

Congress of South African Trade Unions COSATU



**Economic Policy Conference
22 - 24 May 1991**

REPORT

PROCESSED

***COSATU
ECONOMIC POLICY CONFERENCE
REPORT BACK***

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COSATU ECONOMIC POLICY CONFERENCE REPORT BACK

INTRODUCTION

From 22 to 24 May 1990, 271 delegates from all COSATU affiliates gathered at the SAFARI HOTEL in Johannesburg at COSATU's first ECONOMIC POLICY CONFERENCE.

Many workshops and discussions had taken place already within COSATU and affiliates in preparation for this Conference. The delegates to this Conference had the responsibility to develop a foundation from which the forthcoming COSATU Congress can adopt a comprehensive package of policies for economic reconstruction.

In addition, negotiations with the employers body, SACCOLA, are soon to take place.

The Economic Policy Conference was given the task of formulating national demands to be presented to SACCOLA.

The discussions, and conclusions reached, are recorded in the pages which follow.

OPENING ADDRESS

THABO MBEKI - AFRICAN NATIONAL CONGRESS

Thabo Mbeki is Head of the Department of International Affairs in the ANC and a member of the ANC NEC. Below is an edited version of his speech.

The South African economy is facing serious problems. The ANC as a government in waiting needs to do something about these problems.

We are not far away from a transfer of power. Our problem is we are not fighting hard enough, not sustaining an offensive, we are not organised enough. The perspective of democratic transformation is a majority perspective. Only a small minority do not want this and they can't stop the majority.

As a result of struggle, we have got the regime to move on all questions. And sooner or later all the obstacles will be removed. When the obstacles are removed, we need an All Party Congress to look at how we proceed to a new constitution.

The regime has accepted our proposal for the conference agenda, namely to discuss constitutional principles and the mechanism to draw up a new constitution. If the majority at the conference want a Constituent Assembly - there will be one! The regime agrees the Interim Government should be on the agenda of that conference. The question of the role of the international community in transition is another item on the agenda of that conference.

The Nationalist Party wants to be the leader of the process of transformation. It calls itself non-racial, and presents itself as representative of all the people of South Africa. In the past, it talked of many national minorities - now it talks of nation building, universal franchise, votes of equal value - one person one vote.

Those changes in policies of NP are in part the victory of our struggle. Not only has the regime agreed to the agenda proposed for the All Party Congress but it has been obliged to change some of its most fundamental policy positions.

Consequently, the process of drawing up a new constitution will not be as difficult as we imagined.

If that is the correct perspective - that we have the strength to move the political process forward rapidly, then the challenges in regard to the economy become obvious.

A process of political change cannot survive if nothing happens to address the problems of unemployed, homeless etc. Even the political victory will be threatened.

- This indicates the challenge to this conference. The economy must grow and generate wealth, employ more people, etc.

One of disasters of the South African economy is the **decline in rates of investment** in productive activity. Growth must mean raising those levels of investment from money generated within the country and internationally.

Foreign investors are interested. They think they can make good profit, but they say they will not come until our problems are sorted out. When they invest, they want to be sure we will not nationalise. They want to know that it is possible to take profit back to the country where the capital came from. They want to be ensured that rates of taxation are not so high that it chews up all profits. The South African economy needs an injection of foreign capital, but can we accept that foreign capital when it comes with those conditions attached?

It becomes important to address the question of an **investment code**, that is rules and conditions of investment.

We have to ensure that industry in the country grows to meet the demands of the people. But for that industry to grow - people must have money in their pockets. Where will this money come from? We cannot have a system that punishes the poor and favours the rich. **We need a system that puts money in the hands of the people so they can buy goods.**

Housing is a fundamental human right. Something must be done to build the houses that are needed. Money must be found somewhere. If there is a large scale programme of building houses, this leads to **job creation**, and those who are employed will have more money in their pockets to encourage the development of industry.

We produce gold, platinum, diamonds, etc and export it to Italy, Holland, Israel, and so on. The Italians make jewelry and re-export to SA at ten times of the cost we exported it for. Why can't we produce jewels ourselves and sell them to the Italians. Surely this will create jobs and earn more **foreign currency through exports?**

On the question of **productivity** - from 1985 to 1990, wages have risen 166% through strong unions. Yet at same time, productivity has declined 35%. Higher wages combined with lower rates of productivity lead to a collapse. We can't sustain that. The issue of productivity is critical. It is related to human resource development, training, skills, etc. **We need to raise the level of skill among workers.**

Another question is the **ownership of wealth**. The private sector is owned by a few big monopolies. For example, If we do nationalise the gold mines, would we ask the same people who are running them today to run them for us? Zambia signed a 10 year management contract for the copper mines. The first thing Anglo American did was

Our position on ending violence is we have to reach multilateral agreements which bind all parties. The government must be involved and there must be enforcement mechanisms to take action against those parties which commit any breach.

