Weathering the storm

Fedusa's response

The global economic crisis has left no one unaffected. **Krister Janse van Rensburg** outlines how South Africa's second largest union federation, Fedusa, has responded.

The Federation of Unions of South Africa (Fedusa) late last year prepared a proposal titled 'Weathering the Storm' to present to the Joint Presidential Working Group. This meeting took place at the Union Buildings and was chaired by President Motlanthe. The proposal spoke to the implications of the global economic crisis on the lives of workers and presented strategies to help weather the storm.

IMPACT OF ECONOMIC CRISIS

The global economic meltdown started with the food crisis and high oil prices, followed by the subprime mortgage crisis of the United States. This led to a banking crisis, which manifested as a credit crisis with the knock-on effect of an employment crisis, which is impacting on workers in South Africa.

The food crisis of 2008 began with fundamental shifts in supply and demand combined with cyclical climatic conditions which sent prices soaring to unprecedented levels. This threatened to plunge 100 million more people into hunger, to severely hamper educational and health spending and to undercut development efforts in scores of poor countries.

The Economist's food price index rose to its highest level and the United Nations and other experts believe that even if food prices level off, they are likely to remain high for years to come.

Oil has plummeted by nearly $100 a barrel since record highs of over $147 in July 2008, with demand shrinking as the credit crisis hit large consumer nations. Growing expectations that the Organization of Petroleum Exporting Countries (OPEC) might cut output again, was instrumental in the increase in oil prices. The Venezuelan oil minister Rafael Ramirez urged OPEC to agree to cut supply by one million barrels per day at an emergency meeting held in Cairo. Faithful to the rule of supply and demand, artificial limitation is a common strategy of oil-producing countries to force oil prices upwards.

Rising oil prices are directly linked to other basic commodities like foodstuffs. This in turn has a detrimental inflationary effect on developing economies.

ILO Director-General Juan Somavia commented that the ILO's preliminary estimates indicated that the "number of unemployed could rise from 190 million in 2007 to 210 million in late 2009. The global financial crisis could increase world unemployment by an estimated 20 million women and men."

He added that the number of working poor living on less than a dollar a day could rise by some 40 million – and those at two dollars a day by more than 100 million. The crisis would hit sectors such as construction, automotive, tourism, finance, retail, services and real estate.

In the US the unemployment rate for October 2008 was 6.5%, but many claim that this is an underestimation. The number of Americans who applied for unemployment benefits hit a 16-year high, pushing jobless citizens receiving this type of government aid to its highest level in 26 years.

The official unemployment rate in South Africa stood at 23.1% in June 2008 and 23.2% in September 2008. This means that 80 000 jobs were lost in this period. However, unemployment rates as an indicator tend to lag – in reality jobs are lost at a faster pace than indicated in the unemployment rate.

ESCALATION OF JOB LOSSES

Fedusa affiliates are already feeling the pinch, with many reporting that red lights are flickering in terms of job security.

Its biggest affiliate, Uasa (United Association of South Africa) which organises in 30 industries including the mining sector, reported that several companies are in the process of downsizing. In the diamond mining sector, De Beers is contemplating retrenching 30% of their workforce, 1 067 employees, at their Kleinsee and Venetia mines. Petra Mining has retrenched 300 of their 358 workers, with the remaining 58 continuing with


Fedusa's biggest affiliate, UASA, reports that companies are downsizing in a range of mining industries

selective operations.

In gold mining, First Uranium in Klerksdorp has retrenched all but 162 employees of their once 1 152 workforce. The remaining 162 employees are just engaged in care and maintenance work, meaning that production has ground to a halt.

Also in the Klerksdorp Buffelsfontein region, Simmer and Jack commenced consultations with unions in terms of section 189a of the Labour Relations Act. Through this process, Uasa was successful in limiting job losses to just over 100.

In platinum mining the news looks better, with both Anglo Platinum and Impala Platinum saying that as long as production levels are maintained and the platinum price remains stable, there will be no retrenchments. There will, however, be re-skilling, redeployment, and restructuring to maximise efficiency. At Impala there is a moratorium on new appointments.

Musina Platinum (Lonmin Limpopo), however, has retrenched all but 66 of their 1 552 workforce. Again the remaining 66 are only maintaining the infrastructure for possible future use.

Lonmin Marikana (Brits) is contemplating retrenching 3 000 workers and 1 000 independent contractors. Fortunately it looks as if these figures could be far less, thanks to negotiations and the formation of task teams to investigate the different divisions and recommend alternatives to management. Management has agreed that there will be no retrenchments before the facilitation process is finalised.

The Motor Industry Staff Association (Misa) is also foreseeing problems. The retail motor sector is taking serious strain with many franchised dealers scaling down or closing down. These include McCarthy Motors, Sandown Motors, Associated Motor Holdings, and Toit's Motors and the estimated figures are close to 650 employees. Misa and Numsa (National Union of Metalworkers of SA) have jointly requested an urgent summit with the Retail Motor Industry Organisation of South Africa and its employer members to address the crisis.

