobs are more likely to be permanent, organised, with adequate pay and benefits like health insurance and provident funds.

Informal jobs mean self-employment or employment with small employers, generally without legal registration, and often using low-level technology. Most of these jobs are in retail sales and services, with relatively few producing goods. Generally, these jobs are insecure and poorly paid. Most of the workers are not organised and many cannot take advantage of their legal rights

Informal employment grew

Government and business say that South Africa may have lost formal jobs, but has gained informal jobs. Therefore, South Africa has not lost jobs overall.

Data on informal, agricultural and domestic employment come from periodic surveys. They suggest that employment in these sectors grew in the past few years at least as rapidly as the formal sector shrank. But these figures

include any income-generating activity, including parking cars on the street and hawking vegetables.¹ Often, these activities do not provide a livelihood or raise productivity. They are survival strategies, sometimes only disguised unemployment,² that do not address the economic and social consequences of job losses and poverty.

In the Budget Review 2001, the Department of Finance published results of a study of the informal sector, arguing that it showed a substantial real increase in incomes in the sector in the past ten years.

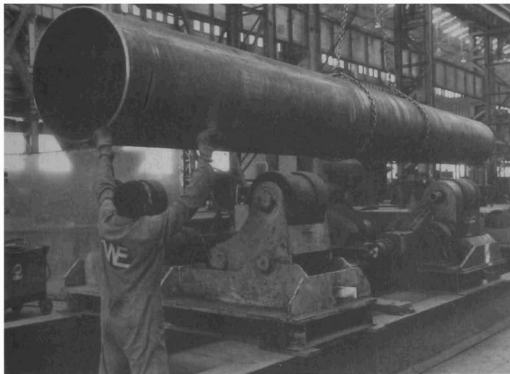
The published figures appear to reflect a miscalculation, exaggerating growth in incomes. In any case, the study showed that in 1998, unskilled workers and the self-employed in the informal sector earned, on average, less than R650 a month, while semi-skilled workers earned under R1 200 a month.

Overall, a shift to informal or casual work obviously reduces family incomes and security. In the Department of Finance study, even five years after they had left the formal sector, 55% of workers who ended up in the informal sector still had lower incomes than they had previously.

Often, workers who lose jobs have no choice but to take very poorly paid informal work. That means the loss of formal work almost necessarily creates informal jobs. But in this case, the growth in informal work really only hides the real problem: the loss of formal jobs.

Table 4. Real mean earnings (in rand) by skill and education in the formal and informal sectors (prime working-aged individuals)

	1993	1998	Reported change	Calculated change
Unskilled	575	637	2,7%	2,1%
Semi-skilled	838	1 185	10,3%	7,2%
Skilled	1 699	1 955	3,7%	2,8%
Self-employed	314	634	25,5%	15,1%
No education	370	447	5,2%	3,9%
Primary education	527	634	5,1%	3,8%
Secondary education	846	1 234	11,5%	7,8%
Post-secondary	2 043	2 060	0,2%	0,2%



Basic metals, metal products and machinery have lost jobs.

The 1999 OHS

The 1999 OHS showed a substantial rise in overall employment compared to the 1998 OHS, with a small decline in the unemployment rate - from 37,5 to 36,2% under the expanded definition, and from 25,2 to 23,3% under the narrow definition that counts only those actively seeking work.

These data, however, are hard to fit in with other trends in the economy. They suggest employment increased by 10% in the 1998-1999 period, even as the economy grew only 0,8%. That would mean a massive reverse in the trend toward declining labour absorption with economic growth over the past two decades.

Sectoral figures are even more problematic. The bulk of the jobs supposedly created - some 770 000 - are in the informal

sector. That would mean the sector grew at the extraordinary rate of 50% in 1998-1999. Their survey found a 19% gain (or 280 000

Informal sector incomes in the Budget Review 2001

The following information on incomes in the informal sector comes from a box on p 31 of the Budget Review, reporting on a study for the Department of Finance. It gives the 'reported change' as the real average annual change in incomes over the period. It does not say whether the figures for 1993 were inflated or those for 1998 deflated for the calculation.

In any case, comparing the two figures using the standard formula for growth rates gives the average annual growth reported under 'calculated change'. It suggests that the 'reported change' growth rate is substantially exaggerated.



The number of insecure and poorly paid jobs has risen.

jobs) in parts of the tourist trade and the financial sector. Yet earlier surveys show these activities *lost* over 300 000 jobs in the previous three years, and the output of the financial, business services, trade and accommodation sectors as a whole grew only 3% last year.

Similarly, the data show growth of 17,5% in agricultural employment, while output rose only 4% in that year. The survey admits the change may reflect the fact that, for some undisclosed reason, subsistence and informal producers in the rural areas this year classified themselves as employed, where in the past they were classed as unemployed or economically inactive.

Overall, it seems that the 1999 survey shows higher employment mostly because it redefined employment to include very poorly paid jobs, especially in agriculture. In other words, employment did not grow; the survey in 1999 counted different kinds of work than the earlier surveys. ★

Update

Since the writing of the article, the Labour Force Survey of 10 000 households has been released. This survey placed unemployment at 25,2%. It is not just the higher unemployment figure represented here that is of significance but the subsequent downgrading of the Survey to the status of a 'discussion document' suggests interference in the gathering of official statistics. Perhaps it is necessary for the process of collecting such data to be overseen by a body such as Nedlac to ensure that stakeholders have an equal say in this important process.

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- 1. Statistics South Africa argues that the ILO definition of unemployment requires that it count any income-generating activity*
- 2. That is, activities that provide far too little to live on, adding virtually nothing to the economy or household incomes.*

Sector Job Summits

moving to a new growth path

The title of the Reconstruction and Development Programme (RDP) was chosen to put the emphasis on reconstruction – above all, the need to transform the economy to ensure that it benefits the majority of our people. In recent years, however, reconstruction has taken a back-seat to the vision of a more efficient, competitive economy that business and some circles in government seem to think will result automatically from free markets and restrictive fiscal policies. The Gear strategy, tariff cuts, and pressure to weaken labour rights all align with this vision. It underlies the call to make South Africa 'the leading emerging market'.

This approach has been associated with massive job losses. To deal with rising unemployment we need to return to the concept of reconstruction. One way to give it more substance is to analyse the changes we need in the overall growth path of our economy.

The concept of a 'growth path' is a way to highlight the main drivers of growth in an economy. Its key dimensions are:

- The relationships between the main economic sectors
- The nature of the dominant markets – in particular, whether the economy focuses on exports or domestic needs, on luxury goods or basic necessities
- Class and economic power – that is, the nature of ownership and control
- The role of the state.

Neva Makgetla outlines the problems facing the South African economy and proposes a new growth path as a way to restructure the economy and ensure that workers benefit.

South Africa's growth path

Until the middle of the 1980s, South Africa's growth path was essentially shaped by minerals exports and apartheid rule.

Sectors

Exports of gold and other minerals financed the growth of import-substitution manufacturing and infrastructure.

Initiatives to deepen industrialisation largely centred on domestic refining of metals, with little downstream fabrication of minerals or beneficiation of agricultural products. In short, South Africa was a classic resource-based economy, using rich minerals and energy – and low-paid workers – to produce exports, without creating many jobs.

Markets

Gold and other minerals were exported internationally. Mass poverty limited domestic sales. Manufacturing produced

mostly for the high-income group both at home and in the rest of southern Africa. As a result, regional exports made up a disproportionate share of manufacturing sales.

Class power

Mining-based economies typically display capital intensity and large inequalities in incomes and wealth. In South Africa, apartheid aggravated this tendency. The migrant system supplied cheap labour to the mines and farms, based on the impoverishment of the black rural economy:

A few big companies dominated mining, finance and manufacturing. State-owned enterprises played an important role in mobilising finance and infrastructure for huge new manufacturing and minerals ventures. Commercial agriculture enjoyed extensive state support. Foreign investment was large compared to the rest of Africa, especially in mining and the financial sector.

The state

State action largely built this growth path. The state provided cheap labour, investment, cheap infrastructure and energy, and tariff protection for domestic manufacturers.

This growth path ran into trouble from the mid-1980s. Gold mining faced a decline at least from the early 1980s. In 1985, foreign banks abruptly withdrew their loans from South Africa, leading to a huge outflow of capital. In response, parastatal investment plummeted. A few years later, as apartheid ended, foreign companies began to increase their sales in South Africa. Starting around then, and increasingly after 1994, the state ended or reduced support for (white) capital, including infrastructure, tariff protection, laws that suppressed labour, and

agricultural marketing.

Adjustment to the new environment has seen big employment losses and generally low investment. As the article on employment data details, agriculture, mining and the state sector have lost hundreds of thousands of jobs. Manufacturing also lost jobs, especially in equipment and clothing production. These losses were associated both with increasing imports and with the introduction of new technologies to enter export markets

At the same time, faced with new political and economic realities, business cut investment. In the 1990s, investment remained below 20% of GDP – far too low to bring about rapid economic growth or job creation.

A new growth path

Through the Sector Job Summits, COSATU wants to define a new growth path for South Africa, one that will create jobs, meet the basic needs of all our people, and ensure stable economic growth. Experience from around the world, and especially from South East Asia, demonstrates that economic expansion needs decisive interventions to ensure more equitable distribution of incomes and wealth.

Sectoral strategies

Sectoral strategies must lead to increased investment in relatively labour-intensive industries, rather than the production of refined minerals for export as in the past. Today, minerals make up just over half of all our exports. But minerals production creates few jobs and strengthens big capital. Over the long run, our industrial strategy must support investment in industries that generate more employment and open space for smaller-scale production.

Jobs can be created by both

- potentially competitive activities, that can produce for export or to replace imports. Relatively labour-intensive competitive industries include food production and processing, manufacturing using minerals and chemicals, many services, including tourism and communications, and cultural industries,
- non-tradable sectors – that is, activities that are inherently limited to domestic production and consumption. They include construction of housing and infrastructure, basic food and services and commuter transport.

The focus on non-tradable industries requires a substantial shift from current policy. Generally, outside of municipal infrastructure, government does not see production of basic necessities for the poor as important for growth.

Markets

In terms of markets, COSATU wants a shift toward meeting the needs of the poor. True, South Africa must sell to world markets because we have to import important inputs, including petroleum and capital goods. But international markets remain unstable, speculative and subject to unfair trade practices.

Investing more to produce basic goods and services for the domestic market should establish a more stable basis for growth. At the same time, it should gradually lower the cost of wage goods like food, infrastructure, transport and household appliances.

In this context, we must find ways to expand trade with neighbouring countries in ways that strengthen and stabilise their development without undercutting South African workers. Currently, these markets are highly unstable, but important for manufacturing exports.

Class power

In terms of class power, the new growth path must begin to establish new centres of capital and build a more skilled labour force in the context of far higher levels of employment.

We need to expand collective ownership through the state sector and co-ops, as well as supporting small and micro enterprise. We must review current proposals to restructure state-owned enterprises and municipal services. These policies now aim mostly to increase competition and bring in private partners. They will likely improve infrastructure for the top end of business and the rich, but make it harder to get infrastructure to the poor. We also need to establish a framework to support producer and consumer co-ops. Finally, we must accelerate land reform and transform the banking sector.

For growth to benefit the majority of our people also requires the establishment of a high-productivity, high-wage labour force. This is only possible in the long run if the economy is restructured to expand employment on a mass scale, with broad-based skills development.

State

The new growth path requires a strong developmental state. In addition to the normal roles of state of ensuring security and basic administration, the developmental state has four key roles. First, it must establish an effective development strategy that benefits the majority of the population. Above all, that means supporting the new growth path defined here.

The Sector Job Summits must define how government should intervene in each major industry to implement a broader development strategy. Critically, as far as possible, each sector must protect and create quality jobs, meet the basic needs of the majority; ensure more democratic

ownership and control; and support rural and regional development as well as improving the position of women.

Government can support economic reconstruction by:

- developing a shared vision for major sectors with business and labour, with specific commitments on that basis;
- devising skills development programmes geared to new sectoral developments;
- funding sectoral activities or investment, through incentives and/or tax relief, as well as measures to cut the cost of credit;
- expanding markets through government procurement, tariff policies and Buy South African campaigns, as well as by assisting with marketing systems and strategies;
- taking measures to reduce production costs by re-organising work and upgrading management, and by increasing state investment in infrastructure and production.

Second, the developmental state must provide a social wage – that is, free services and grants in addition to earned household income – to combat poverty directly. Critically, the social wage must combine health, education, policing and housing in ways that support economic growth. That would provide an important stimulus to the economy, both by increasing demand and by ensuring a more productive labour force.

Because of the restrictive fiscal policy followed under Gear, virtually all the social-wage functions faced substantially reduced funding between 1996 and 1999. As a result, levels of service are often too low to support growth or employment. For instance, electrification in rural areas is often limited to enough to provide light, not cooking or the use of productive equipment.

Third, the state must improve the income-generating opportunities available to the poor by enhancing access to both assets and skills. Strategies for improving the distribution of wealth includes land reform; support for co-ops and micro enterprise; strengthening social capital and the public sector; and housing programmes. All of these programmes must be strengthened and accelerated.

The current skills development strategy provides an important starting point. But the Skills Education and Training Authority (SETA) plans must be linked in closely with sectoral strategies. More generally, we must ensure consistent implementation of the strategy, ensuring that all South Africans have access to training and qualifications.

Finally, the developmental state must ensure the democratisation of governance and the economy. This follows in part from measures to challenge the power of existing centres of capital. But it also requires the transformation of the state itself, to ensure a more open, participatory democracy, as laid down in the Constitution.

The way forward

The deep-seated ills of the South African economy cannot be resolved overnight. Nor can we expect that government or business will take up measures to support reconstruction in the interests of the majority in the absence of pressure from the people themselves. The critical question will clearly become the extent to which labour, in particular, can both

- mobilise around demands for restructuring the economy, and
- define and defend proposals for a new growth path as an alternative to the current near-exclusive focus on engaging with international markets. ★

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Sector Job Summit season

Labour has put Sector Job Summits (SJS) firmly on the agenda for 2001/2002. If labour's plans go smoothly there could be ten SJSs completed before the end of the year

The timing of the initiative could not be better. Within Nedlac, government and even amongst business leaders industrial strategy is enjoying a revival. Alec Erwin announced at Nedlac that the Department of Trade and Industry (DTI) will be releasing a document that will set its agenda for industrial strategy both in terms of a vision of industrial strategy for South Africa and the region and also lay out the DTI's involvement in this process. The Millennium Labour Council has considered a document on implementing a new growth path and the role of skills planning in industrial strategy. The issue of growth paths and industrial strategy have been raised within the ANC and alliance structures.

What is clear is that all of the social partners are considering industrial strategy, defining visions, targeting sectors and developing policy. Within labour, the focus has been on industrial strategy in general and SJSs, as a vehicle for industrial strategy, in particular.

Sectors

In determining the sectors for SJSs, COSATU and affiliates utilised the following criteria:

by David Jarvis

- Sectors should be large enough so that they suit the creation of industrial strategy.
- Sectors should, however, be small enough to have common features that lend themselves to policy development.
- Sectors that are either facing job loss or have the ability to create jobs if not in the actual sector then downstream or upstream of the sector should be prioritised.
- Labour must be sufficiently organised in the sector to make an impact on policy development.
- Some sectors should be targeted because they have the ability to satisfy some other criterion that is an important part of the labour-directed industrial policy (such as the production of cheap wage goods).

Based on these criteria, the following sectors were identified as sectors in which SJSs should be held: food processing, automobile, engineering, petrochemicals, pulp and paper, pharmaceuticals, retail, hospitality and tourism, electricity, transport, communications, public service, local government, construction and building materials, footwear and leather and finance.

The Public Service Sector has subsequently taken place, joining clothing

and textiles and mining and gold mining.

There have been informal discussions around the appropriateness of sectors. At one level there are criticisms that the sectors that have been identified by labour are too broad. Questions have also been raised about the relevance of some sectors and their appropriateness for the development of industrial strategy. Within affiliates, the sectors sometimes do not correspond with their bargaining sectors or they do not have bargaining by sector.

Preparation for SJSs

The experience of previous SJSs is that there is a need for detailed preparation prior to the summit. Logistics have to be arranged to ensure that the process will be run smoothly. Research has to gather information that will inform labour's positions and proposals. Affiliates have to go back to their constitutional structures to receive mandates for their positions.

To facilitate this process, a major project has been established, that defines roles for COSATU, its affiliates and Naledi. COSATU will provide overall support, in part through monthly report-back meetings where affiliates will come together to strategise and also through quarterly strategy workshops. Naledi is providing technical assistance through research to develop claims and project management for the SJS. The affiliates are expected to establish capacity to develop demands, educate and mobilise their members, and mandate bargaining positions.

Besides developing research to support industrial strategy processes, the project also aims to create longer-term capacity within the affiliates involved in the process, so that they are able to monitor implementation of policies and influence new policy developments. This is being done through the training of researchers and ensuring that

the process remains an inclusive one that strengthens capacity within the union. At the same time the process is aiming to create structures in each sector that will lead to better information flow and establish a voice for the labour movement.

In addition, COSATU and Naledi are using the process to develop a framework across the sectors to inform future industrial strategy development. This will also include addressing issues outside of the specific sectors. For instance, in sectors that suffer from high input costs of raw materials, conditions in the supplying industry will have to be investigated. Likewise parastatal support (for example subsidised energy), transport costs and the impact of the finance sector will impact on the success of any industrial strategy determined at the SJS and, therefore, will have to be addressed.

Government policies that cut across all sectors (such as Competition Policy, Trade Policy, Procurement, etc) will have to be taken up outside of SJSs, but the SJS can initiate these debates, and labour submissions will be co-ordinated across the sectors. SJSs will be important in identifying these cross-cutting areas and assist in developing strategies to rectify any impediments to strategic goals.

This process has already begun with the holding of workshops and various meetings. From these, the beginnings of a labour vision of industrial strategy have been asserted.

Labour vision

Labour's vision of industrial strategy includes the following:

Creating quality jobs

- Job protection and job creation (to protect jobs that do exist and to set in motion policies that will assist in the creation of jobs);
- support skills development;

- economic efficiency and productivity (it is important to increase productive efficiency in industries to bring down the cost of basic goods and manage balance-of-trade problems through increased exports and decreased imports),
- positive impacts on other sectors in up and down stream activities (all sectors should be aware of spin-offs for up and down stream activities, the industrial strategy needs to ensure that positive spin-offs are enhanced);
- sustainable development - measures must be viable in the long run, not just based on subsidies or incentives;
- trade policy to support industrial strategies (trade policy should be driven by the need to develop sustainable industries in a manner that gives companies time to adjust)

Meeting the needs of the poor

- Affordable wage goods (to produce wage goods for the working class that are of a high quality and affordable),
- targeted and large-scale infrastructural and housing development (infrastructural development is necessary within sectoral programmes, but may also lead to stimulation of growth in the general economy by increasing economic efficiency, raising living standards and increasing domestic demand)

Solidarity – broad developmental aims

- Improvement of the position of women in the sectors (the position of women should be taken into account when formulating policy so that their position in the sector is improved),
- rural development (policies should look to enhance the position of people living in rural areas),
- regional integration and development

(policies should assist the development of our neighbours in the South African Customs Union (SACU) and the Southern African Development Community (SADC) and foster increased integration),

- environmentally sound development.

