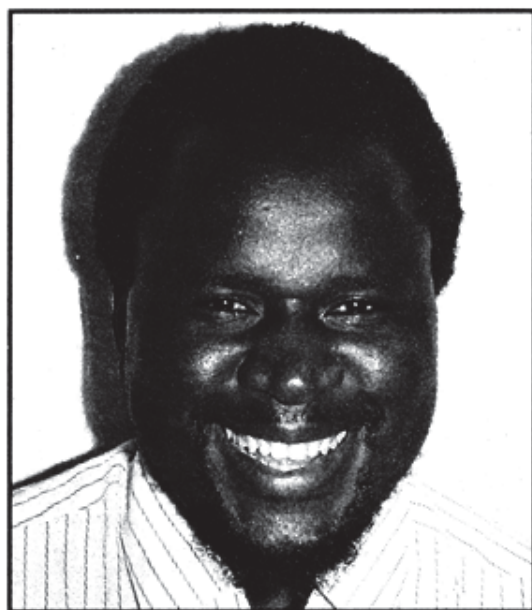


the **role of the** **trade union m** *in the* **future**

Photo: William Matlala



TITO MBOWENI from
the ANC's Department
of Economic Planning
gives his views*

When our struggle against apartheid lead to a partial victory in February 1990 and De Klerk was forced to unban the liberation movement, a new phase in the struggle for democracy opened up. It enabled us to formalise the tripartite alliance between the ANC, COSATU and the SACP. This alliance is based on two traditions. Firstly, there was the alliance between the ANC, the SACP and SACTU which had been established in the fifties and continued to exist in the long years in exile. Secondly, the new unions that were established in the seventies became part of the mass democratic movement alliance of popular, mass based organisations inside the country which emerged in the eighties.

The relationship between labour and capital ✓

This alliance is important for many reasons which go beyond the current struggle against apartheid. This is in a sense the beginnings of a possible pact amongst the forces in the oppressed communities which will find expression in the reconstruction period. Much as the relationship between the democratic state, the union movement, civics, student and teacher organisations and other organs of civil society is important, so is the relationship between capital and labour.

In the past there were two competing, diametrically opposed positions on the relationship between labour and capital. The

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more dominant conventional economic view portrayed trade unions as a distortion in the labour market. According to this school of thought, trade union action drove up the price of labour and resulted in less employment than was socially and economically optimal.

The policy implications of this position were simple: smash or limit the powers of trade unions in the interest of maintaining perfect competition in the labour market. This would allow the price of labour to be determined, like that of any other commodity (such as an orange or a bicycle), by the 'objective' forces of supply and demand.

Such arguments were of course supported vigorously by many within the business community and the richer members of our society. But this is often a self-interested ideological position. In a market economy, resources get channelled towards areas where there is greatest (monetary) demand. Thus, in a highly unequal society such as ours, the structure of production tends to reflect the needs of the rich rather than the poor. It is thus not surprising that free-market arguments fail to appeal to the labour movement and the poorer sections in South Africa. They do not buy the idea that labour is simply another commodity or that the benefits accruing to the rich are ultimately in the interests of the poor.

The alternative, radical, perspective was very different. In this school of thought, the capitalist class was able to exploit workers precisely because they were disorganised and relatively powerless. The bourgeois state of

course supported the business community against labour. Economic dynamics were portrayed in terms of class struggle - as a war between labour and capital over the distribution of economic surplus between wages and profits. The policy implications were equally simple: empower trade unions as a means of limiting (if not eradicating) the exploitative potential of employers. In extreme versions of the argument, the 'workers state' acting on behalf of the workers was seen as a far more advanced manager of industry than the private capitalist class.

However, with the collapse of the commandist central planning system in Eastern Europe, it is now clear that state centrist responses to the failures of the market system are not adequate.

Conflict and co-operation

It seems that these days both the old-style conventional free market and state commandist positions lack intellectual currency. It is now widely recognised that the market system of economic organisation involves a simultaneously conflictual and co-operative relationship between labour and capital in both the production and distribution of economic surpluses. The class struggle is very real, but if workers withhold their labour or business people their capital and their management skills, then both sides lose. Put more positively, where workers and employers co-operate in improving the competitive position of the firm, both sides benefit to a

great extent. It seems that the Japanese system bears some eloquent testimony of this. Increasingly, debates within economic theory now emphasize the need to see labour as more than a commodity or as merely a variable cost of production. Recent evidence suggests that a co-operative partnership between labour and capital is a crucial determinant of stability and international competitiveness.

