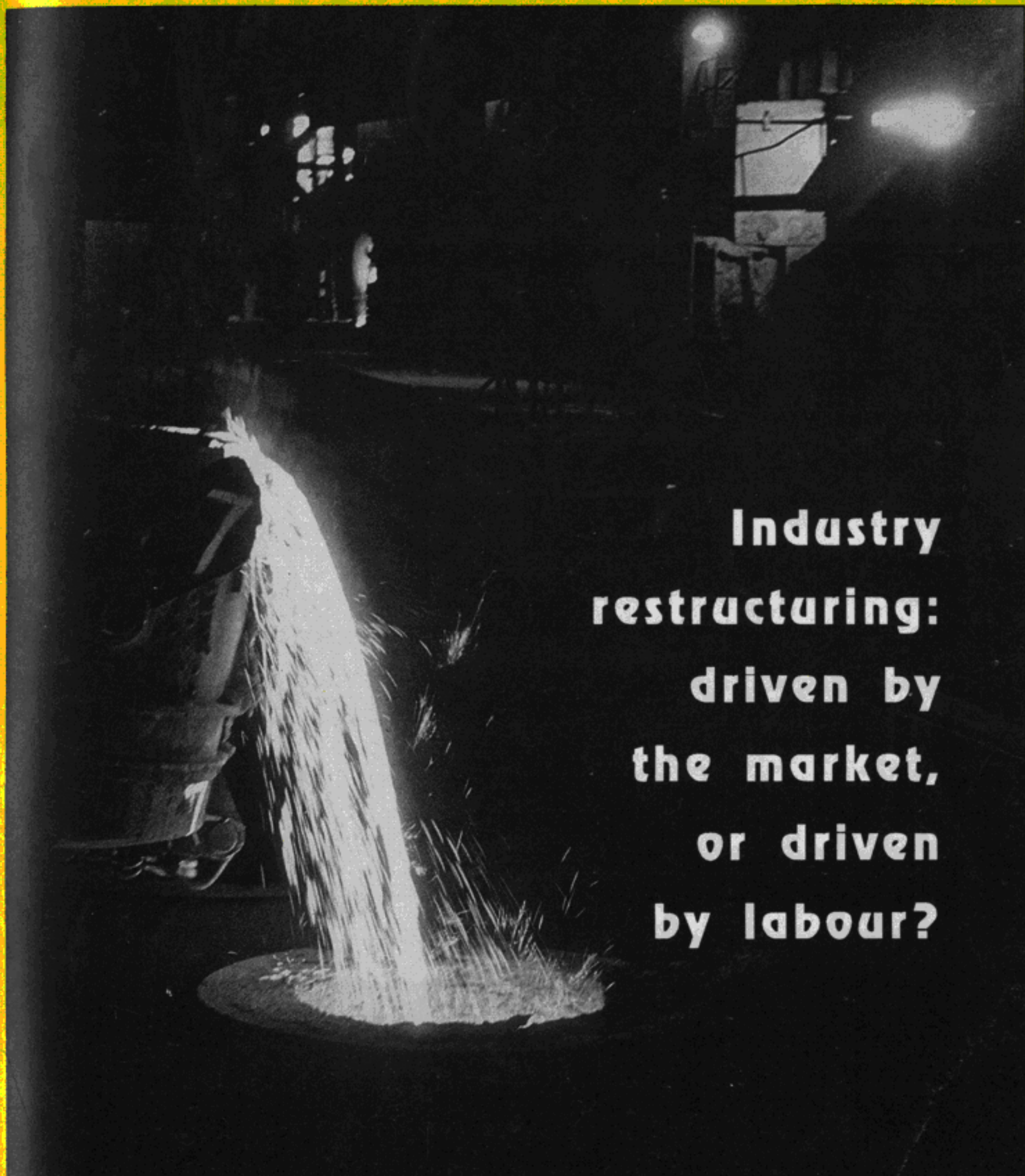


SOUTH AFRICAN  
**LABOUR  
BULLETIN**

March/April 1992 Volume 16 Number 4

Zimbabwe  
railway union  
Interview with  
NACTU's Ngcukana  
on the Godongwana  
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restructuring:  
driven by  
the market,  
or driven  
by labour?**





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The theme of this issue of Labour Bulletin is industrial restructuring. Avril Joffe and Dave Lewis outline the crisis in South Africa's manufacturing sector. They describe the ambitious project by the Economic Trends Research Group - which is closely associated with COSATU and the ANC - to develop a policy for restructuring the manufacturing industry.

The aim of the project is to transform the manufacturing centre into "the engine of, rather than the brake on, economic growth". The authors argue that the success of industrial restructuring will depend on adversarial industrial relations being superseded by a "strategic accommodation between labour, the state and capital". Capital and labour would have to negotiate a 'restructuring accord'.

Greater industrial and economic democracy would result in increased production and productivity. The trade unions would be able to extend and consolidate their organisational capacity in the factory and at industry level.

Enoch Godongwana on the one hand, and Johann Maree and Liv Torres on the other, take these arguments further. Godongwana argues that while a social contract on industrial restructuring aims to reform capitalism, it could also be used to establish building blocks for socialism. To do this it would have to be guided by the principles of "accountability, mandates, reports back and mass action if demands are not met".

Maree and Torres describe the development of wage earner funds in Sweden. These were seen by the Swedish labour movement as a radical way of gaining control and ownership of capital. The authors argue that the introduction of wage earner funds in South Africa would help to overcome many economic problems and increase working class influence in the economy.

However, these strategies assume a powerful, well equipped and pro-active labour movement, a state orientated towards labour and employers prepared to co-operate with



trade unions. Do we have these conditions in South Africa?

Most employers favour a market driven restructuring of the South African economy. The article on struggles in the auto industry shows how far south African management is

from understanding the need for new relations on the shopfloor.

Ian Roxborough and Dot Keet show what happens to labour movements when governments adopt the neo-liberal economic policies advocated by the IMF, in Latin America and Zimbabwe respectively. Roxborough argues that the labour movement in Latin America should respond with carefully considered defensive strategies.

Will the South African labour movement be forced to respond with a defensive strategy to market driven restructuring? Or will the labour movement have sufficient access to a new democratic government and sufficient power on the shopfloor to drive a new kind of industrial restructuring?

An enormous amount depends on what kind of policies the ANC adopts and what its relation to the labour movement becomes. The political balance of forces in South Africa is very different from that in most Latin American countries or Zimbabwe. The tradition of militant mass organisation, the existence of a militant liberation movement driven by popular demands, and the process of constitutional and economic change, opens up great possibilities for the labour movement. Of course much rests on the organisational capacity and policies developed within the labour movement.

The article on CWIU and the interview with NACTU's Cunningham Ngcukana indicate some of the issues confronting the union movement. The growing moves towards co-operation and unity of NACTU and COSATU will certainly strengthen labour's position in its struggle to drive the process of industrial and wider social restructuring. ☆

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## “Worker participation” at PGBison: a unionist’s response to Evans

---

The article by Gavin Evans on worker participation at PGBison (*SA Labour Bulletin* Vol 16 No 3) dealt with a subject that is controversial and which is likely to provoke a lot of debate within the labour movement and among those who see the need for transformation at the workplace as a necessary component of transformation in society as a whole.

The article is useful as it provokes further debate on this very important subject. However, there are a number of glaring weaknesses in Evans’ approach that need to be pointed out in order to make the debate more meaningful to the understanding of struggles that accompany the process of transformation.

### Uncritical approach to management

The most obvious weakness is that Evans takes a very uncritical approach. He seems to be placing a lot of “trust” in the views expressed by the company representatives that he interviewed, without subjecting these views and opinions to objective and critical analysis.

Such is his trust that he even seems to believe that the company will soon allow the unions “an increasing role in the nuts and bolts decisions of



the company”. This point will become clearer as we deal with other criticisms of his approach below.

Secondly, Evans does not analyse the processes and struggles -within PG-Bison and in SA as a whole - that led to the introduction of the TPQ programme by the company. For example, was the programme a part response to the militancy of labour and other struggles in the mid to late 1980s? To what extent is the programme an acceptance that government will change and that, to be on the safe side under a new government, the bosses will have to adapt to changing circumstances?

What made the bosses realise that “sluggishness” in the performance of the company could be better addressed by abandoning coercive methods and adopting participatory management?

Perhaps what weakens Evans’ article even more is that he does not situate TPQ in the context of similar management programmes in

SA and elsewhere. The result is that his approach does not learn from or contribute much to past and current debates on the subject - be they from the left, centre or right.

Perhaps, an attempt to do this would have at least shown that suspicions about this programme are not just motivated by the desire to “heighten class antagonisms”, but are based on lessons learnt by the labour movement in SA and other parts of the world.

### Unions have noted serious problems

PPWAWU, one of the unions organising at PG Bison, has noted serious problems since the introduction of TPQ by PGBison. Chief among these are that the company in fact brought TPQ in unilaterally and only agreed to negotiate when it became clear that the programme might fail.

In addition the union noted serious organisational problems arising out of the introduction of TPQ. For example, PGBison shop stewards were becoming very weak and were drifting away from union’s constitutional structures. This led to serious, and, in my view, justified suspicions about the intentions of management.

The article is entitled “Worker Participation”, but it provides very little evidence of such participation. At best Evans only succeeds in pointing out agreements that point towards this direction. These agreements, in themselves, do not constitute



“worker participation”.

Towards the end of the article Evans tells us only about “strong possibilities” for participation without giving reasons why they are “strong possibilities”. For example, he says there is a possibility of the union being given a place in the company’s Board of Directors.

Evans could have begun to do justice to the subject by addressing the question of whether the TPQ programme is intended really to alter in any way the existing relations of production - relations of exploiter/bosses and the exploited/workers. In other words, is TPQ intended to change or reinforce these relations? To what extent does it give workers a basis to move towards more meaningful control?

If TPQ does begin to give more control and change old relations, how can struggle ensure more gains for workers without them getting co-opted?

### Lack of understanding of unions

The article betrays a lack of understanding of the policies and policy-making processes in the union movement. What would have been useful would be to look critically at how the various unions have responded to these initiatives.

Regrettably, Evans confines his analysis to interviews with individual shop stewards and officials (which is important), but he fails to look at debates (if any) that have taken place within the constitutional



structures of the unions concerned.

Because of this we are left in doubt as to whether the views expressed by shop stewards and officials reflect the policies of the unions, or COSATU; or whether they are simply expressing their individual opinions.

This must be raised because “worker participation” in general and TPQ in particular, are new areas for the labour movement. It is only now that COSATU and its unions are starting to research the whole question of industrial restructuring. It would have helped to know whether the unions had any policy positions on the matter to enable their officials and shop stewards to “pioneer ... a new industrial order in South Africa”.

Finally, the article favours partnership, as opposed to class struggle. But Evans does not suggest a constructive and creative way for workers to engage the bosses. Or is he suggesting the time for struggle is now over?

*Sakhela Buhlungu*  
Former assistant general-secretary of PPWAWU

### Unions & CODESA: participation?

#### Dear Editor

The unions have two clear options: not to participate in CODESA, in the hope that its interests will not be compromised by decisions taken at CODESA; or to demand a place in CODESA to articulate the unions’ position.

The latter view is in line with the school of thought that asserts that mass demonstrations, boycotts or general strikes belong to the politics of the past, adding that consultation and debates are in line with the present prevailing spirit of reconciliation. But, is CODESA the correct forum for unions to position their demands?

A thorough and sober assessment is needed of the attitudes of the key CODESA players in relation to organised labour. There are three distinct attitudes to labour within CODESA: the attitudes held by homeland leaders, the government and the liberation movement. These attitudes can either facilitate or frustrate union participation.

Homeland governments are well known for their open hostility to unions. Many unionists are presently being harassed, banned or incarcerated by homeland governments. Participation in CODESA means that the unions face a mammoth task of turning round the mindset of homeland leaders and inculcating a culture of



industrial pluralism.

Homeland leaders should take their cue from the government which reluctantly accommodates unionism. The government learnt the hard and costly way that the collective power of the unions cannot be ignored. The campaign against the 1988 LRA which culminated in the 1991 amendment stands out as a shining example of organised labour strength and determination. As a result the government is continuously engaged in bilateral talks with organised labour on diverse issues outside CODESA. But will the government in CODESA entertain programmes of economic reconstruction, a moratorium on privatisation, or the building of a socialist state?

The unions have to rely for support in CODESA on the liberation movement. This depends on the ANC/SACP/ COSATU alliance. But how long will this marriage last? Will the nationalistic policies of the ANC converge with the socialistic programme of organised labour? Will the SACP as a vanguard of the working class abandon its long-time ally, the ANC, and dovetail its policies with those of labour in CODESA? This remains to

be seen.

I suggest that, before a decision is taken, a wise intense and thorough consultation and debate about participation should be conducted at local, regional and national levels to weigh the pros and cons. Such an exercise should be undertaken *now, without delay.*

Yours faithfully

*Themba Radebe*  
Former shopsteward at the Johannesburg Stock Exchange

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### The AAM and the Mayekiso campaign

---

#### To SA Labour Bulletin

As a part time labour historian, I know how quickly wrong facts, once they are in print, can enter the history books. I would therefore like to make a small correction to Colin Adkins letter (*Labour Bulletin* Vol 16, No 3) concerning SACTU's involvement in the campaign on behalf of Moses Mayekiso, when he was threatened with the death penalty for treason after his arrest in June 1986.

Spontaneously, metal unions in different parts of the world, including the UK, as well as my own organisation, launched campaigns for the release of Mayekiso. This followed

similar campaigns for South African trade unionists in previous years.

At that stage we had no idea that Mayekiso would be held for so long, nor that he would become such a South African and international symbol of worker resistance to apartheid.

At the British TUC Congress in September 1986, I passed the Anti-Apartheid Movement's stand and asked Mr Adkins (I stress that I did not then know his identity, nor he mine) what literature there was on Mayekiso. He spoke dismissively about the AAM not supporting the Mayekiso campaign as both that organisation and SACTU thought it was wrong 'to make a personality cult out of Mayekiso when there were many other comrades also in prison and facing death sentences'.

I was shocked at his hostility and made a note of his remark which also surprised a British trade union comrade who was with me at the time.

I pointed to the dozens of posters, books and photos of Comrade Mandela and asked whether focusing on an individual was not an effective way of gaining support for a general cause. Mr Adkins continued to criticise the Free Mayekiso campaign and I thought it not profitable to continue our conversation which, I stress, was polite and comradely.

A month or two later this line was reversed and the Anti-Apartheid Movement



## LETTERS

and SACTU in Britain began supporting the Mayekiso campaign.

I cannot comment on motives and reasons for the initial hostility and later change of line (though interestingly, a senior TUC General Council member did say to me last year that the Mayekiso campaign was 'all run by Trots', a view so divorced from reality that

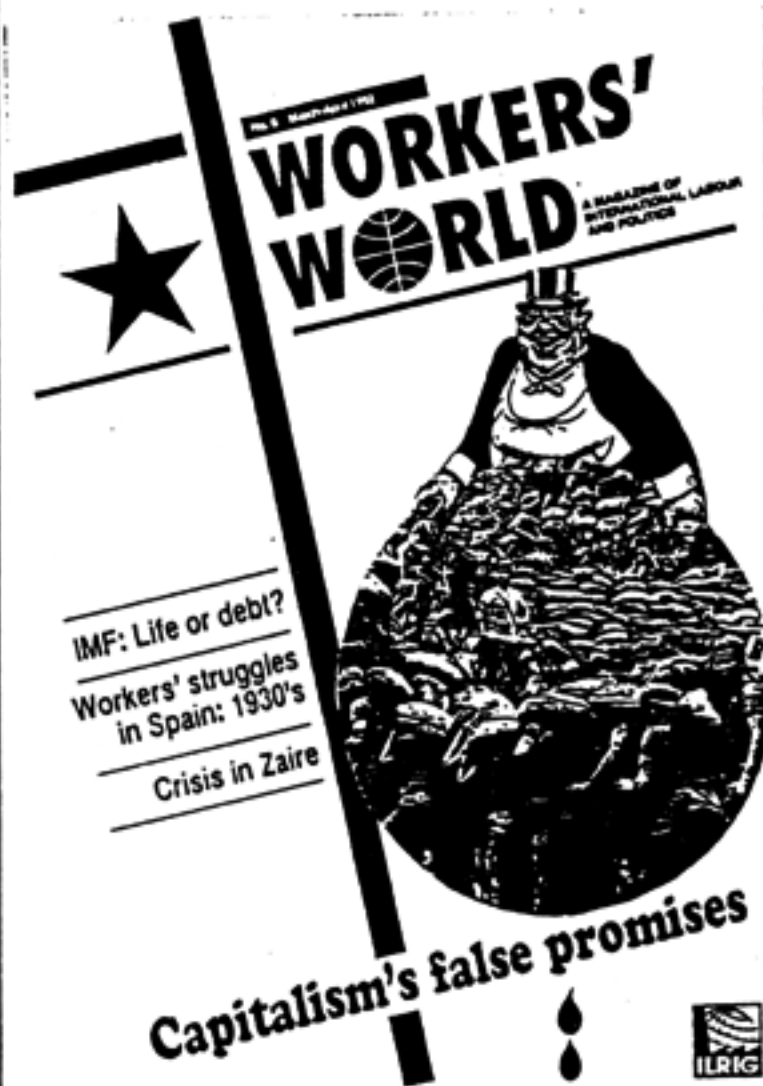
one shudders to think about other judgements made by top UK union leaders) but when future historians come to disentangle all sectarian campaigns and goings on (of all ideological persuasions) that plagued (and still plague?) the independent working class movement in South Africa in the 1980s, I can provide direct evidence

that in Britain there was initial opposition to the Mayekiso campaign in September 1986 expressed by the Anti-Apartheid trade union co-ordinator.

Yours,

*Denis Macshane*  
International Metalworkers  
Federation, Geneva

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## Justice or cricket?

Stayaways really do divide the bosses from the workers

RED EYE came across the following article in Business Day: "SA is bracing itself for a mass stayaway today. Most employers have accepted that large numbers of male workers will not be putting in an appearance at work this morning. Some told Business Day yesterday that they had even decided to stayaway themselves. 'If you can't beat them, join them,' commented one company manager."

Were the bosses expressing their sympathy for mass protest against apartheid or against unjust laws or taxes? No, this was the day of the SA/Australia World Cup cricket match. Companies hired TV sets so that their employees could watch the match. A Barlow Rand spokesman said: "Having an M-Net decoder at work was the best way to lure employees to work."

RED EYE guesses that not many hired TV sets were seen on the factory floors and in the mines and fields of South Africa for workers to watch the cricket. No, production has to continue.

Funny isn't it? When the managers want to stay away, you hire TV sets to get them to the office. When workers want to stay away for unimportant things like justice and democracy, you threaten them with no pay, warnings and dismissals! ❖



---

## Bosses' politics

But bosses really are a fickle bunch. All through the 1980s they told workers it was unacceptable to bring politics into the work place. Now, with the all-white referendum they have not hesitated to advise their employees to vote 'Yes'. They have also funded massive advertising on the mass media.

There is no politics like bosses politics! ❖

---

## Unions have unfair advantage, bosses complain

RED EYE hears that bosses in the auto industry have complained to NUMSA that the union has an unfair advantage because it has full time officials. They want to employ a consultant to bargain for them in the upcoming negotiations in the National Bargaining Forum.

RED EYE can't believe it. Here are the most advanced employers in the country with millions to spend on managers with high salaries and huge HR departments, and they cannot match the union!

The real problem seems to

be that the bosses squabble so much among themselves that they cannot come up a unified position in negotiations. Maybe they should learn from the workers and form an employers' association. ❖

---

## We are driven!

It is funny how South African bosses cannot transcend their authoritarian traditions. Nissan has spent years implementing the Japanese concept of green areas in its Pretoria plant. Workers and foremen are supposed to spend the first ten minutes of each day in their green areas, having tea together and discussing production problems and trying to resolve them.

Then management decided to introduce a new set of disciplinary regulations through the green areas without first negotiating with the shop stewards. The Nissan ad says: 'We are driven.' Clearly that means workers are driven by the bosses. Or that's what the bosses think.

Workers walked off the green areas, the plant was shut down for eight days and finally management was forced to withdraw the new regulations. No doubt, some budding young HR executive will conclude that managers should improve their 'communication skills'. Maybe they should just learn to listen! ❖



## Left hand drive to socialism

Still in the auto sector, RED EYE understands that VW SA got the contract for 5 000 Jettas for Red China because they wanted left hand drive cars. SA is one of the few countries in the world where drivers drive on the left hand side as they do in China. Could that be because we are both driving for socialism. ❖

## Big Brother still haunting the SACP

A friend of RED EYE who recently stood for elections to the leadership of the SACP (but was not successful) refused our suggestion to express his personal opinion on labour related issues (not party mind you) in the pages of our Bulletin. His reasons were: "You still can't express your opinions freely! These guys are watching you! You have to be careful of what you are saying or writing..."

And unfortunately he is not the only one we have come across. It seems that the ghost of Big Brother is still alive and haunting some SACP members. v

## And the ghost of SACTU also alive...somewhere!

When SACTU decided officially to dissolve itself, in March 1990, it was agreed that its assets would be

transferred to COSATU.

However, at the same time, SACTU informed its 60-70 members in exile that they would each receive grants from the organisation to assist them to resettle in SA.

The money was to come partly from funds raised for the purpose from trade unions abroad, and partly from the sale of SACTU's considerable assets abroad. So we're talking big money now!

However, none of this money has been seen by some former SACTU members. Others have received cheques of R5 000, and others have received more than one cheque of R5 000, and are still receiving them.

RED EYE hears former SACTU members asking: Is this the ghost of SACTU? Who exactly is in control of the money being distributed to this very day? Who decides

who the money goes to .... and doesn't go to?

It seems the ghost of the old SACTU is alive in more ways than one. v


## NUMSA's secret weapon?

Well, the secret of NUMSA's Bernie Fanaroff is out now (*Business Day*, 5/3/92). Fellow unionists knew he was a 'doctor', but did the world know that he has a PhD in astro-physics?

More importantly do intransigent managers opposing NUMSA negotiators know that Bernie Fanaroff has had a special classification system for black holes named after him?

Black holes? You know: the intergalactic phenomena that are so powerful they simply destroy any matter that crosses their gravitational field. ☆

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## **"Making change irreversible": COSATU's programme of action.**

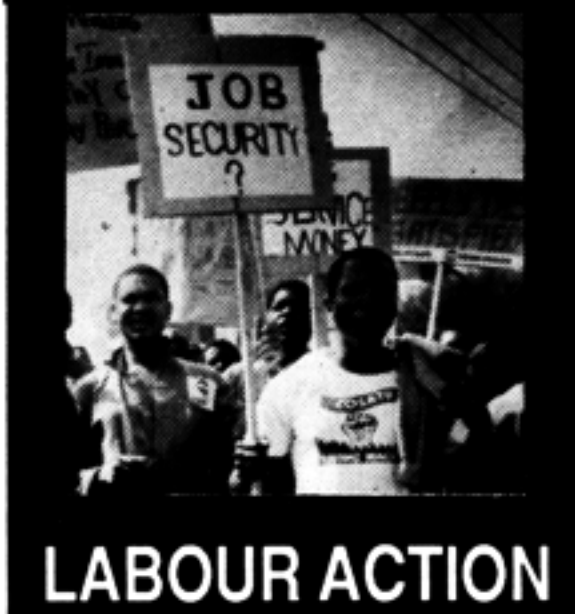
In an effort to accelerate the negotiation process, the COSATU Central Executive Committee has adopted a programme of action in support of ten demands for political and economic change. The programme of mass action includes marches, protests, rallies and "mass action on an unprecedented scale" including a sustained general strike, as well as factory occupations, if demands are not met.

### **Political demands**

COSATU's most important political demands are for a sovereign interim government by June and a democratic election for a Constituent Assembly by the end of the year. There is concern in the federation that negotiations at CODESA will lead to unacceptable deals between the ANC and the government.

"CODESA is not central, the key is an interim government - that will unlock a whole range of negotiation processes that involve the people," says COSATU general secretary Jay Naidoo.

The CEC decided to beef up the tripartite alliance and its participation in negotiations at CODESA. COSATU will propose to the tripartite alliance that a summit of the ANC, COSATU and the SACP



### **LABOUR ACTION**

should be called to develop a "common alliance platform on burning economic and political issues".

According to COSATU the summit will assess progress of all CODESA working groups and discuss appropriate forms of action if demands are not met by CODESA II. The summit will meet mid-April, before CODESA II.

The CEC rejected proposals from NUM and POTWA that COSATU should withdraw its application for participation in CODESA. In the meantime, the CEC endorsed COSATU's continued participation in the ANC and SACP working groups.

The CEC rejected federalism and the forced coalition government which are being proposed by the National Party. It did accept the need for strong local, regional and national government "with central government playing a strong role directing, delegating and devolving powers to other levels."

On interim government, the CEC accepted the ANC's scenario but not its proposal for sunset clauses. "Such issues could be discussed at a

constituent assembly".

The CEC also stressed "the need for us to begin preparing for elections. This involves numerous aspects such as the building of alliances at national, regional and local level on the one hand, and the question of discussing issues for an election manifesto or platform and whether COSATU leaders should stand for election to a constituent assembly".

COSATU's programme of action was announced in the middle of the white referendum on whether reform should continue or not. According to COSATU the referendum is "irrelevant".

"The issue is not whether FW wins or loses the referendum" says Naidoo "The issue is whether we can make the process of change irreversible through our own actions. The National Party tried to smash our organisations and resistance in the 1980s and it failed. If Treurnicht wins a white election, he will be unable to smash mass organisation."

### **Economic demands**

Naidoo says that a central thrust of the campaign is to block unilateral economic restructuring on the part of the governments and employers. "They are trying to fix in place economic relations that a democratic government will be unable to change. They are trying to make it impossible to democratise the economy.



They are prepared to concede political power while keeping a strangle hold on economic power.”

The key economic demand is for a national economic negotiating forum. The CEC endorsed the draft document on the forum which was drawn up by employers and labour. This document will now form the basis of an approach to the government.

According to the document, the forum should be based on consensus decision making. Once agreement has been reached all parties will be bound to implement them. Business and labour agree that the governing authority should join the forum. So far the government has refused to be part of such a forum and COSATU's programme of action aims to pressurise it to join.

The document states that “organised labour, organised business and the governing authority have a central role to play in developing strategies geared towards the generation of sustained economic growth, the elimination of distortions in the economy, stability and addressing social needs.”

