

Towards transforming SA industry:

a 'reconstruction accord'
between unions and the ANC?

by KARL VON HOLDT

At a workshop late last year NUMSA delegates discussed the idea of a *reconstruction accord* between the trade unions and the ANC. The reconstruction accord would be an agreement on an economic strategy for national development. Civic organisations and rural organisations could also be party to such an accord. Such a reconstruction accord could give concrete content to the alliance between COSATU and the ANC in a post-apartheid South Africa.

The NUMSA unionists at the workshop argued forcefully that the unions need to

develop their own perspective on how to achieve economic growth, development and redistribution in a democratic SA. This would be the basis of an economic policy which the unions could take to the ANC - and other political organisations - as their proposal for the content of the reconstruction accord.

These ideas reflect a growing concern in the union movement about the serious economic problems facing SA. The economy is in a long-term decline, and at the same time the world economy is changing in ways that

could further weaken both the SA economy and the trade union movement.

The ideas discussed in NUMSA indicate the beginning of a shift from the *politics of resistance* to the *politics of reconstruction* in the trade union movement. As South Africa struggles towards democracy, unionists are discussing the role and responsibilities of their organisations in a new SA. The leadership of NUMSA is arguing that the unions need to initiate and lead the formulation of economic policy, rather than simply responding to the initiatives of the

state and management. This has implications for all levels of collective bargaining. For example, NUMSA is now investigating the possibility of bargaining over production levels in a way that does not compromise their members' interests.

Restructuring of the world economy

The workshop was organised by NUMSA's research department. The proposals that were discussed in the workshop are not, at this stage, NUMSA policy. They are still being discussed in the policy-making structures of the union.

Delegates from around the country heard university researchers present analyses of the restructuring of the work process in the world economy, and describe some of the restructuring already happening in SA industry. They were also addressed by three leading businessmen, who put forward their views on the future of the metal industry.

Changes in the world economy

In the past decade there have been great changes in the world economy. The changes have been so great that many researchers believe that they amount to a *new system of production. This new system*



A 'reconstruction accord': giving concrete content to the alliance between COSATU and the ANC

Photo: Morice/Labour Bulletin

of production has been described as 'post-Fordism' to distinguish it from the Fordist system of mass production which has dominated capitalist production since the 1920s.

Researchers described some of these changes:

- More and more computers are used in production. This has linked design, production and marketing across the world.
- Computers have made production quick and flexible. The companies and countries which have become most successful on the world market are

those which can produce a wide range of high quality and varied products, and which can quickly change their products to meet new demands.

- The new system is highly competitive. Manufacturers have to continuously develop and improve their products, increase the variety of what they offer, and respond rapidly to market changes and changing demand, otherwise they fall behind. This does not only apply to companies - countries which fail to develop competitive industrial



**Computer controlled knitting machines:
new technology brings new challenges**

Photo: Morice/Labour Bulletin

strategies fall behind and are doomed to stagnation and decline.

- Introduction of computer technology has often gone hand in hand with new ways of organising work, which were pioneered in Japan: Quality Circles, Just-in-Time, Green Areas and other forms of 'participative management'. These systems all aim to increase efficiency, productivity and quality by trying to encourage workers to use whatever ideas and skills they might have to increase production. In order to achieve productivity, quality and flexibility, management needs the *co-operation* of workers. Some analysts argue that the new system of production sees workers as a 'resource' rather than a 'cost'.
- The skills required of workers have been changing. While some workers learn a range of new skills

(multi-skilling), others lose their skills (de-skilling). There is a tendency for increasing differentiation among workers. 'Core' workers are highly-skilled, receive good pay and benefits, and enjoy job security, while low-skilled 'secondary' workers enjoy none of these benefits.

- The new system of production has only been successful in countries with a highly trained workforce and very efficient technical education, starting at school. In countries like Japan, South Korea or Israel, there are so many engineers and accountants that many work on the shopfloor as ordinary workers. This obviously increases the skills on the shopfloor.
- A relatively high degree of state planning and intervention in the economy has been a crucial factor in those countries which

have successfully adopted the new system of production and become competitive in the world market. Examples are Japan, South Korea and Taiwan.

Restructuring in South Africa?

