

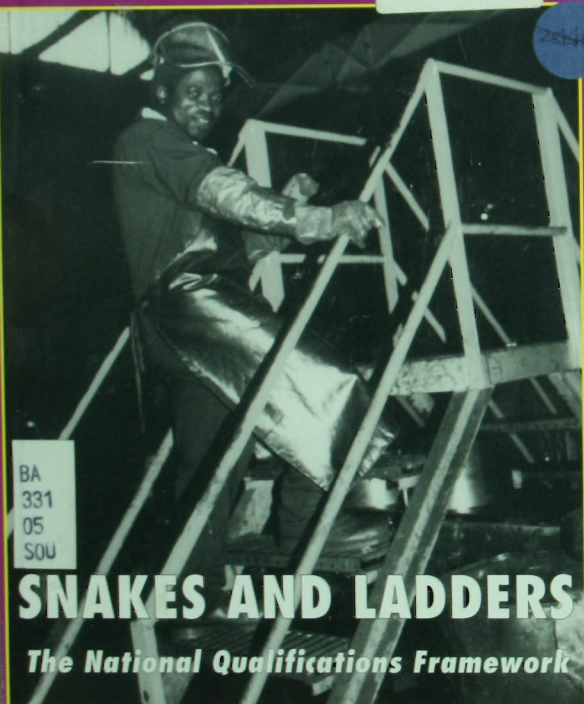
SOUTH AFRICAN
**LABOUR
BULLETIN**

Volume 20 Number 4 August 1996

Namibia
Macro-economic policy

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SNAKES AND LADDERS
The National Qualifications Framework

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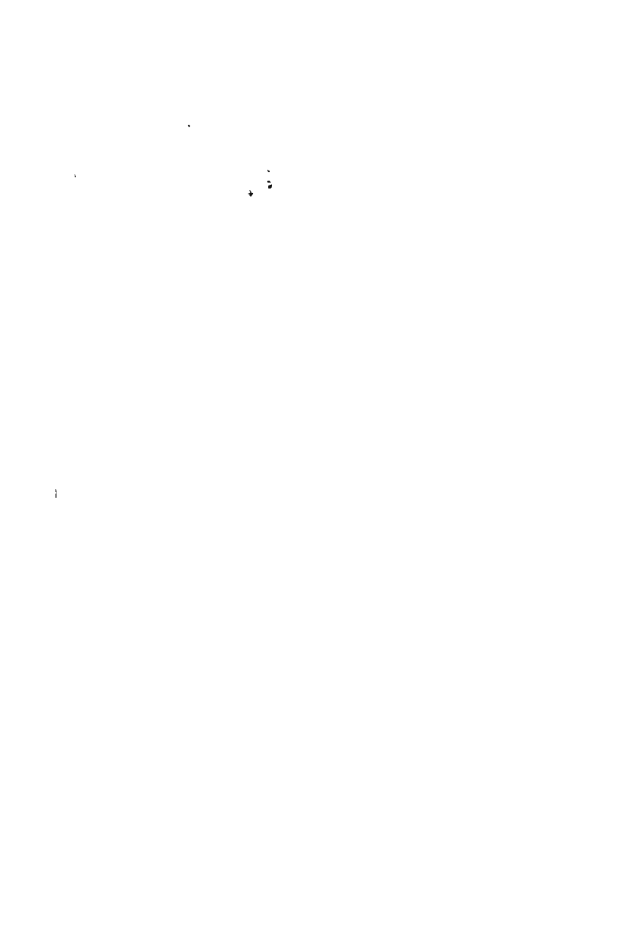
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Cover photo Hendlar and Hart, Bloksburg, July 1996 by William Matlala. All photographs by William Matlala unless otherwise indicated

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One of apartheid's most enduring legacies is the absence of any coherent, national education and training system in South Africa. The majority of workers are restricted to low skilled, low-waged jobs with very little possibility of advancement.

The National Qualifications Framework (NQF) has the potential to change this. The framework, which was spearheaded by COSATU, sets out to provide life-long education and training to all South Africans.

It is unfortunate that a system which has as its primary motive the provision of accessible learning should itself be so inaccessible. The NQF is currently shrouded in technocratic and specialised language. In our cover story, Melanie Samson and Salim Vally provide a guide to how it will work.

Will the NQF really empower workers or simply make them more efficient providers of labour to capital? Samson and Vally point to the possibility of a weakening of collective bargaining power and the need for unions to actively participate in the debate around the framework.

COSATU's education model is part of a larger vision which focuses on redistributive policies. The current emphasis on fiscal discipline and global competitiveness, as set out in government's macro-economic policy, could undermine any redistributive project.

Labour has expressed serious reservations about the policy, with COSATU's General Secretary, Sam Shulowa, calling it "unworkable and unwinnable". In "Economic Alternatives", economist Patrick Bond suggests that labour's fears are well founded.

He predicts that workers will be worse off and that communities will suffer an erosion of living standards.

COSATU's statements have given birth to a another round of speculation in the media about the future of the Tripartite Alliance. The Federation itself has realised the need to consider not only its future political relationships, but how it will confront the range of challenges it will face in the years ahead. The September Commission is designed to do just that. In this issue of the *Bulletin*, Karl von Holdt outlines the work of the Commission.

The Commission might well profit from the lessons of the Namibian trade union movement. Six years into independence, cracks are appearing in the relationship between the National Union of Namibian Workers (NUNW) and the SWAPO government. In our International section, Herbert Jauch explores the reasons for the growing tensions.

Finally, we extend our heartiest congratulations to *Bulletin* production team, Di Stuart and Warren Parker, on the birth of their son on 14 June.

Deanne Collins

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On sexism and "parity"

STAY THERE!

In his "Out to lunch" column, David Bullard of the *Sunday Times* compares the South African economy to a young woman who needs to go on diet.

REDEYE has a question and a suggestion for Mr Bullard. The question: When will men (who are in charge of the government, the economy and, incidentally, the establishment press) stop blaming their mistakes on women? The suggestion: That he stays out to lunch!

WELCOME TO THE 20TH CENTURY

REDEYE sees that the penny seems to be dropping for all those journalists (including those employed by that well-known weekly newspaper, who surely ought to know better!) who persisted in referring to Gill Marcus, during her tenure as chairperson of the Joint Standing Committee on Finance, as "chairman".

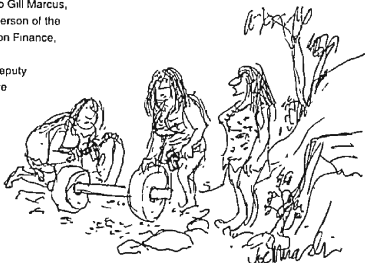
Since her elevation to Deputy Minister of Finance, they are now coyly referring to her as having been "at the helm" or "heading" that important committee. REDEYE wonders why they just can't come out and say it! Or is the new South Africa just a little difficult for these old jorneys to swallow?

BECOMING EQUAL?

Employers' organisations are arguing before the Constitutional Court that, since workers have the right to strike, employers should have the right to lockout. Speaking on behalf of employers, Anglo's gold and uranium division chairperson, Bobby Godsell, made a passionate plea for "parity". REDEYE wonders if Anglo's directors are prepared to extend parity to wages: after all they take home around R54 800 a month, while the workers on their mines earn a measly R771.

...WITH THATCHER?

"Call me a Thatcherite", quipped Deputy President, Thabo Mbeki, at the announcement of the government's macro-economic policy. Many a true word...?



I'll guarantee you one thing. If it does work, the men will take the credit for it.

Victory for political tolerance

Dear editor

On 17 May 1994 I was dismissed from the Paper Printing Wood and Allied Workers' Union (PPWAWU) for activities related to my membership of the Workers' International and the April 1994 elections. After a two year campaign involving COSATU workers, workers organisations in Brazil and trade unions in Britain, the following agreement was reached:

- ↳ COSATU has agreed to appoint a panel to resolve the issue, with each party putting forward three names to the panel
- ↳ The panel's decision will constitute an

arbitration

- ↳ Should there be no consensus reached the union will make a monetary offer to myself, to be negotiated between the two parties
- ↳ PPWAWU guarantees freedom of political belief and expression in its ranks
- ↳ The union agrees not to victimise any official or member who is not a member of the ANC or SACP, who expresses such views in the appropriate structures and who exercises their right to freedom of association after hours

Shaheed Mahomed
Athlone

Whither the COSATU-ANC Alliance?

Dear editor

One of the things I appreciate about the SA Labour Bulletin is the openness and candour of the debate taking place in its pages. Your feature article – "COSATU retaining lost ground?" in Vol 20 No 3 – is no exception.

Although your readership is primarily trade union based and my background and experience is that of a manager in a large national company, I nevertheless find it necessary to express an opinion in your pages.

Without doubt there is a problem in the relationship between COSATU and the ANC – a problem which, I believe, won't go away and will surely become acute to the point that a parting of the ways is inevitable.

The ANC is representative of a range of political opinion: communist, socialist, social democratic, liberal democratic, nationalist etc. Such a coalition itself is also inevitably going to see splinter groups breaking away to form

opposition political parties. COSATU leadership is overwhelmingly communist and socialist – as such it would naturally align itself with any political grouping sharing the same ideology.

The sooner this happens, the better, as the current situation produces confusion, vacillation and general uncertainty. My view is that the sooner a strong social and liberal democratic centre emerges – with the backing of business and the international community, the left union movement will have to take stock and make a choice between becoming increasingly marginalised or playing a responsible and proactive role within such a socio-political and economic framework.

I'm sure that this viewpoint would be contested and rejected by the radical intelligentsia, but then their judgement and vision will always be clouded by their utopianism!

Tony Kruger
Durban

Inflation monitor: May 1996

Area	Consumer Price Index		Annual rate of inflation (% increase over 1 year)	
	May		May	
Cape Town	183,3		5,4%	
Port Elizabeth	182,2		5,3%	
East London	181,9		6,2%	
Kimberley	182,1		5,6%	
Pietermaritzburg	185,5		6,7%	
Durban	177,1		6,0%	
Pretoria	182,8		6,3%	
Witwatersrand	180,0		5,9%	
Klerksdorp	179,7		5,8%	
Vaal Triangle	172,2		5,4%	
OFS Goldfields	178,5		4,8%	
Bloemfontein	175,1		5,0%	
SOUTH AFRICA	180,7		5,9%	

Source: Labour Research Service

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Snakes and ladders

promises and potential pitfalls of the NQF

Discussions around the NQF have been restricted to a few, and the implications of the new system have not been fully explored.

This is partly due to the specialised and technocratic language which surrounds the NQF as well as the complexity of the proposed bureaucracy which will put it into place.

One analyst has compared the NQF to a 'jungle gym' - the system itself is a confusing and mysterious jungle, while its various structures comprise the bars of the gym (Kell, 1995).

For us, the NQF is more like the popular game 'snakes and ladders' - it holds out certain promises (not the least of which is the career ladder which workers may be able to climb), as well as potential pitfalls (the most perilous being a slide back for the union movement if this system of education leads to a fragmentation of knowledge, and the weakening of the collective bargaining power of workers.)

Recently, at least eight industrial sectors have established pilot projects. In addition, the Department of Education has set up pilots for technology as a school subject, a new language assessment framework, and several curriculum development and assessment pilots. These will illustrate the practical implications of NQF proposals and assist with their further refinement.

The National Qualifications Framework (NQF) will change the face of education and training in South Africa. In the first of two articles, Melanie Samson and Salim Vally explain how the system will work and explore some of the challenges it presents to the labour movement.

History

In the late 1970s the South African state realised the need to reduce the dependency of the economy on mining and to develop the manufacturing and service sectors. These sectors require higher levels of skills from their workforce. The de Lange Commission of Enquiry was appointed in 1981. Its recommendations were not, however, taken up by the state. In 1991 the government produced its 'Education Renewal Strategy' and the National Training Board published its 'Investigation into a National Training Strategy'.

Both documents focused on the links between education and training and the national co-ordination of training and

certification

The government's plans drew fire from COSATU, which criticised the dominance of employers in the proposed training system, the focus on market forces instead of the state in the provision of training and the lack of a coherent, unified, national system of education and training.

In 1991, COSATU set up its Participatory Research Project (PRP). The purpose of the PRP was to critique the existing education and training system, as well as develop an alternative. The project drew heavily on the National Union of Metalworkers of South Africa (NUMSA)'s Vocational Training Project in the engineering, motor, auto and tyre industries.

COSATU's research showed that the existing education and training systems were inequitable, inflexible and inadequate. Most black workers were restricted to low-skilled, low-wage jobs, with little opportunity to acquire skills to move onto higher paying employment. Moreover, as grading systems were not linked to skills, even if workers received training, they would not earn more.

These problems were compounded by the lack of a national system of provision and certification of training. The training which workers received was usually company or sector specific and not easily transferable.

A new system

COSATU developed a proposal for a national, integrated adult basic education, training and education system.

The new system was outcomes based: the result of a learning process, whether formal or informal, where a learner can show already agreed upon capabilities and performance. This was necessary to:

- reduce bias in evaluation,
- ensure portability (where qualifications can be transferred between different learning situations, training institutions and employers),

- allow for recognition of "tacit" skills or skills developed on the job (what is called "recognition of prior learning"),
- increase flexibility, so that learners could accumulate qualifications over time and transfer credits received between the fields of education and training.

It was this model which provided the basis for the development of the NQF once the ANC came to office.

NQF structures and processes

The legal framework for the NQF was set down in 1995 in the Education and Training White Paper and the South African Qualifications Authority Act.

The goal of the NQF is to create a flexible education and training system which provides lifelong learning for all South Africans.

In order to do away with the vast gap between education and training and to promote movement between the two systems, the framework will integrate the present systems into one.

The NQF provides for three bands, which correspond roughly to the present division between primary, secondary and tertiary education. They are: general education and training, further education and training and higher education and training.

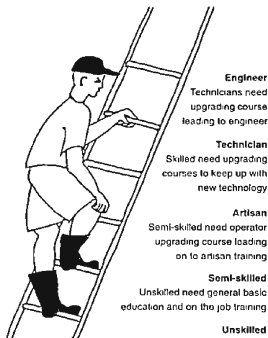
General education and training certificates would be earned through either formal schooling or adult basic education and training (ABET). This is the first level. On levels two to four, further education certificates are available through schools, the workplace, industry training boards or colleges. Universities, technikons and colleges would provide higher education and training. The lowest level in this band - level five - provides for diplomas and occupational certificates at the workplace or tertiary institutions. The highest level - level eight - includes doctorates and research degrees at universities.

The theory is that workers should be able

Proposed Structure for National Qualifications Framework

NOF Level	Band	Types of Qualifications and Certificates	Locations of Learning for Units and Qualifications			
8	Higher education and training band	Doctorates / Further Research Degrees	Tertiary / Research / Professional Institutions			
7		Higher Degrees / Professional Qualifications	Tertiary / Research / Professional Institutions			
6		First Degrees / Higher Diplomas	Universities / Technicians / Colleges / Private / Professional Institutions			
5		Diplomas / Occupational Certificates	Universities / Technicians / Colleges / Private / Professional Institutions / Workplace / etc			
Further Education and Training Certificate						
4	Further education and training band	School / College / Trade Certificates / Mix of units from all	Formal high Schools / Private / State Schools	Technical / Community / Police / Nursing / Private Colleges	RDP and Labour Market schemes / Industry Training Boards / Unions / Workplace / etc	
3		School / College / Trade Certificates / Mix of units from all				
2		School / College / Trade Certificates / Mix of units from all				
General Education and Training Certificate						
1	General education and training band	Std 7 / Grade 9 (10 years)	ABET Level 4	Formal Schools (Urban / Rural / Farm / Special)	Occupation / Work-based training / RDP / Labour Market Schemes / Upliftment Programmes / Community Programmes	NGOs / Churches / Night Schools / ABET Programmes / Private Providers / Industry Training Boards / Unions / Workplace / etc
		Std 5 / Grade 7 (8 years)	ABET Level 3			
		Std 3 / Grade 5 (6 years)	ABET Level 2			
		Std 1 / Grade 3 (4 years)	ABET Level 1			
		1 year reception				

Source: Adapted from the National Qualifications Framework for South Africa



to move from the lowest level to the highest level through a lifelong process of continuous learning. For example, an "unskilled", "illiterate" factory sweeper could progress along the NQF ladder to become an engineer.

Outcomes-based

The NQF is an outcomes-based model of education and training. It does not set down the curriculum for any course, but rather lays down what learners must be able to do at the end of the course.

Internationally, outcomes-based systems have been criticised for focussing on what people can show they can do to the exclusion of other knowledge which they might have. The NQF attempts to avoid this by adopting a "thick, rich" definition of outcomes and by finding ways to evaluate knowledge as well as performance.

As with most international outcomes based models, the NQF differentiates between essential and specific outcomes.

- Essential outcomes are general things one can do and understand, which are needed

for all areas of learning, like communicating and problem solving. These are sometimes called "fundamental abilities", or "generic competencies."

- Specific outcomes are special skills and understanding for a particular context, like a specific job or school subject. Specific outcomes are the building blocks with which NQF qualifications are constructed.

A specific outcome, plus the assessment of this, is a unit standard. One has to complete a specified combination of unit standards at an NQF level to receive a qualification for that level.

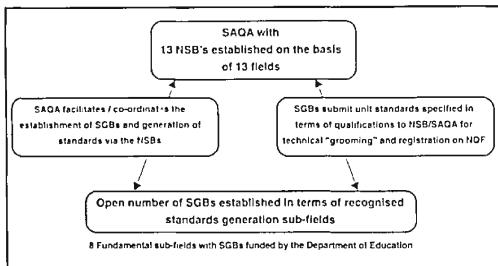
The NQF bureaucracy

A complex bureaucracy will be required to implement the NQF. While there is currently general agreement as to what kinds of institutional structures will be required, their compositions, responsibilities, powers and even names are still being debated. The latest proposals are contained in a "Working Document on the NQF" produced by the Department of Education.

At the end of May this year a twenty six person South African Qualifications Authority (SAQA) was appointed by the Minister of Education, in consultation with the labour minister. SAQA members include education and training providers, trade unionists, business representatives and non-governmental organisations.

The SAQA will oversee the development of the NQF and set up structures and processes to develop standards and qualifications. It will also accredit bodies responsible for monitoring these standards and qualifications and register them.

Standard Generating Bodies (SGBs) will draft the unit standards of the NQF. According to the Working Document, any person or group interested in developing a set of unit standards will be able to approach the SAQA to form an SGB. All experts/specialists who express an interest



must be included on the SGB. However, there is no stipulation that each SGB must be representative of all stakeholders. It is assumed that the SGBs will be funded by the industry which established them.

SGBs which set standards of a generic nature - that is general skills which are needed across the board such as literacy, language learning and arts and culture - will not attract industry funding. The Document proposes that government fund these boards and that eight such boards are set up.

Thirteen National Standards Boards (NSBs) will be established corresponding to 13 fields varying from agriculture and nature conservation to planning and construction. Their role will be to set standards for the NQF and oversee the work of the SGBs. The NSBs will also be responsible for deciding which combination of unit standards is required for the awarding of a qualification. The Working Document proposes that each NSB be comprised of one representative each from SAQA, the Departments of Education and Labour, five from education providers and two each from labour and the organised teaching profession.

The document also proposes the

establishment of National Quality Assurance Bodies (NQABs) to accredit providers offering programmes and qualifications that are registered for the NQF. It suggests that the NQABs be "sufficiently representative of key interest groups in their field" but does not define what it meant by "sufficiently representative".

Critical areas for labour

The cumbersome nature of the NQF bureaucracy is in itself highly problematic. It is questionable whether it will be comprehensible and accessible to workers.

In the technical details of the NQF, there are many issues which workers will need to confront. These include the fragmentation of worker knowledge, potential deskilling through modular training, which might result in the exact opposite of the intended goals, the continuation of the division of labour and the absence of specific measures to address gender divisions in skills and occupations. These will be covered in our article in the next issue of the *Labour Bulletin*.

A useful starting point is the fundamental theoretical underpinnings of the NQF. These can be identified as human capital theory, post-fordism and outcomes based education.

Human capital theory

Human capital theory is based on the belief that there is a direct link between education and economic growth. Education is an investment for the nation. Students and workers are both a value-added product and the means by which the economy grows. It is assumed that investment in people and technology will increase productivity and skills on the shopfloor.

Under human capital theory, the value of education is reduced to its economic payoff, for the individual and the economy as a whole.

Human capital theory was popular in the 1960s. Discredited by Marxist and other thinkers during the 1970s and 80s, it has experienced a revival internationally with the rise of neo-liberalism. It has also gained support from certain sections of the left. This is because it can be used to argue for allocating more state funds to education.

Post-fordism

Fordist production relies on rigid, hierarchical methods of mass production. Post-fordism involves smaller production units, relying on a multi-skilled, flexible and problem-solving workforce capable of producing smaller runs for specialised international markets.

There is a close relationship between the global shift towards post-fordism and the re-emergence of human capital theory. This is because post-fordism relies on increased investment in the training of present and future workers for improved productivity, economic growth and competitiveness.

For post-fordists, investment in education and training must be justified by proof that they are an efficient means of ensuring increased productivity, improved quality and economic performance. A system like the NQI, with its emphasis on outcomes, as opposed to educational content, would satisfy this requirement.

(COSATU's original research, which informed so much of the NQI, went beyond

the development of an education and training system. The federation argued that such an initiative must be accompanied by active labour market policies, which could include worker mobility across sectors, reducing unemployment, the elimination of race, class and gender-based discrimination, as well as a state which actively intervened to ensure that these policies were put in place.

While the COSATU proposals were, therefore, largely based on concerns for equity, they also dovetailed with increasing concern about the efficiency and competitiveness of South African industry. Indeed, the proposals were informed by the Australian experience, in which a corporatist training model was adopted in order to promote post-fordist production to compete effectively in the global economy.

The proposals were developed as part of a larger economic policy, which focused not only on export-led growth, but on redistributive policies and the development of the domestic economy. However, the government's present emphasis on "fiscal discipline", export-led development and global competitiveness (as expressed in the recent macro-economic policy framework) will certainly put pressure on the notion of redistribution.