According to the *Sunday Times* (15 March 1992), business proposes that the economic forum should “negotiate macro-economic re-structuring, focusing on the need for economic growth, development and job creation. Secondly, the development of a balanced industrial strategy



*COSATU CEC: mapping the way to a constituent assembly*

*Photo: Shariff/Labour Bulletin*

aimed at turning South Africa into an export orientated economy”. Business also wants to address monetary, fiscal and public sector reform.

On labour's agenda is economic re-structuring, including trade and tariff issues; retrenchment, employment and job creation; VAT and taxation; worker rights; pensions and provident funds; institutionalised collective bargaining and investment.

### **Programme of Action**

The programme of action will kick off on 18 March, budget day, with a march on parliament led by Naidoo and ANC secretary general Cyril Ramaphosa; as well as pickets and marches in other centres.

Coming the day after the white referendum, these protests have been dubbed “a people's referendum” by COSATU and will focus on

its economic demands.

COSATU's economic policy conference at the end of March will assess the government's response to the organisations economic demands. It will also discuss a proposed alliance document covering economic policy issues.

Then, after the tripartite alliance summit in mid-April, NACTU and COSATU will hold joint Mayday rallies which will hear report backs on CODESA II and the progress of the national economic negotiating forum and other demands of the labour movement.

A worker's summit at the end of May will discuss unity between NACTU and COSATU. It will also assess whether key demands have been met and decide on mass action for July if they have not. The worker's summit will also adopt a worker's charter. ❖

*(Karl von Holdt)*

## "Undemocratic practises nearly destroyed SARHWU"

The crisis-ridden South African Railway and Harbour Workers Union (SARHWU) resolved its leadership crisis at an extended meeting on 15 February in Bloemfontein. The meeting elected a new National Management Committee, bringing to an end a state of chaos in SARHWU.

A soft spoken and reserved Derick Smoko, who was the Northern Cape regional secretary and is now the new general secretary, told the *Bulletin* that he did not go to the Bloemfontein meeting prepared to be elected to such a high position, especially now with the union in serious crisis.

He has been given an enormous task of consolidating structures of the union which has been in chaos for the last four months, and of improving its administrative and financial systems which are in total disarray at both head office and regional level.

SARHWU has been riddled with serious problems since its inauguration in 1986. This is the second time that the union has had to re-elect its leadership between congresses. In October 1988 there was disagreement over the election of new office bearers at the union's second national congress. This led to Martin Sebakwane being

elected general secretary as a compromise.

Derick Smoko admits that SARHWU is a very radical union. The railways is an sector that has traditionally been used to guarantee employment to white workers and, as such, it has been very conservative. Black workers in the sector were oppressed for a long time. Hence their radicalism.

"The other thing that you have to consider, said Smoko, "is that SARHWU became a very big union within a short space of time, even before it could have structures which could address its problems properly. At the same time workers had high expectations that the union would solve their problems immediately. I must admit, there has been an imbalance between the development of structures and the expectations of workers. This has led to a number of problems." ❖

(*Snuki Zikalala*)

## SACCAWU - a small victory amidst big challenges

On 23 March 1991, 450 Kentucky Fried Chicken workers, on strike since 14 December, went back to work after 14 PWV and Eastern Transvaal franchise-holders agreed to a regional bargaining forum. Workers in Cape Town and Durban are still on strike.

Looming over this victory

for SACCAWU are a number of serious challenges this year.

Its general secretary Kaiser Thibedi says that the union's members face an uncertain year following employers' proposals for a wage freeze in the commercial and catering sectors. Thibedi says employers are planning to "survive the crisis" through further retrenchments and restructuring.

SACCAWU's experience is that there are three broad categories of employers: conservative union-bashers like the SAB Group (OK Bazaars and the Southern Sun/Holiday Inns), liberals like Pick 'n Pay; and paternalists like Woolworths. They are all, however, aiming to increase productivity and restore the rate of profit. This represents the most comprehensive and dangerous attack on workers since the emergence of independent trade unions in the 1970s, SACCAWU's general secretary says.

The threat to liquidate Checkers could cause up to 10 000 retrenchments. This is a gun pointed at SACCAWU to 'play the game'. The union says it is totally unacceptable that PEPKOR - the largest retail house in Africa, with 1991 profits amounting to R168m - should talk of liquidating Checkers. SACCAWU believes that Checkers can be made profitable.

SACCAWU is also in dispute with the OK retailing chain who are disregarding





**Kentucky settlement: regional bargaining forum**  
 Photo: Shariff/Labour Bulletin

national agreements signed by both parties. They are forcing negotiations at a store level. SACCAWU is demanding centralised negotiations on retrenchments. A strike is looming at O.K.

SACCAWU believes that short term panic solutions only aggravate conditions further. "Managements' approach is short-sighted and narrow. They are only looking at themselves as companies and not seeking industry-wide solutions."

SACCAWU have invited the employers to a meeting on 30 March to discuss the present economic crisis, retrenchments and restructuring.

"We will oppose any wage freeze and will fight to secure real and immediate benefits for workers in the areas of job security and the control of casualisation. We are demanding a centralised

negotiation forum and the establishment of a national industrial council for catering and commerce," Thibedi reported. ❖  
 (Snuki Zikalala)

## Update on development in labour relations in the public sector

### The Public Service Labour Relations Bill

Since November 1991, eleven unions and staff associations have been involved in negotiations with the Commission for Administration (CFA), towards "effective and mutually acceptable arrangements for labour relations in the state sector". The 'negotiations' have been based largely on a draft Public Service Labour Relations Bill, which would apply to around 419 000 state sector workers. The scope of the draft Bill covers workers in the 17 state departments and four provincial administrations. Teachers, the South African Police, the South African Defence Force and a number of other groups of civil servants are excluded.

The unions/staff associations, which have formed an ad-hoc "public sector caucus" are now trying to take the initiative on the legislation negotiations from the current "Technical Committee". Unless they do this, civil servants are unlikely to see any reform in labour relations this year.

### Wage negotiations 1992

In the course of meetings with the CFA last year, the Director-General agreed that a bargaining forum should be established to give employee organisations an opportunity to influence the budget vote. Union proposals for improvements in wages and conditions of service were submitted in October last year. However, negotiations proper only began on 17 February 1992.

The CFA offered 7,5 per cent, then 8,54 per cent across the board. The employee side reduced its initial demand from 30 per cent to 21 per cent across the board, and finally to 15 per cent across the board with 21 per cent for general assistants. This would bring the minimum wage to R649,00 per month.

Negotiations deadlocked at these final positions on 5 March and unions/staff associations agreed to embark on nationwide demonstrations on 12 March, the day of the resumption of the negotiations. At further meetings on 12 and 13 March, the CFA position remained substantially unchanged.

Even traditionally conservative staff associations like the Public Servants Association (PSA), have argued that the government is avoiding the real issues concerning remuneration:

- the substantial decrease in real wages since 1985- between 18,5 per cent and

- 41,5 per cent;
- the backlog in paying market-related remuneration packages to public servants - between 24 per cent and 34 per cent

Real negotiations started very close to Budget Day (18 March). Thus it is unlikely that this round of negotiations will have any substantial effect on the budget vote. Unions in the sector will have to fight tough battles to win the right to negotiation, rather than mere consultation. ❖  
(Lucy Nyembe)

## NUM President: key political positions and organisational proposals

Speaking to the Central Committee of the National Union of Mineworkers, on 24 January, President James Motlatsi outlined significant proposals for changes in the NUM's leadership structures. He started by reiterating the NUM's broad political positions on its role, and its relationships with its allies in the liberation movement.

### Relationship with the liberation movement

Stressing that "it is not the intention of the NUM to try to dominate other organisations," Motlatsi urged NUM members not to aim for winning leading positions in the ANC and the SACP, but to bring to them the union's methods of struggle and its policies to

combat oppression, exploitation and poverty.

Similarly, Motlatsi called on members of the ANC and the SACP not to aim to capture leading positions in the union because "all you achieve is suspicion and apprehension of the ordinary members [who] say that you are only interested in your power position and not in their welfare."

"The NUM is an independent, autonomous body controlled by its members to protect their interests in whatever way it thinks best," declared its president. The NUM, he said, "is free from the control of government and employers, and it intends to remain that way, even when the government will be ours and the mines will be under the people's control."

### "Mineworkers first and last"

Noting that "the mining bosses do not respect weakness, they are not moved by pity or convinced by rational arguments," the NUM president made a powerful case for unity and solidarity amongst all miners, under the slogan "mineworkers first and last".

"Members of virtually every tribe in Southern Africa work in the mines and the NUM represents every one of them," he said.

Motlatsi repeatedly urged all mineworkers - whether blacks and members of Inkatha, or white

mineworkers, even members of the AWB, or whether black or white from outside SA - to "join the NUM and it will protect you." The NUM, he stressed, "stands for everyone in the mines and it intends to respect all political and ideological differences. This is not fancy talk but reality, for unless we act together the mining houses will crush us."

### Act together to stop faction fighting

The NUM president then turned to a more particular form of division amongst black mineworkers and made an urgent plea for all to act together to stop faction fighting.

Motlatsi noted that employers make sure that production and safety underground are not endangered by fighting amongst mineworkers. Everyone is controlled by rules and regulations which are strictly enforced and supervised, with severe penalties for breaking them. It is essential, he said, to "create a similar system of deterrence in the hostels, and that can only be done through discipline in the NUM."

### "The most important act in a miner's life"

In order to build such discipline, NUM's president proposed a more positive approach to membership of the union. "We need to make becoming a member of the union the most important act in a miner's life," he declared.



"It is necessary to spell out to all new members precisely what it entails to join the union," he said. Initiating new members into the union should involve explaining the responsibilities and rights of union membership and a solemn promise from members to accept and fulfil the rules of the union. The NUM, he said, is "not a Christmas club, but a fighting organisation and we need a solemn commitment to it."

"We want mine workers to put the unity and solidarity of their class before everything else, and to practice that unity in the hostels and their homes, as well as at work. But above all we must act immediately to stop the fighting and violence amongst mineworkers," the NUM President said.

### Leadership of a "fighting machine"

Underlying everything, Motlatsi stressed, is the need to make the union "an efficient fighting machine", with clear cut policies and unbreakable determination to achieve them. For that, he said, "we need more than the solidarity I have called for; we need efficient administration and organisation."

The NUM has grown over the years until it now organises over 300 000 members, distributed in 16 regions, in six different industries, each with its own history and material conditions, Motlatsi reported,



*James Motlatsi*

*Photo: Peter auf der Heyde*

adding that "in some respects" the union "is as large and complex as the mining houses themselves."

It has been evident for some time, he said, that the NUM has developed in an ad hoc way: head office departments do not always operate effectively; at regional, branch and shaft levels the union mainly responds to crises and it does not provide a continuous day to day service to its members.

Recalling how the position of general secretary has grown and been fundamentally shaped by the skills and personality of former general secretary Cyril Ramaphosa, Motlatsi said that the NUM's general secretary has had to be "both a democrat and a bureaucrat, to be an orator and leader able to fight the class struggle and, at the same time, an administrator capable of running a large complex organisation."

The job of the general secretary, the president

concluded, "is indeed many jobs". He therefore proposed that, instead of electing a new general secretary in 1994, the NUM should abolish that post, and/or that of assistant general secretary, and create instead four equally rated national secretaries, each responsible for a principal mining sector and for the running of some of the head office departments.

They would work under the general supervision of the union president, or of the general secretary if that position is maintained. But they would be directly accountable to the National Executive Committee.

The national secretaries would be responsible for recruitment, organising, administration and collective bargaining in their respective industries. Each one would have a job that would be challenging, with great potential, but within the capacity of one person.

To improve not only head office but also regional organisation, Motlatsi suggested that the Central Committee should look seriously at the possibility of regional secretaries and chairpersons becoming elected full time positions.

Motlatsi concluded his address with a statement on the role of the NUM in relation to CODESA. Trade unions did not belong in that political process, he said, and "it should continue without our presence." ❖

*(Dot Keet)*



Last year when the famous Kenyan writer and activist Ngugi WaThiongo visited Natal, he was amazed by the cultural activities of COSATU affiliated workers in the Tsithebe- Mandini area. Most notable was a play by them about the extraction of money, favours and services from ordinary people in KwaZulu by chiefs and headmen. The play - sometimes humorous and often harsh - was conceived and directed by Marrasta November Tshabalala, a worker from Wenred Freuheuff in Mandini.

Tshabalala acts, writes, paints, sings and also provides a backbone for NUMSA, COSATU and, increasingly, the ANC in the area.

His talents are many: his factory choir has already released a cassette of mbube songs titled, "Striking Back". His drawings have been exhibited at the African Culture Centre's "Workers and Art" focus last year. His writings have appeared in cheap editions put out by the Culture and Working Life Project. A story he co-authored with other

# COSATU writer, artist and worker leader shot and injured

*Report by  
LABOUR BULLETIN  
CORRESPONDENT*

COSATU writers entitled "A man who could fly" received a commendation in the Nadine Gordimer short story competition last year.

In that story, a peculiar event is retold from many perspectives: a rural peasant,

a white madam, a lover, a vigilante and a telephone department employee tell of how one day groups of armed vigilantes are chasing a man fleeing for his life. They describe how - all of a sudden - the man lifted off and flew away from his assailants.

Unfortunately his wings get caught on some telephone wires. The police arrive, to cut the poles down and, angry at the inconvenience, give the man a thrashing.

The problem in reality though is that COSATU leadership in those areas of Northern Natal cannot run away from violence. On 24 February, at around 2am the household in which Marrasta Tshabalala lives in Mandini was attacked by eight armed men who sprayed it with bullets for about an hour. Marrasta was seriously injured from a bullet that went through his head next to his ear. He was hospitalised with another four workers with lighter wounds. A dismissed KIC NUMSA worker was killed in the attack.

This was the fifth attack on the household, which has been earmarked as a COSATU/ANC stronghold. The household consists of a





Graphic by Marrasta Buthelezi

Graphic: Courtesy of Culture and Working Life Project

main four-room house with little shacks all around it, housing approximately 18 people. Most are industrial workers in the Isithebe-Mandini area.

The first attack, according to NUMSA workers from Henred and Lennings, occurred last year. Returning Inkatha supporters from a rally in Port Shepstone were led off the buses to deal with the ANC "thorn".

The second attack occurred later over the Shaka day celebrations. The local Inkatha leadership went to the house to get all people there to attend the rally. The people responded that they were not Inkatha supporters and that they should be left alone. They were attacked, and skirmishes went on the whole

day. In the evening KwaZulu police came and arrested all the people from Tshabalala's and an adjacent household. They were to be charged for public violence or for the possession of dagga. It never became clear. They were released the following week, with some of them close to losing their jobs.

The third attack happened in broad daylight when most of the men were away. The house was ransacked.

The fourth happened to Marrasta Tshabalala and another NUMSA member. They were walking towards the bus station, according to his co-workers, when KwaZulu police accosted them, shot the one dead and beat up and arrested Marrasta. He was later

released without any consequence.

Finally, the last attack has unnerved the entire area.

According to local shop steward leaders they have tried everything - from the use of traditional medicines to negotiations. Perpetrators of violence still hunt them down. If they resist they get arrested for public violence. If they take defence seriously then they are accused of declaring war.

"There is no real animosity with Inkatha members in Mandini. It is always violence brought into the area by a small group of determined COSATU-bashers and anti-ANC people. We hope that the funeral goes on without incident."

We hope it does. ☆

# NACTU: pulling no punches

NACTU held a special consultative conference on 14-15 March to set guidelines for organisational restructuring. Recommendations on these questions, on CODESA, and on vital economic issues will go to the next meeting of the NACTU CC at the end of March. General secretary CUNNINGHAM NGCUKANA spoke to SNUKI ZIKALALA.

**Labour Bulletin:** *NACTU has just had its consultative conference, What issues did the conference deal with ?*

**Ngcukana:** We discussed critical policy issues. The first was CODESA. There is a view that CODESA is very problematic. We made analysis of what we would achieve as a federation. We made an analysis of CODESA: the forces that are at play, the processes that some forces see it should move through. We will make a decision from that analyses at the Central Committee meeting at the end of this month.

On the question of the National Economic Forum: we are not quite happy with its progress. The employers have different approaches. So we have not been able to make progress. We all agree that we need an economic forum that will address the question of economic restructuring and the urgent economic needs. But whether it will be a negotiating forum or an advisory body is another matter.

We as trade unions need to work out quite clearly the form and nature of the forum. We have been approaching the question in a very ad hoc way and have not looked at a number of issues and consequences.

**Bulletin:** *What should the National*

*Economic Forum deal with?*

**Ngcukana:** In my view the National Economic Forum should deal with specific economic issues such as taxation, job creation, job training, investment code and investment policy on trade and tariffs.

I don't see the economic forum dealing with ideological issues. If ask me what kind of a political economy I would want, I will argue for a socialist economy. SACCOB will argue for a free market economy and others will talk of a mixed economy and there will be no progress. The participation of political parties would create ideological debates on issues on which we want to reach agreement and address solutions.

**Bulletin:** *What should be the relationship of the National Economic Forum to CODESA?*

**Ngcukana:** This is the question that is being debated at present. I don't see the National Economic Forum related to CODESA for two reasons. Firstly, CODESA is a political process. A political process might succeed or it might fail. We don't believe that economic issues should be tied to a political process at the moment. If CODESA were the government authority of the day, then that makes a big difference. But if CODESA is a political



negotiating forum of all political shades there is a problem.

**Labour Bulletin:** *COSATU has demanded that the interim government must be installed by June, and if the government does not accede to that there will be mass action. What is your comment on that?*

**Ngcukana:** COSATU has reached an agreement with its alliance partners on a transitional process to arrive at the constituent assembly. They have defined the route and the path. NACTU is still in the process of defining that, and therefore we can't commit ourselves to that process or to the interim government. But we will definitely go along with the call for the constituent assembly by and we agree with COSATU's view that a constituent assembly should be elected. But then, we will have to iron out the differences .

**Bulletin:** *How did your consultative conference address the question of trade union unity?*

**Ngcukana:** The consultative conference discussed the resolution on trade union unity of the last summit. The conference endorsed the leadership position - agreed to by COSATU and NACTU on 2 March - that a co-ordinating committee of office bearers of COSATU and NACTU must be set up to co-ordinate industrial sectors of the unions, which will identify and try to resolve obstacles to unity. There should also be co-ordination of COSATU and NACTU at regional and local levels to ensure that the process of unity sinks in at the grassroots.

The conference also looked into the question of drawing other unions, such as

FEDSAL and independent unions, into the process. Trade union unity cannot be a process only between COSATU and NACTU. It must involve the entire trade union movement in our country.

The question of affiliations and alliances should be addressed by the co-ordinating committees and that should be taken to the next worker summit in May.

Also, the question was addressed of nationalist ideologies that impair the imperative of trade union unity. That was

looked upon as a reality that will exist as long as we are still fighting for national liberation.

**Bulletin:** *Do you think the ideological differences you have had with COSATU will emerge again?*

**Ngcukana:** Yes, we have not fooled ourselves that ideological differences are going to whither away. From our own ranks we have those who have ideological problems with the COSATU-SACP

alliance, and also have their own ideological positions. We believe that we should be able to address workers unity and should find ways and means of overcoming this problem.

**Bulletin:** *What about the question of mergers of unions within NACTU?*

**Ngcukana:** The question of mergers is a vital point for us. We are going to the next conference in October and one thing we are clear about is that it should be complete by then. We have set out time limits. We still stand by our position that a union which refuses to merge is going to be expelled.

**Bulletin:** *It has been reported that you are*

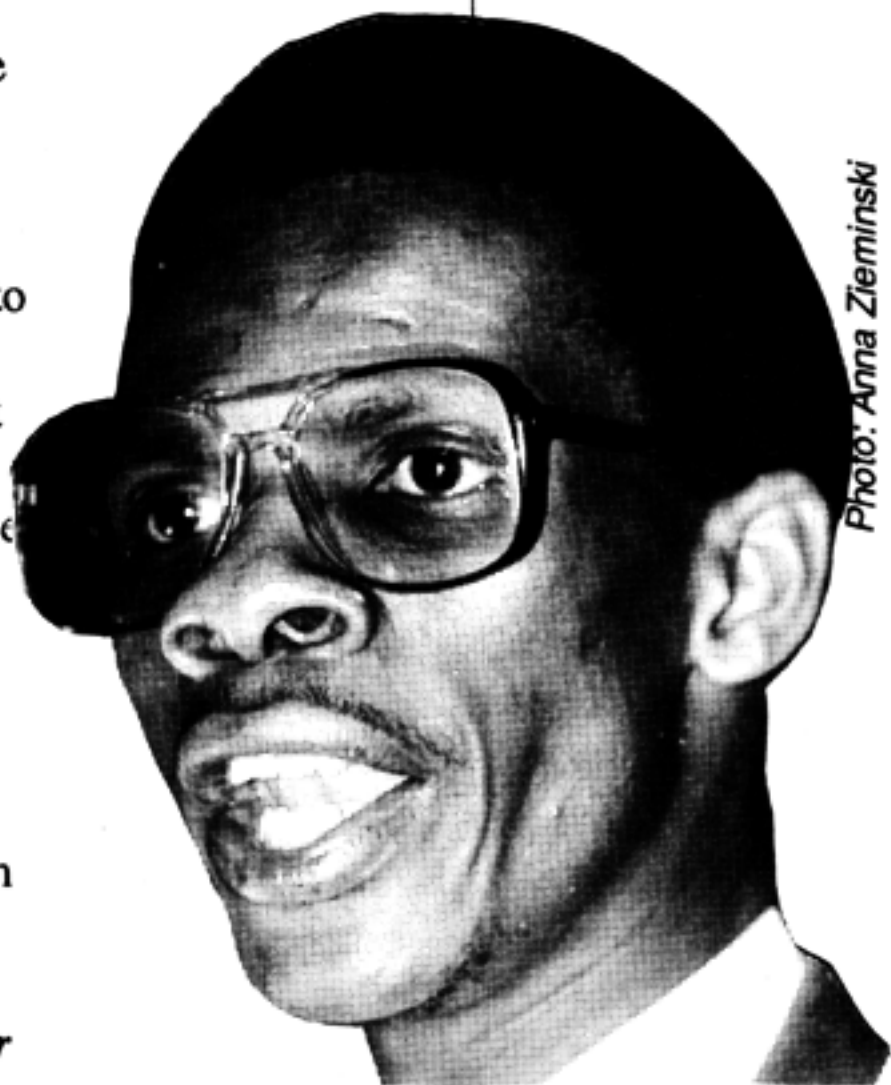


Photo: Anna Zieminski

*reducing your offices from 21 to 11. Is that part of the rationalisation process?*

**Ngcukana:** Yes, that is part of the rationalisation process and restructuring programme of NACTU in terms of the productivity and effectiveness of the federation as a whole. We are paying particular attention to the problem of our organisers. We had about 40 organisers within the federation for different affiliates, different localities, but they are not very effective.

The second issue was the question of the cost-effectiveness of having many offices rather than a few offices that will co-ordinate work. We came to the conclusion that some of the offices have to be closed and we have to transfer organisers to individual affiliates so that their productivity and effectiveness can be measured.

**Bulletin:** *Which sectors have you brought together?*

**Ngcukana:** The construction union is reconstructing itself, building proper structures on the ground. We as a federation are working on merging the service sector, metal sector, the public sector and transport. NACTU is also restructuring its head quarters. We are looking for qualified journalists, researchers, economists and administrators.

**Bulletin:** *How has far NACTU gone in tertiary education?*

**Ngcukana:** We have reached an agreement on tertiary education. We are only awaiting funding. The Dutch are to be paying for that course and we are hoping to begin in June. UNISA is preparing some of the staff and courses. Our organisers, administrators and of course the national leadership, will be involved.

**Bulletin:** *With the whole leadership involved in tertiary education, won't that hamper the organisational work of the federation?*

**Ngcukana:** I believe acquisition of skills is more important at this juncture. If you look at the

type of unionists that we have in SA, in particular in the democratic trade union movement: we have activists. Their orientation on collective bargaining at factory level and to some extent at industrial council level is not that impressive. This is because they do not have the necessary skills, such as having analyses of company financial statements, economic notions about the company, the industry and the general economy and the impact at micro-macro level of the state of the economy.

Also, if you look at our approach now, we are talking about a macro economic forum. There, we will only be able to deal with the principles. The details will have to be dealt with at industrial level and we will have to have trained and skilled people at that level to handle that. It is no use having only a few people who are able to handle issues at the top when the people who will be dealing with the substance and detail do not have necessary education. The bosses will be bringing educated economists and our people will be bamboozled.

So it is important to run this programme at this time. We accept that we have started very late, but events are moving at a very fast pace. So we find that we are quite behind. We are very concerned about workers understanding macro economic issues.

The type of trade union cadres that we have has to come under scrutiny. They must have a working class ideological perspective and they must be skilled. That is why we are upgrading our staff.

**Bulletin:** *Are NACTU and its affiliates rethinking their position on issues like centralised bargaining forums?*

**Ngcukana:** Yes, we are thinking of new strategies. We have recommended to the affiliates that one affiliate must have a bargaining conference that will look at bargaining issues on a regular basis and assess progress made in bargaining at national level. We are also setting up an economic committee that will look at specific economic issues. We are struggling for a centralised bargaining



forums and we are telling affiliates that it is very important that we have that at industry level.

**Bulletin:** *Has NACTU's Federated Mining Union signed an agreement on productivity, and what is your opinion on productivity agreements?*

**Ngcukana:** I am very sceptical about productivity agreements.

You can't quantify productivity in economic terms and variables, and sign a productivity agreement linking it to bonuses and wage increments, while the people who are supposed to monitor it all, do not have skills for that. Productivity and company income etc is very difficult to comprehend if you do not have the necessary skills or knowledge, and in the end the company will be bamboozling shop stewards.

You must have skilled shop stewards who understand company financial accounts, the whole question of cash flows, company expenditure etc. For instance, a company knows its targets and has its own board room plans which are not known to shop stewards, and therefore you cannot link the standard of living of workers to the plots and plans of big bosses.

It will also create organisational problems and friction amongst workers. You will have workers saying that this one is not working and yet he/she wants a share. And if a worker is dismissed for not being productive or that his/her productivity is very low, this will create tensions in the factory.

**Bulletin:** *What is the vision of NACTU on questions like democracy and mandates?*

**Ngcukana:** At the beginning of the year, we held an organisers seminar attended by 60 regional organisers of NACTU as well as educators of the affiliates. We made an



*Consultative conference discussion: pulling no punches*

*Photo: Shariff/Labour Bulletin*

assessment of worker control and democracy in the federation.

