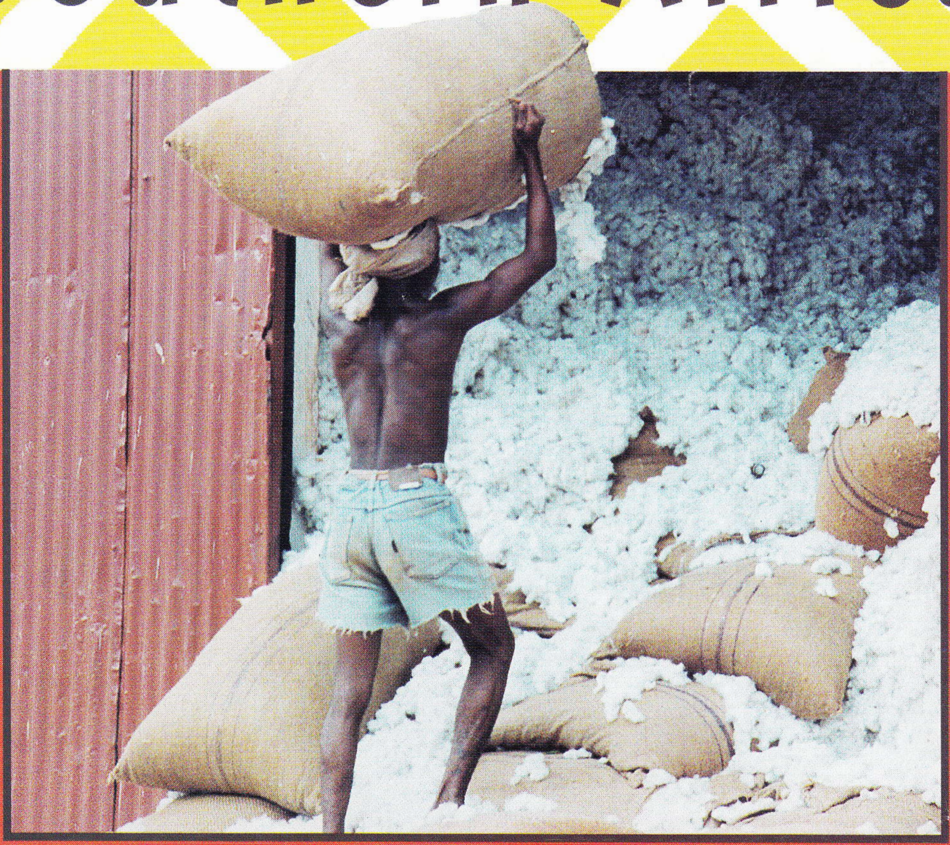
Liv Tørres

Labour Markets in Southern Africa



Fafo

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Labour Markets in Southern Africa

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Preface

As workers who are continually engaged in battles at both the shop floor, on the political arenas and in the international markets, we sometimes from our trenches loose sight of the bigger challenges confronting us. This is when we need to step back a little and devote our attention to more strategic issues, which allow our collective energies to be fully deployed.

Labour movements in Southern Africa come from a background of colonialism and political dictatorship. Even today, unions in several of the countries in Southern Africa confront political restrictions and intimidation. Yet, the trade union movement has been at the forefront of the political struggles for democracy. At the same time, we are battling with employers for collective bargaining and labour standards within a framework of globalised production and the opening of national markets. To add to the challenges, regional integration is proceeding with few of us having a comprehensive picture of the economic, social and labour market characteristics of the region.

In order to make strategic policy interventions in these areas, we need documentation, information and research about the key issues that confront us. In order to build strategies about redistribution, we need information about the existing distribution of wealth and income both within and across the Southern African region. In order to develop policies on migration, and social standards, we need documentation about the national and regional labour markets. And in order to build regional solidarity amongst our national union centres, we need research about the characteristics and strength of the union federations. Our solidarity in SATUCC can only be strengthened through our understanding of the regional labour market issues. This report by Fafo is both timely and important in defining our strategic interventions in this regard.

Labour is not only the major player when it comes to promoting redistribution, but also by far the best-organised group in civil society in the region. In many countries, the labour movement is also best positioned to control the democratic functions of our governments. This report indicates that 40 per cent of formal labour is organised which puts us higher than many countries in Europe in terms of union density. Furthermore, we have regional structures in place to promote regional co-operation. This places labour at a distinct strategic advantage within regional markets compared with the lack of co-operation between business and the potential tensions between regional governments during the current phase of SADC integration.

The links between workers in the Nordic countries and southern Africa have been forged for a long time and continue to grow from strength to strength. We are thankful and happy to see that the NORDIC support to our region is being carried forward through this intervention by Fafo.

Morgan Tswangirai
General Secretary
Zimbabwe Congress of Trade Unions & General Secretary SATUCC

Author's preface

Internationally, Southern Africa is often portrayed as the region of poverty, hunger and drought, as well as of political turmoil and instability. Academics focus on the lack of economic growth as a barrier to development. The popular media focus upon the catastrophes of hunger and civil wars. The following report, however, focuses upon the arenas and markets in which we can create development, which in fact may determine the development towards stability or instability, prosperity or poverty. We focus upon the labour markets in Southern Africa.

This report was initiated on the basis of discussions between Fafo Institute for Applied Social Science and the Norwegian Development Agency NORAD. Our aim initially was to conduct a pilot project and write a brief report mapping labour markets in Southern Africa on the basis of existing research. However, we soon found that there was a serious lack of updated information on the labour markets within SADC. Furthermore, both SADC and SATUCC (Southern African Trade Union Co-ordinating Council) representatives expressed the need for improved knowledge as the basis upon which informed political decisions in the region could be made. This report thereby turned out to be far more ambitious than originally planned.

We would like to thank NORAD for funding the project and the publication. Our thanks also go to all those in the region who have given time and resources in order to help us gather this information; in Botswana, Malawi, Mozambique, Zambia and in Zimbabwe. The labour movements and labour linked researchers should be mentioned in particular. The Norwegian Confederation of Trade Unions (LO) as well as the Southern African Trade Union Co-ordinating Council (SATUCC) have both given concrete and important support to our work in Southern Africa, which is highly appreciated.

Improved knowledge about the regional labour markets may unlock some of the barriers to political and economic developments in the future. On that basis, the development of strategic research and documentation should benefit both national and regional decision-makers as a policy instrument, while also being useful to international organisations. This report, which is an attempt to pinpoint some of the key challenges and dilemmas facing Southern African labour markets, is written on that basis.