The effects of market-led globalisation will clearly impact on both education policy and the NQI. To what extent will those in the structures of the NQI allow international economic imperatives to shift their prerogatives towards a narrow technocratic approach which meets the labour requirements of capital?

Democracy?

Proponents of the NQI argue that a highly skilled workforce will encourage democracy within the workplace. Evidence from other countries disputes this. In any event, the extent of post-fordist work practices in South Africa is very limited. Some prefer to

use the term "racial fordism" to describe the situation in South Africa, where employers have grafted post-fordist organisational forms onto a largely semi and unskilled, low-waged South African workforce.

Certain sectors of industry have embraced the NQF proposals in the hopes of increasing productivity and competitiveness. Should they become a dominant voice, the likelihood is that the NQF will be stripped of its progressive elements and reduced to a framework for more effectively extracting surplus value through the intensification of work.

False expectations

In a previous issue of the *Labour Bulletin* (Vol 18 No 4), Andre Knaak criticised the notion of "lifelong" occupational mobility as creating false expectations amongst workers and students. All economic systems rely on a hierarchical division of labour. Kell (1995) also criticises the assumption that workers will automatically take advantage of the provisions of the NQF. She maintains that the orientation of ABET in the NQF towards outcomes based learning and ABET assessment in the form of Independent Examination Board exams will foster schooling practices, preventing many from taking the first step and therefore from even reaching even the first rung of the NQF career ladder.

Paper chase

There is a strong possibility that the emphasis on certification and qualification in the NQF will result in a paper chase amongst individual workers. The stress of individual advancement might further erode the previous emphasis on collective solidarity and communal learning amongst workers.

The NQF claims to grant recognition for prior learning and accreditation for skills already acquired. This is misleading. It masks the fact that only those skills which are

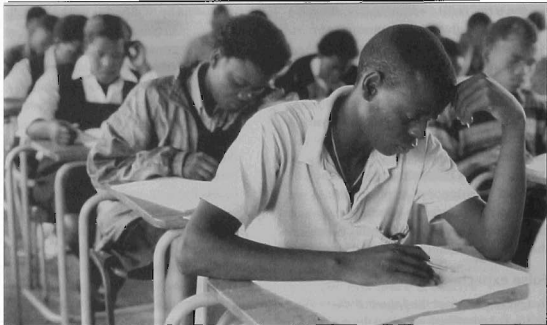
deemed useful by NQF bodies will be officially valued. Two examples prove this point.

- Given the prevailing gender-based division of labour, women and men develop different skills. Historically, women have been confined to jobs as care providers - as householders, seamstresses, nurses. The skills content of their work has been denied and women have been deemed to be "unskilled." Unless the NQF explicitly attempts to value and accredit women's skills, it will reinforce their invisibility and entrench gender bias in any recognition of prior learning, skill accreditation and reward.
- The many skills developed by workers in day to day struggle, although part of their experiential learning, will not be accommodated by the NQF (unless, of course, their value in providing former unionists with skills fitting them for management and state functionary positions is considered!). Important learning moments such as the formation and running of democratic organisations and dealing with grievances, disputes and strikes will be discounted. The notion of skills is a contested one: yesterday's skills might be considered today's deficit.

International experience

The NQF draws heavily on international experience. The impact of competency-based education and training in other countries has, however, been both complex and contradictory. It is unfortunate that the NQF seems to have ignored critical views on the "lived" experience of workers in these countries.

In Canada, for example, competency-based training has resulted in an erosion of workers' know-how, which has been fragmented into discrete chunks. It was this very knowledge that in the past was used to resist employers and press for improvement in conditions of



The NQF aims to provide lifelong learning to all South Africans.

employment Workers in Canada are permitted limited forms of training, specified by the employer. This builds the basis for a form of subordination which is based on the dismantling of worker knowledge.

In Australia, critics of competency-based training have pointed out that this approach is a model for manipulating and controlling behaviour. In order to establish that learning has taken place, only the outwardly visible and observable changes in behaviour are taken into account, not the values and goals that underpin this behaviour. The learner needs to know what the assessor wants in order to conform and progress.

The NQF includes many progressive features, including the notion of integrating education and training, removing barriers between formal and informal education, and increasing access. However, if these promises are to be realised, it is important that potential pitfalls be identified, rather than relying simply on the "cast of the dice". This requires informed debate by all parties, particularly the labour movement. In the next issue of the *Labour Bulletin* we will

continue our contribution to this debate. ★

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CAWU membership grows

Membership of the Construction and Allied Workers Union (CAWU) has increased dramatically in the last year. General Secretary of the union, Matthew Oliphant, says that the union currently has 39 000 members. Last year the figure stood at 25 000.

Industry Changes

The trend of massive retrenchments in the construction industry has been reversed. There is a slight increase in employment compared to four years ago. While the expected growth in employment due to housing construction has not materialised, there has been dramatic growth in infrastructure development in the townships. The Department of Public Works is driving this process. Roads and sewerage projects, in particular, have mushroomed. There are also numerous community development projects.

All of these projects have contributed to employment growth. The jobs on offer are not, however, always long term. The construction industry is characterised by a lack of permanent jobs. Workers are employed for a specific project, and when the project is over their employment ends. The duration of projects differs, with big projects offering employment for about 18 months.

Union strategy

CAWU has adopted a strategy of servicing

by Tanya Rosenthal

existing membership rather than recruiting new members. Most of the workers who join the union themselves approach union organisers or the union office. The majority of new members are employed on public works programmes.

Despite the fact that workers are not permanent, CAWU has managed to secure recognition and stop order facilities on the major projects. In some cases the union has negotiated extended employment. Rohr Roads, a contractor in the Western Cape, has agreed to employ workers currently employed on a public works site on its other projects.

Challenges

It is very difficult to build workplace organisation when workplaces and people working on them keep changing. In a factory the same workers return to the same place to work on a regular basis. The union can train shop stewards and they can set up regular meetings at the factory. The union can keep in contact with its shop stewards by telephone and fax. This is not always possible on a construction site.

For these reasons, CAWU is concentrating on extending existing organisational gains rather than trying to make new gains. Where it has membership with large contractors, it

has reached agreement that shop stewards can represent workers on each new job they are working on.

Setting standards

Conditions of employment on public works projects present a major headache for the union. Oliphant says that while the union accepts that public works programmes alleviate

unemployment in the short term, it is still concerned to protect the interests of those employed on these programmes.

The most crucial issue is the question of payment. Wages are often negotiated between the local civic organisation and the contractor before workers are employed.

"Because people are unemployed they agree to certain conditions when they are offered the job. When they are working on the job they then join the union and begin to say that they are not happy."

Task based pay

Payment on many of the public works projects is task based. Workers do not get a set weekly wage, but are paid according to the amount of work they have done.

Employers and the government justify task based payment by saying that it acts as an incentive for workers. They say it does away with the problem of supervision, especially where there are large numbers of workers. Under a task based system, workers are motivated and therefore supervise themselves.

CWU has a different view. Oliphant says that "task based payment is not the best



Jobs are not always long term.

system. Our view is that employers should focus on training supervisors and paying workers a normal daily rate."

The union is also confronted by the challenge of balancing the need for development against the need to ensure that workers are protected by certain standards. "We agree that public works create community assets and are therefore prepared to discuss exemptions and sometimes accept lower rates. But certain standards must be set."

But who should the contractor negotiate with? Oliphant feels that community organisations are not competent to deal with these issues. The trade union should be the organisation with whom minimum conditions are set.

In 1993 COSATU, SANCO and construction employers signed a National Framework Agreement which sets minimum standards for labour intensive projects such as public works (see Z. Mtshelwane, "Labour intensive development", *SA Labour Bulletin*, Vol 18 No 4). CAWU has voiced strong reservations about this agreement, particularly since it embraces task based payment. ★

Fighting the enemy from within

Interview with Mary Maleté

Maleté: Suddenly everyone wants to talk to me because I am at the head of FEDSAL! But I have been active for many years in the Hospital Personnel Trade Union of South Africa (HOSPERSA). HOSPERSA never received the publicity other unions got!

I was the vice-president of HOSPERSA, and the chairperson of the Transvaal region. I started my training in 1962. I joined HOSPERSA in 1976. As a nurse, I was also a member of SANA (South African Nursing Association).

Labour Bulletin: What's the difference between SANA and HOSPERSA?

Maleté: SANA was a statutory body since 1944. Now it is a union. It was solely for nurses. HOSPERSA is for all employees – medical, nurses, general assistants, administrative staff and allied professionals.

Labour Bulletin: It's a staff association?

Maleté: It's a union now. It was a staff association since its inception. But both SANA and HOSPERSA have been fighting for the rights of workers in the health sector.

HOSPERSA was started by the whites – the blacks joined later. Unfortunately the whites in the executive of HOSPERSA were all people who held top positions, like hospital secretaries. There was a white executive and a black executive. The perception was that

Mary Maleté is making history as the first ever black, female president of the Federation of South African Labour (FEDSAL). She speaks to Deanne Collins about the challenges of her new position.

white was superior and black was inferior.

Labour Bulletin: It was a parallel union?

Maleté: Yes, parallel. We were under the same umbrella, but there was a white congress and a black congress. I was on the executive. We would have our congress this week, and the next week, it would be the congress for our white counterparts. We would take our resolutions to them to be taken up to Head Office.

We didn't believe our resolutions were taken up. Then one day, we joined the white delegation to meet with the TPA (Transvaal Provincial Administration) director. We were treated like children. We just said, "no dice, enough is enough, we need to take the bull by the horns." Tunny, enough, they didn't refuse. I think they were waiting for some changes. Then we formed one executive, a national body.

Labour Bulletin: You were always in FEDSAL?

Maleté: We were always in FEDSAL. But at that time we didn't know that we were affiliated to FEDSAL, until we were all on the HOSPERSA national executive together.

Labour Bulletin: When did you become a union?

Maleté: Two years back. We felt we should change from an association to a union.

Labour Bulletin: NEHAWU is also operating in your sector. What is HOSPERSA's attitude towards NEHAWU?

Maleté: NEHAWU is quite a young union, but it became strong because of its mother body, COSATU. We're not rivals. At the time NEHAWU started we thought we were rivals. It was mainly because of the attitude and the ignorance about how unions should operate. Now we work in harmony. It's only here and there that you find tiffs - because education must still be done at ground level. We still need to educate our followers.

Labour Bulletin: Why aren't you forming one union?

Maleté: Our principles are not the same, even though we pursue the same goal. In the past HOSPERSA was for negotiation, it wasn't for any strike. Unfortunately NEHAWU was associated with violence, and that's why we couldn't associate with them. In 1992 there was a lot of violence. But it would be good for us to unite, though I must say I believe in competition, or let me say opposition. In opposing one another you are free to say to other people, "no, let us not do it this way, let's approach it that way." If we were one, then we would compromise all the way, and I don't think that is fair.

Labour Bulletin: Doesn't it weaken your position? There are 19 staff associations and unions in the public sector bargaining forum. Wouldn't you be stronger if you could bargain with one voice?

Maleté: We realise that, especially when it comes to salaries, it will weaken us. But I still feel that everybody has got the right and the freedom to associate where one wants and the right to collective bargaining.

Labour Bulletin: Do you make joint demands?

Maleté: We expect people to caucus. We are not directly involved.

Labour Bulletin: HOSPERSA is not represented at the bargaining forum?

Maleté: No, it is represented through our officers. We employed people with a labour relations background - some of them are even lawyers - they bargain on our behalf.

Labour Bulletin: Is the reason you can't join with NEHAWU because you belong to different federations?

Maleté: It would be a major problem, until the federations themselves come together. But now we sit around the table. At NEDLAC we sit together. We discuss a lot of things together. There are times when we even attend training together. So we are trying, we are sharing. Workers are labourers for the production of work in South Africa. We need to come together to share our ideas to build the country.

Labour Bulletin: You are on record as saying that you don't really think it is desirable for FEDSAL to join with COSATU.

Maleté: We are apolitical. Unfortunately,



COSATU is in alliance with the ANC. We have members who are members of the ANC, but as FEDSAL we are apolitical. That's the stumbling block.

Labour Bulletin: *So if COSATU was to break its alliance with the ANC, you would then feel that you can join COSATU?*

Malete: We could revise our position. But this is not an ANC issue. We are against any alliance with any political party.

Labour Bulletin: *Is it really true that FEDSAL is apolitical? For many people FEDSAL has this image of representing conservative, white, male, vested interests. Is this apolitical, or has FEDSAL not, in fact, in the past defended apartheid political practices?*

Malete: There may be those people who have been, but it hasn't come to the knowledge of the national executive. It's also true that it has been a white collar

dominated organisation. I think there have been breakthroughs in the last year. With the changes in South Africa there are really changes in the executive. You would be surprised - they are actually prepared to change. I've been saying to people, it's good to fight the enemy from within, rather than distancing yourself from that enemy. If you distance yourself you are shutting that enemy up and you are shutting yourself up. Both of you won't see the differences that exist between you.

FEDSAL is apolitical. What members do as individuals is their right.

Labour Bulletin: *Your election as president is obviously an indication of the changes happening in FEDSAL. Was this a conscious decision on the part of FEDSAL leadership - those white collar men - to change, or did pressure come from the ground, from membership?*

Malete: It was the members themselves who nominated me.



Labour Bulletin: Will your election help to improve the position of women workers?

Maite: At the time I was nominated, I thought it was a blessing in disguise. The gender issue was just coming up in the executive. It's a pity I am the only person, but I am used to taking up challenges - I come from a religious background where I was the first and only woman in the pastoral council of my church.

Labour Bulletin: What are the main changes you feel need to be made in FEDSAL?

Maite: The whites should change, and vice versa. The blacks need to have somebody there who speaks their own language. Another thing that needs to change is the approach to unionism. FEDSAL was not a union, it was an association. Before, we didn't want to associate ourselves with unions, because we associated them with violence. We thought we could just sit around the table and put our pleas and our

needs would be met. We are not used to fighting. Unfortunately, most of the executive members in FEDSAL are in managerial positions. That needs to be diluted a little.

Labour Bulletin: So you are the lone voice, the lone woman, the lone black person, and the only person who feels this way about trade unionism?

Maite: When I am with my colleagues, I don't feel that race is a barrier. I'm a woman because I wear dresses, but inside me I'm a person! They now also regard themselves as people - they are not men when we are in the meeting. They give me a lot of support. What is important is that they respect me for who and what I am.

Labour Bulletin: There are particular problems women face, particular discrimination in the workplace and in society generally. Will you be able to use your position to push for the rights of women workers?

Maite: Women have got problems! The issue of women belonging in the kitchen is not only a black issue! We're pushing to be seen, to be recognised. With education we will succeed. We don't want to only educate the women, we have to educate our menfolk to change their attitude and become gender sensitive.

For example, you attend a congress, and you say "let's elect somebody for leadership", and the women will nominate men. Women should learn that they can go out and do things. Not that they should neglect their families, but they should try and involve themselves. Women should trust themselves because they have potential.

There's one thing I have learnt. If a

meeting is not through, I don't leave that meeting. I remember the men would say to me, when a meeting went on late "Oh, Mrs Maleté, you can leave earlier if you are afraid". I would say to them "I'm not leaving!" I would continue with the meeting and get home late. You know, just to prove that I am a member of the executive, I am not just a woman only!

Labour Bulletin: Its not always easy for women to do that. They can't attend meetings because there's no-one at home with the children. Their husbands beat them up if they stay out late. Husbands will not allow their wives to attend union seminars. What specific projects and demands does FEDSAL have - for example around maternity leave?

Maleté: Maternity leave has come up. We have 84 days maternity leave in the public sector. We are not satisfied with that. In the private sector its three months fully paid maternity leave. The other thing we're pushing is compassionate leave. You can use the leave to look after your husband or children when they are ill. We feel women should be educated on their rights. The Labour Relations Act is there, but how many people know about it? So, we've got different programmes that we'll be running.

When I came into FEDSAL, my mission was to form a woman's wing. We have our own philosophy as women, our own objectives. We still have to finalise it.

Labour Bulletin: What would be the purpose of a women's wing?

Maleté: It will be to conscientise women, within the different affiliates, about their rights as women, about the abuse that women go through. We also need to cover health matters. As health workers we are advantaged, we could share with other

colleagues about HIV, what have you. As women in FEDSAL we would be a force. When there are elections for the national executive, we'd have people readily available, people ready for these positions, not just women picked to fill the gaps.

Labour Bulletin: Should there be a quota system, to force the executive to be at least half women?

Maleté: My personal view is that any person who is elected into a position should be the right person, whether male or female, black or white. This "affirmative action" - you take a person and put her there and you're just going to make her window dressing, because you want to impress other people. It is important for FEDSAL to have the right people - the people who can steer the ship to survive.

Labour Bulletin: Do you think there should be a separate union for professional workers?

Maleté: No separate unions, but there should be items on the agenda for them to discuss their separate issues.

Labour Bulletin: Professionals like nurses have the reputation of snobbishness, of thinking they are better than everyone else. Is this true?

Maleté: During the 1992 strike the general assistants said they wanted the same salaries as a professional nurse. There is no way! The nurse has gone to school, she's studied and trained as a nurse, which makes her different. The 1992 strike did a lot of damage. I feel, it built a wall between the professionals and the non-professionals. Its not only nurses, its the other professionals too. Admittedly, we all want a living wage, I think we should start with a living wage and then add additional experience or qualifications.



Labour Bulletin: *Nurses went on strike earlier this year. Do you think their grievances are justified?*

Malate: The grievances are justified, but the manner of solving these problems is not. I was a victim, coming on at 7am and going home the following day at 7am. There's nobody who says "Thank you, matron, you held the fort." What made the nurses angry was the remarks by the Minister of Health, saying she can go and get anybody across the street to come and nurse the patients! I'm cross about that too. For a person of her calibre to say that was unwarranted.

Labour Bulletin: *What is your opinion of the government's plans for the restructuring of the health system? Do you think the primary health care plan will work?*

Malate: I'm not undermining our Minister of Health. If preparation were done, it's a very, very good approach. Taking on board the people who are out there - that's how I

understand primary health care - firsthand treatment where you are.

If we took the people who are out there - the matriculants, and made them permanent health workers, because some of them are working with the nuns in the clinics - if we took these people on board, they are respected and known there.

There's no way if they find recognition in their community they are going to come and work in Johannesburg. We have got a lot of people with basic nursing training in the community. These people could be updated in primary health care. We shouldn't only be talking about doctors as primary health care. We should include everybody. Incentives should be devised to lure professionals to the rural areas. The budgets are cut in hospitals, but there aren't any primary health care clinics. They should have started with preparation first. I'm leaving Hillbrow Hospital. If I go to Dewald, where I grew up - I can gladly go and work there, the people know me, I am their child - and care for the community as a primary health worker. ★

GEARing up or down?



In mid-June government unveiled its "Growth, Employment and Redistribution" strategy - called GEAR by some

The plan's release appeared to put an end to a period of uncertainty. This followed several months of currency volatility (the 25% crash of the rand), which led conservative business interests to demand more generous hand-outs from government

These they received, with few prospects for progressives to question the gifts, the motivations or their implications. Finance Minister Trevor Manuel - quickly nicknamed "Trevor Thatcher" by the *Mail and Guardian* - immediately announced that the strategy is "non-negotiable" in its broad outlines. This was bad enough, but the devil remains in the details as well.

These details are where workers will suffer the most degrading implications of GEAR: high interest rates, rising inflation, the bias of incentives toward capital, substandard infrastructure, and the overall failure of South Africa's great potential to meet basic needs and create employment.

Even though the failure of the inherited apartheid economy to deliver the goods is not in dispute, GEAR promises that more of virtually the same policies (often called "neo-liberalism", to remind us that it harks back to 19th century classical liberalism) will somehow generate durable growth.

GEAR's optimistic predictions were generated by four economic models (the

Patrick Bond suggests that the government's macro-economic policy may well turn out to be labour's worst nightmare.

Reserve Bank, the World Bank, the Development Bank of Southern Africa and the University of Stellenbosch). All are extremely orthodox, with biases that favour neo-liberal policies and that treat markets as reliable, well functioning institutions.

These models collectively predict that if the desired policies are adopted, South Africa will reach 6% sustainable growth and create 400 000 new jobs per year by the year 2 000. But both left-wing and right-wing economists believe that some of the assumptions in the model are unrealistic, particularly regarding the exchange rate, the level of government revenues, the willingness of workers to accept wage cuts this year, and extremely high levels of job creation (126 000 in 1996) in the wake of three years of "jobless growth".

Government spending

The new strategy begins by saying that government spending, particularly "consumption" expenditure on wages and services, is excessive. The overall deficit (the amount government borrows beyond what

it raises in revenue) will be cut in half by 1999

For workers, this will mean more pressure on their wages to cover costs that once were the responsibility of the state and lower levels of social services. Although primary health care is now free, the budget of the welfare ministry is being reduced and school student teacher ratios are increasing due to shrinking education funding. While some government officials claim that social spending will not be a victim, it usually is the primary victim of budget cuts, especially where social movements do not have the ability to put pressure on the Ministry of Finance.

Tax rates

The strategy also regards corporate and personal tax rates as excessive. Government expects its revenues to be raised in coming years through economic growth, increased efficiency in tax collection, taxation of retirement funds and higher excise tax rates for tobacco products.

This means that the potential for progressive income tax policies, where workers pay lower rates and the upper- and middle-classes pay higher rates, will shrink. In future, if income taxes are cut for the rich (which has already happened over the past few years), government will face pressure to raise more money instead from Value Added Tax (VAT). As we know, VAT is the same rate for everyone, which means that poorer people and ordinary workers shoulder more of a burden for supporting government.

Monetary policy

Monetary policy (the Reserve Bank's control of the money supply and interest rates) will continue largely as is. However, government projects that the Bank Rate, which is now 16%, or roughly 10% in real (after inflation) terms, should fall to 7% in real terms by the

end of 1996, to 5% next year and 4% by 1998.

This sounds good, but even seven or five or four percent rates are high in historical terms, the National Institute for Economic Policy (NIEP) argues that the real interest rate should be closer to 2%, and this should happen very quickly in order to kick-start growth. What high interest rates mean is not only higher costs for housing and hire-purchase, but also that more company profits are used to repay bankers, which in turn leaves much less for workers to struggle over.