Democratisation

- Empowerment of workers needs to take place at the level of the shopfloor (health and safety, skills development and worker control),
- increased collective ownership (especially to investigate co-operative and government ownership, and the role of pension funds and union investment companies),
- democratisation of government departments and parastatals involved in industrial strategy (such as BTT, IDC, etc can labour have an effective voice in these bodies), and democratisation of decision-making processes in the sectors (representation on boards and councils, etc),
- the development of an activist state (industrial policy should be based on a redistributive agenda, driven by the state)

These objectives demonstrate that for labour, industrial strategy has to go beyond increasing efficiency and exports within sectors, and even beyond short term gains in employment. Strategies under labour's vision will go to the heart of transforming the economy. This vision will be refined as the research and policy development within the sectors is developed. The sectors will feed the vision as the vision feeds into their development of appropriate industrial policies. With this common vision, the impact of industrial strategies implemented in each sector should be felt across the economy as a whole. ★

Negotiating retrenchments

a toolbox

Ask any organiser what they dislike doing as part of their union work – they'll say dealing with retrenchments. Ask any shop steward what they find very difficult to deal with – they'll say dealing with restructuring and retrenchments.

While certain victories can be recorded in the fight against retrenchments and for quality jobs, countless defeats can also be pointed to. Formal employment has plummeted (see Makgetla's article on p 16) and demoralisation has increased significantly.

Unionists feel they are losing the battle against retrenchments. If unions and labour service organisations (LSO) are to successfully challenge retrenchments in a manner that saves quality jobs and builds organisation, a number of issues should be considered, including:

- challenging the notion that there is no alternative to the emerging dominant order which prioritises competitiveness, privatisation and private accumulation in the hands of a few;
- challenging government policies which promote privatisation and deregulation, as well as an industrial strategy which does not focus on job creation and development,
- increasing union power at the workplace and at national level;
- challenging labour law and broader

Tanya van Meelis identifies three tools that may be used to strengthen labour's position when dealing with retrenchments.

policy that does not act in favour of the working class,

- building unionists' capacity to utilise the existing LRA (flawed as it may be) and mobilise workers to challenge retrenchments.

The *Labour Bulletin* has carried numerous articles that address the above issues. This article points to some specific areas unionists regard as being problematic (specifically at the level of the workplace) and identifies three tools that can be used to strengthen unionists' positions. These tools must be seen in the context of building power and organisation and specific strategies to achieve these goals. What should also happen at the same time, and which is not focused on in this article, is an engagement at the broader political and ideological level on the areas identified above.

Information

Most unionists stress the need for information when dealing with a retrenchment. Nelson Mthombeni, head of

collective bargaining for CLEPPWAWU advises 'Ask for information This is a difficult area because management does often not want to give information By asking for information you help yourself to challenge management. In one company, just by asking for information, the company reviewed its position about the retrenchments In the end we had only three forceable retrenchments and 60 voluntary retrenchments, instead of the 200 that the company originally proposed'

Many organisers cite access to relevant information from employers as a problem. The challenges in this regard are numerous:

- unionists may not always know what information to ask for;
- employers are reluctant to give information or refuse to give information;
- unionists may not always be sure how best to interpret the information – specifically financial information

The challenges are addressed in a course facilitated by Ditsela that aims to enhance unionists' abilities to access and interpret information The first section of the course explores various sources of information, why it is important for unionists to look to the shopfloor for new information and to verify information from management, what kinds of information unionists need to gather to build a case that is in the interests of workers etc.

The second section of the course focuses on enhancing unionists' understanding of how best to use section 16 of the LRA. It goes through section 16 in detail, gives case law on section 16 (as well as a critique) and provides a checklist for unionists to use when employer p 32)

The third part of the course focuses on enhancing unionists' understanding of reading financial statements and extracting

information that will strengthen workers' positions in challenging retrenchments

Striking and retrenchments

Many unionists feel frustrated because they cannot strike over consultative issues, including retrenchments. They feel that they are not able to yield power against employers when it is needed most, and they are not able to call workers to action to defend themselves and build the organisation In an article entitled 'Restructuring and job security', published in the *Bulletin* vol 24 no 6 in December 2000, Anton Roskam and Doris Tshepe investigated, from a legal point of view, possible ways to counter-act the job losses that result from business restructuring They argue that unions can strike over consultative issues: 'protected strikes may take place about all matters that are of mutual interest between the employer and employee except matters covered by section 65 of the LRA'. The exceptions include workers not being able to strike if the party has the right to refer the matter for adjudication (ie to arbitration or the Labour Court) or if the matter is regulated by an agreement.

Roskam and Tshepe argue that if unions are careful about how they declare and process disputes, they can take strike action in certain cases. They argue that unions need to:

- identify early on in the process of engagement the issues that would be organisationally best to mobilise their membership;
- carefully define the dispute so that workers are not precluded by section 65 of the LRA from embarking on strike action;
- process the disputes timeously so that if there is a need to exercise power the union is able to call out a strike within a short a time as possible.

Check list: when an employer refuses to give you information

The following checklist was compiled by Nikki Howard of Cheadle Thompson & Haysom Inc and is handed out to participants on the Ditsela course on information skills. Nikki Howard and Henry Ngcobo also published an article in the *Labour Bulletin* (vol 23 no 6 December 1999) which provides more detail on how unionists should approach section 16 of the LRA

When an employer refuses to provide information:

1. Identify the information you require in order to perform your functions
2. Work out why the information is relevant to the issues or functions you are performing
3. Ask for the information as soon as possible after the issues are discussed or the function you need to perform arises.
4. Motivate why you need the information and explain why the information will enable you to perform the functions you need to perform.
5. If you do not know what information the employer has, ask for all the documents relating to the issue on which you require the information.
6. Request the information in writing or confirm a verbal request in writing.
7. When the employer provides information read it carefully to see whether the employer is being completely honest and open.
8. If the employer provides information and it is clear from the information provided that you need further information, immediately request further information.
9. If you do not understand the information, request that the employer provide an explanation of the information or consult experts appointed by the union to advise you on the implications of the information.
10. If the employer refuses to disclose the information, immediately request a detailed explanation as to why the information cannot be disclosed.
11. If the employer refuses to disclose information because it is not relevant ask the employer to explain in writing why the information is not relevant.
 - If you believe that the information you require is relevant explain why to the employer. Explain that if the employer does not disclose the information to the union, the union intends referring the dispute to the CCMA, or using the dispute procedure (if there is one with the company) for disputes about disclosure of information.
12. If the employer refuses to disclose information because it is confidential *and* if disclosed will cause substantial harm to the employee, ask the employer to explain these reasons in writing and specify what harm will be caused to the employer or employee if the information is disclosed.
 - Depending on the employer's response, inform the employer that the union's view is that the information is not confidential or that the information will not cause substantial harm.
 - Point out that even if the information is confidential, failure to disclose it will harm the union's ability to perform its functions.
 - If the information is confidential and could cause harm, offer to discuss ways to ensure that no harm is caused by disclosure.
 - Depending on the employer's response, inform the employer that the union intends referring the dispute to the CCMA, or using the dispute procedure (if there is one with the company) for disputes about disclosure of information.
13. If the employer still refuses to disclose the information, immediately refer the dispute to the CCMA or follow the procedure in a collective agreement relating to disputes about disclosure of information.

The kinds of issues that workers can strike about include

- job security collective agreements;
- re-employment collective agreements;
- severance packages,
- private internal dispute resolution procedures,
- preferential tenders for retrenched workers;
- a ban on outsourcing, casualisation, alternative arrangements relating to outsourcing and casualisation that protect workers' terms and conditions of employment, benefits, bargaining arrangements and health and safety conditions etc.

Roskom and Tshepe also propose that unions consider trying to negotiate a collective agreement around job security. When management refuses to sign the collective agreement unions may call for strike action in support of the collective agreement. Collective agreements of this nature are complicated and difficult to draft but should include:

- what should be contained in a notice of possible restructuring and retrenchment;
- when management should inform unions of their intention to restructure,
- the information that should be disclosed to the union;
- resources, including the provision of expert consultants that will be put at the union's disposal (at management's expense) to analyse the information;
- alternatives to retrenchment that must be considered by management before proposing the possible restructuring and retrenchments;
- legitimate reasons for dismissals for operational requirements, including what constitutes a substantively fair dismissal,
- when it is appropriate to outsource, if ever;

- the process of bargaining and disclosure of information that must take place before transferring employees in terms of section 197 of the LRA;
- the minimum conditions upon which transfers in terms of section 197 may take place;
- a dispute resolution process;
- the terms of re-employment of dismissed workers;
- severance packages and contributions to medical aids and housing subsidies for workers who are dismissed and remain unemployed,
- work security and training funds for employees who are retrenched

Enhancing knowledge

A key tool to use to help fight retrenchments is building unionists' knowledge on the area including: Why are companies retrenching? What is globalisation and what impact is it having on workers? How do you build workers' unity and solidarity in the face of divisions caused by retrenchments? What negotiation tactics and strategies can be used? What alternatives are there? etc.

One way of enhancing knowledge in these areas and promoting a sharing of experiences from unionists is through union education. This is posed as something quite distinct from a general education one could receive through a university correspondence course (as an example) since union education specifically aims to, among other things, identify the impact of the changes in the economy etc on workers and attempts to build the capacity of unionists specifically to deal with threats to the working class. Union education is thus not only technical, but it is also political and has a strong emphasis on building working class organisation. It's methodology is strongly participative and functions to draw out

knowledge, experience and creativity that unionists already have instead of viewing them as passive recipients of knowledge they should, like empty vessels, receive.

One well-known and successful provider of union education is Ditsela (the Development Institute for Training, Education & Support for Labour: a joint COSATU and FEDUSA project). Jerry Malatji, a programme officer at Ditsela who is currently modifying existing courses for improvements, identified the difficulties unionists have when dealing with restructuring and retrenchments: 'Unionists are very frustrated because what companies plan to do, they do. The law is not assisting unionists stopping retrenchments.

Organisers and shopstewards are not very good at countering managements' proposals. They are engaging on the issues at a late stage because the companies bring them on board late, and also experience pressure from members . to negotiate packages quickly so that they can go with a high package. But unions should know that going for high packages as the first thing is tantamount to loss'

Given these and other problems unionists are experiencing around retrenchments, Ditsela is improving existing courses and developing new components in courses. These will further examine globalisation, where restructuring and retrenchments come from, trends, tactics to be used, deciphering the language management uses and the like. Malatji emphasises: 'The aim of the course is to link globalisation to the workplace. We are not necessarily coming with solutions, but a way of understanding the challenges facing labour more. We need to understand the animal before we decide which tactics to use.'

While Ditsela facilitators may not be

posing step-by-step solutions now, discussion among participants usually involves a rich sharing of information and experience which provides participants with ideas and some do's and don'ts. This knowledge gained from experience is very valuable. Malatji, Mthombeni and Osborn Galeni of NUMSA share examples of this knowledge.

Mthombeni's advice is: 'The best thing is organising to fight for information and ensuring that shopstewards are well versed and do their own research in the factory. Only then can you begin to challenge management effectively.'

Galeni's advice includes.

- analyse the situation, even if you have to delay the process to do so. A proper analysis will allow you to find the loopholes;
- do not rush the process;
- consult broadly, with what management is saying and what your membership is saying, in order to strategise effectively. Malatji's advice includes:
- do not let management or workers push you into discussing voluntary packages first;
- identify the brains behind the restructuring;
- do research to understand the exact circumstances;
- recognise that company's approaches differ and mould your strategy accordingly;
- give workers detailed information, but do not entertain the question of money in the initial meetings;
- play a central role - make management feel that the union is important and cannot be ignored;
- do not fall into the trap that you can stall retrenchments by not co-operating, otherwise you go back into the process when it is far advanced and have no power. ★

Waai-waai

the impact of retrenchment

When modern industry developed in South Africa, colonisers and capitalists, with the help of the state, implemented strategies to 'force' labour from what they saw as the unproductive economy (the rural sector) into mines, factories and commercial farms. Strategies included the poll tax, hut tax, labour tax as well as people being removed from 'white designated areas' to governmentally defined homelands.

Young men were siphoned from the rural areas to the mines. Here, they were paid low wages – just enough for them to come to work the next day and send some money home to their families. With the preoccupation to pay taxes, dependency on wage labour was instilled in the minds of rural people. The talk in many villages at the peak of migrant labour was that *uzakuyi thatha nini ijoyina mfana?* (When are you going to take the mine work contract young man?)

This forced dependency on wage labour became an entrenched way of life for many poor homesteads, particularly in the wake of unprecedented droughts, a series of plagues and vicious cattle diseases.

Mining capital's demand for labour began to change in the 1980s. According to the Southern Africa Migration Project (1999) gold mines affiliated to the Chamber of Mines employed about

Xolani Ngonini went to villages in rural areas in the Eastern Cape and spoke to retrenched mineworkers and their families about the difficulties they face.

500 000 workers in 1987, but by 1997 this figure had dropped to 300 000 and fell to 240 000 in 1998. At the same time that the demand for migrant labour decreased, people living in rural areas had an increased need for money because of poor agricultural yields and decimated herds.

Waai-waai

Waai-waai (go-go in Afrikaans) is the concept used by the migrants to refer to the spate of retrenchments. It tells a story about the employer-employee relationship and how the lay-offs are dealt with. From the migrant's point of view, it means they were not properly consulted and not provided with training so as to find another job.

In a document entitled 'A Vision for the Mining Industry', the NUM (1998) expresses the future prospects of the migrants: 'Migrant workers have little or no chance of finding alternative employment and are forced to return to their

communities. With little economic opportunities, infrastructures in disarray and eroded agricultural assets, retrenched workers have limited prospects of escaping the poverty cycle.'

My research involved going to three villages in the Bizana district and interviewing retrenched mineworkers and their families to determine how they were affected by the retrenchments in the mining industry

The villages

Bizana district is situated in Eastern Pondoland, which is known as Qawukeni under the traditional authority of the Sigcau lineage. It is along the South Coast bordering on the Indian Ocean. The three villages reflect patterns of dependency, as in almost every homestead one or two members have been migrants at some stage. Many people are still working as migrants on the mines, and their remittances are the primary source of income for their households.

These villages escaped the betterment plans (villagisation) of apartheid and are thus widely spaced. By the same token, it could be said that they have been escaped by development projects. To mention a few things they have missed out on: electricity, 'RDP' houses, road construction and government provided sanitation. For all these villages there is no efficient transport since the Transkei Road Transport Corporation (TRTC) was shut down with the dissolution of homeland governments. The nearest hospital is about 30 to 40 kilometres away from these villages. Water is sourced from remote rivers, where washing is also done. There is one high school and one primary school, but no preschool.

These villages have 3-10 homesteads, and more pensioners than full-time workers. There are no jobs except in the

informal sector composed of cafes, panel beating and building services.

Of the 340 homesteads, 150 do not have anyone who is currently employed. About 90 homesteads have members working as street vendors in Durban or as domestic workers. The other homesteads have pensioners as breadwinners.

Extended families are a norm in these villages. The biggest extended family has 26 sons and daughters as well as 28 grandchildren. This homestead has about 20 huts. The smallest homestead has five people. With the spate of retrenchments from the mines, there is a very high number of males in these villages - more than ever before.

Loss of dignity

Previously, when a young man from the village found a job on the mines the entire village would be jubilant, because migrant work was deemed a prized job. Indeed, society cares for an individual when that individual is profitable. However, members of the community regard some of the ex-migrants who have returned home to be crazy or mad because of depression.

These ex-miners report being highly frustrated because with the loss of their jobs came a loss of dignity and status in the homestead. 'Since I lost my job, I do not have the respect I used to command when I was working. Then, when I came back, I used to buy people beers, drinks, blankets for old people, sweets for children, but now I cannot afford to buy myself even a loose fag.'

These are traditional patriarchal villages. However, the crisis in the mining and migrant labour system has shaken the foundation upon which patriarchy was based - men as the sole breadwinners and wives staying at home and engaging in agriculture for their own food needs. Many of the retrenched migrants are no longer



Retrenched miners returning to rural areas face a bleak future.

able to bring in a cash wage. They report that they are always stressed and depressed as a result of the retrenchment and their inability to find work again. Many report that they were not given counselling when they were retrenched, and think that this worsened their situation. They constantly ask: 'What am I going to do? How am I going to make a living? I do not know how to do anything else!' The men feel that they are unable to use the skills they learned on the mines. 'I have the drilling and blasting certificate, but I can not use these things here. I can be a security at the gate with my knobkerrie.'

Those who bought goats, sheep and cattle have had to sell their livestock to educate their children. They state that they are no longer regarded as important people since their herds have decreased and in these villages, a person who has more livestock is more important than a

person who has a car. Cattle ownership holds high status since cattle are used for occasions such as weddings and burials.

The negative perception of migrants is reinforced at home where some men are regarded as superfluous and burdensome. One man captured this sentiment in saying: 'My wife once told me that things were easier for her while I was away and now things have become more complex since I am here at home doing nothing (umahlalela - the unemployed). She says I am only a burden, and in fact I am just like one of the children she has to feed. I felt so bad, because what she was saying was true.'

Many men are devastated when their wives leave them. One lady explained why she was leaving: 'If he can't provide food and money for us I don't know why I have to stay with him because he is never going to get a job here. The only thing I see yindlala (hunger, poverty).'

Women

The retrenchments and changed accumulation strategies have affected the ways in which household power and authority are exercised within the homestead. Under the peak of the migrant labour system, the members of the families in the villages were involved in agriculture. It was regarded as good to have many children who could help in agricultural activities. With a decline in the ability of the land to support families and having no income from waged labour on the mines, many women sought new ways of making money and/or surviving. One of the respondents explained 'I wake up very early in the morning, around 4.00 to work in the garden in summer, and thereafter without even taking a break, I go to ask nurses or teachers if they have any laundry that needs to be done. I do this for my children because their father was retrenched.'

Many, relatively young women have decided to either leave their husbands and go back to their original homesteads or migrate to KwaZulu-Natal. The women who migrate to Durban often work as fruit street vendors if they failed to get a job in manufacturing factories or as domestic workers from the middle/higher class residents around. However, their husbands complain that they do not come back with money, rather some come back pregnant and not wanting to stay with them any more: 'My wife left for Durban in 1997, she told me that her friend had found her a job. She only came back in 1999 pregnant and to fetch the kids from me. This devastated me very much. I can not sleep properly since they left because I do not know what is happening to my children.'

Hardship for families

Lack of resources and income has destabilised many families. For many

families it is even difficult to get food onto the table. As the old Xhosa saying goes 'the cat's sleeping on the hearth' - meaning cooking does not take place because there is nothing to cook!

Families also experience extreme stress over their children's schooling. Over the past few years the cost of living has increased dramatically - for example school fees have gone up and school uniforms have become expensive. One respondent pointed out that if 'your kids don't have the uniform on, then they can't be in the classroom'. Sadly, this happens at a time when these parents have realised the increased need for education in order to secure a job.

