Terms of empowerment

Jan Theron critically examines the effectiveness of the unions as representatives of the working classes, employed and unemployed.

In 1982 Mathew Booi's (not his real name) employer started deducting subscriptions from the wages of the African workers, for a trade union that they had never joined The workers could see that this particular union would do nothing for them Like the established union movement of which it was part, it represented sectional interests.

The ordinary workers in the bakery were, for the most part, African men. But there were coloured women in the confectionery department who had been members for many years and had little to show for it. It benefited those in privileged positions. Categorised in terms of occupation, they were supervisors, clerical and skilled workers In terms of race and gender, they were coloured men

The unions' mission

Mathew led the workers to a new union. Its foundation struggle was to stop the deductions to the union that the bosses preferred To do so, it had to unite men and women across racial lines. This was its defining mission as a union to overcome deep-rooted divisions in the working class through organisation.

These were the very divisions that the established union movement had helped entrench. The new union distinguished itself from that brand of unionism by identifying itself with the 'independent' union movement.

More than 15 years later, Mathew is a shopsteward of the same union. Recognition at this bakery led to recognition at others elsewhere. The wages won there set a standard for a whole sector.

But there were unforeseen consequences It had proved uneconomic to operate a confectionery at the wage levels the union had negotiated, whilst small bakers and corner cafes could pay workers what they liked. The coloured women were retrenched. Confectioneries elsewhere in the country shut down at about the same time. And employers and others started becoming increasingly vocal about promoting small enterprises

New divisions

The union has changed in ways that are difficult to reconcile with its earlier mission. True, there is no longer a racial divide between ordinary workers and those in privileged positions Mathew himself is now a supervisor. But the ordinary workers are not united. The significant division nowadays is between the permanent workers and temporary and casual workers.

The temporary workers are simply workers who have not been permanently appointed. But there is nothing temporary about the work they do Some have been there for two years. Although they never joined the union, the employer deducts subscriptions from their wages The irony is not lost on Mathew.

Casual workers are, by definition, not employed for more than three days a week. Yet 25% of what they earn is deducted for tax. This troubled the permanent workers enough to raise it with their employer. The employer obtained a letter from the Receiver's office, which he interprets to support the practice.

Case of disempowerment

Organisation at the bakery used to be a flagship for the sector. This is apparently no longer so. Equal pay for equal work is a fundamental tenet of union organisation Now the most vulnerable group of workers in effect forfeit 25% of all they earn. However, according to the Receiver's manual, those employed 'on a regular basis for less than 22 hours per week' are exempt from tax deductions. The catch is that to be exempted the casual workers must furnish the Receiver with a written declaration. Most, if not all, casuals at the bakery could qualify. But no one, including the union, has helped them furnish a written declaration. Why?

It is perhaps understandable that permanent workers might not want to stick their necks out for casuals. Where jobs are scarce, those with 'permanent' jobs will be more than ever concerned to keep them.

For this reason and others, the concept of 'working classes' seems increasingly strained Mathew and the casuals nevertheless do have underlying interests in common Both still depend on the same employer In failing to challenge a patently unjust practice the union appears to have taken on the character of the union it once displaced, only the sectional interests it now represents must be defined differently It is concerned with workers with permanent jobs.

It was through the capacity of the independent unions to overcome division in the working classes that they earned their political prominence. The division now confronting the union movement is between those in and out of jobs. The capacity of unions to meet it will determine whether they end up representing sectional interests, or the interests of the working classes.

'The most cynical observer could not have predicted the ease with which certain 'unionists' would be recruited to the new economic elite.'

Accumulating a surplus

The union Mathew and his fellow workers joined prided itself on being decentralised. The branches controlled the head office, and the members controlled the branches. Members paid (but could withhold) subscriptions to the branch The branch paid (but could withhold) an affiliation fee to the head office. This was never more than 30% of the subscription.

In 1982 Mathew's subscriptions were less than 1/2% of wages But for lower-paid workers the percentage was higher. Subscriptions were fixed in cash to ensure that workers at different wage levels received equal treatment. It was also a control. The union had to justify its expenditure of the workers' money. It also had to justify a surplus to win members' approval for an increase in subscriptions.

When COSATU was established, most unions favoured a highly centralised form of organisation mainly because almost all unions were heavily reliant on donor funding, routed through union head offices. The head office employed all organisers, and allocated money to the branches. Head office control was later further consolidated when unions decided to fix subscriptions at 1% of wages.