We did not pull any punches. We looked at the question of affiliates with weak structures at local and

regional level. Many affiliates had twelve different structures. We then called for the reorganisation of structures and the integration of educational and organisational activities.

We also looked at the question of false democracy. Despite having structures, you find that officials are the ones who are playing a leading role. Because of lack of education of workers on the ground, workers are passive. That is why we looked at the question of integration of educational and organisational activities. An uninformed shop floor leader is unable to make an independent decision. Then the decision making is done only by officials.

So we now have a national education forum which combines educators of affiliates and NACTU. They meet twice a month, looking at educational activities and plan for the future.

**Bulletin:** *What about broader working class unity?*

**Ngcukana:** We have discussed with COSATU the possibility of bringing ANC, PAC and AZAPO together once more, in that the divisions these political organisations have on strategic and political questions impacts on the working relationship of the trade union movements. This divides the working class itself. These questions do impact on the working relationship between COSATU and NACTU and within the working class. Therefore, it is imperative that the three organisations come together and define the processes. ☆



GODONGWANA  
ON THE  
SOCIAL  
CONTRACT

Industrial  
restructuring and  
the social contract:  
reforming  
capitalism or  
building blocks for  
socialism?

*"Comrades, the issue here, is  
which path to follow. It is  
either the Swedish or the  
Cuban route"*

*- trade unionist explaining  
the debate on the social  
contract to workers.*



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Considering current debates on the role of a social contract in South Africa, ENOCH GODONGWANA\* argues against both the social democratic model and dogmatic adherence to Marxist models. A social accord in South Africa, he argues, has to engage with reforming capitalism but in such a way as to transcend social democracy and incorporate a socialist perspective.

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**B**oth the Swedish social democratic model and the Cuban Marxist model are in crisis today - for a variety of reasons. It is not to them that we in South Africa should be looking for models for a new society in our country.

In South Africa today it is widely envisaged that industrial restructuring will be a product of negotiations between the government, business and the trade unions. This implies that the process will produce various agreements that could, together, constitute a national accord or social contract.

A social contract or accord is an agreement by major stake holders in society - notably organised labour, capital and the state - to give content to common objectives of economic growth, employment creation and better standards of living for the whole population.

### **Implications for socialist transformation**

What are the implications of this for a socialist transformation? The answer to this question divides socialists. Alex Callinicos, whose 'blood runs cold' when he hears talks of social contracts, argues that the social contract will undermine the struggle for socialism. South African trade unionist Geoff Schreiner, on the other hand, argues that "under certain circumstances, taking into account the balance of forces, such accords, contracts, pacts, agreements might be necessary for tactical reason."\*\*

Because social contracts have been concerned with reforming capitalism, they are simply rejected and anyone who argues that they should be explored is immediately labelled a social democrat. It is important for those socialists who reject social contracts not to resort to Marxist rhetoric and dogmatism but to provide answers to

questions facing the working class today.

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

When the jobs of the workers are threatened, when the bosses increase their prices thus attacking the living standards of the workers etc, we should respond by putting demands to capital and, if need be, to the state. If these demands are not met we must take mass action. These issues are important for mobilisation and building strong organisation which are the keys to success of any revolution.

Such organisation is not built around abstract demands and nor should socialism be. "The embryo of an authentically socialist form of society" referred to by Callinicos, and which exists in the workplace, is not a decree from God. It is a product of methods of struggle that combine advances and - under certain circumstances - tactical retreats to make way for further advances.

Geoff Schreiner argues that negotiations with capital and, when necessary, recourse to mass action, are at the heart of the normal processes in which trade unions are involved all the time. We are told by Callinicos, however, that we should not reproduce industrial level methods of struggle at national level. His reason is that "organised labour confronts a capitalist class possessing resources - access to the state, control over the mass media, the ability to mount an investment strike which greatly enhances its bargaining position over questions of long term policy".

Surely Callinicos must show that there is something which prevents the capitalist class

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\* NUMSA Regional Secretary, Border region

\*\* (SA Labour Bulletin Vol 16 No 1 July/August 1991)



*Socialism means freedom: can a social contract get us there?*

*Photo: Steve-Hilton Barber*

from using these resources when the workers engage it, for instance, at industry level. He concludes by warning that if his "analysis is correct, then the social contract should be avoided like a plague". I argue that his analysis is not correct.

### **Reforming capitalism**

Clearly the social contract is not intended to make any fundamental transformation of society but to reform capitalism. But that is not enough reason for its rejection. If the working class had seized power and instituted its class rule, talk about social contracts would not be necessary. The issue should be approached in the context of the unfolding political situation in our country.

But what will the nature of the post-apartheid society in South Africa be? What are the challenges and contracts which will face the working class in that society? What tactical zig-zags will the working class make in that context? The present negotiations will lead to an ANC-dominated government (assuming the right wing don't disturb the process). There is also no doubt in my mind

that an ANC government will make fundamental transformations beneficial to the poor. However, the immediate post apartheid society will not be a socialist one.

Both now and during the post apartheid period, we need to engage both capital and state to defend ourselves against attacks on the living standards and job security of the workers. Our defence will take different forms which may include mass action and at times negotiations. It is clear that capital will not negotiate itself out of existence. Any agreement reached will be characterised by trade-offs between the contending forces. The nature of such trade-offs and the final product that emerges in the form of a social contract or accord will reflect the balance of forces.

### **Engagement informed by a socialist perspective**

Assuming that the above characteristics of post apartheid society are correct, then the need arises to address tactical and strategic questions facing the working class. I argue not for abstentionism but for engagement, which of course, may lead to



a social contract. Critical to me is how that engagement takes place. It must be informed by a socialist perspective.

This means that a social contract reached should be seen not as an end in itself, but as a building block for further advance. The contents of the contract, therefore, should not preclude mass action on our part. The negotiations should be characterised by mandates and report backs. The demands negotiated must be clear for workers to understand.

The above are critical for a working class approach to the question of social contract. Traditionally the contract has been a product of deals between the trade union bureaucracy, capital and state without involving the masses. The bureaucracy would then sell the final product to the workers.

In dismissing Callinicos's argument, we recognise that our approach to the social contract *can* lead to social democracy and only reforming capitalism.

Statements by leading figures in COSATU reveal a tendency towards social democracy. Alec Erwin, for instance argues that "restructuring could be broadly defined as significant and discernable changes in the patterns of output, input, cost structures, employment, employment practices and industrial relations, markets and production methods". Absent in this definition is the whole question of ownership and therefore the class content and orientation of the restructuring process. (One should, however, treat Erwin's speech with caution : it was made to an audience of businessmen).

This is further complicated by Sam Shilowa's conception of "equality in the system". He says it has to be a system where shop stewards are party to decision making. Then it becomes a joint responsibility for managing capitalism. This form of restructuring is not informed by a socialist perspective.

### **Transcending social democracy**

Social accords have been achieved in certain social democratic countries within the framework of capitalism.

Contrary to common perceptions, social

accords do not necessarily entail a prohibition on strikes by workers. They are discouraged by the contents of the social contract from striking against the common interests of all. It is not, therefore, what is contained in the social contract but the ideological outlook that informs it that is important.

Social democracy in some countries, such as Sweden, did improve conditions of the working class. It provided better living standards and better working conditions and social environment for the working class. These improvements cannot be ignored. But socialism must not only provide the above, it must also deliver what social democracy cannot do. It must genuinely empower the producers so that they have control over what they have produced.

Socialism needs to transcend social democracy. We need to approach the debate on social contracts creatively, guided by a socialist perspective and working class democratic practices such as accountability of leadership, mandates, reports and mass action if demands are not met. There must be no compromise on fundamental issues.

### **Restructuring informed by a socialist vision**

The socialist vision means a society where the means of production are to a large extent controlled by the producers (ie workers) themselves and social wealth or production is used for the benefit of society as a whole. I say "to a large extent" because I assume the continued presence of private property, as socialism is a transition between capitalism and communism and contains the ingredients of both.

In short, I argue for restructuring which is informed by a socialist perspective and which is characterised by working class politics and democratic practice and accountability of leadership.

Callinicos and others who hold similar views, may argue that this approach does not have any historical precedent but the same could be said for their approach.

All these approaches must be debated and hopefully some common ground will be reached. ☆



# A strategy for South African manufacturing

Industrial restructuring is at the heart of the trade unions' development of alternative economic strategies for South Africa. Avril Joffe and Dave Lewis\* report on a major research project on South African manufacturing being carried out by the Economic Trends Research Group which has a longstanding relationship with COSATU\*\*.

**C**OSATU has long recognised that its role extends well beyond bargaining over the wages and working conditions of its members. This has been evidenced by the trade union federation's leading role in the intense political struggles that have characterised its existence. More especially, it is evident in a growing demand from COSATU

and its affiliates that the institutions of collective bargaining be used to negotiate over more general issues concerning the long term future of the industries in which union members are employed.

It is widely recognised in COSATU that economic policy cannot be formulated on the

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\*\* The views expressed here are those of the authors. They note their thanks to Dave Kaplan for comments on an earlier draft of this paper



factory floor alone. The state is a vital pillar, indeed *the* vital pillar, in the formulation and implementation of economic policy.

Accordingly, the process of economic policy formulation was enormously accelerated by the unbanning of the ANC in 1990. The potential for intervening in the process of economic policy formulation now extended beyond the factory floor into the very heart of political power, the state.

The more recent demand of the Alliance for the formation of a Socio-Economic Forum, with a key role in negotiating economic policy, institutionalises this process. More important, the Alliance's resolute opposition to the introduction of VAT indicates a willingness to back up words with action in the area of economic policy.

This is the background to the Industrial Strategy Project (ISP) [see box on p 38] being carried out by the Economic Trends Research Groups (ET). It is based on a particular concern with mass unemployment, a trade union movement that demands a role in policy formulation, and on the political developments of 1990, which placed economic policy formulation and industrial strategy high on ET's research agenda.

### **Why manufacturing?**

Earlier work of ET focused on an analysis of the crisis in the South African economy. Much of this work located the crisis in production and more specifically in the poor performance of the manufacturing sector. \* The failures of the manufacturing sector were evidenced at a number of levels:

#### **1. The inability of the manufacturing sector to create jobs**

Between 1960 and 1970 manufacturing output grew by 8,6%. In the following decade this growth rate had declined to 5,3%. Between 1980 and 1990 output of South African manufacturing had increased by a paltry 0,1%. In 1980, manufacturing employment comprised 28,8% of total non-agricultural employment. By 1989, this proportion had

declined to 26,6%. The importance of the manufacturing sector is underlined when it is recognised that it still remains the largest contributor to output and employment in the South African economy.

The failure of the manufacturing sector to create employment is based, partly, on its inability to attract investment, and partly on the exceptionally low productivity of investment (low volumes of output for every new unit of investment) and very high capital/labour ratios. A large proportion of investment has been directed at capital intensive sectors such as chemicals and steel. Within sectors there appears to have been a tendency for investors to select capital intensive processes rather than more labour demanding processes. Gross Domestic Fixed Investment by manufacturing has declined (in real terms) by approximately 50% between 1980 and 1990.

#### **2. The inability of manufacturing to produce capital goods**

A particularly glaring weakness in the manufacturing sector is its inability to produce machinery and other capital goods which then have to be imported. This factor, combined with the low level of manufactured exports, makes the manufacturing sector a considerable net user of foreign exchange. Every unit of output produced by the manufacturing sector uses up more foreign exchange than it earns.

This has a number of implications. Above all, it means that, every time the manufacturing sector begins to expand, it requires increasing injections of foreign exchange. Where this is not available, growth is simply choked off.

#### **3. The inability of manufacturing to export**

The manufacturing sector has demonstrated a glaring inability to sell its output in international markets. This gives a striking quality to South Africa's trade profile. In general it means that South Africa, at the beginning of the 1990s, is more dependent upon the export of gold and other primary commodities than it was a decade earlier.

\* *The collection of papers analysing the economy is in Gelb S. South Africa's Economic Crisis*

This is remarkably out of phase with the world economy. An increasing proportion of world trade is in manufactured commodities and a decreasing proportion in primary commodities, but South Africa's trade profile shows an increasing reliance on primary commodities with a declining share of manufactured commodities. Between 1960 and 1989, the proportion of non-gold goods exported as raw materials increased from 29% to 42% and processed raw materials registered an increase from 40% to 46%. In the same period, exports of final finished goods fell from a share of 16% of non-gold exports to 6%.\*.

In addition, even in those areas where South African manufactures enjoyed some success in international markets, this was overwhelmingly in resource-based and/or energy intensive commodities such as paper and pulp, iron and steel and basic chemicals. In the higher value-added areas of manufacturing - for example electronics, fine chemicals, transport equipment etc - South Africa's success rate was far more limited. These latter are precisely those areas in which international trade is increasing. In short, South Africa is selling into a declining market. It is losing ground in the growing world markets.

### **The wider political economy of SA**

Everyone of these areas can be analysed and a multitude of often conflicting explanations and solutions can be advanced for each problem. But there is a general explanation rooted in the wider political economy of South Africa.

Essentially, an exceptionally skewed distribution of income has generated a manufacturing sector whose output has been directed at producing sophisticated consumer goods for high income groups. The foreign exchange was provided by gold exports, bolstered by the extremely low wages paid to mineworkers.

This market response on the part of South African manufacturers - buy machinery from abroad with our primary product receipts, sell

manufactured commodities to white South Africa - was backed by a policy regime that kept mining wages low, income distribution skewed and the vast majority of the workforce unskilled. Moreover, it protected South African manufacturers from imports. This protection gave South African manufacturers an additional incentive to produce for the local market and ignore the international market.

In essence, the structure of South African manufacturing is an obstacle to a growing and equitable economy in two interrelated senses:

1. The South African manufacturing sector's relationship to the domestic market has to be restructured. It has developed primarily on the basis of serving the needs of a small, high income elite. This is not only reflected in the production of luxury commodities - the proliferation of luxury motor car models produced in South Africa is a glaring example - but is clearly apparent in the production and pricing structures of all industries from building materials to pharmaceuticals.

Redistribution has been placed firmly on the agenda in South Africa. This process will potentially place greater purchasing power in the hand of low income consumers, shifting the demand profile of the economy. A redistributive strategy will also find expression in infrastructural projects, for example housing and electrification. This offers both challenges and opportunities. What it clearly requires is a flexible and creative response from South African manufacturing;

2. The South African manufacturing sector's relationship with the international market has to be restructured. Essentially, South African manufacturing has to develop a greater capacity to produce capital goods, and a greater ability to export manufactured goods. This would relax the economy's reliance on gold exports.

More fundamentally it would allow the manufacturing sector to take its place as the engine of, rather than the brake on, economic growth. This is what the Industrial Strategy Project will address.

\* This information is taken from a paper by Alan Hirsch entitled 'The International Environment for South African Trade: Patterns, Institutions, Policies', presented to the June 1991 meeting of ET



**Restructuring the 'neo-liberal' way**

Restructuring will take place. Ian Roxborough has outlined in his article in this issue of the Bulletin [see p 42] how the international market - often operating through the agency of powerful multilateral institutions like the International Monetary Fund (IMF) - has imposed its terms and conditions on third world economies.

The solutions of the IMF - the so-called 'structural adjustment programmes' - are directed at creating and maintaining internal and external balance. The favoured instruments for achieving these objectives are fiscal discipline - essentially, reducing government expenditure - and free trade.

The solutions offered by the IMF - broadly, those to whom Roxborough refers as 'neo-liberals' - are harsh. In general, an unguided market favours those who come to the market with economic power. 'Fiscal discipline,' in effect, translates into a series of policy measures that reduce levels of social welfare or eliminate state subsidies on basic commodities, in particular food.

'Free trade' is accompanied by a demand that exchange rates be devalued and this translates into a reduction of real wages. And - very important for our purposes - 'free trade' means an elimination of tariff protection. This is an action which, if carelessly implemented, would immediately threaten jobs in important sectors of the economy.

The structural adjustment programmes of the IMF (and complementary programmes by the World Bank) have not been very successful. In the absence of other forms of state intervention, they have :

- not resulted in a successful export orientation;
- resulted in a precipitous decline in both public and private sector investment as the principle mechanism of 'adjustment';
- often generated additional poverty in countries where the poor have no 'safety nets'.

For these and other reasons, the neo-liberal programmes have often been met by popular resistance and a reduction in the legitimacy of the government of the day. It is no coincidence

that these programmes tend to have been most 'successfully' implemented in countries with highly repressive regimes. Pinochet's Chile is a clear example.

And yet it seems as though these programmes are irresistible. Not only does one find country after country accepting IMF devised programmes, but, as Roxborough mentions, one finds in Latin America that governments, many elected in the wave of democratisation that swept that continent, are implementing identical programmes themselves. In fact, one does not



*The Economic Forum - a new arena for negotiation*

*Photo: Shariff/Labour Bulletin*

need to go as far as Latin America for an example of a 'home grown' structural adjustment programme: Zimbabwe is a very clear case in point.

IMF programmes are difficult to resist because the IMF's seal of approval is a precondition for access to the international capital markets. Hence a government that spends without ensuring the ability of the economy to produce wealth, a country that persistently imports more than it exports, will sooner or later, have to go the international banks and lending agencies for assistance. A precondition for that assistance will be the implementation of a set of economic policies approved by the IMF.



## What is the Industrial Strategy Project?

The Economic Trends Research Group (ET) has launched a major research project on South African manufacturing. Twelve sub-sectors of manufacturing - including the informal sector - have been selected for the study..

In addition, four researchers will examine key cross-sectoral issues, namely, technology policy, trade policy, the role of unions in industrial restructuring, and the issue of ownership and competition policy.

Most of the researchers will be employed by the project for a period of 15 months. At the end of this period (March 1993) the researchers will submit detailed reports that include policy recommendations. These reports will then be synthesised into an overall study and a set of recommendations for an Industrial Policy for South Africa - a policy designed to enhance the ability of the manufacturing sector to generate employment and compete on international markets.

The Industrial Strategy Project (ISP) is, however, not only intended to contribute to policy by producing a set of recommendations at the end of the study. The research process itself has been designed to enhance the policy making capacities of the Alliance:

The design of the ISP has been extensively discussed

with COSATU and the Department of Economic Policy (DEP) of the ANC. Representatives of both organisations attended the three week training workshop held in January this year that launched the project. They will also be represented at the various research workshops scheduled over the course of the project at which work in progress will be discussed;

- The project will be structured in such a way that interim research reports will be prepared and will contribute to an ongoing policy making process. These will be presented at the workshops referred to above and in meetings with the appropriate COSATU affiliates where specific sectoral issues will be discussed;
- Part of the ISP's brief will be to collaborate with research in other areas: for example work on macro-economics, human resource development, and environmental policy, to name but a few pertinent areas. The ISP will also contribute greatly to research in these areas. One of the tasks of the Macro Economic Research Group (MERG) will be to facilitate communication and co-ordination between these various projects, of which the ISP is one;
- A vital aspect of the ISP is its training programme.

Both COSATU and the ANC were requested to second research trainees to the ISP. There are currently 5 trainees employed by the project for 12 months.

These trainees will undergo an intensive period of immersion in research methodology and industrial policy. Reading programmes are being co-ordinated; specific research skills are being catered for; they will accompany researchers on interviews and assist with the process of data collection and analysis; they will be expected to produce reports around designated research areas. In addition the researchers and trainees will co-operate with the appropriate educational structures in COSATU and its affiliates and with the ANC.

- In general, the research process will be not be one where, at the end of the project, the researchers hand down recommendations based on an analysis of information gleaned from interviews and reading. Rather, it is intended that the research process will be an interactive one, where the researchers and the major actors in the area of industrial restructuring mould and structure one another's perception of the problems facing South African manufacturing and its possible solutions. ❖



But we cannot use the harshness of the structural adjustment programmes, or their signal lack of success, to avoid serious consideration of the problems to which they refer:

- A country that continues to rely on natural resources in a world economy dominated by trade in manufactures has no long term future.
- A country that cannot produce the basic technologies and equipment required to underpin its manufacturing base is heading for economic ruin.
- A country with a manufacturing sector whose very existence is tied up with state subsidisation and support is unsustainable.

South Africa is on this road, and this is why we have to face up to the necessity for restructuring the manufacturing sector.

### **Fundamentals of a new Industrial Policy for South Africa.**

The Industrial Strategy Project will attempt to contribute to the regeneration of South African manufacturing by devising a set of policy proposals that address both the shortcomings of current policy and the deep-seated structural problems that have led us into the present impasse.

The brief of the Industrial Strategy Project is twofold:

1. to evaluate the position of particular sectors of the manufacturing industry in relation to their capacity to meet basic needs (including the maximisation of growth and employment) and to develop a manufacturing export capacity;

2. to formulate a policy for industry in the context of a commitment to the pursuit of industrial democracy.

The range of sectors under investigation has been carefully chosen. It includes:

- sectors which contribute to the Economic Trends Research Groups' objectives of growth through redistribution such as building materials, consumer durables, clothing and products produced in micro-enterprises;
- sectors in which the downstream activities of products and processes have a positive employment impact including beneficiation,

textiles and chemicals;

- capital goods sectors where South Africa already has a competitive advantage, such as mining equipment, or which are needed as inputs in local production, such as electronics;
- sectors which are resource-based and are already well established in the export market, such as pulp and paper.

The Industrial Strategy Project will examine the full range of areas deemed pertinent to the formulation of an industrial policy. In identifying the determinants of competitiveness the Industrial Strategy Project will evaluate the interaction of a set of economic, market, technological and managerial pressures operating both internationally and locally. These include:

- an evaluation of the economic profile of the sectors;
- the extent of adoption of new organisational techniques and new computer-based technologies;
- the trade regime in which the sectors operate;
- the market structure of the sector;
- the trajectory of global change in competition, production and technology, as well as major corporate strategies;

The research will be guided by a methodology drawn from a combination of conventional economic and business management disciplines and the international experience of industrial policy and sectoral strategies.

In evaluating the current performance and potential competitiveness of the different sectors, the Industrial Strategy Project will consider inter-alia questions such as domestic resource costs, effective rates of protection, operational and financial ratios, productivity performance, efficiency and competition policy; side-by-side with those concerning the regulatory and institutional framework, the power relationships within the economy and the impact of industrial restructuring on work organisation and the labour movement.

Difficult and controversial questions will be asked that critically examine policies currently in place. These include

- A serious questioning of the degree of



*A restructuring accord balancing industrial democracy and higher productivity: can unions adjust??*

*Photo: Morice/Labour Bulletin*

protection and tariff policy.

- The current ownership structures and the lack of competition within sectors.
- The criteria used by government institutions for the support of particular industries.
- The absence of a coherent policy for human resource development.
- The current disregard for environmental considerations.
- Managerial behaviour which is characterised by short-term profitability and a lack of vision.
- The adversarial industrial relationships governing labour relations.

### **Difficult adjustments for labour**

Restructuring is not only about factory floor organisation, or industry or about ownership issues. It will raise important and difficult questions - particularly for labour - of adjustment.

A number of disruptive factors challenge the trade union movement on a number of fronts: decline of membership, organisational capacity, unity amongst workers in the face of

competition, retrenchments and new technologies.

It is not surprising that the unions - both internationally and in SA - have often not responded with enthusiasm to the potential restructuring of their industry. Where unions have responded defensively they have been confined to negotiating redundancy procedures and severance pay with the twin aim of slowing down the pace of restructuring and attempting to reduce the amount of labour displacement.

However the experience of countries such as Australia, Sweden and Canada indicates that restructuring is an inevitable response to the global challenges. It also shows that it is only in reaching some kind of strategic accommodation between labour, the state and capital that unions will be able to extract what potential benefits the reorganisation of manufacturing production offers.

This is an important difference between the approach adopted by the ISP and the restructuring programmes of the IMF and other international institutions. Theirs are predicated



on the lowering of the real wages - through inflationary measures - and the lowering of the social wage - through cuts in government expenditure. The basis of restructuring identified by the ISP are not those of cost-cutting or simple price competition but rest on new and different production and organisational techniques.

While the one objective of the ISP is to re-establish increased competitiveness and productivity (which is not the prerogative only of management) the second objective is to extend and consolidate the organisational capacity of the trade unions in the factory and at industry level.

The achievement of these objectives relies on the ability of these two actors to negotiate a 'restructuring accord'. This will involve:

- balancing off the winning of a greater degree of industrial democracy on the shop floor for increased productivity;
- establishing necessary institutional arrangements - by extending the scope of the industrial councils and enforcing management's participation in employer federations - for cooperation on the shop floor;
- winning a greater degree of job security for increased flexibility.

The underlying assumption of such a social accord, or economic compromise between capital and labour, is that with greater industrial and economic democracy production and productivity will be increased. The implications for labour are a greater involvement in issues of concern to individual workplaces as well as macro-economic issues around the integration of wages, taxation, the social wage and price restraint, unemployment, child care, education and training, health care and other forms of social development.

While conflict on the shop floor cannot be wished away, a recognition of the benefits of cooperation must surely take the place of the adversarialism characteristic of the relationship between capital and labour to date. This involves a recognition that strong, independent and democratic trade unions are essential to the viability of such a social accord.

### **A new approach is needed**

The Industrial Strategy Project is concerned not to see the role of the market as solving all problems; nor to over-emphasize the role or capacity of the state. A new approach is needed. It is one in which capital has to refashion its relationship with labour; in which labour has to develop a new and proactive project in its relationship with capital; in which new types of state involvement are required. And in which a broader institutional involvement is required with universities, technikons and research institutions, trade and industry federations, consumer organisations and environmental groups, amongst others, having a deeper and more relevant involvement with production.

On the one hand, therefore, we will seriously examine the distortions caused by particular state policies. On the other, hand the Industrial Strategy Project's policy proposals are likely to include carefully targeted interventions within and between sectors and between sectors and relevant institutions, both in the private sector and in the state.

The Industrial Strategy Project recognises that industrial restructuring of the required type cannot be achieved by bureaucrats writing the "best economic plan". It can only occur as a process, with all the major parties contributing to an identification of South Africa's economic weaknesses, on a sector-by-sector basis, and identifying the steps necessary to correct weaknesses and to take maximum opportunity of the potential for advance.

The research consultants on this project will engage local manufacturers, state bodies, employer federations and the relevant COSATU affiliates on these issues. Underlining this research project is the understanding that collaborative relationships - between manufacturers, companies and unions, the industry via employer federations and industrial policy makers - are an essential ingredient of any successful industrial policy.

