

1992:

*falling wages,
falling membership,
lost strikes, lost jobs*

Photo: William Matlala



1993:

*make or break
for labour*

*KARL VON HOLDT assesses the 1993
agenda for collective bargaining*

1992 was a watershed year for industrial relations in South Africa.

Several important trends that had been established through the struggles of the militant democratic labour movement during the 1980s were reversed. On the other hand, the bargaining agenda broadened significantly, and COSATU and NACTU began to engage in a series of new forums.

First, the reverses:

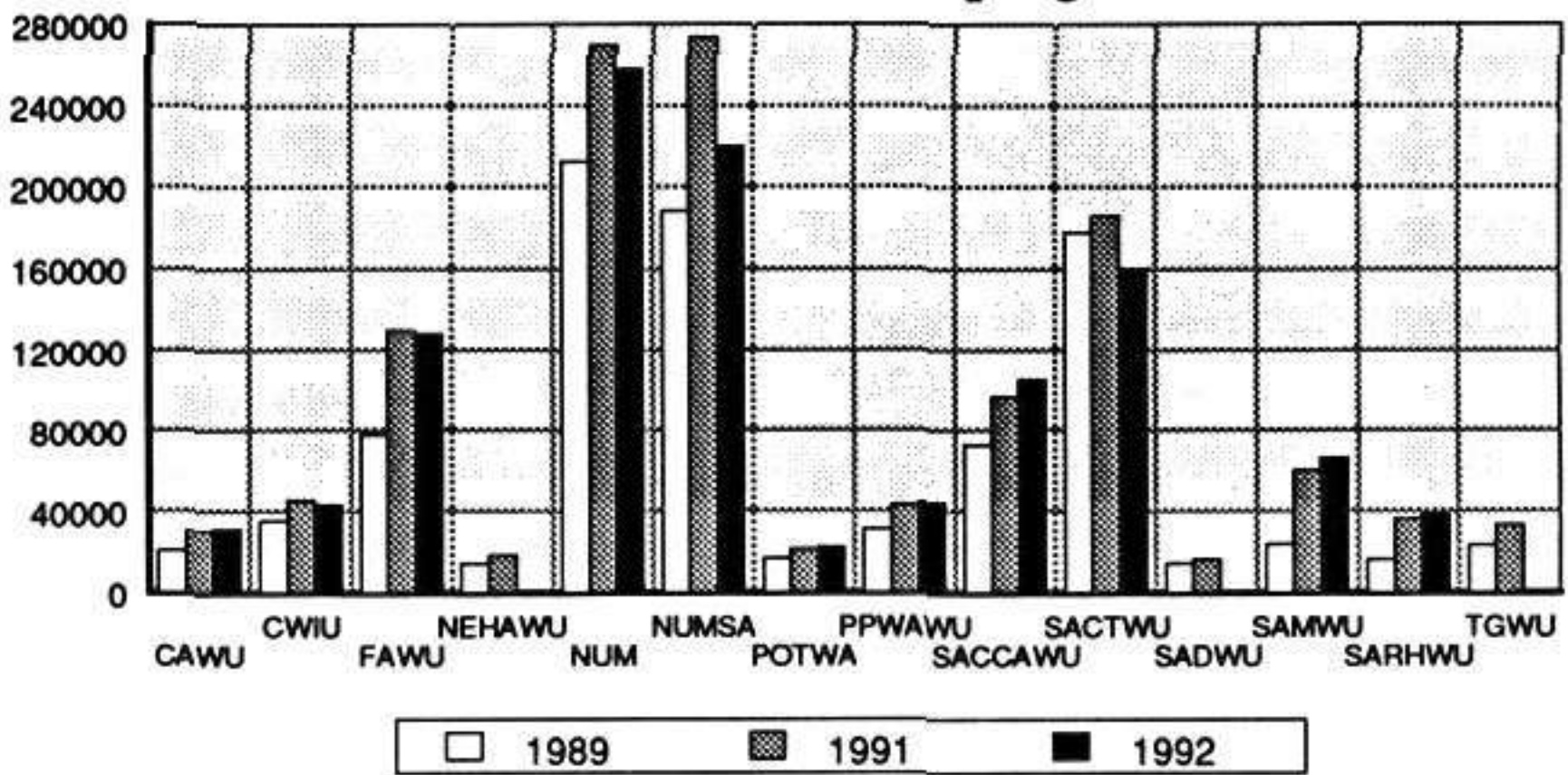
- For the first time many organised workers have experienced a drop in real wages. According to the Andrew Levy wage survey the average wage increase was 12% in 1992, lower than at any time since 1986. It was also below inflation (13,5% in 1992) for the first time since 1986.
- At the same time, while union strike action increased compared to 1991, strikers generally won insignificant extra gains through their action. The most dramatic indication of this shift of the balance of

