

SOUTH AFRICAN  
**LABOUR  
BULLETIN**

Volume 23 Number 2 April 1999

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**Cosatu and the  
elections**

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Editorial



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 (IHS) have found a way to make  
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*Cover: Queuing to vote, April 1991, Pietersburg Pic: William Matlala*

*All photographs by William Matlala unless otherwise indicated.*

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

# Compromising positions...

## COMPROMISING POSITIONS

REDEYE was playing pool in a little pub where a, let's say, famous weekly newspaper's employees also wet their whistles. One employee was so kind to explain to REDEYE a little bit more about the inner workings of the newspaper when REDEYE questioned the paper's inclusion of such visionaries as Howard Barrell and David Gleason as columnists and Smart Money as a section of this previously progressive paper.

'In order to increase our income and subscriptions, we have to compromise ourselves, if that is what it takes. Would you rather want us to close?'

Interesting question!

## NON-BRAIN DRAIN

REDEYE attended a recent press conference on COSATU's involvement in the forthcoming elections. The general-secretary-formerly-known-as-Sam was at pains to emphasise that only eleven COSATU leaders were on the ANC's list this year.

Since many sections of the media dubbed the previous exodus of leadership from COSATU to Parliament a brain drain, COSATU stressed that there was not a brain drain in the previous elections and there will not be a brain drain in the upcoming elections.

REDEYE wants to point out to cynics that the general secretary is saying that there are many clever and experienced comrades left in COSATU. He's not suggesting that there isn't a brain drain because there are very little brains between the eleven candidates leaving for Parliament.

## PAYING FOR YOUR SINS?

REDEYE recently heard a member of Parliament suggesting that COSATU is calling for the Job Creation Trust Fund because it feels guilty about causing job loss in South Africa. REDEYE thinks that if we had to entertain this laughable idea we can assume that those individuals who pay the most money into the fund are the most guilty.

What does this then say about workers' guilt about or responsibility for job loss compared to bosses?

## SLIP OF THE KEYBOARD

REDEYE heard of a union official who was still learning to use her spell check on her computer. She mistakenly sent out a notification to union members for a womanisers meeting instead of a women's meeting. REDEYE is interested to know how many comrades would have attended the womanisers meeting, if the mistake had not been corrected.

## JUNIOR COMRADES

REDEYE was sitting at NUM head office and observed a comrade entering with his three-year old son. The security guard asked the tiny tot who he was.

'I'm Harry,' he replied. When asked what he was doing there Harry said, 'We're fetching Jane'. 'And who's this,' asked the guard pointing to the adult. 'Oh, that's comrade dad,' replied Harry unprompted. No wonder those comrades are well known for their commitment – they clearly live it at work and at home.



## Inflation monitor: January – February 1999

Area	Consumer Price Index 1999 (Base: 1995 = 100%)		Annual rate of inflation 1999 (% increase over 1 year)	
	January	February	January	February
Cape Peninsula	130,2	129,8	8,9	8,3
Port Elizabeth	129,7	129,4	8,9	8,6
East London	132,6	132,6	9,3	9,0
Kimberley	131,0	131,0	8,4	8,3
Bloemfontein	131,1	130,9	9,3	8,8
Goldfields	125,6	125,2	7,5	6,9
Durban/Pinetown	131,0	132,1	8,9	8,6
Pretoria	128,9	129,0	7,2	7,1
Klerksdorp	126,5	126,2	7,7	7,2
Pretoria	130,0	130,1	8,3	8,0
Witwatersrand	130,4	130,3	9,3	8,9
Nelspruit	131,1	131,1	9,2	8,8
Pietersburg	128,8	128,4	8,1	7,5
South Africa	130,4	130,3	8,9	8,6

Source: Central Statistical Services

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# TGWU's struggle for permanence at IHS

**I**nternational Harbour Services (IHS) manages a shipping terminal for the South African fruit industry. It receives, cools and loads most of the country's apples, pears and grapes, and some citrus fruit, for export. Fruit is seasonal, so in some months there is a lot of shipping and in other months not. Contract and casual workers were employed at the company to work during a season when there is a lot of fruit.

Current TGWU Western Cape regional organiser, Nathi Mfundisi, co-ordinated the union's maritime sector in the region for nearly seven years. He explained that it is common for workers to have little job security in the stevedoring industry.

The company operated from 1983 under the Deciduous Fruit Board, which had the sole right to export fruit. In 1987 it became IHS, owned by Unifruco. At the beginning of 1999 Unifruco merged with Outspan to become Capespan, and Capespan now owns IHS. Capespan is the third biggest fruit exporter in the world.

South Africa had a single-channel marketing system for agricultural produce until September 1997. Under the single-channel marketing system Unifruco, and therefore IHS, was the only company exporting apples, pears and grapes. Now that the system has been scrapped, IHS faces competition from other companies who handle locally produced fruit to be sold on the overseas market.

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*Tanya Goldman details a case study that proves that it is possible to create full-time permanent jobs, even in a business that deals with seasonal products.*

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When it started, IHS had a small core of approximately 50 workers, and a much larger seasonal workforce that worked for six to seven months of the year and were then laid off again. By 1993, the permanent core had grown to around 100 workers, but there were still more contract than permanent workers. In the five-year period from 1993, the number of permanent workers at IHS has increased to about 450.

## **Increase in permanent core**

From 1993, permanency was firmly on the bargaining agenda. The union put pressure on management to increase the permanent core of the workforce. The company started exporting exotic fruit and vegetables off-season and found that it could employ more people permanently for this work. IHS also appointed 53 full-time supervisors in 1994. The following year it appointed forklift drivers, tally clerks, and even labourers. By 1995, the permanent core was up to about 200. The

union made sure that all new permanent positions were filled by workers from the existing seasonal workforce

### Equal pay for equal work

Until 1994, the company had 16 different scales of payment for only five basic categories of workers: labourers, tally clerks, office clerks, forklift drivers and crane drivers. So two labourers, for example, could be earning very different rates even though they are doing exactly the same work.

Contract workers generally earned much less per hour (nearly half) than permanent workers. Over a number of years, the union won equal wages for equal work.

While contract workers worked fewer hours than permanent workers, they now got the same wage per hour as permanent workers. The company was also starting to invest in keeping the same group of seasonal workers. Because their labour was no longer cheaper, the company had an incentive to train contract workers so that their skills and productivity were the same as permanent workers.

### 'Permanent-seasonal' group

TGWU won a major breakthrough in 1994 when, after a company-wide one-day strike, management agreed to create a permanent seasonal group of workers. These 268 workers had been working regularly on contract for six to seven months each year. Now they were guaranteed at least two days work every week of the year.

IHS full-time shop steward, Gerhard Philander, said this gave workers some relief. 'It did not matter if there was work for you or not for those days. You knew



*Workers in the stevedoring industry are highly skilled.*

you were going to get money from the company's side'

Agreement was also reached that workers from this group were always first in line whenever jobs for permanent staff became available.

### Increasing guaranteed days

The following year, workers at IHS again held a work stoppage over the issue of permanence. Another guaranteed day was added. Thus, from 1995, the permanent-seasonal workers were guaranteed three days work per week throughout the year.

The company also gave a principled commitment to working towards the goal of permanence over the next two years as far as the financial position of the company allowed.

## Winning benefits

At the same time as fighting to increase the number of guaranteed days work, the union fought to increase benefits for contract workers. In 1996 the company experienced financial difficulties and refused to move closer towards full-time employment for contract workers. However, after negotiations, permanent-seasonal workers were included in the provident fund.

In 1996, TGWU also won a job security issue that benefited all workers – whether on contract or permanent. All workers would be paid a full day's wage even if the company did not have enough work for them to do, or if the weather made it impossible for the ships to be loaded.

## Permanent employees

Last year TGWU declared a dispute with IHS in the course of substantive negotiations. The issue of permanence was high on the agenda and the case was about to be heard at the CCMA when the company settled.

IHS took the bold step of agreeing to make all permanent-seasonal workers, full-time permanent employees from January 1999. These workers now have the following: five days guaranteed work a week throughout the year, increased provident fund contributions for the extra days worked, and medical aid.

## Struggles along the way

A number of things made this victory possible.

### *Strategic target*

TGWU chose IHS as a strategic target. IHS is the biggest company in the harbour. The management tends to be more far-sighted than management at other companies in the docks.

The company pays better than others, and leads the way in many areas. Victory at

this company would set an example for the other companies. It would prove that it is possible to create full-time permanent jobs, even in a business that deals with seasonal products like fruit.

### *Strong organisation*

Strong organisation was the key to success at IHS. Mfundisi and the shopstewards described how the union helped to make contract workers feel like they belonged in the organisation: 'TGWU is part and parcel of the premises here at IHS because of the spirit of the workers at the company. Permanent and contract workers were all TGWU members. We arranged with the company that for the time that contract workers were in the plant, they continued their membership of the union. When contract workers came back they did not fill in a new stop-order form. The contract workers participate in the union structures.'

Strong organisation helped workers make some of the difficult decisions in the struggle for permanence. Not all workers benefited from each gain that was made, but strong organisation meant that all members agreed on fair criteria for making decisions.

Mfundisi explains: 'At general meetings workers would give us clear mandates. They would decide who will be permanent if there is a vacancy or who would get to join the permanent-seasonal group, given the length of service.'

Mfuleni Platjies was the full-time shopsteward when most of the battles around contract work were fought. He explained what went into building unity on the shopfloor to prevent divisions that would give management an advantage: 'We needed to mobilise and educate the workers. We called tea time meetings and general meetings. The month we were fighting for the five days, we had a tea-time meeting or toyi toyed on the floor here every day.'



Pic: IHS brochure

*Capespan is the third biggest fruit exporter in the world.*

The union also paid attention to the needs of both permanent and contract workers. Plaatjies outlined an important principle: 'The position was very clear. What has already been negotiated for the permanents should remain. Nothing should be taken away.'

But permanent workers made sacrifices to make sure that seasonal workers won job security. Sometimes permanent workers accepted lower wage increases or lower increases in benefits than they could have won if allowances were not being made to improve the position of contract workers. Mfundisi emphasised the permanent workers' commitment: 'Permanents are making sure that whatever they've got, everyone has got.'

### **Action and negotiation**

Contract and permanent workers at IHS stood together and took action to win permanence. The organiser and

shopstewards said that each step of the way demanded sacrifices from workers in the form of strike action, work stoppages and go-slows.

Negotiation was also very important in the process, as Mfundisi explains: 'You have got workers who are militant, who are forcing issues if management will not agree to their proposals. Obviously there is also room for negotiation. If there is a stumbling block in negotiations, we go back to the workers and they take whatever action is needed.'

The law was an important negotiating tool for the union. Plaatjies described how this prevented a strike over the issue of permanence last year: 'We were on our way to call a strike, but then we thought, let us first take the issue to the CCMA, because we've got a strong case here.' Both the LRA and the BCEA say that contract workers have the same rights as permanent workers.



*Fruit is seasonal, so the workers are usually contract workers.*

Management stressed the role that negotiation – rather than industrial action or the law – played in making progress towards permanent jobs. Industrial relations manager at IHS from 1993 to 1997, Francois du Toit, said the company's approach was to look for creative alternatives in the negotiation process with the union. An example of this is found in 1996, when it was not possible to increase the number of guaranteed days, but permanent-seasonal workers were included in the provident fund for the first time.

### **Changes in the industry**

Du Toit emphasised that management's change in attitude towards contract work was 'most importantly a sound business decision'. He explained that delays in the process were caused by uncertainty about the future of the single-channel marketing system. The final move on the issue was prompted by competition when the system was scrapped. Independent

contractors started providing the same service as IHS and drew on the skills that IHS contract workers had built up over the years. Du Toit explained that, 'the competitors' needs were exactly the same as ours as far as the workforce is concerned, and we were under pressure to retain skills'.

The agricultural sector has also been under tremendous pressure since 1994 to improve conditions on farms, which have been particularly bad in the past. Du Toit described IHS's directors as farmers who have made the paradigm shift to realise that it is important to employ people in a socially responsible way.

### **Timing**

Both Mfundisi and du Toit said they would have liked the process to have moved more quickly. Mfundisi described how the need to take the process in stages created problems for him as an organiser: 'It was difficult to come into a very militant

environment and explain that we should not force a position that is impossible to win at that time.'

For du Toit, the company's bottom line dictated the timing: 'From a social responsibility perspective, we would have done it sooner. But from a business perspective, our timing was exactly right. With the merger we know that the citrus from Outspan will go through IHS because we're in the same stable. Previously they could have negotiated with anybody else to do it. But now we've got that security.'

### *Flexibility and skills*

For management, an important principle in the negotiations for permanence was to make sure that the company also gained. Another area where the company looked for benefits was flexibility. Du Toit explained: 'It was a give-and-take situation. We got a commitment from our workers that they would work when the need arose, which was very important to us. You invest in your people, and that's when your company runs more smoothly than it did before.'

Philander explained what this means for workers: 'Say for instance it's raining this morning and the ship can't work. Then people have to be sent home with the instruction to stay at home and sleep next to the telephone, because they will be phoned to come in. Then this is overtime.'

Workers must also do whatever job needs to be done. The company has its own training school, and many workers are trained to do more than one job. So, for example, many labourers have a forklift licence. When workers do jobs that would normally be done by a lower-paid person, they are not paid any less. If they do work that is usually done by a higher-paid person, workers earn the higher rate for the time that they are doing the better-paid work.

### **The struggle is not over**

Workers at IHS are not stopping here. The company still employs over 200 seasonal workers on contract. Most work three or four days per week for six or seven months a year. Union members want all workers to be included in the permanent workforce. Philander said his dream is 'to see all of these people become permanent, especially those who have come in now four to five to six seasons on a continuous basis'.

New permanent workers do not get the same benefits as old permanent workers, although they are doing exactly the same work as others in their job category. The union will fight for all benefits of the new permanent workers to be equal to those of the old permanents. For example, new permanent workers do not get the housing subsidy that goes to the old permanent core. There are also differences in annual leave and sick leave arrangements between the new permanent workers and old permanent workers. Sick leave is particularly important at IHS because workers often get sick from working in the cold storage rooms.

The union is also campaigning for an overtime ban. Mfundisi explained why the focus is now on this issue: 'Working too many hours of overtime actually prevents contract workers from getting permanent jobs, and people who are not working, from being employed.'

Under the earlier arrangements there was agreement that any permanent vacancy must be filled by seasonal workers. This is not part of the new agreement. Workers want this included to make sure that the size of the permanent workforce at least stays the same, and to make sure that seasonal workers who have been working at the company for a long time are given the first chance to get a full time job. ★

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*Tanya Goldman is a senior researcher at the Community Agency for Social Enquiry (C.A.S.E.)*

# COSATU and the elections

**T**he trade union movement is a bastion of democracy. Most workers learnt about democracy in trade unions. In a young democracy such as ours, a powerful force for community and solidarity such as COSATU together with the democratic movement has a particular responsibility to make sure that democracy succeeds' *Report of the September Commission, August 1997*

In the 1980s COSATU debated its relationship to politics. At its 1987 national congress a consensus was arrived at by the major tendencies (workerists and populists) within the federation when they adopted the Freedom Charter and acknowledged that unions had a role in politics. This laid the foundation for the Tripartite Alliance. COSATU then decided to strengthen the ANC and support it in the elections. The main question then was how to do this and also ensure that such support benefited COSATU and its members.

At its 6<sup>th</sup> congress, COSATU once again pledged its support to the ANC. It feels that the best way to 'defend, consolidate and advance social transformation' is to stand in an alliance with the ANC and to work towards an election victory for the ANC. At its first C.E.C. of 1999 COSATU 'resolutely embraced the ANC's election manifesto, and believes that the manifesto creates the necessary socio-economic and political conditions for increased delivery

*Contrary to 1994, COSATU will not be deploying any leaders to Parliament this year. Etienne Vlok investigates.*

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of a better life for all of our people'.

This article looks at how the federation is trying to ensure an ANC victory in 1999. It also compares COSATU's involvement this year with 1994.

## The 1994 elections

Before the 1994 elections, COSATU decided to deploy members and officials to stand for election on an ANC ticket. About 60 COSATU leaders left during the 1994 elections for Parliament or provincial legislatures. Twenty of these people were deployed, meaning the ANC reserved space on its elections' lists for COSATU leaders. COSATU then chose the leaders to take up those spaces.

COSATU Wits regional secretary, Dan Mohapl, explains that in 1994 'the ANC did not have experience in government so COSATU had to assist them by providing skillful leaders. This year COSATU has not released comrades on block. 1994 was an exception because it was the first democratic elections'.

When leaders were deployed, COSATU and its affiliates lost some experienced,



long-serving unionists who had led the federation through difficult times. At the time some unions found it difficult to replace these leaders. Mhlophe points out the positive impact – since the loss of leadership in 1994, COSATU and its affiliates have developed a second and even a third layer of leaders to replace those gone and going in the future.

Despite the disadvantage of losing leaders, the federation felt that having candidates on the ANC list offered opportunities:

- people trusted by workers would occupy key policy-making institutions;
- workers could access sympathetic decision-makers who understood workers;
- union nominees came from a tradition which respects the principle of accountability, particularly mandates and report-backs

COSATU also participated in the 1994 elections by doing voter education and electioneering for the ANC. The federation felt that these activities would allow it to re-establish contact with membership and revive their interest in union activities, recruit new members and revitalise its structures. However, this did not result in large membership gains for most unions.

COSATU seconded personnel and resources to the election campaign on a large scale. Every union released at least one full-time official and some shopstewards at national level and in each region. However, it was reported that



*COSATU will target farmworkers during their programme.*

union activities were negatively affected by the election campaign.

Those deployed in 1994 were to be accountable to the ANC Jay Naidoo, ex-COSATU general secretary and a 1994 candidate, said that 'you cannot have MPs operating on a narrow mandate of just COSATU. There will of course be links .. but there will be no direct mandate' He favoured a system of formal consultation at all levels of society.

Mbhazima Shilowa, COSATU's general secretary in 1994, was not in favour of formal links between the MPs and the federation. While he agreed that there

must be channels of communication, he said that the candidates had been released: 'COSATU does not want to become a labour wing of the ruling party.'

### 1997 congress resolutions

COSATU's September Commission recommended that the ANC be built with a working-class bias. This could be done either by trade unionists and worker leaders playing their role in the ANC as individuals or by COSATU deploying people to the ANC. The September Commission proposed that both these options be pursued to build working-class leadership in the ANC.

Delegates at the 1997 COSATU congress discussed this recommendation and adopted the following resolutions:

- COSATU should allow the most capable cadres including its national office bearers (NOBs) to stand for positions in alliance structures, Mass Democratic Movement (MDM) formations and other strategic institutions like the public sector and parastatals.
- There should be open debates on deployment in the constitutional structures of the federation. There should be a distinction between people being elected by structures and deployment. In this regard no person shall stand for election in the alliance and in civil society and then claim this to be deployment by COSATU.

Although the 1997 resolutions allow for it, leaders would not be deployed as they were in 1994. They have now been elected onto the lists through their ANC or SACP activism by those organisations' structures. Bhabhani Nhlapo, the national elections' co-ordinator, explains: 'We realised that deployment without activism is not enough. We followed the dictums of socialism. People that go to Parliament must not only be COSATU activists, but

must have shown a broader class consciousness by their involvement in other organisations as well.'

Nhlapo argues that 'the problem with deployment is that you are not sure what area of competency the leaders have. We wanted a chunk of trade unionists in government in 1994. But now the fusion of ANC into COSATU is well oiled so it is not necessary to deploy'.

The congress also adopted the following resolution regarding the Tripartite Alliance: An election platform must be developed at alliance level for the 1999 elections to cover the following areas (amongst others):

- providing financial resources;
- agreeing on the candidates list process;
- agreeing on the key policies for the election manifesto;
- electioneering support for the ANC at workplace and in communities;
- implementing and reviewing structures in regard to policies of governance.

### National co-ordination

COSATU's 1999 election programme is being co-ordinated nationally by Mbhazima Shilowa and second vice-president, Peter Malepe. They are the political heads of the programme and represent COSATU on the ANC's NEC elections' sub-committee. Nhlapo heads the managerial part of the programme and represents COSATU on the elections' management committee of the alliance. COSATU also has national co-ordinators who co-ordinate with the regions and with the affiliates. All the COSATU regions and the affiliates have co-ordinators.

Nhlapo says that the capacity for this year's election will be the same as in 1994. The difference is that this year they only have ten full time people involved, all based at head office.

In 1994, all the people involved were



*SAAPAWU will mobilise voters in the rural areas.*

full-time. Nhlapo attributes the differences in resources seconded to the timing of the 1999 elections. 'It is being held at the same time as our collective bargaining round. In 1994 the elections took place six weeks before our bargaining round. Now we have to prioritise the collective bargaining.'

Mohapi addressed the fears that the servicing of members will be neglected during the elections' programme by pointing out that although some comrades have been seconded full-time, the rest will do their day-to-day work. He adds, 'We do not want to collapse COSATU into an election machine. Otherwise nothing will be left of the federation after the elections. We are aware of the trap of not servicing our members if we only focus on the elections.'

COSATU's 1999 elections' programme budget, according to Nhlapo, consists of R2-million contributed by the ANC and

R1,8-million from affiliates. Each member from each COSATU affiliate contributed R1. This R3,8-million budget is much less than the R8-million budget of 1994.

Nhlapo states that COSATU is not paying anyone involved in the elections' programme this year. Their original employers, be it affiliates or companies, must pay them. Their employers must release them with their own resources such as cellular phones and cars. This election they will not have separate offices and will not be employing new people and buying phones and cars.

Nhlapo notes that the alliance has set up the following election structures on which COSATU is also represented. National Election Teams (NETs), Provincial Election Teams (PETs), Regional Election Teams (RETs) and Branch or Village Election Teams (BETs). He adds that COSATU's role is to co-ordinate and mobilise people to vote for the ANC. The

ANC is the implementing vehicle. Nhlapo continues: 'These elections are not about COSATU. COSATU is part of the alliance and thus the ANC.'

Nhlapo links the elections' campaign to building organisation: 'We are linking the election drive to issues of organisational renewal and collective bargaining. We have to show the linkage between COSATU and the ANC. We see the elections as a vehicle to continue the Autumn offensive recruitment drive started in 1998. For instance, SAAPAWU will go to farms to do some voter education and organise new members as well.'

