

the **future** *of* **wage** **bargaining** **interview** *with* **bernie fanaroff**

KARL VON HOLDT speaks to
NUMSA's national organising secretary



Photo: William Matlala

This year NUMSA launched the biggest strike there has ever been in the metal industry and it was a defeat. Up until now NUMSA has avoided a 1987 miners strike scenario – a full-on confrontation with the industry bosses. One thinks of the strategic targeted strikes in 1988. So what happened this year?

One of the key features of this strike is that the economy is in a worse situation than it was even in the previous strike. Another key feature is that the negotiating committees were given significantly less latitude than they had in the 1988 strike.

The militancy from our members allowed very little movement before the strike started. So SEIFSA was convinced that there was virtually no chance of settling. I think

that in 1988 they believed there was a good chance of settling. So they were more open to negotiation.

The whole thing was much more confrontational. Both sides perceived it as a life or death power struggle. In the circumstances of the very severe economic crisis and a very severe crisis in the industry, it became much more difficult to settle.

Why was it such a big strike, an-all-or-nothing strike, from your side?

There has been a hell of a lot of pressure from our members. We have come to deadlock a number of times since 1988. A number of times we have balloted on whether to strike. Last year we settled after a very lengthy mediation. In 1990 we decided not to strike because of the violence that had blown up.

So, our members have become very impatient. They say that we ballot them every year and then we call off the strike. They want to strike because they feel that SEIFSA has been ripping them off for some years now – and the union structures have held them back from taking action.

What was the strike really about?

We really face *two options* in the metal industry which is in crisis at present. One option is to reduce real wages, cut costs and retrench workers, and see that as a means of saving the metal industry and making it more competitive. This is the old apartheid option.

The other option is to recognise that the major problem in the metal industry is incompetent management. Their ability to manage in a competitive environment is very limited. The issues of work place skills, motivation and working conditions, of industrial strategies and managerial strategies and competence are far more important to the future of the metal industry than cutting real wages.

The NUMSA strike can be seen in that light. We did not succeed in our battle to stop a cut

in real wages. I think this has very important consequences for the rest of the trade union movement.

It means that we are going to be fighting a battle on industrial policy. Do we go for an industrial policy which can lead to significant improvement in efficiency and industry without prejudicing workers?

Or do we follow the employers' approach – cut wages and retrench people and hope to God that's going to somehow save your industry? Having lost the first battle is not a good omen.

What forced you to call off the strike?

On 25 August, after three weeks, SEIFSA sent us a letter saying the strike was non-functional to collective bargaining. The same afternoon the court interdict came out against the strike, on the grounds that there had been balloting irregularities. Then we had a flood of ultimatums saying that the strike is illegal and workers must be back at work.

Our strike committee was meeting on Thursday 27 August. We asked companies to extend the ultimatum to Monday. Most companies agreed to do that, but 230 ultimatums had been accumulated by the time our strike committee met on Thursday.

We were unlikely to be able to block dismissals. We would then be faced with tens of thousands of dismissals, where workers would be sitting for years hoping for reinstatement. We recommended a return to work as a national strike committee. People accepted that with one or two exceptions.

There was a lot of ill feeling from our members about the interdict. A lot of members said we must stand up against this thing and just ignore it. What was decisive was the mass dismissals.

There is no doubt in our minds that the mass dismissals were a strategy that Anglo initiated and pushed in SEIFSA. There were many small employers that were only too happy to go along with it, but bigger employers like Gencor and Dorbyl in general did not go along with that strategy.



Scaw workers during the national metal dispute: striking at the heart of Anglo

Photo: William Matlala

Why do you say Anglo American initiated it?

After two weeks we had a letter from Scaw Metals which is owned by Anglo American Industrial Corporation. They said their business was suffering permanent damage and that the strike was no longer functional to collective bargaining.

Two days later, on 22 August, we met with SEIFSA. They told us they did not know and could not understand the term "non-functional to collective bargaining".

Then three days later, we received a letter from SEIFSA. The letter said that SEIFSA had for some time been discussing that the strike was non-functional to collective bargaining. They had now decided that it was non-functional, and were telling their members to take whatever action was necessary to end the strike.

On Saturday morning the director of SEIFSA did not even know what the expression meant. On Tuesday he had been

discussing it for a long period! Now somebody is not telling the truth. We conclude that Anglo had twisted the arms of the others to go along with this position. As soon as that happened, and the interdict came out the same afternoon, we had a flood of ultimatums.