Labour as partner

Although fundamental conflicts of interest will always remain between labour and capital, the co-operative nature of economic production should serve as a basis for consultation and negotiation about specific economic and social issues. However, for the economic system to acquire any legitimacy whatsoever, organised labour must be accorded a position of power and influence. Business must come round to accept labour as a partner in production rather than simply a cost to be minimised. Programmes to achieve higher levels of productivity and profitability should be agreed upon by business and the trade union movement.

The obvious question which presents itself at this point – particularly amongst business people – is whether the labour movement will act responsibly if given greater power and influence. The more cynical among business people may believe that the unions will simply go on a wage spree and destroy what is left of the South African economy.

We are convinced that this is an unduly pessimistic position. The lessons from Germany, Sweden, Austria and other countries suggest that workers respond very well to the need to keep their firms competitive. It doesn't take much for a worker to understand that her/his position is infinitely better off if the enterprise stays afloat and grows, than if it collapses under the burden of excessive costs and lower levels of productivity.

However, for workers to make this judgement, they must be in a position to evaluate key trade-offs inherent in the wage demand and incorporate them into their strategic thinking. If organised workers are well informed (and trust

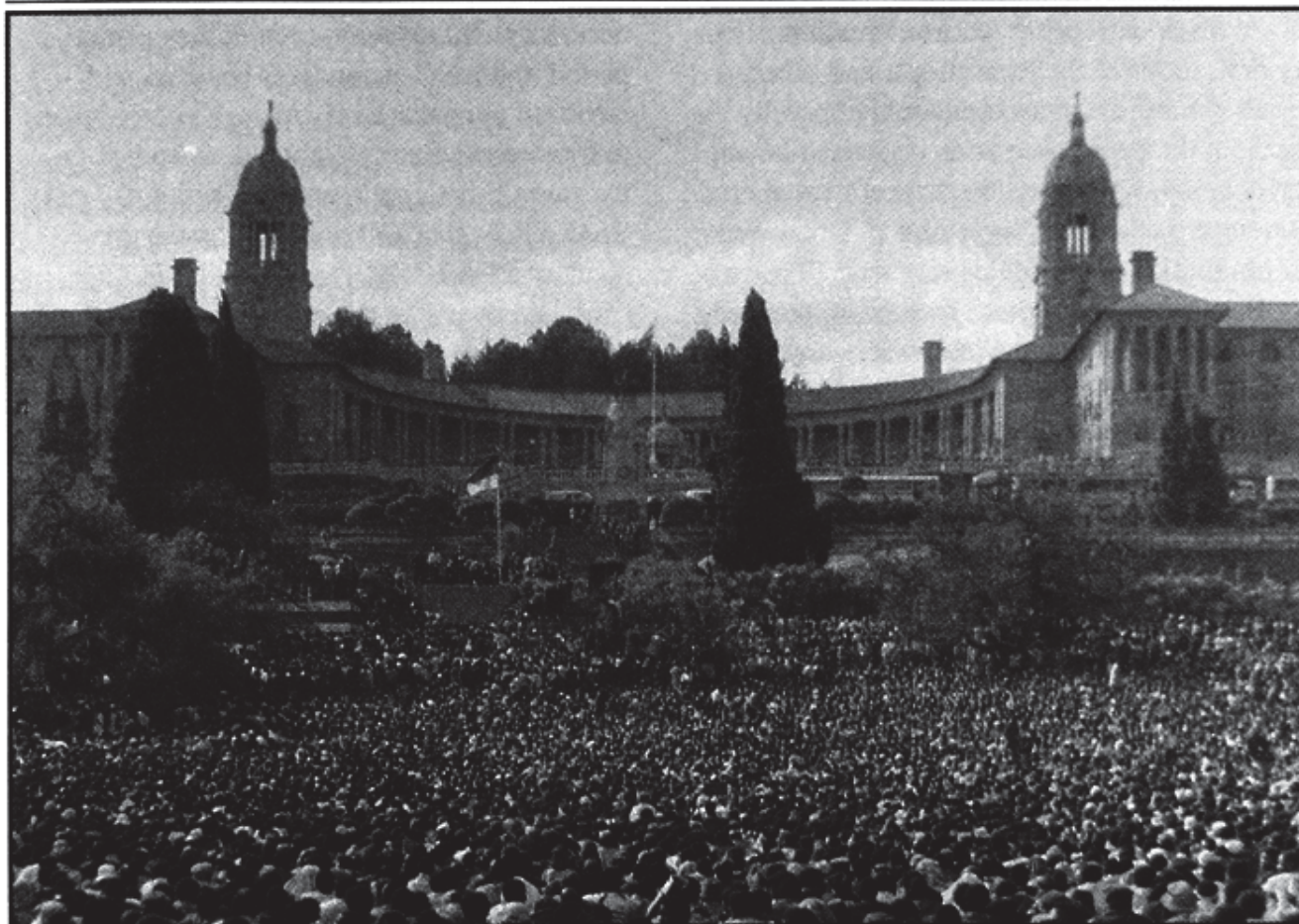
the information) about the possibility of wage growth eroding the competitiveness of firms, then they will be more prepared to co-ordinate their wage demands (as they do in Germany and Japan) with increases in productivity. This entails a totally new and trusting approach to the relationship between capital and labour in South Africa. Management will have to alter its secretive stance and provide unions with detailed information about the company's economic position and include workers in key decision-making processes.