A large number of school-going children have been withdrawn from school because parents cannot afford to pay the fees. Some students who have completed grade twelve are unable to study further because of a lack of funds. One frustrated pupil stated that: 'If these unsympathetic mine owners had not laid off my father I would be doing mechanical engineering at a university now. When we go to the bank, they ask for pay slip yet, my father does not work and thus I do not qualify for a loan.'

Entrepreneurial skills

Some migrants have engaged in entrepreneurial activities to generate an income. The results have been varied.

Shops

Some migrants opened general dealer shops, cafés and so forth. However, many of those who opened shops have since failed and have gone into debt with the local wholesalers.

One migrant who was running a café said he was in hiding because he owed the local wholesale manager some money from the previous stock he loaned from him.



Thousands have been retrenched in the mining industry.

Tractors

Two ex-migrants suffered strokes while they were still employed and were thus compelled, for health reasons, to stop working and come back to live with their families. Upon 'retiring' they were given packages, which they used to purchase tractors. These tractors earned them some money initially. However, since they lacked business acumen and faced depressed conditions they did not make profits. One of them stated that, 'When I came back I bought a red tractor from Kokstad, and initially I made money, but as time went by I did not see where it was going. People started not paying on time or not paying at all. They told me that their husbands or sons have not sent money.'

Mechanic

Mr Kola's story is more positive. He had worked as a mechanic on a mine for 15 years and now he uses the skills he acquired

there to fix the old cars in the village. 'I fix the skoro-koros. They bring a few rands to buy food and pay fees for my children. This is the only source of income for me.'

However, he still faces difficulties. When asked why he does not open a garage in his home, he said 'Many mechanics have been killed, because people bring cars while they don't have money to pay for them. They then send their friends to come and borrow some parts of the car or else they come late to strap some parts so that when they come in the morning to fetch the car some things are missing. You as a mechanic you have to pay for the missing part and they will not pay for what you have fixed.'

Dagga

The 'wonderful weed' has come as a major source of income for a number of homesteads, such that they manage to raise more than R300 a month if the police

do not to ransack their homesteads. The weather is generally favourable to its germination, and is quite easy and very cheap to grow. As those who grow it say 'All you need to do is plant and then not forget when and where you planted it!'

Networks

Another survival strategy used by the families is linking in to networks or community associations. Food associations (imihlanganiso) have mushroomed over the last few years, as buffers against poverty and developing community self-provision. But, money is needed to belong to the food associations and interest is charged to those who do not pay on time. One migrant stated that it took his homestead almost six months to get R30 for the association. Later they had to pay R100 towards the association and when they could not pay it they were expelled.

Families without these resources rely on what they call ukunkinkqa (going to ask for mealie meal, sugar, and tea, stamp (umgqusho) almost everything!). Homesteads, which embark on ukunkinkqa, have less material assets such as livestock, education and skills and do not earn an income.

In most of these homesteads, wives have begun to use multiple relationships as a way to get money from those who are working. As one woman explains 'My husband does not work, and I cannot find a job in town, besides it's too far. I have decided to date a joyini (a miner) because he is still working and gives me money, which I use to buy basic things for the homestead.'

Crime

Gun shots, stabbings and fights in the drinking areas were not part of every day life before, but it has become a norm. According to the headman who is an ex-

migrant this is because 'there are too many men present in the village, not working, frustrated'. He also stated that he has to deal with more conflicts between individuals as well as villages than ever before. Most of these conflicts are a result of theft and robbery, which has flourished over the years. People go to other villages to steal. Faction fights have become endemic and increase tensions when they result in the death of an innocent person. The violence is also fuelled by alcohol.

Migrants state that they are driven to crime to survive. For example, one migrant said that his wife told him that she was going to leave if he did not do something about poverty. He emphatically said that: 'You know! Indlala inamanyala (hunger breeds evil). I never thought that I could steal anything, but now I am forced by circumstances. I cannot find a job, children need to eat, I decided to steal I have stolen three goats and one pig. I slaughter them and take them to town, because if I keep them I will be caught.'

This migrant said he had been doing this with his three daughters who have withdrawn from school and are saving money to go to Durban to look for employment.

Conclusion

While there is still much more that the miners had to say, this short article points to the devastating effects of retrenchments in the mining industry. The effects include not only deepening poverty, but also the breakdown of family life and the erosion of people's dignity. It is ironic that those who built the mining industry now pay the price for its decline. ★

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Phanzi retrenchments, phanzi!

Management calls it downsizing or rationalising. Consultants call it restructuring or re-aligning staff with fiscal goals. Workers call it retrenchment or...death.

Being retrenched is one of the worst things that can happen to anyone. Thus the government, labour and business have come up with the Social Plan to prevent job losses where possible and to guide the parties who have to deal with retrenchment.

Origin

The idea of a social plan was raised in Nedlac. Labour strongly pushed the issue and the social partners then started developing a framework for a Social Plan. The Jobs Summit in 1998 was the culmination of these efforts.

Aims

Ndumiso Matlala, Project Manager at the National Productivity Institute (NPI), describes the Social Plan as 'a guide that prescribes how retrenchments should be handled on a national basis'. It applies in the event of large-scale retrenchments that could impact on sector, regional or national interests.

Yet Matlala emphasises that the plan is not just about managing retrenchments. Most importantly it tries to avoid retrenchments. A social plan approach is vital when there is a chance of saving jobs. It promotes discussions about the issues

Etienne Vlok outlines the provisions of the social plan.

threatening the jobs and the measures to prevent retrenchments.

The Social Plan process is voluntary. Matlala likes it this way because 'it is a success if there is co-operation and people want to work together. When they are on board they show dedication because it is voluntary. If you legislate it then people have to be involved.' Some unions disagree with Matlala and argue that a law needs to oblige companies to enter into the Social Plan process.

The plan consists of three phases each led by a different government department. The first phase, 'Saving jobs', is under the auspices of the NPI. The second, 'Managing retrenchments', ensures that when retrenchments take place, their impact is reduced. The Department of Labour drives this phase. The third, 'Creating jobs for local economies', assists retrenched individuals and communities affected by retrenchment, to find or create new jobs. It is led by the Department of Provincial and Local Government.

Funding

'The government treasury section called Presidential Priorities pays for the Social

Plan. This section also funds the fight against HIV/AIDS and drought relief. The funding pays for the services of the NPI and the consultants we use due to our limited capacity,' explains Matlala

If an industry is declared 'in decline', such as transport or clothing, textile and leather then the companies get a free service. Companies outside these industries get free assessment but they have to pay 35% of the cost of the strategic solutions phase. This is to show their commitment to the process.

For those industries 'in decline' the NPI sets up a task team to do an in-depth analysis of it. Matlala describes this process: 'We look at places for growth and what can be done to unlock the constraints. In the clothing industry we looked at illegal imports and dumping - where countries use cheap labour to export to our country. We also look at productivity as a whole, not just labour productivity but also its interaction with machinery.'

'We look at places for growth and what can be done to unlock the constraints.'

When the NPI intervenes in a company the benefits of the intervention should outweigh the cost. Matlala again, 'We use an international benchmark on how much it costs to create a job. We then compare how much the intervention will cost with how many jobs will be saved. If the intervention costs more than the benefits, the exercise will be useless.'

Phase one

The NPI is concerned with the first phase, 'Saving jobs'. Employers, unions or workers who want to prevent large-scale retrenchments may contact the NPI.

Matlala describes the process: 'The NPI does a preliminary assessment, which focuses on the financial figures for three years to see how the company declined. If the company is a deserving case, the NPI does a strategic assessment, followed by a full-scale intervention to turn around the business.'

Future forums

The NPI helps the employer and labour to form a *future forum* to develop and implement strategies to reduce job losses. The future forum is not concerned with any other workplace issues and is totally separate from bargaining forums. It operates on a consensus basis so strategies arising from it are based on agreement between the employer and labour.

Matlala depicts future forums as almost similar to workplace forums. 'The difference is that it focuses on productivity and saving jobs. We want this forum to continue after our intervention' to see where the company can go.'

'Similar to workplace forums?' I hear the unionists protest. So then there must be some opposition to it? 'No,' assures Matlala, 'we are not experiencing any problems from the unions with future forums. Contrary to workplace forums, future forums are focused on a clear objective and someone is driving it: the NPI. Nobody drives workplace forums.'

The Social Plan's Technical Support Facility provides the following services to future forums:

- it employs consultants in consultation with the forum;
- it facilitates discussions between labour and employers;
- it helps develop turnaround strategies to reduce job losses;
- it develops early warning systems for sectors and companies in decline to identify those that are likely to fail.

Early warning

'The Social Plan can only help companies if it is not too late,' emphasises Matlala 'Usually management approaches us when the company starts experiencing problems But unions only approach us when the workers are given a notice of retrenchment. That is too late'

'Workers and shopstewards must warn us if there are problems at a company They must be our eyes and ears Shopstewards can detect when a company has problems at defaults on its bargaining council contribution and workers start working short time This indicates problems on the demand side,' says Matlala

The NPI is developing an early warning system to see whether industries are declining or growing. 'We use information from Statistics South Africa and participating companies. Our experts analyse the figures and trace trends over time,' adds Matlala. Such a system will allow the NPI to be proactive and identify problem industries early

This system will also identify growing industries where a demand for jobs exists This is important, as it will help with phase two of the Social Plan when reskilling takes place. Retrenched can then be trained with skills required in the growing industries.

Strategies to save jobs

The NPI has many management tools that it uses to save jobs Matlala elaborates: 'One method is to empower the employees by giving them a stake in the company. This is a way of transforming companies This has



Adrienne Bird from the Department of Labour played a constructive role in the Nedlac discussions

worked before but is not the be-all and end-all. Other solutions relate to work organisation, optimal usage of resources and systems to maximise throughput. We treat each case on its own merits and are not married to a single method'

The NPI is adamant that productivity should not improve because fewer workers are doing more work It wants to improve the productivity without taking into account retrenchments

It seems the NPI realises that the cost of labour is not the only reason why companies go under. In *Business Report* the NPI said that it wants to identify the reasons why companies go under and find

solutions to it. It wants to get companies 'back onto the road to profitability without resorting to retrenchments'.

So far the Social Plan has been successful at three companies with 500 to 600 jobs saved.

So far the Social Plan has been successful at three companies with 500 to 600 jobs saved. These companies were Renfreight in Kempton Park, the Laser Group that includes Fraser's International, and Watson Shoes in the Eastern Cape. 'We have gone to other companies where our intervention was too late and we were unable to prevent job losses,' admits Matlala.

Social Plan centres

Part of the Social Plan is the establishment of Social Plan centres to serve phases one and two of the project. There employees or employers would have access to information on the plan and technical expertise through the NPI's website. This would allow them to decide whether they can get help on their own or whether they need to contact the NPI. The centre can also provide psychological and financial counselling to retrenchees.

The first centre was opened at the end of last year at Transnet in Johannesburg.

Examples

The NPI has just concluded a process of saving jobs at Watson Shoes in the Eastern Cape. 'We saved 150 jobs. This was done through an outsourcing exercise that we refer to as a different form of worker empowerment as opposed to empowering a few individuals,' explains Matlala.

One of the Social Plan's earlier success stories was at Renfreight. Renfreight

entered into a joint venture with SARHWU's and SATAWU's investment companies to form an owner-managed contract.

According to *Business Day*, SARHWU Investment managing director Israel Skhosana said, 'the collaborative process at Renfreight, involving management and SATAWU, clearly demonstrates what can be achieved and the extent to which the Social Plan introduced alternative job opportunities. Today former employees of Renfreight have a 23% equity in a newly formed company.'

Phase two

Phase two, entitled 'Managing retrenchments', aims to help retrenchees. The Department of Labour drives this phase and:

- provides information about government assistance programmes and facilitates access to these;
- counsels retrenchees to help them deal with retrenchment;
- does a skills assessment of retrenchees;
- identifies industries where a demand for jobs exists;
- assists in reskilling retrenchees for entry into those industries.

Retrenchment Response Team

If the retrenchment of a large number of workers is unavoidable, a company can request help from the Department of Labour.

The department will then avail its Retrenchment Response Team to assist the company. However, before a company can retrench anyone it needs to provide the Department of Labour with:

- reasons for the retrenchment;
- alternatives that were considered;
- the number of workers who are likely to be retrenched;
- methods of selecting retrenchees;

- financial assistance (except the severance package) offered,
- prospects for retraining and re-employment;
- places of origin of workers who are to be retrenched,
- skills profiles of workers who are to be retrenched;
- resources that management and the union can provide to deliver the Social Plan services

The team will then determine what services to provide the company and the retrenchees. It will ensure the retrenchees know what the department offers, such as counselling, help with retraining and placement services

'The retraining of retrenchees needs to be done with regard to whether it will be helpful or not,' stresses Matlala 'You cannot just train people in general. Skills do not create jobs alone. It is only when they are linked to economic trends and demands locally and globally.'

Job Advice Centre

The Social Plan also makes provision for a Job Advice Centre, which should be opened on or close to the company's premises. The employer and the worker representatives should find a suitable venue for the centre. It should offer services well before retrenchees leave the company

The Job Advice Centre can provide retrenchees with information on how to cope with retrenchment or claim from the Unemployment Insurance

Fund (UIF). Pamphlets are available from the Department of Labour

JET project

Joint Education Trust (JET) evaluated one of the Department of Labour's Social Plan pilot projects in 1999 and the beginning of 2000 at Mooi River Textiles. The purpose of the evaluation was to assess the workshop conducted by the department to assist retrenched workers. What information and support did the workshop offer the workers? What was the impact of the workshop on the ability of the workers to move on in their lives?

According to Avril Joffe and JET's Phundi Sigodi, the retrenchees regarded the section on financial management as the



most important aspect of the workshop. 'Some indicated that for the first time, they had opened a savings account. Others indicated that the course helped them evaluate whether their intended purchases were realistic or appropriate,' report Joffe and Sigodi. Many retrenchees felt that this information would have been very helpful before the retrenchment took effect.

The evaluation also found that the retrenchees valued the section on how to apply for a job, which dealt with motivating oneself, drawing up a CV and demonstrating experience. Another important section was the one on starting your own business.

On the negative side, 'the retrenchees were critical of the department's failure to provide precise and relevant information about UIF, retrenchment regulations and Provided Fund'.

Finally, Joffe and Sigodi challenge the Department of Labour to transform its regional offices into being an efficient support institution for all workers in the area. 'The department must build capacity particularly in small offices. It should transform from being mere UIF registration and pay points to doing counselling; providing support with employment applications and business plans for new businesses'.

Phase three

The final phase of the Social Plan is called 'Creating jobs for local economies'. In this phase the Department of Local and Provincial Government stimulates job creation for local and provincial authorities.

Regeneration of local economies

When large-scale retrenchments are unavoidable in an area, social planning should start. The local authority should look for opportunities in the local or

provincial economy and implement plans to rehabilitate areas where large-scale retrenchments have taken place.

The local authority affected by large-scale retrenchments can apply for Social Plan Fund assistance. This will be in the form of a R50 000 grant to undertake local economic regeneration studies. The outcome of this study is a business plan on the regeneration of the local economy. A committee of the department will then identify possible sources of funding for projects in the business plan.

Viva, Social Plan?

It is easy to get excited about the Social Plan. One institution fighting the possibility of retrenchments, saving people's jobs! Another, helping and advising retrenchees. And then a third, ensuring local economies create new jobs for retrenchees!

But then one reads about how government is going to speed up the privatisation of the big parastatals, which employ about 80% of workers in state-owned enterprises. Hopefully the Social Plan can come up with alternatives and save some jobs then. And hopefully it can create enough jobs for those who will lose theirs after privatisation.

The alternatives that the NPI has proposed so far when saving jobs are not always of the sweet, melt-in-the-mouth variety that the unions would prefer. At Renfreight it put in place an owner-driver scheme and at Watson Shoes it used subcontracting to save jobs. These alternatives are bitter pills, which can only be swallowed with your eyes closed, your teeth grinding and your back against the wall. But that happens when the only other option is retrenchment. ★

Sources: *Sowetan, Business Day, Independent Newspapers.*

The arms deal and employment creation

This input explores the broader employment implications of the current arms procurement programme.

It focuses on the broader economic impact, rather than the specific implications of industrial participation programmes. To that end, it focuses on the opportunity costs – that is, the benefits of creating jobs through the arms procurement programme compared to expenditure on alternative projects. Specifically, it focuses on the opportunity costs of:

1. Expanding production in the defence industry, and
2. Increasing the share of arms procurement in total government spending.

In that context, we suggest that the developmental impact of defence spending can only be assessed realistically in the context of a more defined, sector-based development strategy

The role of the state

Government spending can accelerate employment creation in four main ways:

- By supporting an effective economic development strategy that stimulates growth in relatively labour-intensive industries.
- By maintaining a social wage that sets a floor below living standards. Specifically, ensuring adequate health,

This is an edited version of a submission COSATU gave to the Portfolio Committee on Trade and Industry, 6 February 2001. It focuses on the broader employment implications of the current arms procurement programme.

education, housing and policing will create more stable and productive communities – an important factor facilitating job creation, expanding domestic demand and improving productivity overall

- By enhancing skills development – a particularly important consideration in South Africa. Broad-based training supports greater equity as well as rising productivity.
- By creating jobs within the state sector itself. This is particularly true where spending goes into the major social services – education, health and police – which are inherently labour intensive.

We can understand the opportunity costs of the defence procurement programme by looking at its implications in each of these areas.

Economic growth

The main economic impact of the procurement programme is expected to take place through industrial participation programmes. Vague reporting on these programmes makes assessment of their impact difficult. By their nature, a substantial share of the benefits will accrue to the defence industry. That strategy seems likely to aggravate capital intensity; widen income inequalities by race, gender and region; do little to enhance skills development; and leave the economy even more vulnerable to international fluctuations for a number of reasons including:

- The capital intensive nature of the investment
- The location of the existing industry - about 80% of the industry is located in Gauteng - mainly in Johannesburg/ Pretoria
- The sector is relatively skill intensive.
- The sector is dominated by white men in terms of employment.
- The depreciation of the rand against the dollar.

The published information on the industrial participation programmes is misleading at best. For instance, the 2000 Budget Review indicates that 'the supplier companies agreed to industrial participation commitments totalling R10.4-billion in investment, export and domestic sales in South Africa'. (Department of Finance 2000a, p 141) Yet the economic and employment implications of investment and sales are obviously very different, making the aggregate figure meaningless.

The nature of the defence industry means that, whatever their magnitude, the industrial participation programmes seem unlikely to optimise investment or economic structure from the standpoint of employment.

In the mid-1990s, the Defence Review estimated that direct and indirect employment in the defence industry came to around 70 000, or just under 5% of manufacturing employment. But, as the Review points out, the industry showed major shortcomings from a developmental perspective. To sum up, the Review argues that that defence industry is:

- relatively skill intensive, employing some 10% of engineers and scientists in the country in the late 1980s;
- relatively capital intensive, with a capital-labour ratio of almost R400 000 in the mid-'90s - that is, an average cost per job well above the national average;
- dominated by white men in terms of employment;
- very disproportionately located in the Gauteng metro areas;
- characterised by concentrated ownership, with four companies accounting for 90% of output.