We endorse the Churches initiative to convene a Peace Conference. Our view is that a preparatory committee should be established which acts as a negotiating forum. The Peace Conference should be a symbolic Conference to endorse the agreement which has been negotiated.

We need to have a clear political programme of action. Although the Constituent Assembly process is a mechanism, the real issue is what is the content of that constitution. A constitution must empower organs of working class. We must insist on being part of the total process.

The second major task is organisation. If we take May Day only 250 000 workers and youth attended our rallies. We have 1.3 million members! That is an example of our weaknesses - we are not able to mobilise our own members effectively.

COSATU has to take the lead in building the tripartite alliance. Furthermore, we have to discuss how to unite our people in the Patriotic Front irrespective of our political differences. Our objective must be to unite the broad cross section of anti apartheid forces.

We have to discuss how to strengthen civil society - eg civics.

It is the task of this Conference to deepen understanding of our members of these issues.

- register the mother company in the Bahamas. The result was the Zambian government had no access to the records. The option of nationalisation must be one of our options, yet we must approach it rationally.

We need to grapple with these questions now, and find answers. So we manage the economy correctly.

RESPONSES TO QUESTIONS

1. On retrenchments:

Machines are replacing people. Changes in technology result in this and contributes to unemployment. In part, this is a global phenomenon and has to do with changes in technology. The restructuring of SA industry would have to take into account the need to develop industry and create jobs.

2. On the role of the All Party Congress

An elected Constituent Assembly is the best body to draw up new constitution. This is the ANC's demand. The NP says the All Party Congress must draw up a new constitution. All parties need to come together with their different proposals to decide. We need to decide whether the mechanism to achieve the goal of the new constitution is negotiable or not. The NEC view is that the mechanism is negotiable but our goals are constant.

OPENING ADDRESS

JAY NAIDOO - COSATU GENERAL SECRETARY

This is an edited version of Jay Naidoo's input to the Conference.

Since COSATU's 3rd National Congress in 1989 we have established commissions, done research, developed proposals etc on economic policy for a post apartheid South Africa. We have even started discussing restructuring of industry with employers. The union movement is beginning to play a more central role.

We need a comprehensive programme to address the problems of apartheid and capitalism.

We are going to enter into negotiations around critical issues facing the working class. In June, we begin negotiations with SACCOLA and the State. This conference has to finalise demands to take to those negotiations.

This clearly underlines the importance of this conference.

We have to consider what powers the National Manpower Commission should have and how it should intervene. Similarly the National Training Board (NTB) is vital for skills training. It is fundamental in relation to economic policy.

The ruling class wants to remove the worst excesses of apartheid capitalism but maintain the core - the cheap labour system.

To have the vote, without bread, is a transformation which is worthless to the people. We need to determine what happens to the wealth.

Violence is being used to destabilise the working class and ANC to allow the ruling class to determine the agenda of change. We demand a Constituent Assembly and Interim Government - to allow us to participate fully in the process to democracy. It is important there are no negotiations above the heads of the people.

Negotiations is one component of struggle. What about the mass component?

Economic policy formulations will mean nothing unless there is an end to violence on the ground. To stop violence we need a programme that unites the movement and the people. Decisive leadership is needed from COSATU. We require organisation. The question is not how clever we are but how strong we are.

REPORTS FROM AFFILIATES

Each affiliate gave a report of the work it was doing, or planning, on restructuring of the industries/ sectors it organised. What follows is a very brief summary of the main points.

1. CWIU

The union is facing problems of retrenchments, linked to the introduction of technology. The chemical industry (particularly plastics) is facing a crisis.

CWIU has established an Industrial Restructuring committee made up of branch secretaries and delegates from CWIU's National Sector Councils.

2. FAWU

The fishing industry is facing serious threat from international competition in South African waters. FAWU is engaging in a joint investigation with employers of mismanagement of resources.

The dropping of the bread subsidy poses a serious threat to jobs. FAWU is campaigning for the bread subsidy to be re-introduced.

FAWU is also dealing with increased retrenchments by campaigning for joint union/company co operatives for retrenched workers.

3. NUM

There are a number of economic problems facing workers, such as low standard of living, poor housing conditions, lack of education and training, etc.

Problems facing the industry include the mismanagement of resources, export of raw ("un-beneficiated") materials, lack of investment in new mining capacity, and declining real prices.