Research and documentation are essential instruments both for identifying problems and for taking action, as well as for evaluating progress and the effects of action. Reliable data and research is a crucial tool for political planning and priority-making, as well as for organisational strategies and structures. Our concern is first and foremost with developing information and research which may be useful to labour interests. A close co-operation between research centres in Southern Africa may serve mutual research and information goals and thereby also assist in regional integration and co-operation at the policy level.

With this background, there is both a need for further research into the Southern African regional labour markets and a need for further regional co-operation in co-ordinating and executing research. Labour market researchers in Southern Africa are struggling with a lack of resources, but joint efforts and networks can achieve much in terms of developing regional information of relevance to key decision-makers, in preventing overlaps in existing research and in assisting each other in areas of weaknesses and strengths.

While research on Southern African labour markets is scarce, it is far from non-existent. Several research centres and committed individuals do valuable and interesting research on their national labour markets as well as participate in regional projects. The Institute for Development and Labour Law (UCT) and the Centre for Southern African studies at UWC in Cape Town should both be mentioned. Furthermore, several of the regional union federations have research centres, internal departments or labour-linked consultants. COSATU's research centre Naledi in Johannesburg and the research departments at the ZiCTU, and in ZaCTU in Zimbabwe and Zambia respectively should also be mentioned. The Namibian trade union research centre, LaRRI, which was recently established also has an important role to play. The Friedrich Ebert Foundation likewise gives essential support both in terms of funding and resources to the regional work. Finally, the Training & Research Support Centre in Harare is doing valuable research on health and welfare as well as on child labour and HIV/AIDS. These institutions have also given valuable input and ideas for this report. Dot Keet, Rene Loewenson, Alistair Smith, Evance Kalula and Guy Mhone should have special credit for their support to labour issues in this region.

As of the beginning of 1998, only one regional network of researchers is operating. This is the informal network which is linked to SATUCC and supported by the Friedrick Ebert Foundation (FES) in Southern Africa.[1]

Fafo Institute for Applied Social Science has worked in areas of labour markets and trade unionism since it was established approx. 15 years ago. Amongst other reasons, our interest in Southern African issues has evolved as a result of ten years of research work in South Africa and has been motivated by the long-lasting and

[1] Another network which has been in operation is the one linked to the International Confederation of Free Trade Unions (The ICFTU Research, Development and Training Programme) and aims at building capacity in the union federations for social science research relevant to the labour movements. The resources for this network will, however, now be drying up.

increased interest for the Southern Africa region amongst Norwegian government bodies and in the Norwegian Confederation of Trade Unions. We hope that this report can assist all those who are interested in the Southern African labour markets and in economic and institutional developments more broadly. The SADC Labour and Employment Sector has found that more in-depth information about the Southern African labour markets is needed (SADC 1997). SATUCC has also expressed the need for more focus, information and research into the labour markets, and recommended at the Labour Market Symposium in November 1997 that a regular labour market database be established. We therefore hope that this report can assist as a first step in the process.

Roselyn Nyman and Fiona Tregenna from COSATU's research centre Naledi wrote the articles on Namibia and South Africa respectively. Bjørne Grimsrud from Fafo compiled the country report on Zimbabwe as well as the section on child labour. The above have also given valuable input to the regional analysis and to the sections on needs for further research. Thanks also to Alice Gondwe Siame, the previous SATUCC Gender Co-ordinator, who has given input on women in the regional labour markets and provided parts of the description of the regional co-operation through SADC/SATUCC. Many thanks also to Herbert Jauch from LaRRI in Namibia for spending time and resources in helping us out on the Namibian section and to Evance Kalula for making all the documents on minimum standards in Southern Africa available to us. Finally, our thanks to all the trade union leaders throughout the region who have given their precious time to help us with crucial information.

Thanks also to Bente Bakken, Premraj Sivasamy and Dolly Vundla for the challenging task of editing over mail between South Africa and Norway.

Liv Torres
Fafo

Executive Summary

This report focuses the labour markets in Southern Africa as the critical arenas for development towards growth and redistribution in the future. For millions of people in Southern Africa, the lessons of work are carried directly over to the non-occupational realms. For many more millions, the lessons of *unemployment* are carried out into daily struggles for survival.

Out of a population of about 180 million people in the SADC region, less than 1 out of 10 has a job in the formal sector. The rest are unemployed or struggle to find means of survival in the informal sector or in subsistence farming. To have a job or not, has become a "to be, or not to be" in countries with few, or no, safety nets. At the same time, a large portion of those within the formal sector labour market earns less than poverty wages. Child labour, HIV, labour migration, low skills levels, tenant labour systems and poverty within the labour market pose further political and economic challenges for the SADC countries and for regional integration. Simultaneously, approx. 40 per cent of those in formal sector employment is organised and new institutions and negotiations bodies are developing to deal with these challenges. This report maps the regional labour markets on the basis of existing information and research.

The economic marginalisation of Africa through the 80's and 90's was connected with the decline in savings and investment rates and the following lack of growth as well as the inability of African states to spend on human development. Furthermore, the sectors that had been leading in generating growth and creating employment (mainly agriculture and government) had reached a saturation point. Southern Africa was struggling with competing on the world markets due to lack of diversification of exports going beyond raw materials. The region also experienced a period of increased capital flight. Finally, there was a crisis of government in many countries due to widespread civil strife. Democratic changes as well as the more recent economic growth in several of the Southern African countries in the 90's may well signal a turnaround and the beginning of a new start.

The poverty development trend in Southern Africa has to be reversed. Economic growth is without doubt the most powerful weapon in the fight for higher living standards. Yet, as important for poverty eradication as well as economic developments, although often underestimated, is the *distribution* of income and wealth. The benefits of growth for the poor may be eroded if the distribution of income worsens, which might also undermine the incentives for growth-inducing economic reforms. But while poverty eradication is high on the political agenda in many countries in Southern Africa, redistribution of resources and narrowing the wealth gap is a more controversial policy area. Understanding what policies improve the *distribution* of income and wealth in a way that fosters incentives for growth, should be high on the agenda of both policymakers and researchers. The introduction of national social security, and the *harmonisation* of social security systems through the SADC region are important issues to be addressed. Non-wage labour costs do not seem to be a major factor influencing international competitiveness of developing countries. Rather, there are strong indications that the structure and dynamics of the *labour markets* play a crucial role in determining the potential for growth as well as for the economy to adjust and spread the rewards from adjustment.