This created an incentive for unions to be indifferent towards all lower-paid workers It became far more lucrative to organise higher-paid workers The increase to 1% also increased the unions' income substantially. But this was not to mean there were more organisers in relation to members, or that organisers would provide a better service

Instead head offices accumulated substantial surpluses They have used these surpluses to establish investment companies or trusts This represents a radical break with past practice, and the notion of union independence from employers. When the Anglo-American Corporation sold Johnnic to the National Empowerment Consortium, Mathew's union was one of several unions that put up the funds. The union he belongs to has effectively become his employer, through its stake in the consortium.

An injury to most

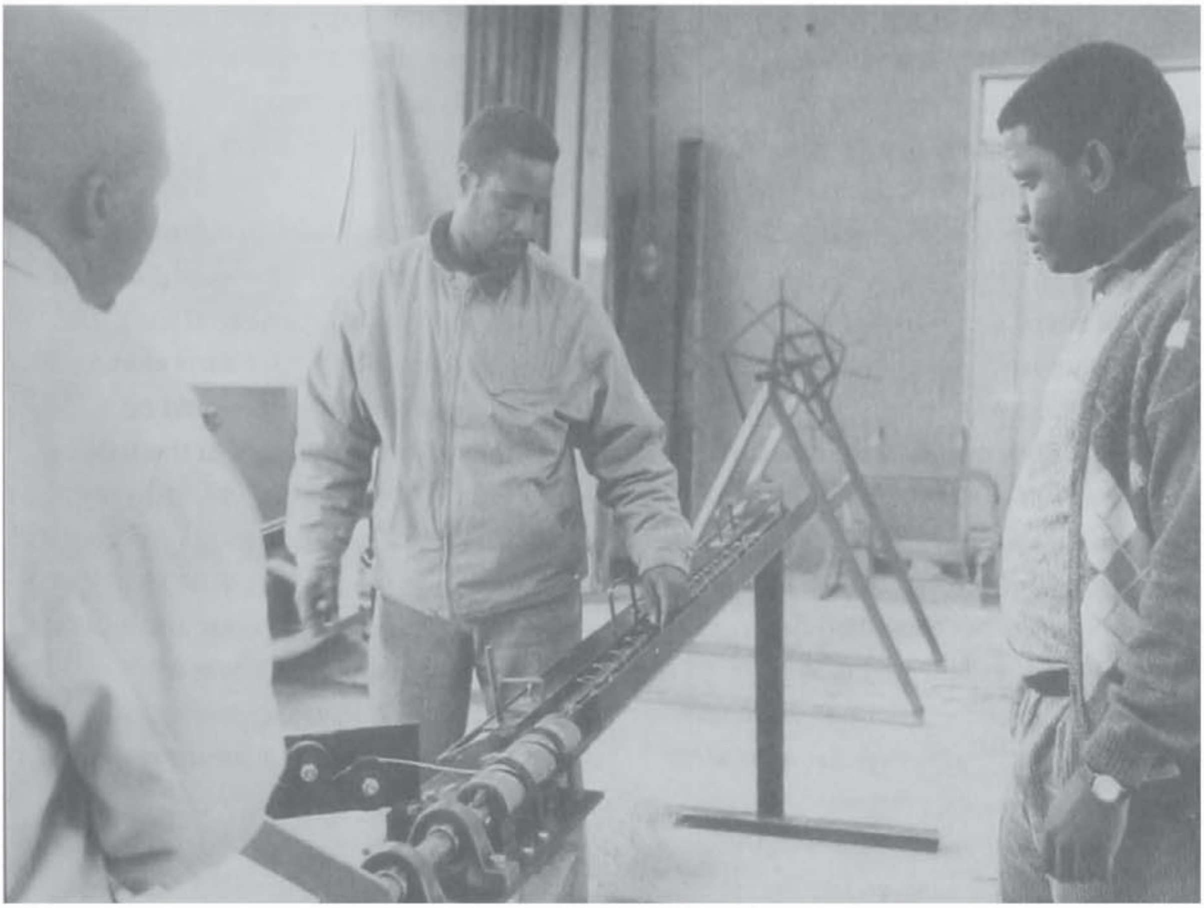
'Unions, as progressive institutions, needed to play an active role in the economy through investment,' a unionist-turned-financier is recently reported as saying The argument goes that despite possible contradictions that may exist between capital and labour, union investment companies are a way of creating wealth, jobs and bringing about transformation.