Because there is no fundamental challenge to monetary policy-making (which is now left to a small cabal of old guard Reserve Bank officials nearly entirely insulated from democratic inputs), the predicted decline in interest rates is not necessarily believable. If Chris Stals wants to continue to win "Central Banker of the Year" awards from tight-fisted international financiers, he has the ability to continue pleasing them by keeping interest rates at their present "sado-monetarist" levels.

Exchange controls

Nevertheless, government is so confident of the macroeconomic strategy's success that it is liberalising exchange controls as applied to both foreign investors and South Africans. Foreign companies are now able to borrow locally much more easily. South Africa's major institutional investors (insurance companies and pension funds) will have much more scope to expand their international portfolios by exporting workers' savings to foreign stock markets. Furthermore, exporting companies will be allowed to offset the cost of imports against the proceeds of exports.

Full exchange control liberalisation continues to be government's objective. The International Monetary Fund (IMF) recently endorsed government's phased approach,

and Minister Manuel continues to confirm that all remaining controls will be dismantled as soon as circumstances are favourable

Notwithstanding the inevitable flood of money out of the country when controls are lifted, government nevertheless expects the exchange rate (the value of the rand) to strengthen rapidly this year, and to stabilise at levels equivalent to the currencies of South Africa's main trading partners over the next five years. The currency is valued much lower today than it was in February, so exporters have an opportunity to benefit in the short term.

This is good for some workers in exporting industries - such as mining and agriculture - but could be disastrous for manufacturing and service sector employees whose firms have been slack in increasing their investment in new machinery. Such firms now face importing machinery at significantly higher costs, which again leaves less left over for wages.

But the combination of high exchange rates and high interest rates caused the economic volatility earlier this year, because they attract "hot money" into South Africa which can turn on its heel and leave very quickly. The same policies were pursued in Mexico and led to a financial meltdown there in 1995; many observers pointed out how closely South Africa was following this lead by continuing to decontrol the currency and maintain tight monetary policy.

Trade liberalisation

Trying to offset the more costly imports to some degree, government is continuing its policy of aggressive trade liberalisation - lowering tariffs so as to encourage competition from imports. A surge in imports has had a devastating effect in some sectors - electronics, appliances, clothing



Minister of Finance, Trevor Manuel

and textiles, for instance - and many more tens of thousands of workers will face added pressure on their jobs and certainly downward pressure on their wages.

Wage and price levels

Even with cheaper imports due to trade liberalisation, there will be slightly higher inflation (from around 6% in June to 8% by the end of this year).

Because of this, government is asking labour and business for support in maintaining stable wage and price levels. Due to greater international competition, trade liberalisation and government's forthcoming competition policy, this should occur in part because consumers will demand it, and will enforce their demands in the marketplace.

But in addition, organised labour is now being asked to moderate wage demands, and private sector employees are expected to lose 0,5 per cent of their after-inflation salary this year

Accord

Wage and price stability will also be pursued through a broad national social agreement. Labour market reforms are also up for negotiation in the wake of the Labour Market Commission report (see pp 57-63)

It is not clear whether NEDLAC can serve as a venue for solutions to conflicts and for establishing a common basis for implementing the government strategy, given that voices of opposition to GEAR may be raised there. Indeed opposition may be so intense that government will slowly but surely pull critical issues out of NEDLAC and leave it as a relatively hollow negotiating forum.

Human resource development

In addition to worker and capital productivity, there is a need for greater labour absorption and enhanced human resource development. Compared to South Africa's foreign competitors, local firms score poorly in this regard. Government is now considering applying a mandatory payroll levy so as to increase effective investment in training.

However, such strategies - as attempted in the United States by Labour Secretary, Robert Reich, for instance - are often much more a matter of rhetoric than reality. GEAR contains none of the details necessary to determine whether assumptions about the benefits of human resource development for labour productivity are realistic.

Tax incentives

The strategy also sets down measures aimed at enhancing fixed investment. New tax incentives for all new manufacturing

investment are part of a broader set of supply-side measures aimed at promoting investment and stronger export competitiveness.

Other provisions include a six-year tax holiday for pre-approved projects that meet job-creation and other criteria; the promotion of 12 sectoral clusters which are considered of high priority in our industrial policy; reform of industrial finance and special arrangements. South Africa is negotiating for better access to key international markets. Small and medium-sized enterprises will also receive added support.

Will such policies spur investment? Doubters point to the fact that the conditions for expanding the domestic market (consumer buying power) are not in place. And while excess capacity is finally beginning to be used, there remain many closed plants and much mothballed equipment that could be restarted if a company wanted to increase production, without necessarily leading to new investment.

Finally, labour-saving investment continues to be the rule, with many of the multi-billion rand projects - Columbus, Alusaf, ISCOR retooling - characterised as extremely capital intensive. Government has perhaps inadvertently generated a bias toward capital intensity through the new incentives (although some labour-related incentives are also being developed).

Privatisation

Restructuring state assets, including privatisation, is amongst government's highest priorities, again with the objective of increasing efficiency and attracting new investment. The National Framework Agreement (NFA) remains the basis for government and organised labour to air their differences, but without the NFA being operational, government has indicated that

announcements will include privatisation and joint ventures in telecommunications, minerals and energy, agriculture, forestry, leisure and transport over the next nine months. The sale of six major regional radio stations has already been approved by Cabinet.

Workers in such industries will come under enormous pressure, with labour unable to win the demand that no jobs be lost. Poor and working class consumers who had hoped for subsidies to increase access to electricity, telephones or recreation will be disappointed as more "commercial" values predominate in parastatals.

The devil in the details

Government is also anticipating greater public sector investment, including better education and health services, housing, land reform and infrastructure for businesses and households.

However, if we look closely at the details, particularly regarding public sector investment, we find an ongoing reliance on ineffectual, inhumane policies. Grand programmes to build houses have been hijacked by hostile banks and hesitant construction firms. World Bank-designed land reform and restitution are proceeding at a snail's pace. Even the best intentions - free primary health care for all, redistribution of educational resources, women's reproductive rights, youth recreation, attention to the needs of disabled people - are being foiled by lack of facilities in the townships and rural areas.

Pit latrines in the veld

Worse, the new infrastructure programmes were also designed by World Bank teams which resorted to their legendary stinginess. Whereas the Reconstruction and Development Programme (RDP) promised



Exporting industries may benefit.



Production could be increased without new investment.

real houses and access to full services, experts from the World Bank, the Development Bank of South Africa (DBSA), Housing Ministry and even Jay Naidoo's RDP office decided that

- South Africa could not afford anything more than "toilets in the veld" (partially serviced sites),
- These should be provided under conditions of increasing privatisation (which could soon entail as much as a tenth of all municipal services),
- Even in urban townships with good access to infrastructure, toilets will be limited to ventilated pit latrines, water to communal taps and electricity to high-mast lighting (not individual hook-ups) for workers or the poor earning less than R800 per month

Government is imposing such low standards because the Department of Constitutional Development refuses to consider desperately needed national cross-subsidies for the ongoing (recurrent) costs required to pay on a monthly basis for water, sanitation and electricity. In short, under the top-down, non-

participatory and miserly public infrastructure programme, there is no question that South Africa's slums will actually look worse after than during apartheid

Wages

While workers may be shocked to find that government intends supplying inhumane levels of infrastructure, they may be angrier if government predictions of declining real wages for private sector employees this year come true. Government also recommends "a less onerous wage schedule for young trainees," which some union leaders view as the beginning of the controversial "two-tier labour market" recommended by the South African Foundation

Other specific GEAR policies overwhelmingly benefit big capital. Financial institutions now have permission to double the money they can export from South Africa, the tax holidays and depreciation provisions for manufacturers are extremely generous, and expectations remain very high regarding privatisation

Did government consider an alternative?

Was growth through a more expansionary "fiscal" (government spending) strategy considered? Apparently not seriously, for government now says that "even under the most favourable circumstances, this would only give a short term boost to growth since it would reproduce the historical pattern of cyclical growth and decline." Such a comment implies that the new strategy has outlawed the "business cycle," which is in reality the most permanent law of capitalist economies

"More importantly," warns GEAR, "in the present climate of instability a fiscal expansion would precipitate a balance of payments crisis." But government's strategy does not even consider ways of taxing imported luxury goods consumed by South Africa's elites, as the RDP insisted

This may be because most of the 16 economists who devised the strategy are from institutions such as the Finance Ministry, the DBSA, the World Bank and the Reserve Bank. Their free-market ideologies have proven ineffectual or downright oppressive, here and across the Third World

Contesting the terrain

Yet, having won the battle over the strategy, there are still problems for conservative forces in government and business. Because as workers, community residents - and women, youth, rural residents and disabled people, who are barely mentioned in the strategy - learn more about government's policies, they will wonder what is in it for them. They will think about the bargaining power they will have under the proposed National Social Agreement, and how they might increase this power.

After all, business has shown that it can cajole, threaten and simply go on

"investment strike." Even after the lifting of exchange controls, meant to soothe foreign and local investors, capital flight can intensify and the rand can crash, ironically prompting business leaders to call for still further liberalisation. Government can pursue what are widely recognised by big business as "sound economic policies," yet foreign direct investment nevertheless stays home, leaving only "hot money" to erratically flood in and out of South Africa

Can NEDLAC become a site for renegotiating the economic strategy framework, rather than accepting it as is and bickering only about changes in the "details"? And if not, will deeper social unrest about the slow pace of economic change - as goal after government goal is missed, year after year - one day result in the sorts of "IMF riots" against "homegrown structural adjustment" that have occurred so often to our north?



Government is imposing low standards on poor communities

Spin control Business approves...

The scenario was not rosy for big business in the wake of the currency crash, and in May, the International Institute of Finance in Washington, DC projected that foreign money now parked in South Africa could expect only eight months of safety "The three-year perspective is terrible and the five-year perspective is impossible"

June brought relief to those worried about a pre-revolutionary situation Nick Barnardt, an economist at BOE NatWest Securities (a major financial institution), explained the politics of GEAR "It is a clear choice for the market-related way of doing things and a defeat for the ANC left-wing" At the press conference announcing GEAR, Thabo Mbeki seemed to agree "Just call me a Thatcherite"

Responding graciously, the South African Chamber of Business termed the strategy "a major step in the right direction" and the South African Foundation considered it "a creative and decisive response which speaks of courage and conviction"

... as does the SACP

COSATU reacted critically to GEAR: "We have serious reservations over conservative fiscal policies that the document intends to implement"

Others were more optimistic about its implications for workers The South African Communist Party (SACP), said that "The most important contribution of the strategy is its consistent endeavour to integrate different

elements of policy and, in particular, it provides a clear framework within which monetary and interest rate policy must work"

In reality, though, government tried earlier (in the February 1996 "National Growth and Development Strategy," which was never released for public debate) to integrate six policy "pillars," whereas GEAR focused nearly entirely on one of these, macroeconomics (national economic policy) Left largely unstrategised in GEAR were other pillars such as social development, human resource development, transformation of the public sector, crime prevention, and infrastructure investments

As for monetary and interest rate policy, these are among the most Thatcherite elements of the entire policy It was disappointing to see the SACP taking a supportive position, particularly given the Party's track record in criticising free-market "neo-liberalism," with such a fundamental error of interpretation

GEAR opponents within the SACP – Langa Zita, Vishwas Satgar and Dale McKinley – insist that GEAR is an extremely dangerous form of neo-liberal economics that not only will cause suffering for workers but that will not deliver the goods

The Workers' Organisation for Socialist Action (WOSA) also came out against the policy, saying that "the ANC has adopted orthodox capitalist economic policies which will appease the rich and condemn the majority to poverty and hunger."

Questions

Several questions remain

- What will such diverse reactions mean in negotiations for government's desired National Social Agreement?
- Will negotiations around such an Agreement get off the ground in earnest, or will Minister Manuel stick to his guns and keep workers out of the economic policy process?
- If GEAR is truly non negotiable, how do

progressives warily tread the path from GEAR's certain failure within the next two years, to a re-examination of economic policy?

- Indeed, will we ever have an opportunity to put other policy options on the table for consideration? ★

Patrick Bond is a senior economist at the National Institute for Economic Policy (NIPE)

75 Years of the South African Communist Party

Despite the contradictions, highs and lows that have accompanied the national democratic revolution, there can be no doubt that the South African Communist Party (SACP) has made an enormous contribution to the unfolding struggle for democracy and socialism in South Africa

The current period the SACP faces is arguably the most challenging of all. Members and supporters will have many important things on their minds as they celebrate our seventy fifth anniversary

The success of the party, its theory and its practice, is, ironically, a strength and a weakness. The success in building the national liberation movement, led by the African National Congress (ANC), which communists have been centrally involved in, has created a prize highly contested by different political forces within the country and abroad. The party is hardpressed under these conditions to find a clear way forward to mobilise the broadest range of forces, led by the working class, for socialism

Socialism, social democracy and neo-liberalism

Detractors have argued that the SACP has retreated from its position that national liberation will lead in an uninterrupted way to socialism

This view of the party's position is not surprising, given the nature of the transition. Far from being an insurrection, it turned out

Phillip Dexter calls on the SACP to mobilise democratic forces against capitalism and for socialism.

to be the now famous negotiated transition, the national political settlement that led to the democratic breakthrough which culminated in the elections of April 1994

The idea of a mixed economy which is put forward by the party for this period does not stand in contradiction to socialist reconstruction. Economic growth, addressing basic needs, a strong public sector, an emphasis on gearing up for increased exports of benefited natural resources, were however, all premised on working class leadership in the economy and on economic matters

As we move into the era of governance this is clearly not the case. Despite the important role played by COSATU in forums such as NEDLAC, the presence of socialists and communists in the various democratically elected representative structures and in the executives of these, and despite the continued unity and functioning of the Alliance, the extent to which working class leadership and hegemony are a reality is at best unclear and at worst a fiction

Not only are these problems due to the

form of participation of socialists in governance, but the very nature of the political settlement and the nature of government itself all add up to a situation that begs the question: what's in it for the working class over and above democratic rights?

Revolutionary reform

In its "Strategy and Tactics" document, adopted at its ninth congress in 1995, the SACP states clearly that redistribution of wealth, the decommodification of basic needs and transformation of the market, all driven by a popular process led by the working class, would add up to "revolutionary reform" during the current period.

The reality of the situation is that the working class is on the defensive. The government's programme, developed under conditions of extreme pressure by dominant forces to restructure the economy for global competitiveness, manage the fiscal in a prudent manner, and the programme to trim the size of the state, are all measures that the working class in particular will bear the brunt of if its organisations do not respond in the manner these moves necessitate.

For example, tariff reduction without an appropriate set of supply-side measures - in short an industrial strategy that has as one of its main aims protecting workers from the harshness of unemployment - as well as retraining and skilling workers to meet the new requirements of the economy, will lead to greater unemployment, lower real wages, and no real chance of stable employment. The drive to cut the budget deficit, unless counter-balanced with improved management of the public service, will result in cuts in the services that make up the already meagre social wage that the working class is dependent on.

Similarly, the restructuring of state assets can result in the short term discounting of the collective wealth in the name of efficiency, black economic empowerment

and the need to create an investor friendly environment, against the long term goal of increasing socialisation of the wealth of the country.

Choices

All these issues point to very real contradictions the party must engage with and offer direction on. The options seem complex, but in reality they boil down to the choice between charting a socialist course, a social-democratic course, or dressing up the currently fashionable neo-liberal low intensity democracy in the rhetoric of the national democratic revolution.

Building socialism may well require some social-democratic compromises, just as winning democracy required enforced power-sharing. But the economic version of a political 'sell-out' has to be avoided at all costs. In other words, any economic deal with the forces of neo-liberalism must be tactical and in the interests of medium to long term revolutionary gains.

The current impasse of economic policy, of which the macro-economic model is just another symptom, has still to be played out to a conclusion. Workers are squaring up against capital. The critical choice for the party is clearly not where it stands but how it stands on this issue. The SACP has to now start putting forward a minimum programme for socialist transformation within the context of the national democratic revolution.

Looking to history

The best of the Party's history clearly has a lot to teach the communists of today. The SACP has always been the theoretical cauldron of the liberation movement, and the home of militants and critical thinkers. There is clearly a role today for the party in terms of policy formulation and implementation, in other words, in governance.

There is also, however, the need for militant struggle against privatisation, for land, and for employment and a living wage for all. It is in the issues that face the poor, the marginalised, the oppressed and exploited that the Party has a critical role to play. Despite democracy there has been no significant change in the quality of life for these sections of the population, although we often tend to underestimate the effect of clean water, basic health care, nutrition for school children and trade union rights on the lives of the majority of people who until recently were without these.

If the SACP is to continue its tradition of being critical, courageous, principled, and the vanguard of working class struggle, it needs to begin to put forward a practical programme of "reforms that add up to revolution." It must also begin to clearly distinguish the difference between the defence of the revolution and the defence of capitalism or the interests of the wealthy, and articulate this difference to the working class.

Programme

What are the elements of such a programme? None of them are new to the Party. The Freedom Charter, the RDP, the various party programmes, and the Strategy and Tactics document all point to the need for:

- A universal social safety net and social wage. This means health, education, transport, recreation, food and shelter for all.
- Public investment in manufacturing and productive capacity in the economy.
- A public safety and security programme.
- A living wage for all workers and employment for all.
- The socialisation of the key components of the economy and an emphasis on planning in the economy.
- An anti-racist and anti-sexist programme

and campaign

Such a programme would begin to offer the hope of concrete solutions to such issues as the national and gender question, define what is meant by the term socialism, and as such, give a working class bias and direction to the national democratic revolution. It would also deal with the issue of the form and content of the Alliance, the continuation of which cannot be realistically disputed, and the broader liberation movement.

Contesting for power on all fronts

The Strategy and Tactics document argues the need to engage the "main strategic opponents of the democratic revolution, international and domestic capital, on all fronts: political, economic, social and ideological." This is to be done through various means, "state power, class and mass struggles, and negotiations." The extent to which this engagement is occurring cannot be disputed. What is of concern is the extent to which the agenda is set by capital, and by class forces inside and outside of the liberation movement which are in ultimate opposition to the interests of the working class.

It is here that the SACP needs to draw on its history most of all. The most enduring theme of this history is that it has set the agenda for the struggle to varying degrees since its birth. The liberation movement, the component organisations of the Tripartite Alliance, the mass democratic movement and most of the progressive sections of our society now need to be mobilised against capitalism and for socialism. Unless the party succeeds in securing this shift in the direction and tempo of the democratic revolution, the blood, sweat and tears of the last seventy five years, collectively shed by all of our people, will have been in vain. ★

Phillip Dexter is an ANC MP and provincial secretary of the SACP in the Western Cape.



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Assuring your tomorrow

David or Goliath?

The future of the unions

Scenario 1999

I want to start by telling a story about the future. Let us assume that it is now 1999, the year of the second democratic election for government in South Africa. COSATU has become smaller – it now has 1,1 million members. It has lost many members through retrenchment in the mining industry, in manufacturing, and in the public sector. It has failed to make inroads into organising white, coloured and Indian workers. The National Party has been organising ruthlessly to consolidate its base in the Western Cape, and has succeeded in establishing a number of “moderate” unions for coloured workers in the Western Cape. In fact, SACTWU has been split in the Cape, half of its members forming a new trade union for clothing workers aligned to the National Party.

NEDLAC has delivered very little.

Government, labour and employers have reached agreements on minor issues, but every time a major issue comes up labour and the employers engage in heated verbal battles. Neither business nor labour put all their eggs in the NEDLAC basket – both use other channels to try and influence the ANC. It is also noticeable that Labour is reactive in NEDLAC. It seldom tables policies or proposals of its own, but it is forced to respond to the initiatives of government and business.

There are regular Tripartite Alliance meetings but COSATU feels like a junior

COSATU has set up the September Commission to investigate the challenges facing the unions and how they can influence future developments. Here we publish the text of a talk by Karl von Holdt about the Commission's work.

partner. The Alliance issues joint statements attacking Inkatha or the NP, supporting black empowerment, and stressing the importance of the RDP. But on critically important economic issues COSATU appears to have very little influence. Telkom, SAA, and Eskom have all been fully privatised. The government is now talking about privatising the Railways. Exchange controls have been abolished and low tariffs are threatening the survival of industry. The ANC is clearly coming under pressure and succumbing to increasing influence from big capital in South Africa and internationally.

Now it is time to prepare for the elections. After much debate COSATU agrees to campaign in support of an ANC vote again. The ANC wins and Thabo Mbeki is the new president of South Africa.

Feeling confident of its position COSATU demands a wealth tax. The employers pull out of NEDLAC. The new Minister of Labour stands up in parliament and lambasts employers and labour for failing to act as social partners. It is clear, he says, that NEDLAC has become an elephant giving birth to a mouse. He introduces new legislation to close NEDLAC down.

The engineering employers announce that centralised bargaining is contributing to labour market rigidities and making their companies uncompetitive, and they withdraw from the industrial council. Employers in the clothing, textile, transport, security and other industrial councils follow this lead. This includes the chemical employers who had formed an industrial council after strenuous efforts by CWIU in 1996. The new labour minister announces amendments to the LRA which abolish the provisions for bargaining councils, statutory councils and workplace forums.

Government avoids accepting a large IMF loan, but declares an austerity package anyway. There are a series of emergency Alliance meetings. COSATU asks whether the ANC is abandoning the RDP. The ANC refuses to answer. COSATU threatens to withdraw from the Alliance unless the ANC changes direction. It does not receive a satisfactory answer. A number of affiliates organise demonstrations and marches protesting against government policies. In this heated atmosphere of political crisis, COSATU calls a special congress.

At the congress the affiliates are split. Some argue that the Alliance is the only hope. Others argue that it is time to form a new opposition party. No agreement is reached and COSATU splits. TGWU, NUM, CWIU, FAWU and CAWU are united on the need to form a new alliance with the ANC. SAMWU, SADTU, NEJAWU, NUMSA,

SARHWU and SACTWU are agreed that the Alliance should be decisively broken and it is time to form a new labour party. The former group break away from COSATU.

Could this story happen in the future? What can we do to avoid it?

The transition to democracy

The transition to democracy in South Africa has changed the terrain of struggle fundamentally, and we are still battling to adapt. Some comrades argue that we need to employ the tactics and weapons that were used effectively in the 1980s. Others argue that we need to develop new strategies for building a new South Africa, but there is much disagreement about what this means.