The need to boost productivity

Under these conditions, there need not necessarily be a conflict between the interests of maintaining profitability and the demands of the labour movement for a living wage. The key factor here is productivity growth. If productivity improves fast enough, then the South African economy will be able to finance both living wages and growing profitability. The challenge facing this country, in the light of the above, is thus to boost productivity – and to do so in a way which generates further employment.

Trade unions often respond in a hostile manner to calls for improved productivity as a condition for wage increases. They feel that workers are being blamed for our country's poor productivity performance. However, as any economist or business person knows, productivity is primarily related to technology development, availability of skilled labour and the character of management. It is our opinion that whilst further education and training of the workforce will boost productivity, the primary responsibility of improving productivity rests with management.

Management in this country needs to respond positively and immediately to the challenge and take the lead in improving productivity. If this is done in conjunction with trade union support, then we are convinced that South Africa faces a bright economic future. Management must play its part. The trade union movement is already focusing on these issues. For example, COSATU has initiated an Industrial Strategy Research Project which is taking the issue of productivity



ANC/COSATU/SACP rally at the Union Buildings - what will happen to the alliance when the ANC is the official occupant?

Photo: William Matlala

and improving South Africa's export performance very seriously.

There is growing room for co-operation between management and labour. If the two sides can enter into a more trusting relationship, then there need not be a major trade-off between a living wage and productivity growth.

What of the future?

The pressure on unions to identify with the goals of national development will be considerable under a democratic government. In post-colonial Africa and other less developed countries, for example, governments have expected unions to play a dual role: first, that of sacrificing their narrow interests to the overall demands of national development; and second, the representation of the economic interests of their rank and file members. The argument for this reversal of the primary role of unions to be developmental rather than representational has been based on the belief

that trade unions represent a small and allegedly privileged proportion of the labour force in these societies.

This post-colonial temptation to co-opt or worse still crush the trade union movement is a real one. We are of the opinion that this temptation can best be avoided through the development of methods and institutions which seek to increase mutual co-operation and joint programmes whilst ensuring the independence of the trade unions and other organs of civil society. In this case for example, two sets of Reconstruction Accords could be entered into. Let us call these *Reconstruction Accord A* and *Reconstruction Accord B*.

Reconstruction Accord A would involve an alliance between the ANC, the union movement, the civics movement, women's groups/movements, youth and student organisations, mass organisations for educational restructuring, associations of the unemployed and the aged, small and medium

sized black enterprises, consumer unions, organisations of the rural people and others. Such a multipartite accord would hopefully prevent the emergence of an organised labour aristocracy. This would be an accord anchored amongst the hitherto oppressed and excluded communities of our society.

Because many of these sectors are precisely the weakest, the poorest and most marginalised in our society they will experience the most difficulty in developing stable national organisations. For that reason, institutional representation on all national economic bodies should be guaranteed – as an active stimulus to these sections of our population to form national organisations which would occupy the representational space provided. Furthermore, the state should be required to make resources available – in a manner which does not compromise their independence – for the purpose of supporting and assisting the growth of such organisations.

The aim of such a restructuring accord would be to ensure that the agenda of national reconstruction is characterised by the demands, wishes and objectives of the forces of transformation. Such an organised pact would better ensure still that there is a better impact on the outcome of the negotiated pacts with other powerful forces in our society.