Union investment companies were not established with any transformative agenda They were, by and large, established in haste, without consulting members, and with no declared agenda whatsoever. The material basis for the decision to establish investment companies was the influx of cash due to increased subscriptions But this does not explain how the leadership of unions, supposedly committed to notions of worker control and democracy, came to take such a decision without a mandate from members. This is surely indicative of a degeneration of organisation.

If material conditions determine conduct, it would also be naive to expect union investment companies to behave differently from any other business. There is no evidence to suggest they do. COSATU's September Commission acknowledges as much. 'Business is business' is the prevailing sentiment amongst them. Business being business, union investment companies are not likel to acquire assets at a discount. They are also not likely to behave differently, havin done so

The logic of corporate take-overs is to maximise returns. Retrenchment and closure is one scenario. Investment where returns are higher is another: financial services, entertainment and high-tech sectors like telecommunications, the very sectors in which the working classes are least likely to find employment.

If this is the creation of wealth, there is nothing new about the process Only the participants are different: the union shareholders and the entrepreneurs who cut the deals involving investment of workers' money. But the mere fact that workers' money is invested in a company does not empower workers. On the



The co-operative at Mhala Development Centre, Mpumalanga.

contrary, it creates an independent source of income for the union bureaucracy It makes them less reliant on the effectiveness of their organisation for an income. It also creates enormous scope for patronage, whether in the form of directorships or freebies.

Besides the bureaucrats, the obvious beneficiaries of union investment are the leadership in line for these favours The transformation in social relations this represents is their increasing identification with the shareholding classes

To say that unions are progressive institutions in the context of promoting this kind of development is false. Unions only have a progressive potential – in their capacity to overcome division. Equally, unions have a tendency to slide into serving vested interests, whether of a section of the members, or of the bureaucracy and leadership, or worse still, to become vehicles for individual self-enrichment.

An awareness of this tendency fuelled the vigorous debates about the content of the new unionism, in the formative years of the independent union movement The protagonists were primarily intellectuals from a middle-class background, more or less committed to empowering the working class

To this extent there was a countervailing tendency It is therefore not surprising that yet another unionist-turned-financier finds it necessary to trivialise these debates, in an article defending his move into union investment companies.

Bridging the new divisions

New working-class institutions are needed. If unions are to realise their progressive potential, they must put resources into establishing them In a situation of chronic unemployment, they cannot hope to bridge the divide between those with and without jobs on their own

These will have to be institutions targeted at those without jobs. Individuals with vision, commitment and capability will be needed to establish them. What will motivate such individuals? Self-interest will always be a motivating factor. But self-interest does not have to translate into a culture of self-enrichment and greed.

The union movement itself is an example of how persons driven by considerations other than material self-enrichment established new working-class institutions: both worker leaders and middle-class intellectuals who shared certain values, primarily the value of solidarity. For worker leaders this often meant putting their jobs on the line for fellow workers For intellectuals, the token of their solidarity was that they were not in it for the money.

The capacity of unions to counter division can only be sustained by a culture of solidarity But investments in disregard of the possible contradictions they give rise to can only stifle such a culture. The contradictions that arose after the unions bought into Johnnic illustrate why.

A model of empowerment

According to financial commentators, the National Empowerment Consortium paid a premium for its shareholding in Johnnic. They did not link the premium the unions paid to the retrenchment of about two thousand Premier Group workers not long afterwards, or to the closure of its flag-ship bakery in Isando

A further 'extensive rationalisation exercise involving the retrenchment of thousands' was reported in October 1997, amidst speculation that Premier would be sold to its main competitor. The takeover never materialised. Instead, Premier and the union jointly devised a 'rescue plan'. This envisaged the bakery 'outsourcing' certain operations and reducing its workforce.

Thus Mathew's own department, cleaning, was to be 'out-sourced'. A private contractor would be engaged to do the job, employing his or her own workforce. The permanent workers would be accommodated elsewhere in the bakery. The temporary workers and casuals would lose their jobs. But the union preferred the contract to go to its own. Who better than Mathew, the then supervisor, and a person of proven capabilities? It was a proposition Mathew had to seriously consider, even though it meant resigning a permanent job

The union would help him tender for the contract In terms of the deal it brokered with the company, he could borrow the equipment the bakery used. The bakery would also maintain it for a limited period. Eventually Mathew would have to buy and maintain the equipment himself.

Mathew's only assets were his provident fund contributions, and what the company would pay him in respect of accumulated service. He was unwilling to capitalise these, to invest in equipment.