Anglo is very influential. It not only has a lot of subsidiaries, it also has immense power over other companies because it has big contracts with them and holds shares in many, such as Powertech.

How are you going to deal with these problems in the future?

We will campaign for Anglo American to be split up. What is clear to us is that some companies in SA, particularly Anglo, hold immense economic power and immense political power. That economic and political power enables them to frustrate what would otherwise be possibilities for negotiation within civil society. Because they centralise so much power, they can determine policy and

they can enforce that policy.

It is much easier for us to have a general strike than it is for us to win an industry strike at the present time. There is overwhelming evidence that Anglo American initiated and drove the strategy of crushing our strike by mass dismissals. That of course is what they did in 1987 as well to the miners. The mass action again – Anglo was a significant deviate in taking strong action.

Anglo is a dominant force in SACCOLA and in the business group in the National Economic Forum (NEF). You can go a long way with them in the NEF, but where they disagree on a fundamental issue with you, an issue which they perceive to be bad for their long term interests, then they will fight you on that issue. Then you have to fight them on the ground. The way things stand at the moment, Anglo and other major capitalist enterprises have the power to smash us up on the ground when we come to an industry-based fight.

So when we come to negotiating economic and industrial policy, we may start with an agenda the labour movement feels is our agenda. But we will find a process of selection taking place where capital will allow us to move on those issues that they feel are either beneficial to them or not adverse to their interests in the long term. The issues that they are adverse to they will fight on the ground and they will smash us up as we stand at the present time. That is why we want Anglo American split up. They are too powerful in our society as a whole.

How are you going to take up the campaign to split Anglo?

We have raised it with COSATU. COSATU has put it forward as a campaign - and will be meeting Anglo very soon. Anglo asked for the meeting. We hope COSATU will motivate to the ANC that it is an absolute priority to take Anglo apart. We would want it to become part of the alliance policy. Obviously that won't be easy – because there are people within the alliance who would feel that we are being unwisely confrontational with business, and

that we may scare off investment.

We don't believe that it needs to scare off investment. There is no particular benefit in having very large conglomerates in industry. We are not saying that it must be nationalisation. What we are saying is that no company should concentrate within itself the kind of power that this one does. That is, in any case, already COSATU policy.

What about rights for strikers?

SEIFSA claimed in its magazine that they were acting because NUMSA's strike was undemocratic. SEIFSA are the last ones to talk about democracy. We have asked SEIFSA for many years to negotiate facilities for balloting. They have refused – year after year.

On the one hand, they say they are defending democracy, and on the other hand, they make it impossible for us to ballot with any ease and efficiency!

It's our view that the procedure for strike action must be changed – not that you have to go through months and months of negotiating in good faith, balloting in good faith, conciliation in good faith – and then you can be stopped by a technicality.

The second point of course is mass dismissals. We believe that there has to be a change to the law on the right to strike. When you have gone through legal procedures you must have some rights. One of those rights is that you cannot be dismissed. You cannot be permanently replaced.

What are NUMSA's proposals for overcoming the crisis in the metal industry?

The successful industrialised countries are all characterised by certain common policies: a high level of investment in plant and machinery, a high level of investment in skills, a high level of investment in research and development. We do not have this in the metal industry in this country. Even in more sophisticated plants like in the car industry, the technology is not new.

We believe this industry has got structural problems that cannot be resolved simply by retrenching people and by paying others less.

You need a much broader package. We believe the key area is the network of wages, skills, grading and work organisation. We need a new look at skills and training. Link that to a different grading system, and link that to a wage system. There is obviously a danger because employers will take higher levels of skills and higher levels of investment in plant and machinery as a way of increasing productivity and decreasing employment.

But that doesn't need to follow. With proper industrial policies – and with greater control by workers over the investment process and over the policy process – it can lead to an enrichment of the whole country and growth in employment. We are now saying to our members and to the industry that we need to look at macro economic policy and industrial policy and at this area of skills, grading, training, work organisation, wages and job security.

We participate in industry growth committees in the engineering industry, in the auto industry, in the electric power industry, in the tyre industry, and we are trying to do that in the motor industry. NUMSA is participating in the statutory committee on restructuring of the auto and components industry. We will be participating in the standing committee on electronics as well. So we participate on a number of levels. Those are committees which we believe can be influenced to a point. But they need to be linked to the National Economic Forum and industry-level negotiation.

