

Trade unions ignore the reality of the global crisis

By Colin Boyes

The recent clamour from labour, led by Cosatu in its campaign for "decent work for all" and for direct influence in government policy, contrasts with business, which is cautious about being drawn into politics but remains an active participant in its advocacy and adherence to sound business practices and stable macro economic principles.

While many of the leaders in government may have come from a trade union background, being in government demands more objectivity. And many of the proposals of the trade union movement from a business perspective are unworkable.

For example, proposals to interfere with the independence of the Reserve Bank and pronouncements on its governor, on which so much favourable judgement about South Africa is based, are unwarranted. Further, the call for nationalisation, unless for a collapsed bank needing government bail-out, has been condemned by history and would be totally out of sync in the world today.

Business acknowledges that as a developing economy we should take pride that South Africa has in place some of the most progressive labour legislation to be found in any developing economy in the world. These pillars of sound employment practices are founded in the Labour Relations Act, the Basic Conditions of Employment Act, Employment Equity Act, the Occupational Health and Safety Act, the Unemployment Insurance Act, Skills Development Act and a raft of bargaining council agreements.

The system is further bolstered by the CCMA (Commission for Conciliation, Mediation and Arbitration) as well as the Labour Court which, over the years, has proved a highly effective system in efficiently and speedily administering labour justice. Are these pillars not sufficient to ensure that labour is not exploited and provides for decent work?

Many business owners complain that we no longer have an investment-friendly environment and that too much has been done to accommodate the demands of labour. Unlike the trade union movement, who readily resort to overt strike action when things do not go their way, the business response - holding back investment - is more subtle but far more damaging.

There are elements within the labour movement who have chosen to ignore the reality of the global economic crisis which confronts South Africa.

The recession, the first in 17 years, is seriously impacting on all sectors of the economy. The severity of the recession is such that very few firms in the private sector remain unscathed. When order books dry up, as they have done, business has no option but to take desperate measures in order to survive. This is where management has to make painful decisions and resort to short-time, lay-offs, retrenchments and even closure. No business does this with malicious intent as valuable skills on which a business is built could be lost forever.

Calls for a moratorium on retrenchments and for prices to be frozen, as we have heard from trade unions, are illogical and if legislated, would simply cause businesses to collapse, exacerbating the problems even further. We cannot ignore the reality of market forces as seen by the demise of key industries such as the clothing and textile industry. Instead of going along with the trade unions' demand for a jobs summit, we should be calling for a summit to eliminate "red tape" that hamstring business.

The truth is that at the present stage of our economic cycle, the private sector is shedding jobs like never before. It is only the government which is in a position to create a significant number of jobs through expanded public works programmes. President Zuma has promised to create 500 000 jobs by the end of 2009. These job opportunities, which will be funded by taxpayers, are of a short-term nature and are largely unskilled or menial.

Existing examples include working for water through the clearing of alien vegetation, care for

those suffering from HIV/Aids and labour-intensive infrastructure projects. This will be a far cry from Cosatu's call of decent work, but for people with limited education and skills it will help to keep starvation at bay, even though beneficiaries of such programmes receive a modest allowance of only R50 a day.

But the real challenge to the government in rolling out the programme to millions of desperately poor citizens will be to find capable managers within government departments to undertake such large projects. The devil in the detail!

There is a limit to what the government can do, even with its commitment to South Africa becoming a developmental state. Partnerships between the government and the private sector as well as the various NGO consortiums are vital as already shown with the roll-out of the various food programmes across the country. The private sector, not hamstrung by bureaucracy, will always be a better delivery agent than the government. Hence the importance of public/private sector partnerships. The government has correctly identified the need to improve the broad infrastructural environment by investing in good roads, reliable electrical power, cheaper telecommunications and upgrading and modernising our ports. Along with this will be the need to ramp up massive skills and training programmes, failing which the ambitious infrastructure expansion will not be achieved.

Outside of government employment, it is not large business which is the biggest employer of labour but small business. While the official unemployment level is put at 23.5 percent the real jobless rate is much higher. The government, business and labour need to take up the challenge and to recognise that we live in a time of "business unusual".

This calls for the business environment to be radically overhauled, particularly for the small business sector. A welcome start would be to drop the minimum wage for people under 25 years of age (the rump of our unemployment) as well as for those South African citizens who have never had a job. This would be a start to putting South Africa on a more job-intensive growth path.

Another would be to increase even further the wage exemptions for all micro businesses that employ fewer than 10 employees. Space needs to be created for entrepreneurs and small business to be nurtured, unfettered by red tape.

Essential to all of this is the need to fix our education system, which strikes at the heart of our unemployment.

It has been said before that there is no shortages of jobs but a shortage of skills to take up the jobs. This challenges the education system to provide more and better trained teachers that are committed to educating the nation's children.

We will eventually come out of this recession and we should be preparing for this eventuality. In the meantime employers, trade unions and Setas (Skills Education and Training Authorities) along with training institutions like the FET (Further Education and Training) colleges need to remain engaged with training and up-skilling programmes. This is a sure fire way to achieve sustainable job security into the future.

Africa's time will come as democracy takes slow and steady root across the continent, and even in the most unlikely countries the benefits of democracy and the freedom that it brings to people are starting to be felt. As the world reconstructs itself following the financial turmoil unleashed in 2008, South Africa is well placed to make its mark in a world that will be fundamentally different from that seen in the past. There is no reason why we should not be prepared and up to the challenge.

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