He could, of course, go to any of a number of agencies offering start-up capital for small enterprises. But it would only make sense to do so if he was able to repay the loan and interest. The bottom line was that his running costs would have to be less than it was costing Premier to do the job There was only one way someone in Mathew's position could cut running costs – by employing workers at wages significantly lower than he would be prepared to accept as a shopsteward.

Mathew would employ his workforce on a temporary basis But how would he get workers to work for him for less than

'There is nothing temporary about the work some temporary workers do.'

the bakery paid? The union's indifference to the tax deduction from the casual workers' wages acquired new significance. What more natural solution, than for Mathew to employ the casual workers. The take-home pay of the casuals is considerably less than that of the other workers. They would surely work as temporaries for him for this much less

Dependent contractors

Organised workers are increasingly confronted with Mathew's predicament. But it is not only in the context of retrenchments from outsourcing that the possibility of turning workers into contractors arises.

Employers are increasingly restructuring their enterprises so that their responsibilities devolve on contractors Take the case of farmworkers in Grabouw. Before the state allowed farmworkers to join unions, tens of thousands would be employed picking apples Some farmers now employ no seasonal workers Instead they engage contractors.

Contractors are paid per bin of apples picked. They in turn employ their own workforces. Discipline is the contractor's responsibility All the indirect costs of employing a workforce are eliminated It is up to the contractor to provide for the welfare of the workers. In its pure form, the need for supervisors and managers is virtually eliminated. Labour relations as conventionally understood becomes a thing of the past.

It is a situation rife for the crudest form of exploitation. The contractors' margin of profit is the difference between what they receive and what they pay their workers. The incentive to pay as little as possible is made even more potent by the transient nature of the employment relationship.

Although legislation distinguishes between employees and 'independent contractors', it is questionable whether contractors such as those operating on the farms in Grabouw are independent in any real sense. Even where one contractor is engaged by a number of different farmers, it is the farmers who determine the parameters of the relationship between contractor and workers. It is to the farmers that workers would have to take demands for higher wages or improved conditions The contractors cannot realistically be expected to meet them. They are reliant on the farmers to preserve an arrangement that is not only lucrative, but also collusive. It is designed precisely to enable the farmers to avoid entertaining workers' demands.

ILO proposal

The ILO recently proposed a convention concerning 'contract labour'. This seeks to regulate the relationship between the contract worker and the 'user enterprise' where work is performed under conditions of dependency or subordination similar to those that characterise an employment relationship. It provides for the recognition of the rights of these workers to organise and bargain

The object is to ensure that contract labour is not used to evade labour legislation. Thus where contract labour is used 'mainly or solely for the purpose of denying rights or avoiding obligations under labour or social security laws and regulations', the convention proposes that contract workers be treated as employees of the user enterprise.

Small wonder that it sounded like a call to arms for employer representatives An inquiry into the purpose of a contractual arrangement by its very nature violates the notion of the 'sanctity of contract'. It also has far-reaching implications. It means investigating the underlying economic realities that give meaning to this kind of arrangement.

Applying the ILO test

Let us consider the economic reality in the case of Mathew. He started out as a contractor with a workforce of 12 under him. They had been 'casuals'. Now they are temporary. His contract with the bakery is to provide a cleaning service for the next two years.

There are criteria that suggest that both Mathew and the workers are dependent. They are: 'the extent to which the user enterprise makes investments and provides tools, materials and machinery, amongst other things, to perform the work concerned'; 'whether the worker works for a single user enterprise'; and 'the extent to which the work performed is integrated into the normal activities of the user enterprise'. The work performed by Mathew as a contractor is precisely the same as the work he did as supervisor It is a necessary part of the production process. It could hardly be more integrated into the bakery's operation.

The prospects of Mathew's enterprise are for the foreseeable future tied to the bakery. If he were ever able to extend its operation, it would likely be to another group bakery. Even then he would arguably be dependent on the same user enterprise.

Alternatives

For Mathew, the decisive consideration was doubtless the prospect of earning much more as a contractor than as a supervisor. He is the beneficiary of the arrangement. But this is so in terms of a budget drafted in consultation with the union. The same budget stipulates his workers' pay. The union invited Mathew to jettison wage standards they raised together It has sanctioned the arrangement as well as an idea of the individual entrepreneur as the engine of economic development

For employers, sponsoring dependent contractor arrangements is a way of avoiding the standards that unions establish. For this reason alone one would have expected unions to articulate an alternative

Mathew would not have dreamt of being an entrepreneur if his employer, and the union, had not suggested it. He would also not have overcome some serious misgivings had they not persistently pushed the idea.

