

MBEKI

20 August 1999

Watershed for trade unionism

The two-and-a-half months since the election have proved to be a torrid time for trade unionism in SA.

First massive retrenchments were announced at State corporations such as Telkom and Transnet - with job losses compounded by the State ending its subsidy to ERPM. Then Government held firm in the wage dispute with public service unions, implementing its last wage offer unilaterally.

To crown it all, the Minister of Labour indicated he would not stick to a promise in the ANC election manifesto - at least not yet.. The pledge was that the Labour Relations Act would be amended so that retrenchments would be subject to negotiation, not merely consultation as at present.

These developments are remarkable in the context of the formal alliance of the ANC and Cosatu. Part of the ANC's political support derives from the ranks of organised labour.. That the ANC is prepared to take a stand as the Government against its ally and part of its electorate speaks volumes for its political will to carry out unpopular decisions.

The public service trade unions were hoping their dispute with Government would not be an ordinary employer-employee confrontation but that, in the words of one trade union leader, there would be "political intervention" in favour of the unions. Government's response - a brutal one - was to implement the wage increases unilaterally.

The unions clearly overestimated their power. They also positioned themselves badly for the annual wage negotiations in the public service. After all, who has the final say on the national Budget - the unions or Parliament?

The developments have several implications.

First, the unions, even as members of the ANC alliance, are clearly weaker now than they were before the dispute. This should make the essential slimming of the public service easier and implementation of macroeconomic policy easier.

Though the confrontation cannot be compared with the Thatcher government's clashes with unions in Britain 20 years ago, the unions are now by far the junior partner in the ANC alliance.

Second, collective bargaining in the public service cannot be reconciled with the sovereignty of Parliament. New negotiating structures will have to be developed.

Third, it should be noted that the Mbeki Government is determined and full of quiet self-confidence. Today trade union allies are under the whip; tomorrow opponents of transformation or poverty relief may be targeted.

Nonetheless, all these occurrences underline the view taken by *Finance Week* four weeks ago. Businessmen and investors can take heart from the Mbeki Government's actions as far as the economy is concerned.

There is evidence of a remarkable political will to do the things that must be done.

There will undoubtedly be decisions and actions in the future that will force us to criticise the Government, but recognition should now be given for the firm action taken in the interests of the economy.

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