Resolving these issues is not easy because the new terrain is not yet stable - there are very few certainties about our future. We do not know what direction the ANC government and the ANC itself are going to take over the next few years. We do not know what the future of the Tripartite Alliance is.

We also do not know what strategies business is going to adopt in future. Will it emphasise partnership with the unions and with the ANC, or will it adopt a competitive anti-union stand? Will it be serious about trying to make NEDLAC work or will it concentrate on lobbying the ANC? Will it seek to invest in South Africa or will it move as much of its assets as possible offshore?

One thing is certain - the global economy will have an increasing impact on economic developments in South Africa. But what will that impact be? Will there be increasing investments and job creation? What kinds of jobs will these be?

Commission

COSATU has set up a Commission on the Future of the Unions to investigate these

The Commission chair is COSATU vice-president, Connie September. The deputy chair is Abraham Aguilhas of the Chemical Workers' Industrial Union (CWIU). Other members of the Commission are Mxolisi Nkosi, Freddie Magugu, Susan Shabangu, Sheila Sikiti, Sipho Kubheka, Herbert Mkhize, Phillip Dexter, Nelson Ndinisa, James Mollatsi, Sam Shilowa, Enoch Godongwana and Jeremy Baskin.

issues. Fourteen senior trade unionists and former trade unionists have been appointed to the Commission, which will issue its report and recommendations in April next year.

The Commission is posing two questions:

- Firstly, what are the different scenarios that may happen in the future? In other words what are the different stories that we can tell about the future?
- Secondly, how can COSATU plan to influence that future? What strategies should COSATU adopt so as to be able to respond to future developments in a powerful and effective way?

Seven challenges

I believe we can identify seven major challenges facing COSATU as it prepares for this future. These are my personal views rather than those of the Commission.

Challenge number one: Consolidating and increasing our membership.

It is commonly agreed that COSATU affiliates are not providing their members with support and service. We need to provide the education, organisational support and information to empower our shopstewards, so that we can deliver to our

members. This will consolidate our current membership.

But we also need to ensure that we increase our membership and representivity so that the rest of society is forced to listen to us. This means not only organising unorganised workplaces, but developing strategies to organise groups and sectors of the working class who currently do not see COSATU as their home. This includes white, coloured and Indian workers. White collar, technical and skilled workers generally either do not join unions, or look to unions outside the COSATU fold.

On the other hand, temporary, casual and part-time workers, and workers in small business, are usually very vulnerable to employer victimisation. Should we try to organise all these groups, or should we target specific groups? How would this affect our culture and traditions of struggle?

Challenge number two: Developing our political strategy

Our political strategy is not clear at the moment. There are many aspects of political strategy that we need to think through. But one of the most important is to develop a new vision of who we are and what we are fighting for - a vision that can unify our membership and leadership.

What is our role in economic growth, in development, in productivity? What is the meaning of our commitment to socialism? What is our relation to democratic government? How should we engage with employers?

A key component of our political strategy should be to make the Tripartite Alliance work for labour. This means having a vision of what we want the Alliance to achieve - at local and national levels - and building a partnership with the ANC and the SACP to achieve that

vision The history of the RDP is the history of a vision initiated by COSATU and adopted by the Tripartite Alliance. Now, when there is a real danger of that vision becoming fragmented and lost, can labour work to strengthen the Alliance around the RDP, expanding and deepening the RDP vision? Or is the ANC moving so far away from a transformative vision that it is time to end the Alliance? On the other hand, should we regard the Alliance as useful for more limited goals?

But making the Alliance work is not the only component of a political strategy. One of our strengths in the 1980s was the mass democratic movement - the broad alliance with a range of popular forces such as the civics, the youth, women's organisations and churches. COSATU should consider new ways to build a broad popular coalition for transformation or it runs the danger of becoming

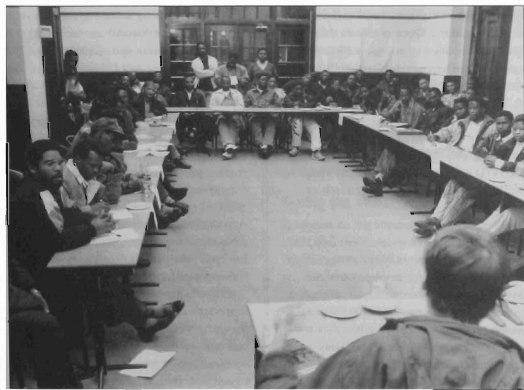
politically isolated and vulnerable to accusations that it represents a small and privileged minority of employed workers. We need to think of broadening the boundaries of such an alliance to include organisations in the informal sector as well as the small black business sector.

Challenge number three:

The economic challenge

The media, business, economists and politicians are increasingly portraying labour as an obstacle to economic growth and development.

This is outrageous, as it is our members who labour to produce the country's wealth - and whose reward is oppression, racism, low wages, deskilling, retrenchment, etc. However, we have not yet succeeded in developing our own coherent economic vision around which to mobilise our members and inform our political strategies,



NUM shopstewards discuss the Commission's work, June 1996.

our approach to NEDLAC and collective bargaining.

What is COSATU's role in economic development? How do we respond to the pressures of competitiveness and the demand for productivity, agreements, social accords, etc? Do we have proactive policies for restructuring state assets? Do we seek to improve the management of capitalism, to reform capitalism in a social direction - or replace capitalism with socialism?

Challenge number four:

Make NEDLAC work for labour.

In many ways COSATU is the parent of NEDLAC. NEDLAC grew out of labour's struggle to establish the National Economic Forum, and to transform the National Manpower Commission.

We need to ask ourselves whether we still see NEDLAC as our institution, established as a forum to give labour a major voice in economic and social decision making. Or do we treat it like an industrial council or an association of employers where we toy-toy and make demands?

We need a vision of building and empowering NEDLAC as an institution to spearhead development, reconstruction and transformation in South Africa. If COSATU does not develop such a vision NEDLAC is unlikely to deliver much or even to survive.

If labour does commit itself to building NEDLAC it will have to take seriously the concerns and interests of the other forces represented there - the employers, the government, and the community. We need to find ways to show them that NEDLAC is working not only for labour, but also as a vehicle helping solve their problems. A social accord may be the best way of achieving this, but once again labour needs to avoid being out manoeuvred and

forced to respond to the proposals of others. It should work to develop its own vision of a social accord and table this.

Challenge number five:

A strategy for centralised collective bargaining

COSATU needs to develop a strategy not only for winning and establishing centralised bargaining in those sectors (the majority) where it does not exist, but also on how to use centralised bargaining. There are enormous wage differences both between sectors and within sectors. Centralised bargaining confronts us with serious dilemmas.

Do we fight to close wage gaps or will this destroy jobs? Do we negotiate on actual rates or minima? How do we ensure decent basic wages for all members, and at the same time engage with the increasing pressures for flexibility, performance based pay and productivity in different workplaces? Can we unite our members around common demands, or are the differences in wages and conditions too great to do this?

Challenge number six:

Developing a workplace strategy

Our shopstewards are confronted with management strategies of restructuring, worker participation, productivity bargaining and flexible work practices etc. At the same time we face retrenchments, outsourcing and subcontracting. From government's side has come the provision in the new LRA for workplace forums.

COSATU has failed to develop effective strategies or capacity for engaging with these changes, nor has it yet developed a powerful vision for workplace democratisation which could drive such strategies. It is urgent that do this before we lose the battle for the workplace.



Commission meeting, March 1996

**Challenge number seven:
Restructuring our organisations**

It is clear from the above that COSATU and its affiliates face great challenges at national, industrial, local and workplace levels. COSATU needs to restructure itself so as to build a dynamic, strategic organisation which is able to engage effectively and set the agenda at all these different levels.

A common experience internationally is for trade unions to lose their strategic vision of transformation, forged in intense struggle such as we experienced in the 1980s, and to become defensive organisations bogged down in the day-to-day problem of defending their members against endless attacks by their employers. COSATU runs a very real risk of succumbing to this trend.

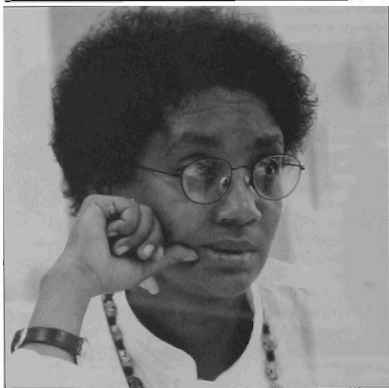
We need to examine whether we have adequate human resource strategies and management systems in our organisations. Are our structures working effectively? Do

we have the necessary skills? Are we dynamic, flexible and creative, can we cope with challenges at NEDLAC, centralised bargaining forums and the workplace? Should we restructure COSATU to strengthen the power of the federation to co-ordinate affiliates, or should we devolve more power to the affiliates? Do we really empower workers to change their world? What changes can we make to achieve this?

Taking the initiative

If we can do this then we will be able to avoid the terrible story I told at the beginning of this talk – we will be able to tell a different story about the future.

To do this we need to be strong and militant. We need to be so strong and militant that the ANC and business do not even think of the terrible story. We need to be so powerful that if they do think of it we can block their strategies and defend our members.



COSATU vice-president, Connie September, is chairing the Commission.

But strength is not just having big muscles. Remember the story of David and Goliath: Goliath was an enormous and frightfully strong giant, but he was brought down by a youngster who was able to use his intelligence to develop a plan, and was able to focus all his energy on striking a fatal blow. We can choose whether we want to be David or Goliath.

We need to make progress on these seven challenges. If we want to be like Goliath we will rely on shouting threats and trying vainly to smash our enemy into the ground. If we want to be like David we will develop the policies and ideas to set the agenda and take labour and the nation forward.

That is what we did with the RDP! The RDP started off as COSATU's programme, but it soon became the programme of the ANC and the government of national unity.

Every journalist on every newspaper was committed to the RDP. Many companies proclaimed their intention of implementing the RDP. Even FW de Klerk claimed that the RDP was the policy of the National Party! Everyone tried to align themselves with the RDP. Of course, in the process they redefined the RDP and used it for their own purposes - but that does not alter the fact that a vision which was initiated by the labour movement took hold of the national imagination.

We need to continue taking the initiative in this way if we are to keep the public with us, encourage the government to go in the right direction, and keep business more interested in reaching agreements with us than in attacking us.

While we are on the Bible, another story I want to tell is that of Sampson and Delilah. Let's hope that we were not sleeping when Delilah cut off COSATU's hair and sent it to parliament. Let us hope that COSATU does not find itself in the desperate position of Sampson, whose only recourse was to pull the whole building down on top of him. ★

Karl von Holdt works for NAIFDI, co-ordinating the work of COSATU's Commission on the Future of the Unions. This talk has been given at several union meetings.

The Future of the Unions

September Commission

CALLING ALL COSATU COMRADES!

COSATU has established the September Commission to investigate the challenges facing the trade union movement in our newly democratic South Africa. The Commission consists of 14 senior trade unionists and former trade unionists, and is chaired by COSATU vice president, Connie September.

They will formulate proposals on:

- ★ political alliances
- ★ economic policy
- ★ organising new members
- ★ democratising the workplace
- ★ internal restructuring
- ★ and more!

The Commission will be holding Workers Forums in every region of COSATU on the 28 September and 5 October 1996, for members and officials to make submissions.



Make known your concerns and views!

Prepare for the September Commission Workers Forums!

Contact your COSATU regional secretary for further information.

The Commission will produce its report next year, in time to make recommendations to National Congress. Your contribution will help ensure our report makes a difference.

Prepare • Debate • Speak out!

Poor performance

Political attitudes of workers in the Eastern Cape

In 1994 the African National Congress (ANC) swept to power largely on the basis of a working class vote. Workers voted for the ANC in the hopes of substantial improvements in their living and working conditions. Have these expectations been fulfilled? Are provincial government's delivering the goods? What do workers expect from the newly democratised local authorities?

These were some of the questions posed in a survey conducted in the Eastern Cape Province on the eve of the local government elections in early November 1995.

The survey covered a broad cross section of voters, including the unemployed and farm workers. It also included many trade union members. 77% of trade unionists who participated in the survey were members of a Congress of South African Trade Unions (COSATU) affiliate. The other 23% belonged to unions affiliated to the National Council of Trade Unions (NACTU) and the Federation of South African Labour (FEDSAF).

National political issues

99% of the trade union members surveyed voted in the April 1994 elections. This is eight percent more than non-trade union members. In other words, trade union members seemed more likely to formally participate in the electoral process, probably as a result of their

Are workers satisfied with the performance of the new government to date? Roger Southall and Geoffrey Wood report on the results of a survey in the Eastern Cape.

practical experiences of participating in elections within the union movement.

51% of union members believed that their vote would influence the actions of the national government. This was, again, a significantly higher figure than among non-union members. This suggests that participation in democratic processes within the union movement has made trade unionists more likely than non-unionists to have a firm notion of the accountability of representatives to those who have elected them.

73,1% of union members believed that politicians stand for election so that they can represent people. However, 38,9% added that they felt politicians also want to get elected to make money. Meanwhile, trade union members were roughly equally divided as to whether too much attention had been given to accommodating the demands of traditional leaders. In other words, despite the fact that the overwhelming majority of

union members lived in urban areas, many remain sympathetic to the institution of chieftainship.

Only 36% of the trade union members believed that the Government of National Unity (GNU) had made sufficient progress towards improving the conditions of people since the 1994 elections. Indeed, some 35% felt that the government's performance had been unsatisfactory, the remainder being undecided. It is evident that while many trade union members were willing to give the government some time to deliver, roughly an equal number were dissatisfied. In particular, members of non-COSATU unions took a dim view of the government's progress to date, reflecting the different political allegiances of their relevant federations.

The RDP

A result that must be of concern to the government is that very nearly one-third of trade union respondents did not know about the Reconstruction and Development Programme (RDP), or what it is. This included a sizeable grouping of

members of COSATU-affiliated unions, despite the RDP's origins within that federation.

67% of union respondents felt that the task of implementing the RDP should be the prime responsibility of local government authorities.

This demonstrates the extent to which trade union members believe that local authorities could prove to be more accessible and accountable to ordinary people than either provincial or national level government. Again, this would seem to be a reflection of favourable experiences of localised democracy within the union movement.

Workers emphasised that they expect to see an improvement in their quality of life over the next five years, especially with regard to the provision of housing (65%), jobs through public works (65%) and in terms of meeting basic nutritional requirements (62%).

The good news for the ANC is that the aspirations of the workers who were interviewed are comparatively modest, and not impossible for the authorities to

The sample

470 workers were surveyed. Only 7.4% of trade union members were under 26 years of age. Indeed, most trade union members were over 35 years old. This reveals the extent to which an entire generation of workers in the Eastern Cape have not yet been incorporated into the formal labour market. Most respondents under 26 were unemployed, whilst some were engaged in informal sector activity, or were studying further. It would seem that unless a coherent programme of job creation is implemented in this province, which is the second poorest in the country, the majority of this grouping will be condemned to remain labour market

"outsiders" for the remainder of their working lives.

Just under 27% of respondents had less than standard nine in terms of formal education, but only 8.4% had less than standard six. In other words, almost all the trade union members were relatively literate, whilst the largest grouping of respondents had a matric certificate.

59% of respondent trade union members lived in accommodation which they owned, reflecting the tradition of freehold in many areas of the province. Just under 10% lived in informal settlements, the remainder living in rented accommodation (including a small grouping who were hostel dwellers).



Voters queue on 27 April 1994. Have their expectations been realised?

fulfil However, against this, roughly 20% of workers did not expect to see any improvement in their quality of life over the next five years. Whether they took this position because they had already become disillusioned with the new political order, or whether they believed that government will require longer than five years to deliver on its promises, is not clear.

Political allegiances

Over 73% of workers interviewed stated that they supported the ANC - led Alliance. 5,6% said that they would vote for the Pan Africanist Congress (PAC) and 3,7% for the National Party (NP). The remainder (except 13,9%, who declined to reveal their political allegiance) supported the Democratic Party (DP), or smaller parties such as the African Christian Democratic Party (ACDP). None of the

workers interviewed supported the Inkatha Freedom Party (IFP).

62% of workers interviewed believed that the GNU, in which minority parties participate alongside the majority ANC, should be continued. In contrast, just under 19% believed that it should be dispensed with and that the ANC should rule on its own.

In other words, although many workers had mixed feelings about the government's performance to date, there remained considerable support for giving the government more time to deliver to its constituents, and more time for the process of reconciliation.

Opposition

Respondents were also asked which political party they thought would serve as the most effective opposition, should

the ANC become the sole governing party. Surprisingly, given its past record of oppression, 44,4% of workers plumped for the NP. This was followed by 19,4% for the PAC, 17,6% for the IFP, and 5,6% for the DP. Smaller political actors, such as the ACDP and the rightwing Freedom Front received little support for this role.

If this finding might seem to offer some small comfort to the NP in particular, it should be noted in contrast that only 15,7% of respondents said that they would be prepared to consider voting for a different political party from the one which they currently supported. Furthermore, of this grouping, most of whom were ANC voters, 20,4% said that they would consider voting for the PAC and 15,7% for the South African Communist Party (SACP), should the Tripartite Alliance disband. Only 9,3% would vote for the NP and 6,5% for the DP. There seemed little support for the idea of an independent workers' party.

Performance

A finding which must be disturbing to both the ANC led national and Eastern Cape provincial governments is that only 37% of respondents felt that the general situation in South Africa had improved since the April 1994 elections. In contrast, 27,8% felt that it had deteriorated, the remainder being uncertain. In particular, many respondents believed that their employment situation had got worse.

Despite their high degree of loyalty to the ANC Alliance, it is evident that there is considerable dissatisfaction amongst Eastern Cape trade unionists with the seeming non-materialisation of promises for economic empowerment.

Moving to specific issues close to home, respondent trade unionists were divided almost equally about whether the regional government employed too many

civil servants, and whether the number of employees in this sector should be reduced.

What is of particular interest is that workers in the non-governmental sector strongly favoured retrenchments in the public sector. This calls into question not only formal union demands for more state action to alleviate unemployment, but also suggests that workers may in future become divided along public and private sector lines.

However, it should be noted that there was particular dissatisfaction with the Eastern Cape government's performance to date.

Workers who favoured cutbacks in employment by a provincial government which is widely regarded as failing to perform adequately might not necessarily be opposed to increased jobs being created in other areas of government which are seen as more efficient in terms of the utilisation of resources, and more responsive in meeting grassroots needs. Nonetheless, this finding gives food for thought to those who promote any notion of an undifferentiated "workers' unity".

Local government

The survey revealed that significantly more unionised workers had registered to vote in the local government elections than those who did not belong to trade unions. This confirms again the crucial role played by the COSATU unions in mobilising support behind the ANC Alliance.

However, despite their keenness to vote, trade unionists demonstrated considerable ambiguity towards the prospects for local government.

In the first place, many workers argued that the best leaders had already been elected to national and provincial parliaments.

Many believed that there had been a

major "brain drain", leaving too few to represent workers at the local level, either in local authorities, or within the union movement. Nonetheless, over 70% of workers interviewed believed that their vote would have a direct effect on what local authorities did.

Service charges

Conversely, the study revealed that those who were union members were far more likely to be opposed than non-members to an increase in municipal service charges to improve on the services delivered. This could be a partial reflection of divisions in communities between the (unionised) securely employed, who would be more likely to be forced to pay for services, and those in peripheral categories of employment and the unemployed (the non-unionised), who would more likely escape such charges. Whatever the case, this finding has

alarming implications.

If trade unionists who firmly support the ANC Alliance are reluctant to pay service charges, there would seem little prospect that local governments (many of which, especially in the Eastern Cape, are hopelessly in debt) will easily be able to finance their activities.

This in turn will render them dependent upon either provincial and/or national government, and pose difficulties to the success of democracy at the local level. It is evident that in terms of organisational backing, and in the dedicated support of its members, COSATU remains a central component of the ANC alliance.

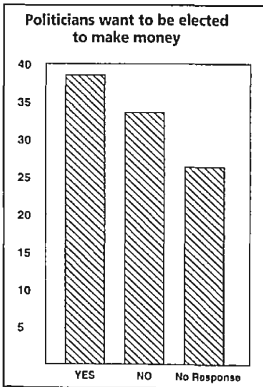
However, whilst most respondents remain loyal to the government, and are prepared to exercise patience in terms of the delivery of earlier promises, it is also clear that the ANC cannot afford to take the support of such a key constituency for granted. It is true that, if disillusion sets in, ANC-inclined trade unionists may choose not to switch to an alternative party; but, worse for democracy, which cannot thrive in conditions of popular apathy, they might not choose to exercise their vote at all. ★

Notes

The full survey results can be found in a report submitted by the authors to the Human Sciences Research Council. See Roger Southall and Geoffrey Wood "Broadening democracy in a multi-cultural and multi-ethnic context: the Eastern Cape's local government elections in comparative context", March 1996.

This research could not have been completed without the financial support of the Human Sciences Research Council.

Roger Southall is professor of Politics and Geoffrey Wood is senior lecturer in Sociology at Rhodes University.





Progress on all fronts

Public Finance and Monetary Chamber work programme

The Public Finance and Monetary Chamber set its work programme for 1996 on 2 May. It has identified four key areas for discussion and agreement making. These are

A macro-economic policy framework

Government will make a presentation on this framework to a special extended meeting of the Chamber in August. Key issues emerging out of the strategy which need to be considered will be identified and discussed in the Chamber. Specific deadlines have been set for these discussions, with a report to be tabled to the Executive Council in February next year.

Budget reform

The Chamber will consider issues such as the reprioritisation of expenditure. It will also develop a time-frame for considering the 1997/98 Budget. A workshop aimed at providing an understanding of the revised budgetary process is planned for the end of July.

The Chamber has invited Finance Minister, Trevor Manuel, and Deputy Finance Minister, Gill Marcus, to outline government's views on how the Chamber should be involved in the Budget.

Debt Management

The Chamber will look at ways of

Tanya Rosenthal and Karl Gostner look at the latest developments in NEDLAC

maximising benefits and minimising costs from the depreciation of the rand, and options for an exchange rate policy. A workshop is scheduled for August and will include discussions on the impact of exchange rate fluctuations on different sectors of the economy.

