

# New deal for a new era?



## the auto industry settlement




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Unions and employers agreed to establish an industry-wide training board. NUMSA members won the key gain of a moratorium on retrenchments, and in return the union agreed to make up any production lost through unprocedural stoppages in the plants. Is this a first step towards co-determination or a social contract, as many commentators argue? LAEL BETHLEHEM and KARL VON HOLDT discuss the issues.

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*The August strike in the auto industry involved 25 000 workers and lasted for 13 days. It was a difficult time to undertake major strike action – depressed trading conditions may have enabled management to withstand the pressure of lost production.*

*But thanks to strong national organisation, NUMSA members were able to win key demands. The moratorium on retrenchments is a major breakthrough which other sectors will try to emulate.*

### The settlement

The agreement was achieved with the assistance of the Independent Mediation Service of South Africa (IMSSA).

It covers the following issues:

#### Wages

Employers agreed to grant pay increases of R1,15 per hour for unskilled workers, and R1,80 per hour (or 13,5%, whichever is greater) for skilled workers. These increases, which will be backdated to the first week of July, ensure that workers'

wages remain ahead of inflation.

#### Training

Employers and the union agreed to set up an Industry Education and Training Board, which will be controlled jointly by employers and unions in the

industry, and will be funded by the employers.

The education and training agreement is unique in a number of areas:

- Education and training initiatives are to be linked to programmes for "economic transformation" and the restructuring of the industry, and must be updated continuously to meet the needs of a changing economy.
- The industry recognises the need to address the effects of past discrimination on the basis of race and gender and to apply the principle of affirmative action where necessary.
- Training is to be recognised across the industry, and skills should be "portable" and provide workers with career paths.
- The agreement accepts that while trade union and employers have an important role to play in training, the state has an obligation to educate, and that free and compulsory education should be provided to "the highest level the economy can afford." There should be clear links between industrial education and the formal education system.
- Trade union involvement in all aspects of literacy was accepted as a guideline for industry-based Adult Basic Education.

The Industry Education and Training Board was mandated to begin work by no later than October 1991 and to "develop education and training to cover all

workers from sweepers to engineers".

### Productivity and job security

Employers agreed to a year-long moratorium on retrenchments. It was agreed, however, that temporary lay-offs, short time and unpaid leave may be used to avoid retrenchment.

In return, the union accepted that any plant-specific unprocedural industrial action (this would not include action on broader issues such as stayaways or solidarity action) which led to repeated failure to reach production targets, would entitle the employer to withdraw the moratorium. This is the major concession made by the union.

In addition, the employers and the union affirmed their "commitment to the long term growth and viability of the industry and the protection of jobs within it." They agreed to develop a programme of action to achieve this through the joint industry wide sub-committee on job security and productivity, which was established last year.

The parties agreed in broad terms to negotiate the introduction of new shift patterns and forms of work organisation designed to facilitate international competitiveness, the introduction of fair systems to reduce absenteeism, and to support efforts to improve quality. Such negotiations have been taking place for some time.