### **Regional co-ordination**

Mohapi discusses the Wits region's co-ordination of the elections' programme: 'We have appointed our own organiser to be the full-time co-ordinator in this region. There are different clusters under him. Affiliates' shopstewards and organisers have been seconded to do co-ordination work in these clusters.'

COSATU Wits also has an elections' unit that meets every fortnight. It liaises with the ANC and its structures. Mohapi and the treasurer are on the ANC's provincial structures which include political and management structures. COSATU has seconded people to participate in these structures

At the beginning of April all affiliates will second full-time officials for the elections. Affiliates will organise their own programmes and indicate to the ANC and SACP which areas to target. As in 1994 shopstewards will be answerable to their unions. They will report directly to their unions which report to COSATU in the regions. Nhlapo argues that this reporting system ensures the involvement of the affiliates

Nhlapo says that COSATU is not scaling down its community involvement. 'The

need for massive community education is not there anymore. Many people have voted twice or even three times now.' COSATU is involved in places like farms and construction sites, especially long-term ones such as in the Maputo corridor.

### **Three phases**

COSATU's elections' programme has three phases: registration, mobilisation and 'delivering the vote'.

#### *First phase: registration*

During the first phase there were meetings in factories, industrial areas and locals to encourage workers to get bar-coded identity documents and to register. In order to ensure that workers could apply for IDs, COSATU got the Department of Home Affairs to set up their mobile units in industrial areas. They also informed workers where to register.

#### *Second phase: mobilisation*

COSATU is organising workshops on the ANC's election manifesto to show workers how they will benefit from it. These workshops will be held in industrial areas, factories, community venues and on farms. During this phase, COSATU will use the Independent Electoral Commission (IEC) statistics on where people have registered to mobilise the vote for the ANC. Nhlapo says strongly: 'We are going to push for an overwhelming victory - much more than two-thirds. And unlike Mugabe we will not abuse the two-thirds majority.'

Nhlapo maintains that COSATU's strategies for its locals, shopstewards and organisers are the same as in 1994. However, voter education is different this time around. The workshops focus more on election management, electoral law and why people should vote for the ANC.

Mohapi says that they have identified vulnerable sectors in the Wits region that



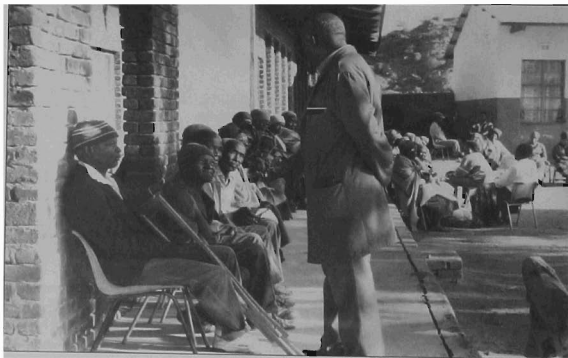
*COSATU helped ensure that voters registered.*

need attention. farmworkers, domestic workers, education, mining and construction

In the mining sector, a rival union, Workers' Mouthpiece is campaigning for the UDM. Mohapi says that COSATU has to show a presence there. He also states: 'The education sector is seen as vulnerable because a lot of downsizing has taken place. During the campaign for the Job Creation Trust we picked up certain perceptions in that sector. We have to change the mindset. We must focus on the public sector too because of the privatisation that has taken place. The construction sector is vulnerable because of the high levels of illiteracy. We must provide education and information to those workers.' CAWU will be assisted by NUM in organising and mobilising these workers and sorting out the voting districts. Nhlapo adds that COSATU will target domestic workers and attempt to

organise them during the election drive. In the transport sector, TGWU will ensure that drivers get time off to vote. SAAPAWU is also doing good work in a project with farmworkers.

Mohapi says that commercial research is putting ANC support at 54% at the moment. Eleven per cent of the people are undecided. Contrary to Nhlapo, Mohapi says that the alliance is expecting between 57% and 60%. Convincing as many workers as possible to vote for the ANC will be a challenge since some workers have doubts about the ANC. TGWU's co-ordinator for social benefits, Maggie Poole, explains: 'I travel around the country quite often. When I ask workers whether they have registered they say 'Yes, but we are not going to vote for the ANC'. In 1994 when you spoke to workers about the ANC you knew that they supported the ANC. But now it is a different story. When you shout 'Viva TGWU and Viva COSATU',



*During its programme, COSATU will assist the elderly and disabled.*

the workers reply with 'Viva'. But when you shout 'Viva ANC', the workers are much quieter.'

### ***Third Phase: delivering the vote***

During this phase COSATU will assist people to vote without engaging in mobilisation, in accordance with the IEC and the electoral laws

Asked about workers who might support other political parties and their involvement in the elections' programme, Nhlapo and Mohapi point to the resolution at COSATU's 1997 congress which states that the federation will vote for the ANC and do electioneering for it. Mohapi acknowledged that some members might support other parties, but pointed out that they would probably not avail themselves to do election work for the ANC. Nhlapo adds that if members vote for another party they may not use COSATU activities or resources for it.

### **The list**

This year only 11 COSATU leaders will be on the ANC's list compared to 20 in 1994. These include four NOBs on the national list: John Gomomo (president), Mbhazima Shilowa (general secretary), Connie September (first vice-president) and Ronald Mofokeng (national treasurer). There are six regional office bearers (ROBs) on provincial lists: Dan Mohapi (Wits regional secretary), Paulos Ngcobo (KwaZulu-Natal regional secretary), Assistance Mshudulu (Western Transvaal vice-regional chairperson), Winnie Malopo (Western Transvaal treasurer), Randy Pieterse (Western Cape chairperson) and Alfred Misi (Eastern Cape regional chairperson). There is also one person from COSATU head office on the provincial list: Mosheledi Papane (national education secretary).

Mohapi is pleased to be on the ANC's regional list for Gauteng. He is a member of the ANC's Meadowlands branch and

also a member of the SACP's provincial executive committee. 'I have been elected because I am active in those organisations. My understanding of the trade union movement is that it is a school for workers. At some stage one has to graduate and go and use your education in government. I will help COSATU propagate its resolutions in government. We will maintain a link with the workers although we must still discuss how'

### Maintaining links

Nhlapo explains that the relationship between the new MPs, members of provincial legislatures and COSATU will happen through the structures of the alliance. There will not be separate caucuses. There is not a person-to-organisation link but an organisation-to-organisation link.

Mohapi argues that the new MPs and MPLs will not be accountable to COSATU as they have not been elected or deployed by COSATU. He says that he will be accountable to the ANC as they elected him. But are COSATU members aware that he will not be accountable to them? 'The members on the factory floor might not understand that we are not accountable. They might think that I have been deployed and not elected. But the workers will still expect us to advance worker struggles on their behalf.'

Mohapi adds that one way to ensure that their involvement in government is not removed from workers is to use the SACP to establish a base with COSATU. This way the organisations will move closer. We must make sure that the SACP leadership understands the workers and their issues'.

### The politics of an alliance

COSATU's huge involvement in the 1994 elections led to questions being asked

about neglected members. This year less officials and shopstewards are being seconded to the elections so COSATU is sure that it will not neglect members. It is also clear that COSATU is aware of the dangers of being absorbed in politics and forgetting about its members. However, gaps will exist when leaders are seconded to help with elections and there may be a decline in servicing of membership. This may pose a danger to COSATU, especially because it provides an opportunity for rival unions to recruit.

The newly-elected ex-COSATU parliamentarians will not be held individually accountable to COSATU. It is important that membership understands that COSATU can only try and influence all ANC parliamentarians. Membership cannot be disappointed if Shilowa or September do not do what COSATU wants them to do.

During their elections' programme COSATU is focusing on the education and public sectors, where some ill feelings exist towards the ANC due to downscaling and privatisation. COSATU will be electioneering in these sectors to repair the damage done and restore the ANC's name and honour. However, after the elections COSATU will continue to fight the government on privatisation and downscaling. Until then, they will be telling retrenched teachers and public sector workers that the ANC is the party for them ★

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## *'Time to implement changes and put people first...'*

*Labour Bulletin: Comrade Connie, how are you feeling about going to Parliament?*

*Connie:* We first have to see if I get into Parliament. There is not one feeling I feel mixed COSATU has been my organisation for almost 20 years. I've seen changes within it and it is something dear to me. So I'm not leaving gladly.

After the ANC executive meeting when the list was finalised, I went home and went straight to my room to grapple with the implications of what was happening. It is not a happy-go-lucky farewell at all!

*Labour Bulletin: What are you looking forward to in your new role?*

*Connie:* The next five years in Parliament will be critical. We must not have a repeat of the last five years, especially at the level of policy formation. There have been many important changes to the law. Now it's time to implement the changes and to really put people first.

For example, the changes that were made to the child maintenance law need to be taken out to women so that they know what to do in order to sort out maintenance for their children. I've learnt from trade unionism that if a good agreement is not taken to the membership for implementation it will fail!

*Labour Bulletin: Do you have a particular area of interest, which you want to pursue in Parliament?*

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*Jane Barrett interviews Connie September, shopsteward at Rex Trueform and first vice-president of COSATU, on the eve of the election campaign and a certain move to Parliament.*

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*Connie:* There are two areas I would be equally happy to devote my time to: trade and industry, and women. Those of us who are going newly to Parliament from COSATU will hold discussions through the COSATU Parliamentary office about where to put our energies.

*Labour Bulletin: Is there room for improvement in the communication between MPs formerly in COSATU and COSATU structures?*

*Connie:* I think many comrades who went to Parliament in the last elections found themselves alienated from COSATU. There are many areas where contact could improve. For example the standing committee on agriculture could make contact with farmworkers. But it's not a question of making yet another layer of meetings. It's more a question of ensuring that the working class bias of the whole of the ANC is maintained and broadened. It's a question of exerting pressure on the



higher levels of ANC structures and eventually on the ANC caucus. A big mistake of the past five years has been that policy-making has started to move away from the constitutional structures.

Important decisions are being made by director generals and bureaucrats. We must go back to what we had in the past, where the Mass Democratic Movement (MDM) structures were

strong. This is where the alliance comes in... improved communication with COSATU structures is important, but those of us in Parliament will be first and foremost accountable to the ANC. It is critical that the ANC maintains a bias towards workers

*Labour Bulletin: In 1993 you said that the single biggest influence on your trade union life had been the Rex Trueform strike. What trade union experiences and lessons will you take with you to Parliament?*

**Connie:** Well, I'm contemplating writing a whole book on my experiences since I was elected as the first women national office bearer (NOB)<sup>1</sup>

The past six years have been wonderful. In 1993 we were still in the trenches at Rex Trueform and the need for transformation was obvious. Now the fundamentals of change in my workplace are in place. Four years ago an industry



plan was agreed on a tripartite basis, including an agreement that money should be set aside for skills training

There are still problems with implementation, with many employers pretending to deliver training and claiming money which just goes straight into the company's pockets. But in Rex Trueform we took them head-on and have successfully negotiated and implemented an Adult Basic Education (ABE) programme. We had ten students in training last year and now have 24 at a higher level. The classes take place during working hours at the plant, and three shopstewards have been trained to be tutors. A further two will be trained to teach in mother tongue. The thing is, you can't raise productivity when workers can't read and write.

So the ABE programme is critical for the industry and even more important for the individual. At the certificate ceremony in the factory all ten graduates gave their



own stories of when they left school and started work. They told how they had to lie when they applied for the job, and how they had to hide the fact that they couldn't read and write. Even management was weeping when they told their stories

The building blocks of workplace transformation are now in place, but there is a long way to go. With the LRA now in place, the task is to enable shopstewards to make the changes on the ground. They need to find the confidence to challenge so-called managerial prerogative. The 'workplace challenge' framework created by Nedlac won't work if we don't empower our shopstewards and officials

So this is where my interest in trade and industry comes from. I come from a very vulnerable sector. Garments and textiles are vulnerable locally, regionally and globally

The international arena is arguing

'competition' and I have seen the industry shrink from 200 000 union members in 1993 to 150 000 in 1999. People are talking about uplifting the service sector, but what about turning manufacturing around? We should be talking about quality textiles and leather and garments And the same for other manufacturing sectors

*Labour Bulletin: Tell me about your daughter, who was in her mid-teens when you took on being an office bearer for COSATU.*

*Connie: My daughter is now almost 21, and in her second year at college. We went through some difficult times, with me being away from home such a lot. But we can now both sit and reflect without exchanging accusations.*

That period had its pain and I missed a lot of time with her. I can't turn the clock back but can only encourage other people

to be careful and to spend valuable time with their children, especially in their adolescence.

The MDM must understand that we have human beings in our ranks and we all need to learn to balance the needs of relationships and parenthood with our political responsibilities. The ANC was progressive in putting 33% women in Parliament, but there is still insufficient recognition of the stumbling blocks to real participation.

Organisations must not only ask women to participate - they must break down the barriers to make it possible for women to participate.

*Labour Bulletin: What is your message to COSATU women?*

**Connie:** COSATU can never be accused of not changing the lives of women workers. Collective bargaining power has been used effectively, including getting certain clauses into the BCEA. However, we still need to sort out women's representation in our structures.

In 1993 I was elected as the first woman office bearer of COSATU. But why aren't we now saying it would be good to have two? In the regional structures we still elect women office bearers as treasurers. The argument seems to be that she always works with the purse at home so we'll try her on this first and then see how she does.

This must change. We're also not doing very well at the national level within affiliates, although there have been some changes. NEHAWU, SACTWU and SACCWU all have women office bearers. But where are the women in SADTU, and other unions with a large women membership?

At the last COSATU congress we decided on a targeted approach to the

election of women leaders. It's a pity we lost the quota argument, but agreement on setting targets was still important. Unions with large numbers of women must elect women. They must be bold. COSATU's gender structure needs to monitor progress and enable the constitutional structures of unions to put the target into practice.

My main message to my women comrades is this: Don't say we are marginalised and complain about needing extra training and so on. Go out and use the COSATU constitution and decisions, the labour laws and the constitution of the country, to make things happen. Use the tools we have created for ourselves. Also, recognise that things have moved in the past ten years.

There is no more howling and whistling when women stand up to speak at a congress. The task is how to take things further. People think it's a scary place to be an office bearer. But it's not scary if there is a constitution to guide you and mechanisms of support in place. I must be bold enough to admit that at times I experienced some personally hurtful accusations from other women.

The point is if you only put one woman into an office bearers committee of six, patriarchy will continue.

I hope I have helped set the pace and that COSATU women will not turn back. My fellow office bearers set the pace giving me a broad range of responsibilities, ranging from Nedlac to the ILO. These were not favours but tasks demanded by the organisation. I hope the incoming office bearers, men and women, recognise the importance of working like this. ★

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*Jane Barrett is currently co-ordinating a project for the International Transport Workers Federation (ITF). She is a member of the Labour Bulletin editorial board.*

## *COSATU members' attitudes towards the 1999 elections*

In 1994 a survey of COSATU members' attitudes towards the then upcoming 1994 elections was conducted by academics from the universities of Cape Town, Rhodes, Port Elizabeth, Natal and Witwatersrand. They looked at the political attitudes and hopes of COSATU members towards South Africa's first democratic election. In 1998 the survey was repeated, this time round with the help of Naledi. Our aim was to assess the attitudes of the labour movement, and COSATU members in particular.

### **The method and the sample**

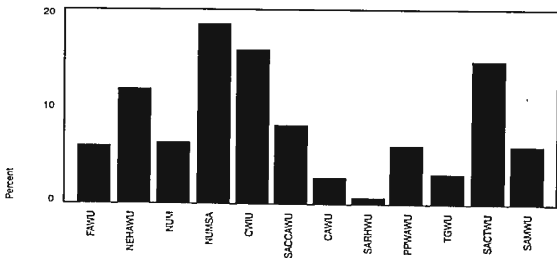
The main technique used to gather the data in both 1994 and 1998 was a nation-

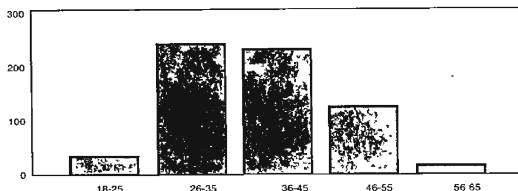
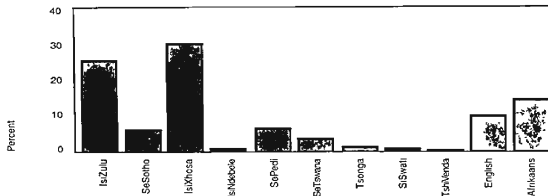
*Christine Psoulis reports on COSATU members' attitudes to the elections and workplace democracy.*

wide survey. The 1998 questionnaire was largely based on the 1994 questionnaire with a few changes. The changes updated issues and included more questions. The total sample size target for 1998 was 650 cases.

Similar sampling methods were used for both surveys although a completely new sample was drawn up for the second

**Figure one: Union affiliation**



**Figure two: Age of respondents****Figure three: Language of respondents**

survey The sample made sure that workers in the main industrial areas (Gauteng, KwaZulu-Natal, Eastern Cape and Western Cape) were proportionally represented. The 1998 survey also included the mining sector (in Gauteng), which was not in the 1994 survey. Statistical tests showed that the sample was representative of COSATU members.

Researchers contacted the regional COSATU offices to inform them of the research and gain permission to do the research in the identified workplaces. Researchers conducted face-to-face interviews.

They aimed to interview two

shopstewards and eight ordinary members in each workplace.

### **Who was surveyed?**

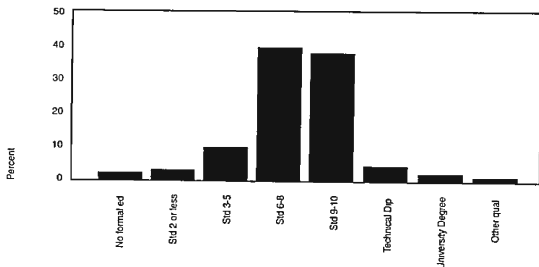
#### *Union members*

The 1998 survey interviewed most of the federations' affiliates. It did not include members of SADTU, POPCRU and SASBO. Most people interviewed belonged to NUMSA (18%) and SACCAWU (16%).

#### *Gender*

In the 1998 study, two-thirds (69%) of the respondents were male and a third (30%) were female.

### Figure four: Level of education



#### Skills

Most of the respondents were semi-skilled (35%) or skilled (30%).

#### Age

The largest group of respondents (36%) were between 26 and 35 years old

#### Language

The largest group of respondents were Xhosa speaking

#### Education

Most of the respondents (38%) had a standard six, standard seven or standard 8 education. Most respondents had been to high school but did not complete it. Some respondents (7%) had a technical diploma or university degree.

### Union democratic structures?

The study tried to find out how COSATU members understood union democracy and its relationship to political democracy:

Unions have continued to sustain strong shopfloor structures most

shopstewards (92%) were elected by show of hand or by secret ballot.

It seems as if there has been an increase since 1991 in the extent to which members want to mandate their shopstewards. In the 1998 survey most workers insisted on consultation (50%) and expect their shopsteward to report back to them every time the shopsteward acts on their behalf (76%)

**Table 1: Who are you going to vote for in the upcoming election?**

PARTY	1994	1998
ANC/SACP/COSATU	75%	74%
AZAPO	0%	0,2%
DP	1%	0,5%
IFP	1%	1%
NP	5%	4%
PAC	1%	0,6%
UDM	-	3%
Have not decided	-	4,1%
Will not vote	-	11%

*n* 1994 = 643

*n* 1998 = 646

missing 1994 = 15%

missing 1998 = 1,6%

other 1994 = 1%



*COSATU will help mobilise the vote for the ANC.*

ninety three percent of workers said that if shopstewards did not report back they would remove the shopsteward. Most COSATU members attend union meetings either once a week (37%) or once a month (34%).

An important finding of the 1998 study is that knowledge of Nedlac has increased (37%) slightly since 1994. In 1994, workers knowledge of Nedlac's predecessors - the National Manpower Commission (NMC) and National Economic Forum (NEF) - was 23% and 22% respectively. Eighty-one percent of workers in 1998 said that they know what the RDP is. Very few (33%) know what Gear is and those who know about it do not have strong views on it.

### **Political democracy?**

The main aim of the study was to examine COSATU members' attitudes towards political democracy. Many workers seem to be happy to have former unionists in Parliament and feel that COSATU's decision to send 20

unionists to parliament was the right decision (67%).

We were interested to see if COSATU members still supported the ANC. Table 1 compares the voting behaviour of COSATU members in 1994 and 1999. It is most striking that support for the ANC has not changed since 1994. Seventy-four percent of COSATU members indicated that they would vote for the ANC/SACP/ COSATU alliance in the 1999 elections (as opposed to 75% who said they would be doing so in 1994).

Table 2 compares COSATU members' voting behaviour in 1999 and the region they live in (see table 2). Interestingly, only 0,8% of COSATU members in KwaZulu-Natal support the IFP. There is some support for the new political party, the UDM in the Eastern Cape (2,9%) and in the Western Cape (4,8%).

Most workers (54%) feel they cannot rely on political parties to protect their interests. They feel they will always need trade unions to protect their interests (93%).

**Table 2: Cross-tabulation of voting preference with region**

Party	Gauteng	KZN	Eastern Cape	Western Cape
ANC/SACP/ COSATU	83%	73,8%	80%	54,8%
AZAPO	-	-	0,6%	-
DEMOCRATIC PARTY	0%	1,6%	0,6%	-
IFP	2%	0,8%	0,6%	-
NP	0,4%	4,1%	3,5%	10,2%
PAC	1,3%	-	0,6%	-
UDM	2,2%	2,5%	2,9%	4,8%
Do not intend to vote	7,6%	12,3%	10,6%	15,1%
Have not decided	3,1%	4,9%	0,6%	11,9%
Other party	0,4%	-	-	3,3%

We asked an open-ended question on how workers felt the new government, elected in 1999, would improve their lives.

We ranked their responses (see table 3)

- workers want services delivered and infrastructure improved,
- workers want to receive higher wages;
- workers want more job creation and to be economically empowered,
- workers want the new government to restore law and order;
- workers want to see people being treated equally and racism/

discrimination abolished.