Tax Reform

The Chamber will focus on two areas: tax issues relating to the 1997/98 Budget and reform of South Africa's tax structure in the medium term. The Chamber will hold a session with the Katz Commission during August to exchange views on what it regards as priorities for investigation, and to hear the Commission's plan and timetable for investigating tax reform.

Small Business Bill approved by Executive Council

The national Small Business Act was approved by the Executive Council at its meeting held at the end of June. The significance of the Bill is that for the first time the institutional and regulatory framework required for the promotion of small, medium and micro-sized enterprises (SMMEs) is created.

The NEDLAC parties have agreed on the need to promote SMMEs as an effective way of creating jobs. This also reflects government's commitment to the promotion of black economic empowerment, as the majority of SMMEs in South Africa are owned by black people.

The Bill.

- Sets standards which define SMMEs. SMMEs will be required to comply with any two of three standards relating to total annual turnover, total asset value and total number of full-time employees to qualify for support;
- Establishes the National Small Business Council to represent and promote the interests of SMMEs at all levels of government and to advise government on economic policy affecting SMMEs;
- Establishes the Ntsika Enterprise Promotion Agency to expand and co-ordinate the provision of non-financial support to SMMEs (ie, sharing of information and training), and
- Creates an overall regulatory framework which defines the parameters of the relationships between small-business functions in all three tiers of government. It also allows for guidelines to be drawn up to assist government structures in promoting the national small business support strategy.

After the draft Bill was tabled at NEDLAC's Trade and Industry Chamber by the centre for Small Business Promotion in February 1996, a workshop for stakeholders was held at which everyone made inputs. The draft bill was then revised and tabled

again at a Chamber meeting. NEDLAC's Executive Council mandated constituencies in the Chamber to conclude the agreement and general agreement on the Bill was reached on 13 May. NEDLAC submitted the report to Trade and Industry Minister, Alec Erwin, on 18 May.

LRA tasks completed

A series of tasks required to be done by NEDLAC to implement the new labour dispute resolution processes as required by the LRA, have been completed. The LRA, approved by Parliament in September last year, is expected to be promulgated soon.

Key tasks which NEDLAC has completed include:

- Nominating members and an independent chairperson for the governing body of the Commission for Conciliation, Mediation and Arbitration (CCMA),
- advising Justice Minister, Dullah Omar, on the sifting of the new Labour Court,
- advising President Nelson Mandela on who the Judge President and Deputy Judge President of the new Labour Court should be,
- submitting nominations for the Rules Board,
- submitting nominations for the Essential Services Committee and approving and finalising the LRA Amendment Bill.

Work is continuing on the drafting of codes of practices for picketing and retrenchments, and the setting of criteria for demarcations

R2,5 million grant for workers' education on the LRA

The African-American Labour Centre has given NEDLAC a generous R2,5 million grant for training workers on the new LRA. The



money is to be used by the three trade union federations - FEDSAL, NACTU, COSATU and their affiliates - participating in NEDLAC. More than 2 000 shopstewards, union office-bearers and organisers are expected to receive training in terms of the LRA training programme. In addition, thousands more are expected to be empowered through a LRA video education programme being piloted by COSATU.

Much work is still needed to educate workers about the LRA. NEDLAC Executive Director, Jayendra Naidoo, says training is crucial to the success of the LRA, as without an in-depth understanding of and familiarisation with LRA provisions, there could not be quality deliberations and participation in processes governed by the Act.

Training is also necessary to ensure the success of two new LRA structures - the Labour Court and the CCMA - designed to increase the efficiency of dispute resolution. Naidoo notes that there is a danger of the Labour Court and the CCMA being unnecessarily overloaded because workers are not familiar with the new LRA provisions.

In order to promote industrial relations and minimise conflict at the changeover to the new Act, it is necessary that workers and employers understand the new Act thoroughly.

Landmark agreement on social clause framework

The Executive Council has reached agreement on a framework which, for the first time, links South Africa's trade relationships to the promotion of human rights and, in particular, worker rights.

Central to the Social Clause Framework is the fact that it is not a barrier to trade. Rather, it engages South Africa's trading partners in a dialogue which links human rights with trade. This is in contrast to

proposals regarding a social clause advocated by the US and France at the World Trade Organisation which are widely perceived by developing nations as being a non tariff barrier to trade.

The Social Clause Framework, negotiated by business, labour and government, reaffirms the principle that economic growth and development must be underpinned by a commitment to social justice, including respect for universally recognised labour standards. The principles underlying the Social Clause Framework mean that South Africa will champion moves to improve the rights and conditions of workers worldwide.

In implementing the Social Clause Framework, South Africa must ratify the several International Labour Organisation (ILO) Conventions which relate to labour standards. Two have already been ratified and it has been recommended that three others be ratified during the current Parliamentary session.

Secondly, South Africa will sign a Memorandum of Understanding with its new trading partners which will commit both parties to ratifying, upholding and promoting the ILO Conventions on trade union rights, collective bargaining and fair employment practice.

Thirdly, South Africa will also use its leadership and presidency of the UNCTAD IX Conference to advance the cause of universal respect for labour standards. South African delegates to the ILO are mandated to reflect the spirit of the Social Clause Framework and lead the initiative to enforce compliance of the Conventions.

Finally, regional initiatives to promote the framework agreement





will begin by having the issue put on the agenda of the Labour and Employment Commission of the Southern African Development Community (SADC) and by utilising the Social Charter of Fundamental Rights of Workers in Southern Africa to promote workers rights

A creative and multi-faceted strategy is required to implement the Social Clause Framework. The NEDLAC Secretariat will co-ordinate and facilitate the development of the strategy based on the commitment of business, labour and government to the framework

Successful summit

The first annual NEDLAC summit, held in June, was opened by Deputy President Thabo Mbeki. Representatives from government, labour, business and the community gave their own assessments of the last year and outlined challenges for the future.

In his Executive Director's Report, Jayendra Naidoo said that from its launch until now, those involved in NEDLAC had found it to be a challenging experience. He said the challenge remains to make full use of the special "window" for fundamental social transformation which has opened as a result of the transition to democracy. This window of change will only stay open for a while, and not forever.

He urged members to make the coming year a period of successful agreement making and implementation, and cited several agreements which had already been concluded in the past year, including

- the Labour Relations Bill,
- agreement on ratification of six

ILO conventions,

- a Bill on mine health and safety,
- formation of the National Investment Promotion Agency (NIPA),
- establishment of a competitiveness fund to assist small businesses,
- phasing down of synthetic-fuel protection while allowing sufficient time for restructuring the synthetic-fuel industry,
- establishment of an advisory committee to investigate the feasibility of establishing a national development agency;

Social and economic developments

A comprehensive report on social and economic developments in South Africa was released by NEDLAC in June. It profiles three areas: economic growth, employment and equity, key macro-economic developments, as well as current conditions affecting NEDLAC's four main areas of work (public finance and monetary policy, trade and industry, labour market and development)

Major findings

Growth: In the early 1990s South Africa suffered serious economic setbacks. The economy contracted by an average of more than 1% percent in 1990/91/92, and the equivalent of 6.5% of total employment was lost in this period

Growth rates strengthened in 1994/95, largely due to strong performances in industry, construction and services as well as strong inflows of capital from abroad.

Three other factors contributing to higher growth were higher capacity utilisation in manufacturing, improved performance in mining and agriculture and increased private investment.

Public investment has declined

significantly since 1989. Overall fixed investment has dropped as a percentage of Gross Domestic Product (GDP) and now stands at 16,9% compared with 24% in the mid-1980s

Equity: South Africa has a high level of inequality and this can be most strongly seen in racial and gender terms. According to the 1994 Central Statistical Services (CSS) October Household Survey, more than half of all African families survive on R726 or less per month, 44 percent of all female-headed households survive on R410 or less per month.

There is also a strong regional aspect to inequality, with 69% of all people classified as poor (by the World Bank Study conducted for the RDP) living in rural areas. The burden of poverty is highest in the former homelands. Around 33% of the poor live in shacks or self-made dwellings.

Employed workers support the unemployed. 18% of the poor rely on remittances from an employed relative. Unemployment is not the only cause of inequality; many employed people are also poor. The World Bank/RDP report shows that 32% of the poor rely on a regular wage as their primary source of income.

Poverty is also reflected in the state of the children of South Africa. 28% of African children are stunted as a result of nutritional deficiencies. Only 9% of children attend formal pre-school programmes. South Africa has 250 000 street children as a result of poverty, displacement, political conflict and violence.

Employment: According to the CSS, formal sector employment now stands at 56%. 33% of the economically active population are unemployed, and 11% are employed in the informal sector.

Resolution

Constituencies reaffirmed their commitment to working together to address

the economic and social challenges facing our country. The partners had identified three defining challenges at NEDLAC's inception (sustainable economic growth, greater social equity and increased participation in decision making). They resolved that central to addressing these challenges is rapid and sustained employment creation, better jobs for those already employed, and the accelerated alleviation of poverty.

In seeking to address the challenges of the community, business, labour and government resolved to:

- Evaluate and improve the process of social dialogue and agreement-making, and build confidence and trust in the NEDLAC process,
- Improve NEDLAC's co-ordination and capacity to deal with matters and to set negotiations at the appropriate level,
- Work towards developing a strategic framework which captures the overarching requirements and challenges of economic development,
- Focus on and prioritise issues on the agenda of the NEDLAC Chambers;
- Ensure that all parties participate substantively and have enough time to consult on policy issues while also setting deadlines for consideration of the issues,
- Develop a structured relationship with the parliamentary process,
- Strengthen the capacity of the constituencies by improving access to and the use of information and resources,
- Ensure consistent and effective representation of delegations in the various structures to allow for substantive dialogue to take place.



Amending the Insolvency Act

The Ministry of Labour tabled a proposed amendment to the Insolvency Act of 1936 in the Labour Market Chamber. The Ministry's Programme of Action states that the current Insolvency Act does not adequately protect employees in cases where their employer became insolvent.

Employees found it very difficult to claim and get money that the employer owed them. The Ministry also aimed to bring the Insolvency Act in line with an ILO Convention - the Protection of Workers' Claims (Employer Insolvency) Convention.

Constituencies in the Labour Market Chamber agreed in principle that workers' claims should have a higher preference than they do under the current Act.

The Chamber established a tripartite legal team to reach consensus on the changes to the Act, and then report back.

When the Chamber reached agreement on the amendments suggested by the legal team, it submitted a report to Minister of Labour, Tito Mboweni, and Justice Minister, Dullah Omar. The Department of Justice is to make a submission to Parliament later this year.

Key amendments

In terms of the Act, the free residue in an insolvent employer's estate - that is, the money left after secured creditors have been paid - will, after the costs of sequestrating the estate have also been met, in future be applied to paying employees:

- Any salary or wages due to the

employee for a period not exceeding three months;

- Any payment in respect of holidays;
- Any payment due in respect of any other form of paid absence for a period not exceeding three months prior to the date of the sequestration of the estate;
- Any severance or retrenchment pay due to the employee in terms of any law, agreement, contract or wage-regulating measure;
- Any other contribution payable by the insolvent which, immediately prior to the sequestration of the estate, was due to any pension or medical scheme, medical, unemployment, holiday, provident or any other similar insurance fund.

Housing policy to be addressed

The Development Chamber has agreed that key issues affecting housing policy will form part of its agenda. A number of experts presented a wide range of information on housing policy matters to a special panel, comprising delegates from each constituency in the Chamber, during a special session of the Chamber held in July. The panel will draft a report to be represented to the full Chamber in the near future.

While acknowledging the progress made so far, it was agreed that detailed discussions on housing policy would be held on areas defined by delegates attending the meeting. These include speeding up low-cost housing delivery, rental housing and other tenure options, subsidies, land innovation and evictions and the relationship between landlords and tenants. ★

Tanya Rosenthal works at the Sociology of Work Unit (SWOP) at Wits University. Karl Gostner is also based at SWOP. SWOP has been commissioned to research and write "Focus ON NEDLAC" for the Labour Bulletin.



"Save our ambulance service"

The South African Municipal Workers' Union (SAMWU) has come out strongly against Gauteng's plans to privatise the provincial ambulance service.

SAMWU became aware of the plan in March this year when a journalist leaked the information to the union.

Following negotiations, the MEC for Health, Amos Masondo, agreed to a moratorium.

It was also agreed that SAMWU would develop an alternative plan to transform the ambulance service. The union then developed a "vision statement", which was handed to the Provincial Government on 20 June.

The vision statement includes the adoption of an emergency plan to save the service from further deterioration and a long term developmental plan.

In a meeting held between provincial authorities and the union on 24 June, the province refused to use SAMWU's vision statement as a basis for community consultation on the transformation of the ambulance service and negotiations were broken off.

Workers have taken action in support of the union's demands. SAMWU members joined with members of the Transport and General Workers Union (TGWU) on 2 July in a national protest against privatisation.

Labour Bulletin correspondent

Debating privatisation

Gauteng is intending to lease ambulances from the private sector. Masondo says that such an arrangement would save his department R5 million a year and would put 250 ambulances on the road within the next financial year.

He maintains that, of the present fleet of 290 vehicles, only around 200 are available at any given time. "The rest are in the workshop being repaired. Vehicles don't come out for months and there are horror stories of parts of engines missing when they do." The arrangement with private contractors would include a maintenance lease.

SAMWU Regional Organiser, Victor Mhlongo counters that, "Government is abdicating its basic responsibility. For the last four years the Johannesburg region has had no new ambulances, hence you have dilapidated vehicles. We are saying the government must buy new ambulances immediately instead of leasing them from the private sector."

The union says that leasing ambulances will lead to job loss, as workers employed in the government garage to do repairs will become redundant. Mhlongo says that

"its a lame excuse that parts are being stolen at the government garages.They could tighten the security Today they are privatising ambulances, tomorrow it will be traffic department vehicles and government cars The workers will join the millions of unemployed."

Personnel

The Gauteng government has also indicated that it intends to privatise Advance-Life Services, which employs highly qualified ambulance personnel.

It is proposing to transfer these staff to the privately-run Emergency Medical Services (EMS)

SAMWU is vehemently opposed to such a plan.The union points out that most of the Advance Life staff are whites, who received their training from the state "Why should they be given to the private sector for nothing, earn more money and service only the rich?"

Mhlongo says "If there is an accident, or an old grandmother dying, before attending to the patient, the private EMS will want to know whether that person has medical aid or not.The private sector works for profit, not for charity"

Primary health care

SAMWU is opposed to privatisation because the union is committed to improving the quality of life of historically disadvantaged communities

Private companies are not accountable to communities and are not efficient providers of social services.The union points to the example of Britain, where privatisation has led to a marked deterioration of services.

The union believes that privatisation will also undermine the government's goal of making health care accessible to all.The basis of the alternative vision proposed by SAMWU is government's National Health

Policy on Primary Health Care (PHC).

The policy lays down that PHC must be accessible to all people, and be free of charge.

Privatisation of ambulances will result in increased costs both to the consumer (who will have to pay at the point of service) and to the province (which is proposing to subsidise private companies to enable them to run the service).

Lack of consultation

Maria van Driel of SAMWU says that a major weakness of the Gauteng plan is the lack of consultation with communities and other stakeholders

"Workers and their organisations, management and communities have not been consulted The province has done no audit of the ambulance service, no relevant research on user's needs and no holistic planning to relate this to primary health care This failure shows that there is no serious consideration of the possible effects of privatisation on the people."

Van Driel points out that the service is already strained to breaking point. There have been budget cuts since 1992. With the election of democratic local government structures, there is even more pressure on the ambulance service, as it now covers a wider area, including informal settlements

She maintains that the only reason the service has continued is due to its dedicated workforce and that the province's proposal will run the service down even further.

SAMWU has called on community and other organisations to join the struggle against privatisation ★

(19 June 1996)

Re-shaping labour market policy in South Africa

Of all areas of life in South Africa, the legacy of apartheid is perhaps most evident in the labour market. This is reflected in mass unemployment, wide gaps in earnings amongst the employed, ongoing racial and gender inequality in the workplace, conflictual labour relations, low levels of productivity and conflict over the presence of non-South Africans working in South Africa.

There has also been enormous conflict over labour policy in recent months, despite the agreement reached on the Labour Relations Act (LRA) last year.

This conflict was reflected in the high profile debate which followed the release of the *Growth for All* strategy by the South Africa Foundation (SAF) earlier this year.

The strategy called for a dualistic labour market with differential conditions for different workers. This was strongly criticised by COSATU, the ANC and the Minister of Labour, who accused the authors of wanting to return to labour market conditions established under apartheid. Organised labour then made its own proposals, many of which were soundly criticised in the media.

It is against this background that the Report of the Presidential Commission on Labour Market Policy was released. The report, which serves to advise government on various aspects of labour market policy, has been eagerly awaited and is expected to have a strong influence on government policy.

Lael Betlehem reviews the report of the Labour Market Commission.

Terms of reference

The terms of reference of the Commission were very wide, and were concerned with five main areas:

- The development of an institutional framework to help achieve the twin goals of rapid economic and employment growth and rising living standards
- The role of economic policy and national institutions in productivity enhancement.
- Policies to address the negative social implications of economic restructuring, including the feasibility of a social plan.
- Mechanisms aimed at redressing discrimination in the labour market, including a policy framework on affirmative action.
- A policy framework for dealing with non-South Africans working in South Africa

Report

The report is divided into ten chapters:

1. A framework for Labour Market Policy
2. The Macro-economic environment for

- Labour Market Policies.
- 3 Industrial Strategy
- 4 Wage Determination.
- 5 Productivity Enhancement: A Policy framework.
- 6 The Social Plan
- 7 Unemployment Insurance and Public Works Programmes
- 8 Employment Equity
- 9 Labour Migration
- 10 Working Together: an Accord for Employment and Growth.

This article does not cover all aspects of the Commission's report. Rather, it reviews the policy framework adopted by the Commission and looks at Wage

The Commission

The Commission was appointed by President Mandela in May 1995. Its aim was to explore a wide range of labour market issues and to make recommendations to government, principally to the Department of Labour. Although not formally tripartite, the Commission included members drawn from key groupings affected by labour market policy and included senior individuals from government, business and labour.

The Commission was jointly chaired by Moss Ngoasheng, who is Deputy President Thabo Mbeki's economic advisor, and David Lewis, who is an academic and an advisor to the Minister of Labour, Tito Mboweni.

In addition to Lewis and Ngoasheng, the members of the Commission were J. Baskin, S. Buhlungu, A. Bird, H. Cheadle, D. Kaplan, A. Lambrecht, D. Loibrant, G. Mantasho, G. Mhone, N. Nalltrass, M. Ramano, S. Santho and N. Segal

Determination and the proposed Accord for Employment and Growth.

Policy framework

The Report starts off by setting out a board framework for labour market policy. This is informed by two concerns. The first is the need to respond to the pressures of South Africa's participation in the increasingly globalised economy. The second is the need to create greater security for those in the labour market.

Security and flexibility

In order to meet the requirements of security and flexibility, the Commission adopts an approach which seeks to extend labour market regulation, but to fashion that regulation in a way that allows for flexibility. In the words of the Commission:

"Our approach to the labour market is best summed up as one that attempts to extend the coverage of labour market institutions—particularly institutions of collective bargaining and participatory policy formation—while simultaneously ensuring their ability to adapt to current global and domestic realities."

The Commission rejects the deregulationist approach adopted by some commentators, but also rejects rigid forms of regulation. The report tries to craft an approach which responds on the one hand to the needs of workers and to the labour market conditions created under apartheid, and on the other hand to the economic pressures imposed by globalisation. In this sense the Commission believes that it is possible to negotiate common ground between the major concerns of business and labour rather than seeing them as mutually exclusive.

Wage regulation

This being said, the Commission "rejects an exclusive reliance on the lowering of real



David Lewis, co-chair of the Commission.

wages as a means of increasing employment" and therefore distances itself from those in the business community who have favoured wage repression as the basis of a new growth path

In adopting this approach, the Commission places strong emphasis on what it calls "voice regulation". Voice regulation is a system whereby regulation is created through negotiation. Literally, it is the voices and interests of the parties that create the rules of the game, and those rules are agreed upon rather than being imposed by the state or any other party.

Collective bargaining is a form of voice regulation since the parties negotiate and agree rather than having any outcome imposed either by the state or by the market. The orientation of the Commission, then, is to strengthen collective bargaining in its various forms and to encourage wide-reaching national agreements.

Wage determination

The question of how to determine wage levels is one of the most controversial issues in labour relations.

The Commission was presented with a wide range of potential policies, from the deregulationist approach suggested by the SAF to calls for compulsory centralised bargaining. On wage determination, as on many other issues, the report has been guided by the desire to strengthen collective bargaining (voice regulation) without imposing strong non-voluntary regulations.

The recommendations of the Commission serve, for the most part, to strengthen the framework created by the LRA, as well as providing some relief for those sectors not covered by collective bargaining. However, the Commission report is clearly attempting to answer those who have

argued that there is a trade-off between greater regulation and higher wages on the one hand, and employment on the other.

Deregulationist labour market policies proposed by the SAF and others have rested on the assumption that higher wages for those in employment lead to higher levels of unemployment in society as a whole. Indeed, a study carried out for the Commission found that (taking a long term view of the South African labour market), for every 1% increase in wages, there is a 0.7% decrease in employment. Orthodox economists have therefore argued the best way to create employment is lower wages and to weaken the regulations which make wage levels higher than they would be in a completely free market.

Although the Commission has strongly rejected deregulationist labour market policies, the report has attempted to



A single minimum wage for domestic workers could lead to job loss.

balance the objective of better jobs with the objective of more jobs. The wage determination framework created by the Commission works on two levels

The first concerns those sectors covered by collective bargaining. The report argues that wage regulation is at present highly uneven and that its coverage needs to be extended. Indeed, many features of the labour market are the result of market determination rather than regulation. As the report argues:

"For all the vaunted power of the South African unions and the distorting impact that they are alleged to have on wage structures and patterns, these exhibit many of the hallmarks of market determination, manifest, for example, in significant wage differentials between sectors and between grades. Indeed, all too frequently, the unions appear to have been markedly unsuccessful in overcoming apartheid based differentials."

How then, could the position of workers be improved without hindering employment creation?