Researchers also addressed the question of whether the international trends described above are emerging in South Africa. The main points made were:

- While there is an increasing use of computers in manufacture, it is still at a very low level; its piece-meal use means it cannot reach its full potential.
- A number of employers are experimenting with Quality Circles, or beginning to use Just-in-Time; however, this is also still at a low level and used in a piece-meal fashion.
- There is an increasing skills differential within the black working class, with the majority of black workers employed as semi-skilled operators.
- Skilled (often white) workers are organised in different unions to the semi-skilled and unskilled black workers; this makes it difficult to develop a coherent union strategy on training and career paths.
- The low level of skills in SA, and the crisis-ridden education system, are enormous barriers to a development of post-Fordist production systems in SA. In general, the research suggests that there is a slow

and unco-ordinated drift of new technology and new methods of organising work into SA, rather than a rapid and co-ordinated transformation. The most important point, however, is how ignorant unionists and researchers are of what changes are really taking place on the shopfloor. More research is an urgent necessity.

The vision of the businessmen

Leslie Boyd, chairman of Anglo-American owned Highveld Steel, Theo van den Bergh, MD of Toyota, and Altron director Richard Savage, addressed the delegates on the future of their sectors of the metal industry.

All three businessmen pointed out that the end of apartheid will not solve SA's economic problems. Each pointed to specific obstacles. Boyd said that there is a slow-down in domestic demand for steel products. Major users of steel, such as the mining industry and parastatals such as Eskom and Transnet, are investing less and so placing fewer orders. This, together with a looming international recession, means tough times for the steel industry.

Savage argued that the electronics industry has very little potential for growth: the state is cutting back radically on the Post Office budget, so there is a decline in orders for telephone and communications equipment. Also, political negotiations in SA mean the military industry -

a major user of electronics - is cutting back its orders. There is a worldwide slump in the electronics industry, he said, and it is virtually impossible for SA to compete with Japanese and other electronic products on the world market.

Van den Bergh also painted a bleak picture of a saturated vehicle market and the difficulty of expanding exports. SA products are too expensive, and SA companies are barred from selling cars in overseas markets by conditions in their contracts with the overseas car companies which supply them with technology and parts.

All three businessmen argued that future growth will require a co-operative relationship between unions and business, and industrial and political stability. In Savage's words: "We need to develop a partnership, such as for example in Germany. Unions need to be involved in the problems facing business."

Savage and Boyd said unions would have to accept wage restraint if manufacturing is to become internationally competitive, and all three appealed for an end to sanctions.

NUMSA delegates at the workshop felt that the businessmen did not have a coherent strategy for industrial growth. The businessmen did not seem to foresee a comprehensive programme to introduce new technology or new methods

of production into their businesses.

NUMSA official Geoff Schreiner challenged Savage on this issue: "All the business speakers are asking us to make concessions on co-operation, wage restraint, sanctions, productivity and bargaining levels. But what are you offering us? What are you offering in terms of genuine sharing, and in terms of a strategic vision of growth?"

All Savage could offer was "more dialogue at plant level."

NUMSA education officer Alec Erwin then commented that "business is badly organised to look at these questions. You only look at economic issues from the perspective of your respective companies. The unions have no one to talk to on these issues, because business has no strategy. For all its weaknesses, the ANC has the most developed economic policy of all parties."

A union strategy for development

After the talks by the researchers and the businessmen, the NUMSA delegates turned to the task of developing their views. Several points were made by unionists:

● The SA economy cannot avoid the effects of global



Rural organisations and civics should also be party to a 'reconstruction accord'

Photo: Cedric Nunn/Alrapix

restructuring. Several socialist and developing countries have tried to protect themselves against international competition, but this only led to deeper economic crisis and the collapse of industry. If SA adopts a defensive approach it will only become less and less competitive internationally. It is essential to adopt an offensive strategy and take the initiative.

- The talks given by the businessmen showed that essentially business does not have a programme for substantial restructuring - they are backing the economic status quo. In some countries, for example Australia, the labour movement has taken the

initiative and developed an economic strategy for the country. The unions cannot leave the responsibility for economic development in the hands of business - they tend to focus only on the interests of their own industry.

- Because business is backing the status quo, any proposal the unions might have for restructuring will probably come up against massive resistance from the conglomerates. The trade unions will have a huge battle on their hands, and this means they will have to strengthen organisation as well as devise a strategy to break the power of the conglomerates.
- A union-led economic de-

velopment strategy will only be successful if the unions have sufficient organisational and political power. The union movement must have its own policy, irrespective of the policies of organisations such as the SACP and the ANC. There is no prospect for successful restructuring unless the working class has strong influence over state power, unless there is a strong state involved in decisive, coherent planning; and unless the state is democratic and involves the unions.