Southern Africa today is challenged by a lack of growth in the formal sector, huge wealth disparities and labour market segmentation reinforcing the social cleavages in society at large. Large majorities are employed in subsistence farming in the rural areas of informal activities in urban areas. The large majority is employed in "non-wage" employment. Low skills levels, poor systems of industrial relations as well as the impact of AIDS upon company performance will all impact negatively upon growth potential. Regional integration, globalisation and migration all pose additional challenges to the strategies of labour, government and business in Southern Africa.

The level of existing statistics and up-dated information we have about Southern Africa is, however, very poor. This needs to be improved in order to be able to make informed policy decisions on national labour markets policy and regional co-ordination. Southern Africa needs to exit from the circle of low-paid labour, unemployment/informal/subsistence sector survival strategies and low educational and skill levels. Lack of education and low skills levels are hereditary; illiterates are "thrown" into survival strategies, which neither build further skills levels for themselves nor for their children. In order to exit from these bad circles, regional strategies are needed, but future regional strategies that are based on informed knowledge about the characteristics, sector and occupational composition, skill levels, and migration patterns of the current labour markets. A regional information and resource centre is long overdue.

Chapter 1 **Introduction**

The World Development Report 1995 estimates that there are 314 million men and women of working age in Sub-Saharan Africa, most of whom earn little for their efforts. In the SADC region alone, existing information tells us that there are about 68 million in the labour force out of a population of over 100 million people (SADC 1997b). Forty per cent of the population lives in poverty, which is defined as surviving on less than USD 1 per person per day. About one third is officially considered not employed, while official unemployment (those actively seeking work, but who are unable to find it) is estimated at only 6 per cent of the labour force.[1] Yet these figures blur hard realities of "subsistence employment", substantial informal sector activities and the struggles of millions of discouraged people who have nowhere to look for employment and are therefore not regarded as unemployed - but who would jump the roof if any employment became available. Our employment data for Southern Africa indicate that less than a third of the labour force is in formal employment. To have a job or not has become a "to be, or not to be" in countries with no safety nets for millions of destitute unemployed. In other words, the responsibilities upon those few inside the labour markets are immense. At the same time, however, a large number of those within the formal sector labour market earn less than poverty wages. These realities are expected to have a profound impact upon political and economic developments in the region.

Huntington pointed out in 1984 that economic conditions in Sub-Sahara were too poor to expect democratic changes. Lipset (1959) suggested that democratic development depended upon a combination of economic, social and cultural requirements that are unlikely to exist in countries with underdeveloped economies. Huntington (1996:5) has moderated his earlier views somewhat, but still maintains that "non-western, non-wealthy democracies do exist, but almost all the non-democratic countries in the world are either poor, non-western, or both". Yet, in the last decade, a democratic breeze, or hurricane, has blown over Africa. Elections have taken place in about 50 African countries in the last 5-year period. Attention needs to be given to economic developments and the labour markets in order to explain and consolidate these newly-won changes.

[1] There are huge problems in estimating (defining and measuring) unemployment in Southern Africa due to high levels of informal activities, subsistence farming etc., as well as the poor quality of labour statistics.

The success of economic and political restructuring is amongst other related to the characteristics of the labour market and industrial relations. Labour markets are areas for production, for distribution of resources, wages and benefits and for the forming of interests and attitudes. the characteristic of labour markets influence also the form and dynamic of institutions and degree of social consensus. But while many point out the urgent need for restructuring of the labour markets in order to create favourable economic developments and political stability, we must keep in mind that processes of change or restructuring may also create instability and more tensions around the distribution of resources. We should therefore rather focus on what kinds of labour market changes and restructuring are necessary, possible and fruitful.

Job creation and redistribution of resources are some of the main challenges facing Southern Africa. The solutions to these challenges must to a large extent be sought in the labour markets. Labour market segmentation, imperfections, skills levels and existing labour market institutions will provide the basis for restructuring and the challenges and problems involved in transformation.

Improved knowledge about the characteristics of the current labour markets therefore constitutes a necessary and constructive basis for political and economic decision-making, job creation and the strategies of labour and business as well as for social dialogue. We need to know more about the dynamics and characteristics of the existing labour markets in order to target policies and strategies in the right direction both at a national and regional level. At the same time, relatively little has been done in the area of mapping and characterising labour markets in the Southern African region as a whole. This report aims at filling some of this knowledge gap. We ask the following questions:

- Which are the characteristics of the labour markets in Southern Africa?
- Which institutions exist in the labour market which can constructively direct the transformation process forward?

Southern African labour markets; The background

All in all, the economic problems of Southern Africa today can to some extent be attributed to the fact that the countries of Southern Africa have been locked into roles as exporters of either raw materials or crops. In Botswana, Congo, Namibia, South Africa, Zambia and Zimbabwe, mineral-bearing ore or ingots make up the most important products for exports. In Botswana, Congo, Malawi, Swaziland, Tanzania, and Zimbabwe, exports of tobacco, sugar, fruits, cotton, sisal, skins, timber, beef and fish are amongst the main contributors to the national accounts.

The Southern African countries also inherited from colonial times a low-skilled workforce and extremely divided labour markets in which highly paid skills and resources had to be imported from outside. Furthermore, infrastructure in most cases had to be developed from scratch with very few available resources. In Zambia, for example, there was little infrastructure left after the British pulled out. Income and resources from the mines had either been absorbed as company surplus or used for infrastructure developments in Zimbabwe. In Malawi as well, very little had been invested in the country during colonial rule. In Mozambique, infrastructure had to some extent been developed, but it was largely destroyed when the Portuguese pulled out in the early 70's. The situation in Angola was very similar.

Finally, the last point worth elaborating upon here in the introductory remarks is that several of the countries also inherited, developed or got stuck in "enclave economies", in which they remained fully dependent upon the production and exports of raw materials and/or raw crops. Only to a limited degree did they manage to transform the incomes from, for example, mining, into production in other sectors. This had serious implications for the skills needs in the countries concerned, but it also has serious implications for the development of labour market institutions, wage levels and developments and for the long-term prospects for economic development.

Southern Africa became increasingly marginalised in the world economy through the 70's and 80's. Trends in GDP show for example that for the Sub-Saharan region as a whole, GDP per worker grew by only 1,2 per cent a year between 1965 and 1980 and thereafter turned negative averaging -1 percent per year up until 1993. For most of the region labour productivity was lower by the beginning of the 90's than in 1980, and for many countries suffering the effects of a long economic decline, it was lower than in 1965, when most of these countries achieved independence (World Bank 1995). Furthermore, the economies in the Southern African region became progressively under greater control of and dependent upon the World Bank and the IMF and their structural adjustment programmes. By the mid 90's, the region's debt was estimated at between US Dollars 150 and 180 billion (Hove 1997). Authoritarian political systems and negative economic developments together made the future look bleak. As recently as 1994, Southern Africa was nothing but a theatre of endless wars and conflicts (Hove 1997).