Minimum levels

The report argues that industry level collective bargaining must be strengthened and that the establishment of industry bargaining councils (as envisaged by the LRA) must be encouraged.

Bargaining councils should, however, aim to set minimum conditions with supplementary bargaining at enterprise level. Bargaining councils should also consider matters of industrial policy (such as employment creation in the industry as a whole and the promotion of exports) as well as training.

However, the Commission argues that bargaining councils must take account of different conditions within the industry as a whole, and in particular, the differing

labour intensity in different parts of the industry Care should be taken not to saddle labour intensive sectors of industry with higher wages than they can afford, thereby running the risk of destroying jobs

Bargaining councils should therefore create two schedules one for the larger, more established and capital intensive firms, and a second "less onerous" schedule for smaller firms and labour intensive firms whose ability to pay is demonstrated to be limited The two-schedule approach would end the system of exemptions and would place flexibility provisions firmly in the hands of the bargaining council itself

Extensions

The report goes on to argue, however, that the system of extending agreements to non-parties (which is the cornerstone of collective bargaining in some industries) should be carefully applied

The Commission accepts the argument that extensions to non-parties can sometime compromise job creation and therefore argues that agreements should not automatically be extended, but rather the Minister of Labour should be given substantial discretion to decide when extensions should be made

This recommendation effectively rolls back one of labour's victories in the LRA negotiations and has met with opposition from COSATU

Wage Board

The second level of wage regulation is those workers not covered by collective bargaining The Commission rejected the notion of a national minimum wage to cover all those outside bargaining structures, but did recommend a number of other mechanisms

The first is a revamped Wage Board system, where the Wage Board sets minimum wages and conditions for all

sectors not covered by collective bargaining, but attempts to do so in a manner that facilitates the transition to collective bargaining

Indeed, for those employers who have resisted bargaining structures, the threat of a minimum wage set by the Wage Board may well prod them towards the negotiating table. The Wage Board should cover all sectors of the economy and should consist of members appointed by the Minister of Labour, in consultation with NEDLAC

Farm and domestic workers

The report argues that special consideration needs to be given to the needs of farmworkers and domestic workers, whose wages and conditions are currently amongst the lowest in the country

The report notes that about 1,3 million people currently work on South Africa's farms, forests and fisheries. A study conducted in late 1993 found that 73% of the formal agricultural workforce earned less than R590 per month (in 1995 rand) and that the median monthly cash wage of women in this sector was R223 per month In addition, the study found that 20 000 farmworkers received no pay at all

The report says that farmworkers face difficulties in negotiating with their employers "as a result of the power imbalance between farmers and farmworkers" The Commission recommends that minimum wage rates be set for different agricultural sectors In addition, government agricultural policies should de-emphasise capital intensity and provide more incentives for labour intensive farming

Conditions are similar for domestic workers The report notes that there are some 874 000 domestic workers in South Africa, many of whom work under extremely difficult conditions Although the report does not give estimates of their wages, it notes that wages are generally very

low and that most domestic workers work overtime without pay

Different minima

Minimum wages are a possible policy option for domestic workers, but in this sector there is a real possibility that this may lead to job loss. There are other problems, including enforcement and "the possibility of minimum wages being seen as maximum or desirable levels", so that employers who can afford more may feel justified in paying the minimum rate. There is also a real problem in that different employers will not all be able to afford the same rates. A single national minimum would therefore have to be set very low in order to avoid large job loss.

To address these various problems, the Commission recommends that different minima be set for different areas. The Wage Board could set various minimum levels and local authorities could choose which to enforce in their area.

Since employers and domestic workers are both part of local government constituencies, there would be an incentive for them to set the minima at a realistic level.

The Commission also suggests that domestic workers' wages could become a tax deductible expense if the authorities could be given proof of payment. The report notes that this would not only encourage higher wages, but also the drawing up of formal contracts. There would, however, be a cost to the state. It may also be possible to combine these suggestions, so that employers paying above the minimum could have the difference deducted from their tax.

An Accord for Employment and Growth

The final chapter of the Commission's report makes a sophisticated argument for

an accord between government, business and organised labour. The aim of the accord would be to balance "business' need for competitiveness and adequate profitability, labour's need for secure and reasonably remunerated employment, and society's need for rapid employment creation." The accord would be an attempt to make a set of agreements, or trade-offs, on wages, prices, investment and government delivery. According to the Commission, it would be negotiated at NEDLAC.

Fighting inflation

Although the idea of an accord is not new, the Commission has made proposals that are more comprehensive and far-reaching than any that have been made before. For the Commission, two of the main aims of the accord would be to fight inflation (through lower wage and price increases) and to distribute the gains of productivity improvements between workers, investors and consumers. If inflation could be fought successfully through such a social accord, then it may take pressure off interest rates, which are currently being held at a high level partly to combat inflation.

The report argues that an accord could be in the interests of workers because they could get business and government to commit themselves to actions which would improve workers standard of living, rather than looking at wages alone. So far, representatives of organised labour have rejected the idea of the accord, saying that it is merely a recipe for wage restraint. But much would depend on how the accord could be put together. Since very few workers get increases that are much above inflation, an agreement to limit wage demands to, say, two percentage points above inflation for an agreed period, may be feasible.

It may even be possible to leave wages themselves out of the equation, but to include, for example, some benefits. Much



Agreements on prices could be part of a social accord.

would depend on what business and government would commit themselves to. If business would agree, for example, to finance worker training, or create a special fund for reconstruction projects, or agree to a special levy on their profits, or a guaranteed minimum investment in domestic projects, then it may be worthwhile for labour. Similarly, guarantees from government on issues such as housing and infrastructural development may be worthwhile.

In any event, the social accord suggested by the Commission is sure to be a key debate in coming months.

Implications of the report

Now that the report is on the table, much depends on the response of the parties, especially government. The report constitutes advice to government and does not become government policy until adopted. Government is currently studying

the report and it is hoped that there will not be long delays before it begins the process of implementation.

The response of the trade union movement is also unclear, and though there are some provisions that should be avoided, it seems clear that much of the framework proposed by the Commission would strengthen the position of workers. This is to be welcomed, especially in the current climate of deregulation. ★

Lael Betlehem is a member of the South African Labour Bulletin editorial board and the co-ordinator of research and policy development at NEDLAC. The views expressed in this article do not necessarily represent those of NEDLAC or its constituencies.

The Report of the Labour Market Commission is available from the Directorate of Communications at the Department of Labour, tel (012) 309-4000

Housing loans through retirement funds



There is a critical shortage of housing in South Africa

Many employees are required to contribute to the company pension or provident fund

"Membership of a retirement fund can be used to the employee's benefit as contributions plus interest can be put to good use before retirement by either using them as collateral security to obtain a loan from a bank or building society or making a direct loan to the member from the fund", says Chns Bosenberg, chief consultant, Group Benefits at Sanlam.

"The advantage of these loans is that they can be made for small amounts of R5 000 or less (normally building societies would not contemplate a loan of less than R30 000), and there will be no delays and legal costs. Furthermore, the Trustees or employer can provide the member with counselling and advice"

Sanlam has just completed a survey of some 300 funds and analysis of respondents' replies revealed that only approximately half of defined contribution provident funds provide housing loan assistance and an even smaller percentage of pension funds. Some 60% of provident funds allow direct loans to members with the balance allowing the member's assets to be used as security to arrange loans from banks or building societies.

"We are disappointed that all defined contribution funds do not provide housing assistance. We are also surprised that the greater number of funds provide direct loans as the alternative of using the fund's assets as collateral security is more advantageous. The advantage of using member's assets as collateral security is that the members'

benefits will not be affected by the loan. If the loan is made directly to the member at a current rate of 15% and the fund earns more than this amount on its assets, members will discover at retirement that they will receive a significantly lower benefit than they would have as their contributions will receive less interest," says Chns.

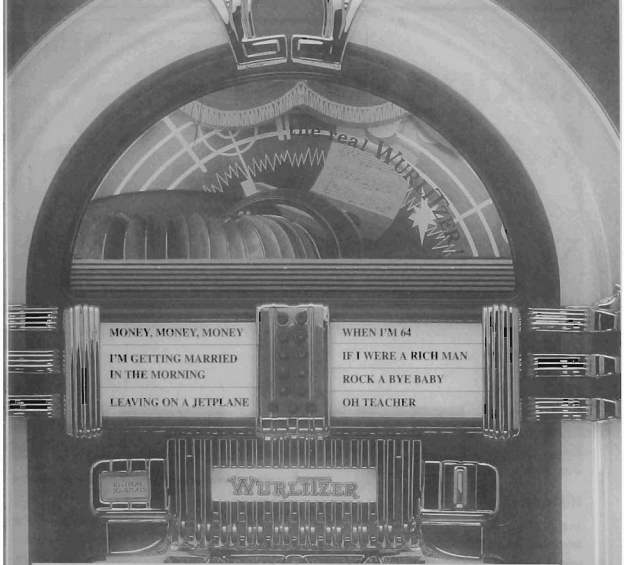
A further complication is that the Minister of Finance recently announced that gross fixed interest income and net rentals will be taxed at 17% per annum. Members who make direct loans from the fund will find that their benefits will be further reduced by having to pay on the investment income they are paying on their loan. The net result is that their benefits will be further reduced. This reduction can be as much as 40% depending on the term and size of the loan.

In a defined benefit fund where the benefits are based on a fixed formula the employer is unlikely to allow direct loans since this will require a greater contribution from the employer to meet the benefit to make up for the lower interest earned on the loans.

Bosenberg strongly urges the Trustees of funds to facilitate small loans to members. This can be done by providing access to loans of a financial institution on a group basis by using members' accrued benefits as collateral security. Employees of funds should approach their Trustees to facilitate this assistance.

Issued by: Marietta Marais, Sanlam Media Relations, Tel: (021) 947-4248

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MONEY, MONEY, MONEY

I'M GETTING MARRIED
IN THE MORNING

LEAVING ON A JETPLANE

WHEN I'M 64

IF I WERE A RICH MAN

ROCK A BYE BABY

OH TEACHER

WURLITZER

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Taking over the farm

When Inala Farms in Mpumalanga ran into financial difficulties in 1994, workers confronted a bleak future. Six hundred workers stood to lose their jobs and 300 faced eviction from the farm compound

Their families would have nowhere to live, and nothing to eat. An equity participation scheme is now in place. It has saved their jobs, improved wages, and ultimately hopes to see workers as co-owners and participants in the running of Inala Farms

History

Inala comprises 3 farms totalling 1 000 hectares under irrigation. Ten different crops, including citrus, are grown. It was once a successful family business, but accumulated excessive debt in the last decade.

The next owner, a combination of private investors and the KaNgwane Economic Development Corporation, bought the farm, with the dual purpose of running it as a successful enterprise and training small scale black farmers. During this time a farmworkers' committee emerged and worked closely with the owner.

Due to the accumulated debt, however, the project soon ran into financial trouble and could find no backer to bail them out. The farm was liquidated in late 1995. The owner then approached Department of

In 1994, 600 workers on a fruit farm in Mpumalanga faced immediate retrenchment. Now they are part of an equity participation scheme which hopes to see them become co-owners of the farm. Kally Forrest reports.

Land Affairs Minister, Derek Hanekom. The Department authorised a feasibility study by the Land and Agriculture Policy Centre (LAPC) into the farm's prospects.

The study was conducted with the understanding that this was not to be a government-funded training project. Any support would be in the context of the longterm financial viability of the farm, which gave farmworkers a decent livelihood and some control and ownership of the farm.

Equity share model

The study proposed an equity share model, with each household contributing a R15 000 land reform grant (given by the Department of Land Affairs). Clearly this amount was not enough to raise the R16 million needed to buy the farm, so



Is equity participation a viable route for other farms?

workers needed to find an equity partner to invest another R7 million

The model involves a partnership between workers and the private sector which would, for example, hold 55% of the shares and workers 45%

Financial viability

The study also looked into the long-term financial viability of the farm. Did the owner go bankrupt because of mismanagement? If well managed, could the farm be profitable? Or was the farm an unviable proposition?

The study concluded that it is possible for the farm to show very good earnings in a few years' time. At this stage the farm needs to manage its cash-flow carefully.

The farm's running costs are currently R10 million a year.

Land Affairs loan

It is clear that the scheme is very viable for any future investor, and already investors are showing interest. But at the point the farm went into liquidation there was no firm offer from a suitable equity partner. There was an offer to buy from an investor who wanted to replace the trees with sugar. This would have led to major job losses. Farmworkers made it clear that they would take militant action if this offer was accepted by the liquidators.

The advantage of this offer to buy was that a price was clearly established. It is obviously a problem for workers to value the worth of a farm.

The study argued that there was a public good in the farm becoming a land reform project because it would save jobs. It recommended that the Department

should give workers an immediate loan as there was need for urgent action and no possibility of finding a suitable investor in such a short time.

The Department decided to give a grant of R9 million (land reform grant to families), and a loan of R7 million interest free for six months, to be repaid within a year. This would give workers time to find a suitable equity partner.

In order to register the title deed on the land, a company "shell" was bought. The land is now held in the name of this company. Company directors are nominees acting on behalf of workers. This is an interim situation because neither the equity partner nor the Workers Trust exists at the moment. A highly experienced manager was also appointed on a short-term contract to ensure the continued running of the farm.

Future plans

The farmworkers' committee which was already in existence is currently up for re-election. Workers have agreed on a system of proportional representation to ensure that all categories of workers on the three farms are represented. A smaller and more representative management team has also been appointed.

The Management Committee (consisting of five workers' committee representatives, farm managers and an accountant) have applied for a planning grant from the Department of Land Affairs in order to launch a Workers' Trust.

In common with other black farmworkers in South Africa, the Inala workers are extremely poor with very low literacy levels. The planning grant will allow for an education programme to ensure that workers are not owners in name only. A training centre will be set up on the farm. It will be offering literacy classes and worker education around the

Trust. The Management Committee will choose an organisation to run the education programme.

At present there is probably a small group of workers who fully understand the possibilities of the scheme. For others the main issue is that they have secure jobs and the possibility of better wages. Some workers were earning as little as R5 a day. Their salaries have doubled, and there will hopefully be further increases as the project becomes more viable.

David Cooper of the LAPC comments: "Workers accept their lives as they are now, but they do not want their children to have to live in the same way. The possibilities in the scheme are not real to them until they happen."

In the short-term the farm has stabilised financially. The fall in the rand has helped as it is currently exporting citrus and paw paws. Marketing has improved, and the farm is supplying to groups like Pick n' Pay. A group of big businesses have shown interest, providing assistance with securing immediate cash flows and purchasing of tractors at discount prices.

A land reform model?

Inala farms is not the first attempt at an equity participation scheme. Another example is Whitehall Farms in the Western Cape, where the farmer decided he no longer wanted to be the sole owner of the farm. Workers became shareholders through a loan from the Development Bank and the Independent Development Trust.

Is equity participation a viable route for other farms?

The workers at Inala and Whitehall clearly enjoyed certain advantages. In both cases loans were made available to enable workers to buy into the farms.

While loans may well not be

Job creation

David Cooper argues that equity schemes offer the possibility of productivity and efficiency gains because, once workers become part owners, they will work "smarter and harder." At Whitehall productivity per worker has doubled.

But if workers are more productive, jobs can be shed. Worker participation schemes are not necessarily job creating. Workers

would rather increase their income than employ more workers. There is also an increase in "on-farm" employment, where the wives and children of existing farmworkers are employed rather than people from outside. Cooper comments that job loss is a growing trend in agriculture worldwide. It is possible that agriculture in South Africa could ultimately shed 30% of its workforce.

forthcoming to workers on other farms, farmworkers are eligible for the land reform grant. This should facilitate the setting up of similar schemes.

David Cooper feels, however, that in the future the Department of Land Affairs or another government agency will have to do more than simply provide grants. A systematic programme of worker education and empowerment is essential if such schemes are to succeed. Careful monitoring of the responsibilities and performance of equity partners will also be necessary.

The LAPC is also concerned that land reform is currently taking place within the context of redressing apartheid wrongs rather than as part of an overall economic policy.

Clear policy guidelines, as well as structures through which workers wishing to go the equity route can be assisted, need to be set up. Unless this happens, schemes like Inala could remain isolated success stories.

Cooper sets out three land reform scenarios:

"The one is to say there are very poor and vulnerable people who need a place to live and their food needs met. If you can achieve this then you have achieved a lot.

At the other end, there are fairly well

paid workers on a highly productive farm, where you transfer ownership to workers, and you have done something for equity of ownership in the country but you have done nothing for new jobs.

Then there is a third scenario, where through intervention you can try and convert agriculture. So you take Piet Van Rensburg's cattle farm which has good arable tracts, and convert it to mealies. Where you had four families you now have 30 families on the land. This secures people's livelihoods and it creates jobs and the agricultural economy grows as a result."

Cooper believes there are a great number of opportunities to work towards the third scenario. In the same valley as Inala it would be possible to create 25 000 jobs by converting sugar farms into fruit farms.

What happens at Inala is of great interest. It is not possible to change the nature of agriculture unless there is new investment. If Inala works it would be an important signal to government to take a positive and flexible attitude to equity schemes which can provide for the poor at the same time as growing the economy. ★

Kally Forrest is the director of Umuzanyo Media Service.

Contracting out of the new labour Relations Act:

privatising dispute resolution



The new Labour Relations Act (1995) introduces a new labour relations era in South Africa. The legislation provides systems, structures and processes that provide labour and business with fresh opportunities to address the challenges they jointly face. These include:

- the entrenchment of organisational rights;
- the introduction of workplace forums;
- the regulation of industrial action;
- the implementation of an entirely new system of dispute resolution.

The LRA, and proposed amendments, legislate new dispute resolution processes such as conciliation and arbitration.

The Act also creates new institutions and recognises the role of existing agencies in providing these dispute resolution services. In this regard the new Act specifically provides for:

- A Commission for Conciliation, Mediation and Arbitration (CCMA) to provide *statutory* dispute resolution services
- A Labour Court and a Labour Appeal Court
- Bargaining Councils, which will be required, in terms of their constitution, to provide for the resolution of disputes referred to them by parties to the Council
- Accreditation of private agencies and Bargaining Councils ("Accredited Agencies"), to provide certain *statutory* dispute resolution functions outlined in the Act. In terms of the proposed amendments, this would seem to only have relevance in respect of non parties to

By Susan Hayter, LRA task team, IMSSA

Bargaining Councils

- Labour and Management also have the possibility of "contracting out" of the LRA in respect of dispute resolution and "privatising" this dispute resolution.

Contracting out

This could be done through:

- ^{12b} an agreement to refer a dispute on an ad-hoc basis to a private agency for mediation or arbitration;
- ^{12a} a standard agreement between parties, in terms of which all disputes are automatically referred to a private agency such as IMSSA, to be resolved according to a dispute resolution procedure and processes contained in the agreement;
- ^{12c} parties to a Bargaining Council covering a particular industry may agree to certain procedures outlined in that particular Council's constitution.

Should labour and management wish to take the private route, it is important to note that Section 147(6)(a) of the new LRA and a proposed new Section 199 on "contracting out" apply.

In terms of this Section, where the CCMA discovers that a dispute referred to it should have been resolved through private dispute

resolution, it has the discretion to either refer the dispute back to the parties, or appoint a Commissioner to resolve the dispute in terms of the Act

In terms of a new section (199) under GENERAL PROVISIONS in the proposed amendments to the new LRA:

- a) An agreement to "contract out" of the new LRA and private dispute resolution must broadly support the principles of the new LRA
- b) An agreement that offers alternative remedies or procedures to those provided for by the Act must be:
 - an agreement in terms of which a particular dispute is settled (an adhoc agreement), or
 - a constitution of a Bargaining Council, or
 - a collective agreement regulating dispute resolution
- c) These agreements must provide adequate alternative remedies and procedures. Parties to collective agreements have recourse to the Labour Court should they be of the opinion that a collective agreement violates (a) above and/or does not provide an adequate alternative remedy or procedure.

Unlike in the old LRA, the role of private dispute resolution provided by agencies such as IMSSA is formally recognised by the new Act.

The new Act shifts the responsibility for industrial conflict away from the state to institutions such as the CCMA, Bargaining Councils and private agencies. In so doing it shifts the responsibility for dispute resolution onto the parties, that is labour and business, and promotes private dispute resolution

Advantages

For labour and business, some of the advantages of "contracting out" of the new LRA and privatising their dispute resolution through an agency such as IMSSA are as

follows:

- **Flexibility** - parties are able to fashion dispute resolution procedures and processes to meet their own particular needs
- Parties to a dispute are able to choose **the time and venue** for private mediation or arbitration, rather than have this set down for them
- Private dispute resolution is likely to be a **quicker, more efficient** service, not delayed by the backlog experienced with Industrial Courts in the past, an inevitability of statutory dispute resolution
- Parties will have the flexibility to **select the Panellist** of their choice, from panels of **skilled and experienced** mediators and arbitrators
- IMSSA is able to provide **expert facilitators** for certain types of disputes or situations, for example those relating to grading anomalies or world class manufacturing issues.
- Private dispute resolution is essentially a **voluntary process** where parties have agreed to follow a particular course of action in order to resolve their dispute/s. The voluntary nature of the process is significant to both the outcome and implementation of any settlement achieved. Research has shown that there is a **higher rate of compliance** with private arbitration awards in contrast to that of compulsory forms of adjudication
- In private arbitration, parties are able to draft their **own terms of reference**, fashioning these to suit their own particular set of circumstances
- **Review** of private arbitration proceedings is most likely to be in terms of the Arbitration Act, in contrast to the review of statutory arbitration by the Labour Court

Services

IMSSA is able to provide the following assistance to labour and business should they

wish to "contract out" of the new LRA and privatise their dispute resolution:

- ❖ A dispute systems design service assisting parties to an agreement or Bargaining Councils to establish their own dispute system and procedures
- ❖ Panels of skilled, professional mediators and arbitrators to provide dispute resolution services
- ❖ Training courses/modules enabling parties to develop the skills necessary to implement their own dispute system eg mediation skills, presenting matters at arbitration etc
- ❖ A reporting and research facility to parties who have private dispute resolution agreements, assisting them to identify trends within their particular organisation

IMSSA has also developed the following new services and workshops to assist parties to jointly deal with the challenges facing them under the new labour relations dispensation:

- ❖ A LRA workshop, enabling parties to understand the new LRA, particularly the dispute resolution provisions
- ❖ A facilitation service, assisting parties to restructure their activities at the workplace and achieve world class standards of production
- ❖ An information disclosure workshop, assisting parties in a collective bargaining relationship to understand business finance, giving meaning to the information disclosure provisions of the new LRA
- ❖ A service assisting parties to establish workplace forums by understanding the provisions of the LRA on workplace forums and to become aware of the other forms of employee

participation

The services on workplace forums will include:

- ❑ a one day workshop on workplace forums and employee participation;
- ❑ a facilitation service assisting parties to establish workplace forums or other forms of employee participation,
- ❑ training courses enabling parties to develop the skills necessary to implement employee participation programmes effectively, eg joint dispute resolution training.