forces against unions on the wage/strike front was the NUMSA strike in the metal industry. After four weeks, strikers were forced to return to work with no gains, and later settled for an average increase of 9,1%. The increase in mandays lost to strikes – from 3,8 million in 1991 to 4,2 million in 1992 – was due to the large number of long strikes (NUMSA [SEIFSA and TOYOTA], PPWAWU [AFCOL], MWASA [SABC], SACCAWU [Kentucky Fried Chicken and Lubners], NEHAWU [TPA]).

- For the first time since 1980 the militant democratic union movement stopped growing. COSATU's total membership has dropped by about 75 000 since 1991. While some affiliates have grown, most have lost members. Some reasons are the high level of job losses, the diversion of resources to national political and economic negotiations and campaigns, and poor servicing and weak structures in the factories*.

* According to the Department of Manpower, membership of registered unions grew by 150 000 to 2,9 million, while Andrew Levy estimates that membership of unregistered unions grew by some 60 000. These figures are difficult to credit, given the decline of COSATU's membership, and little sign of growth elsewhere.

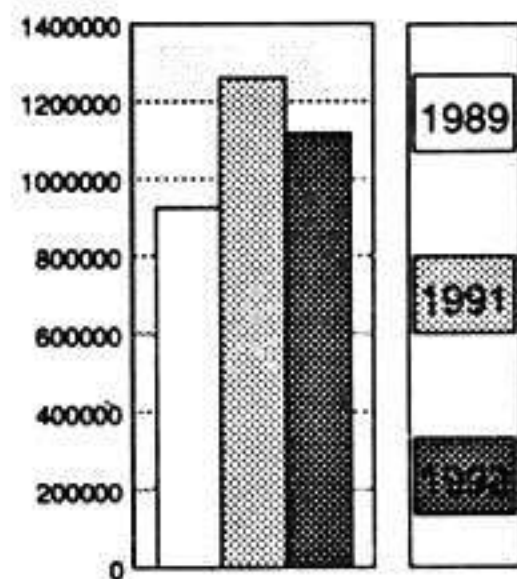
COSATU affiliate membership figures 1989 – 1992



Unemployment worsened and trade unions failed to win employer agreement to moratoria on retrenchments except in the tyre industry. According to the NMC 5,4 million people (40% of the economically active population of 13,4 million) now lack formal employment. Some 100 000 jobs in manufacturing, mining, clothing and textiles and building were lost in 1992.

All of these reverses can be attributed to the serious economic crisis and depression gripping South Africa. On the other hand, trade union struggles led to the establishment of new negotiating forums and new bargaining agendas:

The year started with SACTWU and employers in the clothing and textile industries reaching agreement on a structure of tariffs and subsidies to rescue the industry and promote its development. Although this specific plan was rejected by the government, in the course of the year the Board of Trade and Tariffs convened tripartite industry restructuring committees for the clothing and textile, electronics and auto sectors. Later in the year, NUM overcame employer resistance to negotiating the down-scaling of the gold mining industry, and a joint Chamber of



COSATU membership figures 1989 - 1992

Mines – NUM delegation visited Germany to study the coal mining industry.