NUM is campaigning for training for workers to be able to get alternate jobs in the event of retrenchments, the need for an investment code, and the restructuring of the mining industry.

4. NUMSA

NUMSA is entering talks at an industry level with employers on job grading and industrial restructuring. It has already established Research and Development groups on a number of different areas, such as Human Resources Development.

On job security, it has given identical demands to employers from 3 industries. It is calling for the establishment of negotiating forums with senior representatives on both sides, with adequate time off for worker representatives. NUMSA's minimum demands are for these negotiations are:

- * no retrenchments
- * Agreement on basic workers rights
- * Investment decisions should be open to negotiation
- * Work organisation, new technology and manning levels should be open for negotiation
- * NUMSA's demands on training must be endorsed
- * Employers must act as a bloc.

5. SACCAWU

The union is facing problems regarding casualisation of the workforce, the reduction of full time employment and concentration of capital into a few major companies in their sectors. Promotions are focussed on the shopstewards, weakening the union.

It is engaging in literacy projects with employers at a company level. SACCAWU is also to establish a research forum in June.

6. SACTWU

SACTWU has had a Conference on the future of the industry, to which they invited employers and government.

The clothing, leather and textile sectors have not experienced any significant economic growth outside of the homelands for the past 10 - 20 years. These sectors are dependent on cheap labour. The industry is under pressure from competition based on cheap labour.

Issues which they are busy discussing are :-

- * "union label" - to indicate to consumers that the product they are buying is made by unionised workers, keeping out products made through exploitation of workers.
- * National collective bargaining
- * whether to organise in Lesotho and Swaziland
- * Alternative policy on decentralisation

7. SARHWU/TGWU

These 2 unions are having merger talks.

SARHWU is trying to develop an alliance with the white workers unions to establish industry bargaining with Transnet. This is partly inspired by the common threat facing workers as a result of the privatisation of the railways and the scrapping of the Railway Act to take place on 1 October 1990.

- Together they have formed a common front with TAWU against the withdrawal of the government subsidy for the bus service.

They are discussing a plan for a future transport system which is affordable, comfortable, meets workers' cultural needs, and gives workers greater decision making powers.

They have started to develop a programme on literacy training. They have had a literacy workshop to which management was invited.

8. TGWU - cleaning sector

TGWU is trying to establish an industrial council for cleaning workers. At this stage they are in an intensive recruiting process to have the required number of workers to establish an industrial council.

9. SAMWU

The current situation is that the people in control of local government, are not working in the interests of the people.

This requires the restructuring of local government to ensure a democratic political structure effectively serving the peoples' interests. SAMWU has started to discuss what kind of structure is needed in the future, and what kind of functions it will be required to carry out.

A key problem which have to be dealt with are the huge wage gaps between municipalities.

Presently, national negotiations are not possible. SAMWU is attempting to establish bargaining forums at a provincial level for small municipalities , with direct negotiations in the major municipalities.

Privatisation and commercialisation is a major problem which threatens jobs. SAMWU is attempting to meet with the relevant government ministers to discuss the effects of privatisation and restructuring of local government.

SAMWU has established a Research and Development Group into local government restructuring and human resource development.

SAMWU believes that the restructuring of local government must be linked to the constitutional negotiations.

10. POTWA

The Post Office, in the current negotiations, is linking the wage increase offer to the current problems in the economy and is threatening retrenchments.

The Post Office is engaged in a process of restructuring involving

- * new technology, electronic exchanges, etc to do work that has been done by POTWA members.
- * targetting key centres eg Soweto, Black Chain, New World to install big post offices there with private post boxes which eliminate home delivery.
- * reduction of staff by 20% out of 93 000 workers next year.

The postal service is deteriorating badly.

A progressive restructuring of the post office is hampered by the history of job reservation for whites.

POTWA is only beginning to discuss the question of restructuring of the post office.

11. SADWU

The problems of domestic workers cannot begin to be addressed until there is legislation covering domestic workers. This has been SADWU's campaign for the past 10 years.

12. NEHAWU

The main areas of concern are privatisation, retrenchments and budget cutbacks, disparities in wages and skills between black and white workers and between the homelands and so - called "white South Africa".

The union is currently struggling to achieve collective agreements in the public sector. In the private sector, they have started to negotiate at a company level on wages, retrenchments, maternity, pension/ provident schemes.

NEHAWU's priorities are to consolidate itself as a union, and to establish good consultation mechanisms with the community on matters such as strike action, etc.

A FRAMEWORK FOR ECONOMIC RECONSTRUCTION

This is an edited version of the input by Jay Naidoo, Economic Trends Group on a framework for economic reconstruction.