A challenge for the Industrial Strategy Project is to map out a strategic path and set of policies for the manufacturing sector which ensure that such cooperation is possible and in which the role of labour can be enhanced. ☆

# Production schedules: struggles in the auto sector

by *KARL VON HOLDT*

**Volkswagen attempted to raise production schedules in its press shop, while Nissan docked the pay of workers when production schedules were not met. Workers responded with strikes and walk-offs in both plants, forcing management to back down. At the heart of the dispute is a struggle over whether production schedules are negotiated or are unilaterally imposed by management.**

After a thirteen day strike last year, employers agreed to a moratorium on all retrenchments in the industry, while NUMSA agreed to make up production schedules where these had not been met due to unprocedural industrial action. If workers failed to do this, the company would have the right to waive the moratorium on retrenchments.

In the view of NUMSA official Gavin Hartford, the moratorium on retrenchments has put enormous pressure on management to find new ways to increase profits. "The industry itself is under pressure. Now that it is regulated by our agreements on retrenchment, we've experienced attempts by management in different ways to speed up and change production processes. They are trying to recover the same kind of profitability that they would have had without the agreement."

## **Volkswagen raises schedules**

In Volkswagen last year, management tried to increase the production schedule in the press shop. When workers did not meet the new schedule management argued that this was un-procedural industrial action and threatened to dismiss them. The union demanded the right to do its own time and motion study. Management refused.

The company declared a dispute against NUMSA on 5 November last year and dismissed 39 workers in mid February for failing to meet the production schedule. The union balloted 8 000 VW workers on strike

action. On 13 March this year management and the union reached agreement after protracted negotiations marked by "a number of stoppages - just walk-offs".

The company agreed to reinstate the 39 dismissed workers. The National Productivity Institute (NPI) will be called in to do a time and motion study, to set schedules that both the company and the union will abide by. Of more long term significance, the agreement states that the company plans to upgrade facilities in the press shop and that it will consult with the union on new and revised schedules. It also commits both parties to negotiate a new shift configuration in the press shop.

This aspect of the agreement may open up new areas for negotiation - or conflict. According to Hartford, workers made a range of proposals for re-organising work and technology in the press shop. Management has shown interest in one of the proposals - to put new scrap chutes on the presses. Currently workers have to unload the scrap bins themselves and throw the scrap into a loading bin. Scrap chutes would help improve the output. "It looks like management may want to do this," says Hartford. A proposal for new shift configurations also came from workers.

## **Nissan cuts wages**

At Nissan, management tried to force workers to reach targets by cutting their wages. When a particular department only reached 60% of production targets, management paid workers



only 60% of their wages. This conflict led to a eight day shut down of the Nissan plant in Pretoria.

In November last year a memo outlining the new pro rata deduction of wages was introduced to workers in the mechanical area. Prior to this the lines had been speeded up "dramatically". When workers objected, Nissan used the same argument as VW, ie workers were on go slow and could be retrenched.

The Nissan conflict became part of a bigger dispute over green areas, which are a Japanese management technique. Workers and foremen in each section of the plant meet together in their green area for ten minutes every morning before the plant is started up. They discuss the previous days production and try to solve problems.

According to Hartford, this year management tried to introduce a new set of disciplinary rules through the green areas without negotiating them with the shop stewards. The new rules included the regulation on pro rata deduction of pay for lost production. In response, workers boycotted the green areas, went straight to the production lines and started the machines. Management then shut the plant down.

Hartford says: "The green areas in fact collapsed. Management realised that this was going to kill the green areas as a concept completely." The strike/lockout lasted for eight days while the union and management negotiated. Eventually management agreed to withdraw the new disciplinary document and the plant started up again.

### Opening the doors?

The militant organisation and action of workers has prevented management from unilaterally imposing higher schedules in Nissan and Volkswagen, but will it lead in the direction of negotiating production schedules?

The VW agreement will lead to a form of arbitration rather than negotiation. However, Hartford points out that this is the first time in the industry that NUMSA has been able to win the right to even check the schedule of an employer. "The agreement explicitly says that

the use of NPI won't be a precedent. This agreement will open the doors to negotiate what a schedule is going to be in the future." But it looks like opening the door will still be a battle. In a survey of auto employers, all agreed that it was "unacceptable" for the union to have a say in production schedules at this stage (*Business Day*, 28/2/92).

However, developments at Volkswagen hold interesting possibilities. Hartford says the company is talking about training some of the shop stewards for three years in an industrial engineers programme. "We would have industrial engineers in our shop steward committee, accountable to us, who would be able to check schedules, work organisation, shifts and other things."

The auto companies are trying to penetrate international niche markets. The floor panels being produced in VW's press shop, for example, were destined for export to VW's plant in Spain. VW has also won an export order of 5 000 Jettas for China. Employers believe the industry must be competitive internationally to survive, which is why they are trying to step up productivity.

Having run into a brick wall in trying to impose production schedules unilaterally, employers may now be more open to negotiating productivity improvements with the unions. Hartford believes that there are indications that employers are prepared to re-look at this issue.

But a pre-condition for co-operation on this kind of issue from the union is job security for its members. With most manufacturers working short time, employers are under pressure to cut the work force.

At this year's wage negotiations within the National Bargaining Forum (NBF), NUMSA will seek to extend the moratorium on retrenchments agreed last year. According to *Finance Week*, "Extending this moratorium is a battle that NUMSA is most likely to lose, paving the way for up to five thousand jobs to be shed" (*Finance Week*, February 27 to March 4, 1992). If so, the militant auto-sector is likely to see heightened conflict, and co-operation on production issues receding. ☆

# 'Neo-liberal' offensive in Latin America: defensive retreat to the trenches for labour?

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In response to economic crisis Latin American governments are embracing open 'neo-liberal' free market economic models. As economic deregulation, industrial restructuring, retrenchments and declining wages hit the working poor, the challenges facing the trade unions are enormous. IAN ROXBOROUGH\* proposes that the labour movement in Latin America respond to the assault with a carefully prepared defensive strategy.

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**F**or most of the postwar period, governments in Latin America adopted a growth strategy based on protecting domestic production and stimulating the growth of industry. This was done in part by putting tariffs on imported goods, which made it easier for domestic manufacturers to compete and make a profit. The state also played a direct role in stimulating industrial growth by setting up state-owned industries.

To achieve these goals, many governments in Latin America created a class alliance of local industrialists, the urban middle class and the working class. Industrialists were protected and supported by the state, and benefitted by being able to make profits without worrying about international competition. The urban middle classes benefitted from an expansion of state employment.

The working classes benefitted from increased employment, gradually rising real wages, and from state support for unionisation. Although Latin American governments following this strategy tried - often very successfully - to control labour unions, they were also compelled to pay a certain price for labour support. As a result, in many countries there was extensive labour legislation which provided space for unions to improve wages and conditions for their members.

### **Military dictatorships impose neo-liberal model**

In the 1960s and 1970s this model of growth came under savage attack from right-wing military governments. They argued, quite correctly, that government intervention in the economy produced all sorts of inefficiencies.

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\* *Professor of Sociology, State University of New York*



that wages were too high to compete internationally, and that labour mobilisation scared off potential investors, particularly foreign investors. This model of growth, they argued, produced inflation and balance of payments crises, and did nothing to generate increased exports. It had to be replaced with a neo-liberal\* model.

The neo-liberal model proposed by the military dictatorships aimed at reducing state intervention in the economy and letting the market decide. The economy was to be opened up to the winds of international competition. The argument was that manufacturers would respond by becoming more efficient or by going out of business.

What was also required -although not often stated explicitly - was that labour unions would be repressed and wages kept down.

Only under authoritarian regimes would it be possible to carry out these unpopular reforms, even though neo-liberals argued that, in the long run, everyone would share in the fruits of more efficient production and rapid growth.

Sooner or later, however, these authoritarian regimes collapsed as a result of popular pressure or economic failure. Even the 'disappearance' of thousands of political activists and union leaders was not always enough to ensure success. The only dictatorship that survived long enough to have some success in implanting the neo-liberal model was Chile.

By the end of the 1980s most governments in Latin America were democracies once again. However, these new democracies faced massive problems. The international debt crisis of 1982 had produced severe economic dislocation throughout the region. Everywhere inflation took off, reaching hyper-inflation in



some cases. Argentina, for example, had 5 000% inflation in 1989, while Brazil had over 2 000% the following year. In many countries real wages dropped massively. In Mexico workers now earn half of what they earned ten years ago. For the mass of the working poor things have become much worse since the beginning of the debt crisis.

### **New democracies return to neo-liberal policies**

Many of the governments in the new democracies of Latin America were voted into office by working people who expected a change in the economic situation. They have been sadly disappointed. One democratically-elected government after another has returned to the neo-liberal policies of the military dictatorships. Why?

Governments like that of Carlos Menem of Argentina, Fernando Collor in Brazil, Alberto Fujimori in Peru, Patricio Aylwin in Chile and Carlos Andres Perez in Venezuela have all said, basically, that there is no alternative to neo-liberalism. The current climate of opinion at the international level, the collapse of state socialism in Eastern Europe, and the failure of the previous growth model all point in one direction: neo-liberalism.

These governments have therefore set out on a programme of selling off state-owned businesses, cutting back on government expenditure, and opening up their economies to international free trade.

This has implications for the labour movement.

- It means de-industrialisation in some countries and industrial restructuring in others.

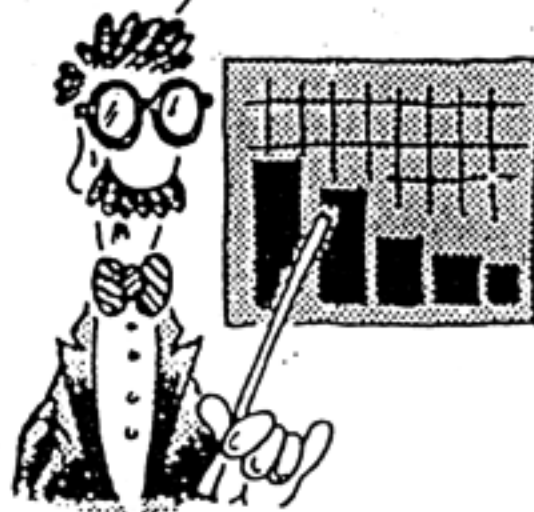
\* *Neo-liberalism is a school of economic thought which believes in the unfettered role of market forces and the removal of the state from the economic sphere*

This inevitably brings with it retrenchments, growing unemployment and decline in union membership.

- There is a systematic attack on the existing union organisations, not through the jailing or murder of labour leaders (though that has never entirely disappeared), but rather through reform of labour law. The old style of labour unionism, with government support for unions and extensive labour legislation is being scrapped. Labour laws are being changed to produce a new system of industrial relations which is better fitted to the neo-liberal model.
- The governments are pushing to decentralise collective bargaining, and to depoliticise it. Negotiations will now be directly between workers and employers, and the state will take a back seat.
- There is a new emphasis on productivity and on labour flexibility. Employers' ability to hire and fire, and to move workers around within the factory, is being increased.

Neo-liberal industrial relations aim to move away from big, centralised labour organisations which have been linked with political parties and the state, and which have played an important role in politics. The aim is to create smaller labour unions which depend on their position in the market to bargain directly with employers for higher wages and improved working conditions.

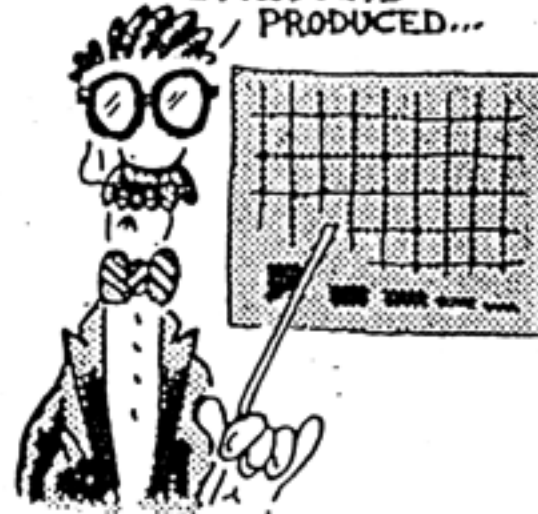
NATIONS MUST CUT WAGES TO STAY COMPETITIVE IN THE WORLD MARKET...



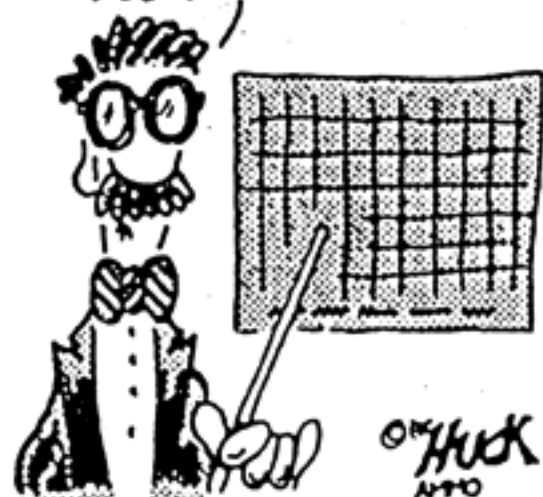
...THE U.S. CUTS WAGES TO COMPETE WITH JAPAN, WHO CUTS WAGES TO COMPETE WITH KOREA, AND SO ON AND SO FORTH...



...UNTIL WORKERS EVERYWHERE EARN NEXT TO NOTHING AND CAN'T AFFORD TO BUY THE PRODUCTS PRODUCED...



...THIS IS KNOWN AS FREE TRADE!!



## What can the working class do?

The turn to neo-liberalism means the working classes of Latin America are bearing the costs of reorganising the economies of the region. But it is not clear what they can do about it.

In many countries the governments which are putting these neo-liberal growth strategies into practise are those which the labour movement has historically supported. The most obvious case is Argentina, where the current government of Carlos Menem was elected with the votes of Argentina's Peronist labour unions.

Even where organised labour has few direct ties to the government, there is often an attitude of "better the devil you know than the devil you don't know".

Labour organisations are, in any case, still reeling under the impact of de-industrialisation, ten years of economic slump and massive wage cuts. The privatisation of state-owned industry and the reduction in state employment have hit the unions particularly hard, since these were areas of widespread unionisation.

They are hardly in a position to take the offensive. They are also divided over what their response should be: should they co-operate with their



governments in the hope that things will improve and they will obtain some limited gains, or should they confront their governments and run the risk of defeat and repression?

Behind the disarray of the unions lies a failure of the Left. All over the world, the Left is on the defensive, and in Latin America it has yet to come up with a plausible alternative to neo-liberalism. State socialism of the kind that has just collapsed in Eastern Europe is out of the question. A return to the previous model of growth based on protectionism is unlikely: too many people see it as inefficient and a cause of repeated economic crisis and military dictatorship. Revolution is not on the cards. What, then, is left?

### **Defensive responses**

The answer, at least in the short run, must be defensive. The goal of the labour movement must be to secure a position where it can resist the attacks that will continue to come. We must think in terms of trench warfare: dig in, protect ourselves, and move forward carefully, slowly, and with great preparation.

What does this mean in concrete terms?

#### **1 Accept some neo-liberal advantages**

It is necessary to accept that neo-liberalism does have some advantages. Free international trade does produce greater efficiency and, in the long run, improved living standards. But this does not need to be entirely at the cost of the working class. Increased productivity, likewise, has to be accepted as a reasonable goal, though, once again, strenuous efforts must be made to ensure that workers do not bear all the costs and capitalists get all the benefits.

#### **2 Work within corporatist institutions**

There is no point in banging our heads against a brick wall. Neo-liberalism is here to stay, and the old style of state-supported unionism will disappear. The labour movement will be slimmer; it must, therefore, be smarter. There must be efforts to consolidate union organisations. Existing institutions where

labour has some say must be supported. This means working within the corporatist institutions that have often been used to control labour. Class compromise is inevitable; the point is to make sure that the terms of the compromise are as favourable to the working class as possible. This means a careful strategy of husbanding resources, deliberate co-operation both with employers and with the government, and the deliberate use of bargaining power to extract concessions. It does not mean lying down and being trampled on.

#### **3 Co-operate with governments and employers**

Overall, the aim must be to make neo-liberalism less harsh for the mass of the working population. This means co-operating with governments and employers in wage and price control policies to combat inflation. It means joining with governments and employers to discuss industrial policy. It means developing a policy for technological change, industrial restructuring and improving productivity. It means pressuring governments to provide safety nets for the poor and the unemployed, to finance re-training schemes. Above all it means working to elect a government that is committed to smoothing the rough edges of neo-liberalism.

#### **4 Form alliances with conservative union leaders**

What I am proposing is a strategy that will undoubtedly suit conservative union leaders. Rank-and-file activists and radical union leaders will have to give up trying to displace the conservatives by being more militant. Instead they will have to establish a temporary alliance with them. It will not be easy to convince the rank-and-file of this. No-one can condemn their impatience and anger. But a wise general does not lead his troops to defeat.

This is not an exciting programme. It is a defensive one. The alternative is not socialist revolution. The alternative is confrontation and defeat. These are dark times. We must have the courage to look reality in the face. We must conserve our strength in the hope that a time will come when labour can once again take the offensive. ☆

# Wage earner funds:

*workers' "collective capital funds" the alternative to state nationalisation and private capitalist enterprise?*

Photo: Struan Robertson



JOHANN MAREE\* and LIV TORRES\*\* consider the applicability to SA of Swedish wage-earner funds. They argue that these are one of the most novel and radical forms of "collective capital formation" by and for workers - with a greater potential for democratising the ownership and control of capital than possible under state nationalisations.

For many years Labour and Socialist parties around the world have sought ways of transforming the capitalist economy through changing the basis of ownership of the means of production.

In Sweden a system of wage earner funds has been proposed by the trade union federation as a way of transferring ownership of capital to workers in the form of company shares placed in collective funds under trade union control. These shares were to be acquired by the wage earner funds through a regulated system of profit sharing by enterprises with their employees.

Through such cumulative collective share

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\*\* Research Officer at the Trade Union Science Research Centre, Oslo Norway



ownership workers would build up voting rights through their trade union representatives on the decision-making boards of enterprises.

Wage funds as a form of collective capital formation under worker control have a number of distinct advantages over state nationalisation and other approaches to the socialisation of capital [see box on p 40]

### **The emergence of Swedish wage earner funds**

Socialisation and the democratisation of capital first became a real issue in Sweden at the beginning of the 1970s with a radicalisation of the labour movement and especially of the trade union federation the LO.

Redistribution of wealth, which was a central argument in German and Danish discussions around the concept of economic democracy, was totally ignored in Sweden. Ever since the 1920s the LO's "solidaristic" wage policy aimed at levelling out differences in wages between higher and lower paid industries. It was pursued by the unions through centralised bargaining with employers and was basically a policy of equal pay for equal work, where pay is determined by the kind of work done rather than a firm's ability to pay.

During the 1960s the solidaristic wage policy had begun to bear fruits: wage differentials narrowed and the wage-structure tended to correspond better to the egalitarian ideals of the Swedish labour movement. However, sharp criticisms have been raised against the "reverse side" of this wage policy, namely that voluntary wage restraints among highly paid workers easily lead to "excess profits" in already profitable branches and, accordingly, to increased wealth accruing to the owners of capital. The adverse effects of wage restraints by higher-paid workers on wealth distribution between capitalists and wage earners became more serious and endangered the policy of wage solidarity.

The idea of "economic democracy" in the form of channelling profits into collective

funds was taken up as a solution to these problems. In 1975, a study group, headed by LO economist Rudolph Meidner, came up with the idea of wage earners' funds which broke with the tradition of "functional socialism" based on a belief that socialism could be introduced without abolishing private ownership as a legal form.\* The new approach represented a realisation in the labour movement that society could not be changed fundamentally without changing its ownership structure.

The Meidner study group carried out a consultation process involving some 18 000 LO members. 90 per cent of the members were of the view that ownership was either essential (69 per cent) or important (21 per cent) for employee influence, and 95 per cent favoured collective wage earner funds for the purpose.

### **Meidner plan for collective wage earner funds**

On these bases Meidner developed a plan for collective wage earner funds. In 1976 the LO congress endorsed three goals for the funds:

1. to provide employees with a share in the benefits accruing to "excess profits" in the most profitable industries;
2. to counteract the increasing concentration of capital in ever fewer hands in the private sector of the economy.
3. to increase the influence of wage earners in decision-making in the workplace, based on collective ownership of capital.

The Meidner Plan provided for

- 20 % of the annual profits before tax of each enterprise being compulsorily transferred in the form of shares in the company to a single central collectively-owned employee fund, which would be administered solely by the trade unions. Estimates suggested that wage earner funds could hold the majority of shares in companies within 20 years if the transfer of shares was based on a 20 per cent average profit rate and up to 75 years if the profit rate averaged 5 per cent.
- This capital could not be removed from the

\* *'Like the monarchy before them, the capitalists would be gradually deprived of their real functions'*

company but had to be issued in the form of new shares of corresponding value. Individuals could have no access to the capital and could not use it for consumption. Individual rights to sell shares would be incompatible with the need for collective capital formation. It could also result in a further concentration of capital since the buyers might well be the former owners, in which case the goal of strengthening the influence of wage-earners via ownership would be defeated.

● Half the dividends earned on employee-

owned capital would be used to increase the share-holding of the employee collective and the other half exclusively for union purposes such as training for employee representatives on the boards, research in the fields of work environment and job security, information services etc.

● The voting rights on a company's board of directors - corresponding to the share-holding by the fund - would be exercised partly by the local unions and partly by the funds of the different industries, in order to strike

## NATIONALISATION AND DEMOCRATISATION

**A** transformation of the capitalist economy through changing the basis of ownership has been one of the most fundamental ideas of the labour movement throughout the world. Bringing productive assets and resources into some form of public control can be described as a process of *socialisation of capital*.

Capital socialisation became identified with state ownership, which was to be achieved via *nationalisation*, and as such a goal for Labour and Socialist parties around the world. However, nationalisation is of itself only a change in the legal form of property. It does not necessarily lead to redistribution of wealth.

Furthermore, a transfer of ownership to the state does not necessarily lead to a transfer of control. A transfer of control can be referred to as *democratisation of capital* if more and more people affected by economic decisions are also given

decision-making power to influence these decisions.

Democratisation of capital thus implies a general expansion in the number of economic decision-makers. Exclusive public control of enterprises via state ownership, has often been found not to lead to greater worker influence. In fact, labour under centrally planned state ownership has often been stripped of decision-making power in the workplace.

There seems to be growing agreement that the route to socialisation of capital through nationalisation is but one of many available to the labour movement.

In the debate about South Africa's economic future, alternative ideas have been postulated such as multiple forms of ownership, as well as state ownership with leasing to private enterprises and real ESOPS (Employee Share Ownership Programmes) as opposed to the once-off handouts of

shares schemes existent in South Africa.

It is in this context that the collective capital funds created by the wage earner fund system in Sweden are significant. It has the advantages of:

- redistribution of ownership as a compromise between the major opposing positions of nationalisation versus privatisation;
- democratisation of capital by changing not only the ownership structure of the economy but also the decision-making structure of the economy;
- advancing participation by labour in the economy not indirectly through parliament/government but directly in production;
- not rupturing prevailing property relations but transforming them over time to a point where worker control exists.

And collective capital funds also have potential advantages when it comes to promoting economic growth. ❖



a balance between the demand for decentralisation and the need for some co-ordinating body covering employees in different companies.

- The board of the central fund in which all wage-earner funds were to be deposited should be elected by the unions.

### Opposition and modifications

The debate that followed these proposals broke with the traditions of industrial peace and co-operation between employer-employees and marked a process from consensus to confrontation. In December 1983, a quite unusual demonstration took place in Stockholm, when about 80 000 people, primarily representing employer interests, took to the streets to express their opposition to the funds.

The Meidner Plan represented a radical step towards eventual full socialisation of ownership of Swedish industry. Not surprisingly, it received criticism from many quarters. The idea of "profit-sharing" had been around for a long time. The point of disagreement, however, was the manner in which labour had chosen to do this, that is through collective ownership.

For their part, the Swedish Social Democratic Party (SAP) and the LO did not present a unified position on the plan. SAP - LO's life-long ally - found the wage-earner funds to be a difficult product to sell in election campaigns. However, after the defeat of SAP in the general election of 1976, SAP and LO jointly elected a working group which was asked to reconsider the issue of wage-earner funds.

This was when a fourth goal of wage-earner funds was set up by this working group, a goal which became increasingly accentuated by LO and especially by SAP. The fourth objective was to increase collective capital formation necessary for productive investments and job creation.

The wage funds system that was finally established in Sweden in 1983 was a heavily watered-down version of the original proposals.

It provided for the build-up of five wage-earner funds only for the years from 1984 to 1990, by which time the funds would

have attained approx 5% of the total value of all listed shares in Sweden. They were to be financed by a 20% tax on excess profits (real profits over a minimum exempted amount) and the annual revenues generated by a 0,2 per cent payroll tax.

Each fund was administered by a nine-person board of directors appointed directly by government, of whom at least five were to be wage-earner representatives without specifying how these were to be selected. No members have been formally nominated by the unions.

Voting rights corresponding to the holding of shares are to be exercised by the regional governing bodies of the funds together with the local union organisations represented in the individual company.

The most important ways in which this version of wage-earner funds differed from the original plan are:

- the change from compulsory share issues within the enterprise to cash payments for the purchase of shares on the open market;
- the linkage to a system of investment of public pension savings in the stock-market, operating in much the same way as private portfolio investors and assuming an essentially passive ownership structure;
- the limitation on the use of wage earner funds for social objectives that did not conform with market forces, by the stipulation that each fund must annually allocate to pension payments 3% the current value of the money it has received;
- the curtailment of potential ownership power by stipulating that each wage-earner fund could not acquire more than 8 per cent of the share-holder votes in any one firm, restricted further to a limit of 6 per cent in 1988;
- the limitation of the combined votes of all five wage funds to only 40 per cent of any company, and for the pension fund to a maximum of 50 per cent of any company;
- the greater emphasis placed on the goal of wage earner funds as a source of investment capital for the economy as a whole rather than increasing collective worker capital ownership and influence;
- the justification of the funds entirely in

terms of the need to secure wage-restraint and to provide business with risk capital, with no reference to the democratisation of economic decision-making.

There are clear indications that, from a financial point of view, the funds have been a success in the sense that they have fulfilled the requirements of an acceptable rate of return from the investments and attained the intended value of shares.