The year ended with the launch of the tripartite National Economic Forum (NEF) in November. The demand to form the NEF to negotiate economic restructuring had emerged out of the unions' anti-VAT campaign of 1991.

Unions and employers began to experiment seriously with shopfloor participation. As usual, the auto industry led the way with employers agreeing to provide training for shopstewards which will strengthen their

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ability to negotiate industrial engineering, work organisation, quality performance, and manning levels. One shopsteward in each auto company will become a fully qualified industrial engineer.

- Employers and labour made a genuine attempt to avert the mass action stayaway at the beginning of August, by trying to reach agreement on a national shut-down of one day, and to draw up a charter for peace and democracy.
- Within COSATU there was an increasing gap between the union and federation leadership involved in political negotiations and the NEF and industry restructuring initiatives, and the base of the union movement. This led to a series of organisational debates about how to increase the capacity of the labour movement, rebuild the unions at the base, and expand membership.

This combination of reversals and new developments face the unions with some tough problems and new opportunities. Membership is declining, real wages are falling, and strike action is proving costly and fruitless. On the other hand, trade unions now have access to forums where decisions are made on macro-economic policy, industry restructuring and workplace reorganisation and productivity.

Clearly the industrial relations system is in a process of transition. Not only are new institutions being established and old ones restructured, but the major actors are in the process of redefining their goals and their relationships.

1993 is likely to be the make-or-break year for the trade unions, and especially for COSATU as the leading actor in the labour movement.

Will COSATU be able to shape the new industrial relations system in its own interest? Will it be able to develop a labour centred agenda for macro-economic policy, for industrial restructuring, and for reform of the workplace? Can COSATU do this without being incorporated into the programme of employers and the state, and so losing its own independent base?



Kentucky Fried Chicken strike – one of the more successful of 1993

Photo: William Matlala

Can it manage the tensions within its own structures that come from engaging at so many levels? Can it at the same time develop adequate responses to falling real wages and job losses? Can it avoid being torn apart by the tension between new reverses and new opportunities?

Key issues

For COSATU and the labour movement more broadly, the five key issues will be the following:

1 Wages

The economic crisis will increase pressure on wages. Unions will have studied NUMSA and NEHAWU's defeats and be wary of taking strike action. On the other hand, they will experience pressure from their members who are experiencing ever more desperate living

conditions. Some unions may be dragged into strike action against the advice of their officials.

In 1993, for the first time some unions may offer wage restraint in exchange for training, an increased social wage, and negotiations over industry restructuring.

For the past two years NUM has accepted wage restraint to save jobs in the gold industry, but it has not explicitly offered wage restraint in exchange for other gains. At least one union is discussing whether to propose wage negotiations once every three years. If agreed, this would mark a shift away from wage mobilisation as the dominant thrust of union activity.

NUM has led the way in making path-breaking productivity and profit sharing agreements to cope with the crisis within the gold mining industry. This year there will probably be more negotiations over productivity, production bonuses and profit sharing in various sectors

Demands for moratoria on retrenchments are likely to be replaced by negotiations over funds for training or retraining retrenched workers. Such funds have already been established in the auto industry, metal and engineering industry, mining industry and by Premier Milling in the food industry.

2 Macro-economic policy and industry restructuring

This is the key new area for labour and it holds great opportunities and dangers. Participation in these forums provides the trade unions with opportunities for increasing the power and the influence of the working class, but participation also holds the danger of being co-opted into accepting the policies and programmes of business and the government.



The anti-VAT campaign opened the way for union intervention in economic policy-making

Photo: William Matlala

The labour movement may attempt to limit discussion in the NEF to specific issues where it has concrete proposals, and avoid getting drawn into "consensus making" on broad macro-economic policy. At this stage labour is likely to emphasise the concrete issues of job creation and the

training of unemployed people, VAT and food prices, and social wage issues such as UIF, pensions and a national health scheme.