Day-to-day issues in the workplace and life are central to workers' expectations. Law and order emerged in the 1998 survey as one of the issues facing workers. They emphasise the need to 'bring back law and order'. In 1991 COSATU members had very high expectations of how the RDP would improve their lives and what services would be delivered to them. In the 1998 survey we attempted to establish to what extent their expectations have been fulfilled (see table 3)

Workers feel delivery has taken place in three areas: clean water (81%), electricity (81%) and telephones (76%)  
Workers feel that there was the least effective delivery on their demands for higher wages (41%) and for access to land (52%)

The satisfaction with water, electricity and telephones is not surprising as it seems to be an area in which the government has been

**Table 3: Expectations and Delivery**

SERVICE	1994	1998
Clean water	82%	81%
Electricity	85%	81%
Telephones	72%	76%
Safe and healthy working environment	86%	64%
Better health	87%	63%
Access to education and training	90%	62%
Housing	91%	55%
Better public transport	79%	54%
Enough nutritional food	77%	53%
Access to land	61%	52%
Higher wages	79%	41%



**Table 4: What will workers do if the new government elected in 1999 does not deliver?**

ACTION	1994	1998
Put pressure on former unionists sent to Parliament	66%	70%
Vote for another party in the next election	40%	37%
Form an alternative party that will provide these benefits to workers	29%	33%
Participate in ongoing mass action to force the government to deliver on its promises	72%	53%
Workers will do nothing	4%	.5%

most effective in delivery. Clearly, in other areas, workers' expectations have only partially been fulfilled.

The response of Cosatu members to how they will respond if the government elected in 1999 fails to deliver on its electoral promises is very interesting. In the 1994 survey a number of responses were identified, the highest of which was participation in ongoing mass action to force the government to deliver on its promises

In the 1998 survey this proportion declined significantly to 53%. These results indicate that workers are less ready to take to the streets over political issues and are beginning to rely more on Parliament and their representatives. In a sense, there is a beginning of a process of 'normalisation' with action continuing around workplace issues but a decline in willingness to undertake mass action over political issues

### Conclusion

The research has shown once again that there is a consistency and persistence of a commitment to participatory democracy in the workplace and an expectation that this will take place in the parliamentary arena as well.

COSATU membership continues to be represented through strong shopfloor structures. Their commitment to the ANC

as part of the Tripartite Alliance, remains largely unchanged

If the new government elected in 1999 fails to deliver on workers' demands, workers are less likely than in 1994 to resort to ongoing mass action to force the government to meet its electoral promises. A growing number of workers seem to be accepting parliament as a central arena for their political aspirations. ★

### Acknowledgement

*The following people were responsible for conducting the 1998 study: University of Cape Town, J. Maree and S. Godfrey; University of Port Elizabeth, J. Cherry, R. Rhodes; University of Natal, D. Ginsburg, University of Witwatersrand, E. Webster, S. Bublungu, G. Psoulis, Naledi V. Satgar and C. Jardine. The author would also like to thank Professor E. Webster at SWOP for his advice and help and Geoff Woods for his help on methodology and the sample.*

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*Christene Psoulis works as a researcher at the Sociology of Work Unit at the University of the Witwatersrand.*

# Workfare:

*what does it mean?*

The dominant view in American and British thinking is that welfare should be replaced by 'workfare'.<sup>1</sup> The idea is that the welfare state, which provides unconditional grants and benefits to the unemployed, creates 'dependency' on the state and decreases the desire and the capacity to work.

Welfare systems and labour market support programmes should instead, be designed to encourage, reward and - where necessary - enforce work. Countries like the US, the UK, Canada, Australia and New Zealand have all initiated welfare reform efforts to assist transitions into paid employment. British Prime Minister, Tony Blair, has insisted that in the UK at least 'it really is the end of the something for nothing days'.<sup>2</sup>

Here, the underlying goals of social welfare policies are shifting. Now, the preferred approach is confronting the unemployed with a combination of 'help and hassle' in order to actively assist transitions into paid employment.

Under the Blair government's wide-ranging welfare-to-work strategy, 'help' includes tax credits for poor working families, basic education and training, and the provision of job search. 'Hassle' includes compulsory participation in programmes for eligible groups, backed up by financial penalties for non-compliance and downward decreased benefits

*Jamie Peck argues that while 'hard workfare' in the US creates jobs it has negative social and labour market consequences.*

The UK is following the American model of workfare-style policy-making, although British ministers do not use the term 'workfare' because of its negative connotations.

Blair and Clinton both believe that poverty and under/unemployment are caused by 'welfare dependency', low motivation and inadequate 'employability'. They have rejected the old approaches involving job creation and better benefits because these were seen as costly and counter-productive.

The old Keynesian orthodoxy of full employment, secured through demand-side macro-economic management, has been replaced by a new, 'workfarist' emphasis on full employability, secured through supply-side, micro-economic interventions. In a world of flexible labour markets, they argue, all those who can work must work. The right to government assistance in re-entering the labour market comes with responsibilities in the form of compulsory, active participation

### 'Soft' workfare or 'human capital development'

#### Objective:

Raising long-term employability through investments in education & training

#### Advantages:

- emphasises sustainable transitions into work
- higher wage employment
- potential for career mobility
- scope to tackle multiple job barriers
- overcomes educational deficiencies
- expands the range of potential job openings

#### Disadvantages:

- relatively high unit costs
- requires institutional infrastructure
- risk of training without jobs
- unresponsive to short-term needs
- risk of 'over-servicing'
- many goals
- danger of excessive attention
- uncertain outcome measures
- 'internalises' wider social costs

### Experimenting with workfare

Two main strategies have emerged from the hundreds of local-level workfare experiments in the US. The first strategy is the 'human capital development' approach or 'soft workfare'. It tries to assist the transition into employment by providing supportive services, specifically education and training (see box above). Such developmental programmes may run for a long time and aim to place participants in 'good jobs'.

The alternative approach, which has become more popular in the 1990s, is the 'labour force attachment' or 'work first' method (see box alongside). Here, short-term interventions aim to secure rapid transitions into available jobs. Participants are assisted with job-search

skills and are encouraged to accept that any job is a good job. Work-first approaches can be seen as 'hard workfare' they force people into work, usually low paying work. The best-known example of such a programme was initially developed in Riverside, California. As this is currently the most common form of workfare, it is the focus of this article.

California's counties have been developing a range of approaches within the state's Greater Avenues to Independence (GAIN) programme since the mid-1980s. The Manpower Demonstration Research Corporation (MDRC) did a detailed evaluation of GAIN in six counties. It tracked the experiences of an 'experimental' (on-programme) group and 'control' (off-programme) group over a period of three years.

### 'Hard' workfare or 'labour force attachment'

#### Objective:

Bringing about rapid transitions into employment based on short-term work-orientated interventions

#### Advantages:

- outcomes-orientated policy
- simple administration
- low unit costs
- clear programmes
- rapid results
- uses available job opportunities

#### Disadvantages:

- requires strong/dynamic job market
- increased risk of 'churning'
- fails to tackle multiple job barriers
- does not address skill shortages
- perpetuates working poverty
- insensitive to individual skills needs
- ignores problem of unstable jobs
- fails to build social capital

Across the six research sites, the outcomes were modest, with Riverside showing the best results. The Riverside programme generated average earnings gains of \$3 113 (49%) for experimentals relative to the control group. Welfare payments were reduced by an average of \$1 983 - or 15% - for experimentals compared to the control group. For every public dollar invested in the Riverside programme, \$2.84 was returned in the form of reduced welfare costs and increased tax income.

The MDRC concluded that the work-first approach was the most cost-effective way of moving welfare recipients (most of whom are single mothers) back into work. It found that the results for the human capital approaches were much more mixed.<sup>2a</sup> This evaluation has contributed to an explosion in Riverside-style programming, across the US and elsewhere.

### The Riverside model

The Riverside GAIN programme has the usual range of services including assisted job search and basic education. What makes Riverside different is the aggressive way it sends its 'employment message' to clients and its emphasis on moving participants into work as quickly as possible. The philosophy of the programme is to do the minimum it takes to place an individual in employment (see box below). According to MDRC President Judith Gueron: 'More than any other place I know of, this programme communicates a message of high expectations. When you walk into a GAIN office in Riverside, you are there for one purpose: to get a job. At orientation, job developers announce job openings; throughout, programme staff convey an upbeat message about the value of work and people's potential to succeed... If you are offered a job, you have to take it or

have your [welfare] grant reduced... Under this regime, welfare feels temporary.'<sup>3</sup>

The centrepiece of the Riverside programme is the job club/job search function. All GAIN participants who do not need further education are immediately put into the job club. Job club includes search techniques and guidance on the filling in of job applications. It also draws attention to the 'differences between a working lifestyle and a welfare lifestyle which is seen to cause unemployment. It encourages the participant to look at what he/she can do now as a start toward a working lifestyle'.<sup>4</sup>

While the tone of the programme is positive, the majority of participants are forced to attend the programme. Riverside punishes participants for non-compliance more than the other seven largest counties in California. The department's director explains: 'It is not optional. You don't have the luxury, if you're a welfare recipient, to stay home. In fact, we insist that you come here. We use motivational techniques in sales, in marketing, about the wonderful things that employment can do for you. But if they don't even come and show up, we will cheerfully reduce their welfare grant'.<sup>5</sup>

### The Riverside philosophy

'If you have an automobile that does not start, do you pull the engine out and put a new engine in, pound the dents out, paint it and put new tires on it? Or do you just look at the spark plugs and the points and do the most minimum thing to make the car run? So using a practical approach here, if a person can't get a job, is it because they can't sit up in a chair right, that they don't know how to market themselves? If so, that's all we're going to do. Why should we do more if that's all it takes to get somebody a job?' (Riverside manager)

Participants who are encouraged to regard 'any job as a good job', usually find themselves quickly getting low-wage entry-level jobs. Riverside's philosophy is that participants are more likely to be able to move into a better-paying job if they are already in work. GAIN staff have to place at least 14 clients in work per month.

Another distinctive characteristic of Riverside is the active job development programme. GAIN staff are hired to develop jobs for clients. This includes scanning newspapers and looking for 'help wanted' signs. They aggressively promote the general concept of GAIN and market their 'job-ready' applicants who can, if necessary, be with an employer that very afternoon. For programme staff, employers' needs and preferences are most important. They screen participants thoroughly before referring them for a hiring interview and are 'sensitive to the needs of the employer'.

MDRC's Judith Gueron describes the positive features of the Riverside approach:

- senior officials in the agency prioritise the programme;
- a strong commitment and adequate resources;
- a strong emphasis on getting a job quickly;
- a mixed strategy, emphasising structured job search and using basic education;
- job developers establish close links to private sector employers and help recipients find work;
- the use of sanctions (ie, grant cuts) to enforce participation,



Jamie Peck.

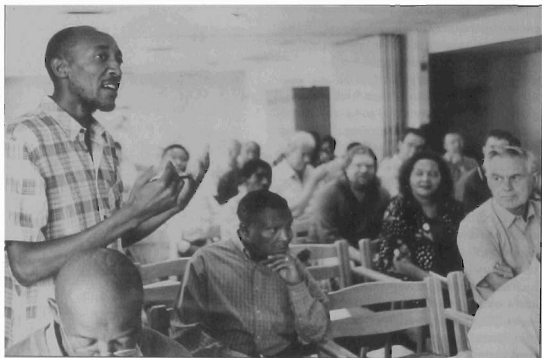
- a cost-conscious management style,
- an outcome-focused management style.<sup>6</sup>

The programme's essence is driving down costs while maximising the flow-through into employment, and maintaining strict discipline while promoting the virtues of work. Riverside's unit costs are low in comparison with other more 'service-rich' programmes.

### Riverside's other side

Measured in narrow terms, the Riverside GAIN programme is effective in moving people from welfare to work. However, it is important not to exaggerate what has been achieved.

The Riverside results look so striking because of the pattern of failure in welfare-to-work efforts in the US. The Riverside results may be the 'most impressive yet achieved', but they are far



*Malamulela, the movement for the unemployed, was also at the workshop.*

from conclusive. The MDRC data revealed that:

- ❑ the Riverside experimentals were only \$52 per month better off than their counterparts in the control group who had had no contact with the programme;
- ❑ about two-thirds were not working at the time of the year-three interview;
- ❑ almost half never worked during the entire three-year period

While Riverside's GAIN programme was pushing people into work it was not lifting them out of poverty. As Judith Gueron admits, 'ending poverty rather than tackling 'welfare dependency' is the goal, then Riverside does not provide the answer 'the downside to Riverside is that families weren't moved out of poverty. People didn't get better jobs. If that's your goal, you have to make a larger investment to get there.'

A study examined work-first and human

capital development approaches in Michigan. It revealed that while the two groups achieved the same employment rate, the work-first group achieved consistently lower earnings and were more likely to be placed in part-time work. 'Average wages of the work-first group were 30% lower than for the human-capital group, both at initial placement into jobs and 90 days after placement. The earnings of the work-first group were 85% of the poverty rate for a family of two and 56% of the poverty rate for a family of four.

So while work-first may look like good welfare policy, it is not good social or labour market policy. The workfare strategy is based on the assumptions that the local labour market has the capacity to absorb a continuous flow of welfare recipients and that such transitions can be achieved with fairly minimal support. It depends on the existence of a very turbulent, high turnover labour market,

which produces many (mostly low-wage) vacancies. The Riverside programme indirectly subsidises low wage employers by providing a forced labour supply and covering much of the costs of recruitment and induction.

This kind of welfare reform displaces rather than solves the problem, the welfare problem of today becomes the labour market problem of tomorrow. The Riverside method of rapid labour market entry has become the norm in the US since the passing of the Personal Responsibility and Work Opportunities Reconciliation Act of 1996.

Nobel Prize-winning economist, Robert Solow (1998) conservatively estimates that wages at the bottom of the American job market will have to fall by 5% to absorb even two-thirds of the welfare caseload into work: 'Either way, the working poor will pay... The burden will take the form of lower earnings and higher unemployment, in proportions that are impossible to guess in advance'.<sup>9</sup>

The low-wage labour market does not 'pull' people into it. The Riverside strategy is designed to 'push' people from welfare into it. In the words of a GAIN regional manager, 'It's something any 10-year-old kid could tell you, but a doctorate in sociology can't: If you want people to get off welfare, you stay on their backs until they get a job'.<sup>10</sup>

Riverside is a crude method for driving people off welfare and is actively indifferent to the wider effects on poverty and labour market conditions.

### 'Any job is a good job'?

The significance of the Riverside model lies with the set of fundamental ideological currents into which its 'jobs, jobs, jobs' philosophy taps. It has legitimised the 'old style' model of workfare favoured by conservatives. It has

laid to rest the more service-intensive version of 'soft' workfare promoted by liberals.

In the debate around the Family Support Act of 1988 an uneasy consensus was constructed between liberal supporters of workfare-as-social service and conservative supporters of workfare-as-punishment. This was reflected in the design of the federal Job Opportunities and Basic Skills programme. It combined compulsory participation (to satisfy conservatives) with provision of supportive services - education, training and childcare (to placate liberals). Researchers at the right-wing Heritage Foundation characterise the debate saying that workfare supporters see attempts to train welfare recipients for skilled jobs as impractical and a misuse of the term workfare. It conflicts with the goals of cost reduction and may limit the number of recipients who can participate because of the expense. Liberal supporters of increased welfare spending are seen to have hijacked the term 'workfare' to justify traditional and ineffective social service policies.<sup>11</sup>

Work-first approaches have been implemented across a large number of US states. Welfare reformers in other countries are also choosing work-first approaches. Such strategies will continue to be attractive where budgets are strained, anti-welfare sentiments are high and where there is frustration with traditional programmes and services.

But while work-first may give the impression of a quick fix, it is anything but. It forcibly rotates unemployed people through low-paying and unstable jobs. Most programmes offer little or no chance of escaping poverty. As a result, conditions at the lower end of the labour market deteriorate because of this 'crowding'.

There must be a ready supply of jobs in

the local labour market for hard workfare strategies to be effective. Workfare does not create jobs. It is therefore not suited to countries where there is high unemployment. Here there is risk of raising 'employability without jobs'.

Reflecting this economic situation, the policy debate around welfare-to-work and active labour-market strategies in Europe has been broader and deeper than the US. In European debates, there is a widespread acceptance of the need to create jobs, rather than simply enforcing work. The Europeans make a strong case for maintaining a secure 'floor' under the labour market. This can be met by measures such as minimum or 'living' wage policies and the payment of 'fair

benefits' or 'basic income' strategies.

This more progressive strand of thinking stretches the definition of 'employment' to embrace new fields of work in the 'social economy'. Glasgow's Wise Group is one of the better known of such programmes (see box below). In many communities, there is still considerable scope to generate socially useful (and 'real') jobs in areas like caring work or environmental improvement.<sup>12</sup>

Such socially-progressive strategies represent a more promising alternative to the sterile debate between 'hard' and 'soft' workfare. This is because they address both the demand-side question of the availability of jobs and supply-side

### Glasgow's Wise Group model

The Wise Group in Glasgow combines training and employment services with community regeneration activities in the local social economy.

The Wise Group philosophy is to generate jobs in the community sector which pay real wages and meet real social needs. This is both a job creation and a training programme. Most jobs represent new employment opportunities because they were created in the social sector by the programme.

The Wise Group seeks to create jobs outside the usual areas of the private and the public sectors to satisfy unmet community needs in the process. These new jobs include housing rehabilitation, security, office administration, environmental improvement and forestry.

The core of the programme is the notion of the 'intermediate labour market', which has three defining characteristics:

- First, it is 'intermediate' in that it is positioned between unemployment and private-sector waged work. Access to training and employment opportunities are restricted to the long-term

unemployed on a voluntary basis.

- Second, they operate according to the same 'rules' that govern the formal labour market. The programme uses recruitment and selection procedures, wages and work contracts. In return participants receive a full wage.
- Third, for each participant, involvement in the intermediate labour market is for a defined period of time to provide training, work experience and job-search assistance. Job placements are by design temporary.

The Wise Group model seeks to 're-shuffle' the job queue through training and work experience in the social economy. A recent evaluation showed that more than two-thirds of participants found employment or self-employment after leaving the scheme.

Although the unit costs of the scheme are generally higher than those associated with short-term programmes, this must be balanced against the fact that participants receive full wages while socially-useful services and resources are being provided for low-income communities.



concerns such as job training

Neo-liberal workfare strategies propose that solutions to the jobs crisis can be found only on the supply-side of the labour market, in the forced 'activation' of the unemployed

This confuses neo-liberal fantasies about the 'work-shy' poor with the reality of job shortage in structurally-weak labour markets. Sustainable solutions will not be found until we acknowledge and address job shortages in structurally weak labour markets ★



Lucy Abrahams, director general of Welfare.

## Acknowledgement

*This research was funded by the Commonwealth Fund of New York and the Leverhulme Trust. I am grateful to the Centre for Science Development and to SWOP at the University of Witwatersrand for their support.*

## Notes

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- 2a Ricco, J et al (1994) *GAIN Benefits Costs and Three-year Impacts of a Welfare-to-Work Program*. New York: MDRC
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# Response to Jamie Peck

**T**hank you to Professor Peck for a very thought provoking paper which has enriched our ideas about welfare to work.

## **Workfare and South Africa**

In his article (beginning on page 30), Professor Peck has shown the limitations of workfare strategies in addressing poverty and inequality in advanced industrial societies. The alternatives to workfare strategies that he suggests are consistent with our own employment strategy framework, although the economic situation and unemployment levels differ greatly between the countries. For example, South Africa is faced with low economic growth rates, high structural unemployment and high levels of mass poverty and inequality. These present us with different challenges to the challenges facing the United States or Britain. The welfare statist policy models of advanced industrial societies cannot be applied easily in the South African context.

Some features of our policies and programmes could sound like 'workfare' as you describe it. South African social policies have however been re framed within a developmental and employment absorbing economic growth strategy to boost job creation. Our employment strategy states that 'We need to get South Africa working'. A job gives a person an opportunity to contribute to the

*Leila Patel was discussant at the workshop and responded to Jamie Peck's input.*

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productive growth and social development of the nation... It generates income and self-respect'. (Department of Labour, 1998)

## **Targeting the vulnerable**

Child support benefits to single parents are being phased out. Voluntary and community development programmes have been designed to support women finding pathways out of poverty. They offer opportunities to develop skills and participate in SMMEs. The programmes exist together with other initiatives such as land reform, small-scale agricultural development and housing subsidies to increase the assets of the poor. We need active labour market policies and specially designed programmes to support vulnerable groups and people with special needs to reintegrate into the labour market.

People with disabilities are demanding access to employment, as opposed to being on welfare. The disability rights movement has consistently called for active labour market policies, social support and skills development since

disabled people are discriminated against in the labour market and many live in poverty

Ex-offenders also struggle to obtain employment and are discriminated against in the labour market. Many do not have skills, training or work experience. The National Institute for Crime Prevention is developing special empowerment programmes since there are not state benefits to support ex-offenders. The Baygen Group, which is a private sector partnership with NGOs, has developed an extremely innovative business strategy employing people with special needs. It costs R22 000 per annum to keep a person in jail as opposed to R6 000 per annum for family support. This R6 000 should reduce with the phasing out of the child and parent social programmes.

Professor Peck's paper has reminded us of how important it is to explore more fully the relationship between labour market reform and the restructuring of a welfare system. In South Africa there is a lack of policy and programme co-ordination in this regard.

### **The international experience**

World wide changes in welfare policy and in the redesign of welfare systems have influenced the direction that South African social policy has taken. We are aware of the growing pressures faced by welfare states to balance financial constraints with growing demands for more and better services.

Other important factors contributing to the financial crisis of welfare states were lower rates of economic growth, changing labour market conditions, demographic changes, changes in the nature and structure of the family, and the impact of globalisation.

There were clearly both internal and external factors which contributed to the crisis facing welfare states in advanced



*Professor Leila Patel.*

industrial societies – leading to redesigning or adapting the system.

These policy changes were supported, as Professor Peck points out, by shifts from Keynesian social democratic approaches to a neo-liberal paradigm and an attack on the welfare state. People who supported these shifts argued that public social provision worked against economic growth, produced negative work incentives, and did not encourage people to save and invest.

Policies and practices were adopted that gave fewer people access to welfare. For example, rules changed so that fewer people qualified for welfare, procedures were adopted to ensure that beneficiary take-ups of services and benefits were less expansive and outreach oriented, public/private partnerships were implemented, and workfare programmes were adopted. There has also been a decentralisation of welfare responsibilities from central to provincial and local government.

### **South Africa's welfare policy**

Interestingly, the neo-liberal rhetoric of welfare 'dependency' has been evident

here too, where welfare is often referred to as 'handouts'. In the post-1994 period, policy-makers and some stakeholders had to be persuaded that this amounted to victim blaming and an avoidance of acknowledging the structural causes of poverty and inequality. What complicated the situation was the low status that social welfare services, benefits and programmes enjoyed in the public domain at the time.

