

## PE Auto Industry – The End of an Era (1)

"People here no longer talk about the scarcity of jobs, but the non-existence of jobs." - Ford shop steward.

"We don't see that the social and economic changes that are necessary to bring about increased employment in this area will find favour with the Government." - Fred Sauls, general secretary, National Automobile and Allied Workers Union.

When Ford closes its remaining assembly plant in Port Elizabeth in June it will immediately put 950 workers on the streets. Relatively generous retrenchment benefits, however, do not seem likely to dull the bitterness of Port Elizabeth motor workers, who do not believe that the benefits will tide them over until they find new jobs. They do not believe there will be new jobs.

The withdrawal of Ford from the region raises two important issues: one is the future for trade unions in the motor industry, particularly the Motor Assembly and Component Workers Union (MACWUSA) whose strongest (and some would argue, only) base in the PE motor industry was in the Sierra plant at Struandale (previously the Cortina plant). The June closure of the Sierra plant will affect close on 800 MACWUSA members, about one third of their current claimed membership in the Eastern Cape. The National Automobile and Allied Workers Union (NAAWU), the largest in the COSATU stable in the Eastern Cape, with over 11,000 members, has also been hard-hit by the recession in the motor industry and particularly the withdrawal of Ford from the region which so far has cost it 2,200 members. The question of a merger, between not only the motor unions, but other unions in the metal industry is now high on the agenda. The other issue, of course - and a more complex one - is that of disinvestment. Is Ford's withdrawal from the region and its merger with the Anglo-American owned Amcar a step to disinvest and, if so, how are the unions reacting to it? We begin with an examination of the crisis in the South African motor industry.

### Missing consumers

"Many US companies have stayed in South Africa waiting for the black market to take off. It hasn't. Blacks simply haven't become the consumers everyone was hoping for." - David Hauck,

Southern African specialist with the Investor Responsibility Research Centre in the USA.

since 1982, over 6,000 motor industry workers in Port Elizabeth have been retrenched. Nationally, over 35,000 workers in the motor assembly, components and retail industries have lost their jobs in the past 18 months.

Employment in the motor assembly plants, which peaked at 50,000 in 1982 during the mini-boom in the industry, had dropped to fewer than 39,000 by 1985. The Motor Industries Federation estimated then, too, that the motor retail trade had shed about 15 percent of its workforce in one year, while the National Association of Automobile Components Manufacturers estimated that 10,000 jobs had been lost in 1985. (2)

Both the component and assembly industry have been operating at greatly reduced capacities in the past year. The components industry is operating at about 32 percent of its capacity, according to one estimate, while motor assembly workers have been hard-hit, not only by retrenchments, but by short-time, plant closure and forced extended holidays.

Motor car sales have shrunk by 33 percent in the past five years - from 301,000 in 1981 to 200,000 by the end of 1985. Declining car sales seem a peculiarly South African phenomenon, not reflected in world-wide trends. Car sales in the UK increased in the same period from 955,000 to 987,000, in Japan from 6,9 million to 7,4 million and in Australia, which has a market size comparable to South Africa, from 358,000 to 402,000. The motor industry in South Africa is geared to produce 700,000 cars a year. Even in a "good year", it has been able to sell only half that amount.

Industrialists blame the crisis in the industry on the "overcrowded market" in South Africa, while some also attribute blame to "rising labour costs." There are 11 motor manufacturers in South Africa, they point out, operating in a shrinking market to sell 250 different versions of passenger cars and 120 variations of light commercial vehicles. (4)

It is clear, though, that one of the major problems is, as Hauck would put it, the "economic constraints of apartheid". More bluntly, most of the South African people are simply too poor to provide any market for the motor car manufacturers. Statistics last

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year indicated that blacks own approximately one tenth of the number of cars owned by whites in South Africa. White car ownership is 450 per 1,000, while the concentration of black car ownership is about 40 per 1,000. (5)

About 75 percent of motor sales in the past have been to companies - sales which have now been badly affected by the perks tax. The market for cars in South Africa has not only not grown, contrary to US companies' expectations, it has declined. The standard of living for most people in South Africa does not accomodate privately owned cars, and the profit realisation of the automobile companies has become seriously threatened.

### Ford Motor Company - 60 years in Port Elizabeth

"On paper Samcor - 60 percent owned by the mighty Anglo-American, 40 percent by Ford of Canada - is doing all the right things, painful though some may be in the short term." - Finance writer, The Star, 19.12.85.

"When the issue of closure was clarified, the workers just said to hell with Ford, we just want our money then let them fuck off." - Fred Sauls, NAAWU general secretary.