As to concentration of ownership and decision-making power, however, the wage-earner funds have not lived up to their original intentions. Concentration of ownership has actually increased since the implementation of the wage-earner funds. Concentration of voting rights in the economy has increased even more due to companies issuing shares with dual voting rights.

The funds as they materialised have been described by unions as having had only a marginal effect on employee participation in enterprises.

### Advantages and risks to South Africa?

Despite the shortcomings and failures in the modified wage earner funds in Sweden, the relevance to South Africa of the system along the lines proposed by the Meidner Plan can be tested against its original basic aims.

On these bases a case can be made for the introduction of a wage-earner fund scheme in South Africa;

1. The distribution of income from wealth in South Africa is extremely uneven and a redistributive wage-earner funds scheme could contribute towards correcting this.

2. The high and ever increasing concentration of capital ownership in South Africa, continuing to this day, could be reversed by setting up workers' collective capital ownership schemes.

3. The extremely limited extent to which workers, especially black workers, can influence decision making in the work place could be changed by acquiring decision-making influence through collective share ownership.

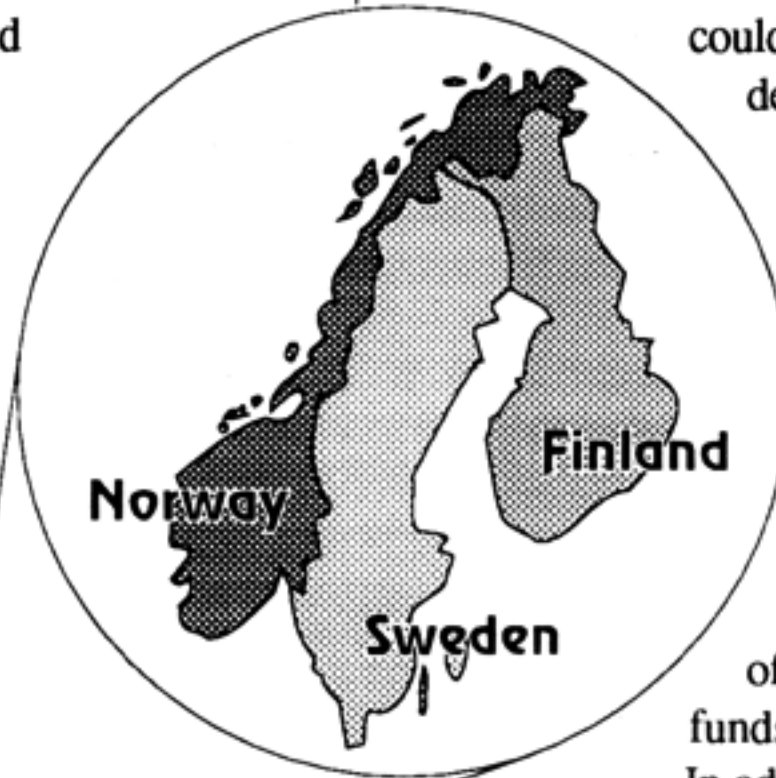
4. The need in South Africa for capital to assist industry with technical development in order to foster productive investment could be one of the functions of wage funds.

In addition, collective capital funds in South Africa could enable

workers through their trade unions more easily to influence macro-economic decision-making, as well as decision making within the workplace. Such participation could also be a valuable learning process in democracy and economics. By acting collectively through the funds, workers could become more conscious of group interests which would contribute to the strengthening of the trade unions themselves.

There are further economic arguments for wage earner funds that can be added. The urgent need for rapid economic growth and higher productivity that is not based on a low wage economy could benefit from wage earner funds as a collective incentive for workers to ensure the viability and efficiency of their enterprises-as in well organised co-operatives where worker-members benefit from the co-operative's profits and bear the burden of any losses that are made.

Another form of incentive could be through keeping the wage funds ownership totally collective but using a part of the dividends from the shares in the interest of the individual worker.





On the other hand, there are also potential risks attached to the scheme.

One that could emerge in the early period of the scheme, before employees have a meaningful say on the board of directors, is that either profits could be hidden or that the remaining part of profits could take flight out of the country. However, if the return on capital after the tax and the wage-earner fund contribution is still competitively high in comparison with the international market, the scheme in itself should not cause a flight of foreign or domestic capital from South Africa.

Secondly, without an active union in the enterprise, the employee representatives on the board of directors could easily be co-opted and start acting as an extension of management rather than as worker representatives on the board. Conversely, with an active union in the

workplace, the union could help to ensure that the employee representatives on the board of directors take forward worker issues on the board.

### Relevant differences between Sweden and South Africa

The Meidner Plan would have to be modified to suit South African circumstances because there are important differences between Sweden [see box below] and South Africa that are significant for the implementation of the wage earners funds:

\* The trade union movement in Sweden has unionised 90% of the wage-earners and the TCO 80% of salaried employees, but only a minority of employees are unionised in South Africa (about 25% of the economically active population). The trade union movement in

## FEATURES OF SWEDISH SOCIAL DEMOCRACY

The Swedish economy is a mixed economy, characterised by state intervention in the market through planning, regulations and taxation. The basic aims of state intervention have been redistribution of wealth and income and a commitment to full employment.

There is however, a high degree of private ownership which amounts to 90-95% of manufacturing industry, commerce, services, transport, building, etc. Furthermore, Sweden has one of the most concentrated and biased stock-ownership structures in the world. Even in proportionate terms, stockholding is more concentrated in Sweden than in the United States.

Both employees and employers are highly

organised. About 85% of employees are unionised. Although TCO (The Central Government Organisation of Salaried Employees) is gaining ground, most employees belong to LO, the Swedish Federation of Trade Unions. LO has had close links with the Social Democratic Party (SAP), which has been in government most of the period after the Second World War.

One basic feature of the Swedish model has been the centralised wage bargaining in which LO and SAF, the employers' federation, negotiated central basic agreements which were then supplemented at industry and company level. This system, however, began to break down, during the 1980s, to the degree that wage drift

(wage increases negotiated locally on top of the national deal) in recent years has accounted for more than half the total increase.

A number of labour laws have established workers' rights to participate in decision-making in the workplace. This right was based on the assumption that workers have the right to participate in decisions that affect them, that they have the right to exercise control over their own lives and that labour in an enterprise, in and of itself, legitimised that demand.

There has been a high degree of stability and peace in industrial relations with the organisations being relatively successful in resolving problems without conflicts or state intervention. ❖

## FEATURE

South Africa would therefore not be able to act as the sole representative body of the South African labour force as the LO and TCO could do in Sweden.

\* There is a very low level of unemployment in Sweden (never more than 3,5% over the past thirty years) in contrast to the extremely high, and rising, level of unemployment in South Africa. Workers employed in the formal sector of the economy cannot be deemed to be representative of the labour force as a whole. This raises tough questions with regard to the control of the funds.

\* The trade union movement in Sweden is highly centralised and homogeneous, and most unionised wage earners in Sweden are represented by a single trade union federation, the LO, but in South Africa the union movement is politically fragmented and ideologically divided between three significant trade union federations, COSATU, NACTU and the right wing South African Confederation of Labour (SACLA), as well as a large number of unions not affiliated to one of the three federations.

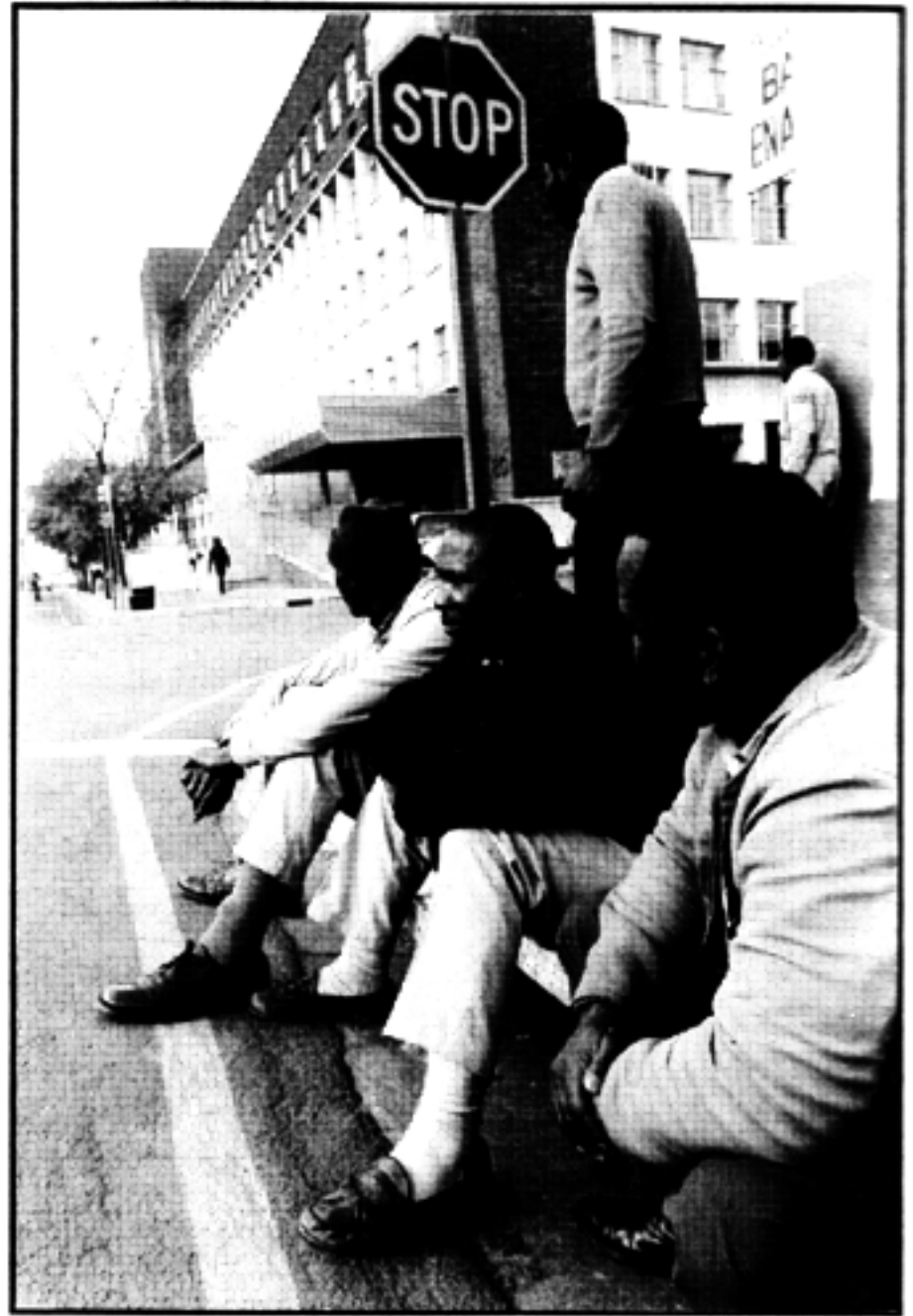
\* The mixed composition of the South African trade union movement, along with its deep political and ideological cleavages, would therefore complicate the representation of workers on the board of the central fund. In addition, it opens the possibility for strong differences of opinion which could hamper the board's ability to operate.

\* In Scandinavia unions have for a long time been part and parcel of the system of worker participation at all levels of the enterprise and tend to regard it as a channel of influence for both workers in general and for the unions in particular.

\* In South Africa there is still considerable suspicion of schemes drawing workers into participation in management structures of decision-making and control.

### Conclusion

The fact that the initial goals of the Swedish trade union movements wage earner funds have not been met in Sweden should not lead to the assumption that a similar fate



*The unemployed: should they have a say in wage earner funds?*

*Photo: Shariff/Labour Bulletin*

automatically awaits a South African wage-earner fund scheme.

The political balance of forces in South Africa is different from that in Sweden. While there are forces in South Africa that would wish to see such a scheme sink without trace, there is also a powerful constituency that could lend strong support to a collective capital formation scheme that has as its aims the redistribution of wealth and democratisation of the ownership and control of capital.

South Africa enters uncharted waters in an unprecedented period of negotiation politics. As the two major negotiating parties hold political, ideological and economic views far apart from each other, some creative compromises may have to be found in order to reach a settlement. Nowhere is this more the case than in the economic field where serious attention has to be given to the question of the new economic system and the redistribution of wealth. ☆





# CWIU: *organisation and worker control*

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Karl von Holdt interviews MUZI BUTHELEZI, acting general secretary of CWIU, and other officials.

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**T**he Chemical Workers' Industrial Union (CWIU) has a reputation for efficient administration and effective financial controls. Perhaps this is why the union's treasurer, Ronald Mofokeng, was elected treasurer of COSATU at the federation's 1989 congress. Mofokeng's nickname, 'Comrade Mandates', points to another characteristic of CWIU - its emphasis on strong organisation and worker control.

Does the union deserve its reputation? According to acting general secretary, Muzi Buthelezi, "to an extent": "We are very sensitive about administration and good control of money. If someone is elected to be a branch secretary and he is bad at administration, we know the branch will collapse."

On workers' control, Buthelezi says, "If you look at our structures, things come right from the bottom. Our union and our leadership are very strict on the question of mandates. Our view is that the influence of the union is not based on the number of members, but the method of organising. We are very firm on worker control."

Yet the union is also the first to admit that it

faces many problems - shopfloor structures that don't work, a shortage of skilled organisers and staff, with some of the most experienced officials leaving the union. It is also getting involved in more complex and difficult negotiating issues. Similar problems face all the COSATU affiliates, but perhaps CWIU's tradition of efficient organisation and its strong education programmes will help it to overcome the problems.

The union has 45 000 members organised in five branches (Southern Transvaal, North Eastern Transvaal, Natal, Eastern Cape and Western Cape).

### **Campaigning for centralised bargaining**

There is no centralised bargaining forum in the industry. In Buthelezi's words, "We bargain at plant level, which is a nightmare. We have to go from one negotiation to another. It overstretches our resources." The struggle for centralised bargaining is the main campaign of the union for this year. At the union's first national bargaining conference in November 1990, it adopted a resolution to push for



*CWIU bargaining conference: tight organisation, worker control - and new challenges*

*Photo: William Matlala/COSATU*

centralised bargaining. The union decided to adopt a sectoral approach, trying to build centralised bargaining in each sector of the chemical industry as a step towards establishing an industrial council for the entire industry.

The struggle for centralised bargaining is most advanced in the petroleum sector. According to Buthelezi, the petroleum national shop steward council is the most well co-ordinated and well organised, and has already been functioning for about two years. Last year national shop steward councils were also established in the heavy chemical, plastics, rubber and glass sectors."

CWIU was one of the unions which insisted that a demand for centralised bargaining be tabled at the recently established National Economic Forum (NEF). CWIU hopes that if agreement can be reached on centralised bargaining at the NEF, it would facilitate the unions' campaign in the chemical sector. In the long run, according to Buthelezi, the union hopes that a democratic government will use legislation to entrench industry-wide centralised bargaining through industrial councils.

### **The 1991 petroleum strike**

Last year negotiations with three petroleum companies were co-ordinated by the petroleum shop stewards council. (The union won company level bargaining with Total, Caltex and BP in 1988/9 and with Shell and Engen in 1990.) The union launched a two week national strike around identical wage demands and a core demand for centralised bargaining. It was the first national strike in the industry. It was particularly significant as it brought in the coloured workers at Caltex refinery in Cape Town. "It was their first experience of a strike."

The union decided to suspend the strike when the companies did not offer any significant improvement on wages. BP agreed to continue negotiating over centralised bargaining and "it looks as if they will take it seriously". Total had agreed in principle to centralised bargaining some time back. This leaves Caltex as the intransigent party.

The strike did not involve Engen and Shell as these two companies negotiated at different times, making co-ordination difficult. They also oppose centralised bargaining.

Once again this year the union will be



co-ordinating its wage bargaining in the petroleum sector with centralised bargaining in mind.

At the Secunda complex, CWIU negotiates with all Sasol companies in a joint forum. This includes Sasol II and III refineries as well as other Sasol companies such as Sasol Fertilizers. The union has been negotiating its demand for countrywide company level bargaining with Sasol for about two years and "we may make a breakthrough there quite soon, although we are not too optimistic."

In other sectors the union faces a tough battle for centralised bargaining:

One factor which weakens CWIU's campaign for centralised bargaining is the existence of another big union in the chemical sector - SA Chemical Worker's Union (SACWU), an affiliate of NACTU. According to Buthelezi, CWIU has asked SACWU - which is strongly organised at Sasol I in Sasolburg - to come into a joint Sasol negotiating forum. "We have also raised with them bargaining together in other companies, where there is overlapping membership. But it seems as if they have decided not to have any contact with CWIU."

SACWU also claims about 45 000 members in the industry. Between them the two unions have organised almost the entire industry. There is very little prospect for further growth unless the two unions merge or poach members from each other.

According to Buthelezi, "If SACWU members decide to cross over to us, we wouldn't send them back. The question of poaching is a very sensitive one, but if our desire for unity and co-operation gets nowhere, there might be no other option." There have been violent clashes in some plants, such as AECI in Modderfontein, between the two unions. Buthelezi hopes that in a post-apartheid South Africa, the two unions will be able to co-operate and even merge.

Would a single union be able to accommodate the ideological differences between CWIU and SACWU? Buthelezi believes that as people come together and start working together, ideological differences don't really cause problems. He believes that 80% of SACWU's

members would feel at home with COSATU.

There is also overlap between CWIU and other COSATU affiliates - PPWAWU, SACTWU and NUMSA. The biggest overlap is with NUMSA. There has been speculation of a possible merger between CWIU and PPWAWU or CWIU and NUMSA, but Buthelezi says there is no formal talk of a merger, although it might be informally discussed in some unions.

### **Industrial restructuring**

Like other COSATU affiliates, CWIU is beginning to think about union involvement in industrial restructuring. The lack of unity between CWIU and SACWU will also make initiatives in this arena difficult. The union has established an industrial restructuring committee.

Broadly speaking, the union would like to see an industry which produces for the needs of the people, which provides training for workers and which provides more jobs. As yet the union has not developed a concrete policy on the restructuring of the chemical industry, but it has held a workshop with employers in the industry. The union discovered that "employers were far beyond us in thinking about restructuring the chemical industry".

However, when the union met with the Minister of Trade and Industry to discuss a report on the future of the industry which had been prepared by employers and the government, the union had some important comments to make. It argued that the chemical industry in South Africa is very small, that its employment of black workers was too low and that it is characterised by high capital investments and very low capital productivity.

The union also objected to the project to establish a R2 billion naphtha cracker, which was proposed in the report. The government was supposed to put R1 billion into that project and the union argued that the money could better be spent on downstream chemical manufacturing. Since then the project has been put on ice.

### **Social contract**

If the union is getting involved in industrial restructuring, does it support the idea of a social contract? Buthelezi is unambiguous: "Our members believe that a social contract route would be a disaster for the unions. It would tie us to what kind of economic system we get."

Indeed the union feared that the national economic forum could lead in the direction of a social contract. "There are lots of fears. COSATU was saying that we should use the forum to discuss broad economic issues. We felt we shouldn't do that. If we get into macro-economic policy we would be binding the hands of a future democratic government. It will then inherit that agreement.

"We want to be able to debate economic policy when we have a future democratic government. Employers want to bind us now and it will be a problem to unshackle the chain. We feel that we should limit the forum to discuss specific and immediate issues affecting workers now. COSATU's position changed early this year and is now the same as Chemical's."

CWIU is also concerned that employers might try to put wage restraints, no strikes and productivity on the agenda at NEF. "We've been resisting negotiating productivity," says Buthelezi.

### **Weak structures**

Despite its reputation as a strongly organised union, CWIU is facing similar problems to other COSATU affiliates. Buthelezi notes that branch meetings and shop steward locals are not as well attended as they used to be. In the factories shop stewards are active in representing workers, but the shop stewards' committees are not very active in co-ordinating issues beyond the factories. This means there is a weak link between shop stewards in the factory and union local and branch structures.

Shop steward committees are also failing to link the factory to community meetings. Buthelezi says many key shop stewards are assuming positions in community organisations or in the structures of the ANC or SACP. "Then



*Muzi Buthelezi, acting general secretary of CWIU*

*Photo: Shariff/Labour Bulletin*

too after the unbannings in 1990, we found people saying, 'We don't have to struggle any more. Everything is being done.' You find people are relaxing a bit." The priority is to strengthen structures and to make them work again. "This is a period of crucial political change, and the only way to keep people informed and involved is through structures," he says.

What is the union going to do about this problem? "First thing is to monitor the situation in all the structures. National office-bearers must make a point of visiting branches more often and the locals, so that we know what is happening in the different areas of the union. Then we can assess where there are weak branches or locals that will need the assistance of the union nationally."

The union is also launching a campaign to educate members and shop stewards around the election of shop stewards. Last year the union decided to elect all shop stewards in all factories at the same time nationally. The union campaigned around the issue with pamphlets. Says Buthelezi, "We need to improve on that and use it to educate people and raise the question of what a shop steward is." The union hopes that this campaign will reinvigorate structures in the factories.



## The gender issue in CWIU

CWIU has been one of the most active COSATU affiliates in taking up gender issues. At last year's COSATU congress, the union put forward a resolution that the federation should establish a national gender forum, elect at least one woman national office-bearer and employ a full-time women's co-ordinator. This resolution won wide support in the congress, but ran into strenuous resistance from SACTWU and NUM. As a result, the clause on electing one woman as a national office-bearer was dropped.

Although the union has worked consistently to put into practice its resolutions on women members, it is, says education organiser Chris Bonner, "a struggle as it is everywhere. It is a case of a few steps forward and a few steps back." However, "in the union as a whole there is more consciousness of this issue now. There are always women in union delegations."



*Woman worker at Propan: "women in every delegation"*

*Photo: William Matlala/COSATU*

Every branch has now elected a woman co-ordinator who sits on the BEC and who convenes women's forums, which look at issues such as maternity rights, child care and Aids. At the national level, a women's forum meets once a year and there are a series of residential seminars and workshops. As yet the union has no women

office-bearers at a national level, although Bonner expects this to change at the next congress. Three branches have women delegates in the NEC delegations, but according to Bonner, "we are struggling at this level."

The problem starts in the factories. The chairperson of each factory committee is the delegate to the BEC. Since very few women are elected shop stewards or chairs of the shop steward committees, this means very few women delegates attend the BEC and get exposed to broader issues or elected onto NEC delegations.

The various forums and workshops monitor the extent to which women's demands for child care, parental agreements, etc, are taken up with management. They also monitor the implementation of the union's resolution on women. For example, the resolution states that the union should increase the budget for women's forums and seminars. Pressure from these forums has ensured that this is done. v

## Staff

Like other trade unions, CWIU is finding it difficult to attract and keep good staff. "Some key organisers have left the union, and we are not getting good quality people with the necessary commitment," says Buthelezi. "There is a problem in our union, I must say, and a problem in COSATU. With the changing political situation, people are looking for good pastures where they can spend less time at work and more time with their families."

Certainly CWIU organisers are heavily

loaded with work. One reason may be that unlike other unions, CWIU does not employ national organisers to co-ordinate sectors or campaigns and collective bargaining. Individuals in the branches are given the additional responsibility of co-ordinating specific sectors. This means that the most talented and experienced staff have to carry responsibilities both in the branches and on the national level.

Does this not weaken the union's ability to develop national campaigns and national

struggles? "No," answers Buthelezi. "Big unions have the finances to afford national organisers and big head offices. They are also involved in industrial councils and centralised bargaining. We cannot employ national organisers and then find they have nothing to

do because we do not yet have any centralised negotiations." The union is cautious about budgeting and finances. "We cannot just have national organisers for the sake of having them. We need proper planning of finances and resources." Buthelezi also points out that the

## CWIU - the green union

**C**WIU is the greenest union in COSATU. In its struggle against dumping foreign chemicals in South Africa in 1990, the union built an alliance with local community and environmental organisations as well as with Greenpeace. Now the union is trying to connect the factory and broader environmental issues through negotiating health, safety and environmental agreements. Pilot negotiations are starting with Sasol and Cyanamid.

CWIU official Shirley Miller says, "Workers are the worst affected. They work inside the factory with noxious chemicals and they live near the factories in environments which are polluted by the same chemicals." She says that the recent inquest finding that Sasol management was grossly negligent in the accident which killed twelve workers last year, will give a boost to the union's campaign for health, safety and environmental agreements.

"We always argue that we cannot leave health and safety or environmental issues to management. We need strong laws. Self-regulation doesn't work. Finding that

management was grossly negligent will help our case." The inquest finding resulted in a hefty out-of-court settlement. The union not only represented the widows of the black workers killed in the accident, but also six white widows who felt that the white Yster en Staal Union was not taking up their case.

The environmental component means that the union wants the right to know about what chemicals have been used and whether they are affecting the environment. Currently the manufacturer loses responsibility once it has sold a product to the consumer. Miller argues for a 'cradle to the grave' approach, in other words the manufacturer should assume responsibility for the entire life of the product right up until final disposal.

The union believes that manufacturers have a responsibility to the communities near the factories. It is demanding, for example, that Sasol fund an epidemiological study on communities near Secunda.

According to Miller, it is difficult to raise consciousness among

members around these issues. Nonetheless, workers are beginning to raise questions of pollution in communities. "Workers want to know about the waste products that come out of the factory. Once they have won proper ventilation inside factories, they start to ask where the chemicals that have been sucked out are going."

Unions often find it difficult to raise environmental issues, because it can mean job losses when plants are closed down or products discontinued. CWIU argues that workers shouldn't have to bear the costs for environmental safety. "These demands should be tied closely to economic restructuring so that industry does not damage the environment. They also need to be tied to a proper social security system so that if workers do lose jobs, they are not dumped on the streets. Unions in Europe are also finding that environmental campaigns can help create jobs as when companies are pressurised to establish clean-up divisions."

CWIU can be credited with placing environmental issues on the working class agenda within COSATU. ❖



union recently appointed its first national organiser, Meshak Ravuku. Ravuku will co-ordinate national negotiations where they occur, national recruitment and the centralised bargaining campaign.

Many unions have done the opposite and developed large and bloated head offices and have then found that resources are squandered, there is a lack of co-ordination and national organising is ineffective. While CWIU's style has helped the union avoid this problem, it may cause others. A national leadership steeped in a culture of financial and organisational caution may find it difficult to accept the radical restructuring that might be necessary for the union as it takes up the new challenges of centralised bargaining, industrial restructuring and increased size.