- It might be a good strategy to enter into a 'reconstruction accord' or agreement with a political party which is sympathetic to the working class

and likely to become the government. The key player would probably be the ANC, but other political organisations would not be excluded. This would not be a 'social contract' with capital, but an agreement between unions, civics, rural organisations and progressive political organisations on a national development strategy. It could strengthen the position and perspective of the working class. However, negotiating such an agreement would, in itself, be a struggle between different groups with different interests. The unions would have to develop a clear economic policy, and strengthen their organisation, as the content of the agreement would reflect the balance of forces between the different parties. After a reconstruction accord had been drawn up by the unions, the progressive political organisations, the civics and rural organisations, etc, these organisations would have to take the accord to business and negotiate an agreement with it.

- The unions would have to be very careful with such a strategy. Business is pushing for a social contract or partnership with labour, but that must be avoided. Employers will be wanting to use restructuring to maintain profitability. Union aims would be an increase in employ-

ment; earning a living wage; the production of goods and services needed by the people; and increasing worker power and positioning the working class for moving towards socialism.

- Some analysts argue that as a system of production post-Fordism requires the co-operation of the workers. This may mean that it could be used to increase the power of the workers, as managers are forced to seek their co-operation.
- Although management has a piece-meal approach to post-Fordism, it is introducing new technology and methods of production. The multi-nationals are important sources of this. Shopstewards and organisers will need training and a union position on 'participatory management', productivity and flexibility so that they can negotiate confidently. The union will need research, information and education programmes. In short, the unions will need "retooling".
- There is a desperate lack of concrete information and analysis of SA industry. This makes it difficult to plan an effective strategy. More research is needed.

Towards a union economic policy

Unionists at the workshop stressed that a union strategy for economic development

has to be comprehensive, covering all levels from the economy as a whole down to workplace organisation.

All aspects of the strategy for restructuring should fit into an overall economic strategy for growth. Current COSATU and ANC views favour a strategy of "growth through redistribution". This was not discussed in length at the workshop, as the focus was on restructuring of work.

Manufacturing industry and the metal sector

Specific economic strategies would have to be adopted. The unions would have to draw up a policy for the restructuring of manufacturing industry so that it becomes the main engine for growth. This policy would have to be linked to specific policies in each sector, eg metal, textiles, chemicals, etc. Industries and products with potential would have to be identified and developed.

For example, currently stainless steel is not manufactured in SA - the steel is exported and turned into stainless steel overseas. If SA established its own stainless steel plants, it would open up the possibility of developing a large stainless steel products sector. This kind of mineral beneficiation - manufacturing more advanced materials out of raw minerals - could be an important growth area.

There would have to be a series of councils at industry and sector level for develo-

ping and implementing these strategies - a manufacturing industry council, a metal industry council, an auto council, etc. There could be state, union and business representatives on the councils.

Training and skills development

- ✧ Post-apartheid SA will inherit an enormous burden of people with poor education or no education at all, and a low level of skills. This will be one of the greatest obstacles to economic development and competition on the world market.

The union movement would have to develop a comprehensive proposal for training and skills development. This would aim to provide the skills necessary for economic growth and for handling new technology. Such a training programme should also allow workers to constantly develop their skills and further their careers.

This would end the situation where workers get stuck as unskilled or semi-skilled workers, and cannot develop themselves further. The unions should push for a job grading system and for career paths that allow workers to move from one job or industry to another, and to earn equal wages for equivalent work. The union has already initiated a project to develop a training programme (see *Labour Bulletin* Vol 15 No 1).

Participation and productivity

The union would have to research 'participatory management' structures such as Quality Circles, and develop policies on them. Where they can advance workers' skills, their control over production or power the union should use them. The point was made that while the union may have a policy against such structures, in many factories workers and shopstewards participate anyway. This could be a problem, because it happens on management's terms and without guidance from the union.

The union should also look at issues like multi-skilling and multi-tasking, as well as bargaining over levels of production, and should assess whether they advanced worker interests or not. Shopstewards should be equipped to handle negotiations over these issues.

The unions should develop their own initiatives in all these areas so that they can increase the power and control of workers, rather than simply responding to management initiatives.

Collective bargaining

All of these initiatives would require a strengthening of union power in the collective bargaining system. Bargaining would have to take place at different levels. For example:

National collective bargaining (such as, for example, the COSATU-

NACTU-SACCOLA negotiations) could cover issues arising out of a 'reconstruction accord', such as investment priorities for public sector and private sector investment; investment codes for foreign investment; the role of pension funds in investment; labour market issues such as a framework for training, minimum wages, etc; international trade controls and incentives; and worker rights.