The story goes that in 1905 the Ford Motor Company picked the name of a Port Elizabeth hardware merchant out of a catalogue and asked him whether he would distribute Fords for them in South Africa. In 1924, Fords began to be assembled in PE with parts coming from Canadian Ford subsidiaries.

Until the early 1960s, local content of vehicles produced at the PE plant was about 15 percent. After that legislation required that South African assembled cars comprise at least 66% of locally manufactured components. The Neave plant, which closed down at the end of last year, was built in 1948 and originally comprised the whole of Ford's South African operation. Before closure it assembled Granadas, Escourts, Ford one tonner Cargo trucks, tractors and Bantams. The Strandale complex, situated near the African township of New Brighton, consists of an assembly plant and various parts and services warehouses. The Cortina plant was established in 1973 and originally employed about 700 workers.

When the company announced its merger with the Anglo-American owned Amcar at the beginning of 1985, the total workforce was

4,720, of which 1,975 were employed at Struandale (Sierra) assembly plant and engine plant. At that point Ford SA ceased to exist as a separate company. Ford Canada now owns 42 percent of the South African Motor Corporation (SAMCOR), while Anglo-American owns the rest.

The company announced that the Neave and truck plants would close during the year, but assured workers and the public that the Sierra plant would remain in operation "for some six or seven years" (6), as would the engine plant. The Neave closure was expected to cost about 1,700 jobs at the time. It was a bitter blow for the motor unions in Port Elizabeth, particularly NAAWU, which had lost most of the 900 workers retrenched from Ford the previous year. "Painful... in the short term", as a financial journalist wrote, is one way to describe the loss of 2,200 jobs and the impending loss of a further 950. NAAWU and MACWUSA both vowed to fight the merger "on the factory floor" (7) while Les Kettledas, of NAAWU, accused Ford and Anglo-American of "acting in a completely irresponsible manner towards the social responsibility that they espouse."

NAAWU had learnt of the merger on January 30 - the day before it was publicly announced - "but now we learn that negotiations [between Anglo and Ford] have been going on for a whole year," Kettledas said. (8) "What Ford does not seem to realise," Kettledas said later, "is that it will not be 2,000 employees out of work but 2,000 families living without an income."

A year after the merger was announced, Fred Sauls, NAAWU general secretary recalled: "We started off trying to get the company to talk to us [about the possibility of the merger] but they said nothing was confirmed. The only time they wanted to talk to us was when the announcement of the merger had already been made. We couldn't mobilise around the issue. We then warned our membership that if they were moving Neave to the Transvaal, in terms of logic the engine and Sierra plants would also move. Then, when the issue was clarified, the guys said: To hell with Ford. We just want our money then let them fuck off."

The Neave plant closed at the end of the year leaving about 1,300 people without jobs. About 150 at the Sierra plant also lost their jobs, because Ford retrenched according to the last in, first out (LIFO) system and some Neave workers were shifted to other plants. The Sierra workers who survived the December retrenchment returned

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to work from the Christmas break, only to be told a week later that the Sierra plant was also to close, in spite of several assurances to the contrary.

A MACWUSA shop steward at the Sierra plant, Siphon Dubase, said he believed the decision had taken even the local management by surprise. "The managing director [of SAMCOR], Spenser Sterling, came down and they arranged for hush-hush meetings with the superintendent and told them of the decision of the company to close down the plant by the second half of this year. Then they called us to a meeting and it was just a matter of informing us, not discussing it. It was just a matter of take it or leave it. The workers were disappointed and angry at the same time. They were disappointed because management had made a promise to workers who had survived the December retrenchment that they had not intended to keep. We had opened new accounts, thinking we were going to retain our jobs, but when we came back from holiday we got this shocking news."

"They were angry too, but they felt powerless, so just had to contain their anger. After all these years of working for the company, the company was just pulling the mat from under their feet. It seemed not to care about the welfare of its workers. Moreover, the closure was not something that was decided overnight. They told people at the eleventh hour and were not considering the fact that people had serious commitments and were planning for their children."