Government engaged with stakeholders around these issues when developing a new welfare model for South Africa. It aimed to create a national consensus on a new welfare model. In fact, in the early stages of the new democratic context, many people did not understand the vital role that social security plays in alleviating poverty. Research studies demonstrated the positive social and economic impact that social benefit transfers (which are means tested and non-contributory) have on households. This positive impact is especially found in relation to social pensions which has a take-up rate of almost 80% of elderly people who are eligible. (Department of Welfare, 1997)

Thinking and policy around welfare has changed with the adoption and implementation of the White Paper for Welfare. This developmental model took global trends into account as well as the strengths and limitations of the welfare state approaches. We were particularly influenced by Third World development strategies and the social development approach adopted at the United Nations World Summit for Social Development held in Copenhagen in 1995.

The welfare policy model which we developed drew on a range of different thinking. We looked at different strands of welfare thinking and different experiences including the RDP, innovations in developing countries experiencing similar social and economic conditions; and our

own experiences of the development activities of anti-apartheid social movements. We combined what we saw with our own country-specific conditions to produce a very unique South African policy framework.

This policy framework incorporates some of the following elements:

- a relationship between social and economic development;
- a need for a comprehensive approach which goes beyond social sectors;
- social and welfare rights and obligations;
- an equitable allocation of resources;
- a pluralistic political system within which policy choices and trade-offs are made and which determines how far redistributive measures will go;
- a proactive state which would initiate and facilitate social development, social support, and protection for poor and vulnerable groups such as women, children and youth, people with disabilities and people in low wage groups.

In conclusion, the policy models or variations of welfare state models do not readily fit our local context. We have integrated some strands of these approaches, others have been reframed within a social development approach. ★

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# The relevance of workfare to SA

After the Jobs Summit we were invited to Brussels to look at the EU's employment strategy. Interviewing people in the EU, I found that a close relation has been asserted between expansionary macro-economic policies, growing employment, raising living standards and the financing of social security. Instead of arguing that high levels of social security act as a barrier to employment, Europeans I spoke to took the view that high levels of employment finance and consolidate a modernised social security system.

There is a growing ageing population in Europe. Nevertheless, parties are looking at expanding employment to finance the expansion of pension payments, rather than cutting back pensions. Alan Larson, who is the director general of DG5, effectively the 'employment ministry' of the EU, talked in this context about raising employment levels from 60% to 72% in the next ten years.

## **Social security**

There seems to be less focus on reducing non-wage costs such as social security, and more of an emphasis on reducing areas which are seen as a barrier to employment, such as certain types of taxation (for example, VAT).

Social security was spoken of as a 'productive factor in the economy', rather than a squandering of wealth.

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*Neil Coleman, from COSATU's parliamentary office, gave an input at the workshop. This is a shortened and edited version of his input.*

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A 'productive factor' because it raises living standards and thus effective demand in the economy.

The Europeans also argued that social security lessens social division and conflict, and ensures greater co-operation in the production and distribution of wealth.

A view is commonly held in the developing world and South Africa that only advanced capitalist states can have comprehensive social security systems. However, the people we spoke to do not appear to share this view. In the current debate about enlargement of the EU, Eastern European countries which operate under a primitive form of capitalism, are being expected to construct social security systems as a condition of entry into the EU.

EU officials argue that many European states built social security systems in the context of relatively backward economies; and that more recently, large gaps between systems of relatively poor Southern



Neil Coleman of COSATU, Ravi Naidoo of Naledi and Dennis George of FEDUSA.

European states, and their Northern counterparts, have had to be bridged.

'Flexibility' means different things in the EU and in SA. Europeans talk about a skills based flexibility, training and mobility from low to high technology jobs. Obviously within this there are different variants. In South Africa, the notion of flexibility is aimed at de-regulation, weakening union organisation and lowering wages. Alan Larson said that where there is greater flexibility in the market, there is a need for more, not less security. Security should be found in areas like labour standards and social security systems.

Europeans are comparing their model to the American model and saying that in America there is higher employment of a particular type, especially in the service sector, but there is also a growth in inequality and a growth in the working poor. This is accompanied by casualisation, deregulation and the lowering of minimum standards. This places an extra burden on society to

support poor people who are in employment.

Another problem is the privatisation of the social wage in America. Household expenditure on social security is similar in Sweden and the US. However, in America it is private expenditure and in Sweden it is public expenditure, and obviously the distribution of this expenditure is vastly different.

### Workfare's relevance

I question whether the notion of 'workfare' has immediate relevance to the South African situation for a number of reasons

- Firstly, because the long term unemployed fall totally outside the social security net in this country. Those who are covered by UIF are covered on a temporary basis. They are only covered for a six-month period and then, only if they have been in employment for a certain period of time. Those who are unemployed in the long-term and who have never been

employed are not covered at all by UIF (over 90% of the unemployed do not qualify for UIF)

- Secondly, in this context, unemployment in South Africa is not only a downward pressure on wages. It also exercises an upward pressure, by increasing the number of dependants being supported by a worker's pay packet, in the absence of a social security system. It puts enormous pressure on workers to push for a higher take-home pay to support the growing number of unemployed in the extended family.
- Thirdly, we cannot talk about a comprehensive social security system in South Africa - it does not exist. COSATU-commissioned research shows that 13,8 million people who are living in poverty, have no access to any direct form of income from the state. About 40% of households in the lowest two quintiles get no social security transfers at all. While it is well known that wages and in particular old age pensions are very extensively used to support people, particularly in rural areas, it is a completely scatter gun approach. It depends if you are fortunate enough to have a wage earner or an old age pensioner in your family. If you do not have one of them you do not get an income transfer, unless you qualify for other grants.

### **COSATU's approach**

COSATU links the concept of social security to the broader concept of a *social wage*. The social wage includes social security support, public health, public housing, public transport, education, training etc.

A social wage system would be a combination of direct income transfers, like UIF, and indirect income transfers

through subsidies by the state in the form of the national health system, transport etc. Such an approach takes forward the developmental and redistributive economic logic of the RDP - focusing on redistributing wealth and opportunities and bringing people into economic activity. This approach aims to fundamentally restructure social relations rather than being a purely welfare-driven approach - which partially alleviates but also institutionalises poverty, by perpetuating marginalisation and dependency.

COSATU sees the establishment of a *comprehensive social security system (CSSS)* as a key pillar in advancing this vision of a social wage. An important advance was made in the parliamentary process on the White Paper for Social Welfare, when it was agreed to incorporate a commitment to the establishment of such a system. We have taken this forward in discussions with government, in the Jobs Summit, in the alliance processes and elsewhere.

Engagement on the shape of a CSSS needs to happen at various levels:

- restructuring of the retirement system in South Africa;
- restructuring of the UIF;
- investigating the basic income grant proposed at the Jobs Summit, and its relationship to other grants;
- debating the correct mix between social assistance and social insurance, the former largely being direct grants coming from government (from the fiscus), while social insurance is predominantly funded by employers and workers;
- examining the implications of current macro-economic policies on social security provision;
- finally, we must be very careful that so called 'developmental social security' does

not constitute a surrendering by the state of its social security responsibilities.

## Delivery

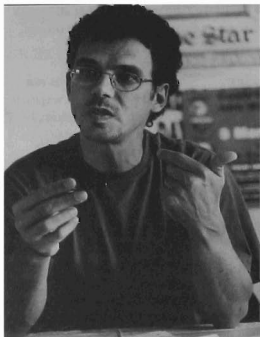
Some people will say that we cannot even deliver the fragmented and limited social security system which we have presently got. That should not act as a barrier to a more comprehensive system. It should spur us on to begin to look at much more effective and comprehensive systems which are easier to administer. The income grant proposal, for example, would not be means tested but would be universal. This is designed to avoid the problems of administering delivery.

Approaches to delivery should be linked to other strategies which government is developing to empower people, particularly the poor and rural communities. One example is government's idea to set up a post office bank. Here everyone in the country would become linked into the banking system through the network of post offices in the country. That has all sorts of obvious advantages in relation to delivery of social welfare. You therefore need a comprehensive and inter-ministerial approach. The Department of Welfare cannot do it alone.

One thing that is particularly worrying is the danger of privatisation of certain areas of social security, and the social wage. Certain areas which are currently in the private sector, like large portions of the health system, need to be de-privatised or nationalised and brought into the area of public care.

## Fiscal constraints

One view is that, as a result of 'fiscal constraints', we have got to increasingly shift the burden to fund social security onto the private sector and workers. This is a short sighted approach which the trade union movement has opposed, as



Neil Coleman.

being both developmentally and economically retrogressive. The first major danger is that such an approach would exclude the majority of people who are not in formal employment. Secondly, it would raise the unit costs of providing social security because it will reduce the benefit of large-scale delivery, as well as undermining public provision of those services. Private provision also usually excludes cross subsidisation. Thirdly, it would raise the non-wage costs of employment. All this could lead to the increasing marginalisation of the very poor because it will increase segmentation and result in limiting social security to the employed. Finally, this will reinforce private provision of other aspects of the social wage such as the move towards market-driven provision of transport and delivery of housing ★

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*Neil Coleman is the department head of COSATU's parliamentary office*



# The Basic Income Grant

Labour proposed the following on a Basic Income Grant (BIG) at the Jobs Summit.

- Every citizen would receive a grant of say R100 per month. To ensure that the system targets the poor and unemployed those earning over a certain amount (for example, R2 000 per month) would pay back the amount they receive as a tax. People earning over R5 000 per month would pay back double what they receive as a 'solidarity tax'.
- The money would be claimed back from higher income earners through the South African Revenue Service and the balance will be paid by the fiscus. Preliminary calculations indicate that the cost of implementing a BIG of R100 per month from 1998 may peak at R23-billion in 2003/2004, assuming a 75% take-up rate within six years.
- Both the poor and working poor will benefit. The system would not discourage people from working because everyone will receive the grant. It thereby avoids the problems experienced by 'welfare states' where the possibility of welfare creates a disincentive for people to work. It is therefore a real component of 'developmental' social welfare.
- The BIG would contribute to making people economically active through giving them access to cash resources. It would contribute to improved health status and improved ability of children

by Neil Coleman

to learn at schools. It would stabilise consumption spending and demand - increasing demand for locally produced goods. International experience shows that basic social security is important to promoting economic growth.

- The BIG would help alleviate poverty as poorer people in large households pool their income. It would also lead to a more equal intra-household distribution of income - empowering women and younger people.
- The BIG could be paid into people's accounts through the banking system, a reformed and extended Post Office Bank or through community banks. This would help expand financial infrastructure into rural areas. The transfers would be automatic and thus require less administration. There would be less corruption because the BIG would be an entitlement and would not be dependent on the discretion of officials.
- The State Old Aged Pension (SOAP) system should remain in place since it has a proven track-record as government's most effective poverty alleviation programme. This will be reduced by R100 and the pensioner will get the BIG. Pensioners will therefore receive the same amount of money. The same should apply to the disability grant. ★



## *Revamping social security*

**T**he need to revamp South Africa's social security system is undisputed amongst Nedlac's four constituencies.

Labour points to the fact that the RDP called for a 'national social welfare delivery system which ensures the greatest coverage in terms of benefits to the poorest through a restructured, integrated social welfare delivery system at national, provincial and local government levels'. (RDP, 1991)

Government acknowledges that in terms of the new Constitution, access to social security is a right. Business also backs the concept of social security, and believes it is the duty of government to provide social security, including social assistance and social insurance. Community has challenged government to speedily implement 'the intended formulation of a more comprehensive social security and welfare safety net' (submission to the Jobs Summit, June 1998)

### **Nedlac task team**

One of the agreements at the Jobs Summit in October last year, was that parties committed themselves to achieving the implementation of an effective comprehensive social security system it would be aimed especially at those living in poverty and the unemployed.

The social partners recognised that

there is a strong link between labour market policy and social security. They therefore agreed to establish a joint Labour Market and Development Chamber task team to implement the Jobs Summit resolution.

### **Review**

The first part of the agreement on social security states that there should be a review of the existing system. There is widespread acknowledgement that this system is neither comprehensive nor integrated.

Government, under the leadership of Minister of Welfare, Geraldine Fraser-Moleketi, has already initiated such a review process.

An inter-departmental task team, including the departments of health, labour, welfare, transport, justice, defence, energy and finance is close to completing a review of both social assistance (grants such as disability, maintenance, war veterans) and social insurance (for example, unemployment insurance, workman's compensation).

The Department of Welfare's Fezile Makhliwane told Nedlac that the task team was also looking at social health proposals and the issue of a basic income grant. The basic income grant had been proposed by labour and captured in the Jobs Summit agreement.

The government task team is not

looking at retirement funds, as a review of this nature has already been done by the Department of Finance

## Principles and objectives

All the constituencies have done a fair amount of work around the issue of social security over the past five years. Government published documents such as the White Paper for Social Welfare and the White Paper on an Integrated National Disability Strategy in 1997. Labour has published a submission on the White Paper for Social Welfare. The September Commission looked closely at the issue of a social wage.

Labour's representative on the Nedlac task team, Ravi Naidoo, spelled out five key objectives that labour would like to see accomplished through a revamp of social security.

The first objective is maximum coverage. Naidoo says that the Unemployment Fund currently covers only 5% to 10% of workers and that this should be extended to cover all workers.

A second objective would be to restructure the social insurance institutions to:

- reduce duplication and create economies of scale;
- ensure that as many people as possible are covered;
- promote equity

Labour's third objective is to ensure that there is an improvement in public sector service delivery. It wants a commitment to move away from private provision of social security (such as employers providing transport, housing)

Lastly, Naidoo argues that the implementation of a social security system should at the same time promote structural reform of the economy, such as promoting access to productive assets and social investment

Business fully supports the idea of social security but is concerned about affordability

Barry Shipman, business' representative on the task team, said that business had identified five important principles for a social security system. It should:

- be affordable,
- be sustainable from a delivery point of view;
- operate on the basis of solidarity among participants,
- have careful funding and fiscal control,
- be managed on a senior level, with Parliament possibly having overall control

## Process

Government has undertaken to submit its review to the Nedlac task team by mid-April. In the meantime, the constituencies will submit broad principles and primary objectives and hold discussions in an attempt to reach a common understanding at a conceptual level.

Once the task team has studied the government's review, Nedlac will be able to identify any gaps or areas for further study. The task team will also begin to formulate proposals.

Government's task team is required to provide a report, containing both the review and proposals for an enhanced social security system, to the Minister of Welfare by July, for mandating at Cabinet level.

By interacting with the government during the process of finalising the review and proposals, the Nedlac constituencies will be able to make an impact at an earlier stage instead of merely waiting for the report to be tabled in July. This will hopefully speed up the implementation of this very significant Jobs Summit agreement.



# Nedlac's work programme for 1999

A major priority for Nedlac for 1999, is implementing agreements that have been reached. Other priorities include the role that Nedlac can play in the integration of southern Africa and the consolidation of Nedlac structures and processes

## Chamber work programmes

### *Trade and industry chamber*

One of the chamber's priorities for 1999 is the free trade agreement with SADC. The chamber is addressing one of the Jobs Summit agreements by looking at strengthening customs and excise in order to tackle customs and VAT fraud. It will also embark on a review of tariff policy (also one of the agreements reached at the Jobs Summit) and look into South Africa's involvement in multilateral trade institutions, such as the World Trade Organisation

The Workplace Challenge Project and the research being conducted under the Fund for Research on Industrial Development, Growth and Equity (FRIDGE) are also important trade and industry chamber projects. The chamber has approved studies on a tourism collaborative initiative and a review of the tax holiday scheme. Research briefs are also being developed for a domestic competitiveness report, a report on standards, quality, accreditation and metrology and a report on trade and the environment

### *Finance and monetary policy chamber*

The finance and monetary policy chamber has not met since late last year, as it has been without a labour convenor, and business and government have expressed their reluctance to convene meetings without one. However, a meeting is being convened at the appropriate level to develop a work programme that enjoys the support of the parties. A policy session is being arranged with the Minister of Finance.

### *The development chamber*

The development chamber has identified four main clusters of work to tackle in 1999. Each cluster of work will be assigned to a task team. One task team will deal with local government issues and the Masakhane campaign.

The White Paper on Local Government and the Municipal Systems Bill are two of the local government issues on the programme. The Masakhane work will include preparation for the Masakhane presidential and local council awards and preparation for a proposed summit at the end of 1999. The second task team will deal with health, land reform and social security. The Jobs Summit agreement on social security will form the basis of the work on this issue. A joint committee with delegates from the Labour market chamber and the development chamber has held three meetings so far. The third task team will deal with poverty and disability issues, whilst the fourth will deal with housing

and infrastructure delivery. The chamber's work on housing was taken forward in the Jobs Summit and has resulted in a presidential lead project on housing. This is progressing well.

On infrastructure, the chamber has appointed an agency to conduct a major survey of infrastructure delivery in the country. There will be a three-phase report back to the chamber reference group, with the final report in June 1999.

#### *Labour market chamber*

The bulk of labour market chamber work in the first part of 1999 will be in developing positions for submission to the SADC employment and labour sector. At a meeting in early April, South Africa made a tripartite input on:

- a draft code of good practice on the safe use of chemicals in SADC;
- a draft declaration of productivity in SADC;

- a draft social charter on fundamental rights in SADC

The Labour market chamber has a number of ongoing issues to deal with, such as demarcation applications, and ILO conventions. The amendment of section 154 of the LRA, which deals with the tenure of Labour Court judges, has also been put on the agenda.

#### **Non chamber-specific issues**

Nedlac has earned prominence and respect through its successful interventions in applications for socio-economic protests made in terms of section 77 of the LRA. Issues currently on the agenda as a result of section 77 notices being tabled are:

- the conditions of the criminal courts and the demands placed on public prosecutors,
- the transformation of the tertiary education system and related matters

### **Recent demarcation applications**

Demarcation determines which companies are grouped together in an industry or sector for bargaining purposes. The LRA gives Nedlac the task of considering applications to register new councils or to change the scope of existing ones.

The standing committee on demarcation recently considered the following applications. Their recommendations were supported by the executive council of the 5th March.

- Application for the variation of scope of the Bargaining Council for the Furniture Manufacturing Industry of the Eastern Cape. The application was supported by the standing committee and the labour market chamber provided that reference was made to the agreements concluded between the building industry and furniture manufacturing industry in 1986. The agreements provide for the interpretation of the sectors and areas of the industries

- The application for the registration of the amalgamating Bargaining Council for the Meat Trade, Gauteng, was supported
- The application for the variation of scope of the Building Industry Bargaining Council (Cape of Good Hope) was supported
- The application for the registration of a National Bargaining Council for the Chemical Industry was supported except with respect to the exclusion of the wholesale patents and pharmaceuticals sector, on which agreement was not concluded.

The standing committee has considered the following applications, which still have to be ratified.

- Hairdressing and Cosmetology Services Bargaining Council (semi-national)
- Jewellery and Precious Metal Industry Bargaining Council (Cape)
- Liquor, Catering and Accommodation Trades (South Coast Natal) Bargaining Council



# The new superunion CEPPWAWU

**O**n 24-26 February 1999 a new superunion was launched. The Chemical, Energy, Paper, Printing, Wood and Allied Workers Union (CEPPWAWU) was formed in a merger between the Chemical Workers Industrial Union (CWIU) and the Paper, Printing, Wood and Allied Workers Union (PPWAWU).

The new union has 92 000 members and includes the following sectors: pharmaceutical, glass, rubber, plastics, consumer chemicals, industrial chemicals, petroleum, pulp and paper, printing, wood and furniture.

## Why merge?

CEPPWAWU general secretary, Muzi Buthelezi, explains why the merger took place:

'CWIU and PPWAWU were COSATU affiliates. In terms of politics we came from the same school or political tendency. Both unions recognised the need to form a bigger union with employers becoming more powerful.'

Both unions had realised that they had to follow international trends and become more powerful. This was explained in the secretariat merger report: 'The decision to forge unity was informed by the need for both unions to grow and be powerful enough to deal with the challenges of globalisation being imposed on our members by employers. Most unions

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*CWIU and PPWAWU recently merged. Tanya van Meelis reports.*

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overseas are aligning themselves for survival and strengthening their power base through large and dynamic organisations which command respect and influence in the society'

Buthelezi explains that increased power will not only be a result of increased membership numbers, but also of the ability to take action across different sectors of the economy: 'Industrial action taken in 12 sectors will be very powerful. We can already stop the country with a strike only among petroleum workers. We are also organised in very strategic industries.'

The deputy general secretary, Bengeza Mthombeni, states that the new union must benefit members: 'For two unions to come together it must benefit members. With the merger we are now more united, stronger and better able to tackle the challenges that face us. We will be bigger, more efficient and we will deliver a better service to members.'

## Ensuring a successful merger

CWIU and PPWAWU used a number of strategies to ensure the success of the merger.



CEPPWAWU brings together CWIU and PPWAWU.

#### *Getting advice*

CWIU and PPWAWU got the advice of NUMSA on what to do to ensure a successful merger. After discussing mergers with comrades from NUMSA, CWIU and PPWAWU decided on what would work best for this merger.

#### *Task teams*

The unions set up task teams with clear terms of reference to discuss merger matters and make recommendations to constitutional structures. Task teams dealt with a number of issues including the new union's constitution, demarcation, structures and procedures, policies, membership, finances, staffing, staff conditions and offices.

#### *Sharing information*

Mthombeni explained that one of the reasons the merger was successful was that both unions shared information fully. If information was requested and could not be provided immediately, the union would go and get the information to present at the

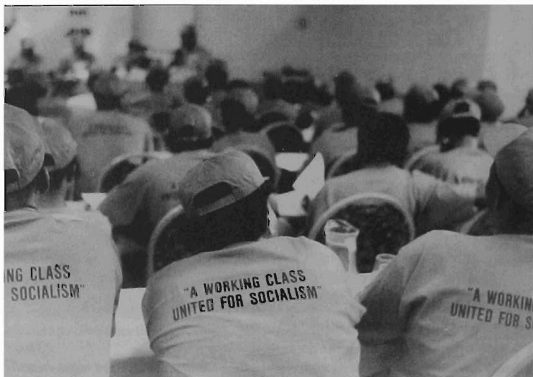
next meeting. Branches and regions had meetings between the former unions where information was shared to enhance co-operation. An example of where this took place was in KwaZulu-Natal.