Yet, by the mid 90's, democracies were established in most of the region and economic developments had made a turn for the better. A number of changes have taken place in Southern Africa. The economic performance has improved in recent years, with several countries recording an economic growth rate higher than their population growth. Looking briefly at economic indicators for Sub-Saharan Africa shows us that there has been relatively high growth in the productive sector in the region. In Sub-Saharan Africa as a whole growth rates showed an average of 3,8 per cent in the second half of 1995 as compared to 2,9 per cent in Western Europe and 1,4 per cent in Northern America (UNDP 1998). Rich natural resources, better educated labour, infrastructure investments and an end to apartheid and military conflict are some of the factors that may give Southern Africa better growth potential than in previous years.

While these positive developments raise hopes for the future and perhaps point to a reversal of the economic marginalisation and political instability of the region, there are also political and economic developments taking place which may jeopardise this trend. A number of closely linked changes are currently taking place in the Southern African region, which may make the future more insecure. One is the increasing role played by South Africa within the Southern African Development Community (SADC). Second, the SADC countries signed a historic trade protocol in 1996 with the aim of turning Southern Africa into a free trade region over the next 10 years (Keet 1997). Third, all the countries in the region are currently experiencing harsher economic competition due to the opening up of national borders, cuts in tariffs and more globalised production patterns. Fourth, South Africa's negotiations with the European Union over a free trade agreement will have implications for the whole region. Finally, political developments and instability in Central Africa (in Rwanda, Democratic Republic of Congo, etc.) also bring insecurity and tension to the SADC region.[2]

The Southern African countries face many of the same issues in their increasingly globalised economies. They share similar characteristics in their labour markets and confront many of the same issues in their relations with the international trade regimes and financial institutions like the World Bank and the IMF. They face similar problems of unemployment and are confronted with high rates of poverty within the labour markets. They ponder over similar challenges of informal versus formal sector development, and share the same questions and dilemmas as to skills development, flexibility, and restructuring of work. Migration, HIV and poverty compose different, but yet shared, concerns. It is not surprising then, that along with these similar problems and challenges, Southern African countries are now also beginning to regard regional co-operation as a new strategy for economic development internationally. Simultaneously, each country is tending to a large extent to fight its battles within national frontiers. While regional labour market issues are increasingly being set on the political agenda, and while regional co-

[2] Some of the SADC countries (Zimbabwe, Angola and Namibia) are offering military assistance to the Kabila government in DRC while others like Uganda and Rwanda support the rebels. The conflicts in DRC have the potential of escalating with implications also for internal SADC co-operation.

operation has grown stronger during the last few years, there is still some way to go in developing co-ordinated regional strategies in the face of common and interlocked challenges.

What potential is there for economic growth and a fair distribution of resources? What possibilities are there to escape from the circle of poverty, low economic growth and exporters of raw materials? The answers to these questions are to a large extent to be found with the labour force and in the labour market. And that is the focus of this report!

Organisation of the report

Much attention has been given in development theory to the macro conditions of education and wealth in order to create development. And much attention had been given by development researchers to micro projects in order to create change. While both perspectives are important, too little attention has been given to the functioning and characteristics of labour markets and their institutions as areas and agents for change in Southern Africa. This report aims at filling this gap. This report therefore gives attention to key issues of the labour markets in Southern Africa and to the institutions and actors that will help change come about in the Southern African Development Community (SADC) region.

This report is based on pilot study into the Southern African labour markets with the following aims: to map labour markets and industrial relations on the basis of existing information and research; to build networks with similar research centres in the Southern African region and to identify needs for further research on the basis of "gaps" in existing knowledge and the priorities of key stake-holders in the regional labour markets. We base our report upon a compilation of existing information and research, and concentrate first and foremost on the SADC countries which comprise of Angola, Botswana, Democratic Republic of Congo, Lesotho, Malawi, Mauritius, Mozambique, Namibia, South Africa, Seychelles, Swaziland, Tanzania, Zambia and Zimbabwe.

The report is divided into five parts. First is a description of the economic and institutional factors forming the framework for the regional labour markets and their potential for restructuring. Second, we map the regional labour markets in terms of employment characteristics and specific issues such as child labour, women in the labour market etc., on the basis of existing research and information. Third, we describe industrial relations in Southern Africa and the relationship between the social partners at both enterprise level and the social level. Fourth, we discuss the regional co-operation now developing between the Southern African countries. Fifth, is a more analytical discussion of key issues and challenges facing decision-makers in the region. This part of the report will also form the point of departure for the identification of gaps in existing research where new information and analysis should be developed in order to assist the key stakeholders in the economy. Finally, we enclose some country reports used as points of departure for the previous mapping and analyses of the regional labour markets. These studies on Botswana, Namibia, South Africa, Zambia and Zimbabwe will give more in-depth information into key areas of interest on labour markets.

We have tried as far as possible to compile up-dated information from all the SADC member countries. In most cases, however, data for Angola is difficult to come by and will therefore be lacking in many of our analyses. We have the same problem with the more recent member states of the Democratic Republic of Congo and the Seychelles. Furthermore, many of the other countries in Southern Africa also lack reliable figures and information in crucial areas.

We have brought together regional knowledge about the labour markets. The picture which emerges is broad and fragmented, with several pieces of information still missing. It is however a picture, which urgently needs attention for the sake of development in the region. Such a multifaceted exercise as ours may provoke more questions than answers. Step by step we will build an information and research base which may contribute to transformation in Southern Africa.

Chapter 2 **Growth and redistribution**

2.1 **Growth and development**

Labour markets form, but are also heavily influenced by the wider economic and social developments. Before we discuss the characteristics of labour markets in Southern Africa in the following chapters, it will therefore be useful to briefly describe the economic and social developments in the region. This chapter is dedicated to that purpose.