If the union is going to attract and keep staff, it will have to look again at salaries and conditions of work. Buthelezi acknowledges that the union has "the old policy" of equal wages for all staff. The only distinction is between staff who work unfixed hours and those who work fixed hours, such as administrative staff. But all organisers, from the general secretary to the local organiser, are paid the same wage. There is a service allowance. This system is under discussion and may lead to the introduction of a grading system of differentiated salaries, but "changing long established practices in the union is difficult."

### **Education**

However, the union has invested wisely in sound administration and a thorough educational programme. The union has one national education officer and three regional educators. The education programme focuses on development of staff, shop steward training and leadership skills. A range of seminars, workshops and courses are held at branch and national level. According to Chris Bonner, national education officer, "our education programme is designed to link into the work of the organisation and empower the leadership and the shop stewards to control the union."

The education programme aims to impart skills and backup campaigns and policy debates. One of the key items on the education

programme is centralised bargaining. Indeed, Buthelezi says the centralised bargaining thrust needs to be backed up with education because the union has found that many shop stewards do not really support centralised bargaining. "If you start talking about centralised bargaining, shop stewards in the petroleum sector, which is highly paid, will start comparing themselves to those in the plastic sector, where workers still only earn about R3,05 an hour."

### **CWIU and COSATU**

In the early days of COSATU, tensions ran deep in the federation, "Since the inception of COSATU, CWIU has been pushing for proper administration and mandating mechanisms within the federation," says Buthelezi. During the 1987/88 period of heightened mass struggle, CWIU delegations in COSATU structures tended to argue for more emphasis to be placed on building organisation, and on specific campaigns against the Labour Relations Amendment Act and for a living wage.

It was this emphasis on organisation and campaigns that allowed the union - together with PPWAWU - to play the most active role in the early factory demonstrations against the Labour Relations Amendment Bill. CWIU believes the way of involving the rank and file is by reporting back and getting mandates.

"Today we still support the idea that issues are conveyed to membership for discussion and decisions before making them public. It is always difficult to explain to workers certain decisions publicised without their having been involved. The Labour Relations Act campaign was successful because of involvement of workers at all stages of that campaign.

"It is very important to focus on issues which workers view as closer to them while at the same time we engage ourselves in a broader struggle. It is crucial for the working class to build the ANC alliance and ensure that it will get to power as a future vehicle for advancing broad working class interests. In 1987, the union adopted the Freedom Charter as 'the set of basic demands for the removal of national oppression and economic exploitation.'"

According to Buthelezi, "our position is that we must build the ANC. In Secunda, for example, the ANC branch executive is almost all chemical members. When the ANC came to Secunda we were recruiting for it. We still push Sasol workers that they should join the ANC. Our view is that if you don't do that, you are allowing other reactionary forces to come in and start recruiting. We are also part of the alliance, and what is the point of that unless we are building the alliance and the alliance partners?"

The CWIU argument against the wearing of two hats is based on a desire for the organisation to be efficient and for leaders to be clear about their mandates, rather than on hostility to political organisations. It is this kind of emphasis on organisation building and independence which has turned CWIU into a relatively strong and effective organisation, while many of the overtly political unions are struggling with weak structures, inefficiency and a lack of planning.

CWIU believes that COSATU should be playing a more assertive role in the tri-partite alliance. "I think there was a view that COSATU was simply toeing the line with the alliance," says Buthelezi. "But the anti-VAT campaign has brought back to members the old COSATU that they knew and showed the partners in the alliance that COSATU does still have muscle and support. My view is that the partners in the alliance have a lot to learn from COSATU. There was a fear that mass action has been suppressed. The VAT campaign has brought mass action back as part of the process of negotiating."

Buthelezi says the union supports the tri-partite alliance, but "there is a major concern in the union that the alliance structures are not operating properly and there is no real co-ordination." The present situation is "very dicey". For example, the union supports the idea that CODESA can negotiate broad constitutional principles, "but how do we prevent CODESA from turning into a constituent assembly?" Buthelezi says shop stewards sometimes express a fear that the ANC might compromise on the issues affecting the working class. "Our concern is about economic issues and the question of a constituent assembly."

### **New challenges**

CWIU is probably one of the best organised of the COSATU affiliates. Besides the other factors which have been discussed above this is at least partly because the union is still relatively small with only 45 000 members.

The union also has a reputation for effective strategising and campaigns. It tends to establish a clear set of demands which it believes are achievable and then plan a careful campaign around them. It then uses a range of tactics resting on militant shop floor organisation and sophisticated negotiating skills to chip away at employer resistance.

Growth of the union and its influence in the chemical industry is seriously hampered by the lack of centralised bargaining. CWIU will encounter strong resistance to centralised bargaining, but if it employs the same strategies and tactics as it has in other campaigns (such as its disinvestment campaign and its campaign for the Chemical Industries National Provident Fund) it is likely to make breakthroughs over time.

The other major challenge facing the union is its relationship with SACWU. If the growing co-operation between NACTU and COSATU facilitates co-operation between SACWU and CWIU, the thrust for centralised bargaining and increasing labour influence in the chemical industry will be greatly strengthened. However, if co-operation does not succeed there is likely to be a poaching war between the two unions.

Finally, like all COSATU affiliates, CWIU is facing a range of new problems - increasing size, more complex issues, issues that are negotiated over a long period, centralised bargaining, industrial and economic restructuring. These changes will probably require more skilled staff, a big head office and entail new policies such as differentiated salaries. Will the union be able to maintain its tradition of worker control and democracy under these conditions?

One thing is certain, the union is relatively well equipped. With its strong education programme, its culture of worker control and organisational efficiency, and its experience of careful strategic planning, it may be able to deal with these challenges better than most. ☆





# “An international of the new world”

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BOB TOMKINS, general secretary of the International Graphical Federation (IGF), believes the new international situation presents the trade union movement with new opportunities and challenges. “I pray that the ICFTU will have the intellectual resources to respond to the challenge,” he said, warning at the same time that a policy of ‘non-alignment’ could leave COSATU isolated internationally. He was interviewed by KARL VON HOLDT.

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Tomkins visited SA in November last year at the invitation of COSATU’s Paper Printing and Allied Workers Union (PPWAWU). The IGF became the only international organisation of printing-workers when the WFTU-linked Standing Committee of Trade Unions in the Graphics Industry dissolved and its affiliates joined IGF. “This makes IGF an international of the new world, not of the old world,” says Tomkins.

The IGF has 71 affiliates in 58 countries, representing 1,75 million workers. Although IGF is an International Trade Secretariat (ITS) linked to the ICFTU “relations have been difficult in the past” because IGF was prepared to affiliate communist-led unions. The ITSs are not constitutionally linked to ICFTU, and they can choose how to relate to it.

In an interview with *Labour Bulletin*, Tomkins gave fascinating insights into developments in international unionism, particularly in Eastern and Central Europe, and

in the ICFTU. Many of his comments have a bearing on the international debates run in recent issues of the *Bulletin*, and should be carefully considered by SA unionists.

## **New world divisions**

Tomkins believes that the collapse of the communist regimes, and the end of the ideological divide between East and West, has exposed and clarified other divisions. “We are moving away from the world divided into the Eastern bloc and the Western bloc, to the reality of a North-South divide. There is a frightening prospect of the North walking away from its responsibility to the South, and it is very important for the international trade union movement to ensure this does not happen.”

At the same time the collapse of the East-West division “allows us to see the existing and constant division in all countries between capital and labour.” These new

conditions have created new opportunities in international labour organisations.

"Perceptions are becoming more uniform, and there is increasing ability to talk to each other." Tomkins says he hopes the ICFTU will have the capacity to meet the new challenges.

### **Fears about the ICFTU**

Does this mean that he has fears about the ICFTU? Yes, there is a danger that the international union movement could end up as "the last bastion of the cold war". He believes that cold war ideology is manifested in the ICFTU at a macro-level and a micro-level.

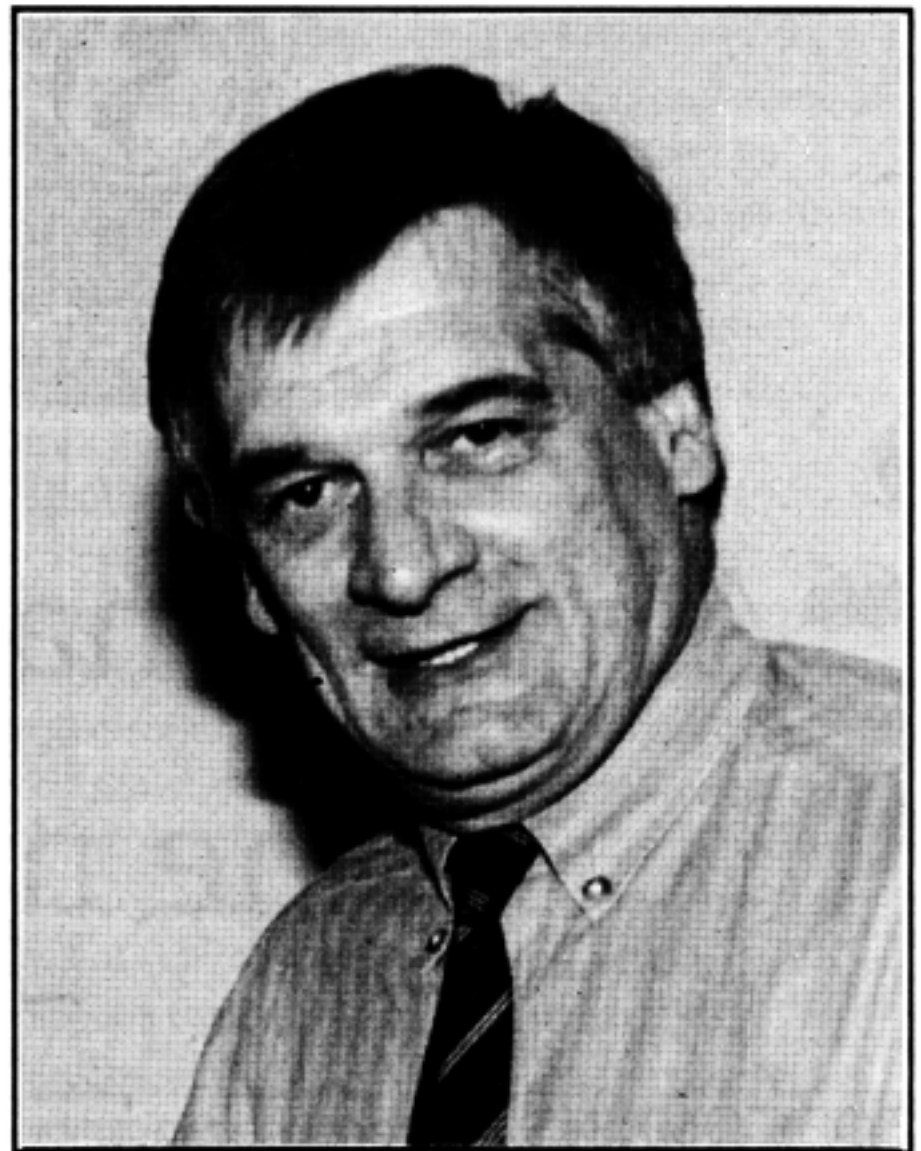
At the macro-level there is the old hostility between the ICFTU and WFTU. This is manifested within the ICFTU at present in "great suspicion towards the reformed unions in the former communist countries".

At the micro-level, there is still enormous hostility between ICFTU affiliates and communist-led unions in a number of countries, such as France and Portugal. "In France workers are still divided by a wall much higher than the Berlin wall." As a result, only 7% of French workers are members of trade unions. Relations are much better in Italy and Spain.

The IGF itself has had bitter experience of this in the past. In the early sixties it approved the affiliation of the printers union which is a member of the communist-led CGT federation in France. The CGT is affiliated to WFTU. The ICFTU-affiliated federation, Force Ouvrier, immediately complained to the ICFTU, which cut all relations with IGF. "Only now are relations between IGF and ICFTU being re-established - against the continued resistance of Force Ouvrier! In this way the old cold war within nations is still felt in ICFTU."

### **Eastern European trade unions**

While the ICFTU is suspicious of the reformed communist unions in Eastern Europe, IGF has accepted affiliation from reformed unions as well as newer unions which emerged as communism collapsed. "On our experience," says Tomkins, "some of the reformed communist unions have become more



*Tomkins during his visit to South Africa as guest of PPWAWU*

*Photo: Shariff/Labour Bulletin*

independent than the new unions, which are becoming official unions closely linked to government."

As an example he refers to Solidarnosc in Poland, which operated as a political movement and a trade union movement. "Now Solidarnosc is the official union, part of government and the ruling party. Workers are going back in their thousands to the old communist unions belonging to OPZZ. The printers union in OPZZ now has 18 000 members, while Solidarnosc has two to three thousand."

These workers are transforming the old communist unions and changing their constitutions. "These reformed unions are now funded by their members, their main task is protecting workers at the workplace, and their policy is decided by the members. These are the three principles applied by IGF. The OPZZ unions meet them, Solidarnosc does not."

### **'Active non-alignment' by unions**

What implications does the new international situation have for the policies of 'active



non-alignment' adopted by COSATU, NACTU and other militant federations in the South?

Tomkins points out that a policy of non-alignment when there are two opposing camps "can turn into isolation when one actor leaves the stage." He believes WFTU cannot survive in any meaningful way, and that "remaining non-aligned when there is only one organisation could be misinterpreted by comrades in the rest of the world."

However, Tomkins says PPWAWU must make its own decision in its own time on whether to affiliate to IGF, and the IGF will continue to work with it and support it. IGF is providing assistance to PPWAWU's legal department and shop stewards training. Six years ago, IGF expelled the SA Typographical Workers Union because it refused to amend its constitution to become a non-racial union.

### **SA and Southern African unions**

Tomkins was impressed with the quality of leadership and activists in COSATU and its affiliates. "In terms of sophistication, it ranks with any in the world."

However, he noted two problems. Firstly, Tomkins feels there is a danger of SA unions becoming aid-dependent. Secondly, "the comrades from South Africa are so advanced that it distances them from other unionists in the region - Zimbabwe, Mozambique and so on." This could pose problems for building regional unity.

This problem is linked to the question of 'non-alignment'. "For example, IGF wants to help establish a regional structure for printing workers - and it would be unfortunate if the South Africans excluded themselves."

Tomkins was also impressed by the ANC. "Clearly your organisations are not only organisations of gifted leaders, but organisations of the people."

His visit to Alexandra township - for many years the home of PPWAWU general secretary Siphon Kubheka - left him very angry. "It has an air of permanence - I've never seen anything like it. How do people survive there?"

### **Future prospects of socialism**

Tomkins is optimistic about the future prospects of socialism. "In most countries the conflict between capital and labour is crude - there is poverty and exploitation. This leads to clarity of perceptions." Out of this clarity "we can work out something good, something that will work." Whether it would resemble Sweden - "where the division between capital and labour is managed in a civilised fashion which is compatible with socialism" - or some other model, is not yet clear, he says.

But even in Eastern Europe there is a very real prospect of a return to some kind of socialist society. While the reforms were to be welcomed "they had no intellectual force or conception - they were driven by consumer fantasy."

Two years ago the biggest issue for trade unions in Europe was the formation of a single market in Europe. This would allow capital tremendous mobility in moving to areas where wages are lowest. Now capital will move to the East instead - workers are highly skilled, wages are low and factories are relatively well-equipped. In addition, workers often reject trade unionism.

It is a difficult situation because people have the same vocabulary - for example, 'international solidarity', and 'trade unions' - but the words mean something different. Eastern European workers "see trade unions as an integral part of the communist party-state system", explained Tomkins, adding, "If you want to offend someone, call him comrade."

Eighteen months ago, Tomkins addressed a meeting of Hungarian print-workers. The Hungarian printing industry has been bought up by Western multi-nationals, explained Tomkins, "so I told them about the struggles of our affiliates in Western Europe. Afterwards I heard that their response was: 'He's a bloody communist. We've just got rid of our communists, what do we want with that lot?'"

But now people in Eastern Europe are feeling let down, exploited. The western multi-nationals are moving in and "capitalists are so greedy and so stupid that it will open people's eyes." ☆



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The ZANU(PF) government's growing hostility towards Zimbabwe's trade unions seems to be part of a strategy to downgrade their role and influence in Zimbabwean society. DOT KEET reports on recent developments towards more independent trade unionism in Zimbabwe and the need for 'social movement unionism' there.

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## Zimbabwe trade unions: from 'corporatist brokers' towards an 'independent labour movement'?

In an unprecedented action at the beginning of the year the Zimbabwe government suspended the legal registration of one of the largest and strongest trade unions in that country, the Zimbabwe Amalgamated Railworkers Union (ZARU). The order from the Ministry of Labour, on 22 January, cut ZARU's legal right to represent its 12 000 members and to continue receiving their stop-order union dues. At the same time, ministerial orders upheld the sacking and then the draconian re-employment terms imposed on more than 4 000 workers by the management of the state-owned National Railways of Zimbabwe (NRZ).

These drastic measures were ostensibly in response to an "illegal strike" on 14-17 January by semi-skilled railway workers protesting the NRZ's special treatment of skilled workers. These latter had just been awarded a special 7% wage rise following their own illegal strike on 7-8 January. This award was quite outside established procedures and legal agreements

against dual pay scales on the railways.

By contrast, when the unskilled railworkers went on their own 'wild cat' strike, they were summarily dismissed and their union put under severe legal - and political - pressures by the Minister of Labour.

### Highly regulated labour relations

ZARU was blamed for causing the strike - or at least not intervening to prevent it. Under Zimbabwe's highly regulated labour relations system it is incumbent upon unions to obey a "show cause order" - and a 14 day delay - before embarking on strikes. These are then invariably pre-empted by government "disposal orders" imposing the terms of settlement of the industrial disputes.

Thus, through a combination of restrictive legal procedures, and substitutionist government interventions, legal strikes are virtually impossible in Zimbabwe. Although guaranteed as a right in the constitution, they



are also effectively forbidden by government prohibitions on strikes in "essential services" - which in Zimbabwe applies to most sectors of the economy.

Zimbabwe trade unions have accommodated these impediments to their own independent initiatives by developing a mediatory 'brokers' role between government and management, on the one hand, and their members on the other. The usual pattern is for workers to take 'independent' wild cat action and for unions to then step in as mediators to negotiate settlements. Even in their regular wage-bargaining and job control functions Zimbabwean trade unions' role is frequently only auxiliary to statutory reform handed down by government.

This system of labour relations derives from a combination of the highly state-regulated industrial relations inherited from the authoritarian pre-independence regime, with the forms of "paternalistic corporatism"\* typically developed by 'Marxist-Leninist' and many other one-party regimes in Africa.

The Zimbabwe government's measures against ZARU this year signal the advance of a process under way since 1990. When the ZANU(PF) government adopted an IMF-sponsored Economic Structural Adjustment Programme (ESAP) that year, it began the gradual unravelling of the existing regulatory system. This has been accompanied by a turn away from paternalistic incorporation of trade unions - almost as an arm of the ruling party - towards a gradual demotion of the unions from their role hitherto in the regulation of industrial relations.

### **From enforcing unity to encouraging divisions**

Government strategy seems to be focused initially on undermining the unions organisationally. In the case of ZARU, the government was provided with an opening through which to divide and weaken the union in the long-standing tensions caused by the forced integration of formerly independent skilled railway workers associations into the

newly constituted ZARU in January 1987.

Under the ZANU(PF) government's prescription of "one union one industry", four railway workers bodies which had earlier co-existed, and all been represented on the statutory Railway Employment Council, were obliged to join into one union. ZARU's president Samson Mabheka says that they themselves were not in favour of such an imposition but they accommodated to it "in good faith and obedience" to a government that they believed was "in favour of the workers".

It has been argued, however, that within that organisational unity ZARU could have structured itself internally in such a way as to accommodate the different origins, needs and aspirations of its components. This was done successfully by the Zimbabwean food workers union, for example.

Failing to do that, ZARU was faced with a festering problem with skilled engine-drivers and artisans on the railways. Although these skilled workers are now almost entirely black Zimbabweans, they are to some extent heirs to the elitist craft traditions of the old pre-independence white skilled workers' associations.

Although only about one third of such workers were ZARU members, the union was called in by government to mediate in repeated industrial disputes from 1987-1991 involving artisans - whose interests ZARU was 'legally registered to represent'. The union might have aggravated the problem by setting very high 'agency fees' to be levied on such workers for the union's services. ZARU president Mabheka says that up to 50% of such workers opted to join the union, and he vows that, in practice, those that stayed out were not in fact ever levied by the union.

### **Ministry-management instigation**

By the end of 1990, however, the artisans were refusing ZARU mediation altogether. The union declares that this was under the direct instigation of the Ministry of Labour and NRZ management. The union obtained concrete

\* Brian Wood SA Labour Bulletin, Vol 12 No 6/7, August 1987

evidence of this in the minutes of a government-management-artisans meeting in May 1991. The Ministry of Labour's Chief Labour Relations Officer "assured" artisans representatives that he would "fight by all legal means within the LRA" to ensure that artisans and engine-men could obtain separate registration from ZARU.

It was at this time, too, that the Ministry of Labour was instituting investigative proceedings against the country's national trade union federation the Zimbabwe Congress of Trade Unions (ZCTU). It was accused of corruption and incompetence, and of living beyond its means - and threatened with the withdrawal of its legal registration.

It was also no mere coincidence that ZCTU general secretary Morgan Tsvangirai had earlier that same month publicly criticised the ZANU(PF) government. Speaking at the Zimbabwe trade unions' 1991 May Day rally, he had expressed the trade union federation's opposition to the Harare government's adoption of a structural adjustment programme, under the aegis of the IMF.

### **Direct collusion**

ZARU appealed to Zimbabwean Deputy President Simon Muzenda with its evidence of the Ministry of Labour's collusion in splitting the union - in direct contradiction of government's official policy.

Yet at the beginning of 1992, the Ministry of Labour and parastatal NRZ management were still colluding with breakaway railway artisans. Prior to their 7-8 January strike, artisans' leaders were flown up to Harare and put up in hotels there. This followed a meeting with the Labour Ministry's Registrar of Unions who had earlier flown down to Bulawayo to meet them together with NRZ management. They even shared the same lawyer.

The government/management promotion of the breakaway actions was also evident in the "kid-glove" treatment of the illegal artisan strikers, in contrast to the severe legal and political pressures on ZARU by the Minister of Labour John Nkomo.

Speaking to the press on 25 January, Nkomo

accused the unions of being "reactionary" and "opposing industrial trade union democracy" while, he said, their federation the ZCTU was publicly supporting multiparty democracy "as if they were an opposition political party".

The new political line from the Labour Ministry - that had itself earlier prescribed single sectoral unions and one national trade union federation for Zimbabwe, along with the one-party state - was that "much as we would want to discourage workers from forming splinter unions," the government was "encouraging democracy to prevail in the labour movement as well as in the political arena."

### **Trade union responses**

ZARU president Samson Mabheka argues that the government singled out ZARU first because the railways is the largest employer in Zimbabwe, after government itself, and ZARU is one of the few unions to have a truly national presence.

The railway union is also one of the stronger unions organisationally and financially. Tracing its roots back to the formation of a white railway workers union, in the then-Rhodesia, in 1916, ZARU inherited the pre-independence railway workers' facilities, including ownership of the building in which its headquarters is based.

If the government can weaken ZARU, other smaller and weaker unions will be intimidated and government will face less trade union resistance to the painful costs of ESAP.

Unionists declare that such measures against ZARU are but the first act in a broader campaign anticipated against the unions. The Iron and Steel Workers Federation and the postal and telecommunications workers are indicated as the next probable targets of divisive 'break away' stratagems.

ZARU has been fighting its suspension and the unfair dismissals and treatment of its members through all legal channels open to it, including repeated appeals to the High Court.

There have been demonstrations by the affected workers, and hundreds of their wives staged a sit-in at NRZ headquarters on 23 January before being dispersed by the police. It





*Wives of striking railway workers demonstrate their support*

*Photo: Bulawayo Chronicle*

is not clear whether the union encouraged - or welcomed - such direct workers' protest actions, although ZARU leaders said that they were appealing for "national support and action".

The ZCTU threatened to call for "national action" should the Minister not agree to withdraw his suspension of ZARU, but the unions do not seem to be taking concerted joint positions. Far from standing up to the government's unreasonable measures against ZARU, the Federation of Transport Unions of Zimbabwe (FTUZ) agreed to act as government-appointed "agent" to "represent" railway workers. ZARU declares that FTUZ "are not able to defend our workers" but it has acquiesced in FTUZ collaboration in a process that ZARU insists is both illegal and unjust.

### **Government's changing policies**

At the beginning of March, the Minister of Labour retreated from his head-on, and legally unsustainable, attack on ZARU by lifting his suspension of the union. ZARU has welcomed this.

As president Mabheka pointed out, however, there still remain the broader economic and labour policy changes demanded of the Harare government by the IMF in terms of its structural adjustment prescriptions.

- **"Liberalisation"** of the Zimbabwean economy demands a withdrawal of the government from its highly interventionist role in all areas of the economy. This includes moves towards the deregulation of industrial relations. Despite its continued utilisation of the regulatory LRA, the Ministry of Labour is actually moving towards legitimising management's right to hire and fire, and de-linking the unions from any role in these areas.
- **"Privatisation"** of the many large parastatals in Zimbabwe presents the Harare government with further challenges particularly with regard to the national railways. Not only is nationalised rail transport crucial to the functioning of the entire economy, but it has a large trade union in ZARU which is committed to defending it as a national service not a private commercial enterprise.
- **"Rationalisation"** of the operations of such enterprises that cannot (yet) be privatised demands that government reduce the power of the unions to resist the massive retrenchments and wage restraints required to make continued public sector enterprises 'commercially viable'.
- **"Socio-economic restrictions"** in government expenditure to reduce its budget deficit, as demanded by the IMF, will com-

bine with spiralling free(d) market prices to hit the standard of living of working people in Zimbabwe. Trade union-led resistance to such austerities must be prevented.

In a situation of deepening social and economic difficulties for the population - aggravated by the worst drought on record - and pervasive popular political alienation from the ruling ZANU(PF), the potential for ZCTU to become an "opposition political party" is clearly a major concern for ZANU(PF). This probably also accounts for the Ministry of Labour's tactical retreat from its head-on confrontation with the unions as exemplified in the ZARU case.

### **Independent labour movement in prospect?**

ZCTU itself does not seem to be looking towards the route taken by Zambian trade unions in backing the right wing MMD into power, but towards an independent role for trade unions.