#### *Commitment of leadership*

A large amount of work and many meetings took place to ensure the success of the merger. Mthombeni remembers how he and Buthelezi often would meet at 7am to ensure that the process kept moving forward and issues were tackled. There was, according to Mthombeni, 'a commitment to achieving the objective'.

#### *Deciding leadership positions first*

Many mergers do not take place because of fighting of individuals over leadership positions. CWIU and PPWAWU avoided this problem in this merger by dividing up the positions of the national office bearers (NOBs) before the merger took place. CWIU got the following three positions: general secretary, first vice-president and second vice-president.



CEPPWAWU's motto is 'A working class united for socialism'.

PPWAWU got the following three positions: deputy general secretary, treasurer and president. Each former union held elections for the three positions they were allocated. This ensured that leadership were democratically elected and that leadership was established before the merger took place.

The honorary president is Blade Nzimande.

#### **Stressing worker unity**

Mthombeni explained that stressing worker unity ensured the success of the merger. It motivated comrades to work for the merger and to resolve problems that may have prevented the merger from taking place.

#### **Worker control**

The unions ensured that the merger process was subject to worker control and

democracy. Both unions had received a mandate to merge from their own congress.

The four task teams that dealt with issues related to the merger, included workers and officials. The teams reported to a plenary, which debated issues and submitted recommendations to joint structural meetings for further discussions and decisions.

Reports from the task teams were submitted to branches and regional structures to inform them of the progress and identify issues to discuss. Branches could submit recommendations. Final reports on the merger talks were submitted to a joint meeting of the CWIU NEC and the PPWAWU CEC which debated the issues and took decisions.

Mthombeni explains that CEPPWAWU will also act on the principles of worker



control and democracy. 'The challenge for the new union is to avoid creating a bureaucracy. We need to ensure involvement in all aspects of the new union. We need to build strong locals and regions. The new union offers the opportunity to go back to basics. Each worker should be interested in the new union. We pin the hope of revival on the shoulders of everyone.'

### New structures

There will not be branch structures in the new union, but regional structures. They will be launched from March to May 1999. There will be seven regions: KwaZulu-Natal, Western Cape, Eastern Cape, Mpumalanga, Free State, Wits and North West. Local offices will be spread over the country to ensure accessibility to members and provision of service.

The constitutional structures will be: national congress, national executive committee, national co-ordinating committee, regional congress, regional executive committee, local shopsteward councils and shopsteward committees.

Election of office bearers will take place in terms of the CEPPWAWU constitution. Mthombeni calls on all members and staff to build the new union. He says that national leadership will play an active role in reviving local structures. 'Leadership will go to the regions, locals

and factories. We need to go and address meetings etc to build the new union. National leadership must build the locals.'

### Staffing

CEPPWAWU's total staff complement will be about 140 nationally. NOBs are expecting some staff to leave the new union. Mthombeni explains that it is human nature to fear the unknown, and explains that people may leave because they do not know what will happen with the new union.

While people may leave on a voluntary basis, there is a commitment in CEPPWAWU that staff will not be retrenched. However, staff will be redeployed in a fair and objective way. Mthombeni explains: 'While it is difficult for people to move we need to spread human resources. We need to use human resources effectively and efficiently. Deployment is not a form of retribution.'

If a member of staff does not accept a reasonable deployment request, the union will consider that as a resignation.

Organisers in each of the former unions will learn about the other union's sectors. Thus former PPWAWU organisers must understand the chemical sectors and vice versa. Organisers will be expected to service workers in all sectors as part of building the new union, as Mthombeni explains: 'We must avoid keeping the status quo - we need to say how do we ensure a new union emerges. People must be given new responsibilities.'

Another change that will be made regarding staffing is the possible employment of a human resources office. By employing a human resources officer, the secretariat will be released to deal with policy, key negotiations and building the organisation.

### Buthelezi identifies the challenges:

- building a new union and bringing together workers and staff with different traditions;
- ensuring a big union is also efficient;
- building a strong militant union;
- dealing with collective bargaining in a broad way - the social wage;
- developing strategies to deal with globalisation.

## Policies

The policies of the former CWIU and PPWAWU will be integrated over time. A task team will identify areas of difference between policies and attempts will be made to reach agreement. Congresses will take final decisions on policy matters.

NOBs will meet to discuss policy and find a way of operating until the union has new policies. Mthombeni says that there is a potential for new and dynamic policies to emerge: 'There has been a meeting of common minds looking at the new policies. We need to ensure that we have dynamic policies. We will continue in certain processes like Safcol. We cannot just abandon processes like that now. By examining and understanding what we are doing in different cases, the former CWIU will learn from the former PPWAWU and the former PPWAWU will learn from the former CWIU. We need to see what is happening and take the proper and best action. We need to understand things correctly to develop new policy. This presents an opportunity for new policy.'

## Women leadership

CEPPWAWU has no women NOBs. Mthombeni regrets this and says the issue of women leadership must be addressed: 'The new union has taken a regressive step. CWIU had a woman NOB. I have always argued for women to be top of the agenda - we (the former PPWAWU) had a quota in COSATU. We should start in regions and locals to ensure that women are represented in leadership.'

## Bargaining

### Centralised bargaining

CWIU is in the final stages of setting up a national bargaining council which will

cover the following sectors: petroleum, pharmaceutical and wholesalers, rubber, glass, heavy chemicals and consumer chemicals.

The plastics sector will be covered by the Metal Industries Bargaining Council. The outstanding issue for the bargaining council is whether or not pharmaceutical wholesalers fall within the scope of the chemical industry. Nedlac has referred this to the Minister of Labour to take a final decision.

The former PPWAWU is now pressurising employers into centralised bargaining and is finalising collective bargaining structures with employers in the following sectors: pulp and paper, packaging, printing and publishing, saw milling, paper merchant, tissue/waste and paper collection and wood distributors. Employers still have to form an employers' association.

CEPPWAWU wants to consolidate centralised bargaining and draw other unions in: 'Tight co-ordination and rationalisation of sectors and collective policies will be done by the new union. Sectors to be combined have been identified to reduce the number of sectors.' (Secretariat report)

'We hope to incorporate SATU into centralised bargaining since a continuation of the sectarian approach taken by SATU is not in the interests of broader bargaining.' (Buthelezi)

Buthelezi also expects employers to resist: 'Employers are panicking saying we have gone too far with CWIU. PPWAWU employers will re-think centralised bargaining.' (Buthelezi)

### Harmonising approaches

At the moment, the two former unions have different dates to start negotiations. According to Buthelezi bargaining arrangements will have to change: 'We

## CEPPWAWU's message to bosses

'We are now stronger and speaking with one voice. We will not compromise on improving our conditions. We are leading members who are disadvantaged. For example some earn R300 per week. Bosses co-operate with us, or else we will use our strength to get what members deserve' (Mthombeni)

## CEPPWAWU's message to members

'We ask every member to contribute to building CEPPWAWU by going to local, regional and national structures. This is your weapon.

Workers only have their unity and strength – use it effectively to democratise the workplace' (Mthombeni)

need to harmonise the approach so that we will submit the same demands to all employers in PPWAWU and get them into centralised bargaining. It will also be a struggle to get companies to start negotiating at the same time because most companies have their financial year ending on their financial year.'

CEPPWAWU also plans a three-year strategy around negotiations and will include social wage demands.

The area of provident funds also needs to be re-aligned. 'This is the most complicated area and it will take years to realign. Jan Mahlangu (the former CWIU's provident fund co-ordinator) is very dedicated and will ensure that the process is smooth. Co-operation will be very important.' (Mthombeni)

## Difficulties in the process

Mthombeni identified difficulties in the process and things that could have been done differently: 'Time was a problem and not everything could be done to our satisfaction within the time frame. We could not present an integrated budget at congress.'

More co-ordination and discussion could have eased the process. 'We could have had more meetings at the level of functionaries to co-ordinate. There has been a lack of discussion in some regions.'

More work needed to be done to ensure co-operation and deal with resistance: 'While leadership has emphasised co-operation it hasn't been realised. There were some elements resisting change at a regional level.'

## The future

NOBs believe that there is potential for membership growth in the chemical sectors, furniture and in the printing and publishing sectors. Efforts will be made to recruit and increase membership to 140 000.

Mthombeni is confident that officials and members will be able to build a new union that will tackle the challenges that lie ahead.

'Comrades will have to work in co-operation to build the new union. We have an opportunity to break with the past and foster a new culture on the eve of a new millennium. It is not easy to build a new culture, but what is common is the need to deliver to members. This common aim must unite cultures. We must be professional in our work. We must modernise to tackle the challenges that lie ahead. We aim to continue on our good foundation but also build new styles of work. We must be a union that will be an example to others. We must ensure that our members speak in one voice and benefit.' (Mthombeni) ★

## *A culture Bulletin*

**H**ere are some more poems and words of songs to contribute to working class culture. Our thanks to Thobile Maso, worker poet, for permission to use his poems. The songs are taken from an article by Elsabe Brink in a 1984 *Bulletin*. The songs were sung by the Garment Workers' Union in the 1930s and 1940s. If you are interested in more workers' poetry, Ditsela has published a collection called *Revolution revived: a collection of working class poetry*. You can call Ditsela at (011) 403-2155 and speak to Ayanda or Thozama.

### **O, do not bow**

*(The Garment Worker, March/April 1941. Translation: Elsabe Brink, SA Labour Bulletin, vol 9 no 8. To the tune of 'Bobbejaan klim die berg'.)*

*O, do not bow and do not sway  
to slavery and fascist law  
We should all unite and together stand  
Such low wages are no fun*

### **We women too share in the fight**

*(Translation: Elsabe Brink, SA Labour Bulletin, vol 9 no 8. Composed for a Garment Workers' Union rally for a living wage in February 1940.)*

*We women too share in the fight,  
We too, work, build our land*

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*compiled by Etienne Vlok*

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*We women, half of our nation  
Fight for the progress of South Africa.*

### **Solidarity forever**

*Thobile Maso, SAMWU*

*Socialism is my future  
I have nothing to lose  
It makes me to be conscious of myself  
Though I live in the miserable  
situation*

*I will fear no brutality  
Because the working class is with me  
Marxism and Leninism is my  
compass*

*It guides me against the temptation of  
the Capitalism*

*It restores my conviction  
Agitating and mobilising the  
masses*

*Workers' militancy is my strength  
I will devote my life forever  
To fight for socialism*

*Solidarity forever*

*Mobilise communities mobilise  
Mobilise campuses mobilise*

*Mobilise workers mobilise  
Mobilise women mobilise*

*Solidarity forever*

*Decolonialisation of mind is education  
in time*

*From poverty line to bread line*

*Let the red flag fly high again*

*Worker to worker*

*Country to country*

*Solidarity forever*

*Abolish brutality abolish*

*Abolish barbarism abolish*

*Abolish cabalism abolish*

*Abolish capitalism abolish*

*Solidarity forever*

*Thieves and invaders are suffocating  
the nation*

*Global villains are destroying the  
humanity*

*Vampires are sucking the blood of  
industrial soldiers*

*The daylight robbers are back*

*Solidarity forever*

*Organise our people organise*

*Organise our proletariats organise*

*Organise for revolution organise*

*Organise for socialism organise*

*Communes forever*

*Communism forever*

*Solidarity forever*

## **Tribute to the Cuban people**

*Tbobile Maso, SAMWU*

*Socialism is the future*

*Lies they have sneezed*

*Truth they have killed*

*Undertakers wait and confuse*

*Life is living bread is shared*

*Socialism is the future*

*They poison the water in order to kill  
the fish*

*They speak like saints and act like  
devils*

*They preach democracy and act like  
bureaucrats*

*The little island, the universal  
obsession*

*Threatens no one but is under  
siege*

*Socialism is the future*

*The blows of reactionaries are  
showering like hail*

*Why you shrink like rabbits in the  
storm*

*The final goal is yet to come*

*The victory is certain each one teach  
one*

*Socialism is the future*

*Declaration of point of  
departure*

*the aim is not dispute*

*The action is argument of means to  
the end*

*Struggle is victory*

*Guided revolution is  
humanity*

*Socialism is the future*

*Let the means to turn the tides*

*From Africa, Cuba to Russia*

*Keep the fire on*

*The world is full of misery*

*Socialism is the future*

*Build it now! Build it now!*

# The social impact of globalisation

In the last few years international studies have looked at the social impact of globalisation. In the international multilateral trading regime, concern over 'social dumping' led to the proposal for a social clause to the (then) GATT in 1994. The matter was very controversial and parties referred the issue of what could be termed 'social rules' to the ILO.

In the ILO, a task force was established to conduct a series of country studies in order to shed some light on the social effects of economic globalisation. A number of member countries agreed to participate in the country studies, namely Chile, Mauritius, Bangladesh, the Republic of Korea, Switzerland, South Africa and Poland. It is hoped that these country reports, once finalised, will shed some light on the social effects and impact of globalisation on countries at varying stages of development. The South African country report is thus an important part of this process.

## Economic globalisation

Economic globalisation is a process of rapid economic integration between countries, driven by the increasing liberalisation of international trade and foreign direct investment (FDI), as well as freeing up of capital flows.

The process is evident in a number of activities such as.

*The ILO conducted a study on the social impact of globalisation. Susan Hayter reports on globalisation's effect on job loss in South Africa.*

- trade between countries, in goods and services;
- capital flows such as FDI;
- multinational enterprises;
- new production methods and networks;
- technology.

## Globalisation

Until South Africa's first democratic elections in 1994, South Africa was isolated from the global economy. After the 1994 elections, South Africa re-entered the international arena and experienced the globalisation of its economy. The new government started a much needed process of economic reform. It introduced policy measures to create an outward-oriented economy aimed at achieving export led growth while at the same time introducing measures aimed at improving social equity.

The liberalisation of trade, together with the lifting of sanctions against South Africa, led to a dramatic increase both in exports and imports as a share of GDP. FDI began to increase, showing the increased

international interaction and global integration of the South African economy

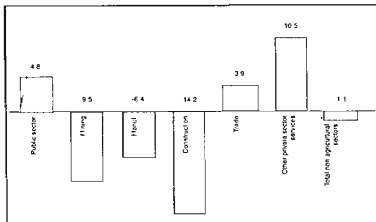
## Employment

Apartheid economic policies tended to be capital-intensive - they were biased towards investment in machinery rather than developing human

capital (labour). This was a rather strange policy feature in a country with a large (unused) labour force.

The result was that by 1994, unemployment rates had reached unacceptable levels and jobs were being lost at an alarming rate. Official data on employment levels (below) shows a strong decline in non-agricultural employment between 1990 and 1993. Employment stayed roughly the same from 1994 to 1996 and there was an increase in job loss between 1997 and 1998.

A closer examination of the pattern of job losses in the economy since 1994, reveals a very uneven picture. Figures show net employment creation from 1994 to 1997 in the public sector, trade and private services and job losses in mining, manufacturing and construction.



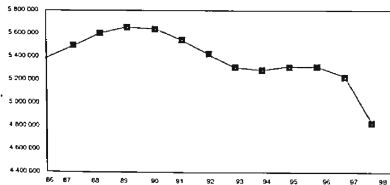
## Reason for job losses

Some have argued that globalisation, particularly the liberalisation of trade, has had a very negative effect on the employment situation. They presume that higher levels of imports have caused job losses in the South African economy. This view is supported by the experience in other countries where trade liberalisation had negative employment effects in import-competing sectors. There, companies in import-competing sectors found themselves having to compete with cheaper imports in domestic markets as a direct result of import liberalisation.

The ILO (1999) study examined the issue and found that whilst the processes of trade liberalisation had probably contributed to the weak employment performance, channels through which this

has occurred are different from those typically assumed.

Since the start of trade liberalisation, export-oriented sectors had performed better than import-competing sectors in terms of gross output, productivity



gains and wage increases. However, relative job losses were comparatively larger in export-oriented sectors compared to job losses in manufacturing import-competing sectors taken as a whole.

Sectors that had previously enjoyed high levels of protection and those that have experienced a more severe decrease in import tariffs have experienced relatively lower job losses than the other sectors. All these factors suggest that the direct impact of import liberalisation is not the only or even the main factor behind employment losses.

So what are some of the factors behind these trends in job loss and what does globalisation have to do with it? Empirical analysis carried out in the study suggests that job losses seem to be caused by a process of production rationalisation (or 'rightsizing'). This affects export-oriented sectors in particular.

In a low-growth environment characterised by low levels of investment, firms appear to be reacting to increased international competition (in foreign markets) by rationalising production and downsizing employment.

A number of questions remain unanswered.

- To what extent had export-oriented sectors been employing excess labour? Did the phasing out of the general export incentive scheme (GEIS) affect employment in those sectors? To what extent is the phasing out of GEIS therefore a key factor behind the relative greater employment losses in export-oriented industries?
- Is employment loss due to rationalisation going to continue, given that the potential for labour productivity increases without a substantial degree of investment are limited?

- Are more jobs going to be lost in export-oriented industries? Given that the five year tariff reduction and rationalisation programme only kicked in in 1995, can we expect a delay in its effects on employment and see more jobs being lost in import oriented sectors?

## Employment creation

Why is globalisation not resulting in the creation of employment? Theory on the issue suggests that trade liberalisation has the potential to increase national welfare and create jobs. Indeed, most cross-country studies into these issues conclude that increased trade and foreign investment flows are (at least in the long run and in most cases) correlated with higher rates of economic growth and productivity increases for the economy as a whole. (Edwards)

The potential gains do not happen immediately and are not automatic. They depend on a range of factors such as the nature of internal policies and external economic developments.

For benefits to arise, some adjustment to the economy and a process of industrial restructuring is inevitable. This adjustment, almost by definition, involves a certain degree of labour displacement and an increase in inter-sectoral flows of employment. This means that there will be job losses in some sectors and job creation in other sectors.

In this respect, the non-tradeable sectors in South Africa (the public sector, trade and other private sector services) could absorb displaced labour given that they registered net increases in employment between 1994 and 1997. However, there are not enough of these new jobs to absorb workers from sectors in which jobs were lost. These 'new jobs' also often require workers with a much



higher level of skill than those workers who are losing jobs.

The study examined the issue of why globalisation has not (yet) resulted in the creation of employment and what features of the South African economy may have worked against employment creation

### *Capital intensive production*

The study proves that trade liberalisation may have raised the demand for capital relative to labour. This may be a result of the fact that South Africa has specialised in capital intensive products, which according to several authors is a legacy of past industrial policies.

Trade liberalisation appears to have reinforced the capital intensive path of the South African economy instead of resulting in a shift to a more labour-intensive path. This works against employment creation. Further research needs to be done on why trade liberalisation and changes in industrial policies have not caused a shift towards a more labour-intensive path.

### *Lack of investment*

A lack of investment is one of the key reasons that employment is not being created. The study proves that higher levels of investment are associated with higher employment levels. In other words, investment increases the ability of firms to create jobs. Insufficient physical capital stock (such as plants, vehicles and machinery) may lie at the heart of the employment problem as these levels are presently insufficient to absorb more employment. It is important to note in this respect that levels of investment in South



*Mambathisi Mdladlana, Minister of Labour, launched the ILO's report.*

Africa at present represent only about 17% of GDP. This is much lower than other middle-income countries that have been successful in creating employment. Investment in these middle income countries is usually greater than 25% of GDP.

### *Skills shortage*

The potential gains from globalisation are not a straight forward matter. A period of adjustment, which will involve the displacement of workers in certain sectors and (hopefully) their re-employment in other sectors of the economy, is an inevitable part of the process.

The South African economy suffers from a severe shortage of skilled labour and the new jobs created tend to require relatively high levels of skills. This makes it very difficult for 'displaced' labour in

one sector to be absorbed in another sector. The skills profile of the South African labour force is decreasing the labour market's ability to adapt to the instability often associated with globalisation. It could also have negative consequences in terms of economic growth and may have hindered the development of labour intensive sectors.

### Inequality

Globalisation can result in inter-sectoral employment flows. It can also lead to rising inequality and labour market insecurity.

The cross-country analysis conducted by the ILO Task Force (1999) confirmed that globalisation was associated with the erosion of the standard model of salaried employment. New forms of employment are emerging. While they often provide new options for many workers they also have a number of negative social consequences, particularly for low skilled workers.

Globalisation also tends to benefit some individuals or groups more than others. This translates into either wage inequalities, or employment inequalities or both.

### Labour market policy

International experience suggests that a country's policy interventions affect the extent to which it reaps the potential benefits from integrating into the global economy and decreases the negative consequences.

Labour market policies now need to not only balance efficiency with equity and employment security, but also provide the conditions for the mobility of labour between sectors – as a more open economy is associated with more inter-sectoral employment flows. (ILO, 1999b) This involves a shift of focus to active labour market policies, skills development and providing an adequate social safety net.

As a more open economy is associated with more inter-sectoral employment flows (ILO, 1999), it is very important that labour market policies do not restrict, but rather facilitate the adaptability of the labour market. Labour market policy need to provide for the (inevitable) mobility of labour between sectors by means of active labour market policies and a focus on skills development.

As the experience of countries such as Chile has shown, globalisation has the potential to increase national welfare. However, we cannot ignore issues that relate to the distribution of these benefits, the employment effects and the possible negative social consequences.

Transitional adjustments induced by the opening up of the economy places a new basket of factors on the table. Labour market policy in a liberalising economy is not a simple matter of ensuring efficiency in the labour market and 'regulating flexibility'. The rising unemployment, increasing labour market insecurity and disproportionate benefits from a more open economy make it necessary for us to develop a more thorough understanding of the dynamics involved and assess policy options and their effectiveness in creating a better living for all ★

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*Susan Hayter is a consultant to the ILO. This article is based on a study by an ILO task force conducting country studies on the social dimension of globalisation.*

# Indian teachers challenge SADTU

Articles on South African trade unions in the education sector often focus on the struggle between SADTU and the state, the position of temporary teachers and wage-related issues.

While these are important issues that need to be analysed it is also important to gain an understanding of other challenges which SADTU needs to address in order to ensure strong and effective union structures. This article outlines and discusses some internally generated challenges confronting SADTU.

In a life history study done on the work experiences of 40 Indian teachers in the Witwatersrand during the post-apartheid period, it is evident that serious tensions exist between Indian members of SADTU and the union's leadership.

The findings from this research suggest that SADTU must also address two teacher concerns that have been generated by the social transformation of the 1990s. The first centres around feelings of ethnic marginalisation experienced by some Indian teachers. The second teacher concern centres around the claims of victimisation by those SADTU members who occupy principalship posts in schools.