Severance pay negotiated between Ford and MACWUSA, which had a substantial membership at the Sierra plant, and NAAWU, which has been hardest-hit by the Ford closure, are generous by most standards, Mr D P Pieterse, Ford's Employee Relations Manager, confirmed workers would receive 50% of their earnings for a minimum period of twelve months, up to a maximum of 18 months, depending on length of service. UIF payments will supplement income for the first 6 months. But in the context of Port Elizabeth in 1986 this is no more than a stop-gap measure. Significantly, part of the retrenchment agreement was that the company donate R50,000 to the Port Elizabeth School Feeding Fund "to ensure that scholars who go to school without enough to eat as a result of their parents being unemployed will have something to eat." (9)

Newspaper headlines in the local press daily proclaim the disasters of unemployment in the region: "Desperate Plight of PE Starving" and "How do you cope when the City of Promise become the City of

Despair" read two in the space of a week in February last year. No one can quite put a finger on the size of the unemployment problem in Port Elizabeth, but estimates range as high as 56%. (10)

Last year, Livingstone Hospital in Port Elizabeth reported that 41% of children under the age of five admitted to hospital were underdeveloped due to lack of nutrition. (11)

Dubase summed up the situation: "The future here is very bleak. When Ford leaves, many of the small engineering firms, the tyre companies, the windshield makers and the headlamp makers are definitely going to close down. Other industries will also be affected, like furniture and consumer goods and these workers are going to lose their jobs. People here no longer talk about the scarcity of jobs but the non-existence of jobs."

### Two unions

Unity amongst the motor workers in Port Elizabeth has been bedevilled by the existence of two unions in the automobile industry. The rapid collapse of the motor industry, particularly in the Eastern Cape, has put questions of union consolidation firmly on the agenda. A merger between NAAWU and MACWUSA, now both Congress of South African Trade Unions (COSATU) affiliates, does not seem to be on the cards. However, the local unions of the International Metalworkers Federation (IMF) are holding talks to establish a combined metalworkers' union, which will include the motor workers.

It is no secret in the labour movement that there has been little love lost between NAAWU, an affiliate of the former FOSATU, and MACWUSA, often described as a "UDF union", since the latter was formed six years ago. MACWUSA's backbone of support in the Port Elizabeth motor industry was in the Sierra plant at Ford, where it had between 700 and 800 members.

MACWUSA was in fact born at the Sierra plant (then the Cortina plant, originally established by the company in 1973). The labour force was on average younger and more educated than the other Ford workers, and was drawn mainly from the surrounding African townships. (12) Writing a year after the strike at the Cortina plant, when workers downed tools to demand the return to work of PEBCO leader, Thozamile Botha who had resigned under some pressure, Favis reminds us of the "bitter struggles" these workers had experienced against the system of Bantu education and their exposure

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to the ideology of black consciousness.

The then United Automobile Workers Union (UAW) an African union set up under the auspices of the registered National Union of Motor Assembly and Rubber Workers Union (NUMARWOSA), "had already established through a long process of struggle a strong presence and substantial support in the adjoining engine plant." Although more than 50% of the workforce at Cortina was signed up in the next six months, the UAW itself admitted that its contact with the workers was "relatively superficial and formalistic". When 700 workers at the Cortina plant downed tools in October 1979, it was clear that the union was taken by surprise and that a serious rift had developed between itself and the workers. It was a situation for which the union was heavily criticised and which probably cost it the majority of workers at the Cortina plant.

However, MACWUSA failed to substantially expand from the Cortina plant, while NAAWU (as it became shortly after the amalgamation of UAW and NUMARWOSA), through strong shop-floor organisation, rapidly became the most powerful union in the Eastern Cape and among the most militant. It was NAAWU who conducted a sustained and militant shop-floor campaign for a living wage in 1982 and, even in the face of the recession, has addressed the issue consistently. There were further tensions between MACWUSA and NAAWU when MACWUSA workers scabbed on 10,000 striking NAAWU workers (that is, they clocked in, although they could not do any work because General Motors, Ford and Volkswagen had closed down their plants during the strike). But MACWUSA members, although in a minority at most of the factories, managed to man the Cortina and engine plants at Ford until NAAWU had negotiated a procedure for its own members to return to work. One of the reasons given by MACWUSA for not supporting the strike was the fact that the workers had downed tools after Industrial Council talks had broken down and that MACWUSA rejected the Industrial Council "as an apartheid vehicle geared to please management." (14)

The Sierra closure will seriously affect MACWUSA's base in the motor industry. MACWUSA national organiser Fikile Kobese, said in an interview that after Sierra closed, the union hoped that its main sources of strength would be at General Tyre and Firestone, where the union claims 250 and 650 members respectively. MACWUSA claims 3,100 members in the PE/Uitenhage regions at present, while NAAWU, after the loss of more than 2,000 Ford workers, has 11,581. With the exception of the Sierra plant and possibly the Firestone

plant in PE, MACWUSA's members are scattered in seven other motor assembly or component factories. At Firestone the union claims 650 members and Kobese said MACWUSA was discussing a recognition agreement with the management. MACWUSA, he added, also planned to launch an Unemployment Association to cater for retrenched workers.