Interviewed after a union rally in Bulawayo on 15 February, ZCTU general secretary Morgan Tsvangirai spoke of the necessity for "workers not only to think about trade unions but the formation of a labour movement." He stressed that "we are not political as unions but that does not mean that we cannot form our own labour movement" so that workers can "begin to think of themselves as a political force."

This is a tall order as Zimbabwean trade unions are quite weak organisationally let alone politically. Their representation of workers is more legally ascribed than organisationally acquired. Their heavily legalistic *modus operandi* has reinforced them as centralised bureaucratic machines far removed from the workers they 'represent'. The "emasculating legal strangleholds"\* in which they have been placed by government labour policies has made them cautious and accommodating. They have little experience of active campaigning or worker mobilisation. Indeed - as in the case of ZARU - they are quick to declare that they are "not political" even (and especially) when they are under

political attack by the government.

Furthermore, even as (or if) Zimbabwean trade unions now begin to turn towards a more independent political and campaigning role, their mass base is weak. Only 20% of Zimbabwe's wage earners are unionised. Workers have little experience of acting together as workers beyond the immediate work place. If anything, workers tend to look more towards the government-promoted system of work-place "workers committees" to solve their problems rather than to distant trade union bureaucrats.

ZCTU itself has also, until very recently, been just a central structure carrying out a national representational role on behalf of workers within the ZANU(PF) ideological/political framework. It is only since its last congress in 1991 that ZCTU has begun to turn its attention actively towards creating regional and district structures. Its Western Region Committee was launched with elections in Bulawayo on 15 February this year, and five other regional structures are due. Resources are scarce and it is not certain that ZCTU will have the time to carry through its programme effectively as the government's changing economic and labour policies take effect.

### **Paying the price**

Zimbabwe trade unions are paying the price for their (over) long belief in and dependence on the ZANU(PF) party.

The long reliance of Zimbabwean trade unions on 'pro-worker' reforms from the ZANU(PF) government meant that the government frequently usurped their role. As a consequence, the trade unions were not obliged to rely on and develop fully their own strengths.

Conversely, the prolonged union strategy of allying with 'pro-worker currents' within ZANU(PF) encouraged continuing mass illusions in its actual or 'greater potential future' commitment to the interests of workers and peasants.

The unions - and others - even persisted in a belief in the possibility of transforming

\* Pete Richer, former official in the Zimbabwean Ministry of Labour, unpublished paper, January 1992



ZANU(PF) into "a genuine workers' party". As late as 1990, Morgan Tsvangirai was still urging workers to "draw the ruling party away from the right wing" and "convert it to our purposes".

Such continued orientation towards the possibilities of 'working within' ZANU(PF)'s 'broad representation of national interests', enabled the ruling party to continue presenting itself as the defender of the workers and peasants - or more vaguely 'the masses' - under the mantle of 'national interests.'

At the same time, Zimbabwean trade unionists came under accusations from the highest levels of the state and the ruling party for being "narrowly selfish" and "irresponsible". The so-called "privileged position" of organised workers in comparison to the peasantry was repeatedly invoked "in a latter day nationalist rendition of the labour aristocracy thesis"\*.

This has been the strategy common to nationalist governments in many African countries in order to take advantage of real differences amongst the working masses, and present themselves as the true defenders of 'the poorest of the poor' within 'broader national development interests'.

### Broader 'social movement' unionism

Now, as ZANU(PF) "identifies with the employers" - according to ZARU's Mabheka - and abandons even its rhetorical 'socialist' commitment to the workers and peasants, Zimbabwean trade unions will have to work extremely hard to establish their own credible programmes and independent organisational means to defend their members.

According to ZCTU's Tsvangirai, the unions have not only to mobilise their own members. They have to link up with other non-unionised - and unemployed - workers, as

\* Brian Raftopolous, Zimbabwe Institute of Development Studies Working Paper #17, 1991

## IMPLICATIONS - AND LESSONS? - FOR SOUTH AFRICA

As the countries of Southern Africa open up to SA trade and investment, it is evident that the gains made by trade unions in workers' wages and conditions in South Africa will be under constant pressure if SA business can easily re-locate to neighbouring countries where such conditions have not (yet) been won.

South African unionists are already aware of the need to form alliances with trade unions throughout Southern Africa to fight for regional agreements to protect - and project - those gains for all. And, in this, it is important for the SA trade union movement to have a realistic picture of the organisational and political strengths and weaknesses of their counterparts in the region.

It is evident from the above, for a start, that Zimbabwean trade unions are not the strong mass-based, and democratic worker-controlled organisations that most SA trade unions are trying to be. Yet the Zimbabwean trade union movement can be

said to have been the strongest in the region after South Africa's. What then are the implications - for the region - of the latest developments there? Equally importantly, are there other pertinent lessons from their experience for SA trade unions?

Although there are significant differences between Zimbabwean and SA trade unions - in their origins, history, and methods - there are enough similarities in the *tactics* and *arguments* within SA trade unions in relation to the national liberation movement in this country for it to be useful for the main lesson of the Zimbabwean experience to be explicitly spelled out.

Zimbabwean trade unions are now reaping the results of their too long and too close relationship with their ruling party. Even as the pro-worker-and-peasant claims of ZANU(PF) became increasingly ambivalent, trade unionists and others in Zimbabwe continued to argue that it was necessary to 'take advantage

well as the rural poor, to build a broader mass social movement.

ZCTU is working to cut the ground from under government's divisive demagoguery and challenge its claims to be defending the 'the masses' - by *themselves* taking on that role.

Thus the trade unions in Zimbabwe are taking on a double task. They have to become genuine plant-based collective bargaining organisations in order to build up the convinced and active support of industrial workers. At the same time, however, in the context of the uneven development of Zimbabwe (as in other African countries) large masses of working people are outside of the formal wage sector and the urban areas - and indeed outside of employment altogether, let alone the unionised working class. So the trade unions have to take on the needs of working people outside of the unions, and social and economic issues outside of the work place. They have to adopt the mantle of "social movement unionism".

In Zimbabwe, this entails the trade unions developing alliances with other mass organisations in their country. General secretary Tsvangirai says that ZCTU has close relations with the 250 000 strong OCCZIM (Organisation of Collective Co-operatives of Zimbabwe) and links with student and women's organisations and professional associations of teachers and public servants. There is also a growing network of grassroots 'NGO' literacy, development and other community-based groups throughout the country.

With the rather more independent organising skills and direct mobilising experiences to be found in these organisations, a genuine mass democratic social movement can be created that can contribute towards the shaping of alternative organisational and development strategies of relevance not only to Zimbabwe but to the Southern African region as a whole. Division and defeat will also be of significance to the region as a whole. ☆

of those claims to get policies favourable to workers, or to 'influence and strengthen those currents biased towards the working class', or even to 'work from within to transform it into a workers movement/party'.

Unionists in South Africa will recognise the above arguments about the need to work with... within... and upon the national liberation movement in SA [see for example *SA Labour Bulletin* Vol 15 No 8 June 1991]. Many SA unionists and others are aware, however, of similar future dangers for independent union defence of working class interests in a too-prolonged COSATU alliance with, or reliance upon, the current liberation movement-cum-putative government of a democratic SA.

The problem for the trade union movement, and COSATU in particular, is not only how, in this phase, to keep on developing their own organisational strengths and maintain their political independence while co-operating with the national liberation movement. The danger is that - once in a relationship, and having built up a certain modus operandi - there are always so

many 'tactical reasons', there are always so many arguments that can be presented for maintaining it. It is going to be extremely important - and extremely difficult - for the unions to agree when, precisely, to take the strategic decision definitively to part company with a future national democratic ruling party.

SA trade unions may, through their 'alliance,' continue - like their Zimbabwean counterparts - to foster popular hopes in the liberation movement/ruling party as representative of 'the masses' within its 'broad national representativity'. And SA trade unions may also - like the Zimbabwean trade unions - find themselves being portrayed as representative only of 'narrow working class' or narrower-still 'organised working class' interests, in contrast to the ruling party's representation of 'broad national interests'.

How and when will the trade unions assume their role as the core and moving force of an independent mass labour/social movement in South Africa? v





*women*  
IN THE UNIONS

“Women must know that there is nothing they cannot do as human beings. The majority of women are capable and they must stand up to do the jobs. Women are the backbone of our organisations and while they take a back seat, they will be left behind ...”

DOROTHY MOKGALO

This is the message to South Africa's women workers from COSATU's new gender co-ordinator who started work at COSATU Head Office on 2 March 1992.

She received a warm welcome at the COSATU national women's workshop held in Johannesburg over the weekend of 14/15 Nov 1991.

“We have fought for our structures and for our programme in the national congress - and now we can see the result of our efforts in our co-ordinator who is leading the workshop today ...”

For Dorothy herself, it had

been a long road to reach this point. With 17 years of experience as a worker and a shop steward, first in MAWU and later in NUMSA, she is one of the most impressive of COSATU's worker leadership.

She started work in 1974 at Stork Napkins and worked there as despatch clerk until 1980 when she moved to National Bolts in Wynberg, near Alexandra where she was born, went to school and still lives in a rented room. It was at National Bolts that Dorothy first joined a union. Other manufacturing plants of

National Bolts were organised by MAWU and by 1985 the workers in the Wynberg distribution section also wanted to join MAWU. Management proposed another union. “We resisted,” says Dorothy, “and told management they could not choose which union workers should join.” Dorothy was elected along with one other woman and two men as the MAWU shop stewards for the plant and later for NUMSA.

In the eleven years that she worked at National Bolts, Dorothy became active as local education secretary in



Dorothy Mokgalo

Photo: Shariff/Labour Bulletin

the Transvaal Education Committee and later in 1989 as the chair of NUMSA's National Education Committee. In this period she also began to play an active role in the COSATU Nedcom, in the Women's subcommittee and national policy meetings of COSATU. In 1991 she was appointed education officer in NUMSA's Wits East region and barely a year later was appointed as COSATU's National Gender Co-ordinator.

"I have seen that the women are most in the forefront at shopfloor level. At National Bolts, for example, we won six months paid maternity leave with job security and paternity leave (of five days paid and seven days unpaid) -

even before it was won in the engineering sector," says Dorothy, "and that was because women were active and we were negotiating forums where we could make sure our demands were not compromised. That is what we have to do in our affiliates and in COSATU."

What are her ideas for the gender programme in COSATU? With her experience as a worker and shop steward, discussion in the Women's Subcommittee of collective bargaining strategies for improving the position of women workers is gaining a sharper focus.

But Dorothy stresses that the rights of women cannot be secured solely through collective bargaining

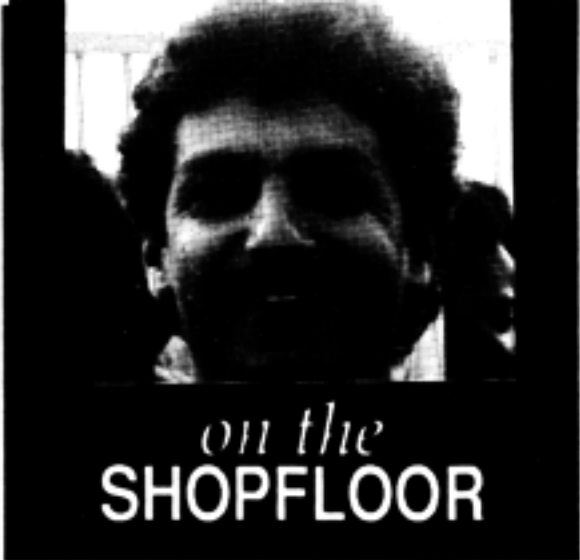
strategies. The demands of working class women must be protected in the Workers' Charter and the Women's Charter and even in the new constitution of South Africa. COSATU women and COSATU members will have to make their input into this discussion.

Another issue Dorothy raises is the need for mixed gender forums to discuss these issues in COSATU.

"COSATU national congress in July 1991 decided on a two prong strategy - one to continue the work through the women's forums and secondly to take up issues through gender forums." COSATU's national women's subcommittee is set to continue its work more vigorously and effectively with Dorothy at the helm. Organising the mixed gender forums is a responsibility of the constitutional structures and exactly how this is to be done must still be discussed with the national office bearers.

Meanwhile she continues at head office with the quiet determined strength that is so characteristic of COSATU's women worker leaders. Adjusting to working in the COSATU national office brings its own challenges - "I am missing the direct contact with workers, I used to go from the factory to the local," she says, "and now there is a gap. It will take time to adjust. But there is a lot of work to do at this level and a lot of gains to be made. The job must be done." ☆





**Mohammed Ismail\***

## Opening up a "new world" for workers

*"Management thought they could always push us around because most of us are women and we are all used to years of not answering back. But the past fourteen weeks has strengthened us. We have learned that we can fight for our rights and that we can endure" **Jasmine Salie.***

The atmosphere at National Panasonic's plant in Parow Industria in Cape Town was electric that August day in 1989. Banners, songs and posters had been prepared the previous day and workers were impatiently demanding "wanneer dan?" Then at 11am, workers in the stores department, led by their shop stewards, marched towards the factory exit. Taking the longest route through the factory, they were joined by workers from other departments, their voices echoing through the factory singing "senzeni na" and shouting "amandla".

The entire production process came to an immediate halt. Some workers belonging to the other union at the factory joined in, while others watched with tears in their

eyes. The administration staff rushed out of their offices to witness what was later called a "highly emotional and moving experience".

Management viewed the procession with shock and fear. This was the first strike in the history of the company. It was to last a full fourteen weeks and proved to be a "victory for workers' militancy and solidarity" in the words of union organiser Brian Williams. The experience for worker Sarah Grodes, "opened up a new world for us. We will never be the people we were before."

Tension in the factory had been building up since June - with workers' go-slow actions, work-stoppages and marches through the factory - in a struggle to obtain access and

bargaining rights for their union the Electrical and Allied Workers Trade Union (EAWTUSA)\*\*. They rejected the Radio Television Electronic and Allied Workers, the sweetheart union the bosses chose to deal with.

After months of fruitless negotiations with the management of this Barlow Rand subsidiary, EAWTUSA held a ballot of all their members on 18 August and received the go-ahead to call a strike for 24 August.

When the day came and the striking workers marched towards the factory gates, a huge roar went up from some 200 hundred other workers gathered there. These were Plessey workers, also members of EAWTUSA, who had been locked out of their company

\* MEWUSA shop steward at National Panasonic. This article was written while he was studying at the Workers' College in Cape Town.

\*\* Electrical and Allied Workers Trade union of SA. Later to merge with other unions to form MEWUSA, affiliated to NACTU

the week before. Together, the Panasonic and Plessey workers marched past the riot police towards the nearby All Saints Church. This was to become the nerve centre of the strike over the coming months.

On the first day of the strike a register was made of all the strikers' names and addresses. A strike committee was set up combining the shop stewards committee with elected worker activists. Their role was to co-ordinate and receive reports from the other elected committees.

The media committee was responsible for producing pamphlets and keeping a strike diary, and writing thank-you letters for donations and other support received. The education committee arranged workshops. Speakers from various organisations came daily to speak to the strikers. Visits by cultural groups were thoroughly enjoyed by the strikers. Workers also organised their own plays and cultural activities.

Much effort also went into the work of the fund raising team. Discos were organised on a regular basis. Food stalls also provided valuable income. T-shirts for sale were designed and produced by strikers. Once a week all the strikers would go on fund-raising drives in different areas, with collecting lists and letters explaining the reasons for the strike. Traders, doctors, lawyers and others would be approached for support either in the form of

money or groceries. The response was very good.

Valuable solidarity also came from the South African Council on Sport (SACOS) because in their view National Panasonic had a history of sponsoring rebel cricket tours of South Africa and other racist sports events. SACOS made arrangements for striking workers to display posters at sports events denouncing the company, and announcements were made over the public address system explaining the strike and encouraging donations for the strikers.

Strikers visited other companies in the metal sector explaining the strike and appealing for financial and practical solidarity. They also went to high schools to speak to teachers and students. Support also came from civics, churches and mosques. On 12 October, about 6 000 people marched through Parow industrial area, distributing pamphlets to the public and presenting a memorandum to the management in support of the striking workers.

After eleven weeks, the strike began to take its toll. The role of the counselling committee was to provide moral and material support to workers. When strikers were unable to pay their bills, a letter would be sent to the company explaining the situation and asking for an extension. Monies and food parcels were distributed to the most needy workers on Fridays. Financial hardship was not the only problem. Many workers faced

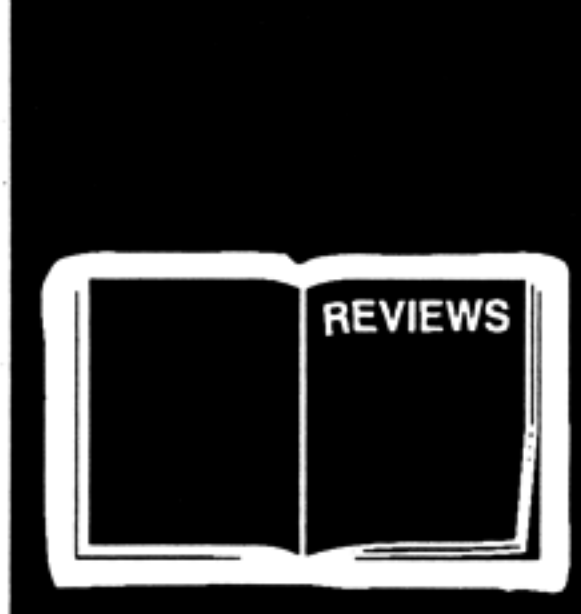
opposition from their families. Older workers would visit such families to explain the necessity for the strike. This often helped to make them more supportive, but the strains were beginning to show.

Occupation of the factory was the last card to be played. On 20 November the strikers managed to enter company premises through the back entrance. They occupied the administration block, took control of all the offices and the switchboard, and switched off all the computers. No vehicles could enter or leave the premises. The strikers were "having a ball". Some were seated in the manager's office with their feet on his desk puffing on cigars "to see how it feels to be boss".

The next day Barlow Rand's negotiating team flew down from Johannesburg to meet with the union. On 23 November, 185 of the original 186 strikers marched victoriously back into the factory, wearing the T-shirts they had made during the strike.

Although an agreement was signed which resulted in many gains for workers, to me the most important victory was the discipline, unity and power that was developed amongst the workers. They were exposed to their own hidden talents as well as their ability to endure. These lessons and the strong links between the workers and the community will serve as an investment for future battles that lie ahead. ☆





# *Striking Back:* A History of COSATU

Jeremy Baskin (Ravan Press, 1991)

*Reviewed by PAT HORN\**

**H**ow the South African trade union movement grew to be what it is, has been a process only really known to those who have been directly involved in the trade union movement over the past 20 years until **Striking back: A history of COSATU**, by Jeremy Baskin, was published by Ravan Press in 1991. This book gives the reader an insider's view of the growth of COSATU, the largest, most effective and fastest-growing of South Africa's trade union federations.

Instead of the image of the monolith depicted by the media (whether monster or saviour, depending on the bias) one gains in Baskin's book an informed understanding of COSATU as an umbrella body of distinct trade unions - embracing many dynamics and tensions, strengths and weaknesses - in dialectical interaction in one complex organisation.

The first section, "Before COSATU", provides an excellent description of the dynamics in the labour movement which gave birth to COSATU. Now that COSATU is what it is, the most surprising organisations have claimed credit for creating it. But the account in this book shows the combination of organisations, personalities and political forces which formed COSATU.

## **1986-1987: chaotic political tensions**

In the second section, "1986 - The First Year", the book attempts to analyse and explain events and political tensions in a new COSATU that was very chaotic. Some of the early difficulties facing COSATU are described, such as the formation of UWUSA by Inkatha to counter COSATU, slow progress made in the mergers between COSATU unions, and the mass dismissal of striking mine workers.

The book attempts in this section to explain early political tensions within COSATU, as different groupings tried to muscle into powerful positions in the new federation. Baskin places the affiliate unions in three broad political groupings. These are characterised as a "UDF bloc", an "independent worker bloc" and a "centre group" - consisting of NUM, FCWU, SFAWU, PPWAWU and TGWU - which is depicted as the group providing COSATU's political direction.

This is one area of the book where the author's position in PPWAWU at the time makes his analysis too subjective. The insider's perspective is what makes this book valuable, but at the same time the insider's analysis cannot be politically neutral, and the analysis of the political dynamics within COSATU is probably the weakest part of the book.

Despite an earnest attempt to provide a more nuanced political analysis, the book does not get to the bottom of the political dynamics of those early years in COSATU. The political struggles described within COSATU come out looking like they were mainly battles between

\* *Pat Horn is a former organiser in PPWAWU and CWIU (1982-1990)*

those who were sympathetic to the UDF and the ANC and those who were not. The lines of distinction between the UDF and the ANC are blurred, and they are ultimately treated as one thing.

The book also avoids dealing with the complex dynamics (both open and not-so-open) at this time within both the ANC and SACP in exile in relation to this new and potentially threatening trade union movement.

This may be because the author considers it too sensitive an aspect to deal with so shortly after the unbanning of these organisations, but it leaves a significant gap in the political analysis. Consequently the book also does not deal with the intense and critical struggle for trade union independence successfully waged in COSATU in its early years.

The third section, "1987 - Year of Fire", deals with the year when COSATU started to take some of its first steps as a trade union federation. The scene is well set in terms of the general political climate of the time, and the book places accounts of the major strikes which took place that year against that background. The importance of the early strikes cannot be underestimated in the life of COSATU, in terms of practical lessons in testing its strength. Some of these lessons, as shown, were very costly.

The major political tensions of that year within the federation, centred mainly around whether or not to adopt the Freedom Charter - and leading to the dramatic split of CCAWUSA - are also dealt with in a way which highlights some of the dynamics which were going on in COSATU at the time. The book rather too glibly attributes the tensions and divisions of this phase to the growing pains created by the wide-ranging views which co-existed in COSATU.

What is missing is an examination of the effects in that period of widespread political intolerance: upon COSATU, upon the levels of violence in strikes, and upon the freedom of debate and dissent within COSATU and many of its affiliates.



## Defence and Consolidation, and Advancing into the 1990s

The fourth section, "Defence and Consolidation", documents the consolidation of COSATU after having suffered very public setbacks in the strikes of 1987.

This section provides a rare

account of the continuing but much more low-key struggle which ensued between the state and a sobered but determined COSATU. The beginnings of the Living Wage Campaign and the anti-LRA campaign are described, giving a good idea of the nuts and bolts that have gone into what became persistent and highly effective onslaughts on capital and the state.

The book also describes COSATU's first steps in creating unity beyond its own structures as it built alliances with other organisations, targeted significant groups of unorganised workers for attention and, finally, even started to build a closer relationship with NACTU, its main rival trade union federation.

The last two sections, "Advancing" and "Into the 1990s", deal with the 1989/1990 period of COSATU's existence. The progress of important ongoing struggles is followed through, such as the anti-LRA campaign, and the resolution of the CCAWUSA split. Other themes which are very much a part of the COSATU of today, are picked up: such as COSATU's central role in peace initiatives, the question of a negotiated political settlement, and COSATU's role in the changing political scene. This section also goes into some of the issues which were debated at COSATU's 1989 Congress, and upon which COSATU was able to develop clear working-class positions.

### Position of women

The book has the welcome distinction of devoting a whole chapter to a critical analysis of the position of women and the struggles of working-class women in COSATU. It describes the ways in which women workers have been able to take up gender issues in COSATU unions: such as eliminating wage



differentials, introducing maternity and parental rights, and highlighting the problem of child care for workers in South Africa. However, it is unsparing in its criticism of COSATU as a male-dominated organisation with very low levels of female leadership and an overall unwillingness to confront sexism within its own ranks. The book poses the confrontation of this problem as part of the challenge to COSATU of building real democracy.

The book ends by summarising some of COSATU's strengths and weaknesses, and posing some of the challenges the federation will have to address in the 1990s.

### **Successful factual account but falls short on political analysis**

Overall, the book provides an excellent and comprehensive factual account of the first five years of COSATU's development. As the equally comprehensive factual account of trade union movement by Steve Friedman\* stops short of this period, Baskin's book fills an important gap. However, it attempts to provide both a factual account and a political analysis, and while it achieves the former, it falls short on the latter.

The picture of the South African political situation into which COSATU emerged and upon which it impacted, and of the "repression (which) runs like a thread through the union movement's history" (p.447) is well drawn. But, as indicated above, the book does not provide a convincing analysis of the struggles and changing balance of forces within COSATU during this period, which shaped the changing overall responses of COSATU to the political climate within which it found itself.

COSATU's evolution as a political force has been the product of a changing balance of power between COSATU's affiliate unions. Their relative power to influence politics in COSATU was determined by such factors as their relative size, and more importantly, their ability to call out their membership on mass actions such as stay-aways, public demonstrations, overtime bans, etc.

For example, the vast numerical superiority of the NUM within COSATU in 1985-1987 made the miners' union the most powerful affiliate in the federation and it was able to determine COSATU's policies on most issues at the founding Congress in 1985. However, as a relatively new union, NUM repeatedly embarrassed COSATU in those early years by failing to get mineworkers to participate in national stay-aways, and only later developed the ability to mobilise its members in mass actions as it consolidated its organisational strength.

On the other hand, the ability of what is called the "independent worker" unions to mobilise their members to participate in mass actions gave them a powerful ability to determine when and how COSATU should participate in mass action. This, together with a change in relative numerical power as a result of retrenchments in the mining industry and union mergers in the metal and textile sectors, shifted to an open struggle between NUM and NUMSA over COSATU's political position at the 1987 Congress. Then there came a further shift to a different dispensation including a firm NUM-NUMSA alliance which decided most issues at the 1989 COSATU Congress.

The way in which the book identifies three groupings within COSATU based on largely ideological criteria, creates the impression that the political struggles within the federation were purely ideological in nature. Affiliates' positions appear either static or, in the case of the "centre group", steering a fine balance between the other static ideological positions. The book creates the impression that COSATU arrived at political positions purely as a rational result of internal airing of differing positions, instead of through political power struggles which ultimately determined issues and policies on the basis of relative strength on the ground.

While the work of documenting the growth of COSATU during this period has been admirably done in this book, a comprehensive analysis of COSATU as an independent working-class political force has yet to be undertaken. ❖

\* *"Building Tomorrow Today: African Workers in Trade Unions 1970 - 1984"*

# *Directory of South African Trade Unions:*

## A complete guide to all South Africa's trade unions

Compiled by Najwah Allie  
(SALDRU, Cape Town, July 1991)

Reviewed by *MOELETSI MBEKI*  
(Head of Communications, COSATU)

**S**outh Africans may not have invented trade unionism. They have not even perfected it - judging by the enormous array of trade unions in the country. They have, however, taken to trade unionism like a duck to water. There cannot be many peoples in the world that love - and hate - trade unions as much as South Africans do.