COSATU is still in an early stage of developing its policies for economic reconstruction. A clear overall framework is needed to ensure that the different policies and proposals we fight for advance a common agenda.

A. Who makes economic policy?

1. **State** - through control of budget, legal measures (eg. taxation, tariffs), direct participation and through enforcement of its legal measures.
2. **Capital** - through direct participation in production and distribution
3. **Unions** - through collective bargaining, campaigns, etc. Unions have influenced the economy in a "reactive" way eg. through blocking retrenchments, getting higher wages, etc. The new challenge we are beginning to address is how to influence economic policy in a proactive way.
4. **Civil society** - through mass actions, anti - rent campaigns etc.
5. **International community** - through bank loans, foreign investment, foreign government's trade policies, etc

Economic policy is not simply made on paper - it is formulated and implemented in practice as a result of struggle. Until now, the dominant forces that have determined economic policies have been the state and capital. Our challenge is to change that.

B. Why is economic reconstruction a key priority for COSATU?

- * It affects workers and their families very directly - through wages; job security; the future of their children; provision of education, health, welfare etc.
- * What the masses of the people benefit from political change depends on the economy. Violence is fueled by issues such as lack of housing, unemployment, etc.
- * COSATU is a powerful key player which can shape the way in which the economy is being reconstructed.

C. What do we want out of economic reconstruction?

*** Redistribution of wealth**

This includes housing, jobs, electricity, mass transport, retirement benefits, better wages, adequate health, welfare, education, etc.

*** Workers power**

We want to be involved in all decision making processes involving how the economy is to operate and how the benefits are distributed.

*** Economic Growth**

SA needs are growing daily. To meet these needs we have to generate more resources. SA cannot meet its needs without economic growth.

D. Economic reconstruction and socialism

There is a need to consider how our programme for economic reconstruction links to our goal of building a socialist society. Our struggle must be for the kind of economic reconstruction which strengthens the building blocks of socialism.

E. What problems do we face in economic reconstruction

Income: low wages, poverty, high and rising unemployment.

Wealth: unequal land distribution, lack of housing, electricity, transport, health, welfare and education

Power: concentration of power in the big conglomerates, where the important decisions about investment, introduction of technology, etc are made. Mining, finance and industrial sectors are owned and controlled by the same conglomerates. Workers and community participation in decision making is very limited. Even workers savings in the form of pensions and provident funds are controlled by the bosses.

Growth: Our growth related problems include little productive investment; a dependence on imports for heavy machinery; production costs are very high; low productivity; dependence on raw materials for exports - very limited processing of raw minerals into manufactured goods; a limited domestic market as a result of the low wage policy -not enough people to buy goods.

These are the problems facing any attempt to reconstruct the economy. Solutions will not be achieved overnight.

F. Different Models for Economic Reconstruction

There is broad agreement in society, between trade unions and employers, that the old policies do not work. There is a need for new policies. We need a new constitution and a new model for economic growth..

But there are lots of different ideas of how to approach these problems.

The two main proposals for the future "growth path" for the economy (by growth path is meant the 'engine' or stimulus of economic growth) are:-

1. Growth through trickle down

The key group putting forward this view is the economic advisory council (EAC) to the State President. The Chairman of this committee is the current head of Barlow Rand.

The EAC is proposing the following "engine" of growth:

- * deregulation
- * privatisation
- * free labour market, that is, let the market forces determine wage levels without minimum wages, or measures which strengthen unions' capacity to bargain.
- * productivity

This engine of growth is at workers expense. It is an updated version of the old story that we are used to.

2. Growth through redistribution

This model is reflected in the ANC/COSATU proposal on economic reconstruction drawn up in Harare in April 1990.

The "engine" of growth proposed by ANC and COSATU is:

- * redistribution - through building houses, providing transport, electricity, etc - the economy will be given a "kick start".
- * Following up this "kick start" an external orientation is needed to create low cost manufactured exports which can compete on international markets.

These growth paths are fundamentally opposed. It is of vital importance for COSATU to develop its economic framework and to be able to debate it with all other viewpoints and constituencies.

G. Further Issues to Consider in Developing Economic Policy

In developing a detailed economic policy framework, there are a number of issues to consider, including nationalisation, ownership, role of the state, role of civil society, productivity and skills, technology, worker control, Southern Africa, political democracy, external orientation, gender, environment, centralised bargaining, wage policy, role of international community, etc.

The Conference considered these issues in group discussions.