There seems to be a very good reason for labour and business to make use of private dispute resolution services, either on an ad-hoc basis or automatically through an agreement that sets out a particular dispute system

IMSSA has mediated over 9 000 disputes since it first began in 1984. It is well placed to provide private dispute resolution services through its offices around the country. ★

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Intelligent Production

an approach to enterprise restructuring

In the first phase of its research the Industrial Strategy Project (ISP) identified and examined 13 sectors of manufacturing industry. Leading players in each of these sectors were assessed according to international benchmarks of "best practice".

Critical factors obstructing the sector's ability to compete successfully on domestic and international markets were found to be:

- Poor human resource capacity and management within firms
- Conflictual industrial relations practices
- Outdated forms of work organisation.

The ISP then developed a set of proposals - loosely termed an 'Intelligent Production Strategy' (IPS) - to promote increases in productivity and efficiency.

An IPS requires:

Intelligence: skills, knowledge and informed decision making capacities in production;

Production which is efficient and flexible which includes team based work organisation, flexibility, job design and broad-banding grades,

Strategy: management and labour should jointly plan, implement and monitor new production techniques

Index

The ISP has constructed a simple index of the various elements of Intelligent

Intelligent Production promotes increases in productivity and efficiency in companies. An index has been constructed to measure factors contributing to Intelligent Production. Avril Joffe and Tanya Rosenthal describe how the index works and its various uses.

Production. It aims to promote an environment conducive to the implementation of best practice enterprise restructuring.

The index measures both the 'best practices' in the area of work organisation, skill formation and corporate governance and sets out desirable practices necessary for the diffusion of these practices throughout the company, the sector and the supply chain.

Fulfilment of best practice criteria will not, in and of themselves, give firms a competitive edge. A focus on these, to the exclusion of performance and efficiency criteria will, in all likelihood, fail to provide firms with the necessary means of surviving the new competition. A balanced approach is needed. The Index measures

one side of this balance, and then attempts to correlate these results with the improved performance and enhanced efficiency achieved by the firms

The methodology we have chosen follows that of Guy Standing of the International Labour Organisation (ILO) who has been promoting the use of a Human Development Enterprise index (see *SA Labour Bulletin* Vol 20 No 1)

Constructing the IPE Index

The promotion of 'Intelligent Production' is best done through identifying indicators that characterise the various elements of such an enterprise. Proxy indicators which capture the essence of the practices, principles and outcomes that deserve to be promoted are identified. These invariably need to be measured through an indirect or proxy variable. Since many of the elements to be measured are not quantifiable, problems of selection and subjectivity inevitably arise.

We tried to keep the index as simple and transparent as possible so all stakeholders could use it. The methodology can be summarised as follows:

- developing an index made up of numerical values;
- construction of this index from sets of 'indicators' of underlying phenomena,
- the use of an ordinal scale for the index rather than weighting certain indicators.

To obtain information we conducted in-depth interviews, observed team meetings or production meetings and, if possible, supplier or customer meetings and cross checked the results through a detailed workforce representation interview.

Inconsistencies between managements' and worker representatives' views are ironed out through follow-up interviews

or direct observation of production meetings and work processes

Where possible we also measure the fact of an activity and the degree or depth of implementation

IPE1: Constant skill acquisition

Central to an enterprise which employs 'Intelligent Production' is the quantity and quality of training it provides to its workforce. We call it constant skill acquisition to emphasise the ongoing nature of the training.

Factors regarded as important are first, that the enterprise be spending a significant amount (greater than the average of 1-5% of payroll) on training, that the training investment has increased over the past 5-7 years and that a significant proportion of this training is given to production workers. It is important to note that there are no instantaneous results from an investment in training.

The aim of training must be to enhance production - allow workers to have the skills to utilise in the performance of a variety of tasks and to increase the scope of these tasks. Whether or not workers can make decisions on, and work according to the skills gained (or recognised) is tested in the sections on corporate governance and compensation (IPE3).

We are concerned that training meets current national criteria. Training should be competency-based training, accredited by a recognised institution of learning.

This form of training is directly related to the manner in which workers are graded in factories. The grading system is our third set of criteria. We promote a skills-based grading system in which there is recognition for prior learning and experience and in which the acquisition of new skills leads to increased payment.

Joint planning of training between

IPE1: Continuous Skill Enhancement		
IPE1:	AM + AC + GS + FT (amount of training plus an appropriate curriculum plus a grading system plus facilitation of training programmes)	
AM	AMOUNT OF TRAINING	
	TE (training expenditure)	1 if the amount of training is 1.5% or more of payroll, 0 otherwise
	TI (training increase)	1 if training has increased over the last 5 – 7 years, 0 otherwise 1 if <i>production related skills</i> training is offered to all production workers, 0 otherwise
	WGT (who gets training)	
AC	APPROPRIATE CURRICULUM	
	TT (type of training offered) production-related skills, ABE; health and safety, interpersonal/ problem solving skills;	1 point to each of the following types of training: 0 otherwise 1 if there was training provided for established workers to improve job performance or transfer between jobs of similar skill, 0 otherwise
	RT (retraining for improved job performance or multi-tasking/ skilling)	1 if training is offered to production workers which increases the scope of the employees work (and leads to potential regrading or promotion): 0 otherwise
	TIS (training to increase scope of employees work)	
	CCBT (Certificated and competency based training)	1 if the training offered is certificated and competency-based or industry accredited training 0 otherwise
	RPLS (Recognition of prior learning system)	1 if there is a RPL system on offer to allow regrading of workers: 0 otherwise
GS	GRADING SYSTEM	
	SBGS (Skills based grading system)	1 if company has established a skills-based grading system in the plant
	PFS (Payment for skills)	1 if payment for skills acquired occurs for production workers
	BB (Broad banding of grades)	1 if grades have been broad banded, 0 otherwise
FT	FACILITATION OF TRAINING	
	TDJ (Training designed jointly)	1 if training is designed jointly between training managers/ hr managers and production engineers
	TTR (Training for trainers)	1 if there is a programme of training for trainers
	TP (Training plan)	1 if training plan has been agreed between union and management
	ST (Supplier training)	1 if there is training offered to suppliers

A full score on the IPE1 gives a total of 18 points



An IPS requires efficient and flexible production: GENREC plant, Wadeville.

management and the union or employee representatives is critical to the efficacy of training

We allocate a point to companies which provide trainers with training to upgrade their skills. We allocate points to training plans developed jointly between HR/IR personnel and production personnel which involve the union. Finally we allocate a point to companies which assist their suppliers through training

The chart on page 76 shows how the index is applied to training and skill formation

IPE2 Work organisation

Under the IPE work should be organised so as to fully utilise the skills and experience of the workforce. Our first criterion is whether there is co-operative, flexible work, where workers are organised into teams.

The second set of indicators relate to

flexibility. Within the core competence of the firm, 'best practice' indicates that labour flexibility is best achieved through organisational flexibility. This involves changing work organisation, multi-skilling and job rotation.

The third set of indicators pertain to maintenance: the adherence to total preventative maintenance which involves pushing routine and preventative maintenance to production-line workers.

Fourth are control indicators. Since it is the teams or direct production workers that are now responsible for a degree of maintenance on line, monitoring their own performance, the supervisor/worker ratio can decrease.

The fifth element is security. Workers' willingness to be flexibly deployed on the production floor and to participate in production team activities depends to a large extent on their sense of security in the company. We therefore allocate a point to an agreement on job security.

IPE3: Corporate governance and compensation

There is widespread agreement that labour-management innovations add value to management adjustment processes. We have added IPE3 as our final index to assess how companies are transforming their traditional relationships with the workforce in order to ensure the long term sustainability of their shop floor reorganisation.

The first criterion is information. New production methods are information intensive and require both new ways of sharing and releasing information as well as enhancing the scope of the information.

The second criterion is the extent and nature of consultation and representation. The ability of the shop floor to influence the workplace broadly (ie. strategy and policy) and narrowly (ie. on the shop floor) is positively correlated with productivity enhancement. We call this task-centred involvement and strategic involvement respectively.

In addition, for reasons of diffusion of company wide (or industry wide) practices in these areas, and for monitoring and co-ordination reasons, it is necessary for representation at the company or industry level.

Thirdly, there is renewed interest in rewarding firm-level performance and developing appropriate compensation packages to encourage participation and commitment to productivity-enhancement.

The fourth area concentrates on enhancing the capacity of the union/employee representatives to participate fully in production related issues. Finally, the representatives require access to resources (financial or outside expertise) to enable them to interrogate the information presented to them.

With each component part of the IPE carrying a total score of 18 points, there is

no weighting between the three indices of skill enhancement, work organisational changes or corporate governance and compensation.

The index is constructed by adding the IPE1 with IPE2 and with IPE3. It produces a total number of 54 points. The higher the number, the further down the road a company is in the introduction of an intelligent system of production. The lower the number, the further it has to go in adopting these critical elements of 'Intelligent Production'.

Correlations Between Intelligent Production and Best Practice Techniques

ISP research has found that successful restructuring cannot be piecemeal. The three elements of the IPE reinforce one another and firms that are successful in adopting intelligent production have made an investment or commitment to implement all three 'Intelligent Production' elements simultaneously. It is also necessary to correlate the adoption of Intelligent production with the adoption of world class manufacturing techniques.

Correlations within the IPE index

We also believe it is important to develop a series of correlations within the index:

- The correlation between constant skill acquisition and work organisation. If constant skill acquisition has a high score and work organisation a low score we can assume that management's commitment to skill enhancement and training will eventually diminish.
- The correlation between constant skill acquisition and corporate governance and compensation. If constant skill acquisition has a high score and corporate governance and compensation a low score, we can



New ways of sharing and releasing information are needed: meeting at Highveld Steel, June 1996.

assume that workers will be intensely frustrated they have the skills and knowledge to impact on decisions but no authority or power to do so

- The correlation between work organisation and corporate governance and compensation. If corporate governance and compensation has a high score, and work organisation a low score, we can assume the company has not established the conditions for dynamic efficiency inside production with little opportunity for workers to use their 'voice' to make a significant contribution to productivity enhancement

More significant, though, is the correlation between a high IPE score and improved productivity measures and performance indicators

The IPE and economic performance

Since it is our belief that an intelligent production enterprise is also an enterprise

which scores well on a range of performance indicators, we will cross check the IPE index with productivity measurements and performance indicators for the firms in our sample

We will test the proposition that unionised plants are those which are more likely to have adopted 'Intelligent Production' methods and that the indicators measured by the IPE index are positively associated with strong performance and productivity levels

The performance measures we have utilised in our assessment of firms include capacity utilisation, total waste, customer returns, quality/ defect rates, downtime, speed of delivery (lead times, due date reliability), productivity measures, factory efficiencies, absenteeism as well as financial performance measures over time

What does the index tell us?

The index assists in evaluating the extent to which SA manufacturing firms have adopted the elements we attach to

Intelligent Production

- It acts as a guide to see where firms are cutting corners.
- It tells us whether firms have adopted the various practices simultaneously.
- It allows us to evaluate whether the greater investment in human resources, changes to work organisation and effective participation of the workers is a burden to the company, or whether it enhances the opportunities and is associated with higher profitability, better economic performance and more effective penetration of the export market.

Uses

The index, if it receives approval from the various stakeholders, may be utilised as a measure of progress within companies in the ongoing attempt to facilitate the

adoption of best practice within firms. It may be used as a method of comparison between companies with similar production processes. It could also be used to set goals within a company.

It could become a policy instrument used by the Department of Trade and Industry (DTI) or a restructured National Productivity Institute (NPI), under NEDLAC, to guide firms in the adoption of best practice.

Finally, it could act as a motivator if awards were given to the firm with the highest score each year. ★

Avril Joffe is the co-ordinator of the Human Resources, Corporate Governance and Public Policy Study of the ISP. Tanya Rosenthal is a researcher on this study. The index represents one part of the study which will be finalised towards the end of 1996

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TOYOTA – striking for co-determination

In their article on the Toyota strike (*SA Labour Bulletin* Vol 20 No 3) Heinrich Bohmke and Ashwin Desai argue that the strike was directed against the three year agreement in the auto industry. The agreement – which they identify with co-determination – is a “charade” for the following reasons

- co-determination necessarily maximise profits and therefore involves the union in serving and refining the power and control of management, and so policing workers.
 - co-determination makes workers responsible for upholding the racial and institutional discipline of the shopfloor,
 - profit or production bonuses reinforce this by implicating workers in output targets
- They therefore reject my assessment of the agreement as essentially positive (*SA Labour Bulletin* Vol 19 No 4)

Inroads

There is, however, very little relation between Bohmke and Desai’s notion of co-determination and the content of the three year agreement. Without going into details – they can be found in my earlier article – the three year agreement makes substantial inroads into managerial prerogatives in the areas of human resource policy, work change, information and consultation, productivity and performance pay. This is co-determination as a strategy for democratising the workplace, not for refining the power and control of management.

The agreement provides for narrowing the wage gap, for real wage increases for the lowest paid, for career paths and access to skills. In other words, it constitutes an attack on some of the core institutions of the

Karl von Holdt responds to an article on the Toyota strike published in the last Labour Bulletin

apartheid workplace, rather than upholding them

Profit bonus

Bohmke and Desai attack the idea of performance pay in principle. It is notable that the Toyota strikers did not. They were attacking the lack of full negotiation on how the profit bonus was to be distributed amongst employees. Contrary to Bohmke and Desai’s assertion, the agreement does not give management the unilateral right to improve performance pay schemes. It gives management the right to propose such schemes, which can then be taken to dispute or industrial action if no agreement is reached.

In the Toyota case, management omitted to negotiate aspects of the profit bonus and provoked a costly strike. The strike was therefore a response to a lack of co-determination – and may persuade management to behave in a more co-determinist fashion in future. It could be interpreted as a strike for co-determination, in other words, rather than against it, and was consistent with both the spirit and letter of the agreement. Co-determination is in the first instance a compulsion for management to co-operate with workers, rather a compulsion for workers to co-operate with management – which is why it is a progressive programme.

Performance-linked pay

Performance based pay or bonus schemes are a tricky and dangerous field for trade unions. Boycotting such schemes is no strategy at all, for every unionist knows that management will go ahead and implement them anyway – and no member will reject extra pay. The challenge for unions is to win the in principle right to negotiate them, and then try to shape them in a way that fosters unity rather than *division*.

The starting point should be that performance – linked pay is consistent with workers' demands to share in the fruit of their labours. If workers contribute to improving productivity and performance, they should benefit. The union then faces a number of questions.

- Should the extra pay or bonus be based on profit, production targets for the whole enterprise or for smaller units (department, workteam, individual production targets), quality or wastage targets, or some combination?
- This is closely linked to the question of whether such pay should be linked to collective or individual performance
- Should the union participate in setting targets and production schedules?
- How big a proportion of take home pay should consist of performance pay?

Principles

Trade unions need to approach these questions with two principles in mind. Performance pay should not undermine collective solidarity of workers, and it should not force workers to exhaust themselves with overwork. Of course, many managers will seek the opposite results.

For unions, then, performance pay should reward collective performance of the enterprise rather than individual performance. This places emphasis on broader, collective issues of management and work organisation rather than individual

effort. There may be pressures to focus on smaller groups, such as departments and workteams. These may also encourage collective resolution of work problems, although competition between workteams may be divisive and put unfair pressure on weaker, older or slower team members.

Performance pay should also constitute only a relatively small proportion of take home pay. This prevents overwork and preserves the importance of collective bargaining over basic rates. Union or worker participation in setting targets or production schedules may also help protect members from overwork.

Whether performance pay is linked to profit, production targets or qualitative indicators like quality or wastage, will depend partly on the labour process of the particular enterprise, and partly on the goals the union wishes to achieve. Profit-linked bonuses take the emphasis off individual performance, but depend on factors way outside workers' control, such as market factors. However, they do allow workers to share in a company's good fortunes. Substantial ESOPs may be worth considering. It may also be preferable to consider qualitative indicators like wastage rather than quantitative ones such as production targets, as they encourage an emphasis on skills and care, rather than output and effort. Unions should also consider whether performance pay itself should take collective forms rather than individual ones – for example, increased access to training, investment funds, RDP funds or job creation projects.

In short, performance pay is a contested terrain in which the union has to engage if it is to protect and further its own and its members interests. It may even, contrary to Bohmke and Desal's views, serve as a vehicle for attacking traditional hierarchies of power and income, and making inroads into the way work is organised and controlled – as the Toyota strikers' demands for equal bonuses for all employees demonstrate. ★

A national productivity vision

By Gideon Skhosana, General Manager, Productivity Awareness

In an article which appeared in the *Sunday Times* of 6 November 1994, the then Minister without Portfolio in the President's office, Minister Jay Naidoo, said that "South Africa needs a wartime effort to beat poverty and corruption."

The Minister went on to say that "The RDP has become the mantra of South Africa. On the positive side, this creates the basis for a national effort to rebuild South Africa, address poverty and stimulate sustainable economic growth."

Fundamental to the achievement of sustainable economic growth is productivity improvement. To beat poverty, South Africa needs a rigorous productivity improvement drive. However, before such a programme can be implemented, there are a number of issues that need to be addressed:

- At the moment in South Africa, "productivity" is like "democracy." It is on everybody's lips and means different things to different people. We need to establish a common understanding of productivity.
- Productivity improvement needs to have a national focus and an all-inclusive participation.

Western Europe

If we look at Western Europe, after the second world war they embarked on the "Marshall plan", which has been described as "history's most successful structural adjustment programme" (De Jong and Eichengreen).

The Marshall plan was successful because

it was a high priority national drive, announced by the head of government and operating with his full support.

Japan

Japan is another success story on productivity improvement. Originally, the features of the productivity movement were closely connected with the unique way in which Japan democratised its economy. Economic reconstruction went hand in hand with democratising the economy, society, labour and management.

The area receiving the highest priority in post war Japan was, of course, economic reconstruction. Together with developing methods to provide stable currency policies aimed at preventing inflation, priority was given to increasing the productivity of specific industries.

It was the policy of economic democratisation which proved especially effective. This resulted in the dissolution of financial combines (ZAIATSU) and the establishment of free competition. The movement towards democratising labour-management relations was chaotic in the initial stage, but subsequently resulted in the establishment of a system of industrial conciliation.

Another aspect of the democratisation policy in Japan involved the forcible dismissal of ageing managers and their replacement by a younger generation of managers. Most of these younger managers had previously been ordinary employees. Having been selected to take over, they were highly motivated to

contribute to the development of their companies.

Principles

The Japanese Productivity Centre was established in 1955. It acts as a central agency for organising the joint efforts of the public and private sectors in addressing the tasks facing the productivity movement. The three guiding principles established to promote the productivity movement were:

- Productivity increases should be accompanied by the promotion of employment in the nation as a whole. Along with economic growth, the wealth of labour should be a major goal.
- Co-operation between labour and management on an equal footing is indispensable for the effective promotion of any programme. Studies and discussions are necessary, with parties participating as equal partners.
- The fruits of productivity should be shared fairly by all parties, i.e. there should be a share for society as a whole, to promote price stability in general, a share for stockholders and a share for labour in the improvement of working conditions.

Because there was a tripartite commitment to productivity, the Japanese project succeeded.

South Africa

While workers have a right to a living wage and fair working conditions, they also have a responsibility to improve productivity. However, we should focus on "multifactor productivity", which is a combination of labour and capital productivity.

If we look at multifactor productivity in manufacturing since 1970, labour productivity is low, but capital productivity is even lower. In fact, fixed capital productivity in manufacturing declined by 2.5% per year over the past 23 years, while labour productivity grew.

There is ample opportunity to increase labour productivity, but even more opportunity

to increase capital productivity. We need to focus on both.

It is important that we approach productivity in a holistic way. In fact, government, business and labour should come together and agree on a programme aimed at improving multifactor productivity.

If one looks at jobs created in the formal sector of the South African economy in the period 1980-1993, one sees that most of the jobs created were in the government sector. This accounts for the relatively high share of this sector in the Gross Domestic Product (GDP) and the R2,5 billion public sector budget. The problem with this is that job creation in the public sector can only occur at the expense of the private sector. Taxes are used to finance a large government sector, leaving less funds for investment by the private sector.

A national vision

What is required is that government, business and labour come together to establish a national vision on growth. This should be fairly long term, i.e. at least ten years.

Organisations like the NPI could translate this vision into language understandable to different economic sectors. For example, a social worker must be able to understand what 3% growth in the GDP means in terms of his or her job. The same applies to the car manufacturer, teacher, government official, etc.

In this way we will have a clear goal for the country and clear output targets for all activities. We will therefore be able to measure productivity, especially in the public sector.

It is also important that we use other countries as benchmarks, bearing in mind that we need a holistic approach. Let us not go for a 40 hour week simply because West Germany has it and is successful. There are a lot more things that we should also look at that West Germany is doing to be able to afford a 40 hour week, such as infrastructure, productivity, skills levels.

Above all, to succeed, a national productivity vision should be centrally driven.

Welfare and redistribution

whose responsibility is it?

The debate over the role of labour in social and economic restructuring continues. Natrass and Seekings (*SA Labour Bulletin* Vol 20 No 1) argue that union wage demands will have a negative effect on job creation and living conditions for the poor majority.

Gelb and Webster (*SA Labour Bulletin* Vol 20 No 3) put forward a social pact between labour and business as the solution to South Africa's social and economic problems.

Both articles suffer serious shortcomings as regards the core role of the state in any development project.