According to the *Directory of South African Trade Unions* which was recently published by SALDRU, a unit of the University of Cape Town, there were 209 registered trade unions in South Africa at the end of 1990 with a membership of 2,4 million. Approximately 1 in 5 of the economically active population in this country belong to a trade union of one description or another.

South African trade unions come in all shapes and sizes, from probably the smallest in the world to amongst the largest. The smallest union is the Johannesburg-based Laundering, Cleaning and Dyeing Workers' Union of South Africa, LCDWUSA, which boasts a membership of a mere 12. This union describes its areas of organising as being amongst "white persons in the Laundry, Cleaning and Dyeing Trade."

At the other end of the spectrum are the giants of South African trade unionism, the COSATU-affiliated, non-racial but mainly black National Union of Mineworkers (NUM) and National Union of Metalworkers of South Africa (NUMSA), both of which are now approaching the 300 000 membership mark.

South African workers are of course organised along racial lines reflecting a legacy of over a

century of racial division. White craft unions were among the chief architects of apartheid as it came to be known. The slogan of the 1922 white miners strike: "Workers of the World Unite and fight for a white South Africa" crystallised the long history of racism of the white workers in South Africa.

The changing circumstances in the country, however, appear gradually to be having their effect on the enlightenment of white workers. The *Directory* notes a "steady" decrease in the racial division in the union movement since 1980 with the number of racially exclusive unions having declined from 96 in 1985 to 62 in 1990.

A striking phenomenon that the *Directory* points out is that union membership continues to grow in South Africa despite a stagnant and shrinking economy. Between 1980 and 1990 the membership of registered unions increased from 808 054 to 2,4 million. This will not bring much comfort to those sections of management and government who hope to slash workers' living standards in order to solve the uncompetitiveness of South African producers internationally.

The *Directory* attributes the dramatic growth in union membership to heightened political consciousness of workers coupled with the organisational efforts of union organisers.

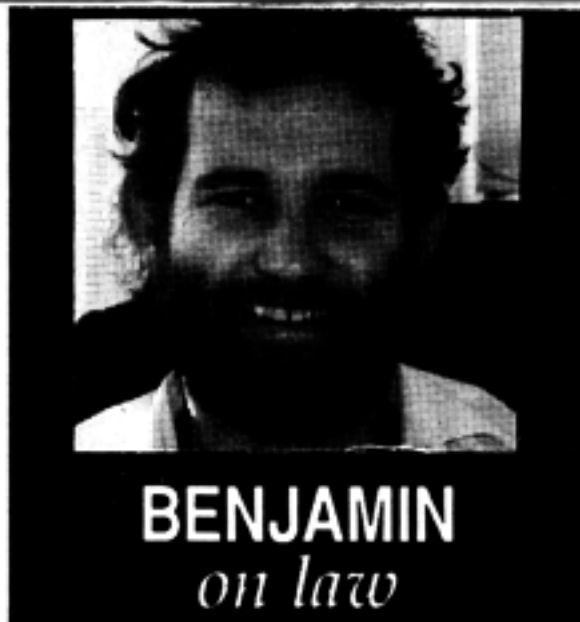
"Over and above that, however, the tangible gains made by unions in terms of wages and conditions of service for their members has clearly demonstrated to workers the benefits of unionisation. In 1990, unions negotiated pay increases that averaged 17,4%."

This should put a stop to the claim that unions intimidate workers to strike. Workers go on strike because of the importance of defending the gains they have won through being members of unions.

The *Directory of South African Trade Unions* provides valuable information about the broad trends in labour relations and in the economy in general. It also provides detailed information on the names of leaders, phone numbers, membership and policies of the country's registered trade unions. For employers, universities, researchers, government departments and trade unions themselves, this *Directory* is a must. Let us hope SALDRU staff will not tire. ☆



DOWN  
WITH  
THE LRA!



AWAY  
WITH  
VAT!

# UNIONS AND STAYAWAYS

*Legal Notes is written by PAUL BENJAMIN of the Centre for Applied Legal Studies*

**S**tay-aways have been an important tactic of trade unions in South Africa in recent years. Many workers have been dismissed for participating in stay-aways and a large number of cases have gone to the industrial court challenging the fairness of these dismissals. This note summarises the rulings in some of these cases and looks at the implications for the trade union movement.

## **Different types of stay-aways**

As far as the law is concerned there are different types of stay-aways. They can be separated into those in which a demand is made and those containing no demand. An example of a stay-away with a demand was the protest against the Labour Relations Amendment Act of 1988. A demand was made that the

government change the law. In contrast, where workers do not go to work on 16 June they are usually not making a demand.

A stay-away containing a demand is an illegal strike in terms of the Labour Relations Act and participation in it is a criminal offence. A stay-away not involving the making of a demand, on the other hand, is not a strike. Therefore the VAT protest, which contained demands addressed to the state, was an illegal strike.

The attitude to stay-aways adopted by members of the industrial court and judges of the labour appeal court vary greatly. The majority of them are extremely critical of stay-aways. They point out that stay-aways carry an enormous cost to the country's economy. The one exception to this approach is found in a judgment in the industrial court

by Mr Bulbulia, the Deputy President of the court. He said that a one-day stay-away called by a national grouping such as a trade union federation in protest against an issue affecting workers' immediate interests (such as the Labour Relations Amendment Act) could be considered to be a legitimate action. The dismissal of participants would therefore be unfair.

This approach is in line with the standards of the International Labour Organisation which has said that workers should not engage in political strikes aimed, for example, at the overthrow of the government. However the ILO accepts that it is legitimate for workers to stage industrial action aimed at the protection of their socio-economic interests. This would include protests

against labour legislation or the introduction of a new tax. Unfortunately, the rest of the industrial court has not accepted this view.

**The dismissal of workers for stay-aways**

Employers generally do not want to dismiss all workers who have participated in a stay-away. This would be extremely expensive and require them to replace their entire workforce. On the other hand, many employers want to take some disciplinary action to prevent further stay-aways.

For this reason some employers have dismissed those workers on final warnings who participated in the stay-away. Sometimes this approach is applied to all workers with final warnings. In other cases it has been limited to those with final warnings for time-related offenses such as absence from work, and late coming.

The unions challenged the fairness of this type of dismissal. They said that this allowed employers to selectively dismiss some of the workers involved in a stay-away. Initially, the unions had some success with this argument in the industrial court.

But now the argument has been rejected by the labour appeal court. In a case arising out of the September 1989 protest against the LRA amendment (*NUM v Amcoal*), it accepted that it was fair to dismiss some of the

participants by taking account of employees' disciplinary records. That judgment was given before the VAT strike and many employers took advantage of the decision to dismiss all workers on final warnings.

In another case arising out of the September 1989 stayaways, the union, again NUM, lead evidence that COSATU had followed every possible avenue to change the law and it had no option but to call the stay-away. Therefore the stay-away was legitimate and all dismissals were unfair. The court rejected this.

It was critical of the fact that the stay-away was in breach of the recognition agreement, that the employer had been given no notice and that it lasted two days. It therefore ruled that as the stayaway was not legitimate, and selective dismissals were not fair. This case is now on appeal.

**Individual circumstances**

The court has been much more sympathetic to employees who state that they were unable to come to work because they feared violence or could not get transport. However, the court will not accept this type of justification unless the employee leads concrete evidence to establish his/her fears or transport difficulties. In addition, the court is not sympathetic unless the employee has raised these

issues at any disciplinary hearing.

**Dismissal hearings**

The court has accepted that an employer who wishes to dismiss some workers for participating in a stay-away must give them the normal hearings and appeals. This is because they are being dismissed for their individual misconduct. A collective hearing is not good enough. The employee must be given the same procedures as if he or she was being dismissed for any other offence such as theft or late coming.

**Responses for the unions**

In future many employers will, as they did in the VAT stay-away, dismiss workers with final warnings. How can the unions respond to the court's approach in the *NUM v Amcoal* case? One way would be to say that workers on final warnings should not take part in any future stay-aways. While this advice might ensure that no one gets dismissed, it is probably impractical. Another approach would be for those on final warnings to apply for paid or unpaid leave on the day in question.

It is clear that the unions need to think strategically about current employer responses to stay-aways. Many employers do not dismiss. But the labour appeal court has, through its judgment, allowed employers who wish to, to use stay-aways as an opportunity to effect dismissals. ☆



# Wage settlements show declining trend

The Labour Research Service has completed its biannual review of labourers' settlements in the period July to December 1991.

The information is taken from the Labour Research Services Actual Wage Rates database (AWARD), a database of trade union wage agreements.

## Lowest level

The recession and tough management tactics brought average wage increases in the second half of 1991 to the lowest level since AWARD began monitoring wages. On average, the lowest grade obtained an increase of 18% in the second half of 1991. Higher grades are likely to have received somewhat less.

The commercial sector achieved an excellent 22,2% on average in the second half of 1991. The second best-performing sector was the paper and paper products sector, with 21,5%. In municipalities, the average labourer's increase was 21%. The average increase for mineworkers graded A1 was 12%.

Only 60% bargaining units beat inflation in the second half of 1991.



*Economic Notes is supplied by the Labour Research Service (LRS), Cape Town*

## Breakthrough for TGWU

Southern Star, where the Transport and General Workers' Union negotiates wages, awarded the highest increase in the second half of 1991, with a 110,7% boost in labourers' wages. This brought the wage to R187,50 and was an important breakthrough in the union's newly-adopted wage policy.

The average wage set in 128 bargaining units in the second half of 1991 was R214,05. Mining and local authorities were excluded from the average. The

average wage would be R151,33 if they were included.

## Mercedes at the top

Seven of the companies in the Top Ten league table of wages are auto companies. The other three are in the food sector. Mercedes Benz pays the highest wage of R356,80 per week.

The monthly wage for the lowest paid worker in the Public Service is only R538 per month. By contrast, Transnet workers get R900 per month, and Post Office and Telkom workers get R851 per month. The largest municipalities also pay considerably more than the Public Service.

The Labour Research Service expects economic conditions will be slightly improved for some workers and their trade unions in 1992. Wages will rise somewhat in real terms, employment will increase slightly, and inflation will fall a little. ♦

## Top ten wages: Current wage and increase over 12 mths

Rank	Company	Wage	Increase	Union
1	Mercedes Benz	R356.80	18,9%	NUMSA
2	Volkswagen	R346.00	15,3%	NUMSA
3	Unilever	R345.02	14,6%	FBWU
4	BMW	R342.80	25,1%	NUMSA
5	SAMCOR	R332.00	13,7%	NUMSA
6	Robertsons (Prospecton)	R315.10	19,1%	FAWU
7	Beacon Sweets	R314.00	14,6%	FAWU
8	Delta Motor Corp	R312.00	23,8%	NUMSA
9	NISSAN	R310.00	8,4%	NUMSA
10	TOYOTA	R310.00	5,9%	NUMSA

## Mild recovery expected in '92

A mild upturn in the South African economy is expected this year. Most economists say the economy will grow by 1% or 2%. This is not enough, however, to absorb population growth (2,5%) so poverty will increase on average.

The strengths of the economy in 1992 will be:

- a slightly lower inflation rate
- lower interest rates
- greater exports of manufactured goods
- continued high government expenditure
- moderate increases in real wages
- satisfactory foreign currency reserves

But deep weaknesses will prevent boom conditions from developing:

- a serious drought causing further decline in agricultural areas
- continued low levels of fixed investment (new machinery and factories)
- more retrenchments in certain industries like textiles where protection from international competition is being removed
- a low gold price leading to further mining retrenchments in 1992
- continued low prices for other raw mining exports such as platinum

The LRS predictions for 1992 appear below. ❖

	Actual 1991	Prediction 1992
Inflation	15,3%	14%
Interest rate (prime)	20,25%	19%
Gross domestic product	-0,5%	+1%
Gold	\$362	\$360
New cars sold	205 000	200 000

### Company profile:

## National Sorghum Breweries

National Sorghum Breweries LTD (NSB) is a public company but it is not listed on the Johannesburg Stock

Exchange. Its main business is the manufacture and distribution of traditional African beverages.

Employees of NSB own 29% of NSB - the biggest slice.

The company operates 18 breweries, with distribution depots throughout South Africa. It employs 3 500 workers. The company is involved mainly in sorghum beer brewing. But its goal is to expand to all aspects and

branches of the food, beverage and leisure industry.

NSB's sales have increased consistently since 1989. Sales increased by R45,9m in 1991 and R43,9m in 1990. NSB's executive chairman, Mohale Mahanyele, believes that this success was due to the management's concentration on addressing the product's strength. Few marketing and advertising companies knew or understood the product, he said (*Business Day*, 28 October 1991).

A 14,8% increase in sales in 1991 was responsible for a 15,3% increase in profits after interest and tax. This means that NSB increased its efficiency and workers were more productive.

*Finansies & Tegniek* (18 December 1991) reported that NSB purchased Rico Breweries for R6,6m at an auction sale, after the holding company Transvaal Distillers was liquidated. ❖

Source: *McGregors - Online*

## The rich get richer: it's time for a wealth tax

1991 was a good year for South Africa's 20 richest families. Taking these super rich families together, their total worth increased from R6,9bn to more than R10,8bn in 1991. This represents a 57% increase in wealth!

*The Financial Mail*



(20 December 1991) surveyed these families on the basis of their holdings in their own "family" businesses listed on the Johannesburg Stock Exchange. So this measure is a conservative estimate of these families' total wealth.

Many of these families have built up outside interests (overseas investments, cash deposits, fixed interest securities, property and unlisted companies) from profits over the years. These were not included in the Financial Mail survey.

The "family" presence in their businesses is clearly seen. In some family businesses, the founders are still closely involved - such as Liberty Life's Donald Gordon, Pick 'n

Pay's Raymond Ackerman, Ventron's Bill Venter, Keeley Group's Fred Keeley or FSI's Jeff Liebesman. In other companies - such as Anglo American (Oppenheimers), Rembrandt (Ruperts), Anglovaal (Hersovs and Menells) and Elcentre (Mowszowskis) - control is held by the children or grandchildren of the founders.

The Oppenheimer family is log leader with R2,87 billion rand in wealth!

A 5% wealth tax on just the 20 richest families would bring in over R500 million per annum - enough to employ 100 000 unemployed workers for a year in a Public Works Programme! It is time for a wealth-tax. ❖

## Food prices: report for the VAT co-ordinating committee

### Summary

1 The nutritional status of the nation is at a serious risk. A large number of citizens, especially young children, are malnourished for want of sufficient incomes to purchase wholesome food.

2 Lack of income is the most important factor determining nutritional status. The other side of income is price.

3 Food prices are soaring. VAT is partly to blame, especially in October. Suddenly, people had to pay sales tax on a wider range of foodstuffs. But businessmen in the food industry exploited VAT to the full, even before it was officially introduced.

4 The annual increase in the food CPI in the year to December was 28,3%, the highest figure since 1981, compared with the overall CPI increase of 16,2%.

5 That 28,3% increase in the food Consumer Price Index may also be compared with the food Production Price Index of only 13,8%. There's obviously something very wrong with the system of food distribution after it leaves the farm.

6 Meat prices rose by 39% in the year to December 1991. No other item in the basket of

### The top 20 richest families in South Africa

	Family	Main company	Wealth in 1991
1	Oppenheimer	Anglo American	R2 872m
2	Rupert	Rembrandt	R2 818m
3	Gordon	Liberty Life	R 890m
4	Methven	Rainbow Chickens	R 595m
5	Ackerman	Pick 'n Pay	R 487m
6	Venter	Ventron	R 428m
7	Hamilton	Suncrush	R 387m
8	Wiese	Pep	R 335m
9	Jowell	Trencor	R 322m
10	Wessels	Toyota	R 300m
11	Hersov & Menell	Anglovaal	R 270m
12	Lewis	Foschini	R 221m
13	Krok	Twins Pharmaceuticals	R 208m
14	Liebesman	FSI	R 127m
15	Hurwitz	Clinic Holdings	R 114m
16	Imerman	Royal Beech-Nut	R 97m
17	Sacco	Associated Ore and Metals	R 86m
18	Keeley	Keeley Granite	R 85m
19	Barrow	Fedlife	R 66m
20	Mowszowski	Elcentre	R 61m

goods measured by the Consumer Price Index rose by as much. With the exception of fruit and nuts (56%). But fruit and nuts form only 1,2% of the basket. Meat is weighted as 6,2% of the basket.

7 It follows that, of the 16,2% overall increase in consumer prices in the year to December 1991, meat prices made the largest contribution. About 2,4 percentage points of that 16,2% can be attributed to meat.

8 As with other goods, retail meat prices have soared above the producer price of meat.

9 Meat production grew faster than the population of South Africa until the early 1980s. Thereafter, meat production fell below the growth of the population. If this trend continued into the 1990s, then it is no wonder that prices are higher: a larger population has had to be content with smaller meat production.

10 South Africa is one of the world's few net exporters of food. Yet many South Africans do not have enough to eat. Meat - which is the main contributor to food inflation - is also successfully exported. Meat products worth R500 million were exported in 1990. Total food and agricultural exports amount to about R4 billion in a normal year, even under sanctions. Now that sanctions are being lifted, there are fears that growing exports are reducing supplies to the local market, and so prices are rising in response.

**Please note that, as of this issue, inflation figures use 1990 as a base and no longer 1985.**

<b>Inflation</b>	<b>Consumer Price Index</b>	<b>Annual rate of inflation</b>
	<b>(1990=100)</b>	<b>(% increase over 1 year)</b>
<b>Area</b>	<b>Jan 1992</b>	<b>Jan 91 - 92</b>
Cape Town	125.9	17.2%
Port Elizabeth	124.1	14.5%
East London	125.3	16.7%
Durban	124.0	16.0%
Pietermaritzburg	125.6	16.8%
Witwatersrand	125.9	16.7%
Vaal Triangle	121.2	13.2%
Pretoria	124.2	14.7%
Klerksdorp	124.6	14.9%
Bloemfontein	120.2	13.8%
OFS Goldfields	123.9	14.1%
Kimberley	124.1	16.2%
<b>South Africa</b>	<b>125.1</b>	<b>16.2%</b>

Source: Central Statistical Service

11 Maize and wheat producers are protected against cheaper imports. Their prices are set by control boards on which producers predominate. As a result, much land planted to wheat and maize is uneconomic for the purpose. Wheat and maize are grown there only because the South African producer price is artificially high. Until South African farmers become more efficient, or cheap imports are permitted, wheat prices and therefore bread prices, and the price of maize product, will continue to be excessively expensive.

12 Massive conglomerates dominate the food industry from production to distribution. There are horizontal as well as vertical links. It is difficult to believe that prices are formed entirely

by competition.

13 Most companies in the food sector have improved their profitability in recent years. The profit margins of manufacturing companies also improved. Given the abnormal increases in food prices, this means that profitability was raised at the expense of the consumer.

14 A telephone survey of economists and parties concerned with the food industry brought to light the following causes of excessive food inflation: the absence of competition, profiteering by retailers, the excessively high cost structure of retailers, inelastic demand for food, the introduction of VAT, and the market power of food companies, control boards and manufacturers' associations. ☆



Howard Gabriels interviews SALIE MANIE, chairperson of the Cape Town branch of the SAMWU and recently co-opted member of the Western Cape ANC Regional Executive Committee

## The leader in the Cape Town municipal strike in 1990

### Early days

I am 42 years old, the eldest of six children. I was born in District Six. My father had a very serious accident when I was about twelve years old and so he was an invalid for many years. We lived off a small government grant which my mother supplemented by selling samoesas and dresses.

My mother was a religious instructor at the mosque. Religion has always played a central role in my life. The concept of justice have been ingrained in our family. My mother brought us up not to compromise on what was right. If something is right, it is right. I believe in God. I also believe in social justice. I still see myself as a Muslim, but I also see myself as a socialist.

When I matriculated, I was forced to go and work because I was the eldest one in the family. My first job was as an accounts clerk, but then I started as an apprentice as a radio and television technical.

One incident that I can still vividly remember happened when I was working at this company that sold expensive audio equipment. A person from Bellville reported a fault and requested a technician. I was asked to attend to this call.

I went to this house dressed in my white coat armed with a bag of tools. When I got to the door, this white guy opened and asked: What do you want. I said I was sent to repair the hi-fi. He said: "Ek laat nie hotnotte toe om

aan my goed te werk nie. Vat jou hier weg voor ek my geweer gaan haal en jou skiet." (I don't let hottentots work with my things. Get yourself away otherwise I'll shoot you.)

I eventually started my own little radio and TV repair shop which I had for eight years. Then I decided to sell up and go to university to study for a BSc. While waiting, I got myself a job at the City Council.

### I join the unions

Within six months I was elected as a shop steward. Things happened very fast. I was then in my mid thirties. I started to throw myself into the union. Six months later I was elected as the vice president for CTMWA. I served on the planning committee to launch the national union for municipal workers. It was a difficult task to bring the five unions together. There were union that were aligned to the UDF and also unions that were close to FOSATU. At the time we emphasised the need to build a solid organisational infra-structure.

Looking back it was a correct approach, Today our membership stands at 80 000. Our union is growing at a very fast pace and even now we have to review our structures.

Meetings were normally conducted in English, so only a few people would speak in the meetings. I felt it was important that this changed. I started to address meetings in

Afrikaans, in fact in "Kaapsetaal". I felt that we needed to make everyone feel comfortable to express their views regardless of language and content. Many shop stewards who previously would not speak started to participate in the meetings. More people became more active.

Another event that was important in changing the union was when in 1987 the workers mainly in the cleansing department wanted to go on a go slow. The workers were not happy with the wage offer of the council. Initially the leadership were cautious, but workers went on the go-slow and so started to experience what worker power really meant. One can talk about worker power, but once you have a taste of it you cannot go back.

A seed was planted, but it did not take years to grow into a tree. Something happened which made the seed just burst into a thousand pieces and grow all over the show. Workers were now prepared to take up issues and challenge management. Ordinary workers were standing up on issues they would normally accept.

We then consolidated the organisational infra-structure. We had many depot meetings. The union went down to the grassroots. The question of report-backs and mandates became very important. It took workers time to understand what a union is and how workers control it via the elected structures. They started to understand they were the union.

In 1990 the big strike took place. The workers rejected the council's wage offer. The workers were determined to fight for a living wage. We expected to have about 1 000 workers to demonstrate at the civic centre, but ended up with about 10 000, singing songs that they create around their demands.

One day when I had to address the crowd. Council said they were not prepared to negotiate further, but that everyone must leave the civic centre and return to work. When I asked people to put up their hands in favour of leaving, not a single hand went up. And ten thousand hands shot up when people voted to stay. Then they shouted: "môre weer". That day one could see democracy in action.

Today we have an extremely militant

workforce who are aware of their rights.

The developments in the garment industry have had a big impact on us. Often one would find a council worker married to a garment worker.

Coloured workers were caught in that in-between situation, between the privileged and those that were deprived. Whilst they were treated better, they also looked down on those who were less privileged. But in their own work situation they had all the reasons to feel disgruntled. They were also discriminated against. .

### **From theory to bread-and-butter issues**

If you look at CTMWA, the approach then was that you debate all the heavy political issues with the accompanying theory and the need to take the working class forward. The change came about when we started talking bread and butter issues and moved away from the rhetoric. We dealt with the same political issues in simple language that everyone could understand. When the workers started to see what politics was in that kind of language they realised that it was within their grasp.

The achievements of COSATU and UDF are key considerations when the ANC wants to develop a strategy to draw in the coloured people. The ANC has to ask why people who are opposed to the NP and the apartheid government, people who are prepared to demonstrate their opposition, do not want to become active in the ANC. It points to inadequacies in the ANC and its approach to organising the coloured workers. The ANC is still perceived as an African organisation. This is an even bigger problem with the whites. The ANC must find ways to draw in all people who are opposed to apartheid. The task of presenting the ANC as a truly nonracial party needs to be addressed by taking up the issues that are relevant to the community that it wants to organise.

### **Major challenges**

We face many challenges today in the union and in the country.

One is the establishment of a single public



sector union. This is presently being addressed in SAMWU and COSATU. I believe it is the only way to go and that SAMWU has an important role to play.

The restructuring of the economy will have an impact on all aspects of society. Debates are still dealt with at an ideological level. We need to deal with the issue in a practical way. The public sector now is a very inefficient machine.

It is not good enough to do what the establishment is calling for. They want to have a reduced public sector and a reduction of the role of the state in the economy. We should take into account the size of the public sector. More than 60% of all whites that are employed are employed in the public sector. The NP has employed some of these people regardless of the contribution they can make. The same inefficient system also affects the very same people we represent. We need to be clear we do not seek to solve a problem on the one side and create a bigger problem on the other.

When we talk about the new public sector it will mean that some people will be affected, including the people we represent. Especially when one wants to avoid the duplication that apartheid caused with its homeland policy and many racist departments. Workers have an understanding of the discrimination that is still taking place. Workers understand how they are wasting the tax payers money.

Local government is another important issue. If we are working for a truly democratic society, then we must bring government as close as possible to the people. The Nats are also saying this, but I believe with ulterior motives. But we also need to have a strong central government in order to correct the inequalities of the past.

There are many important aspects of local government on which SAMWU can make a contribution. Take for example the question of traffic control. In our union we have a number of people who have skills in this area and are committed to playing a constructive role in the new SA.

What worries us a lot is all these interim measures. We are concerned that some people are saying that the black local authorities must



disband because they are illegitimate. They don't see that SAMWU members are retrenched almost with the sanction of the democratic movement. We feel that SAMWU should not be excluded from the restructuring of the public sector.

It would be a terrible thing if we got the vote, the franchise, but there was no change in our living situation. The unions must ensure the quality of the lives of the workers improves.

### **My family and my work**

I am married and we have three children. For a long time, I had tremendous problems on the domestic front. I was literally involved 6 to 7 days a week for years. I have spent very little time with my family, but I am committed to finding a way to resolve this problem.

I hope that in the next year I will be more successful in playing a bigger role at home. The dilemma is that this is also the most crucial period in SA. By way of an analogy, it is like digging for gold and being a few centimetres away, then saying that my back is hurting and give up. Many comrades have made many sacrifices. Collectively that brought us to this moment. On the other end, I also need to lead my own life. ☆



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