The United Transport and Allied Trade Union (Utatu) reported that about 150 employees from Freight Dynamics will be retrenched nationwide. Freight Dynamics is one of the numerous business units sold off by Transnet and is the third to start with retrenchments once privatised. There is a serious concern that the state is gradually selling off business units from state-owned enterprises.

The South African Typographical Union (Satu) is in consultation on national level with the print media, especially in the editorial and production divisions, where it plans to retrench workers. Satu called on employers in this industry to carefully consider alternatives.

The National Union of Leather and Allied Workers (Nulaw) has reported that members who work for the tanneries that supply leather seats for car manufacturers are also facing job cuts. These include BMW and Daimler-Chrysler. At Bader SA Tannery 68 jobs have been lost and at Seton SA, 98 were retrenched. They blame the global economic crisis as they are manufacturing for export.

Retailers are reporting that Christmas sales were not good. This will impact on the leather and footwear industry as retailers will be reluctant to place new orders because of high stock levels left over from Christmas. This is certain to result in shoe factories declaring short time.

On a positive note, there is a revival of local footwear, leather goods and handbags' manufacturing as retailers like Woolworths and Edgars have increased their local sourcing.

The National Democratic Change and Allied Workers Union (NDCAWU) which organises blue-collar workers from various sectors, also reports job losses. Apart from 40 workers retrenched from a furniture factory in Alberton, a further 20 construction workers lost jobs in Krugersdorp. Short time is also being proposed by a plant in Rosslyn, Pretoria which manufactures exhaust silencers, mainly for Volvo trucks.

COMMITTED TO SOCIAL DIALOGUE

The Fedusa National Executive Committee deliberated on the global crisis and concluded that we need an economic rescue plan for working families and the real economy, with policies that deliver decent jobs for all. Our efforts at social dialogue at a national level between government, labour and business towards addressing a global surveillance system to ensure that the same mistakes are not made again, are at this stage vital to us weathering the storm.

Fedusa's proposals aimed to protect workers from the negative impact of the crisis, and to ensure that every step is taken to protect South Africans, support productive enterprises, and safeguard jobs.

Flowing from this, Fedusa recommended these broad strategies:

- Ensuring the flow of sustainable credit to invest in the economy.
- Protecting people most exposed, including extending social protection and unemployment benefits, and promoting training, retraining and placement services.
- Supporting productive, profitable and sustainable enterprises together with a strong social economy and a viable public sector, so as to maximise employment and decent work.
- Ensuring that social progress is not undermined by the economic crisis.
- Developing strong cooperation between social partners in order to address the crisis, and also to engage in the multi-national system such as the World Trade Organisation (WTO), the International Monetary Fund (IMF) and the International Labour Organisation (ILO) towards implementing measures aimed at addressing the crisis.
- Promoting a conclusion to the Doha round of trade negotiations for the sake of enhancing the benefits to developing countries, by maximising local job creation and production capacity.
- Reserving the right to adequate market protection to promote our domestic industries, maximise local employment, beneficiation, and targeted exports.
- Creating a stable macro-economic environment where the focus is on real growth and job creation, rather than the one-sided and failed approach of inflation targeting.
- Protecting workers against the downstream effects of the global economic crisis by reducing interest rates.
- Reviewing strategies for attaining the Growth & Development Summit goal of halving unemployment by 2014, within the context of the global economic crisis.
- Enhancing employment in the public sector by developing infrastructure such as schools, hospitals, clean water and sanitation, public transport and energy.

The proposal was received well by the President and fellow union federations, and it was decided to set up a task team to prepare a solution to the problem at the National Economic Development and Labour Council (Nedlac). This team worked through the festive season and a working document is in the final stages.

All crisis interventions have the purpose of ensuring that entrepreneurs can invest, innovate, and produce decent jobs, and goods and services in a market which is fairly regulated. Fedusa believes that the promotion of sustainable enterprises and decent work opportunities has to be at the centre of any global solution to the crisis.

A respect for collective

Venetia diamond mine where De Beers may retrench 30% of workers

bargaining which can promote better productivity and better pay and conditions of service will ensure long-term employment growth and social justice for all. Fedusa believes that balances between different interests can solve the crisis.

Fedusa supports the ILO position that even before the financial crisis, there was a crisis of "massive global poverty and growing social inequality, rising informality and precarious work – a process of globalisation that had brought many benefits but had become unbalanced, unfair, and unsustainable." These issues were amongst the many considered by the fourth Fedusa National Congress and have resulted in policy positions to guide social dialogue for the coming three years.

Fedusa believes that the combined efforts of the social partners will be successful, and that workers and their families will not be left to weather the storm alone or without the necessary social protection. LB

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