## New deal for a new era?

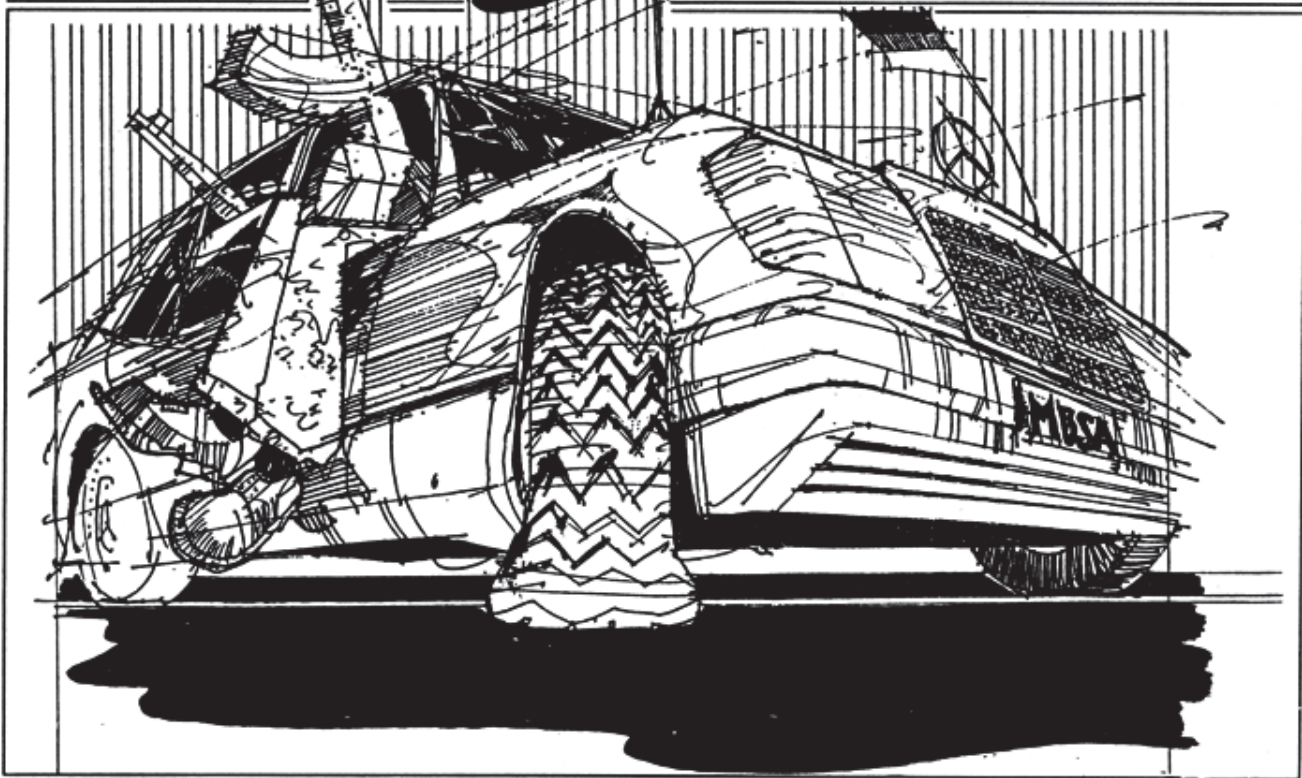
This settlement is undoubtedly a reflection of strong worker organisation and comprehensive union demands. In 1989 the union fought for and won industry-wide centralised bargaining in the National Bargaining Forum (see *Labour Bulletin* Vol 14 No 3). The following year negotiations in the NBF were overshadowed by the unprocedural strike and plant occupation at Mercedes Benz (see *Labour Bulletin* Vol 15 No 4). This year the union is beginning to see the fruits of centralised bargaining.

The new education and training structures provide an opportunity for NUMSA to play an important role in human resource development. These changes will benefit individual workers, and may also discourage employers from retrenching trained workers in future.

### Co-determination?

Volkswagen's Brian Smith believes the agreement is a breakthrough. It signals "a form of co-determination and co-operation between employers and workers in the industry," he says. "We were influenced by the Ergo settlement. While some of us were upset that we didn't go as far as Ergo, we did make progress on the real issues of training, job security and productivity."

At recent industrial



*Mercedes strike last year: will the settlement improve relationships in the industry?*

*Graphic: Jeff Stacey*

relations conferences and seminars, employers and consultants have expressed similar views. The auto settlement, the NUM-Chamber and NUM-Ergo agreements (see *Labour Bulletin* Vol 16 No 1) and the settlement in the metal industry are all seen as signals of a new, more co-operative relationship with unions.

Charles Nupen, IMSSA mediator in the auto dispute, agrees. "Although crafted in crisis, where both parties were in the throes of industrial action, the agreement represented the most complete mutual commitment to the future viability of an industry that I have ever seen.