## Tension with leadership

The *South African Labour Bulletin* vol 21 no 3 discussed how increasing

*SADTU faces new challenges brought about by social transformation. Sabera Surtee identifies organisational problems Indian members have with SADTU.*

bureaucratisation within SADTU and its perceived relationship to the state has created a vacuum between the SADTU leadership and its rank and file. These views are supported by Indian teachers in the Witwatersrand area. These teachers think that the post-apartheid state has co-opted SADTU leadership and that this has caused the leaders to abandon the interests of teachers. Indian teachers also express great concern at how many of their elected SADTU leaders have been drawn into ANC government structures and that this has led to the undermining of SADTU.

One teacher comments: 'I think the top brass are not committed enough to the union. We've had good people on the top. What happens? They get a top job at the ANC. All this training, all this experience, all their expertise that is built up over the years... [gets lost]. Now, when it's time for them to use this for the betterment of the union, they quit to go into the ANC. I feel



*'Teachers must just teach, teach, teach...'*

that it shows that there's not enough commitment to the union'

Indian teachers also comment on the growing bureaucratisation of SADTU and how this is creating a distance between the union's leadership and its rank and file. Two Indian teachers explain: 'We never know what's happening within the SADTU branch. There's that lack of communication. I mean if you watch the news you always hear SADTU has taken up this proposal. But we as teachers, we're not even aware of what is happening. I think the staff has pulled back in the sense that they feel SADTU is doing nothing for them. I mean, if we are paying members then we shouldn't just be a statistic. They should take us into consideration.'

'[Teachers]... Are just being overlooked... [by SADTU]. They should have ordinary teachers from schools, get them together, and consult with them when they're drawing up these education

policies. Nobody consults with teachers. Which teachers did they go to? Which schools did they go to? How were these policies drawn up? Even if they did consult with the teachers who were they? We know nothing about what's going on in... education. Teachers are just like ordinary workers like you get in these big car plants. Those workers are just assembling those cars - they are not consulted... We're not consulted on anything. We must just teach, teach, teach!'

It is clear from these statements that the Indian teachers interviewed hold negative views of SADTU. These teachers see SADTU as being an undemocratic organisation that is in cahoots with the ANC government at the expense of its rank and file.

### **Ethnic marginalisation**

Some Indian teachers are worried about SADTU's multi-racial composition. During the apartheid era, Indian teachers largely

belonged to teacher organisations which were organised along racial lines. The social and political transformation of the 1990s period has generated a dilemma amongst some Indian teachers regarding their ethnic status within SADTU.

The following quote shows that some Indian teachers believe that Indians, as a minority group, are being marginalised by African teachers in SADTU: '[with]... SADTU being one body now, we as Indian teachers... Are totally out-numbered, no matter what your grievances are. So your voice is really hardly heard'

'[SADTU is]... representing us ..but they are at the same time trying to do a little extra for the black guy... From an Indian and let's say even from a coloured point of view, our groups are just staying there in the middle. So within that body, more power is being held by the black South African's'

Another teacher expresses his dissatisfaction at SADTU's failure to be sensitive to the different experiences of black South African teachers who come from different ethnic groups. 'The problem that I have with SADTU is that SADTU can't really represent the interests of all their teachers, because we are teachers from different departments and we operated from different levels. I mean the problems that Indian teachers may have encountered, the black teacher didn't encounter in the townships. There are problems that the black teacher encountered that we didn't encounter... SADTU should... [therefore]... look at regions, or at the areas and see where the problems are and try and isolate the problems that are relevant to that particular area, and try and highlight it... until such time that the playing field is level. Then of course you can say right now we have a common problem.'

These quotes suggest that social

transformation during the post-apartheid period has led to a rise of an ethnic identity amongst Indian teachers. During the apartheid era, Indian teachers regarded themselves together with African and coloured teachers, as all being the victims of the same political system. This led to the formation of a common 'black' identity amongst these three groups.

With the end of apartheid, ethnic differences and ethnic identity are becoming more important to the Indian teachers who were interviewed. The feelings of ethnic marginalisation expressed by some of the teachers in this study show that there is clearly a need for SADTU to address the new forms of group identity which have been brought about by social transformation. SADTU needs to examine how these 'non-class' identities impact on its ability to effectively organise its members from diverse ethnic, race and gender backgrounds.

### Principal's problems

During the apartheid period, Indian teacher organisations that were granted recognition status by the education authorities, protected the interests of principals rather than those of ordinary teachers. During this period, Indian schools were characterised by oppressive and bureaucratic forms of control. The education authorities and the recognised Indian teacher organisations allowed school principals to be 'controllers or managers'.

These managerial practices were challenged with the new educational dispensation in the post-apartheid period and the emergence of SADTU.

Oppressive and bureaucratic managerial practices in the formerly Indian schools were then officially removed and not recognised. Some SADTU members who hold managerial posts have concerns with

this new situation. Some Indian school principals accuse the SADTU leadership and its members who are teachers, of now victimising members who hold managerial posts

The following extracts from an interview show the feelings of some Indian school principals who argue that a serious tension exists between managers on the one hand, and teachers and SADTU on the other: '... [if you give a teacher a low score after a classroom inspection]...

The disgruntled teacher becomes an ardent member of SADTU. SADTU's first target in order to get teachers' support is that they attack principals. They feel the principals are the lackeys of the department... when SADTU wants to attack people they attack the principal first.'

SADTU needs to address the concerns of SADTU members who hold principalship positions, if the union is to ensure unity and strong organisation amongst the different sections of its rank and file. SADTU should outline its position on members in different grades and positions, to guard against conflict amongst its membership and the resulting loss of some of its members to other teacher organisations

### Conclusion

It is clear that if SADTU is to ensure strong organisation amongst its membership the three problems outlined above will have



*Indian teachers want to strengthen democratic processes in SADTU.*

to be addressed. SADTU has already identified a growing rift between the union's leadership and its rank and file, brought about by the increasing bureaucratisation of the union. To deal with this, SADTU leadership has proposed the implementation of teacher forums to bridge the gap between itself and its members.

The interviews done with Indian teachers suggest that SADTU should research and address the issues of ethnic marginalisation and the disunity amongst teachers created by occupational stratification. Both of these workplace issues have been specifically generated by South Africa's transition from an apartheid to a post-apartheid society. If SADTU can address these issues successfully, it will stand as a good example to other unions facing the same problems. ★

*Sabera Surttee is a SWOP research associate.*

# Challenging the bargaining council

**A**t the end of 1998, employers in the Building Industry Bargaining Council in Gauteng notified the unions that they would be pulling out of the bargaining council. Currently, the employer body – the Gauteng Master Builders Association (GMBA) and unions are discussing restructuring the bargaining council. The GMBA will decide whether or not to pull out of the bargaining council when it has assessed the outcome of these talks.

General secretary of CAWU, Thabo Morale, gives some of the background. 'In 1996 we heard unconfirmed rumours that employers were discussing pulling out of the bargaining council. At negotiations employers proposed a two-tier bargaining arrangement. This meant that only one category of workers would get all benefits. Unions rejected that.'

In 1997, employers told the unions that they were considering pulling out of the council. They cited non-compliance, the fact that the bargaining council was expensive and not efficient, and payment of benefits as problems.

Unions rejected the idea that employers pull out of the bargaining council and said that the parties should engage on the issues. *Bosberaads* were held in early and late 1998. At the end of 1998 employers gave notice that they intended to withdraw. The parties agreed to hold discussions on this for a three-month

*There are problems in the Gauteng Building Industries Industrial Council. Tanya van Meelis investigates.*

period. In mid April employers will decide whether or not to pull out of the bargaining council.

## Too expensive?

Both the GMBA and CAWU think that the bargaining council is too expensive. Morale says that 'its big, has a high number of staff and is not cost effective'.

Executive director of the GMBA, Colin de Kock, agrees. 'Staff in the bargaining council have been protected and may now have to go. You can't not change an industry because of 128 jobs in the bargaining council. There are 120 000 jobs in the industry.'

The bargaining council has already decreased the number of people it employs to bring down its administrative costs. It dropped from 260 in 1987 to 128 now. This decrease has made it more difficult to give effective service to the increasing number of people being retrenched in the industry and making claims.

A few years ago the bargaining council outsourced the pension fund to Fedsure. CAWU and GMBA agree that this

outsourcing should be done with other funds.

Joao Manuel De Castro, general secretary of the Amalgamated Union of Building Trade Workers (AUBTW), the biggest union in the industry, does not think that outsourcing benefits will cut costs: 'We've had quotes and found that they were too expensive. The bargaining council is not a profitable organisation, so it can run the funds at a lower cost.'

Secretary of the bargaining council, Wynand Stapelberg, also disagrees with the claim that administration of funds by the bargaining council is too expensive. All the funds administered by the council, with the exception of the dispute resolution fund, are self sufficient. On average the funds' costs for administration are 10%. The medical aid runs at 6,1%.

For Stapelberg the source of the council's financial problems is the decreasing number of people contributing to the bargaining council. In 1985, 95 000 employees in the industry contributed to the bargaining council. In 1997 there were 30 000. In times of economic hardship you need more people contributing to the bargaining council to ensure sustainability and an ability to pay out claims

### **Problem of compliance**

The Minister of Labour has extended the agreement on wages and benefits reached at the bargaining council to all employers and employees in Gauteng. However, most employers (about 60%) pay less than they should - they are not complying with the agreement. Employers cite this non-compliance as another reason why they want to pull out of the bargaining council

Employers say that companies who do not comply can do the work more cheaply than companies who do comply. Non-complying companies get more contracts and make more profit.

De Kock says that it is too expensive and virtually impossible to ensure anywhere near full compliance. Until May 1998 it was a criminal offence not to comply to the agreement. Companies who did not comply could be prosecuted by the state. However, the success rate in this system was very low.

The new law is that non-compliance goes the arbitration route. While De Kock thinks that this is less compelling, Stapelberg thinks that this is a better system: 'Arbitration is a better system because you can't solve labour relations problems in a criminal court. With arbitration, the process is in our hands - we decide the dates and it is quicker than going to court.'

For De Castro non-compliance should not be a reason to pull out of the bargaining council: 'Employers complain about high non-compliance but it is their own members who are not complying.'

De Kock admits this: 'Traditionally the people who have been subject to the agreement were white. There are now many black emergent contractors. In the main the emergent contractors are not compliant with any form of legislation and they operate on lower prices. They pay only for the finished product, so they do not pay overtime etc.'

### **Reduce the number of agents?**

CAWU's view is that the agents are ineffective and corrupt. It has proposed that the number of agents be reduced to lower costs and that shopstewards police agreements instead. De Castro agrees: 'Agents are good when they monitor the system. When they are not monitoring the system they shouldn't be there. Shopstewards should then do it. This will save money.'

Stapelberg supports the idea that shopstewards police agreements in the





*Centralised bargaining protects workers and allows parties to address problems in the industry.*

companies where they work but points to a poor record in this regard. 'In 1994 we cut the number of agents by 50% and parties agreed to play an active role in ensuring implementation of agreements. But unions didn't play their role.'

Stapelberg says that the estimated 400 shopstewards in the industry could be more effective than the 10 or 12 agents employed by the bargaining council. He thinks that the bargaining council should produce copies of the agreement in pocket size and give this to the members of the organisations party to the agreement. All negotiators should then understand and retain ownership of the agreement and ensure its implementation.

For De Kock it is unacceptable that shopstewards go to other sites to police the agreement. He favours having a statutory minimum and individuals reporting non-compliance.

However, Stapelberg raises another

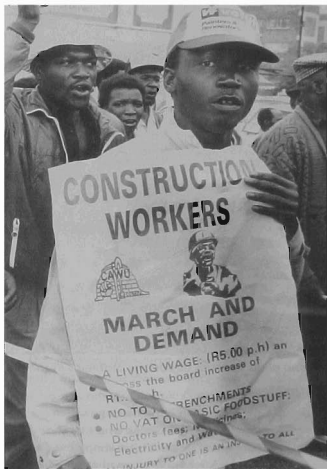
problem with implementing self regulation: 'The GMBA won't let the bargaining council train shopstewards on the agreement. They say that the unions should train the shopstewards themselves.'

Agents do dispute resolution now. If there were no agents there would be only a few people from the employers and unions who could do dispute resolution. However, as De Kock says, 'the parties don't have the time to do intensive dispute resolution. I could only devote one day a month to dispute resolution for the bargaining council.'

For De Castro this would not be a problem. Dispute resolution could either be sent to Independent Mediation Services of South Africa (IMSSA) or shopstewards could be trained to do it.

### **Labour too expensive?**

De Kock says that you have to look at the bargaining council in its economic



*Workers earn less money when employers do not comply with the agreement.*

context: 'The industry has experienced major changes since the early 1990s with unions coming into industrial councils (now bargaining councils) and negotiating agreements. Since 1982 the industry has been in decline. This has forced us to look at cutting costs and labour is a major component.'

De Kock says that pressure to reduce labour costs comes from both the decline in the industry and the fact that many employers compete for contracts with companies who undercut the agreement. The use of labour-only contractors and independent contractors is high. These contractors pay very low wages and give

no benefits to workers.

The GMBA would like to see a more flexible approach including a lowering of minimums and making benefits optional: 'For the last four years we've proposed a two-tier system or a phased approach. Companies coming into the system could, for example, start at 40% of the requirement. We also proposed a productivity-linked remuneration system. The unions did not respond well to this. One organiser said that they would only see such a system over his dead body. We wanted to have it so that if a worker didn't reach the minimum he would be fired.'

Stapelberg agrees that the cost of employment is too high in the current climate when comparing it to wages paid by emergent contractors and RDP contracts: 'The entering into a three-year agreement with 10% and 12% increases per year was perhaps wrongly timed. It adds to the cost of fringe benefits that could be an additional 20% to 30% of the

cost of employment. They have priced themselves out of the market.'

AUBTW disputes the idea that labour is too expensive. De Castro explains: 'The building industry is one of the lowest paid industries. Our wages at R6 are rock bottom. Employers still want to cut wages by 50%. Costs for workers, such as transport, are going up. After workers have paid this from wages what is left?'

Morale is prepared to look at a more flexible approach: 'The more avoidance there is the more the industry will suffer because of a lack of levies etc. We need a flexible approach.'

CAWU is looking at unloading some

benefits - for example, the small contractor could be exempted from the medical aid, stability fund and certain levies but not the provident fund. While CAWU is prepared to be 'flexible' on benefits, Morale says that they will never lower the minimum wage. They would, however, look at having a lower entry rate wage.

Morale thinks that such 'flexibility' can promote a union agenda. 'You cannot divorce strategic compromise by the union and the need to develop small employers in the industry. We want to encourage development and transformation but retain worker rights.'

Unions' attempts to resist a decrease in wages are, for De Kock, a sign that they do not understand the economics of the situation. 'They still don't see the genuine economic imperatives behind the situation. The trade unions lack insight into the issues. They have a major capacity problem.'

De Castro does not agree with this. 'You don't have to be a professor to know what basic needs are. My economic understanding is good - I know that if you have money you can do something and if you don't have money you can't.'

### Dispute resolution costs

The LRA states that parties that fall under a bargaining council must go to the bargaining council for dispute resolution if it is accredited. This adds to the costs of the bargaining council and is a problem for De Kock: 'If you do not have an accredited bargaining council you can go to the CCMA for free. We are therefore penalised for being in a bargaining council. The CCMA is supposed to give us subsidies, but we still haven't got them yet.'

Stapelberg states that they have been trying to get their subsidy from the CCMA

for two years and have not been successful. He adds that a further problem is that too little money has been allocated by the CCMA to subsidise dispute resolution in bargaining councils. 'This year the CCMA has allocated R 1-million to subsidise bargaining councils. This has to go to 76 councils - though only 23 of them are accredited at this stage.'

Stapelberg believes that bargaining councils should receive a higher subsidy. 'We were offered R250 per completed case. This doesn't look at how many meetings are needed to complete the case. We are treated like Cinderella - we are given the scraps.'

### Restructured institutions

De Kock states clearly that employers in the industry are not opposed to collective bargaining. 'The majority of members are not opposed to bargaining and benefits. The problem is how high they will be and the policing of agreements. Employers do not favour plant or company level bargaining because they lack negotiating experience.'

De Kock wants to explore other forms of setting standards for the industry such as a sectoral determination.

The unions, however, want to stay in the bargaining council. De Castro says his union is holding back on action while in negotiations now. If there are no results, AUBTW will commence with its programme of action.

CAWU had threatened a national strike when employers gave notice of their intention to pull out. However, employers did not feel compelled to stay in the bargaining council, as De Kock explains: 'The compulsion was to get out of the bargaining council. Contractors in the rest of the country said that they would watch because maybe this was the way to go. We didn't believe that the union had the

resources to take national industrial action. If there was we would have taken legal action to stop it.'

Morale still threatens a national strike and wants to increase support of its demands: 'We have to reformulate our strategy and approach. The battle is not over. We need more involvement by our federations - COSATU and NACTU.'

For Morale the battle goes beyond the struggle to maintain the bargaining council: 'Employers are trying to exploit the LRA to their advantage. Unions must find the loopholes in the LRA and close the gaps else we will have to re-fight battles we won in the 1980s. We have to stop the bosses from rolling back our victories and achievements. The new LRA doesn't herald the end of the struggle. The victories we scored have to be vigorously defended. Centralised bargaining is one of those victories.'

Even if the unions can keep employers in the bargaining council and even if they restructure the bargaining council, they will still face the question of how to extend the benefits of centralised bargaining to other workers. De Kock says that it will not support extension in the future if it is going to be penalised.

## Conclusion

A decline in the building industry has put increased pressure on the bargaining council - fewer people are contributing to it and more people are making claims from it. Unions may lose much of what they have fought for historically if employers do pull out of the Building Industries Bargaining Council. How much the strategic compromises the unions make to keep employers in the bargaining council will allow employers to exploit labour further will only be known in the future.

The alternative - letting employers pull



*Many construction workers have lost their jobs.*

out of the bargaining council - will allow employers to drive down wages, decrease benefits and weaken the unions. It is only through strong centralised institutions that workers can be protected and parties can jointly address issues concerning the industry.

Employers need to support attempts to build capacity in the unions so that they negotiate with informed and strong parties capable of adhering to agreements.

Unions need to ensure workers are protected and their interests advanced, not just through centralised bargaining, but by organising, building structures and developing strong shopstewards in every site. The federations need to help ensure victory, or else a dangerous precedent will be set. ★

# White equity

The Employment Equity Act (EEA) 55 of 1998 tries to redress the imbalances in the workplace brought about by apartheid. However, the Mineworkers Union (MWU) has turned the use of the EEA on its head. Companies often set targets, based on the demographics of South Africa, for the amount of women, disabled and black managers they should have. The MWU claims that companies should also set targets for the lower levels of work where white workers are not proportionally represented. This is surely not what the lawmakers had in mind when they passed this important piece of legislation.

## The MWU

The MWU was founded in 1913 for white mineworkers. However, since 1990, it has expanded into other sectors such as steel, engineering and chemicals and other companies such as Eskom and Telkom. The union focuses on skilled workers. When Flip Buys was appointed general secretary in 1997, he prioritised changing the union's constitution regarding race to comply with the LRA. They then implemented an organisational development plan for the union and, according to Buys, 'managed to reinvent the union to be able to cope with the changing circumstances in South Africa'.

He adds that for years their union was associated with apartheid because it only

*Etienne Vlok examines how the MWU has been trying to lessen the impact of the EEA on white workers by getting jobs for them in the lower grade categories.*

represented white workers. 'We do not want to be seen as the last remaining dinosaur of the apartheid era. We believe in freedom of association, but we are traditionally a white, Afrikaans union.'

Buys continues: 'The Constitution gives us space to organise institutions for members of a certain language and cultural group. We believe that a minority group is entitled to its own institutions like a union.' In the past the union was aligned to right-wing political parties, but at its January congress the MWU decided against aligning itself to any party.

The union has currently 60 000 members (mostly in the mining, steel and engineering sectors) compared to 70 000 in 1989. Buys attributes the drop to downscaling and also the packages that their members receive. Ninety per cent of their members have matric with some kind of trade qualification. They are mostly in technical and supervisory jobs.

Buys believes that their members have

experienced a lot of negative changes, not just since 1994, but for many years now. He argues that the union's 'current members were not advantaged by work reservation since they are too young'.

MWU has legal, research and compensation departments. Buys says that MWU can provide these services because its earlier leaders were conservative with money.

The MWU is co-operating with other unions in the workplace. Buys continues: 'Our members needed convincing because of the political affiliation of some unions. But in the end it is about workplace issues'.

In March, the MWU founded an employment agency called Netmark to help their members who had lost their jobs due to restructuring or affirmative action. It is part of the MWU's greater job creation programme announced at their congress this year. Netmark already has about 2 000 skilled people on their books.

### Views on labour legislation

The MWU is not comfortable with the idea of a strong state that can intervene in the labour market and the economy. Buys says that 'we are not unlimited free-marketeters. We feel that basic laws must exist. However, the LRA favours majority unions like the COSATU ones'. For Buys this is not about freedom of association.

Buys says that although their union is happy with the BCEA, they are worried about the costs of implementing it. 'Employers' perceptions are that it is easier to invest in a machine than a person. That perception contributes to unemployment. The government needs to address it. Companies invest in machines and disinvestment in people.'

The MWU argues that the EEA must redress the imbalances and discrimination of the past without bringing about new imbalances and discrimination. They say

that it does not help to shift unemployment from one population group to another. Buys identifies two parts of affirmative action: merit and the upliftment of the disadvantaged. 'We are concerned with the end result of affirmative action. The current labour market has 24% whites (1,4 million people). If you bring that down to the population percentage of 12%, 700 000 whites are surplus to the labour market. The term affirmative action is so broad that you cannot say whether you support it or not. We might support the affirmative action programme at Sasol, but not the one at Eskom.'

The implementation of the EEA does not mean that people will be dismissed. The law does not allow employers to dismiss current employees, who had been advantaged in the past, to create space for affirmative action candidates. Ulrich Stander of the Labour Consultancy Group says that if such a dismissal takes place, there could be legal action. He adds that statements that millions will lose their jobs because of the EEA is overblown and irresponsible.

### Setting targets

According to Buys, companies set affirmative action targets in accordance with the EEA on all levels except the lower categories. 'Why do they not do it on a lower level? Young white people cannot enter the labour market. These young people are being disadvantaged even though they were not responsible for apartheid. Our members' children are coming to us for help.' Buys argues that the lower levels need to be normalised meaning that 14% of workers at the lower levels need to be white in accordance with the population percentages. This translates into 54 000 jobs for white workers in the mining industry, 5 400 jobs at Telkom and 7 360 at Eskom.