The overall growth rate for the African continent stood at 3.7 per cent in 1995, up from 1.9 per cent in 1994 (UNDP 1997). During the beginning of the 1990's, three Southern African countries exceeded 8 per cent, namely Lesotho,

Table 2.1 GDP growth rates 1993–97 (various sources[1])

	1993	1994	1995	1996	1997
Angola	-21	7.3	10.9	7.0	8.0
Botswana	-0.08	4.1	3.1	6.2	5.0
DRC	-13.5	-3.9	-0.6	1.3	
Lesotho	4.9	11.4	9.0	11.9	
Malawi	15.1	-12.9	13.5	14.5	13.0
Mauritius	5.4	4.3	4.3	6.1	5.8
Mozambique	22	5.8	-0.7	6.1	14.0
Namibia	-1.6	7.05	5.1	3.2	1.4
Seychelles			-1.8	1.7	
South Africa	1.5	2.8	3.1	3.3	1.7
Swaziland	2.8	3.4	2.6	2.6	
Tanzania	4.8	4.5	4.5	4.5	3.5
Zambia	3.3	-7.8	-3.8	4.8	3.5
Zimbabwe	5.0	4.0	-2.0	7.0	8.0

[1] The figures are from the following sources: 1993-96 World Bank (1998); with the exception of Zimbabwe (World Bank, African Development Index 1996 & Grimsrud 1998 see enclosed), and Tanzania (UNDP 1997 & *African Business*, Harare July 1997). Be aware that GDP figures are under constant revision so that estimates will easily differ amongst different sources. The 1997 figures are preliminary figures (Zambia: Ministry of Finance and Economic Development, Malawi: Southern African Economist April–May 1997, Mozambique, SA Economist, Febr. 1998 and *Business in Africa*, August–September 1998).

Mauritius and Uganda;. In the late 90's, Mozambique and Malawi seem to be following closely behind. The UNDP (1997) reports that a climate conducive to increased domestic and foreign investments is being created, capital markets are being formed and African entrepeneurship is expanding. Furthermore, it seems that African economies are becoming more competitive on the world market and there is an increased demand, for example, in Europe for African products (Biggs et al 1996). In the mid 90's, growth rates in the region were as follows:

Real GDP growth rates in Sub-Saharan Africa were over 5 per cent in 1996 and forecasted to above the same in 1997. The industrialised countries have a forecasted growth rate of 2.5 per cent in 1997, but Asia in comparison is slightly higher than Africa (7.5%) (IMF 1997). Indications are that Africa today is the second fastest developing region in the world (Africa Today Sept./Oct. 1997).

2.2 **Growth strategies and initiatives**

Many African countries are pursuing International Monetary Fund (IMF) and World Bank inspired *Structural Adjustment Programmes* (SAP's) or have started their own reform initiatives aimed at redressing inherent imbalances in their economies. These imbalances are seen in balance of payments difficulties, rising and pervasive unemployment, huge budget deficits, high and accelerating rates of inflation and low levels of investment, among other areas (Banda & Muneku 1996).

Most of the Southern African countries are dependent upon loans from the so-called Bretton Woods Institutions (BWI) of the World Bank and the IMF.[2] Furthermore, major bilateral donors will provide aid to poor countries only on the condition that they have agreements with the BWI. For Mozambique, for example, with an external debt of over 5 billion USD (1996) and needing aid of I billion USD a year, the BWI agreements are essential.

The BWI institutions call for more use of the market, a more limited role of the state in the economies and a "monetarist" view that controlling the money *supply* can regulate economic disturbances. While being similar, the BWI institutions are not identical, and have in some countries, in fact, sometimes come into conflict.

[2] The International Monetary Fund (IMF) and the World Bank were founded at an international conference in Bretton Woods, USA in 1944 and are therefore known as the Bretton Woods institutions. The establishment and operations of the IMF is aimed at improving the international payment system in order to facilitate free trade and it provides short-term balance-of- payment loans to member countries, subject to them following what is considered prudent fiscal policies. The World Bank, on the other hand, was seen as a source of credits for development, particularly big infrastructure projects. See Hanlon's (1996) interesting book on the operations of the IMF and the World Bank in Mozambique.

Control of inflation ithrough fiscal discipline, is the overriding IMF target. The World Bank aims to help countries undergo long-term structural changes that will lead to growth. Bank policies are directed to the supply side of the economy, and attempt to promote growth by making markets work and "prices right". While the IMF imposes stabilisation to *reduce demand* in order to curb inflation, the World Bank imposes structural adjustment to improve *supply* by making markets work.

The structural adjustment programmes implemented by the World Bank and the IMF were intended to speed up the economic development and growth in the countries concerned.[3] They were, however, also meant to push, or enforce, democratic developments. Economic efficiency, reached through the structural adjustment programmes, was seen as a precondition for democratic rule. Structural Adjustment Programme policies have had three major purposes. First they are designed to effect a substantial change in the composition of output through a radical alteration of in the structure of relative prices. Second, they aim at integrating the countries more closely into the global economy. Third, the intention is to raise the rate of investment and improve the allocation of investment, thereby increasing the rate of growth of output, incomes and employment. Structural Adjustment Programmes have now been implemented by most of the SADC countries, such as Zimbabwe, Mozambique, Zambia, Tanzania and Malawi.

The Structural Adjustment Programmes in Southern Africa aim at restoring macro-economic balance in the economies. The general aim in this situation is to reduce the level of aggregate demand so that it corresponds more closely to the country's production potential (Griffin 1996:4). Strong anti-inflation measures have been introduced in several countries. Other elements of these packages include devaluation of national currencies; removal of state subsidies and price fixing; wage restraints; retrenchments in the public sector; privatisation of state assets, reforming the tax regimes and liberalising domestic markets through lower tariffs, etc. Especially in the case of Zambia, but also in Zimbabwe, the intention was to shift resources towards tradable commodities in order to diversify exports (Weeks & Mosley 1998). In the 1970's, when the adjustment efforts began in Zambia, copper accounted for over 90 per cent of export earnings and the world prices had declined drastically.

The Structural Adjustment Programmes in Southern Africa are controversial and continue to raise debates. We will not go into the whole debate here, except to briefly summarise the main arguments. The critique of the SAPs maintains that there has been a growth in unemployment and in low wage informal sector activities following the SAPs and in particular the privatisation of parastatals which form part of the programs. They also maintain that the aim of greater diversifica-

[3] As such, they have been argued by Mosley et al (1995) to represent more an ad hoc collection of policies than a development strategy.

tion of the economies has had limited success, and that little has changed for the better in terms of poverty levels. Malawi was for example the first country in the region to implement Structural Adjustment Programmes (1979). Yet, 20 years later, the country is still to be found close to the bottom of the Human Development Index and in terms of GNP per capita. The defenders of the SAPs argue on the other hand that economic growth is improving in Southern Africa and that inflation to a large extent has been brought under control.