Reconstruction Accord B would be an agreement negotiated with other forces which are not included in *Reconstruction Accord A*. The most important of which will be the private sector, in particular the corporate sector. But there may be others who have to be part of the accord and whose importance will render them critical for the success of such an accord. In the negotiations for *Reconstruction Accord B*, an agenda for South Africa's reconstruction will indeed begin to emerge and the trade union movement – given its unique position – will without a doubt play a key role in this.

Of course such a multi-partite accord does not rule out a social contract between employers and labour. We would welcome such initiatives. However, for such social contracts to be effective and successful, strong nation-wide organisations are absolutely

necessary. That is why, even in the current period, the ANC encourages business and labour to pursue actively their respective plans to forge greater unity among their bodies. In the case of the employer organisations, SACCOLA, SACOB and AHI on the one hand, and FABCOS, NAFCOC, CBE, CBF, CTA and others on the other, need to establish representative national organisations; COSATU, FEDSAL and NACTU should as well continue efforts to establish one trade union centre which will include all the organised working people in South Africa.

Broad-based alliances

The approach we are suggesting is one of broad based alliances and solutions that impact positively on the South African economy, the poorest people and the general development of our society. In our view, this approach does not necessarily involve a complete rupture with all existing institutions. Some institutions are reformable whilst others are not. In other areas entirely new institutional arrangements will need to be established such as the multi-partite *Reconstruction Accords A and B*.

Let me mention a few examples of those institutions that we would like to radically reform. We support COSATU's demand for the restructuring of the National Manpower Commission (NMC) – although we prefer to call it a National Labour Commission – from a purely advisory body to a representative structure dominated by the negotiating parties – organised labour and employers – and in which the existing arm of government (the Department of Manpower) is present.

At our recent National Conference on ANC Policy Guidelines we gave strong emphasis on the need to develop human resources. They are our greatest asset and source of national wealth. The ANC believes that without massive and consistent investment in our human resources we will be unable to achieve the economic development and growth that we need to ensure a productive economy.

The ANC is committed to the establishment of a national training fund to promote human resource development. The fund will include a

levy on employers. There will be a vigorous skills upgrading programme, especially for the most disadvantaged sectors of our society, in particular women, youth and rural people. The ANC's human resources policy has the objective of active labour market policies aimed at developing and directing human resources to areas of social and economic need, including rural development.

Training will be linked to economic policy and form an integral part of the restructuring of the economy. All workers should have the right to paid education and training leave. Retrenched and unemployed workers should have the right to retraining to help secure employment in other sectors. Access to education and training should be available throughout a person's life to enable her/him to keep pace with technological changes and continually develop his/her abilities in order to achieve secure employment and a rising standard of living. Provision should be made for the recognition of skills which people already have. Such recognition should be linked to and

public sector, the recent disruption of the hospital sector could have been averted. We also reject the current structure of the labour force in the public sector where separate employment laws exist for permanently (predominantly white) employees and temporary (predominantly black) employees. The development of increased security of tenure for certain public service employees is a necessary condition for an effective affirmative policy in that sector.

Conclusion

The challenge facing semi-industrialised countries such as South Africa is to fashion new institutional arrangements between labour, capital, the democratic state and other organs of civil society. Indeed the crux of the successful transition to a new democratic order lies precisely upon such institutional innovations – strong labour movements can propel transition to democracy, but this requires both institutional innovation and

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integrated with a national accreditation system.

The ANC Labour relations policy is aimed at fostering industrial peace and the settlements of dispute through bringing our labour law into line with the recommendations contained in ILO conventions. We support their recommendations to extend the coverage of the Labour Relations Act to sectors of the economy that are not covered or have inadequate legislation such as farm and domestic workers.

Of particular importance are the recommendations on the need to remove the current restrictions on strike action to place South Africa in line with international principles of freedom of association. I might as well add that had adequate structures for collective bargaining, conciliation procedures and provision for legal strikes existed in the

economic strategies with a high degree of sophistication.

This is the challenge that the ANC has committed itself to. If we are to succeed in this daunting task of economic and social reconstruction, the economy will need to be healthy, that is, continuing growth and profitability. We are far more likely to succeed if the economy is growing than if the economy continues along its present path of decline. But clearly, the democratic state will not be able to achieve the desired growth and development path on its own. That is why the emphasis in this paper has been on the need for the active co-operation of the democratic state, the trade union movement, business and all other organs of civil society. Reconstruction Accord A and B are proposals to achieve this required form of co-operation. ☆