Unions will experience similar dilemmas in participation in industry restructuring forums. However, unions and their members have more knowledge and experience at this level of the economy, and may find it easier to put forward comprehensive proposals. During 1993 tripartite committees on restructuring specific sectors – the auto industry, the clothing and textile industry, the electronic sector, and the mining industry – will deliver their first results. Many unions are pinning their hopes for job creation on industrial growth created through industrial restructuring.

3 Workplace reform

Over the past two years, management has taken the initiative in introducing schemes designed to elicit worker co-operation and participation. Management intended these 'worker participation' or 'participatory management' schemes (quality circles, green areas, TPQ, etc) to help overcome the high levels of conflict in the South African workplace, and to increase productivity. Most of these schemes have had very limited success, either because of lack of consultation with the unions or resistance from them.

However, several companies are initiating more far-reaching programmes of workplace reform based on the idea of consultation with

trade unions. Some unions – notably NUMSA – are seizing the opportunity to influence change in the workplace, while others are more ambivalent.

In the course of the year COSATU is likely to develop clearer policies on these issues. The result will be a new focus on enterprise bargaining which will compliment the drive for centralised bargaining. COSATU affiliates will start to respond to management initiatives with initiatives of their own, or even place proposals on the table before management has done anything. COSATU affiliates will put forward a global approach to shopfloor change – linking productivity to training and skills upgrading, affirmative action, increasing worker participation in decision-making, and increasing worker autonomy on the shopfloor.

Unions will reject the notion that all productivity increases should come from their members working harder. Instead they will insist on a *multi-factor approach* to productivity – meaning that technology, work organisation, management effectivity and productivity, all have to be taken into account. The auto industry agreement to provide training for shopstewards to “ensure more informed and effective participation in industrial engineering principles, work organisation, quality performance and manning levels” is an indicator of things to come.

The NUM agreement on profit sharing in the gold industry – underpinned by regular consultation on company performance – opens up the debate on how workers can share the fruits of increased productivity. The 1991 production bonus agreement in the gold mining industry provided an extremely complicated way to measure and reward performance, and also undermined a multi-factor assessment – one reason why it collapsed. Although there are difficulties in measuring profits, it may be a more comprehensive way of assessing company performance. During 1993 there are likely to be a range of new experiments in different sectors and companies, including production bonuses, profit sharing and possibly ESOPS.

4 Organisational renewal

For both NACTU and COSATU organisational renewal and increasing capacity will be absolute priorities. COSATU and its affiliates will concentrate on improving management systems, rebuilding or strengthening shopfloor committees and locals, and on improving education and training for officials and shopstewards.

Unions will respond to the lack of membership growth with recruiting drives targeted on specific factories, sectors and areas. There may be a concerted drive to establish agency shops in order to solve the ‘free rider’ problem. Many COSATU affiliates will seek mergers or co-operation with smaller unions in their industrial sectors (see page 30).

NACTU is likely to concentrate on upgrading its educational services and media capacity. NACTU has not made much progress with its project of merging different affiliates in the same sector into single industrial unions. One success was the merging of four affiliates to form the Municipality, Education, State, Health and Allied Workers Union (MESHAWU) which claims a paid up membership of 21 500. Although NACTU will push for other mergers to take place, there appear to be political and organisational tensions between affiliates which are holding up progress.

For most trade unions these organisational issues, and the need to develop policies and strategies for the tough collective bargaining environment, and for industry restructuring and workplace reform, will take precedence over political involvement. Nonetheless, it will take time for re-organising to take effect. The gap between union leadership and base will increase, given the complexity of issues and pace of events.

5 Less political activity

1993 is likely to see less political engagement by COSATU, for two reasons. Firstly, with the end of the mass action campaign and resumption of negotiations between the ANC and government, COSATU has to some extent been marginalised from the political process.