COMPOSITE REPORT BACK FROM GROUP DISCUSSIONS ON AN ECONOMIC FRAMEWORK FOR RECONSTRUCTION

1. General

1.1. COSATU has a vital role to play in economic policy formation.

1.2. Our overall approach is growth through redistribution.

1.3. Our vision of **socialism** covers:

- * providing a good quality of life - providing basic goods and services.
- * democratic control of how decisions are made.
- * working class state.
- * consider forms of ownership in working class interests.

1.4. There is a need to debate the link between immediate policies and our struggle for socialism. There was an idea that COSATU should organise a conference on socialism.

1.5. We need to take account of current state and capital strategies to:

- * privatise,
- * decentralise power,
- * maintain current income distribution,
- * retain private ownership.

1.6. Capital wants:

- * to restructure industry to preserve the status quo.
- * a social contract to reduce working class power.
- * to separate economic issues from constitutional negotiations.

We need to bear in mind the above when we formulate our economic policies.

ASPECTS OF AN ECONOMIC POLICY FRAMEWORK

2. Redistribution

2.1. This involves providing housing, electricity, basic services, land, job creation, wages, education, health, welfare and ownership and control of industry. This will give a kick start to the economy.

2. We need to work out more clearly how this will be achieved; eg. through nationalisation, taxation, pension/provident funds, legislative measures etc.

3. Power

3.1. Nationalisation is a valid means to achieve our goals.

3.2. Need to debate what? when? how? and who?

3.3. One position is to nationalise the BIG 5 - should be nationalisation accompanied by workers control. A second position is to break up the conglomerates and not nationalise them but also accompanied by workers control.

3.4. **Workers control** means the:

- * The right to inspect company books.
- * The right to monitor production
- * The right for time off to participate in planning.
- * The right to control investment.
- * The right to veto retrenchments and factory closures.
- * Workers control committees at all levels.

3.5. Need to have strong organisation of civil society to participate in economic planning.

3.6. Need to achieve centralised bargaining.

3.7. Need to achieve rights set out in Workers Charter.

4. Growth

4.1. Need to have a policy of beneficiation of raw materials. We need to process instead of exporting raw materials.

4.2. Need a Southern African approach to growth.

4.3. Industrial restructuring as a means to growth should include:

- * investment
- * technology
- * developing markets
- * training and skills
- * new concept of productivity

5. Role of the State

5.1. To redistribute resources from the rich to the poor.

5.2. To provide essential services.

5.3. Should intervene actively in the economy.

6. Campaigns and mass action

We need to have a link between immediate campaigns eg retrenchments and our economic policy.

COMMISSION REPORTS

This is the final report from Commissions - as amended by the Conference

A. Industrial restructuring

1. Conclusions of the commission

1.1. The committee agreed that industrial and public sector restructuring is a **new and important area** that COSATU is entering into, involving different participants - labour, state and employers. We also need involve political actors.

1.2. COSATU should develop a set of **principles** to guide the affiliates in their responses. Affiliates should discuss and expand upon these principles.

1.3. Restructuring should be linked to a **programme of economic reconstruction**.

1.4. This programme of economic reconstruction should be linked to a **political programme to change state power** and also linked to our perspective for achieving socialism.

1.5. Conference recommends to **affiliates** to develop their own industry and sector proposals for restructuring. These proposals should be co-ordinated through COSATU.

1.6. The affiliate reports given to this conference should be written and be submitted to COSATU for information at National Congress.

2. COSATU National Demands to SACCOLA and the state

2.1. Moratorium on all retrenchments. SACCOLA and the state should enter negotiations on a programme to create jobs.

2.2. Privatisation, commercialisation, rationalisation and sale of strategic stockpiles must stop.

2.3. The government must not adopt policies which lead to massive job loss.

2.4. There must be a forty hour week.

2.5. We must fight for centralised bargaining.

2.6. Trade unions must have the right to information about company plans, budgets and

audited statements.

2.7. SACCOLA should come to the negotiations with a single mandated position. Regional negotiations should be guided by the national guidelines.

2.8. Politically we should demand:

- * Interim government
- * Constituent Assembly
- * End to violence.

2.9. Worker leaders should get time off to be part of the negotiating team and workers should get time off to discuss the negotiations and get report backs.

2.10. All workers must have basic trade union rights.

(This is a demand that was already made during the LRA negotiations but it is not always enforced.)

B. Job Creation

1. Key principles

- 1.1. Job creation must assist in meeting the **needs of the people**.
- 1.2. Product and services provided through schemes must be **affordable** and of a **decent quality**.
- 1.3. Job creation schemes must be short term and must link to our long term growth strategy.
- 1.4. Job creation must help to reduce **crime and violence** in our society.

