

President Mbeki threatens South African workers

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In his State of the Nation address in Cape Town last Friday President Thabo Mbeki made clear that the ANC government would not tolerate workers' opposition to its plans to offer South Africa as a low-wage investment platform for transnational corporations.

As he spoke 1,450 striking auto workers were being sacked at the Volkswagen (VW) factory in Uitenhage, near Port Elizabeth. Mbeki singled out the strike in his speech, denouncing it as illegal and unjustified. The ANC's "standing in the eyes of the investor community cannot be held hostage by elements pursuing selfish and anti-social purposes," he declared.

The ANC's pro-business programme, described by ministers as "the big bang" or "biting the bullet", has been widely discussed in government circles in recent months. Now the government intends to act on this programme and anticipates resistance from the working class. Hence Mbeki's warnings.

The programme includes the lifting of exchange controls to facilitate greater inward investment by transnational companies, increasing privatisation, extensive restructuring of the civil service and cuts in public spending. Mbeki intends to amend labour laws so as to remove the legal protection workers have gained over the past period, and carry out a massive programme of retrenchment in the public sector.

The ANC government is turning to the most powerful representatives of international capital for advice on how to run the economy. An International Investment Council (IIC) will be established, made up of 13 leaders of some of the world's biggest transnational corporations, including Jurgen Schrempp of DaimlerChrysler, Citigroup Vice President William Rhodes, Minoru Makihara of Mitsubishi and international financier George Soros. It will function as a government advisory body on economic policy.

In his speech, Mbeki fawned upon these corporate multimillionaires, describing them as South Africa's "all-weather friends". He thanked them "for their readiness to serve on the International Investment Council and their firm and unwavering confidence in our economy".

Besides working with international corporate interests, the government has established four working groups involving "big business", "black business" and "the trade union federations". Their purpose is to "provide the possibility for government to interact with these various sectors on the steps we should take as a country to achieve economic growth and development and to

remove all obstacles that might impede the realisation of this goal".

Mbeki's speech was greeted by loud applause from the opposition benches and from former President Nelson Mandela, who said he was "tremendously impressed". The proposals have been welcomed in economic and financial circles, which have been lobbying for them ever since the government came into office last June.

Mbeki cynically claims that the ANC's policies will improve jobs and living standards, and that he is seeking to achieve results that are "good and noble". But the real impact on workers' living standards will be catastrophic. Already economic conditions for many working class families are worse than they were under the apartheid regime.

A recent report, *Winners and Losers: South Africa's Changing Income Distribution in the 1990s*, points out that over the five years up to 1996, the poorest 40 percent of families suffered a 21 percent drop in household income. The unemployment rate is now more than 30 percent and at least 500,000 jobs have been destroyed, as South African industries downsize in an attempt to become globally competitive. None of the social problems of housing, electricity or water supply have been seriously addressed.

Since coming to power, the ANC has relied on the South African Communist Party (SACP) and trade unions to control the working class. This is becoming increasingly difficult. Last year saw a sharp increase in strikes, with 3.1 million days lost, compared to 2.3 million the previous year. Just one day before Mbeki's speech, British Foreign Office Minister Peter Hain, speaking in Johannesburg, warned the ANC that investors were worried about the rash of strikes in the country.

Mbeki's response to such concerns was to spell out the government's intention to impose rigorous discipline on the labour force, underlined by his outburst against the striking Volkswagen workers.

The VW strike was provoked by the actions of the union in the plant. The National Union of Metalworkers of South Africa (NUMSA) has suspended 13 shop stewards, claiming they have brought the union into disrepute. The workers took action to defend the stewards, in defiance of the union.

After a week, VW management sacked the 1,450 striking workers (a quarter of the labour force), because they had ignored an ultimatum demanding that they return to work. The company has said, as far as they are concerned, the strike is over and they

will immediately begin the recruitment of replacement labour. NUMSA has supported management throughout.