Industry level bargaining could cover issues such as restructuring the industry; job security and job creation; skills needs and training; job grading and career paths; benefits; wages and developing a wage policy for the industry.

The unions would have to work out what sort of issues they want to negotiate at *company and plant level*.

Restructuring - dangers and opportunities

Researchers and trade unionists pointed out clearly that industrial restructuring holds many dangers if it is carried out according to the agenda of big business. Some of the effects that have been felt in other countries, and are beginning to be felt in SA, are:

- job loss as new technology replaces workers
- deskilling, as skilled jobs are broken down into many unskilled or semi-skilled operations
- co-optation, as more skilled and privileged workers are drawn into co-

operative relations with management; 'participative management' explicitly seeks to do this

- deepening divisions in the working class between an elite of skilled and privileged workers, and a layer of less skilled, lowly-paid workers who have no job security; divisions also deepen between employed workers and a growing mass of unemployed.
- new technology and new management techniques are intended to increase profitability and make workers work harder.

These are the dangers when restructuring is introduced by management. The question is whether the working class can devise a restructuring programme which avoids these problems. Schreiner summed up the question in these words: "Can we devise our own restructuring programme which *advances* the interests of the working class and takes us towards the goal of socialism?"

The goals of the working class in such a restructuring were summarised by the workshop as:

- increasing employment
 - a living wage, and employment and income security
 - meeting society's basic needs
 - increasing the power of the working class
 - orientating the economy to take account of international economic conditions and the world market
- In order to achieve these

goals, the workshop concluded, it would be necessary to

- integrate industrial restructuring and a broader economic development strategy
- strengthen organisation
- 'retool the union' by strengthening research and information and education programmes
- explore the possibility of establishing a reconstruction accord with the major progressive political actors
- develop the institutions of collective bargaining.

Moving towards socialism - or revitalising capitalism?

The idea of a union-led strategy for economic growth marks a break with 'militant abstentionism' and the exclusive focus on the politics of resistance. NUMSA leadership believes that such a strategy could make the SA economy competitive in the international capitalist economy. It also believes such a strategy could bring the benefits of more jobs and a greater spread of wealth, increased worker power, and higher wages and increased skills.

Is it possible to achieve this? The countries which have been most successful at industrial and economic restructuring have often been

authoritarian and undemocratic. In countries like South Korea and Taiwan, efforts to organise unions have been harshly repressed. It is questionable whether economic growth has benefitted workers.

One of the dangers of a union-led programme for economic growth which takes place in a capitalist society (as post-apartheid SA will be), is that the unions may land up revitalising and strengthening capitalism. The domination of capital, both in the economy and in the state, could increase and lead over time to a more co-operative relation between the labour movement and business. The prospect of any kind of break with capitalism and movement towards socialism would then become more and more remote.

The sort of industrial restructuring outlined above relies heavily on the existence of a layer of skilled workers able to use the new technology and help increase productivity. This is the layer of workers that would benefit most from restructuring and the new opportunities it offers. These are also the most articulate, confident workers who can easily rise to leadership positions in the unions.

Indeed the leadership of most COSATU affiliates already consists of such workers. There is a danger, then, that if the unions lead a programme of introducing new technology and management techniques, they could increasingly reflect the interests and aspirations of the



Union meeting, Germiston: "can we devise a programme for restructuring which advances the interests of the working class and takes us towards socialism?"

Photo: Morice/Labour Bulletin

most skilled and articulate workers, and neglect the interests of semi- and unskilled workers.

Such a development could lay the basis for an organised labour aristocracy. This could lead to a more collaborative relationship between unions and management, assisting to revitalise capitalism rather than transform it. The underpaid and less skilled workers would be pushed to the margins of society.

Trade unionists at the workshop were aware of these dangers. They stressed that a training and skills development programme must reach all workers, including the least-skilled. Such a programme must upgrade the skills and provide employment for all workers.

They also stressed that a union strategy for restructuring would only be successful if the working class has sufficient organised power - in

the workplace, in collective bargaining forums, in the communities and rural areas, and in the state - to back up its proposals and compel society and the capitalist class to accept them.

They stressed too that a working class strategy for industrial restructuring and economic development would have to focus on *increasing* the organised strength and consciousness, and the skills and control, of the working class, or it would never lead in the direction of socialism.

The ideas explored in the workshop are exciting, and offer the hope of economic growth that may lead, not to a revitalised capitalism, but to transcending it. However, if these ideas are to become a real force in society, the union movement will have to strengthen its capacity for research, education and struggle. ☆