2. COSATU's demands to SACCOLA and the state

2.1. Short term demands

2.1.1. Job creation schemes should:

- * Build houses
- * Provide infrastructure for homes e.g. water, sewage, roads, electricity.
- * Hospitals.
- * Building and repairing of schools.
- * Creating useful land eg laying pipes to an area.

2.1.3. Job creation schemes should be **funded** by:

- * companies and the state. Companies should be levied to pay a tax.
- * New investment and pension and provident funds.

The funding should be monitored and co-ordinated nationally.

2.1.4. Workers in job creation schemes should be **educated and trained**. This means

- * There should be compulsory education.
- * There should be upgrading of skills, education and literacy in existing jobs.
- * Communities should be trained in usage of land, water and co-ops.
- * Training in the use of technology and machinery.
- * The technology used in companies and schemes should be used to create jobs and increase productivity in the way we see productivity.

2.1.5. Job creation should replace overtime.

2.1.7. The **wages** paid in such schemes should be negotiated with COSATU and

comrades involved in the schemes.

2.1.8. All organisations should be **involved** in the planning and developing of job creation schemes. These include trade unions, civics, youth, unemployed, political organisations, rural organisations.

3. Long Term Demands.

These should be discussed by COSATU Congress.

3.1. Job creation schemes should be part of our **growth strategy**.

3.2. We need to investigate **ownership forms and control**.

3.3. We need to look seriously at **nationalisation**:

- * A priority for nationalisation should be the service sector. Services that have been privatised now should be nationalised.

- * Farms, land and industry may need to be nationalised after careful study and research.

3.4. We need **affordable and good quality** goods and services.

3.5. There should be laws to **limit wealth** - to break up the concentration of wealth.

3.6. There needs to be a new **taxation** system.

3.7. There should be compulsory **education**.

3.8. There should be a reduction of **working hours**.

3.9. There should be **beneficiation**.

3.10. State policy should support co-ops and other **forms of ownership** that we develop.

3.11. The economy must continue to **grow**.

C. Human Resource Development - skills training and literacy

1. General comment

1.1. There have been a number of COSATU and union workshops but not much report backs from those workshops. Recommendations that have been generated from workshops have not reached leadership and membership.

2. The following **problems** are experienced by members re Human Resource Development:

- * Heritage of bantu education.
- * Race and sex discrimination.
- * Lack of recognition of experience.
- * Job reservation.
- * Poverty prevents people from taking time off from study.
- * Management controls human resource strategies.

Some of these problems are deep rooted and need more fundamental change to be dealt with.

3. The strategies for human resource development need to be **linked** to overall economic strategy.

4. The commission discussed the **principles** on page 23 and page 26 of the documentation. The most important points are:

- * We want a national industry wide grading system.
 - * We want broad skill categories.
 - * Workers should be able to learn more skills and develop in their jobs - have a career path.
 - * Training should be the same in one industry so that workers can move from one factory to another.
 - * Workers should also be trained so that they can move from one industry to another.
 - * Workers may first need courses in basic education, before they can go to industry training courses.
 - * Literacy/basic adult education taught at factories needs to be linked to the formal education system.
- Retrenched youth and unemployed, should receive courses taken from the same framework.

5. The commission raised a number of **concerns about the principles**. These include:

5.1. The role of the state

The group felt that the principles needed to be clearer and stronger role for the state. The state must compel employers to provide courses from a national framework.

5.2. There needs to be more debate in COSATU on **formal education**. For example, up until what level does formal education be free.

5.3. There must be a link between school and post school career paths.

5.4. Job training must ensure that workers can get job in different factories and different industries.

5.5. The principles could be explained in a clearer way.

6. The commission discussed how to develop **unions capacity** to take human resource issues further. The commission discussed a proposal for **participatory research** which would involve:

- * Affiliates selecting a few workers to investigate:

- * grading levels

- * what we want in a basic adult education programme.

- * The selected comrades will attend a number of residential courses and also take part in study tours to do this investigation.

- * Employers will be briefed about the programme which they will be requested to release workers for.

7. COSATU Congress should discuss and adopt the principles.

8. COSATU's national demands for SACCOLA and the state.

The following demands were suggested:

8.1. That there should be a **nationally integrated system** for basic adult education and training.

8.2. Workers should be given **paid time off** to participate in the programme described above to investigate grading systems and the content of a basic adult education programme.

8.3. There should be paid time off for participants in the above programme to report back to members.

8.4. Capital must **integrate** its various initiatives in this area. They should have a consolidated proposal.

9. If we are going to have industry wide career paths and make links between industries, we need **centralised bargaining**. This is essential.