After nearly two decades of adjustment, Africa's recovery and development prospects remain uncertain. Some argue that the reason for the problems lies in the lack of infrastructure and education. Others maintain that there is a need for "local ownership of adjustment" and "capacity-building". The World Bank previously criticised labour market institutions and trade unions in particular for causing rigidities in the labour market and thereby functioning as barriers for change. They now not only acknowledge the centrality of trade and investment policies, but also point out that the key to their effectiveness lies within the arena of politics and institutions. A recent World Bank publication argues (Briggs and Srivasta 1997):

> "… there is no a priori reason why Africa should not benefit from some form of infant industry protection to promote learning in domestic firms"

Other World Bank reports argue that low growth in Sub-Saharan Africa to some extent is caused by low growth *elasticity,* due to uneven distribution of resources and of growth (Haque 1997). Growth is according to this argument, in many cases not followed by increases in the purchasing power of the poor and thereby growth elasticity, i.e. the potential for further growth, is limited.

Unions all over the region support the need for economic restructuring and many of the *principles* contained in SAPs. Yet, their criticism has been concerned with the *process* through which the programmes have been implemented, with the lack of dialogue and consultation to pace the process correctly, and finally with the lack of safety nets to take care of the short-term costs of adjustment.

In Zambia, the Structural Adjustment Programmes have been described as a failure, and in Zimbabwe as only a partial success. In Tanzania, the results of the SAPs have been mixed (Danielson 1998). Positive economic growth has been restored, although per capita income is still growing only at a very small pace. Far-reaching deregulation has taken place in markets for food and crops, financial services and social services input, and the public sector has been reduced by the retrenchment of some 50 000 civil servants in 1995 (Danielson 1998). However, while progress has been made in regard to structural reforms, attempts to stabilise the economy have not been successful and foreign debt remains one of the highest in Sub-Saharan Africa.

In addition to the SAPs, other programmes have been implemented in order to change the course of economic trends in Southern Africa. *Export Processing Zones or "EPZs*", has become a catchword and a hotly debated issue in Southern Africa.[4] However, the implementation of EPZs is not a new phenomenon and is closely associated with the poor economies of developing nations. In Africa, EPZ's have been in existence for the past few decades and are being increasingly implemented in a number of countries wishing to attract foreign investments.

An EPZ is "a delineated, enclosed, and policed area of a country which has an industrial estate specialising in the production of manufactured goods for exports" (Proctor and Markman 1995.[5] Export Processing Zones are free trade areas where investors are encouraged to establish factories to produce goods for export through the use of incentives such as tax exemptions or preferential tax rates, tariff-free imports and low wage cost. In concrete terms, an export processing zone can be defined as "a clearly demarcated industrial zone which constitutes a free trade enclave outside a country's normal customs and trading system where foreign/local enterprises produce principally for export and benefit from certain tax and financial incentives."[6] EPZ's are "free" industrial investment zones in which labour laws or labour standards are often watered down so as to attract investors. The schemes often include exemptions from corporate income tax, concessionary rates of income tax, tax exemptions on share dividends, import goods duty/tax free, exemptions from the Import and Export Act and/or Exchange Control Act, etc. Working conditions invariably fall below international labour standards whatever the prevailing legal regime of industrial relations may be. Experience from Botswana, Lesotho and Swaziland illustrates this. The economic rationale behind EPZs is to boost economic growth through foreign investments and to create jobs by providing fiscal and financial incentives. While the motivation behind the establishment of EPZs is often employment creation and foreign investments, there is evidence to question whether they indeed serve this purpose. Furthermore, the direct costs of establishing the EPZs are substantial compared to creating jobs elsewhere in the "host" countries. Large amounts of capital are demanded for basic infrastructure, site preparations, transport, roads, land purchase, etc.

[4] This section relies to a large extent upon the report developed from a workshop of SATUCC in co-operation with TARSC in Harare, March 28-30 1996 and papers by Austin Muneku 1997, ZaCTU.

[5] There are many different words used to describe what we call Export Processing Zones. In Lesotho they talk of "Pioneer Industries", in Ghana, Liberia and Gambia of "Industrial Free Zones", in Sri Lanka of "Investment Promotion Zones", and in China of "Special Economic Zones" while in other countries they talk of "Free Trade Zones". In the following, I rely to a large extent upon work by Muneku 1997c on the issue of Export Processing Zones.

[6] Jean Paul Marthoz and Marcela Szymanski, 1996, *Behind The Wire*, ICFTU Survey p. 16.

EPZ's are in the process of being implemented, or are already operating in most of the member countries of SADC. According to a recent SATUCC study (Jauch and Keet 1996), Export Processing *Units* are common in Mauritius.[7] The more advanced are in Namibia and Zimbabwe, although there are long-standing programmes also in Zanzibar in Tanzania (Keet 1996b). Programmes have also been drawn up in Mozambique. In Zimbabwe, EPZs came into force by presidential consent in 1995. In Namibia, the 1995 Export Processing Zones Act provides for the establishment of EPZs. In Malawi, the Assembly likewise passed a Bill on EPZs in 1995. In Botswana, they offer exemptions from corporate income tax for a period of up to five years and no tax on profits for foreign shareholders, and in Mauritius a lower rate of income tax, etc. Duty free imports are offered in both Botswana and Mauritius. It should not be overlooked that similar schemes have been in operation since the 80's in South Africa in a very particular form in the former homelands/bantustans (Keet 1996b). Furthermore, the governments in countries implementing EPZs will often promise investors "labour peace", or that there will be "no trouble with the unions" (Muneku 1997c). EPZ are often found in sectors such as textiles and garments, attempting to compete more successfully with the lower price Asian products. This is the case in Botswana, Mauritius, Namibia and Mozambique. The new MMD government in Zambia announced their ambitious economic reform measures when they came into power and immediately passed the Investment Act of 1993 which made provisions for the establishment of EPZ's. However, the Act did not specify the type of EPZ model Zambia was going to adopt (Muneku 1997c). It is only now that the government is trying to formulate a policy on the establishment of EPZ's.

Some governments in the region have approached EPZ's as a crisis management strategy, highlighting the success story of the Mauritius EPZ's. According to the Zimbabwe Congress of Trade Unions (ZiCTU 1994), the Mauritius experience is successful in that, firstly, it helped reduce the country's dependency on sugar. Secondly, there was a positive impact on employment (ZiCTU 1994). The growth in EPZ not only increased employment but also corresponded with the increase of EPZ share in the overall value added which was well above 55 per cent by 1985.

The EPZs' scoring on labour rights, employment and employment conditions is, however, generally far more complex. While EPZs aim at job creation and skill-transfer to local workers, most jobs are for unskilled or semi-skilled female workers in labour-intensive schemes. Another aim has been to attract foreign capital, but available statistics reveal that only 3.8 per cent of global exports from developing

[7] EPUs are not separate areas but single factories, which operate as if they are an EPZ H. Jauch and D. Keet, 1996, Export Processing Zones in Southern Africa: Economic, Social and Political Implications. Cape Town: ILRIG.

countries were attributed to EPZs in 1988 (TARSC Report 1996). Furthermore, there seems to be very limited technology transfer from EPZ companies to local firms and contrary to expectations, EPZs actually lead to industrial monocultures (ibid.). Finally, EPZ's typically employ young, unskilled or semi-skilled workers on relatively low wages.