The defence industrial participation projects will aggravate the dichotomies in the economy and not narrow them. Furthermore, to the extent they mobilise local capital into a fairly capital-intensive sector, they will actually limit employment creation.

In the event, reports suggest that the Industrial Participation programmes will actually increase the capital intensity of the sector. Estimates suggest that the cost will come to R1,7-million per job (Batchelor 1998) - this is about four times the current capital intensity of the defence sector and significantly higher than other highly labour intensive sectors where jobs can be created at considerably less than R100 000 per job.

Union shop stewards in the defence industry report that the development of industrial participation programmes at the political level makes planning difficult for both labour and management. As a result,



The Department of Defence anticipates rationalising 30 000 personnel over the next three years.

they cannot maximise positive spin-offs from the procurement programme.

Finally, the defence industry remains significantly export oriented. But military exports are obviously more subject to political and economic instability than most other products.

In sum, much of the benefits from industrial participation programmes are expected to go into a stronger defence industry. In the absence of a more explicit strategy for ensuring a diffusion of skills and growing backward and forward linkages to the civilian economy, this concentration is likely to aggravate economic and social divisions.

Furthermore, it exposes the economy as a whole to the risks associated with the defence industry. Finally, it seems likely to divert investment resources into a relatively capital-intensive sector.

The impact on the social wage

The arms procurement programme effectively shifts spending from the main social services and the criminal justice

system to defence. That change will affect the productivity of communities and the labour force in general, which will have significant implications for the long-term growth in employment. The implications for the social wage are aggravated by the exchange-rate risk.

According to the 2000 Medium-Term Budget Policy Statement, defence spending rose from 6,7% of total spending in 1999/2000 to 7,5% in 2000/1, and will stabilise at 7,7% for the next three years (Department of Finance 2000b, Table 5.2, p 66). Defence will grow by 8,5% a year over the period, compared to 7,6% for expenditure as a whole, and only 6,6% for the main social services and the criminal justice system (Calculated from, Finance 2000b, Table 5.1, p 65).

It is instructive to compare this pattern of expenditure with the priorities officially set in the Budget Policy Statement: 'As part of the 2001 Budget process, the Ministers' Committee on the Budget, the Budget Council and Cabinet have given in-depth consideration to government priorities

and medium term spending options...

This review identified the following critical areas:

- Maintenance, rehabilitation and investment in economic and social public infrastructure
- Targeted interventions aimed at improving the efficiency of the criminal justice system.
- Continued emphasis in the social services on improving the effectiveness of service delivery and strengthening the distributional impact of spending, while targeting additional expenditure at critical maintenance and operational needs.
- Provision for the impact of HIV/AIDS in welfare expenditure, public health and other services.
- Programmes aimed at accelerating employment creation. (p 63)

In short, it appears that one of the fastest-growing areas of the Budget, namely defence, was not identified as a priority.

To illustrate the distortions introduced into government development strategies by the procurement programme, and the implications for job growth, consider the figures provided in the 2000 Budget Review on expenditure for 'poverty relief and job creation'. According to Table 6.2, total spending on these programmes will come to R5-billion between 1999/2000 and 2002/3, as compared to R43-million for arms procurement. (Department of Finance 2000a, p 144)

An unexpected deterioration in the exchange rate could lead to even more severe implications for the social wage. Some 85% of the package is denominated in foreign currencies. The divergence in estimates of costs for the arms package - ranging from R30 billion in real terms to R43-billion in current rand - underscores the resulting importance of the exchange rate in determining the cost in rand. But

the Medium-Term Budget Policy Statement allows an annual increase of only around 1% over inflation for the next three years. That is far less than the depreciation of the rand in the recent past.

The risk of depreciation is underlined by some of the cost estimates produced in 1998, when the package was first explored. Cilliers then came up with exchange-rate estimates based on a long-term depreciation of 5% a year - leading to a rate of R7,76 to the dollar in 2006. (Cilliers 1998)

Even at current cost estimates, it is clear that the armaments programme is absorbing enough of the Budget to place strict limits on developmental spending. Looking at the medium term framework (MTP), the budget has protected infrastructure and economic spending, to a degree. But the big social services, which are crucial for development, will grow less than the population for the coming three years. That will have long-term effects on the broader social and economic conditions required for employment creation.

Skills development

As noted above, the defence industry absorbs a disproportionate share of high-skilled labour. It is alleged that the industrial participation programmes do not include training or employment-equity requirements. (Batchelor 1998) There is no overall training programme for the defence industry, which is split amongst several Skills Education and Training Authorities (SETAs). Furthermore, the secrecy surrounding the defence industrial participation plans makes it difficult for SETAs to include projects in their planning exercises.

This situation will presumably limit the extent of broad-based training in the industrial participation programmes. Currently, however, the skills in the

defence sector are monopolised by white men. In the absence of systematic and coherent training and employment equity programmes, this situation will persist for the foreseeable future.

Employment in the state sector

Agreements reached recently at the Public Service Jobs Summit note the importance of the public service as a source of employment. It accounts for 20% of formal employment. To the extent expenditure goes into the labour-intensive social services – especially education, health and policing – it will increase employment substantially. In contrast, the current arms package shifts expenditure away from personnel expenditure. This shift comes at a cost in terms of public-service jobs.

The loss is clear within defence itself. The procurement programme forms part of a plan to raise the share of expenditure on equipment to 30% of defence spending. The Department of Defence anticipated that the increase in the capital budget would be achieved through the rationalisation of 30 000 personnel over three years. In effect, the procurement project in itself marks a shift toward a more capital-intensive defence force. While this may be appropriate from a security standpoint, it cuts formal jobs at a time of extraordinarily high unemployment.

It is also unclear how many jobs will be created in industries other than defence, the nature of the investment in those sectors, and the nature of the jobs created. How these investments link into a new growth path and industrial policy are unclear.

Summary and conclusions

Government has stated that the decision to procure arms on the current scale arises primarily from strategic considerations, not from a desire to

maximise employment. COSATU feels that this decision did not adequately look at the broader economic, social and employment costs. It takes an inappropriately narrow view of national security, underestimating the importance of ensuring greater employment and equity as the basis for a more peaceful and dynamic society. It also fails to appropriately assess the opportunity costs against the objectives of a developmental state, which include reducing poverty and inequality, and meeting developmental targets.

In any case, whatever the security

...the current arms package shifts expenditure away from personnel expenditure. This shift comes at a cost in terms of public-service jobs.

considerations, in light of the opportunity costs, it is clearly inappropriate to justify the arms deals in terms of job creation. If we as a nation are serious about employment, we must look much harder at ways to ensure growth in relatively labour-intensive sectors, such as food and food processing, clothing and textiles, tourism and other services. We hope that the Sector Job Summits, planned to take place in the course of the coming year, will contribute substantially to the development of such a development strategy. That should obviate the current, misguided dependence on risky arms procurement packages as a driver for job creation. ★

The full version of this submission, including COSATU's recommendations, can be obtained on COSATU's website: <http://www.cosatu.org.za>



New focus of work at Nedlac

The senior leadership of Nedlac's four constituencies met recently to discuss how each party could contribute towards realising the vision and objectives set out in the declaration of the 2000 Annual Summit.

Various proposals for Nedlac's work programme came out of this meeting. They are aimed at ensuring that Nedlac's work is aligned with the declaration objectives

Sector strategy

In its action plan for 2001, government highlighted the following key sectors of the economy in terms of maximising potential for investment, job creation, growth and empowerment: energy, telecommunications, tourism, transport, agriculture and agro-processing, clothing and textiles and automobile manufacture.

The Nedlac constituencies need to discuss these, and agree on strategies to put in place. Sector summits have already been held in some sectors, such as mining, the public sector, agriculture and clothing and textiles, and in others, sector summits are being planned for this year, including in telecommunications.

Nedlac will draw together what has been learnt from these sector summits to plan for effective future summits.

Mobilising resources

Once the constituencies have agreed on what is required in order to promote growth in each sector, there will have to be a discussion on how to mobilise whatever resources might be necessary to invest in each sector.

Economic empowerment

Nedlac's existing task team dealing with the Black Economic Empowerment Commission's report will attempt to discuss this report in the context of the vision of economic empowerment embodied in Nedlac's declaration. This includes black people, workers, women, youth and people with disabilities. The task team should also discuss the role and performance of trade union owned investment companies, pension and provident funds, co-operatives, credit unions and the implementation of measures agreed to in the Presidential Jobs Summit regarding women and youth.

Skills Development Strategy

Nedlac was involved with negotiating the Skills Development Act. It is important that the constituencies now ensure the speedy and effective implementation of the strategy emerging from the Act. The Department of Labour recently held a conference on the Skills Development

Strategy, which was attended by the Nedlac constituencies. More discussion should take place within the Labour Market Chamber as to what each constituency should be doing to ensure that our people, our most precious resource (as the declaration defines them) are given the opportunity and support to develop to their fullest potential.

Engaging globalisation

There have been plenty of academic debates about globalisation, but the Nedlac parties need to discuss how globalisation actually impacts on the economy and society in general, and how best to engage it. Within this broad discussion, the parties will continue to discuss trade-related issues such as the SA-Mercosur relationship, the Southern African Development Community (SADC) and trade in Africa.

Preparations for the next round of the World Trade Organisation negotiations will be an important aspect of this engagement. Nedlac is also planning to host a conference on globalisation this year.

Restructuring

The whole area of restructuring in public enterprises, privatisation and public-private partnerships remains an unresolved issue between the Nedlac parties. The National Framework Agreement requires some thorough assessment into its effectiveness. The implementation of the social plan, which was negotiated at Nedlac, also needs to be monitored. The distinction between privatisation and public-private partnerships needs to be drawn, to see whether there might be areas of agreement between the parties on certain aspects of the whole 'restructuring' debate.

The Earth Summit

The holding of the Earth Summit in South Africa next year presents a tremendous opportunity for the Nedlac constituencies to work together to ensure that maximum benefit is gained in terms of creating jobs and stimulating investment. It should also be linked in with other initiatives, such as the Proudly South African campaign, to promote South Africa.

Issues relating to MAP

The Nedlac constituencies agreed that they need a better understanding of this programme from government and then discuss what contribution can be made towards its realisation. Government will present the Millennium African Recovery Programme (MAP) to the Nedlac constituencies at a meeting in the near future.

Labour market issues

Finalisation of the agreement on the Labour Law amendments is an immediate issue requiring finalisation. The negotiations between constituencies are continuing and will reach finalisation in the next few weeks.

New issues on the work programme of the Labour Market Chamber include a draft code of good practice for workers engaged in special public works programmes.

It will also discuss the call by Judge Ray Zondo, Judge President of the Labour Appeal Court, who has urged changes to the law so that the High Court and Appeal Court in Bloemfontein would no longer have jurisdiction in employment and labour disputes.

The Minister of Labour has also tabled a report entitled 'Towards a 40-hour working week', about the reduction of working hours, which will be discussed by the Labour Market Chamber.



The Millennium Labour Council

Recently, leaders of the trade union federations and big business reached an agreement on the government's proposed labour law amendments at the Millennium Labour Council (MLC). The proposed compromise package agreed at the MLC was supported by the Minister of Labour and subject to ratification by the parties' constituencies by mid-March.

This 'baptism of fire' of the MLC has given trade unions and workers a foretaste of what is likely to emerge at a fairly rapid pace in the near future - a stronger commitment on the part of the trade union leadership to co-determining with monopoly-capitalists the solutions to South Africa's economic crisis. This economic crisis has resulted in the job-losses of an estimated 1 million workers over the past decade, exacerbating the plight of the already poverty-stricken black working class.

MLC - origin and purpose

The development of the MLC can be traced back to a study tour to The Netherlands and Ireland undertaken by the top leaders of business and labour during January 1999. It was facilitated by the International Labour Organisation (ILO) in the form of Charles Nupen, former director of the Independent Mediation Services of South Africa (IMSSA) and later the CCMA. Both countries visited

Martin Jansen questions how trade unions reached agreement on the government's proposed labour law amendments and concludes that unions are undermining the foundations on which they were built.

were experiencing significant economic growth at the time. The ILO views the historic partnerships between labour and capital in these countries as positive models for industrial relations and, despite the vast differences between them and South Africa, nevertheless worth emulating.

The founding agreement of the MLC, dated 7 July 2000, details its main objective 'to develop a shared analysis of the crisis and potential solutions to be pursued with government and Nedlac, as appropriate'. It ostensibly commits the parties (leaders of business and labour) to address unemployment, job-losses, job-security and the current levels of poverty. The MLC consists of 12 leaders each from business and labour and 'will be associated with Nedlac as a bilateral council and will operate with full policy autonomy'.

At the time of its launch the MLC members were exclusively men and business representatives notably including black empowerment leaders with ANC/COSATU connections, such as Cyril Ramaphosa (Molope Group) and Saki Macozoma (Transnet).

In the introduction to his speech at the launch of the MLC, Zwelinzima Vavi, COSATU general secretary and MLC co-chair, emphasised that the MLC 'signals a break with the past of adversarialism and heralds a new era in bilateral relations between business and labour'. The leaders of business and labour are clear that the adversarialism, that has characterised the labour movement over the last two decades is something of the past and has to give way to social dialogue 'and the need to find a better combination between the imperatives of growth and those of social equity'. (Zwelinzima Vavi at the launch of the Millennium Labour Council, 7 July 2000)

Implications for unions and workers

The existence of the MLC, its objectives and operations, together with its proposed agreement on labour law amendments raises serious questions regarding the continued adherence by the trade union movement to the three universal trade union principles: unity, democratic methods and independence. This article assesses each trade union principle in turn in relation to the implications of the existence of the MLC as a project of class collaboration, and its first major product – the proposed deal on labour law amendments

Trade union independence

'If an organisation is to serve the needs of its members, it must be controlled by the members themselves, for who but they

themselves can best define and guard their own interests?

If a union intends to truly achieve the principles and objectives upon which it was founded, it should not allow itself to be dominated or controlled by external interests, be it government, employers, political parties, religious, communal or fraternal organisations, or individual persons' (IUF Training Booklet introducing the foundations of trade unionism)

Whilst the trade union leaders party to the MLC would correctly insist that in a formal sense they have never compromised their organisational independence, upon closer scrutiny of the unmandated agreement struck recently, they do appear to be compromising their political independence. That is, by accepting the stated mission of the MLC, do they continue to serve the interests of their members and the broader working class or have they taken on board the agenda of monopoly-capital? The draft document containing the proposed compromises on the labour law amendments is introduced by a joint vision statement.

This vision statement serves as a near conclusion to the post-apartheid economic policy problem that COSATU trade unionists were debating nearly a decade ago. The dominant trade union position at the time was captured in the Keynesian slogan 'Growth through distribution' as opposed to those in business and later in the ANC's call for 'Distribution through growth'. This 'debate' was effectively settled when the new government adopted its neo-liberal economic policy, Gear in 1996, as opposed to the labour movement's Social Equity, Job-creation and Redistribution

If the trade union movement accepts the vision statement, along with the compromise package of clauses, it will

effectively mean its acceptance of the capitalist neo-liberal agenda as the solution to South Africa's socio-economic woes. Joining hands with the state and capital to compete for foreign investment, means that the trade union leaders are willingly participating in lowering the employment and living standards of their members and hundreds of thousands of marginalised workers. Only in this way can 'a competitive social and individual return on capital' be ensured by our trade union leaders. According to this perspective, the independent trade union agenda of fighting for job-security, job-creation, higher wages and improved working conditions is now meant to be

Joint vision

Business, labour and government commit to the growth of the South African economy and to raise living standards for all.

Growth of the economy is one important means of addressing the jobs crisis in the country.

To this end, we agree to act together, and build confidence in the economy, in order to make South Africa the leading emerging market, and the destination of first choice for both domestic and foreign investment.

In order to make South Africa a destination of first choice for investment (domestic and foreign), the parties agree that it is necessary to:

- have a competitive social and individual return on capital, measured over an appropriate time horizon (the individual return on investment refers to returns for investors and companies);
- have an environment where investments are secure;
- build the social infrastructure and skills base of the economy and the society in order to improve living standards and sustainable social stability;
- build an inclusive society committed to poverty elimination.

achieved on the basis of the capitalist agenda of actually doing the exact opposite - lowering wages, job-losses and worsening working conditions. How else will 'we' compete with the likes of China, Indonesia and Vietnam for 'leading emerging market' status?

This acceptance of the capitalists' agenda intertwined with the co-determinist approach can be traced back to the early 1990s, from the National Economic Forum (NEF) and involvement in the National Manpower Commission from 1992 onwards to the formation of Nedlac in 1994. It developed almost concomitantly with the unfolding political developments, negotiations that led to the conclusion of a political settlement at Codesa in 1993.

During 1990 the Labora minute was signed between the De Klerk government, business and labour, concluding nearly two years of bitter struggle by the labour movement (the anti-LRA campaign) against anti-trade union amendments to the LRA. The labour movement was victorious in that all the contentious amendments were withdrawn. The agreement was a watershed development in that it also included provisions for the parties to negotiate the restructuring of the economy. It signalled a shift away from the broad struggle for democracy and socialism to 'strategic unionism'.

Sam Shilowa, the then COSATU general secretary, in an interview during late 1991 expressed the perspective of the trade union leaders at the time, '... during that period when we, government and business were fighting one another, we began to find, meeting with this or that business-person, that we did share some common ideas'. In the same interview when asked about the prospects of a social accord, Shilowa responded, 'A social accord is not something that we should rule out, but it is

something for which the climate does not exist at present. If business wants us to move in that particular direction, then they will have to create a climate conducive for us to move with them on that particular route! Since then, the past ten years have witnessed the worst attacks on workers by business in the form of retrenchments, outsourcing and various other forms of restructuring. On the other hand, many South African companies have reported record increases in profits, have had significant increases in productivity and have invested in

foreign countries. This is the 'climate' in which the MLC was created and the deal struck on amendments to labour laws.

Ironically, the political independence of the labour movement that is being sacrificed and adapted to the neo-liberal dogma is exactly what is required in this period to defend trade union members and the broader working class.

Trade union unity

Trade union unity has historically been the fundamental political weapon of workers in opposing the ravages of capitalism. The capitalist system structurally facilitates workers' unity and organisation by virtue of its labour and organisational requirements to ensure profitable production. Certain sectors of the South African economy, like mining, engineering and clothing have historically been labour intensive, requiring large numbers of workers in mines and plants. These labour intensive sectors have also tended to be



Are trade union unity and militancy being undermined?

the low wage sectors, and this factor together with high concentrations of workers has meant workers are more readily organised into trade unions. Conversely in sectors like domestic, farm workers and small businesses, unions have struggled to organise and are consequently weak.

The evolution of capitalism has also been accompanied by increased concentration of ownership and control of companies in fewer and fewer hands (monopoly-capital). This common ownership pressurises trade unions to organise and bargain centrally to match the power of employers. The trend during this phase of neo-liberal capitalism has been to deliberately divide the labour market to advance attempts to cheapen the cost of labour.