10. There needs to be a time table for negotiations.

- 11. In the short term, there are many companies eg Iscor and Transnet who have initiated literacy schemes. We should try and get written undertakings from these companies, that when a national programme is in place, they will transfer to a national scheme.

We need to research which of them come closest to meeting our needs.

- 12. Increased skills will give workers more power and we will also interfere with market forces if we fight for higher skills.

• D. Wage Policy

1. If you look at a bottle of beer, all workers from different sectors who contributed to making that bottle of beer get paid very different wages.
2. There are the following kind of **wage differences**:
 - * between skilled and unskilled workers.
 - * between different sectors or industries.
 - * gender differences
 - * differences between companies.
 - * regional differences.
 - * differences between black and white workers.
 - * between unionised and non-unionised.
3. It is unfair that workers who work for the same end, get paid such different wages. Wage policy needs to do something about it.
4. To have an effective **wage policy** we need:
 - * full employment - everyone should have a job.
 - * 100% unionisation.
 - * centralised bargaining.
5. This will take a long time to achieve. Only 1.3 million workers out of over 7 million workers in the formal sector are organised and there are about 7 million workers unemployed.
6. In the meantime we need to:
 - 6.1. Increase the **social wage** e.g. provide parks, public transport for a poor people, a free school system, health service etc. This should be one of the major measures for raising the standard of living.
 - 6.2. Keep control over wage standards. There should be **minimum wages** in different sectors.
 - 6.3. Unions need to develop a wage policy.
7. Our goal is to ensure **justice and equality**. There should be the same wage for a job of a similar quality.
8. To move towards this, we need to focus on the **levels** of wages that are paid. If we just look at increases, we do not do anything about the gaps that exist.

9. To narrow the gap we need:

9.1. Skills training.

9.2. Standardised job grading - one grading system across each industry. This is a product of centralised bargaining.

9.3. Control of imports. We don't want imports that will result in taking away jobs and undercutting wages.

10. Issues for COSATU Congress to discuss:

10.1. Affiliates should consider whether they can put forward resolution on how to deal with the following differentials:

- * industry
- * race
- * regions
- * companies
- * gender
- * payability
- * skills
- * unionised/non-unionised
- * legislated wages.

The group raised a question about whether managers should be unionised. In discussion, the question was broadened out to what can COSATU offer more higher skilled and paid workers?

11. Demands for the SACCOLA and state negotiations

11.1. Wage gaps need to be reduced. This includes the managerial/worker wage gap.

11.2. The social wage must be increased.

There has to be a process involved in meeting demands.

E. Goods and Services - Pension and Provident Funds

1. At the moment there are two funds. Firstly, a state old age pension fund (SOAP) which is paid out to pensioners who are not entitled to private pension funds. The money comes from taxation.

Secondly, there are 13 000 to 15 000 private schemes whose assets amount to R186 billion. This is largely workers money. If we had control of this money, we could influence where it is invested and we could look at using the money to finance our reconstruction programme.

We need to discuss how can we rationalise the pension and provident funds and use them to develop the country.

2. The commission went through principles of SOAP and pension and provident funds on page 19 of the documentation.

3. State Old Age Pension

3.1. The Goods and Services Committee suggested that in the long term, we should aim to combine private and state funds into one fund. The group did not like that. They only wanted industry wide funds. This should be taken back and discussed again at Congress.

3.2. There should be an immediate end to racial discrimination in the SOAP.

3.3. There is also discrimination in the use of the means test. The means test should be scrapped. Rich people should not get a pension - but this should be linked to taxation - it will be taken away again through taxation.

3.4. All employers and workers should contribute through taxation towards pensions. This is because there also needs to be pensions for the people who are unemployed.

3.5. The SOAP should be for people to be looked after in their old age. People should not be able to withdraw money from state fund before they have reached the pensionable age.

There may be a need to get loans from state for crisis events. We need to look at ways of doing this. We need to improve UIF benefits so people do not claim retirement benefits early.

3.6. All these demands will need to be accompanied by mass action.

4. Issues to discuss for COSATU Congress re State Old Age Pension

- 4.1. Should the SOAP and private pension and provident funds be integrated?
- 4.2. What role should trade unions play in controlling state funds?
- 4.3. What should be the minimum amount for a pension. We need to consult pensioners.

5. Demands for SACCOLA and state negotiations re State Old Age Pension

The group felt that the issues below need to be taken to SACCOLA and to the Mouton Commission. They felt that we should make representations to the Mouton Commission which is investigating changes to the SAOP.