You speak about a union vision for reviving industry and placing it on a new growth path – a 'high road' of high wages, high skills and job creation. COSATU talks the same language. Is this really feasible, or is it rhetoric? Is it possible to go through restructuring in the metal industry without pain, without job loss, wage cuts, etc? And if it isn't, what are the implications for a trade

union – the contradiction of taking responsibility for restructuring which means pain for the membership?

I believe it's difficult to build an export capability without a domestic base. If you try to do that you will have savage job cuts, greater exploitation, etc.

Resources exist for SA to redirect a tremendous amount of spending, which currently is wasted, into things which will serve a political and social purpose on one hand, such as electrification, housing, roads, schools, and which on the other hand will provide a tremendous boost to industry. For example, the effects of electrification on the metal industry – and on small business – would be very substantial.

So there's a huge feedback from that kind of infrastructural development, both in political stability and in industrial development. This kind of growth in the domestic market gives industry a boost which enables it to restructure less painfully. We've observed overseas that successful restructuring happens during booms, not during a recession.

But at the moment, various industries are cutting to the bone to survive in the present day market - which is not an appropriate market! For example, the telephone industry is cutting capacity so it can remain profitable in the present day limited market. But clearly, for social and political reasons, that is not the appropriate market. They should be gearing up to reach a much larger market in future – the millions who do not have telephones.

That is why we are arguing to generate infrastructural projects that will provide massive markets for companies and enable them to restructure.

Of course the question arises whether we should be helping capitalists to get richer. That's where the socialist debate is providing no guidance. We are forced to deal with it pragmatically, without any theoretical underpinning.

What is the implication of industry restructuring for plant bargaining?

My own personal view is that industry-level bargaining must cover wage levels and similar basic issues, so you can limit differentials and improve conditions throughout the industry. But other things you have to negotiate at plant or company level.

Restructuring of industry must occur through national policy changes, but re-organisation tends to occur in a way that is specific to each company. It is very clear from our shopstewards that multinationals are well advanced in company restructuring – breaking plants down into smaller business units with independent managers, flattening the managerial hierarchy, etc. It is clear these innovations are going to be to the detriment not only of the workers, but the working class more broadly, unless we can move to control them. It is equally clear that economic forces won't allow us simply to stop this restructuring.

So I think restructuring is the key issue for negotiating at company level. In some companies, management is introducing very sophisticated changes, in others we may want to introduce them. We think the issues of wages, training, grades, work organisation is the vehicle to do it.

Many of these methods of re-organising work increase the potential power of workers. Just-in-Time for example immensely increases the potential power that workers have. So does Team Work. So does flattening management hierarchies. The problem then it to maintain militant organisation, but that is a different question. Reorganisation of work does not automatically oppress and co-opt workers – it *tends* to, in the absence of militant organisation and correct strategies. If you go for a life-or-death attack on restructuring and you lose - workers will be demoralised. *Then* they will be co-opted.

One of the mistakes that I think we have made is not having a clear enough policy on



Shopfloor restructuring: new arena for union initiatives

Photo: William Matlala

how to deal with company and plant level issues. The Australians decided that it was not realistic to try and involve the entire membership of the union in every debate on macro economic policy. What was possible, and successful, was to involve the membership strongly and actively in things that directly affected them like the wages and grading, skills and work organisation.

There are two problems. One is lack of workplace strength. The other is lack of capacity. Our shopstewards and our organisers are going to be swamped. There is no question that the expertise that management can bring to bear is going to make it extremely difficult for

the unions to direct those agendas. So we are faced with a very severe capacity problem.

It is extremely difficult to go into a very sophisticated company and have a real influence on its direction of restructuring. We have to build power around that.

What makes it worse is that we don't get the support from academics in this country. They don't provide us with the research we need.

How is the union responding to the question of productivity?

A key issue facing us all, both internationally and locally, is *the question of efficiency*. How do the trade unions deal with the question of efficiency as international trade becomes a dominant factor in the next couple of decades of world history? We have to deliver the goods, both for our own members and politically. That means we've got to face up to the issue of efficiency.

How do we confront the issue of efficiency in a positive way where we can lead the agenda, but do it in the direction of socialism? I think perhaps this is the key issue: how does socialism approach the issue of efficiency? And how do trade unions approach the issue of efficiency?

In the first place, unions have to take efficiency or productivity seriously. The second step is to say how do you distribute the benefits of efficiency - that's social democracy. And the next step is to say how do you control industry which has become productive, and use it for the benefit of society as a whole? That's the area of socialism. These questions will have to be debated as we go along.