The public sector restructuring also has to be taken into account in drawing up schemes for investments and growth, whether these are Structural Adjustment Programmes, Export Processing Zones or simply programmes implemented specifically to make the civil service more effective and service friendly. Lack of efficiency in the civil service has generally been regarded as a major barrier to growth and development. Tanzania has for example offered financial incentives to entice local and foreign investors. While initially the response was overwhelming,[8] the initial avalanche was short-lived. The investments slowed up to a large extent due to bureaucratic complications (*SA Economist*, April –May 1997). Any company in Dar es Salaam, for example, is expected to submit at least 89 separate filings per year and a hotel is allowed to lodge 454 separate filings (ibid.). Clearing imports is yet another nightmare, with more than 20 steps in the clearing process and a total of 8 organisations involved (ibid.). Delays of 3 months are not unusual, while similar operations in Singapore would take no more than 15 minutes. In Malawi as well, barriers to entry and regulatory constraints pose additional hurdles. Many licensing and registration requirements have now been eliminated, but for most businesses there are a number of frustrating delays, for instance in obtaining land documents and Temporary Employment Permits.

Public sector inefficiency is an area of concern to both international donor communities and not least to national recipients, consumers, NGOs, employers and trade unions. One issue raised is that clearer lines need to be drawn between politicians and civil servants (Southern African Economist Sept/Oct 1997). The poor division of functions and responsibilities between politicians and civil servants has contributed to confusion in the development of public policy. Furthermore, initiatives are under way in several countries for developing capacity and human resources which may deliver the services through training, research consultancy services and dialogue between the various implementers of public policy as well as between them and civil society. In Zimbabwe for example, workshops for senior civil servants are organised with emphasis upon accountability, consistency and social justice.

[8] Between 1990 and 1996 a total of 810 investment projects worth USD 2,19 billion were approved and more than 126 000 jobs created (*Southern African Economist April 15–May 15, 1997*.

2.3 **Social security and redistribution**

Positive growth rates raise questions as to the benchmarks against which we measure positive growth. While Southern Africa demonstrates positive growth rates, poverty is worsening and the wealth gap is getting larger. According to the UNDP 1996 Human Development Report, for example, poverty levels in Sub-Saharan Africa have become worse. About 170 million people, nearly a third of the region's population, do not get enough to eat. Moreover, the Human Development Index of the UNDP demonstrates that the Southern African countries rank low when it comes to people's ability to lead a long and healthy life, to acquire knowledge and access to the resources needed for a decent standard of living. Average annual growth rates in the 70's and 80's were negative in most of the countries in the region and it will take years to reverse this trend. For example, real wages decreased in Tanzania by 17 per cent annually in the 80's, in Malawi by 7.5 per cent and in Zambia by between 5 and 10 per cent each year (Colclough, undated). Average wages in Zimbabwe have not managed to keep up with the deregulated prices of goods and services and are now the Poverty Datum Line. In Botswana, half the formal workforce earn only minimum wage levels or below. In South Africa, a third of those in employment are estimated to earn less than the minimum living level. And in Tanzania, the minimum wage has completely failed to keep pace with the sky rocketing inflation which means that large portions of those in the workforce earn less than minimum living levels. In Mozambique, Malawi and Zambia, the situation is similar.

Low GDP per capita in Southern Africa is one dimension of misery. Different countries, however, have translated their economic capacity into very different levels of well-being or achieved the same level of human development with diverse incomes (ibid:22).[9] The UN Human Development Index is a composite index of achievement in basic human capabilities in three fundamental dimensions: a long healthy life, knowledge and a decent standard of living. Three variables were chosen to represent and measure these dimensions: life expectancy, educational attainment and income. The UN's Human Development index notes that in many cases, the Southern African countries score even lower on the human development index than they do on the GDP per capita index. While most countries in Africa have seen infant and child mortality rates decline sharply, Angola, Malawi, Mozambique, and Zambia still have under-five mortality rates in excess of 200 out of 1000 (World Bank 1998). *Some* Southern African countries are scoring better in terms of human development than in terms of economic development, but the general picture is one

[9] The UNDP (1997:2) Human Development Report mentions for example Zimbabwe as an example of a country, which has done better in reducing human poverty than income poverty by investing heavily in reducing deprivations in basic human capabilities.

in which there is still a long way to go in stretching *limited* resources into some degree of well-being. Mauritius, the Seychelles, South Africa and Botswana score highest on the index in Southern Africa.[10]

Table 2.2 Human Development Inx[11] Southern Africa (Human Development Report 1998)

	Human Development Index	Real GDP per capita (PPP. USD) 1995	Real GDP per capita Rank minus HDI rank [12]
Angola	0.344	1839	-28
Botswana	0.678	5611	-31
DR of Congo	0.383	355	31
Lesotho	0.469	1290	12
Malawi	0.334	773	5
Mozambique	0.281	959	-7
Mauritius	0.833	13294	-28
Namibia	0.644	4054	-22
Seychelles	0.845	7697	-6
SouthAfrica	0.717	4334	-9
Swaziland	0.597	2954	-10
Tanzania	0.358	636	20
Zambia	0.378	986	11
Zimbabwe	0.507	2135	-6

Table 2.3 Inequality in Southern Africa (Gini coefficients) (World Dev. Report 1997)

Malawi	Tanzania	Lesotho	Namibia	South Africa	Zambia	Zimbabwe	Botswana[13]
62	38.1	56	70	58.4	46.2	56.8	53.7
(Haque 1997)			(UNDP 1996)				(NDP 1997)

[10] Yet, it is worth underlining that this is a composite index. Some countries may score high on life expectancy while lower on for example on average income. Botswana scores for example higher than South Africa in terms of life expectancy and income, but lower in terms of school enrolment (BNPC 1997b).

[11] The HDI (Human Development Index) value for each country will indicate how far the country has to go to attain certain defined goals: an average life span of 85 years, access to education for all and a decent standard of living. The HDI reduced all three basic indicators to a common measuring rod by measuring achievement in each as the relative distance from the desirable goal. The HDI shows the distance the country has to travel in order to reach the maximum value of 1.

[12] A positive figure shows that the HDI rank is better than the real GDP per capita (PPP USD) rank, a negative the opposite.