- 5.1. There must be an immediate end to racial discrimination in pension pay outs.
- 5.2. The normal retirement age should be reduced to 55 years for men and women.
- 5.3. The means test should be scrapped but then taxation acts must be amended so that the rich are excluded from receiving state pensions.
- 5.4. There must be effective delivery of pensions. Many people who are entitled to pensions are not getting their pensions because of e.g. corrupt officials.

6. Private pension funds

- 6.1. While there was no consensus on the need for one national retirement scheme in the long term, there was consensus on the need for industry based funds.
- 6.2. We need to start off by reducing all the funds to 13 or 14 industry based funds. In this way we could co-ordinate initiatives to invest the money usefully. In moving towards industry funds we will need to draw in NACTU.

7. Demands for SACCOLA and the state on pension and provident funds

- 7.1. There should be one pension /provident fund per industry.
- 7.2. The funds should be established according to certain guidelines. These guidelines are in the documentation on pages 21 and 22. The commission also made the following changes:
 - * There should be a 100% union control of schemes.
 - * Must be maximum participation by workers in the schemes.
 - * There should be a minimum contribution of six percent from employers.
 - * Workers should be able to transfer their funds across industries.

8. Investment code

8.1. We need a investment code which fits in with our economic programme and guides investment to help with reconstruction.

8.2. Prescribed assets should be reintroduced so that we can force private funds to invest in reconstructive investment eg job creation, basic infrastructure.

8.3 There should be a state subsidy for low return/high risk investments.

9. UIF - Demands for SACCOLA and state negotiations

9.1. There should be a simple procedure for UIF, WC etc

9.2. The UIF Board should be restructured to include workers, give a workers perspective and improve benefits.

9.3. Workers who become unemployed should get a higher percentage back from the UIF and for a longer period of time.

9.3. There should be vocational counseling for unemployed people.

9.4. Unemployed people must be given training and directed to training.

9.5. There should be free transport for unemployed.

9.6. The state must contribute to UIF and employers should contribute more than workers.

We could possibly look at one social security fund - and simple procedure which would incorporate UIF, WC and SOAP.

9. In all of this we must not leave our members behind. We must go forward in a participatory manner and ensure that workers get regular report backs.

F. Goods and Services - Housing and Hostels

1. Key principles - housing

- 1.1. The state should be the primary provider of affordable, free maintenance houses.
- 1.2. COSATU should intervene strongly in the area of company housing schemes.
- 1.3. At all times mass based structures should be involved in planning residential areas.
- 1.4. All new houses should be built on non-profit basis.
- 1.5. All workers employed in jobs created through housing should earn a "decent wage".
- 1.6. Need to integrate hostel residents to township/urban programmes, cultural activities.

2. Principles - hostels

- 2.1. Hostels must be converted.
- 2.2. Conversion must allow for a variety of housing types.
- 2.3. Conversion must allow for different forms of ownership.
- 2.4. In any conversion there must be consultation with hostel dwellers, civic associations, other unions and political organisations.
- 2.5. We should look at rent and price controls in converted hostels.
- 2.6. Conversion of hostels must be part of a coherent strategy of providing houses for all e.g land and accommodation must be provided for any hostel dwellers who may be displaced by conversion.

3. State' role in housing policy

- 3.1. Housing should not be left to private enterprise. It is the responsibility of the state.
- 3.2. The state's primary role is in the provision of mass based housing. It needs to:
 - * release land and provide infrastructure.
 - * nationalise building and construction industry.
 - * introduce a property tax.

- * create jobs in consultation.

4. Company housing

4.1. Workers are forced to participate in company housing schemes because of the shortage of housing.

4.2. COSATU needs to intervene strongly by:

- * discouraging members.
- * negotiating favourable terms for workers.
- * demand a moratorium on evictions for retrenched workers and unemployed workers.
- * investigate bonds and come up with a workable solution.

4. Demands for the SACCOLA and state negotiations

4.1. We should negotiate financial assistance for a feasibility study for conversion of hostels into single or family accommodation/units. SACCOLA must give time off for consultation with hostel dwellers.

(The Goods and Services Committee should develop a proposal emanating from the consultation and it should be taken to constitutional structures for consideration.)

4.2. Housing must be negotiated at all levels.

4.3. There must be a moratorium on evictions for retrenched and unemployed workers.

4.4. There must be consultation with mass based structures and/for negotiations with government on mass housing.

5. Forums

5.1. There is a need for COSATU to investigate existing forums eg the regional Development Forums. We need to participate in these forums and help set them up if they are not existing.

6. Vision for socialism

6.1. We need to democratise resources, plight of old, unemployed, poor and rural, reasonable, people's control, worker control, involvement of government.