

The anti-privatisation strike

effects and implications

What happens after 29 and 30 August? This question posed by senior government officials in the run-up to the anti-privatisation strike implied that the strike would not derail plans for restructuring of the public sector. Unionists, however, see the strike as a temporary weapon, capable of opening spaces for engagement. The significance of the strike thus lies in understanding the spaces that the strike has opened for engagement on restructuring of the public sector, and by implication economic policy.

This article attempts to answer two major questions. Firstly, has the anti-privatisation strike strengthened the progressive trade union movement? Secondly, what are the implications of the strike for economic policy and the role of trade unions?

Emerging contradictions

The context of the anti-privatisation strike reflects a complex set of contradictions.

Policy vs practice

First, the need for shifting economic policy away from its current path is today widely accepted, but implementation of current policies continues. The ANC has for instance argued that current macroeconomic policies are necessary, but not sufficient to accelerate delivery. In the State of the Nation address, President

*Ebrahim-Khalil Hassen
analyses the effects and
implications of the anti-
privatisation strike.*

Thabo Mbeki, articulated a similar view, arguing for a shift from macroeconomic stabilisation to microeconomic reform. More recently, the ANC has called for a review of trade and industrial policy. This shift in policy emphasis indicates that a long-standing critique of Gear is influencing policy. The shift however remains incomplete, and in many respects, emergent ideas of an alternative are only beginning to take root within the minds of key policy makers.

At the same time, spaces for engaging on the implementation of economic and social policy has become increasingly constrained. More precisely, many government departments have been increasing private sector participation in public services. Moreover, the restructuring process has been explicitly linked to macroeconomic choices. In his 2001/2 budget speech, Minister Trevor Manuel stated that the government expects to finance the budget deficit largely through restructuring proceeds.

Opening spaces for the engagement on

both the formulation and implementation of economic policy, thus served as an impetus for the unions to engage in strike action.

The bargaining infrastructure

Second, the bargaining infrastructure for discussing restructuring of the public sector is largely dysfunctional. Unions and government have attempted to construct a series of framework agreements to provide structures and systems for discussions between government and trade unions.

Some gains have been made in the transport and electricity sectors but overall experiences in this bargaining environment have been largely ineffective for trade unions. Although these structures provide an opportunity for trade unions to engage with government proposals, they are not formal negotiation forums. Consequently, while consultation may occur, agreement between labour and government is not needed for implementation to occur. Also, unions' commitment to engagement has come at the cost of government claiming 'consultation', with unions having little recourse to formal dispute resolution procedures.

Moreover, the legal distinction between signatories to the framework agreements has created significant bargaining problems. Enterprises and local governments - which are separate legal entities - have been allowed to proceed with restructuring, as they have argued that they are not legally bound by political agreements at a national level.

Another bargaining challenge has emerged. Government has stuck to its economic policy, despite obviously negative social outcomes. Hence, the social partners seem no closer to a comprehensive agreement on economic policy, which would allow them to

discuss economic choices, such as privatisation. Earlier I argued that a wide consensus emerged that economic policy must change. However, this consensus has not translated to social dialogue or (more boldly) negotiations on economic policy.

Under these conditions, it is understandable that COSATU has chosen the route of a strike based on socioeconomic conditions. Opening spaces for engagement on economic policy, and the improvement of bargaining infrastructure are after all, central to COSATU representing the working class.

Restructuring

Third, the major restructuring undergoing in the economy has deepened class contradictions. Restructuring of the economy has meant large job losses and an increase in informal sector employment. Unions have attributed these negative outcomes to the wider economic package outlined in Gear. Privatisation is widely, and correctly, held to be a major cornerstone of the Gear proposals.

Since 1999, government shifted the focus of restructuring of state-owned enterprises from 'non-core activities' (for example Alexkor, Aventura) to the 'big four' (ie Transnet, Denel, Telkom, Eskom). This shift in emphasis meant that added to decreasing levels of job security, fundamental changes in the delivery of basic services were on the cards. Unions argued that the restructuring of basic services would benefit the capitalist class, and increase prices for the working class. Government did little to address this concern. Moreover, the restructuring debate has also been transformed from one focused on restructuring apartheid structures, to the state reducing its role in the delivery of basic services. At issue then was the nature of the developmental state in South Africa.



The strike opened spaces for engagement on economic policy.

During this period, the emergence of institutions and policy to facilitate privatisation has emerged. The establishment of the Municipal Infrastructure Investment Unit, financing of iGoli 2002 by the national treasury, and the adoption by parliament of the Eskom Conversion Act, were indicative of a determination to push through the privatisation process. Unions suffered defeats in these processes, which strengthened resolve to fight privatisation efforts.

Government has said that it will not change its policy and implied that unions should learn to live with the policy of privatisation. This attitude is both alarmingly narrow-minded and fails to take account of current policy discussions. Ironically, the government's determination disappears when the private sector criticises. The recent flip-flops in telecommunication policy were widely seen as evidence that government was

willing to listen to the capitalist class, but not the working class. As a shopsteward said at the time, 'This about-turn [on telecommunications policy] is the final straw.'

Numbers and organisation

The timing of the anti-privatisation strike was a subject of intense discussion in the union movement. In particular, concerns were raised as to whether workers would heed another call, after serious strikes in other industries. Strikes at Eskom, the automobile and the mining sectors had been largely successful. However, under the 'no work, no pay' rule, workers in these and other industries might feel the pinch, and not support a national strike. Despite this misgiving, shopstewards embarked on a mobilisation process.

