

The case for urgent economic intervention

A crucial task of trade unions is to fight privatisation and deregulation, including the onslaught on national collective bargaining structures, argues **DAVID LEWIS** of the Transport and General Workers' Union. To ignore these issues may be to help create an economy so hostile to working-class interests that even majority rule cannot remedy it.

Economic policy, like many other major issues in the South African struggle, tends to be subordinated to the struggle for political power.

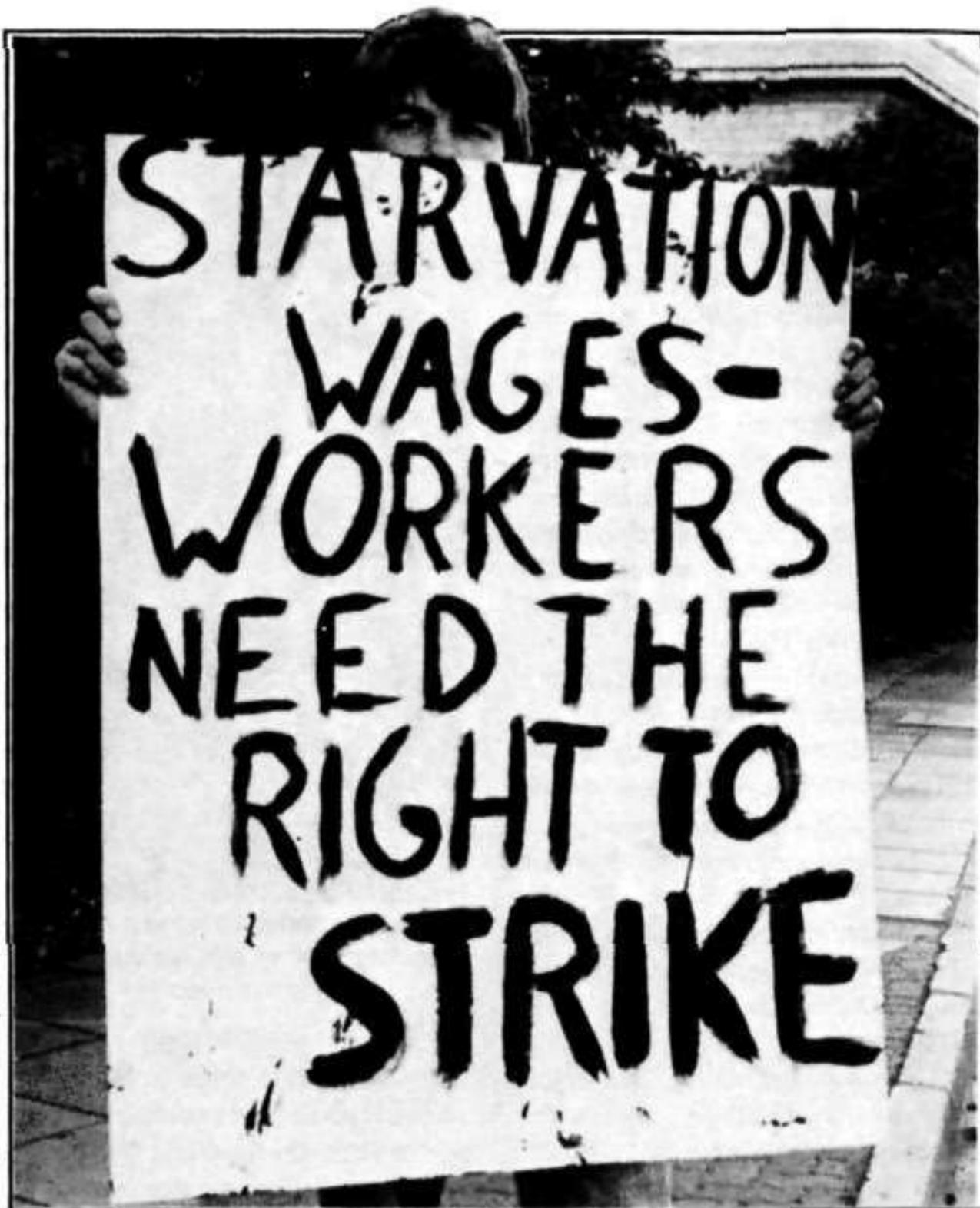
Progressive discussion of the economy, be it in university seminar rooms or union shop-steward meetings, tends at best to be located in future time when political power will provide us with the ability to determine economic policy.