Second, concentration on political activity over the past few years has meant neglecting workplace, organisational and economic issues. COSATU is likely to direct more resources into strengthening these areas. Unionists are calculating that establishing a powerful base on the shopfloor and within industry, as well as within institutions such as the NMC and NEF, will give them more power and influence in a new South Africa than putting all their energy into CODESA horse-trading.

Nonetheless, COSATU will continue to engage in the political arena. Its priorities will be establishing a reconstruction pact with the ANC, and mobilising for elections to a constitution-making body.

With a reconstruction pact, COSATU will aim to establish a concrete policy platform together with the ANC and other popular organisations in preparation for elections. COSATU will want the ANC to commit itself to specific policies on labour, as well as to a programme of economic and social reform.

Current thinking within COSATU is that such a reconstruction accord should rest on 'four pillars': job creation, the development of social services and the social wage, national human resource development, and the expansion of citizenship rights. For COSATU the latter would include constitutional rights such as the right to strike, freedom of association and so on, as well as legislative proposals, for example compulsory establishment of industrial councils in all sectors, extending the LRA to farm workers and the public sector etc.

If there are elections to a constitution-making body this year, COSATU will devote considerable resources to this and probably neglect other areas. However, it is more likely that elections will take place in 1994.

It is highly unlikely that there will be a stayaway this year. This means 1993 could be the first year since 1985 (1984 if one includes the Transvaal stayaway in November that year) that the labour movement has not called a stayaway.

For the time being the era of stayaways is

over. This may seem a strange statement after last year's mass action stayaway, which many regard as the biggest ever, but it is important to recall that both business and labour made strenuous attempts to avoid it. The stayaway is a very blunt weapon, and costly in terms of organisation, energy, pay and dismissals.

Partly as a result of last year's action as well as the 1991 anti-VAT stayaway, political negotiations are now on track and COSATU has access to forums such as the NEF where unilateral government decision-making can be challenged. This will make massive displays of power less important. If necessary, the labour movement will probably use other kinds of tactics on specific issues.

Of course further security force atrocities or a collapse in political negotiations, could create conditions for a return to the stayaway weapon. But even then the labour movement is more likely to seek joint national protests together with other sectors of civil society such as the churches and employers, rather than a stayaway.

Other collective bargaining issues for 1993

The National Manpower Commission

This year will see the first full participation by COSATU, NACTU and FEDSAL in the restructured NMC. The labour movement is generally well equipped to deal with labour legislation and labour market issues, and will put forward well-prepared and supported proposals.

Centralised bargaining

The campaign for centralised bargaining and Industrial Councils (ICs) is likely to be a major trade union pre-occupation this year.

PPWAWU, CWIU and SACCAWU will step up their campaigns for centralised bargaining in the packaging, paper and forestry, chemical, catering, retail, and finance sectors. TGWU will continue its struggle to extend the newly established IC for the contract cleaning sector in Natal to the country as a whole, as well as its campaign for ICs in the security and

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transport industries. CAWU expects to see an IC established in the civil engineering sector.

The Andrew Levy Annual Survey points out that the number of ICs continued to fall up to the end of 1991. This should not be seen as evidence of an ongoing trend away from Industrial Councils and centralised bargaining. It is significant that employer attempts to sabotage centralised bargaining ran into serious reverses last year. Two new ICs were established: one in the contract cleaning sector in Natal after a protracted campaign by TGWU, and one in the public sector (Transnet).

The settlement in the metal industry last year saw SEIFSA and NUMSA agree to strengthen the IC through limiting the right to negotiate wages at plant or company level.

Any movement in the direction of negotiating wages once every three years rather than every year, as well as the possibility of negotiating an incomes policy in industrial councils, will also make centralised bargaining more attractive to many employers.

It must also be remembered that the highly successful auto industry National Bargaining Forum which was established after a union campaign is also not a registered IC and is therefore excluded from figures for ICs.