Much has been written about the turnout of workers to the strike on 29 and 30 August. Government has indicated that the strike

was largely unsuccessful, as workers did not turn up in numbers. Its estimate was that 30% of workers heeded the call.

For the sake of argument, let us accept this as correct. According to the October Household Survey, some 10-million people are employed. This would translate to 3-million people supporting the strike, which is more than COSATU's 2-million membership. There is thus a strong argument to suggest that workers had indeed supported the strike.

An important aspect of the strike was the strong showing of manufacturing and mining unions. In a display of solidarity, these private sector unions had managed to bring out significant numbers of workers.

Mobilisation in the public sector is more difficult to assess and government and union estimates differ markedly. For instance, the *Business Day* reported - using information from government - that about 10% of workers in the public sector stayed away. Yet, these estimates fail to account for the substantial numbers of workers in essential services who cannot go on strike.

Reports from shopstewards indicate that higher numbers of workers did not turn up for work. In some electricity plants, estimates from shopstewards range from 60 to 90%.

Geographically, the turnouts in small towns and rural areas were impressive. A march of 2 000 workers in De Aar or Lusikisiki might not seem impressive at first glance. Yet, the marches in the smaller towns and rural areas are perhaps the major organising success for COSATU. The penetration of COSATU into the rural heartland and in smaller towns bodes well for future recruitment activities and for consolidating the working class.

Wider social forces

Beyond the numbers, a significant grouping of organisations rallied behind

the COSATU campaign. From within the trade union movement, NACTU supported the strike. The Congress of South African Students (COSAS), the South African Students Congress (SASCO), the South African Communist Party (SACP), the South African National Civic Organisation (SANCO) and the South African Non-governmental Organisations Coalition (SANGOCO) also endorsed the strike. The building of a wider coalition was crucially important. This coalition demonstrated that the issues surrounding the strike resonated within the wider society. The importance of this coalition has major implications.

Most notably, coalition partners were drawn from organisations aligned to the ANC. This does not simply indicate that differences are widening in the Alliance, but rather that the issue of privatisation has managed to bring together a wide grouping of progressive organisations. There is no doubt that the endorsement of these structures strengthened the strike. The coalition could translate to strengthening a left perspective within the Tripartite Alliance.

Government's responses

Government's responses to the strike amazed a number of observers. Through a series of interviews, newspaper articles and advertisements, and press conferences government went on the offensive. Unusually, several ministers even addressed one press conference. The scale of the communication strategy can only be accounted for in terms of the strike's political significance."

The communication strategy government pursued was to focus on the perceived weaknesses in COSATU's campaign, such as the role of union investment companies.

Presumably, government was attempting

to build public support and weaken mobilisation efforts towards the strike. On this basis, it failed. Government's campaign also failed because it did not offer a counter to the union message that 'privatisation would increase prices and reduce the roll-out of basic services'. Choosing not to fight on the question of service delivery was an unsurprising communication choice for government. After all, most reliable evidence points to negative social outcomes from privatisation.

Political implications

Three major political implications have arisen from the strike: first, the role of the Tripartite Alliance. In the run-up to the strike, a ten-a-side meeting was held between the Alliance partners in July and a meeting between the ministers of Finance and Public Enterprises and COSATU leadership on 17 August 2001. Neither of these meetings offered any hope for agreement.

The anti-privatisation strike is no doubt a significant moment in the history of the Alliance. It is, however, difficult to imagine that a proposal for the break-up of the Alliance is on the cards. The more significant question regards the balance of power within the Alliance. This is not simply who is the strongest of the three partners, but whether a wide grouping from within the ANC, COSATU and SACP are prepared to argue for a more redistributive economic policy. The time has come for the Alliance to imagine a common economic plan for South Africa.

Second, the role of progressive trade unions has come up from the anti-privatisation strike. This debate is crucial for the working class, but is unlikely to provide substantive discussion, as it primarily plays a disciplining function in periods after a strike. Sadly, this results in shallow debates, which is reflected in contradictory responses from leading

members in the intelligentsia. On the one hand, trade unions are accused of being a narrow interest group, without a wider societal perspective. This was the basic argument presented in the public service strike, and more recently, when export orders were being threatened. On the other hand, unions are accused of playing a political role, when they raise the devastating impacts of privatisation. Unions are urged to concentrate on shopfloor issues, and leave public policy to the government. The rationale for these arguments has little to do with actual functions of a trade union. It relates rather to a particular disagreement. Yet, this discussion is a crucial one, which COSATU would do well to lead.

Third, unions need to address the question of union investment companies. Unions must develop a careful, deliberate strategy for these companies, and subject their investment choices to greater control. It is ideologically incoherent to have union investment companies investing in privatised enterprises, particularly for basic services.

Prospects

A narrow assessment of the strike in terms of numbers indicates that COSATU's mobilisation capacities have remained resilient, in the face of extremely difficult circumstances.

Yet, the result of the strike in both keeping basic services public and opening discussion on economic policy faces major hurdles. The COSATU proposal for an economic summit involving the Alliance and other progressive formations might be one way to overcome these hurdles. ★

Ebrahim-Khalil Hassen is the public sector programme coordinator at Naledi. He thanks Mawethu Vilana for his comments on this article.