Despite the Congress of South African Trade Unions' recent commissioning of the Economic Trends Group and attempts to mobilise against such state policies as privatisation, the terrain of economic policy is relatively uncontested and remains all but the exclusive preserve of the state and capital.

To allow the continuation of this situation is a serious error for at least two reasons.

Firstly, current economic policy has the clear potential to postpone liberation day. Certainly, insofar as economic policy weakens and divides (either directly or indirectly) the union movement and the popular movement, the liberation struggle itself is weakened.

Secondly, economic policy is not immediately reversible. If economic structures and practices are set in place now it will be extremely difficult, indeed impossible, to simply disband the



Anna Zieminski, Afrapix

'The current conflict over collective bargaining is important ...'

structures and reverse the policies on liberation day.

There are no better examples of this than in the reaction to two current pillars of state economic policy: privatisation and deregulation.

Both are accurately perceived as a severe attack on the union movement and the working class generally.

Both clearly set in place structures and institutions that will be very difficult to displace even with the reins of political power in the hands of the majority.

Both manifestly weaken the power and ability of the post-liberation state

to control and direct the economy and are directly and self-consciously antithetical to a planned, ordered and socialist economy.

Yet, for all their manifest dangers, it is difficult to know how to force back the tide of privatisation and deregulation.

It may be possible for well organised public sector unions to prevent local authorities in which they are organised from privatising their activities. But how do we prevent the denationalisation of public assets? How do we prevent the sales of the Iscor, Eskoms and Sats?

The marked lack of success of union and progressive political organisations in Europe in preventing similar sales is not encouraging.

One recently advanced suggestion warrants closer attention. The liberation movement, in its capacity as a future government, may consider announcing that all shares bought in assets that are currently publicly owned will, in future, be reclaimed without compensation. While this may leave open the vexed question of the nationalisation of assets that are currently privately owned, it would certainly help to discourage selling off assets currently owned by the state.

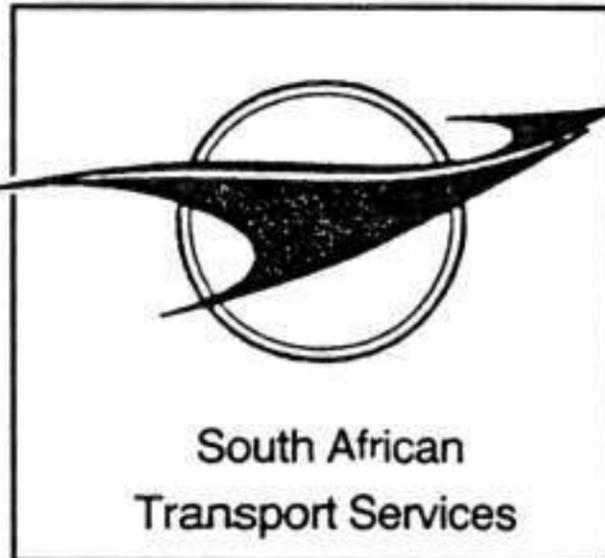
Deregulation - or 'liberalisation' as it is often referred to - may be slightly easier, and no less important, to prevent than privatisation. But there should be no doubt as to the deep commitment of both the state and capital to deregulation.

Quite clearly the nub of the deregulation drive is not, as the media would often have us believe, the lifting of racially discriminatory licensing provisions that inhibit black-owned business. Instead, it is aimed at eliminating those statutory provisions that protect working-class interests - safety regulations, minimum wage regulations and aspects of social welfare provision to which capital contributes.

Here there is a substantial capacity for union defensive action, although there is the real danger of effective union complicity in establishing a dual labour force, with the organised segment protected by private pension schemes, medical aid schemes and the like, while other workers' labour in deregulated 'small business', often producing components for big capital or services ancillary to it.

Clearly union opposition to deregulation has to extend beyond protecting its members from its immediate ravages.

It must aim instead at defending and extending statutory protection of basic working-class interests. The campaign around the Labour Relations Act is an instructive example of the unions' capacity to cripple and force



Iskor (top) has been sold off already - now how do unions stop the same happening to Sats?

changes to anti-working-class legislation.

Quite clearly, however, unions are best able to defend working-class interests - and to contribute to building a future socialist society - in areas that impinge directly upon their day-to-day activities and where they are able to exercise maximum pressure.

The structure of collective bargaining is the most important of these areas. It is therefore necessary that the unions identify a collective bargaining system that expresses the national economic objectives of the working class.