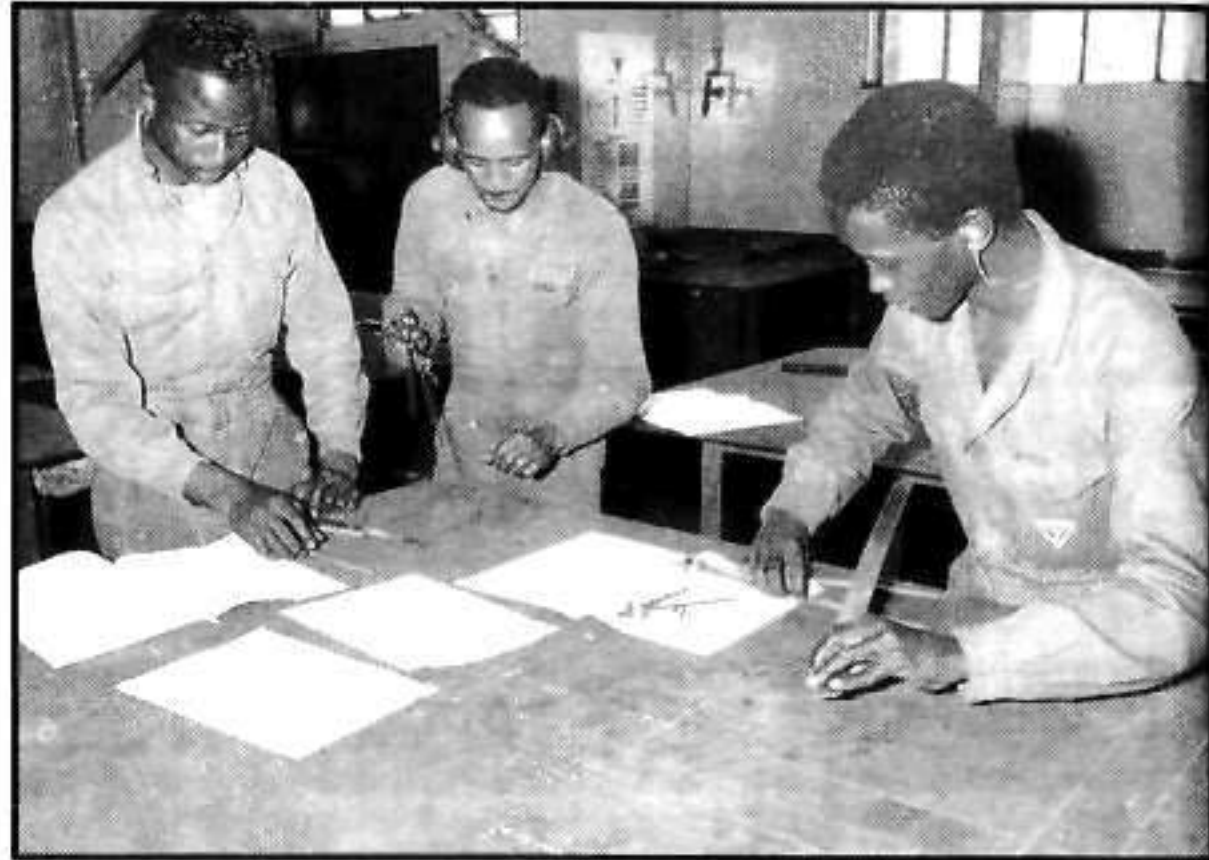
Nor would further reduction in the number of ICs necessarily mean a reduction of their significance. There are a large number of local and company ICs and the collapse of these would not seriously affect the movement towards centralised bargaining. Likewise the merger of local or regional ICs to form a national IC (as SACTWU is demanding in the textile and clothing sectors) would reduce the number of ICs, but extend the scope of centralised bargaining.