Capital has resorted to new methods of cheapening and dividing labour such as outsourcing and sub-contracting. These methods have also had the political effect

of dividing workers and undermining collective bargaining. Unions have struggled, albeit sometimes reluctantly, with only partial success, to organise these new sections of workers, so ensuring a greater division amongst workers and consequently the strengthening of employers' collective bargaining power.

Labour legislation in the post-apartheid era, the products of corporatist co-determination, have increasingly promoted a two-tier labour market in the guise of 'regulated flexibility' with provisions such as averaging of working hours, a compressed working week (BCEA) and favourable provisions for small business (the LRA and BCEA).

Within the context of high unemployment and low wage extremes, some would argue that we already have a well-established two-tier labour market. The recent proposed compromise agreement on labour law amendments that emerged from the MLC contains the most far-reaching provisions for entrenching a two-tiered labour market in legislation. It provides for distinctly different rights and remuneration for workers dependant on numerical thresholds in the following areas:

Retrenchments

In companies consisting of 50 or more workers, if the proposed retrenchments are intended to affect 10% or 50 workers (whichever is less), the parties are required to 'interact meaningfully' and will have the assistance of a CCMA facilitator. These workers will also have the right to strike and secondary strike support around retrenchments, together with numerous other protective rights such as measures to avoid and mitigate retrenchment and disclosure of information. Effectively workplaces with less than 50 workers will not have these rights.

Payment for Sunday work

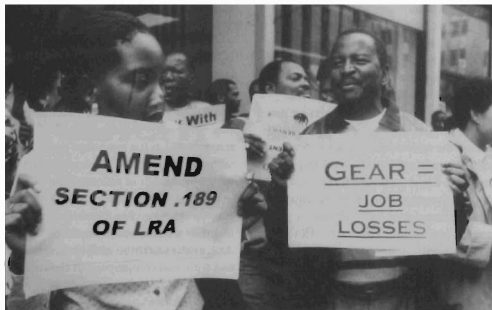
In companies having workforces less than 30 employees and where there is no agreement stipulating payment for Sunday work, a payment rate of 1,5 will apply for Sunday work as opposed to the current double payment (x 2) as contained in the BCEA

Workers on Probation

The parties agreed to 'narrower test of compliance with fairness' for dismissing workers on probation.

The trade union leaders party to the MLC are promoting a discriminatory two-tiered labour market, further cheapening the cost of labour for capital and lowering the living standards and protection for the most vulnerable workers, those working for small businesses, contract workers, part-timers and casuals. This larger and legally entrenched two-tiered labour market will encourage further retrenchments and outsourcing as opposed to the stated aims of the MLC and the good intentions of the trade union negotiators to ensure job-creation. Just as important, as a negative political consequence for the labour movement, is the structural divisions amongst workers that undermine trade union unity, organisation and collective bargaining power so critical for defending workers against the current attacks on their job-security and living standards.

Interestingly, the ANC government, in the form of President Thabo Mbeki, has warmly encouraged the formation and aims of the MLC. This the government now readily does despite the earlier complete disregard for labour's views and deliberate exclusion of the labour movement from having any impact on its economic policy, Gear. The relationship, expressed in the form of the tripartite alliance between the trade union leaders, particularly that of the more



Labour has been vocal in its opposition to sections of the LRA

powerful federation, COSATU, and the ruling party has also contributed significantly to the shift to a sharing of monopoly-capital's agenda for the economy and labour-market. The class collaboration and incrementally emerging social accord is also lubricated by the historical political and social relationships between the trade union leaders and those in government. It is no accident that the senior positions in the labour ministry, right up to the Minister of Labour himself, are occupied by former trade unionists drawn from the ranks of COSATU. Now business too has added weight to this tendency, in the form of Cyril Ramaphosa, the former general secretary of NUM and arguably the most powerful South African trade union leader during the 1980s.

Trade union democracy

The section on the structure and operation in the MLC's operational guidelines stipulates that 'Discussions in the Council will be confidential and

agreements will be made public'. Even though the last decade has experienced a gradual erosion of internal democracy within the progressive trade union movement in South Africa, this is probably the first explicit commitment on the part of trade union leaders to undemocratic practices, invoking confidentiality for unmandated discussion with business leaders. The MLC also consists of 'members' and not delegates or formal constituency representatives, as structures of this nature required previously in keeping with democratic practices of mandating and accountability. This effectively undermines the principle of worker control that most progressive trade unions have tried to adhere to since the mid-1970s. What is also remarkable is that the rationale of the MLC's existence in relation to Nedlac has never fully been explained. The MLC's founding documents refers to Nedlac for the purposes of obtaining 'a regular subsidy from Nedlac to help defray the cost of its operation'. The

MLC Millennium Agreement also states that the MLC 'will be associated with Nedlac as a bilateral council and will operate with full policy autonomy'.

The proposed settlement on labour law amendments emerged from the MLC and not Nedlac. Affiliates of the three trade union federations were given less than a month to endorse the settlement. This approach to negotiating and settling on far-reaching changes to labour legislation is unusual and contrasts sharply with the militant, vibrant anti-LRA campaign of 1988-1990 and even more recent campaigns around the LRA and BCEA during the mid to late 1990s. The latest negotiations within the MLC excluded several senior trade union leaders, let alone shop stewards and ordinary members. Very little time was provided for the 'mandating' process to endorse the settlement, leaving little space for trade unions to propose informed alternative positions for negotiations.

The democratic input of members to what is eventually agreed between the negotiators is inextricably tied up with the extent of and basis upon which they are drawn into the issues. The involvement of ordinary workers on the basis of campaigning in support of their demands not only strengthens the democratic processes, but also ensures that the negotiators bargain from a basis of strength. We have already seen how the operations of the MLC excludes ordinary trade union members from inputting meaningfully into the negotiations despite their being most affected by it. When the proposed amendments were first released last year, COSATU general secretary, Zwelinzima Vavi, threatened 'blood on the streets'. The undemocratic nature of the agreement reached at the MLC and its concrete implications, if agreed, will shift this bleeding to thousands of workers in South African sweatshops.

Conclusion

The trade union leaders might console themselves with their good intentions on the one hand and the fact that unlike the pre-democracy era in South Africa, monopoly-capital and the state appear to be taking them seriously by meaningfully engaging around issues of common interests. But at the same time they have willingly given up too much ground on their own agenda of reflecting the interests of their members and the broader working class. This has ensured that they are involved in weak co-determinist imitations of their Australian and European counterparts in Germany and Sweden.

In South Africa, it has resulted in co-determination in form but capitalist neo-liberal policies in content with devastating consequences for workers. What our trade union leaders do have in common with their European counterparts though, is that by setting up and participating in the MLC and other co-determinist arrangements, as opposed to traditional 'adversarial' collective bargaining, they are sacrificing fundamental universal trade union principles of independence, unity and democracy for the sake of 'good intentions'. This has and will continue to undermine the very foundations and gains of the progressive trade union movement in South Africa that was started during the early 1970s and set us apart from the passive trade unionism of post 2nd World War Europe.

The historical irony is that this development comes at a time when we are experiencing the worst structural attacks on jobs and living standards ★

Marilyn Jansen is the Labour Research Service (LRS) education and media unit head. He writes this article in his personal capacity.

The route of the problem: Part 2

This is a war we have to fight it together,' says Paul Matthew, managing director of the Learning Clinic about the HIV/AIDS epidemic

In 1999 Mac Maharaj, the former Minister of Transport, brought all the role-players together and Trucking against AIDS, a prevention and education programme, was born. It is housed in the bargaining council of the industry and is supported by a steering committee from the industry and unions. The National Bargaining Council (NBC) and the Department of Health fund the programme. It has also received support from companies such as Shell, Engen and Daimler Chrysler.

The NBC set up an HIV/AIDS committee consisting of employers and unions to oversee the programme. Abner Ramakgolo, SATAWU's road freight national co-ordinator, praises this committee: 'We are not arguing on petty issues. The usual "us and them" problems of the NBC are absent.'

The Learning Clinic, a consultancy focusing on the road freight industry, was appointed to run the programme for the industry. Trucking against AIDS has different education programmes depending on the target. Firstly, peer education trains workers to educate fellow

In the previous edition of the Bulletin, Etienne Vlok examined HIV/AIDS in the trucking industry and found that stakeholders have to work together to confront the epidemic successfully. In this edition, he examines a programme housed in the bargaining council - Trucking against AIDS.

workers. Secondly, awareness training focuses on HIV/AIDS, STDs and condom use. The third part is roadside training in mobile clinics. The NBC seconded three trainers to the Learning Clinic to do awareness training and peer education.

At the start of Trucking against AIDS in 1999 the trainers studied the activities of drivers and sex workers, especially at the hot spots - areas where sex workers are active such as truck stops and tollgates. According to Paul Matthew, the research showed that the trainers had to focus on STD training.

A joint project between SA Labour Bulletin and the American Center for International Labor Solidarity (ACILS) and sponsored by ACILS



SATAWU congresses have addressed HIV/AIDS.

According to the Learning Clinic, more than 1 000 workers have done the awareness training and 97 truckers and ten sex workers the peer education. The mobile clinic in Harrismith has seen 2 225 workers go through it and the one in Beaufort West 4 814. 'This is just what four trainers have done,' Paul Matthew emphasises proudly.

The programme also involves the local churches and youth groups. Matthew explains: 'In the communities we focus on HIV/AIDS education hoping that the youth do not get into sex work and, if they do, that they are educated. We will not be able to stop them. We have found 11 and 12 year old male and female sex workers.'

Trevor Matthew, training co-ordinator of the Learning Clinic, adds: 'Sex workers are from the communities the drivers go through. We cannot educate the drivers but leave the root of the problem.'

The unions' role

Some of the success of the project can be attributed to the unions. 'We have had

great support from them,' declares Paul Matthew. 'All seven industry unions have supported us through the bargaining council.' Representatives from Trucking against AIDS have also addressed SATAWU congresses. This is an important way for the project to get into companies, as many congress participants who see the presentation get their employers to invite the project to their companies.

Yet the unions could take it further admits Paul Matthew. 'Unions should put pressure on the employers to set up compulsory programmes. We also need to have their representatives more visible at the clinics.' Another way the unions can support the programme is by using their contacts with donors to ensure more support for Trucking against AIDS.

Paul Matthew also urges the employers to take the issue more seriously and develop policies. He admits the programme's management workshops have not worked. 'We need more buy-in from the companies. Out of 3 500

companies in the industry, we only work in 16. Though some are involved through the Road Freight Association they could do more.'

Educating the drivers

Educating truck drivers is not easy because they are on the road for long periods of time. So the project had to come up with a specific strategy. Ramakgolo, who is also SATAWU's interim health and safety co-ordinator explains: 'Drivers are not allowed to drive after 11pm as stipulated by the law. So the trainers do the education at the truck stops in the evenings.'

Sethula Ramabu, one of the trainers, shows me a flip chart with cartoons and photos that is used to educate the drivers and sex workers. 'The awareness programme is thought provoking, not like a lecture. We start with STDs, showing photos of the different ones and identifying them. We talk about how dangerous they are, how they can be treated, how they affect unborn babies, what medication to take and issues around traditional healers and medicines. We emphasise treatment for both partners and finishing the medicine. It is all done in the drivers' home languages. After this we discuss HIV. We start with the STDs because people who have them are really vulnerable to the virus. We say how the virus can be contracted and show the stages from being HIV positive to having full-blown AIDS. Then we explain AIDS in detail. We talk about daily contact and the stigma of disclosing. We emphasise how you can get tuberculosis and clear up the confusion that one can treat tuberculosis even if you are HIV positive. We talk about blood tests, counselling and the window period. We show how quickly the virus can spread in a community.'

Asked about the drivers' responses,

Ramabu says one would be surprised at how the drivers participate. 'When we started we dealt with myths. Now there is an improvement and good results. We take it for granted that people know but some don't know the difference between HIV and AIDS.'

Justice Mocketsi, another trainer, is very enthusiastic about the project. He explains the secret of its success: 'Our presentation is very interactive and people ask questions. We talk about prevention and the use of condoms. People tell us how they use a condom and we correct them if necessary. Since August 2000 we have distributed 5 000 female and 45 000 male condoms and material on HIV/AIDS. The programme receives this and any other materials from the local government.'

Unions have been criticised in the past because of their lack of education on the rights of those with HIV/AIDS. Many members do not understand how legislation protects them from discrimination on the basis of their HIV status. The Trucking against AIDS programme addresses this by including workers' rights in its training. When Ramabu and Mocketsi find cases of discrimination they refer it to the AIDS Law Project. They often use these case studies in future training. At its management workshops, Trucking against AIDS talks about implementing an HIV/AIDS policy. They discuss with managers what problems can occur when a company does not have a policy and has to deal with HIV/AIDS issues. The trainers also educate management on how to implement policies and have a workplace that is friendly to people living with AIDS.

Clinics

Apart from the training programmes, Trucking against AIDS also uses mobile clinics. This consists of two containers put

up in a hot spot. One container is a classroom where a trainer educates drivers and their partners and the other container is a clinic where a nurse offers primary health care, STD treatment and medication. According to Ramakgolo, the medicines at the clinics are free and supplied by the industry and the Department of Health.

Currently there are temporary clinics in Harrismith and Beaufort West. They cater for drivers in two important ways: firstly, instead of closing at 3pm like regional clinics when drivers are still on the road, they are open from 4pm to midnight. Secondly, the mobile clinic is physically accessible to drivers and their rigs, which is not the case at the regional clinics.

'The clinics do not test for HIV,' Paul Matthew points out, 'because we cannot diagnose someone and then expect them to get in their trucks and drive.'

The success of the clinics can be seen in the response from the Beaufort West community when the mobile clinic there closed for December. Trevor Matthew explains: 'According to a Beaufort West municipal employee the community and truckers wanted to know what happened to the clinic. So we had to put a notice to say that we will be reopening. It shows the community takes notice of what we are doing.'

Due to the success of the clinics, the programme hopes to have ten clinics on all the major routes by 2002. The next two will be at Messina and Komatipoort in the Maputo corridor. From now on all the clinics will be permanent.

Successful?

Both Matthew and Ramakgolo see the programme as a success. For Matthew this programme, its training and provision of treatment and medication is an example of going 'beyond awareness' in the fight

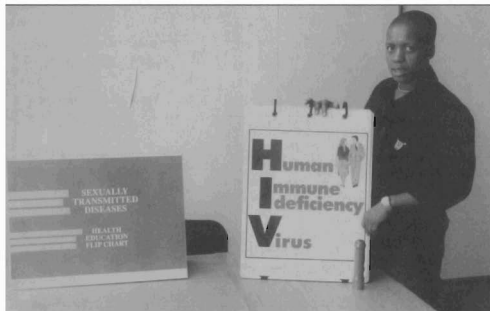
against the epidemic. For Ramakgolo a sign of the success of the programme has been that drivers did not talk about HIV/AIDS in 1996. 'Now, five years later, they want to talk about it.'

Someone who is not so enthusiastic about all the aspects of the programme is Patrick O'Leary, managing editor of *Fleetwatch*. Having been part of the birth of Trucking against AIDS, he explains his initial vision for it: 'The programme was going to stand up at the AIDS conference in 2000 with a success story. But after two years we have found that Trucking against AIDS is only involved with a few companies. Maybe I was too idealistic.' He acknowledges that the programme is doing a good job with the drivers but feels a gap exists because it has not reached management.

When O'Leary confronted those who run the programme, they said that they had shifted its focus to the clinics and truckers. But for O'Leary this is not acceptable: 'You cannot shift from management. You have to involve the leadership.' O'Leary reacted in two ways: firstly, his magazine, *Fleetwatch*, advertised Trucking against AIDS seminars for management without cost. Secondly, he started presenting separate HIV/AIDS seminars for management. When companies then ask him to talk to their workers, he referred them to the trainers from Trucking against AIDS.

Sex work

Companies and unions can do awareness training, have education courses and provide treatment, but drivers will still be spending time away from home and sex workers will still be working at truck stops and tollgates. As long as the trucking industry exists, there will be a market for sex work at hot spots. So it is crucial that sex workers are educated also and that is



Educating truck drivers on the need to wear condoms may not be that successful.

what Trucking against AIDS is doing

Problem solved? No, the government has a role. According to Sharon White, managing director of AIDS Education and Training and one of the initiators behind Trucking against AIDS, the decriminalisation of sex work would help with the fight against HIV/AIDS 'because then we would deal with it in an open, blatant manner and assist the women to help themselves'.

Paul Matthew agrees: 'It will help because you can monitor the situation properly and slow the epidemic down. In the Netherlands, sex workers are monitored and there are compulsory STD and HIV tests.'

Discrimination and abuse

Educating truck drivers on the need to protect themselves by wearing condoms might not be that successful. The *Mail & Guardian* reports that the Medical Research Council found sex workers at a truck stop used condoms infrequently

even though they were easily obtainable. Sex workers cited the loss of clients and non-payment for sex as some reasons for straight sex. Often when sex workers insist on clients using condoms it leads to physical abuse because the clients feel that condoms do not leave them satisfied. When clients agree to use a condom they insist on paying less for it. Ramakgolo confirms that 'in most cases the drivers want flesh to flesh. They think a condom is like sitting in the toilet and doing it alone'.

Does a client have a choice as to whether he would like to wear a condom or not? Maybe if he respected the sex worker, he would not insist on 'flesh on flesh' and he would not abuse her if she insisted on a condom.

One way to achieve this is by including gender relations in HIV/AIDS education. SATAWU is investigating the relationships between sex workers and drivers and educating drivers that it is wrong to insist on 'flesh on flesh'. One way to do it,



Educating truck drivers is not easy because they are on the road for long periods of time.

according to Ramakgolo, is to explain to them what damage they can do to themselves.

Trucking against AIDS also addresses abuse and discrimination Ramabu explains: 'In the beginning the whole issue was complex due to myths and cultural beliefs. After training, we have debates to see whether it really is cultural beliefs causing the abuse and discrimination or whether it is just certain men's own interest.' The trainers also talk about rape and how it can increase the chances of infection with the virus because of breakages in the vaginal walls. They also discuss how this increases the chance of a rapist being infected with the virus if the woman is positive and the man negative.

Jane Barrett of SATAWU, hits the bull's eye: 'Tackling gender relations is critical to any successful campaign against HIV/AIDS. So long as women feel powerless in sexual relations with men, so long will they not be in a position to demand the use of condoms. Neither will they feel free and

able to say no to sexual advances from men. Women need to be in control of their bodies and to be able to choose when and how to have sex.'

If that woman is a sex worker and she chooses to have sex with a condom, she should not be subjected to 'flesh on flesh'. Trucking against AIDS and the employers and unions need to be congratulated for its inclusion of education on gender relations that will hopefully change the current situation.

Too late

Researching this article scared me. When do people and organisations respond to HIV/AIDS? Only when they realise it is going to affect them. It applies to a truck driver who has to be told how he can be infected with HIV if he rapes someone, before he wears a condom. It applies to an employer who has to see his or her profits drop, before he or she educates drivers, adopts a policy or makes resources available. By that time it might be too late. ★

The VWSA saga

NUMSA's strategy

Over the past months, speculation has reigned pertaining to NUMSA and the so-called VWSA saga in Uitenhage, which has attracted national and international interest. The VWSA debacle is the labour relations incident that resulted in the dismissal of 1 300 workers by the VWSA company.