What is required is a collective bargaining structure that enables unions to pitch their demands and settlements at the 'ability to pay' of the most successful enterprises in the economy.

There are a number of macro-economic arguments that support such a high wage policy - that extend beyond the narrow corporatist interests of union members. The impact of a higher national wage level on effective demand is one such argument.

In addition, there is the impact of a national high wage policy on produc-

tivity. A policy that sets wages at the capability of the most successful enterprises will drastically squeeze profit levels in less successful enterprises, either compelling them to raise productivity or forcing them out of business altogether.

Either way, productivity levels would be raised, providing the basis for a steady increase in wages and investment.

This is, of course, in marked contrast to the current policy of capital and the state. Their approach aims specifically at underpinning unproductive employers by exempting them from collective bargaining agreements.

A high wage policy requires supporting institutions. It requires an institution that is able to provide the information and financial backing to enable workers to relocate from unproductive enterprises that are forced out of business to those that are capable of paying the agreed wage. It requires institutions that retrain workers to enable them to take up new employment in high productivity enterprises.

Above all though, this policy requires highly centralised collective bargaining structures. It requires an institutional arrangement that is capable of imposing its decisions on all enterprises in a given industry.

Moreover the notion of a wage rate determined by the concept of a living wage and by the ability to pay of the most successful enterprises presupposes that the collective bargaining institution will not only be able to set the wage, but will also be able to bargain directly over the rate of profit of the enterprises in the industry. Quite clearly the 'ability to pay' can only be determined in the context of an agreed rate of return.

Pie in the sky? Maybe. But there is a growing acknowledgement that the most important instance of deregulation is the current drive, led by capital and supported by the state, to decentralise the structures of collective bargaining.

Defending existing centralised collective bargaining structures and extending into new areas is therefore a prerequisite for building a society where



Paul Weinberg, Afrapix

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the national wage level meets the reasonable requirements of the working class and where its determination conforms to rational macro-economic requirements.

That is why the current conflict over collective bargaining structures is vitally important. Without considering all its underlying motivations and consequences, it is important to note the following points.

Firstly, capital has posted several victories in this area. Many of these victories have been relatively unheralded but are nevertheless important - as when a single company refuses to bargain nationally and forces a national union into a regionally based plant-level bargaining structure.

Other attacks have been more dramatic and public, as manifested in the wilful destruction of employer organisations and industrial councils.

Secondly, capital has by no means had it all its own way. Certain union victories, like those of capital, have been low-key but important. There is a general impression that in company-based conflicts unions have held the line against employers intent upon decentralised company-level bargaining.

In addition there have been some landmark union victories - none less so that the recent Numsa victories in the

motor-assembly and tyre and rubber sectors where major employers have been forced into centralised national collective wage-bargaining structures.

Moreover, there is real evidence of a growing intention within Cosatu to fight back on this front. It seems this will, in part, take the form of a concerted campaign against Barlow Rand, the corporation most strongly associated with the decentralisation thrust. Powerful union organisation in Barlow plants in the engineering, mining, food and paper sectors provides Cosatu with an exceptionally strong base for waging this campaign.

But for such a campaign to succeed the crucial importance of the issue must be recognised. Mostly, the facets that have been stressed to date have been the narrow organisational and industrial relations gains to be made by pursuing centralised rather than decentralised bargaining.

These are important and probably are sufficiently persuasive to win support for centralised bargaining. But they are not enough.

The struggle for centralised bargaining is not 'merely' about workers placing themselves in the structure most conducive to winning a bigger increase. It is about the organisation and the structure of the national economy.

The Labour Relations Act and the state of emergency are, in their different ways, perceived by Cosatu and the Mass Democratic Movement as major political attacks upon the working class and the oppressed and exploited masses. Accordingly, they have generated a campaign of defiance and opposition that has effectively blunted - or sometimes nullified - these attacks.

Deregulation and privatisation need to be cast in the same mould and need to be confronted with the same vigour if we are not to inherit an economy impervious to the requirements and interventions of a post-liberation government.

These may not seem like pressing and urgent issues. They are. Privatisation and deregulation are proceeding apace and are already relatively well advanced.

The issues may seem abstract and difficult to mobilise around. This assumption, too, is incorrect. The struggle for centralised bargaining is crucially important in the battle against deregulation and for a rationally planned economy. The significance of the issue is easily appreciated by organised union members.

It is quite clearly within Cosatu's capacity to blunt a major weapon in the economic armoury of the state and capital.