Training

COSATU has developed systematic proposals for industry training, skills development, and grading systems. NUMSA has made the most

progress, and this year industry training boards will probably be established in the auto sector, the tyre sector and the metal and engineering industry, with full participation by the union. There will also be negotiations to finalise new grading structures in the tyre and engineering industries.

A number of COSATU affiliates regard this issue as a priority. The biggest struggle is for equal representation on industry training boards that are dominated by small craft unions.



Training: trying to break craft union control

Photo: William Matlala

Among others CWIU, PPWAWU, SACCAWU, SACTWU and CAWU are likely to push negotiations on these issues. The focus on training will be linked to negotiations over industry restructuring, affirmative action and retrenchment funds.

Extending bargaining units

A number of COSATU affiliates will table demands in company negotiations for their bargaining unit to be extended to higher grades of workers. This is motivated by several factors. The slowly increasing number of black artisans means there is more potential for COSATU unions to recruit in these job grades. Expanding the bargaining unit will enable unions to increase their membership at plants where they are already organised. Building a stronger base among more skilled workers will

also strengthen the negotiating position of trade unions in industry restructuring forums, and in negotiating workplace reform.

Labour unity

The slow drift towards co-operation between COSATU, NACTU and FEDSAL will continue, particularly at forums such as the NEF and the NMC. NACTU is likely to continue blowing hot and cold on the question of closer unity with COSATU. This reflects conflicting views between affiliates such as MEWUSA which appear to favour mergers, and affiliates such as SACWU which are highly cautious.

Gender

Women workers' issues and structures are gaining more prominence in both COSATU and NACTU. This may mean that demands that are more specifically directed at problems faced by women workers become more prominent on collective bargaining agendas in 1993. These are likely to focus on access for women workers to training and a wider range of jobs. Sexual harassment at work is also a hot issue, and unions are likely to demand tougher disciplinary action from management.

Public sector

COSATU will focus a lot of attention on the public sector this year. The federation sees an organising drive in the public sector as crucial to increase its ability to challenge the power of the apartheid bureaucracy, and influence the shape of the future state and the quality and extent of its services. It is seen as a sector with potential for membership growth. This year should see movement within COSATU towards the formation of one public sector affiliate incorporating NEHAWU, SAMWU and POTWA.

A burning issue will be restructuring of the public service. Finance Minister Derek Keys has declared his intention to reduce the number of state employees by 30 000.

White-dominated conservative staff associations will resist restructuring and retrenchment. NEHAWU, SAMWU and others

will also resist retrenchment, but will place affirmative action and deracialising the civil service on the agenda. SAMWU in particular is likely to develop proposals on how the local authorities can be restructured to ensure that services reach the black communities.

Farm workers

Extension of the Basic Conditions of Employment Act (BCEA) and the Unemployment Insurance Act (UIA) to farm workers early in 1993 will create new scope for organising farm workers in defence of these new rights, but the extension of basic trade union rights via the LRA will only happen in 1994. This means that there is unlikely to be a great surge of organisation on the farms, particularly given the weakness of both COSATU and NACTU organisation in this sector. The main arena of activity is likely to be the NMC where the extension of the LRA and the Wage Act to farm workers will be negotiated.

Make-or-break

Last year was the toughest negotiating year the militant democratic trade union movement has faced in a long time. Material gains were very few. On the other hand, the labour movement established itself as central to the process of economic reform and industrial restructuring, and so opened up new opportunities for the working class.

During 1993 the labour movements' capacity to utilise those opportunities – and avoid the many pitfalls – will be tested to the full. The economic environment will impose even tougher pressures on collective bargaining.

This will be the make-or-break year. Either the unions will find the capacity to drive forward and establish a new industrial relations and economic framework that entrenches labour at the centre of change, or it will be forced into a defensive and reactive mode.

Although the tasks are formidable, the labour movement has proven itself to be innovative and sophisticated in the past. There is good reason to believe it will succeed in rising to the new challenges. ☆