

# *Victory for Zimbabwean workers?*

**O**n 4 September the Zimbabwe government bowed to trade union demands to scrap a range of taxes and levies. This humiliating concession, a victory for labour over a government with whom it has constantly been at loggerheads, was a last minute bid to avert a five-day stayaway scheduled for the following week.

In terms of the tripartite agreement signed by business, labour and the state, government will withdraw a 2,5% increase in sales tax, scrap a 5% 'development levy', and consider the removal of a 15% tax on pension profits. It is less amenable to the Zimbabwe Congress of Trade Union's (ZCTU)'s suggestions that the 55 member ministerial team be cut to 15 posts, and that the country withdraw from the conflict in the Democratic Republic of Congo.

The government's climb-down followed a year of confrontation between the Mugabe regime and the ZCTU (see 'This is class warfare', *SA Labour Bulletin*, vol 22 no 5, October 1998). The retreat is an indication of the growing might and militancy of the Zimbabwean workers' movement.

## **Conflict**

Further conflict between the two players seems, however, almost inevitable. Since November 1997, the Zimbabwean dollar has lost up to 50% of its value against major currencies. Combined with an

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*by Lucien van der Walt*

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average inflation rate of more than 30% this year, and interest rates of 40-plus%, the corporations' costs of production are rising. Both parastatals and private business are seeking to raise their prices. The Zimbabwe Electricity Supply Authority, which has had to spend an unbudgeted Z\$1,4-million to pay for power (40% of which is imported), wants to increase electricity tariffs by 36%. Petrol prices have risen by 20% and large-scale maize millers have threatened to halt production entirely if they are obliged to continue producing at unprofitable prices. The price of essential drugs has doubled.

Price increases are precisely what the Mugabe regime is most anxious to avoid. Sharp increases in the price of basic goods in January 1998 led to three days of food riots, in which eight people died after troops were deployed. A Zimbabwean industrialist interviewed in *The Financial Gazette* in September argued that sudden and dramatic price increases would provoke 'revolution'.

After the food riots, business and government began to informally consult one another about proposed price changes. In July, the government gazetted a maximum price for maize. Price controls were phased out as part of the neo-liberal



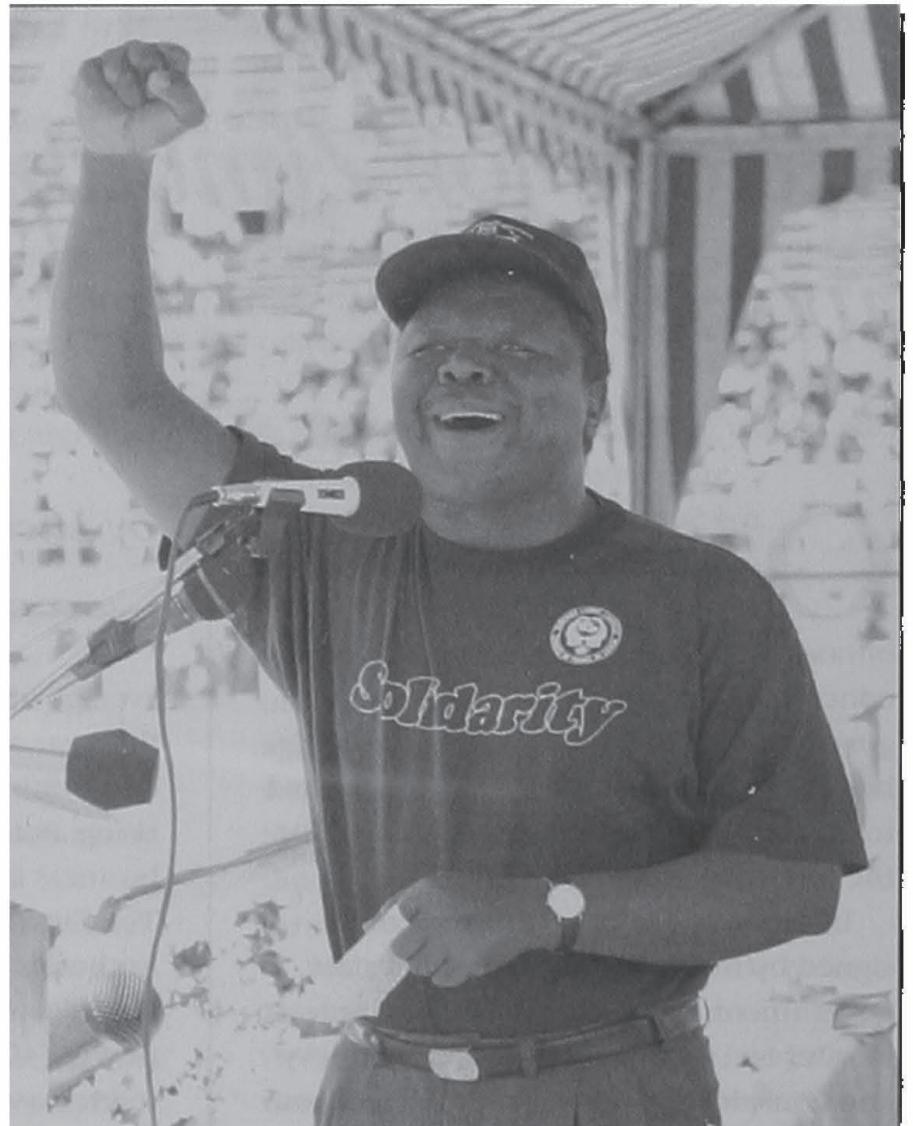
Economic Structural Adjustment Programme (ESAP) adopted by the government in 1991.

Clearly, government cannot indefinitely postpone price increases, particularly given its commitment to ESAP. Instead, it has begun to try and phase these in. In August, electricity tariff increases were announced. At the end of September, food prices increased by 20%. These were, however, halted in the face of a threatened ZCTU stayaway. At some point, there will have to be a reckoning on this issue. The outcome will indicate which class forces, and class interests, will prevail in Zimbabwean society.

### Corporatism?

A final development worth noting is that the ZCTU has now agreed to participate in a government-led economic think tank set up to find solutions to the country's severe economic problems. Labour has also been invited to participate in a constitutional reform 'task force'.

The unions had previously boycotted the state-created National Economic Consultative Forum (NECF) as a 'toothless talk shop'. The full implications of involvement in the NECF are as yet unclear. The purpose of participation is to find 'solutions' to rising prices, inflation, interest rates, economic crisis and mass unemployment. There is a very real danger that the ZCTU leadership may end up committing itself to the sorts of ESAP reforms whose impact on its constituency



Pic: Rob Cooper AP

ZCTU leader, Morgan Tsvangirai.

the ZCTU had previously opposed.

Whether government itself is seriously committed to consultation with labour, remains to be seen. It is possible that the invitation to labour to join the NECF may prove to be less of an olive branch than a branch coated with lime to trap prey. ★

### References

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