Mbeki warned that strikes like that in Uitenhage "cannot be tolerated". He went on, "Accordingly the government has worked with the management at Volkswagen as well as NUMSA to ensure that the problem created by some irresponsible elements at this plant is resolved. The government will not waver from this position."

Both the Congress of South African Trade Unions (COSATU) and the SACP immediately issued press statements welcoming Mbeki's hard line on "illegal labour actions" and welcoming his support for the VW management.

COSATU also said they would "engage vigorously" in discussion with the government on an appropriate investment and development strategy for the country. Their intention is to head off a genuine movement of opposition to the government's policies by promoting economic nationalism. On the day of the opening of parliament, the unions organised a demonstration outside the building demanding that the government halt the import of cheap goods from the Far East.

They have also launched a token campaign to demand that the government create more jobs, which the press has already described as a "damp squib". Last Monday thousands of textile and metal industry workers were mobilised on lunch hour demonstrations in cities around the country as part of building towards a one-day stoppage in four months time.

Mbeki made clear that there would be no concessions over jobs, arguing that rather than increasing government initiatives in the public sector, the "strategic objective [was] building the partnership between the public and private sectors". This means thousands of job losses. The government's first target will be the civil service, which it says is overstaffed by 30,000 to 50,000 workers who were employed in the former bantustan administrations.

Few details were provided about plans for further privatisation, but Mbeki gave assurances that the restructuring of state assets would be speeded up. A Department of Public Enterprises report said the government had plans to sell off at least R170 billion (\$27 billion) of state assets by 2004.

There is no doubt that, under the guise of further "black empowerment", the privatisation programme will include a large number of buyouts by recently enriched black entrepreneurs. Minister of Public Enterprises Jeff Radebe, an SACP member, plays a crucial role in deflecting criticism of the government's privatisation policy.

Throughout his address Mbeki glorified the achievements of the ANC government. He said, "We have turned an economy that was headed towards a catastrophic meltdown into one that is poised to advance in a way that will address the needs of our people."

The "catastrophic meltdown" referred to was the threat of a revolutionary uprising against the apartheid regime in 1980. The preservation of capitalist rule within South Africa required "unbanning" the ANC, the Pan African Congress and the SACP. Based on mass support, the ANC took government office.

But whilst initiating reforms in certain areas, it left the fundamental class structure of South African society untouched.

The aspirations of the popular movement that brought the ANC to power have been dashed. The ANC's social programme of the 1980s, then couched in socialist rhetoric, has been abandoned.

In the early years of ANC rule some concessions were made through the introduction of labour legislation granting the right to strike and the right to organise—the Labour Relations Act (1995), the Basic Conditions of Employment Act (1997) and the Insolvency Act. Mbeki's speech made clear that, at least in practice, these would have to be gutted.

In government, the ANC has proved to represent a grasping and selfish layer of the native petty bourgeoisie, who have enriched themselves over the past six years of ANC rule and aspire to become the agents of international capital.

Despite the ANC's best efforts, however, the South African economy is in deep trouble. The government has adhered to International Monetary Fund-approved policies, but economic growth has been far too slow. Anglo-American, which controls the world's diamond industry and is the largest gold and platinum producer, has left the Johannesburg Stock Exchange, relocating in London to be better placed to dominate the world's market in precious metals. Other powerful South African businesses have followed suit.

According to an article in *Africa Confidential* January 21, the government is now courting the country's three million Afrikaners as patriotic business partners. Mbeki thinks the Afrikaners, the backbone of the Apartheid regime, are more committed to South Africa. He blames English speakers for much of the capital flight and the rush to list their companies on the London stock exchange.

South Africa desperately needs to extend its markets and has been trying to negotiate an agreement with the European Union. But the ability of South African industry to compete demands the driving down of workers' wages and working conditions and the lowering of living standards. Consequently, Mbeki and his supporters have set themselves on a collision course with the working class.



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