Ideologues have suddenly argued that NUMSA is shifting from its ideological orientation. Others are wrongly speculating that the union is becoming an apologist for the bosses and is prepared to sacrifice its workers to appease the employers. This cannot be further from the truth.

NUMSA remains fully committed to the establishment of socialism in South Africa, where workers will fully control the means of production.

To set the record straight, the union has been, is still and will continue to be loyal to its members. On the ideological front, NUMSA remains fully committed to the establishment of socialism in South Africa, where workers will fully control the means of production. Our ideological commitment to socialism is clearly captured by our slogan: 'Taking the Struggle for Socialism into 21st Century'.

by *Dumisa Ntuli*

(NUMSA's 6th national congress, 20-24 August 2000)

To deal with these distortions, NUMSA has launched a new campaign, whose motto is 'Ears to the ground'. This campaign aims to counter this media distortion and also address additional organisational challenges. Some of these challenges include poor service, lack of accountability and members' different interests. NUMSA is not being apologetic on this matter. We recognise that we have to address these issues to avoid another VWSA debacle in the future. It is in this spirit that we carry out such an initiative. Specifically, the campaign attempts to get workers more involved in the activities of the union and to listen to their views.

This strategy flows out of NUMSA's four-year programme, which was adopted by the union's 6th national congress. The four-year programme gave the union leadership a set of specific mandates and these are to:

- improve service of union members;
- recruit more members;
- redirect the militancy of members;
- be accountable to members;
- deal with the rival unions that are currently penetrating our union.

To deal with rival and what we regard as

counter revolutionary unions, NUMSA has adopted the tactic of re-emphasising the democratic control of this union by the workers. NUMSA has always prided itself on being a union that is committed to the democracy from below, which means worker control. There is an incorrect prejudice which states that we have concentrated our attention on the workers from big companies to the detriment of those workers from small companies, ie filling stations, etc. With this campaign, we seek to deal with these misunderstandings.

The union has always held the philosophy which recognises workers from small and big companies as having equal worth, and deserving the full and equal attention from the union.

To re-emphasise our philosophical position, we are closing the gaps between the union and members.

We want to emphasise the view that all members have equal influence on the issues that affect them directly and take part in decisions of the union.

We want to emphasise the view that all members have equal influence on the issues that affect them directly and take part in decisions of the union. The campaign is important to increase active participation, dialogue and the exchange of information as prerequisites for the union activities.

The campaign takes place at the time when we are busy preparing for our national bargaining conference, where we will discuss overarching issues and demands that affect the union and our members in general. These pertinent issues and demands range from wage agreements

to work place restructuring, job losses, parental rights, health and safety. As we have done before, we want to make sure that our members' rights are safeguarded at any cost, utilising all measures at our disposal. These measures include the law, political approaches and many more.

The focus area for our campaign will be the Eastern Cape followed by the other regions. The aim is to target automobile and component companies. This is being done to counter the growing presence of the rival unions in that area, whose aim, in our view, is to deceive, divide and mislead workers. More importantly, this campaign takes place within the context of globalisation, job losses, and technological changes.

Since globalisation pushes employers to restructure their industries to survive and maintain profitability, this campaign seeks to strategically address problems confronting workers that are related to the globalisation process (ie reversal of workers' rights and security). It is in this regard that an essential focus of our campaign will be to try and ascertain all the problems and views of members. We want to encourage and motivate a knowledgeable, active membership that defends its rights at all times. We also want to consolidate organisational structures and policies. There is no doubt that with a more active, mobilised membership, the unions can turn back the corporate attack and win justice and better life for working families. The campaign is also important for women and the youth because they are mainly located in atypical work in the informal sector, casual work and contract working relations.

To repeat, the drive here is to make workers identify with the union rather than the union chasing members. In so doing, we are striving to prove to our detractors that the union is not and has never been an elitist organisation. ★

Can pension funds dance to a working class tune?

Amidst all the gloom of globalisation, one major opportunity presents itself to the labour movement. Pension funds, whose funds are composed largely of savings of ordinary people, are becoming increasingly dominant at a global and national level. In many countries, contributions to pension funds are legally defined as 'deferred wages'. As a result, the rights of workers to control the management of these funds are increasingly recognised – and so too, in theory, is the potential for workers to use pension fund capital to leverage power in the economy. Remarkably, South Africa may be the country where the labour movement has the most opportunity to make pension fund advances.

Pension funds in SA

South Africa is the biggest 'pension fund country' in the world. The strength of the South African economy lies with its institutional investors, with total assets of R1 000-billion or 50% of South Africa's total asset value. Pension funds account for R600-billion of institutional investor assets, owning 60% of the equity listed on the Johannesburg Securities Exchange (JSE). Pension fund contributions from the 80% of the formally employed amount to over R54-billion a year – 14% of total personal remuneration in South Africa. As a result, South Africa is fourth in the world for per capita pension fund assets, after the

Ravi Naidoo argues that the domestic private pension fund industry provides South Africa with a powerful resource to accelerate economic development and worker influence over companies.

United Kingdom, Switzerland and the Netherlands. In terms of private pension fund assets to gross domestic product (GDP), South Africa is first in the world.

Central to the prominent role of pension funds in South Africa is apartheid's history. Skewed wealth and income distribution, created on the back of super-exploitation of the majority of the population, combined with regressive taxation arrangements, acted as the impetus for massive resources being invested in pension funds. Between 1958 and 1996, over 14 000 private pension funds were created, almost one each day on average.

In the post-apartheid era, the presence of a powerful pension fund industry is positive for three reasons. First, the future income of a significant proportion of citizens is well provided for. South Africa is

more able to focus on eliminating poverty and job creation, without having to compensate for bankrupt social security systems, unlike many developing economies such as those in Eastern Europe. Second, the financial services sector has developed substantial skills and expertise that can prove useful in building the local economy. Third, the fully funded status of private pension funds has resulted in the accumulation of a tremendous stock of assets. This stock of assets could be a potential source of capital to finance reconstruction and development, much like such assets were used to finance the apartheid state prior to the mid-1980s (when 40% of pension fund assets had to be invested in apartheid government bonds).

Social investment

The role of the pension fund industry in promoting socially targeted investments, though this time for Reconstruction and Development purposes, has emerged strongly. In South Africa investment as a percentage of GDP has fallen from 25% in 1981 to less than 16% in 1999, far below the levels regarded as necessary for adequate economic growth to be achieved.

The reasons for this decline of investment remain the subject of heated debate. Business and some in government argue that local capitalists are 'waiting' for a better moment to invest, because of underlying 'low investor confidence'. COSATU calls it an 'investment strike', where local capitalists are sabotaging the transformation process, and would rather hoard their capital in cash than convert it into real investments on the ground. However, regardless of whether one regards the problem as being 'excessive waiting' or an 'investment strike' the result is the same: the capitalist class is not

investing in the economy. *Indeed, via offshore investment and primary listings, almost 50% of South African capital is now offshore - when only a portion of this capital would be sufficient to, for example, address the entire South African infrastructural backlog.*

So how does a developing country ensure the capital that was accumulated within its borders, through exploiting local resources, gets reinvested locally? After all, ensuring that local capitalists invest locally is a primary accumulation strategy adopted by the now developed countries. Looking into this issue, the Black Economic Empowerment Commission (BEECom), representing mainly black business, focuses on pension funds. Central to BEECom recommendations is a call for a more interventionist government, leading an Investment for Growth Accord. The proposed accord, to be reached through a process of social dialogue, will promote pension funds being channelled into socially targeted (productive) investments, through social consensus or through government intervention. The current Committee of Inquiry into a Comprehensive Social Security System for South Africa, a body appointed by Cabinet, is also looking into the pension fund industry - and also considering ways to promote productive investments.

There is a clear logic to getting pension funds to boost domestic growth, development and job creation. First, pension fund assets belong to citizens of South Africa, and the accumulated capital should in the first instance be invested in benefiting citizens and the local economy. Second, there is a strong correlation between employment levels and the stability of pension funds.

When the economy is in recession, more jobs are lost and the funds pay out more than they receive. When jobs are



Pension funds are made up of savings of ordinary people's money

being created, funds pay out less and receive more by way of increased membership and contributions. Third, pensioners require individual and community assets (such as housing and local infrastructure) and not just retirement incomes. So there is a role for massive pension fund investment in such asset creation without compromising adequate retirement incomes.

Will the labour movement play a decisive role in these debates? Certainly labour is an important and influential stakeholder. In 1981, for example, the apartheid government's attempt to impose compulsory preservation of retirement savings was effectively resisted by unions, which argued that in the absence of a social security system retrenched workers must be allowed access to their savings. Recently, the labour movement has joined the debate, proposing the reintroduction

of prescribed assets (now described as 'socially targeted investments' to distinguish it from the apartheid regulations), and channelling investment into housing and infrastructure, thereby increasing asset accumulation among the majority of South Africans disadvantaged by apartheid.

Socially responsible

What can be done to make investment more 'socially responsible'? A universal prescription on funds through socially targeted investments, social consensus or government intervention, is one option. To pre-empt this intervention, there have been attempts in the past to develop a more voluntarist approach to fund investment.

The main effort was through so-called socially responsible investment funds (SRIFs). In June 1998, *Financial Mail's* Top

Companies identified 19 SRIFs with combined assets of R8,1-billion. At that time, R8-billion was only 1% of total institutional investment assets, hardly inspiring stuff.

These SRIFs were often spin-offs of larger funds, intended to focus on very broadly defined 'reconstruction and development (RDP) investments'. Indeed, many of the RDP investments were really nothing of the sort. For the few genuine RDP investment initiatives, a major problem was the lack of institutions and skilled individuals that could identify opportunities and facilitate the ongoing operations. So actual RDP investment, in the sense of productive investments, was limited.

In fact, the portfolio composition of SRIFs was basically the same as that of pension and life insurance funds as a whole. The largest asset overall was equity, and not productive, non-equity investments. In 1998, approximately 70% of or R3,3-billion in assets from the ten largest SRIFs were invested in equity. There were even cases where one SRIF held equity of another SRIF. *In short, the 'socially responsible investment' attempts generally got caught up in the same speculative equity paper chase*

Worker control

It is common to have critics slam unions calls for state-enforced socially targeted investments by pointing out that supposedly union-dominated funds are not doing enough themselves. The implication is 'don't criticise us, start with yourselves'. So it is worth looking into why the supposedly union-dominated pension fund industry does not do enough.

First, pension funds generally do not manage their own funds. Often only large pension funds find it worthwhile to

develop the capacity to manage funds internally, and most private funds are turned over to an external asset manager. These asset managers are usually life insurance companies. The exceptions are the largest pension funds such as the Mine Officials and Mine Employees who manage 100% of combined assets themselves.

In short, economies of scale play an important role in the accumulation and management of retirement assets, especially the flow of funds to socially targeted investment. Consolidating small funds into industry funds is one way to create the potential to exploit economies of scale. In this way, COSATU's demand for industry and national funds support will probably bolster any drive towards higher levels of social investment.

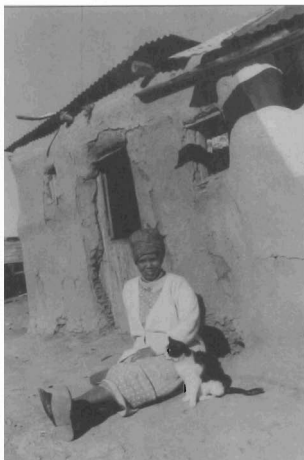
Second, those who currently dominate pension fund asset management are not supportive of longer-term investments. Crucially, the asset managers for life insurance firms are judged on their short-run results, not on their contribution to longer-term development. So there is great resistance from the asset management industry to RDP investments. Unfortunately, life insurance companies are the largest asset managers in South Africa. They manage the majority of private fund assets. Indeed, since 1994, life insurers have managed all new contributions to the central government's pension fund, the Government Employees Pension Fund (GEPF).

Not only is concentration in the asset management industry extreme, but concentration in the life insurance industry is even more extreme. In 1996, 93% of all life insurance business was from seven life insurers. Of these seven, five are among the top ten asset managers of pension and provident funds.

Third, while pension fund trustees

should set the asset managers' agenda, in reality there are many institutional and capacity barriers to workers converting their legal rights into effective control of pension funds In particular, employers, not workers, have almost always run pension funds single-handedly. In this regard, an important amendment was made to the South Africa Pensions Fund Act in 1996. The amendment, which came into effect from January 1999, gives members a minimum of 50% of every Board of Trustees. Previously, there was no minimum member representation, with employers usually having total control of the funds, with numerous corporate governance problems resulting. (It was common, for example, for employers to manipulate the pension fund rules, wind down their business, and then take an unfair share of the fund's assets.)

Yet the legislative change, by itself, is not sufficient. Workers and trade unions often lack the technical skills to confidently manage funds, especially in the face of severe management and market hostility to alternative approaches. So while the board of trustees of the fund designs the members' mandate, in practice private funds tend to pass on the members' mandate to an asset manager. Private fund trustees often give the asset manager (whether investment company or life insurer) full or partial discretion. For example, the Cape Joint Pension Fund stipulates only that assets are not be taken



Pension funds should be used to boost domestic growth, development and job creation.

offshore, yet beyond that asset managers can invest as they see fit. In short, where workers do get control of funds, they are herded into management and investment patterns that are identical to those of employer-driven funds.

Not surprisingly, then, *the current pension fund influence on companies is perverse from a working class perspective*. For example, JSE-listed companies that announce plans to downsize workforces, and hence increase profitability, see their share prices rise in response – and hence offer their pension fund investors better returns. But it may be these very same worker investors that will



Ravi Naidoo, director of Naledi.

be retrenched! Such a vicious cycle is clearly occurring where most South African formal sector workers have pension funds, whose funds are leading major downsizing and retrenchments cutting formal sector employment by 100 000 jobs in the past four years.

Pension fund socialism

Through the massive pension fund share of the JSE, workers could exert increasing influence over companies. This is exactly what cutthroat institutional investors do around the world when they force companies to slash their workforces, and increase short-term profitability. Worker-

dominated funds could exert a similar power over companies, but this time to ensure improving labour standards or pro-worker workplace transformation

In reality workers, via their pension funds, cannot avoid becoming shareholders of companies. They are increasingly gaining legal rights over these pension funds. The question is really whether they choose to exercise their potential influence passively or actively.

The passive approach is where the South African situation is at: workers outsource their influence over these funds to private managers, so that they can concentrate on regular union business, such as fighting for better wages and working conditions! A more active strategy, however, recognises that shopfloor

struggles and pension power are mutually reinforcing

The active strategy, which is gradually gaining ground, recognises that by using the pension power that exists, unions can effectively double their pressure on companies for better wages and working conditions

Essentially, an active approach can take two forms, namely an 'exit' or a 'voice' strategy. An 'exit' strategy is an approach whereby investments held in anti-union or bad labour practice companies are sold. The rationale is that the resulting lower stock price should force companies to change their behaviour, though this 'exit'

would be better held in threat than actually acted on. A 'voice' strategy, on the other hand, requires that workers use their new shareholder role to struggle for greater worker influence over company corporate governance. In particular, shareholders have the possibility to introduce shareholder resolutions at annual general meetings, or even vote out management. Through collectively owning 60% of the JSE, such a pension fund 'voice' strategy - combined with active shopfloor organisation - could have a major impact on how companies are run.

Pro-employer analysts, realising that pension funds will over time grow as a share of total available capital, have long feared this scenario. One leading analyst referred to it as 'pension fund socialism' when workers own larger and larger shares of the economy. However, as mentioned earlier, many institutional and capacity barriers have been actively encouraged by employers to forestall such possibilities for now.

Where to now?

First, the international labour movement needs to build a campaign to get control of pension funds, and utilise this 'worker capital' for a working class agenda. Indeed, the international labour movement is increasingly aware of the power of worker contractual savings. These funds collectively amount to an estimated US\$6-trillion globally, and are among the most dominant institutional investors in global financial markets.

The International Confederation of Free Trade Unions (ICFTU) has therefore set up a working capital strategy group to explore ways for workers to recast these funds to their own advantage. This group will facilitate internationally co-ordinated trade union responses to the working capital challenges. Naledi, via the South

African trade union movement, is involved in this process.

Second, worker trustees need to be trained and legislation needs to be introduced to further remove institutional and capacity barriers to worker control in the pension fund industry. This means that unions need to redouble their efforts to consolidate existing small funds into larger industry funds, with economies of scale that can facilitate union asset managers. Crucially, worker trustees must be trained in taking forward a working class agenda. It is after all of little value to have worker trustees if they, too, prefer offshore investments.

If domestic pension fund and life insurance fund assets are channelled into some form of socially targeted investments, opportunities and capacities to utilise the funds effectively must be developed. There must be institutions and individuals that can manage RDP investments, identify areas that can benefit, channel funds to infrastructural and housing projects, and facilitate the ongoing operation of projects. This also requires investigating the entire asset management industry and how it can be transformed to facilitate such productive investment.

In conclusion, pension power is not an alternative to strong working class organisation and struggle. However, the unique size and importance of the domestic private pension fund industry provides South Africa with a powerful resource to accelerate economic development and worker influence over companies. The organisational strength of the union movement combined with the recent trustee legislation provides a key to unlock that potential. Can this opportunity be grasped? ★

Ravi Naidoo is director of Naledi.

Multinational companies and international trade unionism

In January 2000, 2 500 employees came to work at the Coca Cola headquarter in Atlanta United States, only to find themselves axed and having to leave with immediate effect, along with 800 employees in other US cities and 2 700 employees in other countries. Altogether about 6 000 employees were retrenched with immediate world-wide effect in order to save the company some US\$300-million annually. The International Confederation of Free Trade Unions (ICFTU) expects about 70 000 employees of multinational companies to be retrenched as part of restructuring due to harder international competition.

The political strategies as well as the industrial relations and management systems of multinational companies affect their South African employees directly, but also set an important international framework for labour relations more generally - whether it is for workers in the US, Norway or in South Africa. The question is how to confront these global players. To what extent will labour have a chance of influencing the industrial relations and strategies of these companies? What hope do we have of negotiating global agreements with the multinational companies?

Power

Multinational companies constitute to a large extent the driving force behind the

Liv Torres, outlines the challenges facing trade unions operating in multinational companies and tracks how unions are responding to these challenges.

globalisation of markets and production. They pursue global strategies in their use of input factors, financial and human resources. They have gained immense economic power, but also political influence in the process. Simultaneously, they engage an increasing number of the global workforce. Through this process, the relative power of the national labour movements is also changing.

The number and power of multinational companies has increased rapidly in the past decades. US companies took the lead, but were soon followed by European and Japanese companies. Growth in foreign direct investments has been high especially since the late 1980s. From 1980 to 1990, the international growth in foreign direct investments was much higher than growth in production, with an estimated 700% increase from 1982 to 1989. Foreign direct investments grew with approximately 34% yearly compared with 9% growth in global trade.

in the same period

Cross-border mergers and acquisitions amounted to US\$865-billion in 1999 and UNCTAD estimates indicate it will reach US\$1 000-billion in 2000. Estimates suggest that there are roughly 63 000 multinational companies around the world controlling about 700 000 subsidiaries, employing millions of people and selling goods and services estimated at a minimum of US\$10-trillion. The 100 largest multinational companies possess assets worth just over US\$4-trillion, needless to say more than most developing countries.