The MWU supports input measures, such



*The MWU held its congress in January in Johannesburg.*

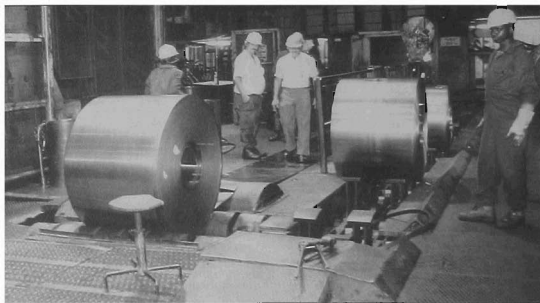
as training, in affirmative action programmes. But they are worried about the output targets (percentage white and black) that companies set. They feel that it has turned into a numbers game where companies are not worried about merit anymore.

A manager responsible for implementing employment equity says 'Companies cannot focus on the input side without looking at the output side. When discussing inputs one must look at the global picture, not only individual companies. Many companies, especially parastatals, "buy" skilled employees from other companies instead of training their own employees. These companies do not increase the skills pool. Our company had focused on input levels in our equity programme but our output levels did not change because we were losing so many skilled people to the "poachers". We have now set targets for each position and department. Output targets have to be set together with input measures such as training. The EEA is linked to the Skills Development Act. This Act will increase

the pool of skills because now the traditional "poachers" will also have to train people.'

Because the EEA states that companies cannot dismiss anybody to create a vacancy for an affirmative action candidate, companies offer their current employees retrenchment packages to create vacancies or reduce numbers. Buys continues 'We are currently seeing the growth of a package generation. We call them suicide packages, because after six months to two years the money is finished. Eskom has a thick policy document on affirmative action, but there is nothing on how to help those who are affected by affirmative action.'

The MWU is talking to other trade unions about targets at the lower levels. When the MWU approached companies with their proposal the companies were initially very surprised. But, says Buys, they could not refuse it. The companies that did refuse were Eskom. 'We are in dispute with Eskom as they do not want to accept our programme. They say that whites



*The MWU also organises in the steel sector.*

were not disadvantaged. They are maintaining their black job reservation in the lower categories'

Pretoria branch secretary of CEPPWAWU, Simon Mofokeng, argues that Eskom is correct by refusing to set targets for white workers 'It is not necessary for the MWU to use this opportunity to their own advantage.'

An expert in employment equity, Kuseni Dlamini, also agrees with Eskom's interpretation: 'I would not employ white people in terms of the Act because they have not been disadvantaged. Including whites in the definition would be extending it too far. Employing white people as part of affirmative action is not a justification'

Some gold mines, chemical companies and steel factories have started implementing MWU proposals and are employing more white people at the lower level. MWU recruits these workers and their shopstewards act as mentors to them. Often MWU arranges for them to study further and get bursaries.

Jan de Lange of the *Beeld* spoke to some

of the white workers who have been employed in the lower levels as affirmative action candidates. Due to MWU's insistence, 52 white workers have been appointed at the lowest level at Sasol's Brandspruit coal mine. Previously only black people occupied these jobs. Many of these white workers are the only white people in their section. Their salaries start at about R1 500 per month. Another mine implementing the MWU's proposal is Driefontein, the country's richest goldmine. The white general workers at Driefontein started on a salary of R700 per month. Many of these workers have matric but did not have the money to study after school or could not find other work.

## Reaction

According to Mofokeng, whose union also organises at Sasol, it is not fair for the MWU to use the EEA for employing white workers. The EEA was designed to address the imbalances of the past brought about by the old system. Mofokeng feels it is an opportunistic way for them to undermine equity.



Dlamini says that the MWU's proposal is a misuse of the Act that was designed to give opportunity to those who did not have opportunities in the past. He adds 'It is not in line with the spirit and letter of the EEA. I do not see anything wrong with the employment of whites at lower levels through normal procedures, but to do it through the EEA is questionable.'

However, not all unionists strongly disagree with the MWU's approach. *Beeld* reports that NUM general secretary, Gwede Mantashe, is not totally against it. He feels that the integration of white and black workers on all levels must be promoted without anyone losing his or her job because of it.

### Affirmative action

Dlamini argues that the amount of effort and resources companies have put into employment equity is not reflected on the higher levels. 'A mere focus on inputs without linking it to output will not result in visible progression. Companies will have to give opportunities to people in jobs that matter.'

According to Dlamini, companies can respond to the EEA in three ways

- the 'business as usual' approach where companies continue as normal, thinking that they did enough in the past;
- turning the EEA into a numbers game and employing black people in unimportant positions, thereby staying out of trouble;
- seeing the EEA as an opportunity to build companies with world class employees where they employ and interact with people from historically disadvantaged communities.

The MWU is now testing the fairness of companies' affirmative action policies. This comes in the wake of a case they brought against Eskom. Buys recalls 'One of our members was appointed in a

temporary post for one year during which she got the highest possible evaluation. She then applied for the job permanently. However, a person who was 20% weaker than her got the job. She then got posted to a lower job. Eskom applied their policy unfairly. An arbitrator found that Eskom's view that a black candidate must only adhere to the minimum conditions of a job could undermine effectiveness. 'The MWU did not want their member to replace the affirmative action candidate, but just for her to be placed on the same level. The MWU is not against the employment of black people but against any actions that infringe on the rights of white workers, says Buys.

### Conclusion

Why does the MWU need to use the EEA to ensure that white workers are employed at the lower levels? Could these workers not apply through the normal procedures? If they are skilled, surely they would be employed.

Many white organisations and parties have found lots to complain about these days. But the MWU has decided to do something and are now trying to create jobs. This is commendable, even if you do not agree with the way they are going about it. However, MWU weakens its argument when it asks for targets to be set at lower levels but is against targets being set at managerial levels. Ironically, if they are very successful at setting targets at the lower levels, they might just be creating problems for their members in the managerial levels. ★

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## *'400 000 members in 2002'*

*Labour Bulletin:* Which sectors do you organise?

*NEHAWU:* We organise in five sectors, being the state administration, public health, private health, social welfare and tertiary education.

*Labour Bulletin:* How many members do you have and have membership numbers increased or decreased?

*NEHAWU:* Twelve years ago we started with about 5 000 members. By 1992, we had 45 000 members. By our congress in April 1998 we were at 190 000 and right now we are standing at 250 000 members. In the late '80s and early '90s we had struggles for recognition, struggles for wages, struggles for inclusion in the LRA and struggles for other conditions of employment such as the permanent status of so-called temporary workers in the public service. Those struggles helped grow membership.

When we first restructured NEHAWU in 1992, we put an organising programme in place and established organising committees. They did a lot of work in accumulating more membership for ourselves. We have also grown through merging and integrating with provincial organisations. We want to have 400 000 members in the year 2002 and we have embarked on a campaign to do this. Part of

*Tanya van Meelis and  
Rugaya Rees interview  
Thembekele Siko (head of the  
organising service centre) and  
Lulamile Sotaka (first vice-  
president) of NEHAWU.*

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the campaign is to get a two-thirds majority for the ANC in the upcoming elections.

*Labour Bulletin:* Who sits on your organising committee?

*NEHAWU:* Our union is divided into four levels – the national, provincial, branch and institutional. Organising committees are formed by shopstewards at institutional level, because this is where the membership is. Any member of NEHAWU has the potential to organise workers, therefore you have those committees in different institutions of NEHAWU.

Each committee has a co-ordinator – these co-ordinators in the institutions meet at branch level and form an organising committee at a branch level. The institutional co-ordinators will give reports at the branch level.

Co-ordinators from each and every branch organising committee meet at a provincial level. At provincial level they

talk about organising problems and also advise each other on how to deal with issues that are coming up. Every provincial organising committee will have a co-ordinator who sits on the national organising committee. The national organising committee looks at the problems being experienced by provinces. It also raises issues like the question of benefits in the union - how will you benefit if you become a member of NEHAWU?

*Labour Bulletin: Are you recruiting new layers of members?*

**NEHAWU:** Yes we have new categories of workers. You have the academics from the tertiary institutions that are members of NEHAWU. You also have members who are managers coming from the government institutions and managers in public health and in private health. You have prosecutors, magistrates and advocates that are members of NEHAWU. We are also part of the bargaining arrangements for prosecutors and advocates. You don't only find NEHAWU members in the lower levels. Government, for instance, has 16 grades in their grading system and NEHAWU has members in all those 16 layers.

*Labour Bulletin: What is NEHAWU doing about casual workers and subcontracting?*

**NEHAWU:** NEHAWU's position is absolute opposition to casualisation and subcontracting of labour. These are some of the methods used by capitalists to extort super profits from workers through low wages, cheap labour and job insecurity.

As an organisation that serves the interests of workers we will try by all means to make sure that there is not subcontracting and casual work. We defend against contracting out but

sometimes you win and sometimes you lose. In the cases where we are not able to prevent it we then make sure that the service of workers is not broken. The years of service of those workers and also their wages must be transferred with those workers. People must not be worse off in terms of being transferred. We negotiate deals for workers besides the severance package. We negotiate that there should be training for those workers, so they can have some other skills that they can sell in other spheres of the labour market.

We also go for a social plan that may include the workers getting ownership of a company. A good example of this is in the restructuring of forests where workers would be allowed (with help from the government) to get money to buy shares in the forests. That means that workers will also become shareowners of those forests.

*Labour Bulletin: That is quite a controversial thing to be doing. Some may say, how will you be able to oppose the bosses if you become bosses yourselves?*

**NEHAWU:** It may be controversial, but you have to look at the dangers and benefits. You also need to look at strategic considerations in each case. We look at the dangers but also ask how would you benefit if you stayed out? Let's take an example of the forests that are going to be sold. In this case, if workers did not buy shares you would have a board of directors that does not include workers. The result will be that the condition of workers will go down day by day. If you become a shareholder, the conditions of workers will be looked after. If you become a shareowner and have a seat on the board of directors you will know what is going on and if there is a need for retrenchments. You will be able to look for

alternatives to retrenchments because you will have information. However, these are not easy questions. In each case we need to look at the pros and the cons and what alternatives we have. At the end of the day, we will always decide to do what is in workers' best interests

*Labour Bulletin: What does NEHAWU do to promote women leadership and gender issues?*

**NEHAWU:** We are a union that is championing the struggle for gender equality. We took a resolution long ago to have a 50/50 quota system. We have achieved this by 90%. Only here and there it is not being reached. We are working towards a resolution on the development of women leadership. At our national congress last year we took a resolution to appoint a full-time national gender co-ordinator to set up programmes for women development to be integrated into our education programme. I think that in relation to gender issues we are one of the advanced unions in COSATU.

*Labour Bulletin: What challenges does NEHAWU face?*

**NEHAWU:** Key among the challenges is the defence of jobs and job security. Job losses in our sector are daily becoming a stark reality. They are a result of the implementation of neo-liberal structural adjustment programmes as manifested in the cutback in social spending which results in privatisation, outsourcing and contracting out of public assets. The end result of all this is the loss of jobs for masses of workers through retrenchments. For example, 900 workers were retrenched in one go at the University of Fort Hare in the Eastern Cape last year. We also won a court case against the

University of Transkei when it did not use the correct procedures when retrenching our members. These examples are merely the tip of the iceberg, compared to the whole threat on job security posed by the structural adjustment programme.

Transformation of the public sector is one of the challenges facing us as a union. The public sector, under the previous rule, was designed to favour racist divisions. We are now faced with the task of assisting in transforming it to be compatible with non-racial democratic needs. We also face the task of assisting to ensure that there is equitable service delivery.

Another challenge is corruption in the public service. As a union we oppose corruption. In some cases the corruption involves our members.

*Labour Bulletin: How are you engaging the government on policies that may affect your members?*

**NEHAWU:** We are striving to influence policy formation. Our 1998 congress opposed GEAR because it brings cuts in social spending. We have seen services in hospitals declining, and education declining. We want to be proactive rather than reactive. We try to get involved in bilaterals with the relevant government department. Two years ago there was an announcement that the government would have done away with 300 000 people by 1999. We have signed an agreement to audit state employees in every department and every province. We are checking the service needs of the province so that we can match it to the skills of employees. People may be moved to different state departments to ensure that they have the skills that are needed.

*Labour Bulletin: Can you assess the state of the alliance?*



*NEHAWU organises in the public and private health sectors.*

**NEHAWU:** Some structures are stable, but others are not very strong. NEHAWU's strategy is to make sure that we participate and deploy cadres into the alliance structures. We need to strengthen the alliance for transformation – labour cannot do it alone. We are making sure that we are putting working class interests to the alliance.

**Labour Bulletin:** *What are you doing for the upcoming elections?*

**NEHAWU:** We have a congress resolution to release comrades to canvass for an ANC majority. We have a cohesive structure dealing with campaigns. At provincial level our structures are participating fully. We have teams organising institutional meetings to canvass for the elections. Provinces have lists of institutions to be visited and comrades to be released. We have an election budget of about R 150 000 to pay for lost wages for comrades working on the elections. Membership have been registering.

**Labour Bulletin:** *What are your demands for negotiations?*

**NEHAWU:** In the public service we are demanding an inflation-related increase. We are reviewing benefits and allowances. We are also looking at the grading system and new dispute procedures and grievance procedures. NEHAWU is dealing with decreased pension contributions by government. We are also closing the wage gap. In the private sector we are pushing for transformation. We do not want to just have black faces in higher positions. We want to ensure that there is a shift in power and control.

Job security is the main issue in the tertiary sector. We are also demanding national bargaining. We are moving towards having a strike in the tertiary sector around this demand. The issue has gone to Nedlac.

**Labour Bulletin:** *What successes have you had in negotiations in the past few years?*

**NEHAWU:** In the public service we are closing the wage gap. We have moved from 1 to 25 to 1 to 17. The gap between the lowest paid and the highest paid is closing.

We are now concentrating on the middle. We are aiming to reduce the wage gap to international levels of 1 to 12, but it is not an easy process. We have also won a demand in the public service to remove levels 13 to 16 because they are the people who are bargaining for government.

*Labour Bulletin: What are the strengths and weaknesses of COSATU?*

**NEHAWU:** A weakness is that since '93 we haven't had consistent leadership. In 1994 we lost two comrades to Parliament. Now we will lose four out of the six national office bearers. COSATU policies are very good, but it is difficult to realise them in practice, for example, privatisation. Are we consistent in sustaining our programme of action against privatisation?

For strengths, COSATU is one of the strongest parties in the alliance. Our programme is understood by the alliance and society. Our role in the Jobs Summit was very good. We are strong in numbers and unions are working towards unity and mergers. The 1998 COSATU congress resolved to demarcate sectors and form cartels. We are working towards realising that. For example, in public sector bargaining we co-operate with other COSATU affiliates and discuss our demands first to get a COSATU position. Mergers are not an easy process - NEHAWU and SAMWU failed to merge in the past. We will kick start meetings with SAMWU and SADTU.

*Labour Bulletin: How does NEHAWU deploy its staff?*

**NEHAWU:** We have about 200 staff nationally. In the mid-1990s we realised that our services were not efficient so we demarcated into sectors. Our 1995 CEC adopted a realignment programme to give efficient service to members. Last year we

restructured the union starting with head office. We established service centres - for example, organising, finance, international, secretariat and education. Head office and branches have got more staff than provinces. At provincial level there are about three staff members only. In restructuring we want to balance things. Provincial offices must establish service centres like head office and they must get more staff. We never had regional structures. Our experience has shown that they are essential because government is organised on a regional basis. We are considering establishing regional structures. We are also debating making each institution a branch itself.

*Labour Bulletin: How has struggle changed?*

**NEHAWU:** Comrades have not been able to really understand the LRA as it is. Before we would strike on demands. Now our people must understand procedure. Struggle is not on the streets anymore, but in the boardroom. We need to develop skills for this. The education department is addressing this.

*Labour Bulletin: What message do you have for your members?*

**NEHAWU:** Each member of NEHAWU should be an organiser. Our effort to increase numbers is aimed at playing an effective role in transforming the public sector and creating a better life.

*Labour Bulletin: What message do you have for the bosses?*

**NEHAWU:** NEHAWU, now as always, stands for the interests of workers and at no moment will we compromise the interests of our members and the working class, even when our boss is the state. ★

# Creating Action Space

*Creating Action Space The challenge of poverty and democracy in South Africa*

The shifts in government's macro-economic policy and the embrace of neo-liberalism have received much attention from those on the so-called 'left'. Much of the debate has centered on macro-economic issues and has been divorced from grassroots participation

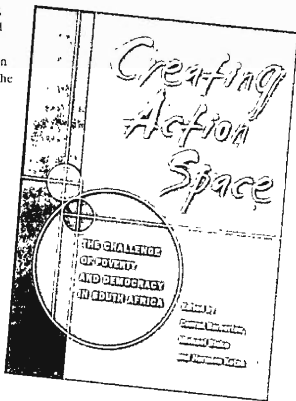
A recent survey undertaken by SWOP, *Taking Democracy Seriously*, examines worker expectations and shows that only 33% of workers know what GLAR is. By comparison over 80% of workers knew about the RDP.

This book is an informative collection of articles by some of South Africa's leading progressive thinkers. The articles were commissioned by IDASA's Poverty Reduction Monitor Service.

The book examines the changes that have taken place for the poor since the democratic elections in 1994. It traces the changes in terms of the experiences of the poor. It focuses on the dynamic relationship between democratic practice and conditions of poverty and inequality.

Reviewed by *Claire Horton*.

The book poses a series of questions, such as 'Can poor people use democratic forms of organisation to take control of their lives? Do poor people have real influence within democratic institutions? Are democratic institutions influencing social outcomes in favour of the poor?'



These questions are dealt with by examining a number of case studies. This book is valuable because it goes beyond simply looking at service delivery but looks at the institutions and processes that impact on delivery.

Section one, 'Poverty and democracy in South Africa: The context', provides a quantitative overview of the extent of poverty and inequality. It also looks at what it means to be poor, people's own understanding of poverty and their priorities.

The chapter by Michael Blake traces the policy changes from the Freedom Charter to the RDP and finally to GEAR. Blake argues these policy changes have marginalised the poor economically and have narrowed the opportunities for the poor to mobilise their own interests.

Section two, 'Poverty and democracy in South Africa: Lessons from experience', has case studies which look at local government, civil society and 'participation from below'. It examines the different levels in which communities can participate in democratic processes to ensure that the poor benefit. It argues that without such community participation, democratic institutions and processes do not automatically benefit the poor.

The chapter 'Rural women and local government', examines the under-representation of women in local government and decision-making bodies. It makes suggestions on how to strengthen women's participation in local government structures.

The section 'participation from below', provides two case studies of how people have organised themselves democratically in order to meet basic needs. It suggests that while there is a need for government support, there is also a need for space within which communities are able to

determine their own development objectives and how to achieve them.

The last chapter focuses on the obstacles to effective participation. It argues that those with power and privilege have used the very instruments aimed at reform, such as the new Constitution, representative institutions at local level as well as government economic policies, to entrench their position of privilege.

The chapter provides a number of obstacles hampering effective participation by poor people. These obstacles are discussed in terms of their effect on organisation and in so doing encourage the reader to think about these constraints and come up with possible solutions.

As the title of the book suggests, the space within which poor communities can act to address poverty is limited. The book highlights the immense challenges faced by the poor and the disadvantages that they face.

Despite these obstacles the case studies show that communities have been able to establish, challenge, and broaden areas of active involvement.

Although the book is based on case studies and therefore relates to specific experiences, many of the challenges and lessons learnt can still apply to broader community participation.

The book should be of particular use to activists and those who wish to familiarise themselves with grassroots level participation.

The overriding theme throughout the book is that democracy should not be taken for granted, nor does it ensure that current power imbalances will be addressed to the benefit of the most marginalised or poor. ★

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*Claire Horton is a researcher at Naledi*



# Early warning systems

*a proactive economic strategy for labour*

In 1975, I was hired at Taylor Forge, a subsidiary of Gulf + Western (G+W) in Cicero, an industrial suburb of Chicago. Taylor Forge made big pipes, fittings, and flanges. I led the successful organising drive to bring in the Steelworkers Union, and served as vice-president of the United Steel Workers of America (USWA) Local 8787.

When I was hired I did not know that G+W would introduce new corporate strategies. These strategies are now used by multinational companies around the world. G+W purchased a number of US manufacturing companies, including Taylor Forge. It had no long-term strategy for the particular companies, products, and the workers it had purchased except to pull out cash and value and to use the money to buy other companies in more profitable sectors.

G+W closed Taylor Forge department by department. It never told us what the strategy was. To make matters worse, the executives suggested at the end that if we gave up part of our wages and pensions, we might be able to save our jobs. They were testing our level of fear to see how much they could squeeze out of us before they closed the company.

Taylor Forge closed and I lost my job in 1983. G+W shareholders made a lot of money and the corporation continued to expand. Cicero - the town that had been home to Taylor Forge for several decades -

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*Dan Swinney shows how labour in the US has used early warning systems to save jobs and develop the local economy!*

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was to lose 50% of its job base in the next six years as other companies also closed. During the 1980s alone, Chicago saw the closing of 3 000 of its 7 000 factories and a loss of 150 000 manufacturing jobs. This happened in every major city in the US, and this loss of core manufacturing jobs gave rise to the high growth of poverty in urban and rural areas.

I founded the Midwest Centre for Labour Research (MCLR) in 1982 together with other local leaders in the Steelworkers Union and several community organisers and supportive academics. We aimed to provide the kind of research and analysis that I had needed at Taylor Forge. We wanted to do this for unions, communities and others concerned about saving jobs and stabilising our economy. MCLR chose to focus on the micro-level of the economy - the firm and the community. We wanted to use in-depth research to build a foundation of information for grassroots community and labour organisations and local government.

We were uncertain about our future strategies and how we could respond to

the economic transition unfolding in front of us. We began by looking at hundreds of companies in Chicago that had closed or were in danger of closing.

Many people believed, as they do today, that job loss and company closures are inevitable. The logic was, and is, that we live in a new global economy witnessing a fundamental change in the international division of labour. The new role for the US is as a source of intelligence, information, and finance. The Third World, with its low-cost labour, will be the centre for making things. At MCLR, we were overwhelmed by what we were witnessing, but felt that this notion of inevitability needed to be examined in the context of the specific companies and communities so obviously at risk.