"The union is saying that it is prepared to commit its members beyond a statement of intent, for example, in

making sure that production schedules are met.

Employers are saying that they recognise the union's interest in protecting jobs with a retrenchment moratorium. So what we got was a win-win situation" (*Finance Week*, Aug 15-21).

But is the settlement really a step into a new era of co-determination? The major new element was that the employers agreed to a moratorium on retrenchment, while the union agreed in effect to control unprocedural action in the plants. The moratorium on retrenchment is a major gain in the recession-bound auto industry. Workers believe management has been itching to implement major retrenchments.

On the other hand, the agreement to end unprocedural stoppages, or

make up lost production, is of great significance in the strike-prone auto sector. The big auto assembly plants are highly vulnerable to industrial action. When workers in one department down tools they can bring the whole plant to a standstill. The union says it is committed to this agreement, and is already making up lost production at Delta. Employers are certainly pleased about this gain.

Bringing wildcat action under control may benefit the union too. A situation where any one department can bring others to a standstill without democratic decision-making by the whole plant is not conducive to healthy organisation.

### **Production targets**

There are some dangers in

the agreement, though. Union members may find their hands tied at a plant level. The commitment to achieving production schedules implies that workers will accept the targets imposed by management. The agreement makes no mention of worker involvement in determining what the production schedules should be.

Employers are already taking advantage of this. A major dispute is simmering at Volkswagen, where management has introduced new targets in the press shop after a time-and-motion study. Workers argue that it is impossible to attain the new targets, and the union is offering to send in its own time-and-motion study officer so they have something to negotiate over. The company refuses. It claims the failure to attain the new targets amounts to unprocedural industrial action, and threatens to withdraw its moratorium on retrenchments. This is an odd way to introduce a new era of co-determination!

At a broader level, the agreement to address problems of productivity, competitiveness, technology and employment in the industry-wide joint committee is important. NUMSA organiser Gavin Hartford believes it is "critical for the future of the industry". VW's Smith believes it is a first step towards co-determination. Although he feels unions and

management have to hammer out a common approach to productivity, he says union involvement in productivity is an "emotional issue" for management. Smith believes the union's commitment to meet production schedules is effectively "a commitment to increase productivity".

Hartford disagrees strongly. "We are contesting management's right to set targets unilaterally, as they have at VW." As for productivity, "everyone agrees it is a problem, but there is disagreement on how it arises. The next stage is for union and management to put forward their perspectives on productivity. We need a common understanding if we are to negotiate."

Hartford points out that management tends to blame workers for low productivity. "There are many factors - technology, breakdowns, management efficiency. Workers would be crazy to commit themselves to targets while they have no control of these factors."

The settlement in the auto industry does open up new terrain. Together with the NUM-Chamber agreements, this is the first time unions have committed themselves to negotiating productivity as well as the economic future of their sectors. In this they are acknowledging a shared interest with employers.

**New era, new struggles**  
However, employers who expect a new era of

co-operation with unions to dawn, may find it a long dark wait. Unions and employers are approaching these issues with very different perspectives and goals, as the dispute over targets at VW shows. In general, employers seek wage restraint and productivity increases.

Unions are looking for greater power in the workplace and in industrial and economic decision-making. For example, employers initially demanded an Ergo-style productivity-linked wage package, which the union firmly rejected. "For us it is a principle to keep wages distinct from negotiations over productivity says," says Hartford.

*These differences suggest a new era of struggle for control over production, rather than simple co-operation.* In Hartford's words, "The real point about this strike is that in this era of the 'social contract' and the 'new deal', workers can still be the ones to determine what that deal should be."

Both Hartford and NUM's Marcel Golding [see interview, p 19] clearly believe their unions have taken the initiative on these issues, and that they have opened up a new terrain of struggle to end management prerogative in production. Whether the unions manage to keep the initiative will depend on the intellectual resources they can muster, and their organisational vitality. ☆