"The main object of the Association will be to keep up the morale of unemployed workers and to enlighten them about the economic situation in the country, to explain that the reason why the jobs are not there is that they are not keen to create them." Asked whether unemployed workers could expect any material benefits to be won through the planned Association, Kobese said it would try to assist "those desperate families. But we don't want to put it forward as a priority, because it will raise a lot of peoples' hopes and there is a lot of unemployment. But we will explain things like the badness of scabbing."

But because of its size and its responsibility to countless members who have lost their jobs, the major burden of developing strategies against retrenchment and unemployment rests on NAAWU's shoulders. A clear priority for the beleaguered motor workers is union consolidation, a fact which both unions acknowledge. But it is unlikely to be a direct merger between NAAWU and MACWUSA.

"Our policy is - and has been for some time - that we are struggling for one metal union in South Africa, incorporating both the motor and metal industries. To have one metal union is the only way in which we can consolidate a position against monopoly capital in South Africa. We have been holding talks with the Motor Industries Combined Workers Union (MICWU) and the Metal and Allied Workers Union (MAWU) and our relationship within the IMF South African branch and the International Metalworkers Federation is already at an advanced stage," said Sauls.

The talks had started before the formation of COSATU and union executives were addressing the question of the structure of the new national organisation, Sauls said. Tyre and rubber workers within NAAWU would hold discussions with the union in the chemical industry. NAAWU believes that the solution to the problem of MACWUSA members in various motor industry plants in the PE/Uitenhage region would best be resolved at a local level between the shop stewards of various factories.

The fight against unemployment in the region will involve an inter-

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vention at a much deeper and broader level than union resource can presently cope with, NAAWU believes. "A union cannot create jobs. Not even a national federation like COSATU can do that at the moment. Employment creation has to come from the government and thus there has to be political pressure on the government. I don't believe the government will give us a hearing, but we have spoken to employers to try to highlight the crisis in the community," said Sauls.

### Disinvestment or relocation

"If Ford was pulling out to contribute to things politically, then it's O.K., but it's not for making more money and it's unacceptable," said the Sierra shop steward, Dubase. "When we talk with these companies we realise they haven't any social responsibility. When you talk to Ford, they'll tell you they're in this business for making profits. So they'll go where they go to make more money.

Ford agrees with Dubase that it is not withdrawing from the region for political reasons: "The primary reason for the transfer of Sierra production from Port Elizabeth to Pretoria is admittedly based on economic realities. In order to be as cost effective as possible and reach the optimum economy of scale, it is in the interests of the company to centralise all its production in one location," said Employee Relations Manager, Pieterse in a letter to the writer. "The shop steward... is correct in saying that the withdrawal from Port Elizabeth is not due to political reasons," Pieterse continued. However, he considered the criticism of Ford as having no social responsibility as being "rather harsh and subjective", as the company had negotiated "generous retrenchment benefits" with the unions (outlined above) as well as providing a training programme for people who wished to be re-skilled, a free medical service, an outplacement centre to help retrenched workers seek alternative employment and the opportunity for workers "to purchase a vehicle at a considerably reduced price".

The issue of disinvestment has become a particularly pertinent and complex one for the independent labour movement. COSATU passed a resolution at the launch of the federation supporting disinvestment as a form of pressure on the South African regime. It also, though, committed itself "to ensuring that the social wealth of South Africa remains the property of the people of South Africa for the benefit of all and further commits ourselves to the prin-

principle of international working class solidarity action as the most powerful form of solidarity action with our struggle."

An important question is whether the Ford-Amcar merger constitutes disinvestment. Ford, itself, is quick to deny it: "The merger... granted the opportunity for both companies to strengthen their combined market share in an ailing South African motor industry. Ford still has a 42% shareholding in Samcor, while, Anglo-American holds the balance of the shares. It was not a disinvestment motive on the part of the Ford Motor Company." (15) Others, however, are more sceptical. "Disinvestment denied, but it's second fiddle for Big Brother Ford," said one Sunday Times article which pointed out that Ford had brought along more to the merger in terms of market share and smaller losses, but had emerged with only a 40% holding in the new company. "At the end of the day Ford has a minority stake in Samcor where it once had a wholly owned South African subsidiary." (16)

There is no clear evidence at this stage that Ford actually sold 60% of its holdings to Amcar, only that it now owns a minority share in the new company. Nevertheless, there might be political significance attached to the fact that Ford Motor Company, as an entity, no longer exists in South Africa. One lone report, that was neither followed up nor expanded on, said that anti-apartheid activists welcomed the merger because they saw it as proof that Ford was responding to their pressure. (17)

While less political attention at home might be an unexpected benefit of the merger, there is little doubt in either the minds of worker representatives or Ford itself that the merger was not motivated by a desire to disinvest from South Africa on either moral or political grounds. When Alfa-Romeo announced its decision last year to withdraw completely from South Africa, it received few accolades from the Transvaal branch of NAAWU who pronounced it a "stab in the back for workers who were a short time before assured that Alfa would not pull out of South Africa." There was little doubt in the union's mind, or indeed from Alfa's own statements, that the withdrawal was motivated by the inability to accrue sufficient profits in the local auto industry.