Most of the companies are found within the chemical sector, the auto industry, electronics, food production, oil and gas, finance and in the property market. Multinationals have also played an increasingly important role in the services sector over the past few years.

The food sector is one of the most globalised and amongst the sectors where multinational companies increasingly take over much of the market in the developed world. These multinationals have become major employers. VitaFood, for example, producing ice cream and a variety of other food products, employs about 170 000 workers worldwide. GlobalChoc, producing confectionery and soft drinks, employ about 35 000. Companies such as Nestlé employ about 230 000. Coca-Cola 'only' about 29 000. General Motors employ about 690 000 workers worldwide and Electrolux about 114 000. The US retail company MaasMart employs over 1,2 million workers worldwide.

Global agreements

The need to address labour relations in these multinational companies has become a major issue for trade unions all over the world and also became the focus of debate and attention for the Millennium Debate at the ICFTU Congress in 2000 and beyond.

Most of the multinationals leave it to the national level to set the rules while seeking to avoid responsibility for global industrial relations. To the extent that multinational companies have any sets of global regulatory frameworks for their employees, it will be some sort of unilaterally determined Code of Conduct or Corporate Principles setting minimum standards for human rights, environmental protection, child labour etc. However, some of the international trade secretariats (ITS) have in fact managed to negotiate global *agreements* with their respective multinational companies over the past decade, covering consultation, information-sharing or collective bargaining rights. These agreements may likewise cover occupational welfare, gender rights, labour standards or minimum labour standards for all their employees at a global level. Yet, these kinds of negotiated global agreements are scarce and only number about 15 agreements worldwide.

The agreements are generally based on the International Labour Organisation (ILO) core resolutions and principles, but with some extra specifications as to working conditions. However, most of the global agreements will set only some minimum conditions, and while being negotiated with the unions hardly set any practice of collective bargaining or set any wage standards for the global level as such. Yet, while the global agreements may form only a fragile and relatively weak basis for international regulation, they provide a new trend and basis for further mobilisation.

The bumpy road

The international trade union movement undertook its first serious attempt to build a countervailing force against the power of multinationals already in the 1950s. The

search and initiative by the world labour movement for the regulation of the multinationals came from a number of sources, including national unions and confederations in major industrialised countries, as well as the ITSs, especially those of metal, food and chemical workers (the International Metalworkers Federation (IMF), IUF and the International Chemical, Energy and Mineworkers' Federation (ICEM)) and the ICFTU. The earliest major advocates of a trade union approach to multinationals were the unions representing car workers with a strong potential for concerted international action. The IMF became the first ITS to raise the issue, commissioning a series of reports, forming a programme of action and setting up the first world company council at Ford and General Electric in 1966.

The car industry is a highly concentrated, capital-intensive industry with an integrated production system and a strongly unionised work force, whose collective action could inflict serious pressure on employers. However, the ITSs soon discovered that the global works councils were less suited in other sectors, such as the chemical industries. The large number of individual firms led the ITS to over-extend itself and it proved impossible to resource the councils adequately for a sustained period.

The Textile and Clothing International experienced similar problems in international organising with its 'low'-skilled, decentralised and labour-intensive industry. The IMF likewise soon encountered problems due to limited capacity of its company councils to intervene in disputes. After relative success in conflicts at Ford in Belgium and the United Kingdom in the early 1970s, the international labour movement lost much of the initial advantage of 'surprise' in its

campaign against the multinational corporations (MNCs)

In general, very few of the world councils stood the test of time or achieved the sort of results for which they were intended. Some of the most successful were those founded by the food workers' international IUE particularly those at Danone and Nestlé. These initial efforts presented serious attempts to articulate common objectives and strategies for trade unions within multinational companies. International trade unionism, strategies towards international bargaining and world company councils hit one barrier after the other until the 1990s. Yet, by the new millennium, it seems that the global arena is slowly gaining legitimacy.

More optimistic route

There are reasons to believe that the global level is becoming an increasingly significant arena for employment regulation, industrial relations and regulation of occupational welfare and social and labour standards. Global agreements are important tools in setting comparable labour standards for employees working within the same companies in different parts of the world. Furthermore, such global agreements and international labour standards are important in setting a new international level of regulation in an economic climate where capital and production increasingly becomes internationalised. Yet, while global agreements are hard to achieve, they are not beyond reach.

Multinationals will often argue that 'too good' labour standards will increase labour costs and thereby push the multinationals towards relocation. However, this threat is exaggerated. Most multinationals still achieve a greater share of their turnover in their country of origin, their investments are mostly within Organisation for



How should unions confront multinational corporations?

Economic Co-operation and Development (OECD) guidelines labour costs are rarely a central concern of their location strategies and they do not necessarily wish to destabilise their workforce to an excessive degree. Furthermore, there are several other (and often more important) motivating factors behind flows of investment and divestment in multinational companies, such as access to markets, availability of raw materials or input goods, political stability, infrastructure and skills levels

Multinational companies may often relocate or invest in other countries in order to get access to new emerging markets and hence be less motivated by cheap labour costs. However, even those companies that consider investments because of cheaper labour costs, will simultaneously consider issues such as infrastructure, the communication and education system, etc.

Another factor explaining and/or facilitating the emergence of a global

labour relations system, is the search amongst both labour and management for new institutional levels better suited to the management of structural uncertainty in a globalised economy. Management at multinationals' headquarters increasingly mention, for example, the improved information they now get from national subsidiaries due to consultation arrangements and Works Councils at the European level or international level.

Furthermore, in certain sectors multinationals may require larger mobility in the workforce across national borders and thereby give value to harmonised standards and regulation at the international level. The mobilisation of labour in international campaigns against child labour, bonded labour etc, may also have drawn attention to the need for improved industrial relations and hence facilitated global agreements. For large brand name companies (Coca-Cola, McDonalds, etc) in particular, international campaigns against their labour practices

may turn out very costly. Finally, the uproar against the World Bank, IMF, World Economic Forum etc, as expressed for example in Seattle, has also made the need for a new international paradigm clearer.

International trade union movement?

Most labour movements are now opening up for new strategies, procedures and structures to a new international dimension. However, they are confronted with several barriers in the process, including the large gaps in knowledge about the characteristics, management structure, industrial relations and welfare systems of multinational companies.

There are many obstacles to the building of international trade unionism and not the least to their building of negotiation strength in multinational companies. There are, for example, obvious legal restrictions imposed on the freedom of association in many countries. Furthermore, trade unions will operate in countries that have different legal frameworks. England and France, for example, have opposing concepts for the right to strike (ILO, 1999). The right to secondary or solidarity strikes also differs widely between countries. Finally, various countries that multinational companies are operating in, will have limited possibilities for legal prosecution of multinationals or 'foreign owned' companies. And finally, labour rights are in some countries based on legislation while in others they rest solely on the agreements reached through collective bargaining.

Such barriers are not alone in building obstacles to international trade unionism. Just as formidable are the obstacles to international bargaining lying in factors such as language, religious or cultural differences and barriers. Moreover, the concept, ideology, aims and structure of

trade unionism differ from one part of the world to another. Unions in Asia, for example, are familiar with local bargaining and local organisation. A union in the Asian setting is a 'unit'. By legislation, in most places, unions will be plant based. In Latin America, Europe and some of the African countries on the other hand, union organisation will be national and bargaining either industry-wide or national. National workers' interests may also vary widely. Issues of 'social dumping' or social clauses have also been widely debated with controversies persisting around questions of if, and when, social standards and labour protection are 'legitimate' and when they serve as disguised protection of market interests (as the US unions' resistance against Chinese access to the World Trade Organisation (WTO) has been accused of). The reluctance of national unions to give up power and invest real authority in international councils or in the ITSS, furthermore goes a long way towards explaining the weaknesses of international strategies towards multinational companies.

A labour-friendly global order

Is it at all possible to develop solidarity or global co-operation between workers within the same companies where the best-paid workers earn about 500 times the wages of workers in the lowest paid countries such as in Nestlé where workers in Vietnam earn US\$30 a month while comparable production workers earn US\$3 300 in Japan?

Since multinationals may avoid the control of national laws and collective agreements by relocation of capital and production, using their power to pit workers in different countries against each other and imposing anti-union practices in host countries and home countries alike,

many organisations have pushed for the adoption of a 'firm international legal framework' based on 'binding rules'.

International core labour standards have been on the agenda for unions, national governments and international organisations alike. Simultaneously, we see a world-wide trend towards the workplace increasingly getting larger responsibility for social welfare and standards, occupational welfare, pensions, insurance, medical aid, etc. In this setting, international trade unionism and global agreements become increasingly important.

The steady work of international organisations such as the OECD and ILO together with the heavy engagement from ICTU and the ITSs have resulted in more and more multinationals putting corporate social responsibility on the agenda and including minimum standards in corporate codes of conduct. These systems are, however, mostly tools for management. Global rules and agreements need to be negotiated with the unions as a framework and basis for continuous influence and impact at the global level

Several of the ITSs have recently expanded their capacity to bring together the unions of the subsidiaries of multinationals into committees of formal or informal nature in order to exchange information or prepare for talks with the central management of the company concerned. European enterprise committees may have come furthest in this respect, but some similar structure has also emerged for subsidiaries outside Europe

International labour mobilisation has to be built on careful strategies and balancing between national and international levels. It requires regional co-operation, education programmes, information technology (IT) backing and careful use of instruments such as international



Coca-Cola employs about 29 000 workers worldwide.

campaigns and lobbying. However, the most crucial platform on which to build the international trade unionism that is desperately needed in order to confront multinationals and global capital is to build a platform of real workers' solidarity, which crosscuts national and sector interests. Building a strategic alliance between likeminded national labour centres in Asia, Africa and Europe should provide a basis for confronting the opposition in international organisations and multinational companies ★

Liv Torres works for Fafo in Norway. The description of international union strategies in the 80s is to a large extent based on Gumbrell-McCormick, R. 2000 "Globalisation and the dilemmas of international trade unionism" in Transfer Vol 6, No 1.

'We are workers too'

Bulletin: When and why were you formed?

Mthembu: We were formed in 1990 and we launched in 1992. We formed as a result of an absence of a voice for screen actors. There was another union - the South African Film and Theatre Union, but unfortunately its membership was almost totally, I can say 99,8%, white. It focused on theatre.

In the 1970s and 1980s blacks weren't allowed in the theatre. If you did perform you had to leave via the back door because blacks weren't allowed in the auditorium. However, with the introduction of television in the 1970s, black TV dramas were introduced. Black actors who were in the theatre (protest theatre for example) moved to the television studios.

While there were black actors in the dramas there was no representation of black actors by a union. The SABC [South African Broadcasting Corporation] was also completely in charge. When an independent production company made a drama, they would interview the actors but the SABC had the final say on who would be on the cast list. They would sometimes say that a person was overexposed, even if they had only been in two dramas, and not allow them to be on the cast list. Actors would get very frustrated and this led to the formation of PAWE.

Tanya van Meelis speaks to Japan Mthembu, general secretary of the Performing Arts Workers' Equity (PAWE).

PAWE was formed by black frustrated actors (about 70% of the union) and white actors, mostly English actors in theatre and film who weren't happy with their existing union and who wanted to be in an integrated union that reflected the demographics of our society. When we formed we never had an office, infrastructure, resources and the like. We were fortunate enough to be 'adopted' by a lawyer, Phillip Miller, who assisted us. We made a lot of noise when we were formed and in a year or two became a force to be reckoned with.

Bulletin: What have you won for members?

Mthembu: We have over time won significant gains for our members. In 1993 we engaged the SABC in negotiations and called for a summit including writers, actors, producers and others in our industry. That was when formal negotiations started. Little did we know that it would be a marathon - the negotiations went on for five arduous

years before we signed a standard agreement. The agreement covers all contracts commissioned by the SABC. In the past agreements were signed by each employer for each contract. Now all those covered by the agreement will have the same conditions.

Another victory from the SABC contract is that we can benefit from the spoils of the work we did for years. We can now benefit from repeat dramas whereas before we would get no financial benefit. Actors are coming in to fill in forms to collect money for work they did years ago and they say that they never dreamt this would happen.

We are also looking at commercial exploitation – this could be pins, pens, T-shirts, selling productions to others, for example, because of the Africa to Africa channel through the SABC other countries get to watch our programmes. You could arrive in another country where you or your ancestors have never been before, and people will recognise you because of the programmes that they watch. While we are very popular in other countries, we ask 'why have we not been paid for what they are watching?'

Parallel to the process with the SABC, there was also a vacuum in terms of theatre. In the theatre there is a strong belief that you work/perform as long as there is an audience, irrespective of danger or pay. 'The show must go on.' A large portion of people don't regard actors as workers. For example, I can play the guitar for my uncle and he enjoys it very much. When he asks where I work I say 'I play the guitar'. He says, 'I know you play the guitar but where do you work?'

People often go out for entertainment to relax after working hard. What they don't realise is that what entertains you is work for someone else. We need to explain this to people – they should know that we

are workers too. We also need to explain this to government to help ensure that they elevate our position to that of workers.

At present, many of us are regarded as independent contractors. We don't enjoy UIF, pension/provident funds contributions, sick leave, compassionate leave and the like. It's also very hard to take these because if you do you mess up the team. You often hear of a popular musician or actor who dies and is going to be given a pauper's funeral. People wonder why he or she has nothing.

We have negotiated a theatrical contract with Theatre Management of South Africa (TMSA). This contract took seven years to negotiate. It provides for overtime and leave. One of the problems with being a freelancer is that your contracts are fluid. You could work for two months and it could be extended for up to six years. How then do you calculate leave? The contract states that as long as you are working for TMSA you are assumed to be working for one employer. Leave, including sick leave, is calculated on a pro-rata basis. So, even if you only work for a few months, you will benefit from leave.

We now also have to get an upfront declaration from producers as to whether the production will tour or not. What we found we had before was you would have somebody produce a lousy show and first want to test the waters. If the show was doing well and receiving good reviews, and if someone from Port Elizabeth or Cape Town or Durban wanted it, the producer would tell you that you're going on tour. If you asked how long, they will say 'we'll see'.

There was no confirmation of how long you will be away from home. We are not the artists of the 1800s – single, with

no responsibility and ready to leave at any time for who knows how long. We say that we are parents and we are building the future with our children. I want my kids to say 'my father is an artist and that is how he is supporting us'.

Bulletin: *It seems that the industry is very competitive and that member's 'compete' with each other at auditions to get jobs. Is there competition between members and what does this mean for the union?*

Mtshembu: There is a lot of competition between the have's and the have-nots, between the cream of artists and those that form the base; between the elite and celebrities and those that make them what they are

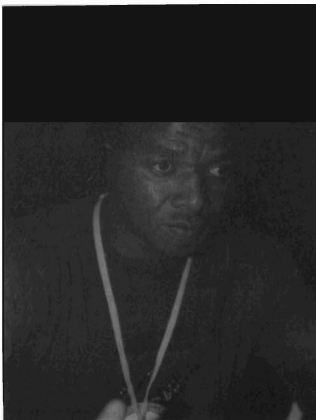
No actor is solely responsible for his/her success, it is a collective effort. If an actor stands out it is because of a complementary cast that complements his character portrayal and helps him develop his character around people. Only stand-up comedians make it on their own. In other countries the cream of actors are members of unions and this encourages other actors to join the union.

In South Africa it is the other way around. The stars think they are above being in the union. They only want to join the union when they run into large problems such as being short paid a couple of thousand rands. Our position is that they know the door of the union. We hope they will see our gains and victories and realise the value in joining us

Bulletin: *What impact does the fact that many actors are independent contractors and in unstable employment have on the union?*

Mtshembu: We should have about 4 000 members but we only have 3 000 and only half of them pay. The problem is that they do not all have jobs all the time.

There is also corruption in how employers employ people, and many people do not know their rights. Employers call it a search for new talent and say that the public wants to see new faces. Often they recruit people who will save them money - for example they will say to the actor that he must use his own wardrobe and the producer then does not have to hire clothes.



These young actors also work for an eighth to a tenth of what they should and they do overtime without remuneration. The producers gain profit, change their cars to fancy four by fours and buy farms for themselves. As an actor you are still left struggling to buy roller-skates for your kids.

Participation in our structures is hampered by the fact that shopstewards do the work on a voluntary basis and are mostly freelancers. So when they get a call to do an audition or work, they go to that and can't attend union workshops etc.

If they don't work they won't get paid. People get pulled to work and auditions at the eleventh hour, and this kills the spirit of union workshops.

We had shopstewards in terms of theatre, at the Market Theatre, and we are moving to organise the Johannesburg Civic Theatre and the Windybrow Theatre. But the theatres are experiencing funding problems and actors are worried. They are reluctant to join the union and ask 'will the union pay us?'

Bulleth: *What campaigns will you focus on for 2001?*

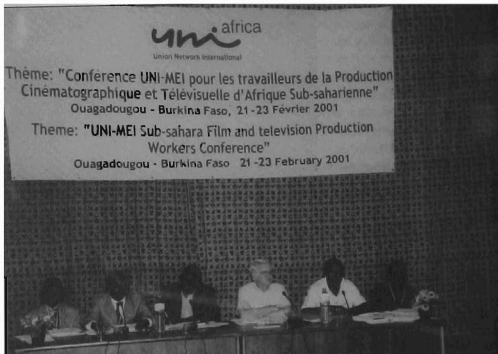
Mtshembu: We will be intensifying our recruitment campaign and trying to capitalise on the gains we made in our agreement with the SABC. We also want to increase self-sustainability. PAWT has a campaign on HIV/AIDS, and we also want to play a more proactive role as actors around HIV/AIDS.



We need to impact on legislation on a number of levels – specifically ensuring that artists are recognised as workers. Lastly, we are taking up the issue of cultural products and intellectual property rights.

Bulleth: *Why did you affiliate to COSATU?*

Mtshembu: The idea of joining COSATU was mooted in 1995/96, but at that time the debate didn't take us further because our constitution stated that we were apolitical in order to help us attract the more conservative artists. Our members belong to different political persuasions. We later got support from the Federation of International Actors (FIA), which is a



Japan Mthembu representing workers at an international level.

progressive organisation that supports COSATU.

We then had discussions among our membership and they accepted being part of COSATU. They also wanted to be represented at Nedlac and we could not have representation on our own because we have less than 50 000 members. We also wanted to engage around the LRA and could do this through COSATU. So members took a decision to move into the family and take our seat.

COSATU offers us skills, experience and training. For example, it will train us on a range of issues. We also raised our problems in the CEC and they have been taken on board

Bulletin: What is your message to employers?

Mthembu: It'll help the industry for producers to grow up and realise that

union bashing and character assassinations destroy the industry and economic growth. We want to engage you on positive issues. We hope that you realise that you need actors, and wake up to our call.