We found a few companies that really needed to close. Their products or technology were completely out of date and there was no way they could compete in the marketplace. When we found companies like that, we told labour and the community the truth, so no one invested in trying to do the impossible.

On the other hand, the overwhelming majority of companies that we examined were not obsolete. They were at risk because of problems that could be solved. Some of the problems were simple and required straightforward solutions, others were more complex.

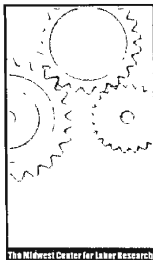
Our research found that many companies closed because of a particular business strategy that was based on securing the highest possible return in the shortest period. Management in these

companies also refused or failed to make adequate investment in the company to ensure long-term survival. Yet no one challenged the management strategy until it was too late and the damage had been done. Unions only reacted when companies wanted to cut wages and benefits, or close. They did not challenge the investment and management decisions that would inevitably lead to cuts in pay or a closing.

### Challenging company closure

G+W also owned Morse Cutting Tool (Morse). It pursued the same destructive strategy it had used at Taylor Forge. But at Morse, the United Electrical Workers Local 277 recognised the early warning signs of G+W's corporate strategy. Two years before the anticipated crisis, the union, with the assistance of a consulting firm like MCLR, did a detailed analysis of the company, its markets, management, and the positive economic impact of this large factory on this small town. They documented how G+W's business plan was destroying a perfectly healthy company that had long-term potential.

The union used this information to organise in the community and create a broad-based coalition to save the jobs at Morse. The coalition took their analysis to the local mayor and demanded that G+W be stopped from destroying the company. The mayor told the company: 'Either invest in Morse Cutting Tool, or sell it to someone who will, or I will take it away from you with my powers of eminent domain.' The press said that the mayor's action would damage the business climate of New Bedford and Morse itself. But it did not.



The Midwest Center for Labor Research



*Many workers have useful information but are not asked for it.*

G+W reversed its plans and sold the company to a local investor who developed an effective partnership with the union.

### **Finding new owners**

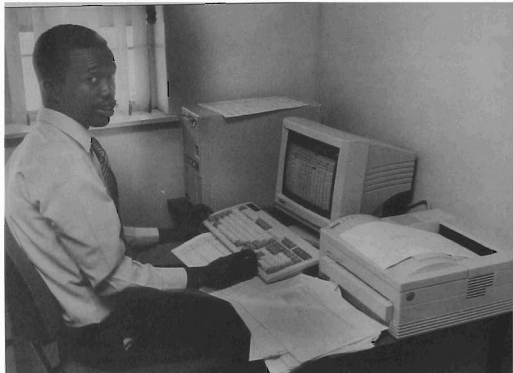
Hundreds of small companies could have also been saved. For example, in 1986, a resident of Chicago's South Side, Gladys Scott, called MCLR with worrying information about a printing company called Bankers Print. The owner had cancer and had no heir to take over the business.

After meeting with the owner and talking with the employees, we were able to arrange an employee purchase of the company. This was a successful ending that no one had seen as an alternative. The experience focused our attention on small companies. After all, 90% of all manufacturing companies in America are small companies with less than 100

workers. They typically have local markets, adequate technology, and a skilled work force. They are often linked to larger companies by providing services and materials for production.

The health of these small companies affects the larger companies and the community. MCLR did a study of 800 small companies with an owner of 55 or older. We found that almost 40% were at risk of closing because they needed a new owner to take over when the older owner could not run the business anymore. The old owner's children did not want to run the company. The company would also be difficult to sell because of its size and location.

People concerned with community development can solve this problem using conventional resources and a little creativity and extra effort. They are often good opportunities for employee buyouts. They are also excellent opportunities for



*Collecting and using information can help unions save jobs.*

aspiring local entrepreneurs who have historically been excluded from this kind of opportunity. MCLR has arranged a number of buy-outs of this kind, thus preserving jobs, union membership, and stabilising critical assets of the local economy

### **Early warning system**

People who have the interest, capacity, and power to successfully save a company need accurate information at an early stage. MCLR has developed a tool that can be used by a broad range of organisations – particularly labour – whose interests are closely tied to the health of the manufacturing economy. This tool is called the Early Warning Business Development System. It:

- identifies companies at risk of moving or closing;

- provides assistance to companies in need of resources or skills or brings pressure through union or government action;
- identifies opportunities for increasing corporations' performance and stability.

### **How the system works**

Firstly, we develop a local coalition of community, labour, the religious community, government, and local business. These are the key players who have an interest in maintaining a healthy local economy. They can achieve all the tasks, and have the skills, the commitment, and the responsibility to protect and develop the local economy. They can be more effective when acting together.

Secondly, we gather published and unpublished information about businesses. Published information on companies is

found in annual reports, data bases, trade journals, the business press, and public records

Unpublished information comes from people with direct knowledge of the company, including employees, customers, residents, service providers, and local government. These people often see signs of trouble without knowing how to recognise or interpret them. When they are taught to read the signs, they can then provide critical information that allows for effective intervention and assistance.

Some of the early warning signs are:

- an ageing owner with no apparent successor,
- layoffs,
- decline in machine maintenance,
- contracting out work,
- outdated technology and production techniques,
- equipment removal,
- no new product lines;
- window dressing improvements and unidentified visitors;
- management instability;
- loss of customers/layoff of sales staff.

Thirdly, we identify a problem or opportunity and develop a plan of action. We use all the information to identify potential problems at a company.

By using this kind of systematic approach to local companies we can identify a potential problem up to two years in advance. We can also identify opportunities that are often overlooked by local management. This can lead to expansion that can include training and developing the local workforce and developing an effective working relationship with city and state agencies

Fourthly, we use the system to build the community vision and capacity. This system is a good entry point to playing a

dynamic and effective role in the local economy whether it is with an individual company, a sector, or all the other factors that make companies and communities successful

## Building the system

In 1996, MCLR initiated such a network in New York City. We developed a pilot project in Brooklyn using initial financial support from New York State's economic development department. Brooklyn was experiencing a loss of manufacturing companies and growth of poverty. We started with two activities: research and recruitment.

We gathered a list of all the companies in Brooklyn with 100 or more employees and began to gather as much public information as we could about each of these 700 companies. Were they locally owned? Was employment increasing or decreasing? Were they in industrial sectors that were growing or declining in the economy? Were the workers unionised? What was their financial situation? We developed a data base using this information and began to analyse these companies, looking for early warning signs of trouble.

At the same time, we began to systematically reach out to labour, community, religious, development, business, professional, and governmental organisations. We introduced them to the concept and tried to recruit them to the project. After several months, we held training sessions for leaders from 30 interested organisations.

We then held the founding meeting of the New York Industrial Retention Network (NYIRN). We brought together the different organisations, introduced them to the results of our research and data gathering, and proposed the creation of a staffed project.

This project would continue to build this network. It would also gather information from each of the participating organisations that would get information on local companies from their own members. The NYIRN would then provide assistance to save and create jobs.

NYIRN is now operating in all five areas of New York City. It has a small full-time staff and has a board of directors which includes the central labour council, local community development organisations, and government. It has provided assistance to over 300 companies in the last two years.

### The key role of labour

Labour has to be at the heart of such a system. Labour is the key source of information about the problems and opportunities inside the firm, and information is crucial to developing effective policy. Organised or unorganised workers provide the best source of non-public information about a company, because they:

- spend 40 to 80 hours a week there;
- observe or participate in all aspects of operations in every department;
- may have years of experience and perspective in evaluating the significance of any change in the company;
- have a long-term vested interest in the success and continued operations of the company.

Workers often do not know the significance of the information around them, nor what to do with it, nor how it can and should be used. Traditional relations of production discouraged workers from becoming aware of the centrality of their role or the benefits that might come from analysing what is going on.

There are two benefits from gathering worker's information: the information

itself, and the resulting change in the consciousness of the worker. The information gathered is very important to prevent a possible closing of the company. It also prepares the union to be more effective in fighting for improved wages and benefits, and helps to strengthen their organisation within the company. There is also a powerful impact on the individual worker who begins to gather this information.

The worker will begin to see him or herself as more than just a person working for a wage but also as someone who can play a key role in determining the future of the company and building the strength of labour.

### A foundation for strategy

This approach is a starting point for a whole new way of building the local economy that combines social values and priorities with business needs. It helps shatter the illusion that labour and community must remain powerless in the face of the 'inevitable' shifts in the global economy; that labour and community must only be in a position to 'react' to traditional management initiatives in the local economy; and that 'there is no alternative' as we face the continuing increase in poverty. ★

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*Dan Swinney worked as a machinist and union organiser in Chicago, USA, for 15 years. He is now the executive director of the Midwest Centre for Labour Research (MCLR). MCLR is an independent consulting and research company that works with unions, communities, and local government in innovative approaches to saving jobs and benefits, and building the local economy. For more information write to MCLR, 3411 W. Diversey Ave., Chicago, Ill 60647, USA or visit their web site: <<http://www.mclr.com>>*

# Labour market flexibility

By Theo Malan

Employment flexibility is becoming a major issue in most developed countries. It has implications for labour market regulations policy, labour statistics, collective bargaining and social protection policies.

Data from the South African Labour Flexibility Surveys (SALF1) and (SALF2) conducted in 1995 and 1996 respectively, suggests that South African organisations are turning towards more flexible labour practices. This is being done through casual labour, contract labour, subcontracting to smaller organisations, home workers and agency workers (Standing, 1997:7)

Other forms of employment flexibility include flexible working hours, overtime, appropriate work practices with productivity or performance-linked wages, lower wages for young trainees, incentives for more shifts and job sharing.

The rationale for labour market flexibility is that organisations need to compete internationally. They need to respond rapidly to changes in their business environments and in product and service markets. Examples of these changes include:

- technological changes;
- economic and organisational development needs,
- changes in product market cycles which require change in work practices,
- new technology requiring retraining and multi-skilling (Sullivan, 1992:91)

Labour flexibility influences how easily these changes can take place (Solow,

1998). It is important to remember that flexibility means different things to different people or groups. For employers flexibility usually means a capacity to change things quickly and at a relatively low cost. For workers and their representatives, flexibility means insecurity.

Workers want certain forms of flexibility, such as the capacity to adjust their working time and pursue 'upward' mobility. However, trade unions see flexibility as a device for increasing managerial control and workers' insecurity.

The labour markets of the future will therefore have to combine flexibility and security. There are various forms of flexibility and labour security. Harrison identifies four distinct forms of flexibility (Harrison & Kelley, 1992)

- *Functional flexibility*. This refers to the adaptability and mobility of employees to undertake a range of tasks. It includes multi-skilling and job rotation.
- *Numerical flexibility*. This refers to the ability of management to adjust labour inputs to accommodate product demand. Strategies include short/fixed-term contracts and subcontracting.
- *Wage flexibility*. This involves linking wages to individual and organisational performance.
- *Temporal flexibility*. This involves various patterns of work hours, shift systems, part-time work, home working and temporary work.

The ILO identifies the following forms of labour security

- **Labour market security.** This refers to opportunities to work. High labour market security means that there is a low or falling level of unemployment.
- **Employment security** Here workers are protected by collective agreement, regulations or convention against arbitrary loss of employment.
- **Job security:** Here workers are protected against arbitrary transfers between sets of work tasks and losing job-based rights.
- **Work security** This is essentially about working conditions and health and safety protection in employment.
- **Skill reproduction security** Here workers have access to acquiring skills or being retrained to ensure that their skills do not become obsolete or inadequate
- **Income security.** This protects against poverty and arbitrary reduction in income.
- **Representation security.** This ensures that participants in the labour market have a secure capacity to bargain and influence the character of employment. They must have a strong 'voice' to ensure that distributive justice is pursued consistently. Without this representation security, all other forms of security will be jeopardised.
- **Education and training** to improve the skills and demand of labour.

## Bargaining councils

Bargaining councils have certain advantages (Baskin, 1994):

- Minimum conditions of employment are set without government interference.
- Competition on the basis of labour costs is eliminated
- They play a very important role in providing benefits.
- They assist with dispute resolution.
- They promote labour peace.

However, these bargaining councils also have some disadvantages (Van Rensburg, 1998):

The extension of bargaining council agreements to non-parties might well result

in higher wages. Because wages are standardised throughout a particular industry, employers are more likely to agree to higher wages in the interests of labour peace than they would have been in the absence of a bargaining council.

There is not a strong link between wages and productivity.

Bargaining councils introduce a component of inflexibility, as they do not take into account that circumstances may vary radically from one enterprise to the next and from one region to the next. (Steyn, 1993)

## Assessing labour regulations

Labour regulations should be assessed in terms of whether they achieve three sets of objectives, and the extent to which the pursuit of one of those objectives is compatible with attaining the others:

- Do they provide the workers with security in an equitable manner?
- Do they promote or hinder employment growth and dynamic efficiency?
- Do they have a redistributive effect that is beneficial to the most vulnerable segments of society?

If the system relies on detailed codes of conduct and on rules for processes and practices, one might ask whether or not the system is promoting a rigid labour market. Many policy-makers and observers have come to believe that profitable and acceptable flexibility involves more than deregulation.

Such flexibility comes about as the result of a complex set of measures that cover many aspects of work and enterprises. There is a strong emphasis on the skills requirements and education of the workforce and on high-quality work.

There is also strong emphasis on increased employee involvement in the enterprise and, at the collective level, the enhancement of long-term co-operative relations between employers and employee representatives.

*This article will be continued in the next issue of the Bulletin.*



## *'It is tough being a woman organiser in the unions'*

**I** was born in Pietersburg in a small village called Ga-Maphoto. At the age of eight I went to live with my aunt in Durban. She wanted to relieve my father's burden because we were eight children at home. I stayed with her until standard eight. I had a good up-bringing there and enjoyed school. If I had money now I would go back to school full time.

My father died in 1972 so I went back home. I finished my matric in Duiwelskloof near Tzaneen in 1977 after having to learn to write, speak and read Northern Sotho all over again.

### **1976 uprisings**

My involvement in politics started with the 1976 uprisings. I was a leader of the Student Christian Movement. The school was far away from Johannesburg but we had a way of contacting our fellow students there. We also took part in the activities of June 1976 and some of us ended up in jail.

Things were never the same at school after June 1976. Although we knew about Mandela and Sobukwe, we were scared of talking about them openly. We used to go to the University of the North in Pietersburg for 'mogabolo' (political discussions).

### **Working**

I fell pregnant in 1977 while doing matric and had a girl. In 1979 I did secretarial

*Maggie Pooe, TGWU's co-ordinator of social benefits, speaks to Etienne Vlok and William Matlala.*

courses in Johannesburg but could not secure a job because I did not have a permit to work there. This made me aware of the injustices of the pass laws.

I then got a job at Old Mutual in Louis Trichardt as a secretary. I lived with my aunt and nine family members in a two-roomed house. I did not have a permit to be in the area and was harassed by the municipality police every day. I thought of resigning and going back home but I had to support my mother, daughter and siblings.

I got married in 1982 to a man whom I met while studying in Johannesburg. My husband worked at Sasol III in Secunda so I resigned from Old Mutual to join my husband there.

I started working for Old Mutual in 1984, where my superiors expected to be called 'menceer'. I could not stand doing this. I was constantly harassed and intimidated so I resigned after only three months in the company.

In 1986 I had a son. Thereafter I got a job at the then Highveld Board at the local



When I joined NUMSA the owner did not allow me and he refused to pay me two months salary. After settling with the help of the union, I resigned because my relationship with the company had turned sour.

### Organising for TGWU

I realised that I was losing all my jobs because of my association with COSATU so I decided to go and work for the unions. I applied to TGWU and was appointed as an office administrator in Secunda in 1991.

People who taught me the ropes in COSATU were comrade JJ Mabena, who is now an MEC in Mpumalanga, and comrade Susan Shabangu, who is now a deputy minister.

municipality. Because of unfair labour practices there I organised my fellow workers to join the municipality union, which was TGWU then. But I was expelled from the municipality. I then worked for a local doctor who also did not treat his employees well. We joined NEHAWU but once again I was seen as the villain and was dismissed.

A year after I joined the unions I became an organiser. I had a great urge to assist dismissed workers. I won my first case and was so happy I could not sleep. I said that if men can do it, I can too. It was just a case of listening and saying what I was taught.

I was an organiser in Secunda until 1995. I negotiated wages and benefits. I

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*I realised that I was losing all my jobs because of my association with COSATU so I decided to go and work for the unions.*

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then moved to Johannesburg where I negotiated the provident fund. I got involved in negotiating social benefits such as

By that time I had major differences with my husband and it led to divorce. In 1990 I started work at a local garage as a manager.

medical aid and provident fund for Gauteng.

Security is the toughest sector to organise in TGWU. Most of the employers

are ex-policemen. They will not listen to you because you are a woman. It is tough being a woman organiser in the unions. Yet sometimes you can use your motherly instincts when the men are angry.

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*I won my first case and was so happy I could not sleep.*

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You can cool them down and get them to talk. The sector has many small companies who are not scared, like big companies, of being exposed. They can just close down and open a new company.

### Gender and the unions

In the union women were scared of raising their hands or talking in front of men. When I stood up the men would order me to sit down. I represent these men at companies but they tell me to sit down just because I am a woman. Just because I am a woman they dispute what I say but when a man says the same thing they say it is a fact. I got involved in gender issues with Susan Shabangu. I learnt a lot from her. I co-ordinated gender issues at my branch until 1995 while at the same time co-ordinating gender for the Wits region. I also represented COSATU on a Felicia show on sexual harassment and participated in workshops and plays run by the Sexual Harassment Education Project.

Although trade unions have preached the gospel of gender equality for some time, I do not think that they are taking it seriously. The very thing that unions are preaching in companies, like quotas, they do not practice. Quotas are the only way that you will force unions to take gender seriously. When we argue about the quota system, our male comrades will always emphasise the issue of training, as if there

is a special school that they themselves have attended to qualify as unionists.

### Challenges

Subcontracting is a problem because we are losing membership. But often when companies subcontract we just change the union. For instance, when a company subcontracts their in-house cleaners to get rid of a certain union, the workers just join TGWU. That is why I say to the employers that COSATU is so wide you cannot run from it.

An area of great concern that COSATU should discuss is when companies give trucks to drivers to own (driver-owner scheme). These drivers will then lose all the benefits they were getting from the company. The driver, maybe an ex-shopsteward, will then employ some people. I asked one such driver: How can you do this? How much are you paying the people? Often it is peanuts. This scheme is also a problem because both the truck driver and the company claim not to be the employer.

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*I said if men can do it, I can do it too.*

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My personal view is that there is a conflict of interest when a shopsteward is also a director of a company. You have to say I am a worker and I believe in this or I am an employer and I believe in that. I fail to understand how you can represent employers at the same time that you represent workers.

### SATAWU

The SATAWU (ex-SARITWU) and TGWU merger is long overdue. I am happy that it is taking place because the membership will grow and we will be stronger when we strike. ★

ANC	African National Congress
BEC	Branch Executive Committee
BCEA	Basic Conditions of Employment Act
CBO	Community Based Organisation
CCMA	Commission for Conciliation, Mediation and Arbitration
CEC	Central Executive Committee
COSATU	Congress of South African Trade Unions
EPZ	Export Processing Zones
EU	European Union
Exco	Executive Committee
FEDUSA	Federation of Unions of South Africa
GATT	General Agreement on Trade and Tariffs
GDP	Gross Domestic Product
GEAR	Growth, Employment and Redistribution strategy
IFP	Inkhatha Freedom Party
ILO	International Labour Organisation
LRA	Labour Relations Act
MEC	Member of the Executive Committee
MP	Member of Parliament
NALEDI	National Labour and Economic Development Institute
NACTU	National Council of Trade Unions
NEC	National Executive Committee
NEDLAC	National Economic Development and Labour Council
NGO	Non-governmental Organisation
NNP	New National Party
OAU	Organisation of African Unity
RDP	Reconstruction and Development Programme
SACP	South African Communist Party
SADC	South African Development Community

SMME	Small, Medium and Micro Enterprise
TBVC	Transkei Bophuthatswana Venda Ciskei
UIF	Unemployment Insurance Fund
WTO	World Trade Organisation

### **COSATU-affiliated unions**

CAWU	Construction and Allied Workers' Union
CEPPWAWU	Chemical, Energy, Paper, Printing, Wood and Allied Workers' Union
CWIU	Chemical Workers' Industrial Union
CWU	Communication Workers' Union
FAWU	Food and Allied Workers' Union
IPS	Institute of Public Servants
NEHAWU	National Education, Health and Allied Workers' Union
NUM	National Union of Mineworkers
NUMSA	National Union of Metalworkers of South Africa
POPCRU	Police and Prisons Civil Rights Union
SAAPAWU	South African Agricultural, Plantation and Allied Workers' Union
SACCAWU	South African Commercial, Catering and Allied Workers' Union
SACTWU	South African Clothing and Textile Workers' Union
SADTU	South African Democratic Teachers' Union
SAMWU	South African Municipal Workers' Union
SATAWU	South African Transport and Allied Workers Union
SASBO	The Finance Union
TGWU	Transport and General Workers' Union



# Ditsela 1999

## Forthcoming Education Activities

### Regional Programme: April to July

**A series of Regional Trade Union 'Schools' will be held in 1999.**

**The Courses Offered at the Schools are:**

- Economics – An Introduction for Trade Unionists
- Use of Information in Union Negotiations
- Negotiation Skills, Strategy and Tactics – An introduction
- Management and leadership for Union Office Bearers

**Dates – April to July**

Region	Date
Gauteng – Johannesburg	13-16 April
Western Cape – Cape Town with Worker College	4-7 May
Northern Province – Pietersburg	13-16 July
KwaZulu-Natal – Durban with Worker College	20-23 July

#### **Ditsela Advanced National Education Programme (Danlep)**

143 unionists registered and attended Block One of the 1999 programme. Block Two of the five courses will be held on different dates between May and July.

Please consult Ditsela for details of date changes.

#### **National Activities: April to July (Johannesburg)**

##### **Short courses/special programmes**

- Administrator Development Programme
  - Block One 19-20 April
  - Block Two 21-24 June
- Organising & Law Programme
  - Basic Labour Law 20-23 April
  - Arbitration Skills (Johannesburg and Cape Town) 27-30 July
- Facilitator Development Programme
  - Shopsteward Education 8-11 June
- Occupational and environmental Health and Safety 28 June-2 July

#### **For More Information**

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