Worker representatives in Port Elizabeth say now that Ford's withdrawal from the region, even if it cannot be considered disinvestment at present, raises issues about disinvestment policy. There is uniform anger at Ford for abandoning workers to a jobless city

for "making more money". However, one shop steward from the Sierra plant expressed the feeling that Ford's withdrawal from the region would have positive political effects in that it would jolt re-trenched white workers out of their complacency about apartheid. "We've got white workers who don't see eye to eye with us, but when Ford pulls out completely they are going to experience the same problems as us. Then those whites will make a cry to the government to make a change. They are going to want to know why Ford went away. Then we'll definitely see eye-to-eye. They [white workers] will realise the only way they will be getting new jobs is if the Government changes." (18)

Kobese said MACWUSA had a "feeling" that Ford's move to Pretoria was the start of withdrawal from the country. He said the union had asked the company if it had political reasons "for escaping from the city" - a notion it had predictably denied. If Ford wished to disinvest, Kobese proposed, it should negotiate the terms of disinvestment with the trade unions. "We might say its OK, but you must leave this, that and the other. We want to negotiate the terms of disinvestment. That is why Ford did not say they were disinvesting. But they are running away from conditions here."

NAAWU is cautious about commenting on its position on disinvestment and the various ways in which it occurs at this stage, but it is discussing the forms of disinvestment within the union and has said it will raise the question within the COSATU forum and will discuss the interpretation of the COSATU resolution.

Ford's withdrawal from Port Elizabeth, which will cost the city 8% of its economic output (19) has raised a number of important questions for the trade union movement. The questions no longer involve simply fighting retrenchment, but examining the problems in a region where the industrial giants that invested there - the motor companies - have also become its Achilles heel, leaving the job prospects of thousands in tatters. It has raised questions of economic planning and changes at a social and political level that are necessary to salvage the region from its increasingly gloomy economic fate. And although motor workers are in a defensive position at present and battling to survive, a clear impression gleaned from interviews with shop stewards and union officials, is that unions are undertaking this task with increasing seriousness.

(Pippa Green, May 1986)

Footnotes:

1. Much of this report was based on information obtained in interviews with Siphon Dubase, a Sierra shop steward, Thompson Zumani, a worker at the Sierra plant, Fikile Kobese, MACWUSA national organiser, Fred Sauls, NAAWU general secretary and Les Kettledas, NAAWU regional secretary. I am most grateful to them for their assistance and co-operation, as well as to Glen Adler for helpful ideas on the background to the crisis in the industry. I am grateful to Ford Employee Relations Manager, D P Pieterse, for answers to written queries.
2. Business Day 19.8.85
3. Business Day 16.9.85
4. The Argus 19.8.85
5. Financial Mail 20.9.85
6. Evening Post 31.1.85
7. Daily Despatch 1.2.85
8. The Argus 31.1.85
9. Quoted in The Star 2.12.85
10. Professor Michael Levin, campus director of Vista University made this estimate in July 1985, based on a survey of 500 households in seven townships near Port Elizabeth and Uitenhage. In July 1985, the Midlands Chamber of Industries estimated that unemployment in the PE/Uitenhage regions had risen by 88% in the past three years. Numerical estimates made over the past year and reported in various newspapers hover between 75,000 and 130,000. Official unemployment statistics recording the number of those who register as unemployed are useless because many people, especially Africans, do not register. Official figures record a total of 17,222 unemployed in January 1986, in September 1985, 13,750, in March 1985, 11,304 and in January 1985, 11,107.
11. Sunday Times 10.2.85
12. See M Favis in SALB 6.2&3
13. See J Maree in SALB 6.2&3
14. P Green in The Argus 30.7.82
15. Letter to the writer from D P Pieterse, Employee Relations Manager, Ford, 6.3.85
16. Sunday Times 3.2.85
17. Rand Daily Mail 2.2.85
18. Siphon Dubase and Thompson Zumani, interview, Port Elizabeth, February 1986