Bulletin: What is your message to members?

Mthembu: The time has come for us to stop considering ourselves as orphans and behaving as twilight zone kids. You should understand and embrace the union because without collective effort the industry will die. The union has made gains, but we need to make sure that these gains are not lost. Management could change and new management could want to reopen discussions and erode our rights. We need to secure our rights and top them up, but to do this we need a collective effort. ★

Crisis of conscience in the SACP: Part 2*

South African Communist Party (SACP) KwaZulu-Natal leader, Simiso Nkwanyana's response to my article on the alliance and the left (vol 24 no 5) is confirmation of the rapid descent of the SACP leadership into political and ideological bankruptcy.

Not grappling with either critical, theoretical or practical arguments that raise fundamental questions about the character and direction of the SACP and alliance, Nkwanyana does little more than retrace the worn out path of personalised innuendo, conscious misrepresentation, repetition of meaningless political rhetoric and thinly veiled accusations of 'counter-revolutionary' thought and behaviour. It is bad news for everyone (especially the South African working class) that the leadership of the SACP (as represented by Nkwanyana), evidently so secure in their positions of political power, socialist 'salesmanship' masquerading as ideological clarity and increasing organisational irrelevancy, seem to have learnt absolutely nothing from history.

A major part of that history was a political methodology 'inspired' by the personal and political whims of the 'Great Leader' - Josef Stalin. While wrapping itself in a cloak of radical-sounding rhetoric and reference to past socialist struggle, the Stalinist approach to politics was designed to ensure absolute compliance with the chosen 'line', and obedience to the

*A reply to Simiso Nkwanyana
by Dale T McKinley.*

political leadership enforcing it. Any theoretical and practical criticism/opposition to the political and economic *status quo* was attacked as either 'counter-revolutionary' or 'ultra-leftist'. The result was as predictable as it was tragic and yet, decades later we are still witnessing the same kind of politics being applied by the leadership of the SACP.

Nkwanyana's attack is a classic example of this Stalinist 'best practice', captured by relying on the out-dated and meaningless 'ultra-leftist' label as a substitute for any real political and/or ideological engagement. Indeed, what meaning does 'ultra-leftist' actually have in a situation where SACP leaders heartily endorse privatisation, celebrate capitalist budgets and energetically denounce (independent) grassroots opposition to the practical effects of Gear? For Nkwanyana, however, these obvious contradictions seem irrelevant and incidental to the more important task of denouncing an illusory 'ultra-leftism'. Thus, the 'ultra' must be an 'entryist' who could never have been committed to 'the goals and ideas of the organisation'. Even worse, the offending individual obviously has no grasp of the 'truth' (ie, the official 'line') and is really

aiding and abetting the 'enemy' in a direct attempt to undermine the glorious vanguard of the proletariat revolution. To make these 'sins' appear even more convincing, as well as to imply some sort of theoretical heresy, a bit of negative Marxist terminology ('ahistorical', 'undialectical') is thrown in to the mix.

As much as Nkwanyana's hatchet job provides as good a reason as any to join the growing ranks of South Africans who no longer take the SACP leadership seriously, it is necessary to rebut Nkwanyana's polemical misrepresentations as a means to take forward what can be a meaningful debate about working class struggle in South Africa.

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Rebuttal

The first such rebuttal must start with Nkwanyana's misrepresentation of my arguments concerning the history and contemporary character of the ANC and the Tripartite Alliance, and thus my membership in the SACP. Put simply, I have argued, at length, that the historic petty bourgeois class character of the ANC leadership translated (by choice) into the pursuit of a politics of deracialised capitalism. Throughout the liberation struggle then, and to even a greater extent in the post-1994 era, it has been the tactical and strategic consequences of this

pursuit that has led to both ideological contestation and confusion within and between the ANC and its alliance partners.

The fact that this has been the case is precisely the reason why active communists within the SACP have struggled for an anti-capitalist politics that is led by the working class, in the historical context of a vigorously contested ANC and ANC-led alliance. That is why I, alongside many others, joined the SACP in the early 1990s - to contribute to, and fight for, an anti-capitalist politics led by a working class organisationally situated within a highly contested alliance of multi-class forces. However uncomfortable to accept, the fact is that the contemporary 'outcome' of that contestation has been an even more unbridled pursuit, by the leadership of the ANC, of the very same deracialised capitalism that active communists in the SACP fought so hard to prevent.

Even worse, a large part of the 'triumph' of a deracialised capitalism has been tacitly and actively facilitated by a SACP leadership (its Marxist rhetoric notwithstanding) that simply refuses to provide communist leadership to the South African working class. Instead, we see a substitutionism that relies on increasingly irrelevant calls for an illusory alliance 'unity' that have no bearing to the political and economic reality faced by the very working class it purports to represent and lead. When active communists point out, and critically appraise, this state of affairs within their organisations only to be conveniently labelled and told to shut up because it does not sit well with the interpretive 'authority' and political positioning of the leadership, then the political and organisational conclusions should not be hard to draw. It is only those 'communists' who have something to hide, or who want to hide behind the cloak of a

distorted and misplaced organisational 'discipline', that would then do all in their power to ensure that those conclusions be kept under 'lock and key', kept away from the broader working class. Or, are we to believe the same old patronising and insulting sing-song of the SACP leadership knowing what's best to let the working class in on?

If Nkwanana, and the SACP leadership he speaks for, would emerge from the ideological and organisational time capsule that has so debilitated active and anti-capitalist working class struggle, then they might realise that, for the vast majority of workers, deracialised capitalism is not the answer to the 'national question'. Arguing and struggling for a relevant and meaningful socialism in the contemporary South African context is, unlike Nkwanana, to understand that national oppression can never be fundamentally addressed merely by stressing its 'importance and centrality' (a favourite verbal activity of the ANC and SACP leadership)

The very 'material reality of racism, gender oppression and national dynamic' that Nkwanana shouts so loudly about has never, and anywhere, been 'solved' by pursuing 'unity' with any kind of capitalist variant (various alliances notwithstanding), and South Africa provides no exception. To dismissively label attempts to actually struggle for anti-capitalist sentiments to be turned into the real thing as 'pure class



Has the SACP leadership facilitated the development of a deracialised capitalism?

struggle', is simply to deny the working class the possibility of fundamentally dealing with the 'national question', gender oppression and the capitalist class itself. This begs the question who is it that really has no confidence in the working class?

It is impossible to take Nkwanana seriously when he asserts, confidently, that the SACP has 'dealt with' Gear by resolving 'to take forward the economic debate by locating it within the need for an industrial strategy', or, for that matter, because the ANC and COSATU have passed 'resolutions' to the same effect? Anti-capitalist revolutions cannot be waged through resolutions and resolutions



Has the SACP really dealt with Gear?

(no matter how good they read and sound), have to be constantly measured up against the reality of what is actually being implemented. Similarly, calling workers onto the streets 'to send a clear message that workers will not take the negative

Nkwanyana and the SACP leadership need to wake up to the fact that critical communist dissent and activism has always been an integral part of the life-blood of a living, active, revolutionary working class struggle.

effects of economic restructuring lying down' (as has been the case every time the [alliance] government has gone ahead anyway and implemented capitalist policies), and then propagating this as the best struggle workers can put up, is to

engage in a hypocritical substitutionism that would forever bind the working class to playing the role of just another special interest group clamouring for the attention of its political masters. If this constitutes 'playing an active role in the revolution' then 'my ilk' should be thankful that we are no longer part of that kind of revolution. And, who is it exactly that is showing contempt for the working class?

Nkwanyana and the SACP leadership need to wake up to the fact that critical communist dissent and activism (directed both inwardly and outwardly) has always been an integral part of the life-blood of a living, active, revolutionary working class struggle. They can try to delegitimise and attack it all they want. They too will fail. ★

'Crises of conscience in the SACP' was the title of an article by Pulo Jordan published in Labour Bulletin vol 15 no 3, 1990, that pointed to a 'suppressed tradition of communist critics' and a 'deep rooted Stalinism' within the SACP.

Culture bulletin

I am the educator

*Coming from school of education in
action*

Education of experience and mind

*Education of empowerment and
militancy*

Raising the conscious of worker defender

I am the educator - the razor

Rising from workplace exposure

Boasting in the heat of worker combat

I am what am I

The razor - the blade

Education that full fills its purpose

*Thinking logically and scientifically
to save humanity from the morass of
capitalist propaganda*

Separating reality from unreal

*I am the blade that opens the reins of
critical reflection*

*Cutting the bosom of the workplace
brutality*

I am the educator - the agitator

I learn the lessons of human living

*I practise the ways and means of social
being*

Sifting, weighing the facts from fiction

*Following, the flow of motion in the
process*

Thobile Maso, SAMWU

I am the evil exposé

I am the problem poser

I am the silence opener

The razor, the blade, the agitator

I am the educator of spectral type

Decoding the codes of human demands

I am the worker educator

A System

I am human being and demoralised

I do things not because I like to

I do things because I have to

*I am separated from the soil and the
tools*

*Chased away from the land law and
labour*

Oob! What a system

It is the plan to rule the people

To rob the workers

To starve the masses

To sell away people's property

What a system

Though I live in the miserable situation



'They own factories...'

*I will fear no brutality
Because the working class is with me*

*The rich people are the bosses
They own factories
They own mines
They own health
They own power of our existence*

Oob! What a system

*On the left people are swimming in sea
of poverty and pain
On the right people are swimming in
rivers of milk and honey
What confusion, what crime*

What a system

Mobilise

*Communities mobilise
Campuses mobilise
Workers mobilise*

Women mobilise

*Decolonialisation of mind is education
in time*

From poverty line to bread line

Let the red flag fly high again

Worker to worker

Country to country

Solidarity forever

*Thieves and invaders are suffocating the
nations*

*Global villains are destroying the
humanity*

*The vampires are sucking the blood of
the workers*

*Sucking, sucking, sucking industrial
soldiers*

Oob! What a system

*Yes! It is a confusion, it is a crime, it is a
cancer*

*'We shall win is the banner of the day
dawn!'*

'We are trying our best!'

I was born in 1969 in Pinville, Soweto and grew up there. Pinville was a difficult place to grow up in because it was rough. At night you would hear screams and in the mornings when you woke up and walked down the street you would see bodies lying there and people stabbed to death. But my parents taught me what to do. I was close to my family.

Getting involved

When I came from school I would drop my bags at home and go into the streets to play soccer. I would usually end up in a fight and when I got home, my mother would ask me what happened and give me a slap. So I changed.

When we went to the hospital, I saw the doctors helping people, especially the ones that were stabbed, trying to save their lives. I also wanted to help and decided to become a doctor.

I grew up with no interest in politics but as time went by, that changed. I started doing economics at school and realised how important it was for a youngster to be active in politics. Economics brought me to politics. With the 1976 Soweto uprisings I was doing grade two. I was disturbed by the way Africans were treated, especially concerning Bantu education. I adopted politics. I was a member of COSAS and an SRC member at high school. Being involved in those

Etienne Vlok and Willam Matlala interview Billy Nkosi, NULAW shop steward and Gauteng branch chairperson.

structures ensured I got exposure.

After matric, I wanted to further my studies so I looked for employment to finance my studies. However, I did not realise my dream because of the high fees charged by the universities.

Joining United Frame

I asked my mother who was a machinist at United Frame for help. I went for interviews there and was employed in 1983. If it were not for my mother I would not be where I am today. I am very close to her. Today she is still a machinist at United Frame.

My first job was as a force blaster. I was retrenched after six months but a year and a half later the company asked me to join it again.

Union for leather workers

I initially joined SACTWU because we believed that because we came from the townships we should join a COSATU union due to its links with the ANC. I did not stay with SACTWU for a long time because it was a union for the clothing

industry and did not represent my interests as a leather worker. I decided to join NULAW six years ago because it served the interests of the leather workers.

After two years I was elected as a shopsteward and have been one ever since. I was scared to stand for election but I am a person who believes in himself and I saw it as an opportunity to protect people through the union. I realised there were problems between the workers and the employer when I became a shopsteward. The employers cannot say they will protect the workers, the shopsteward and the union will protect the workers.

I am branch chairperson as well now. I must make sure that the office runs smoothly, that everyone is doing his/her work and that the organiser's problems are solved. At our branch executive and general meetings I sit in and listen to the report backs. This branch services about 40 factories and 1 800 members around Johannesburg. This figure has gone down due to retrenchments and liquidations. But there is potential in this branch. In the past, footwear comprised the majority of our members but due to retrenchments and liquidation that has dropped off. Our main growth point is now the tanning sector.

A sunset industry

This is a sunset industry. We don't know what will happen to it in two years' time. Illegal imports and low tariffs are threatening it. It is important that government keep tariffs at an acceptable level. It is difficult to compete with Asia where there are low wages, long hours and even child labour. We cannot produce the same as those countries.

Regarding illegal imports, if you walk down a Johannesburg street, you see all

these shoes being sold on the pavements. Similar shoes are produced locally for R170 but on the street they cost R45 so people would rather buy that. It is killing the industry. Government must stop it, and monitor and search places where imports come in.

Another threat is the outsourcing of work to factories that are not registered with the bargaining council. This is detrimental to the employees. COFESA, a body of independent contractors, is a threat to the industry especially in KwaZulu-Natal.

The employers say they have no more money and close the company. After a few days they will say we are moving to COFESA, which gives work to the workers to do at home. The workers then get paid per pair of shoes completed. The workers do not receive any benefits and are only paid for what they produce. We will fight them to the bitter end.

Four or five years ago NULAW had 20 000 members but now we only have 11 000 because of retrenchments and liquidations. Unless the government intervenes in the measures and ways I mentioned above the industry will go down.

The employers do not care and the workers suffer. The union has come up with a strategy that I don't want to talk about too much now. We are trying our best.

Freedom of association

Why are we with FEDUSA? Because NULAW is not affiliated to a political party and is an independent union. We did not want to join a federation where we have to be affiliated to a party. Here we have all parties: ANC, DP, IFP, PAC. In this union we have freedom of association.

When you grow up and you see the changes in the federation you supported



as a child, you lose faith. I saw that COSATU was not my home and looked for a better place. It is difficult because COSATU represents workers but they are also in an alliance with the ANC. Whom is COSATU serving? You cannot serve two masters. My view is that COSATU is not my home.

Staying put

I am experiencing problems with shopstewards leaving the union. In December last year three good shopstewards at one company left the union and joined the company. The management strategy was to give jobs to the unionists to remove them because the union was a threat.

There is nothing that I can do. If they do not have workers' interests at heart then they must leave.

My heart is with the trade unions and NULAW. I cannot abandon the union now because it will be a major setback. I want

to see myself being someone in NULAW. I don't want to be the same branch chairperson in five years. If I obtain a higher position I will still serve the members as I do now under the guidance of the general secretary and president.

No free time

I currently live in Meadowlands, Zone 1. I don't have any free time. Most of my time is spent reading labour acts and focusing on union activities. If you are a chairperson of a branch you must know the acts for when you go to the employers. I like listening to R&B music, especially Tomi Braxton, when relaxing and enjoy watching cricket and golf.

One of my main influences has been my organiser, Douglas Diale and I would like to thank him. He taught me union politics, guides me, says what route I should take and instructs me on how to control my emotions. Without him I would not be where I am today! ★

glossary

BCEA	Basic Conditions of Employment Act
CCMA	Commission of Conciliation, Mediation and Arbitration
COSATU	Congress of South African Trade Unions
FEDUSA	Federation of Unions of South Africa
GEAR	Growth, Employment and Redistribution strategy
LRA	Labour Relations Act
NALEDI	National Labour and Economic Development Institute
NACTU	National Council of Trade Unions
NEDLAC	National Economic Development and Labour Council
SME	Small Medium and Micro Enterprise

COSATU-affiliated unions

CAWU	Construction and Allied Workers Union
CIPPWAWU	Chemical, Energy, Paper, Printing, Wood and Allied Workers Union
CWU	Communication Workers Union
FAWU	Food and Allied Workers Union
NEHAWU	National Education Health and Allied Workers Union
NUM	National Union of Metalworkers
NUMSA	National Union of Metalworkers of South Africa
PAWL	Performing Arts Workers' Equity
POPORU	Police and Prisons Civil Rights Union
RAPWU	Retail and Agricultural Processing Workers Union
SAAPAWU	South African Agricultural Plantation and Allied Workers Union
SACCWU	South African Commercial, Catering and Allied Workers Union
SACTWU	South African Clothing and Textile Workers Union
SADNU	South African Democratic Nurses' Union
SADTU	South African Democratic Teachers' Union
SAMWU	South African Municipal Workers Union
SAPS-AWU	South African Public Servants Association
SARLWU	South African Railway and Harbour Workers Union
SATAWU	South African Transport and Allied Workers Union
SASIBO	The Finance Union
TGVU	Transport and General Workers Union

FEDUSA-affiliated unions

ALPA	Airline Pilots Association of South Africa
GATCA	Guild of Air Traffic Controllers
IGWU	Food and General Workers Union
HACTU	Hairdressers & Cosmetologists Trade Union
HOSPTRA	Hospital Personnel Trade Union of SA
IBSA	Insurance & Banking Staff Association

IMATU	Independent Municipal and Allied Trade Union
IPATU	Independent Performing Arts Trade Union
MISA	Motor and Industry Staff Association
MTWU	Motor Transport Workers Union
NULAW	National Union of Leather Allied Workers
NUPSA	National Union of Prosecutors of SA
POST	Post and Telkom Association of SA
PAWU-IA	Public and Allied Workers Unions of SA
PHOSA	Professional Health Organisation of SA
PSA	Public Servants Association of SA
SAAPLA	South African Airways Flight Engineers Association
SACLU	South African Communication Union
SACWU	South African Chemical Workers' Union
SADWU	South African Diamond Workers Union
SAPS-BA	Footplate Staff Association
SAMRU	Staff Association for the Motor and Related Industries
SAID&AWU	South African Independent & Allied Workers Union
SAPTUSA	Parastatal and Tertiary Institutions Union
SATU	South African Typographical Union
SWU	Sweet Worker's Union
TWU	Technical Workers Union
UASA	United Association of South Africa
UNPSA	United National Public Servants Association of SA
WISA	Workmen's Union Van Suid Afrika

NACTU-affiliated unions

ICAWU	Building Construction and Allied Workers Union
IBAWU	Banking, Insurance, Finance and Assurance Workers Union
HAWU	Hospitality, Industries and Allied Workers Union
HOLLICA	Hotel, Liquor, Catering Commercial and Allied Workers of SA
MESAWU	Municipality, Education, State, Health and Allied Workers Union
MEWUSA	Metal Electrical and Allied Workers Union
NACTWUSA	National Clothing and Textile Workers Union of SA
NAMPWU	National, Municipal, Public Service Workers Union
NASAWU	National Security Workers Union
NPSWU	National Public Sector Workers Union
NUF	National Union of Farmworkers
NUIAW	National Union of Furniture and Allied Workers
NUIBSAW	National Union of Food, Beverages, Spirit and Wine
PSU	Parliamentary Staff Union
SACWU	South African Chemical Workers Union
TAWU	Transport and Allied Workers Union
TOWU	Transport and Omnibus Workers Union

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