What is happening at Eskom?

We are taking Eskom as a model. Eskom is a parastatal corporation. We believe that even in a capitalist society the mode of management and control in a parastatal corporation must be significantly different. There should be a far higher level of worker control or influence in the decision making. We recently had a summit meeting with Eskom where there were many in-principal agreements. For instance,

the Electricity Council which makes policy should be restructured.

Also, there should be a careful evaluation of what the role of workers and trade unions is in decision making at every level of Eskom structures. It will be a very important exercise for us to develop ideas on participative management or of work place democracy by using companies like Eskom.

This is an area of ownership we should be dealing with - at the very least as a laboratory. Eskom, Armscor, TELKOM, Transnet - we don't mind their operating as commercial entities, but the way they are run as parastatals must change. There you are raising the whole issue of ownership - how society participates in management and ownership. It may well mean that we decide commercial management should continue, but that the community decides policy.

Let us turn to the recent settlement in the metal industry. For the first time there is an agreement on a single level of bargaining wages and other issues contained in the Industrial Council Main Agreement (MA). The settlement precludes plant level negotiations on these issues unless such bargaining arrangements already exist. Employers have been demanding this for some years, and NUMSA has resisted. What is the significance?

We have had a long debate about the weaknesses of the Industrial Council (IC), and about our keeping it alive. Centralised bargaining has been under assault from a number of quarters - the Department of Manpower, the Presidents Council, a number of employers. And of course the international trend is away from centralised bargaining.

So we are responding to all of this, and trying to strengthen centralised bargaining. Plant level bargaining on the same issues already settled at the IC undermines centralised bargaining. We have seen that in our strikes, and with companies like Barlow Rand. In fact, we have proposed that the house agreements,

which are separate from the MA, be scrapped too.

The wage negotiating scenario seems incoherent at the moment. You have the house agreements separate from the main agreement, you have historical wage negotiating arrangements on top of the MA in a number of companies which will continue, and you have the council MA which up until now set minima, but this year set actual increases. Has the union got a view of where this should all go in order to become coherent?

Our leadership believes that there should be no increase in the number of plant level arrangements which allow bargaining *on the same issues* as covered in the MA. Bargaining on other issues, such as the ones I have already mentioned, at plant level or company level is essential. Secondly, negotiating increases on *actual wages*, rather than on minima, at the IC prevents companies like Barlow Rand from undermining centralised bargaining by offering increases *above* the minima. Their wages are already higher, so a percentage increase on the actual wage means a bigger increase. This absorbs what they would otherwise give in plant level negotiations.

It's not automatic and it's not complete, but it will *tend* to discourage further plant level bargaining on those issues. So there will a gradual tendency towards centralisation. But it will require a far more coherent strategy on our part as to what we bargain at what level.

Does this movement towards centralisation not open the danger that companies which are rich and have a greater capacity to pay, will earn super profits because they will no longer face pressure at plant level to pay much bigger increases?

There is that danger. But firstly, many such companies have, in any case, always refused to negotiate wages at plant level, despite our

struggles to force them to do so – Anglo companies, for example. Secondly, it is not clear that wage bargaining is the best way to distribute those extra benefits. We are saying that there must be a whole *area* of negotiation around efficiency and restructuring, and one of them must be negotiating the investment of surplus. The benefits of increasing efficiency must be used to improve the conditions of workers *and* to provide jobs. This is not the same as profit sharing, which would benefit only the workers in that specific company rather than workers more broadly. There is a danger of creating a labour aristocracy, especially as workers get more skilled. This needs more debate.

You mentioned changes to law as well as necessary changes in labour market institutions. What kind of changes do you want to see?

There is a need for the labour movement now to carry out a law review project. In the past, we looked at labour law. Obviously there are a wide range of other laws that effect the labour movement. We want laws that help democratisation in the economy, anti-trust laws, democratisation of media. All of those things are important.

Labour market institutions and statutory bodies is another very important area. Labour market institutions up to now have not really been vehicles for the formulation of industry policy, but they should be. They should be an integral part of it. There are other statutory bodies – research councils, consumer councils – which need to be beefed up/restructured. They need to become something very different, much more active and capable of dealing with policy debates.

We need a legal framework that enables you to develop rights on the shopfloor and in the company much further than previously. You would perhaps want to have rights that facilitate the development of democratic practices in business. If those rights affect ownership, so be it. ☆