The challenge

There can be no doubt that poverty alleviation and employment are closely linked: the poorest of the poor in South Africa are unemployed. The main challenge facing South Africa is developing an economic strategy which combines economic growth with redistribution.

While job creation is certainly an crucial pillar of such a strategy, creating a sustainable welfare system, which not only seeks to repair the damages created by market forces, but regulates and restricts these forces, is equally important.

Welfare

In general terms, three kinds of welfare systems exist (Esping Anderson, 1995)

In South Africa, the working class currently carries the major burden of redistribution. Liv Torres argues that a state-run welfare system is as important as any job creation strategy!

- The first is the Nordic social democratic model, which is based on universal welfare rights and benefits for the whole population, as well as high employment levels.
- The "conservative" welfare model provides strong social rights organised along corporatist lines and subsidies. Neither of these systems relies on the market. In the first, the state takes responsibility, while the second is dominated by charity and voluntary initiatives and "handouts."
- In the third type of system, the state provides for the needy while the market sees to private welfare. South Africa, with its mixture of public and private welfare, falls into the third category. State welfare provides for the most needy. Benefits acquired through work may, however, make a substantial contribution to the welfare of the individual.



Pension queue, Northern Province: Welfare is the responsibility of the state.

Private welfare

Most employees receive additional benefits from their employers. A hallmark of occupational welfare plans, such as pensions, education subsidies, housing and medical aid, however, is their unequal distribution.

Fewer unskilled and semi-skilled than white-collar workers receive fringe benefits from their employers. Furthermore, the types of benefits available to different

occupational groups differ substantially. While many white workers get free or subsidised houses, black workers get loans for houses. Management enjoy medical aid, profit bonuses and a thirteenth cheque, while "ordinary" workers get transport and meals.

At the far end of the line are the unemployed, who rely on the state for their benefits.

All in all, not only is the distribution of income and wealth in South Africa extremely skewed, the distribution of welfare is also extremely skewed. Two systems of welfare and benefits exist side by side: one for the rich through

private and occupational welfare and another for the poor through state funding.

Are workers responsible for redistribution?

Both Nattrass/Seekings and Webster/Gelb argue that workers have a responsibility for redistribution. While the former are sceptical that Labour will take on this task, the latter are confident that workers will fulfil their responsibilities.

Workers in South Africa already carry a large share of the responsibility for redistribution through direct support and remittances to family members. Amongst the 40% of the poorest of South African households, 19% live on remittances from family members, as opposed to 23% living on social pensions (RDP 1995)

Natrrass and Seekings refer to the income received by a household where there is one person in employment versus where the whole household is unemployed (R1 400 versus R535). However, average numbers in South Africa conceal more than they reveal. The average household total monthly wage ranges from R281 amongst the poorest African households to R5 055 amongst top-earning white households

There is no doubt as to who is currently carrying the major burden of redistribution. The question which should be asked, however, is should this situation be allowed to continue? The responsibility for redistribution clearly rests with the *state*, not with the working class. Furthermore, the responsibility for the burden of redistribution should rest with the rich and resourceful, not with low paid workers

Who are the true democrats?

Natrrass and Seekings argue that the parties in the labour market are incapable of accepting the responsibility of providing welfare for those outside their constituencies. The only way to uplift the poor is through the labour intensive route of job creation - and wage demands will make it impossible to embark on this route. On this basis, they call for the state to facilitate the abolition of extensions of collective agreements. They call on all "democrats" to balance their support for trade unions with a vigilant concern for the interests of the poor

Trade unions may or may not give weight to the rights of future generations, they may or may not function as distributional

coalitions, but the idea that labour movements constitute a driving force behind welfare-state expansion has deep historical roots (Esping-Anderson 1992). While some argue that welfare models depend upon socio-economic development and demographic factors, others underline that class-power and the strength of labour is crucial in building welfare. While controversies persist concerning the influence of labour upon the degree to which people are covered by welfare benefits, the case for labour-movement power is much stronger when we focus on the *kinds* of social policies adopted (Esping-Anderson 1992). If welfare is measured in terms of indicators of social rights, equality and full employment, the social-democratic thesis of labour's strong influence has greater credibility.

In South Africa labour has proved capable of showing national responsibility in their demands. The burden of redistribution does not, however, belong to the trade union movement. They are, and should be, *interest groups* representing their constituencies.

True democrats need to recognise that the interests of the poor will not be advanced by undermining the interests of another underprivileged group. Welfare and redistribution is a political responsibility resting with those who have the power and mandate to represent *all* groups.

Social democracy

Webster and Gelb see labour playing a central role in strategies to overcome poverty and inequality. They see this as the essential point of departure for a social democratic project.

This is to be achieved through a class compromise between the working class and the capitalist class. It all sounds very nice, but what Webster and Gelb fail to mention is the crucial role of the state in this compromise.

The social democratic approach does not



The unemployed rely on state benefits: workers wait for jobs at Pepsi, November 1994.

leave responsibility for job creation in the hands of business and labour. It relies heavily on a welfare state which is involved in training and re-training workers. In this way the Scandinavian countries not only averted mass unemployment, but also managed to increase overall employment levels in the 1980s and maintain low unemployment into the 1990s.

Unemployment levels may have been low, but there was simultaneously "hidden" unemployment, where people were kept in training schemes.

At the same time, the social service sector accounted for 26% of total employment in Sweden and 35% in Norway. Social services were provided through the public arena, and private welfare (hospitals, schools, etc) hardly existed. Everyone in need would get assistance while simultaneously the needy paid for assistance according to income. Furthermore, income tax reached up to 80% on the highest income groups in Sweden and close to 70%

in Norway (compared to 45% on the highest income category in South Africa.)

All in all, 38% of the Gross National Product (GNP) and 73% of public expenditure is allocated to welfare in Norway. In Sweden and Denmark, 40% of GNP goes to welfare. South Africa spends only 1-1,5% of GNP on welfare benefits.

Welfare statism

Scandinavian social democracy became welfare statism in the broadest sense possible. This had several implications:

- Everyone was assured equal health and education, irrespective of social background.
- The loyalty of the middle and upper classes was assured because they had an interest in improving the services they received and paying for them.
- There was an enormous increase in employment, and female employment in particular.

A state welfare system creates by far the

best distributional effects and provides the best chance of building broad and stable political support for welfare

Social pacts and centralised bargaining

It is questionable whether the lifting of extensions of industrial agreements, which Nattrass and Seekings argue for, will indeed lead to employment creation in small and medium sized companies. Webster and Gelb are correct in challenging the logic of this argument. There is no guarantee that increased profits from lower labour costs will be invested in labour intensive employment as opposed to "jobless growth" or increased profits to capital. Furthermore, such deregulation may lead to a downward spiral in wages, in which lower wages in the non-regulated sector will push down wages in sectors covered by collective agreements.

In the short term, deregulation will increase the wage mark-up between union and non-union pay, creating conditions for increased worker militancy and employer opposition to unionisation. All in all, this is a volatile mix, which is likely to severely limit possibilities for labour-capital dialogue as well as potential economic gains.

On the other hand, Webster and Gelb put forward the idea of a social pact or accord between unions and employers through NEDLAC. The parties in NEDLAC are themselves discussing such an option.

Centralised industrial bargaining certainly has limitations. It may not be the most efficient way of promoting either economic growth or redistribution. The solution, however, is not to limit centralised bargaining, but to extend it and co-ordinate it at national level. Only then can the parties relate responsibly to the relationship between wage growth, competitiveness and inflation. The willingness of parties to take responsibility for national inflation is limited when wage formation occurs at the sectoral level.

Tripartism

Any tripartite institution, social pact or "NEDLAC", around the world, can only survive on the basis of what the parties bring into it. While accords between labour and capital may be sufficient in countries where the distribution of wealth is relatively equal, or where most workers are protected by collective agreements, the role of the state becomes crucial in settings where this is not the case.

The state should not, however, be restricted to regulating or governing the relationship between labour and capital. The state has a major role to play in contributing content to such an accord.

If welfare could be taken over by the state, agreements between labour and business on productivity, retrenchments and wages might face a more optimistic future. Active public welfare policies as part of a national social accord may make national agreements between business and labour easier to obtain. Redistribution in the hands of the state may also promote economic growth.

Job creation and private welfare will not erase the skewed redistribution of wealth. The state will have to go in with additional regulatory and redistributory measures. Welfare is neither the responsibility of the individual, nor of labour and the employers - it is the responsibility of the state!

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Lit: Torres is a research director of the Centre for Applied Social Science, FAFO and the author of, amongst other books, *South African Workers Speak*.

Tension grows

labour relations in Namibia

The South West African Peoples' Organisation (SWAPO) and the National Union of Namibian Workers (NUNW) were close allies during the struggle for liberation in Namibia.

These links date back to the early 1970s, when exiled SWAPO leaders in Tanzania established a Secretariat for Labour. Inside Namibia, unions affiliated to the NUNW became active only from the mid 1980s. They were a militant voice for Namibian workers in the final years of the liberation struggle, linking workers' grievances with the broader struggle for independence.

The relationship was cemented by the NUNW's affiliation to SWAPO, which was formally endorsed at an NUNW National Congress in 1993. Five leading trade unionists were nominated and three elected as SWAPO members of Parliament in the December 1991 elections.

Since independence, however, there have been growing tensions between the SWAPO government and the NUNW. These reflect the conflictual labour relations characteristic of Namibia, as well as workers' increasing disappointment at the slow pace of change.

Failed expectations

With the passage of democratic elections in 1989 the NUNW looked to SWAPO to enshrine worker rights in the new constitution and to pass new labour laws to replace oppressive colonial legislation. These expectations were to be disappointed.

Six years ago, Namibian workers voted overwhelmingly in support of a SWAPO government.

Herbert Jauch explores the reasons behind the growing tensions between the government and the trade union movement.

The new constitution was adopted in 1990. While it refers to human rights in general, it makes no reference to worker rights as such. SWAPO argued at the time that, as a new government with limited control over the economy, it was not in a position to guarantee such rights.

Labour Act

The new Labour Act was not passed until November 1992. The delay, which led to repeated conflicts between the new government and the NUNW, was caused by SWAPO's insistence on bringing both unions and employers on board, and by what the NUNW perceived as the undue influence of employers on the contents of the Act. In the interim, workers continued to suffer the harsh provisions of the old Labour legislation.

A draft Labour Bill was circulated for



Workers expected SWAPO to enshrine worker rights in the new constitution

comment during 1991. In April 1991 a tripartite forum brought workers, employers and government together in an effort to reach consensus.

During its election campaign, SWAPO had promised workers minimum wage legislation as well as paid maternity leave. It did not keep these promises. Other key NUNW demands, including a 40 hour week and 21 days annual leave for all workers, were also omitted from the Bill.

The final draft of the Bill was presented to a tripartite meeting in February 1992. The NUNW threatened a walkout from this meeting, accusing the SWAPO government of capitulating to pressure from employers and of holding secret meetings with employer organisations while failing to consult with the unions.

Although the Minister of Labour promised that the unions' demands would still be considered, they were largely absent from the Act which was finally passed in November 1992. The Minister, however, described the Act

as the best compromise which could be achieved.

The Act reflects the government's view of tripartism in labour relations. The role of government is merely to set rules by which labour relations in Namibia are to be conducted.

The SWAPO government has chosen the role of "neutral" referee in labour matters. Government support for workers' demands remains rhetorical and - in line with its ideology of a social partnership between government, capital and labour - it expects disputes to be resolved amicably through negotiations.

Social Security

In the face of union discontent, the Minister of Labour set up a commission to make recommendations on minimum wages for domestic and farm workers, who continue to suffer grave exploitation.

The Minister also tabled a Social Security Bill in Parliament in October 1994. It

Of an economically active population estimated at 550 000, only about 200 000 people are employed in Namibia's formal sector. Around 100 000 belong to one of Namibia's 15 trade unions, which in turn are grouped into two federations. The dominant NUNW has eight member unions, with a total membership of 70 000. The smaller Namibian People's Social Movement (NPSM) encompasses four unions with a combined membership of less than 15 000. Unaffiliated unions represent 15 - 20 000 workers.

provides for paid maternity leave, a national pension scheme and a sickness and death benefit scheme.

An ILO survey of 1990 revealed that 65% of all employees in the formal sector in Namibia have no access to any form of pension and death benefits or any unemployment support. The Bill provides some form of social security. However, despite an estimated unemployment rate of 20 - 50% of the economically active population, it does not include unemployment benefits, as these are not considered financially feasible at present.

For the first time, domestic workers are also entitled to social security.

The Social Security and the Labour Acts will not benefit the majority of Namibia's working class. Most Namibian workers are unskilled and semi-skilled and therefore easily replaceable. This places them in a weak bargaining position. The trade union movement is also relatively weak. Labour relations in Namibia are still characterised by unjust treatment of workers, non payment of wages, summary dismissals, racism and disregard of basic human decency. There have been no significant improvements in wages since independence. Even the strongest trade union, the Mineworkers Union of Namibia (MUN), which has been hard hit by retrenchments, has had to settle for wage increases below the inflation rate.

Relations between government and unions

The Namibian government verbally acknowledges the abuses workers suffer. In its concern to attract foreign investors, however, it is attempting to tone down trade union militancy. It has called on the unions to refrain from militant action and to contribute to an atmosphere of economic stability.

This has drawn a very negative reaction from the trade union movement. The unions have come out in open criticism of the government on several occasions. The SWAPO government has been condemned for its handling of the land question, the rationalisation of the public service, huge increases in fees at state hospitals and for sheltering corrupt officials. The increase in hospital fees, in particular, outraged the trade unions. The increases of up to 300% were described by the Namibian Public Workers Union (NAPWU) as a war against the Namibian people.

An indication of worker disillusionment with the government was the decision by the Rosh Pinah branch of the Mineworkers Union to call for a boycott of the 1992 regional and local elections. Claiming that the government continuously ignored workers' feelings, the branch warned political parties "to stay away since all they are interested in is our votes."

Although the MUN as a national union distanced itself from this call, the action signalled a warning that Namibia's trade unions were becoming increasingly alienated from government.

EPZ Act

The conflict over Export Processing Zones (EPZs) exposed the rift between the trade unions and government. In 1995 the EPZ Act was rushed through parliament without the unions being consulted. The Act exempts companies operating in EPZs from the

provisions of the Labour Act, and instead empowers the Minister of Labour to lay down conditions of employment, including health and safety regulations, in these areas.

The government justified the Act by arguing that Namibia had not attracted sufficient local or foreign investment in the first five years of independence. EPZs would provide the answer to unemployment. President Sam Nujoma said the EPZs had to be excluded from the Labour Act in order to allay investors' fears of industrial unrest. He promised that regulations would be put in place to address the fears of workers. He described the Act as "a delicate compromise which is necessary to achieve the larger goal of job creation."

The NUNW dismissed the EPZ Act as a violation of ILO conventions and Namibia's constitution. The federation instructed its lawyers to challenge the constitutionality of the Act in court. However, during a high level meeting between the government, SWAPO and the NUNW in August 1995 a compromise was reached. The Labour Act will apply in EPZs, but strikes and lockouts will be outlawed. Although this was greeted with mixed feelings from Namibian unionists, it was formally endorsed during a special meeting between the NUNW and its affiliates in September 1995.

A major conflict was narrowly averted but dissatisfaction among organised labour is set to surface again as neither Namibia's liberal economic policies nor the EPZs are likely to meet workers' expectations. The government's desperate attempts to attract foreign investment as well as the threat of Structural Adjustment Programmes are likely to result in further erosion of workers' living standards.

Breaking away?

Namibia's trade unions are beginning to realize that they have to rely on their own strength to achieve improvements in the

living and working conditions of their members.

It is likely that the debate on the sensitive issue of the independence of the labour movement will be re-opened. Although historic ties and SWAPO's claim to be the "mother of independence" serve to justify existing links, supporters of the NUNW's continued affiliation to the ruling party will have to show tangible benefits for the labour movement.

Thus far, the NUNW has been unable to decisively influence government policies. Critics accuse the federation of sacrificing workers' interests for the sake of its political affiliation. NUNW activists who serve in Parliament or at cabinet level are accountable to SWAPO only. The Federation has no influence over them through mandates or mechanisms of recall. In addition, the NUNW delegates to SWAPO's central committee are a small minority. Their influence is marginal as they can easily be outvoted and then be forced by party discipline to uphold majority decisions.

In this the sixth year of Namibian independence the stage seems set for increased militancy within the Namibian labour movement.

The NUNW will have to re-examine its strategies and decide how best to achieve the social and economic aspirations of its members. Otherwise it may find it difficult not only to retain its own members but persuade workers currently outside its ranks of the benefits of membership. ★

Herbert Jauch was the National Secretary of the NUNW-affiliated Namibia National Teachers' Union (NANTU) from 1990 to 1993. He also served on the economic policy sub-committee of the NUNW from 1993 until 1995. He currently works for the International Labour Resource and Information Group (ILRIG) in Cape Town.

"I've gained a lot of respect"

"I was born in Port Shepstone. I grew up there and did all of my education there. I do not come from a highly politicised family. My family is very Christian and they dodge political issues. I was the only one of the family who was kind of "out". It created problems for some of the people who were close to the family, who would make me feel that I was not doing the right thing. However, my own family was very supportive of me and I appreciated that.

Activism

I joined the trade union movement in Port Shepstone in 1987. However, when I joined the movement it was not because I was already an activist. Rather, the Transport & General Workers Union (TGWU) was organising a branch of Kwa-Zulu Transport, the bus company where my sister worked. During the campaign, there was a consumer boycott and I became involved in distributing pamphlets and later in transcribing the appeal hearings of KwaZulu Transport Workers. Soon afterwards, COSATU opened an office in Port Shepstone and I was employed as an administrator.

My position involved working with all of the Cosatu affiliates and I became very involved in the South African Commercial, Catering and Allied Workers Union (SACCAWU) strike at OK supermarkets in 1988. This strike greatly strengthened my understanding of the unions. It really made

Ntokozo Mbhele, Advice Officer with the Self-Employed Women's Union (SEWU) in Durban, talks to Matthew Ginsburg.

me see how the workers were fighting at that time. I became involved in mass meetings and worked with Jayendra Naidoo at SACCAWU Durban office.

Later, in 1988, I moved to the Durban office of TGWU. In Durban, I was mainly organising the long-distance trucking companies and the stevedoring sector. I especially enjoyed working in the stevedoring sector and with international seamen.

I think I was the first South African to sign a union recognition agreement with a shipping line. That for me I felt was a great victory.

Fighting for women's issues

I really enjoyed working with men. At first they would doubt you very much when you are introduced as their organiser and you would have to prove yourself. But later, when you would move from a company, the shop stewards would come to the union and say that they prefer a woman organiser because they are more reliable, they come to meetings and they don't let you down. In



woman office-bearer in COSATU. It is a pity. The biggest union in this region is the South African Clothing and Textile Workers Union (SACTWU) and it is mainly women, as is also the case with SACCAWU and the South African Democratic Teachers Union (SADTU). I don't see why we can't identify women leaders in these unions and elect them to positions in COSATU structures

The double burden

I'm a single mother with one child. It was very

fact, some workers, especially the stevedores, still phone me for queries, though I have not worked for TGWU for more than five years.

When I joined the union, there were five women employed as organisers by TGWU nationally. At that time most women in the unions were still employed to do administrative work. So, when I was in the union, I became sensitised about women's issues and a little bit vocal about women's issues within the union. The empowerment of women was an important issue there. Jane Barrett, the General Secretary, was a woman, and some of the older women organisers in the union weren't prepared to let women's issues be overlooked. As a result, TGWU was the first union to raise the issue of sexual harassment as an issue at a COSATU conference.

We were also the first union to have a person to work on AIDS education and take the issue of AIDS seriously.

Unfortunately, the trade union movement in this region has lost the women leadership. We now don't have a single

difficult being a single mother and an organiser. I had to do a lot of travelling all over the country. I was feeling very guilty because it meant that I had to leave my child behind. I felt that the relationship between the two of us was breaking. When he turned four I decided to find a job where there were more fixed hours and I resigned from TGWU.

I joined the SACTWU in their regional office as an administrator to the Regional Secretary. Unfortunately, it was a terrible experience for me. So I left SACTWU and I joined the Self-Employed Women's Union (SEWU) in October 1993.

Organising the informal sector

In SEWU I work as Advice Officer. This position is very involving because you must listen to all types of problems which women have - from marketing to their social problems. Our union aims to organise to negotiate collectively on such issues as storage for street vendors and childcare for people working in the city centre. We also negotiate for such things as credit and

training

We are now busy channelling our members into training in areas that are not known traditionally as "women's work" We want them to go into block-making, into electrical installation, into building Because if you go into building, there is the potential of working less and earning more than if you are doing sewing - where the work is very labour intensive. Moreover, we teach them to know that as they vend in the street they are workers and should enjoy their rights like all other workers This is not easy but it is a long-term goal of the union

Though we've had a good relationship with COSATU at the national level, regarding gender issues they do not seem to be as serious I would like to see the unions in COSATU and NACTU take seriously the whole issue of people who are selling in the streets It surprises me that when the unions saw that retrenchments were really bad in 1988 and 1989, they didn't form unions for

the self-employed and the informal sector within the federations. In SEWU, we have a lot of people who were shop stewards in formal sector unions. This means that the unions are losing some of its leadership into the informal sector and out of the federations

Respect

I think my late father is proud of me In 1989, he read the newspaper where I was commenting on a strike. Also, my sister read about my involvement with the formation of the Southern Natal Women's Charter Alliance and she phoned me. I think they'd become proud As you go along, people learn what you stand for and they respect you for the things you do I think I have gained a lot of respect from family and friends." ★

Matthew Ginsburg is an MA student in the Sociology Department at Wits University

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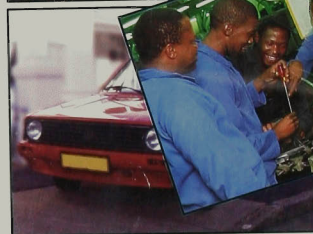
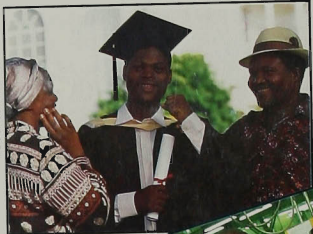


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