There are alternatives. A group of workers in Grabouw devised one. They had declared a dispute with the farmer who, they claimed, had dismissed them The farmer claimed that a contractor had employed them. He was nevertheless willing to facilitate their re-employment. Only it had to be through a contractor It did not have to be the same contractor who employed them, but he only operated through contractors.

The scheme they settled on was not exactly what the farmer had in mind They decided to elect two representatives to act as contractors in their dealings with the farmer. Two were less likely to deviate from their mandate than one. The farmer would pay the representatives on the same basis he pays contractors But the payment would be divided equally amongst the workers

This demonstrates that ordinary people, in this case unorganised workers, are not solely driven by material self-interest. Where a co-operative solution is possible they will often prefer it. As one of the pickers put it, they all come from the same area. They do not want any one to be 'higher' than another. It could be the beginnings of a co-operative venture, whereby a group of workers organise themselves to provide a service But the prospect of such a venture being viable are surely better where workers are organised, and have a claim on the resources of a union Why could Mathew and his workforce not have formed a co-operative to provide cleaning services to the bakery?

Why not co-operate?

The 'needs and aspirations' of the casuals Mathew has employed are clear enough They want stable jobs. If Mathew's enterprise was ever able to provide them, it would be surprising if they did not make demands. A demand for wages Mathew could not 'afford' would call into question the basis of Mathew's relative privilege.

Mathew's current 'needs and aspirations' are to make a profit He may feel entitled to do so, after the years of struggle But this will not insulate him from a relationship that is liable to become increasingly antagonistic.

Mathew has been induced to opt for an individual solution, at the expense of finding a collective solution for a group. But the extent of his profit may not be sustainable, in which case the individual solution will be short-term The contract is supposed to run for two years, but whether it runs to term will above all depend on how he manages the antagonistic relationship with his workforce The bakery may terminate on one month's notice. His position as contractor is not secure.

The alternative seems obvious – for Mathew and the workers to jointly own and democratically control an enterprise. But the problem on which such initiatives frequently founder would have to be confronted from the outset. There would have to be a manager for it to be viable. By virtue of his acknowledged experience and leadership skills, Mathew could be manager. He could even earn a 'manager's' salary, though this would not be as much as he is going to earn as a contractor. What incentive would there be for Mathew to accept such an arrangement?

His prospects managing a co-operative depend on the success of the collective. But at least he would not have to abandon the values of co-operation and solidarity he learned in the union.

A co-operative could genuinely empower workers. It would be targeted at those without jobs It would benefit more than an individual. If empowerment of workers and working classes has any meaning, it must surely mean empowering collectively, that resources are pooled and benefits are shared equitably. Undoubtedly such a project will always be beset with difficulty But so too will be the set-up of a dependent contractor.

The capacity of any enterprise to overcome difficulties and become viable also depends on the kind of resources it can draw on. The agencies government has set up to assist small enterprises are not geared to deal with the particular problems a co-operative enterprise would face. Private agencies are even less likely to be supportive The backing of the union would be critical, but the union appears to have set its face against providing this backing This reflects a shift in union thinking away from co-operatives as vehicles for empowerment.

What leaders, what values?

Given the prominent role of unions in the political transition, it was inevitable that many of the new political elite would be drawn from unions. Yet the most cynical observer could not have predicted the ease with which certain 'unionists' would be recruited to the new economic elite.

They were recruited under the slogan of 'empowerment'. But empowerment that is a euphemism for the self-enrichment of leadership and a few sharp operators can only have a debilitating effect on working-class organisation. At a practical level, it means a focus on stock exchanges and markets at the expense of addressing the reality of a disempowered working class. At a symbolic level, it represents the abandonment of a model of a worker leadership, and the values of the 'social entrepreneurs' who helped build the union movement. Leadership is instead identified with upward mobility and material success.

Arrangements whereby worker leaders like Mathew are induced to abandon the values of solidarity the union once stood for are a natural outcome. Yet these values are not easily extinguished.

Recently an employer at another bakery, belonging to another group was also seeking to outsource cleaning and maintenance, and looking to the union to supply a contractor But the workers were looking for an alternative. They wanted a collective solution.

Certainly it will not be easy to establish such an alternative. On the other hand, the dive in stock exchanges and markets, and imminent recession, creates a context in which alternatives, which would otherwise be dismissed, can now be taken seriously. As to the fruits of 'empowerment', according to a recent report on the Johnnic deal 'It still looks as though Anglo is the main beneficiary of the deal that was tagged as the empowerment transaction of the decade'. ★

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