[13] Includes incomes in kind (NDP 1997:24).

Poverty and degree of wealth affect not only people's living conditions, but also their interests, perceptions and priorities. It is widely assumed that high levels of socio-economic development will favour the transformation towards democracy and help maintain it after it has been established. Poverty or affluence is not only expressed in per capita income, but also in various other ways: in increased literacy and education levels, welfare etc., all of which will in turn affect democratisation and further economic growth. Distribution of *income and wealth* is, in fact, according to Lipset (1963), the most important source of interest-conflict in complex societies. The seeds of interests, political demands, democratic citizenship and democratic stability are generally believed to be found in socio-economic development and modernity. More highly developed countries produce more literate and educated citizens who again demonstrate more participatory skills and increased democratic consciousness. In allocating socio-economic resources, i.e. income, wealth, status, education, etc. to people, every society also allocates political resources. In other words; income, education etc., affect the degree to which people take possession of their formal political rights and transform them into political participation and influence. However, it is not only the *levels* of wealth, education, skills and welfare that help bring about economic prosperity and political stability. The *distribution* of resources is also important. Uneven distribution of resources may give rise to divisions and conflicts, even more so if the distribution of resources overlaps with ethnic, racial, regional or religious divisions. Inequality in the Southern African countries is amongst the highest in the world, and wage inequality is a main reason for this. Even more disturbing is the fact that the distribution of resources overlaps with racial boundaries. The old apartheid states of South Africa, Zimbabwe and Namibia rank amongst the highest in the world when it comes to uneven distribution of resources, and whites still rank very high when it comes to wealth and resources. At the same time, these countries are moving towards stark class-based societies, with a growing group of higher middle class and upper class blacks.

Social security and minimum standards

Labour markets distribute resources not only in terms of wages, but also in terms of social benefits and welfare. While most industrialised countries have public welfare systems covering the total population, whether they are employed or not, most countries in Southern Africa rely upon private systems, and mostly private systems connected to employment. While these systems play a crucial role for many workers in times of sickness, retirement, maternity or retrenchment, employers often argue that in addition to wage levels, mandatory benefits and contributions to social security programmes affect job creation, growth and competitiveness negatively by increasing non-wage labour costs to companies. The ILO (1994) defines social security as:

> "the protection which society provides its members through a series of public measures against the economic and social distress that would otherwise be caused by the stoppage or substantial reduction in earnings (brought on) by certain contingencies"

Table 2.4 portrays the existence of social security systems in some of the Southern African countries as portrayed by the ILO, 1997.

Yet, we need to go into more detail in order to find out the kinds of social security systems that exist and the character, content and coverage of such systems. The Institute for Development and Labour Law at the University of Cape Town organised together with the Friedrich Ebert Foundation (FES), a seminar in 1998 on minimum standards in the labour markets in Southern Africa. We have summarised input from the papers presented at this seminar in table 2.5 (see the next page) together with additional information provided by other researchers in the region.

Welfare provisions like pensions, unemployment benefits, etc. are limited and poorly developed in Southern Africa. Zimbabwe and South Africa have public social security systems providing for retirement, supplemented by private provident or pension fund systems through the labour market. Systems covering sickness or disabilities hardly exist, except for private systems like the medical aid schemes in countries like South Africa. About 6 per cent of the labour force in Sub-Saharan countries are covered by private "oasis" social insurance systems, which grant family benefits and pensions to formal sector workers and civil servants (World Dev. Report 1997). Company or industry level pension, provident funds and insurance schemes for death and disability are on the other hand relatively common in the region for formal sector workers (Loewenson 1997).[14] These can be divided into three groups:

Table 2.4 Social security and non-wage labour costs (ILO, 1997)

	Old age, disability and death	Sickness & maternity	Work injury	Unemployment	Family allowance
Namibia	X	X		X	O
South Africa	X	X	X	X	O
Tanzania	X	O	X	O	O
Zambia	X	O	X	O	O
Zimbabwe	X	O	X	O	O

(X indicates the existence of benefits)

[14] This section on social security systems relies upon (Loewenson 1997).

Table 2.5 Minimum standards (Ntsika 1998, Nyman 1998, Inst. for Dev. and Labour Law 1998 et al)[15]

Country	Working hours	Retirement	Unemployment and retrenchments	Paid annual leave	Sick leave and disabilities	Maternity leave
Angola	Maximum 44 hours				Compensation for injury at work or occupational disease	
Botswana[16]	45 hours 150% overtime			15 working days per year	Compensation for injury at work or occupational disease	3 months at 25% pay (extension of up to 8 weeks unpaid) covering private and public employees as well as parastatals
Lesotho	Maximum of 45 hours with		Severance pay for people dismissed after having been in employment more than 1 year.	Minimum of 12 days.	Compensation for injury at work or occupational disease	6 weeks but no obligation upon employers to pay under maternity leave
Malawi		None, but often included in individual Contract of Employment			Compensation for injury at work or occupational disease	None, but often included in individual Contract of Employment
Mauritius	Parastatals and transport 40 hours, private sector 45 hours, catering, clinics and domestic services 48 hours	Non-contributory scheme for retirement at 50 in the public sector, other workers have to contribute to a pension scheme or to the National pension Scheme		14 days (after 12 months of consecutive employment)	The law provides the payment of an injury benefit in the event of injuries at work.	12 weeks paid (restricted to 3 confinements)

[15] For some of the areas, no information was obtainable.

[16] The minimum standards legislation in Botswana mainly covers private companies, parastatals and civil service working class employees (excluding agricultural workers, workers under minimum wage orders and mangers, executives and professional staff).

Mozambique				15 days (after 12 months of consecutive employment), 20 days during 3rd year of employment	Compensation for injury at work	
Namibia	45 hours	65 years of retirement, 1 week severance pay per year of service	In case of retrenchement, 1 week severance pay per year of service	24 days at full pay for every leave cycle (12 months).	60% of remuneration for first 6 months of sick leave and thereafter 50% of such remuneration	80% of pay for 4 weeks
South Africa	45 hours (40-45 hours through collective agreements) 150% overtime			21 working days		4 months, 45% pay, 3 months with 90% pay?
Tanzania	45 hours (150 per cent overtime pay)	There are 4 pension/social security systems (covering public sector)		28 days of leave every year (covering employees in private sector, parastatals and government)	Compensation for injury at work	84 days (not more often than every 3 years) with full pay and all benefits
Zambia	48 hours maximum with 150% overtime pay	All workers are required to make contributions to the National pension Scheme (Zambia's National Provident Fund) 55 years retirement age		24 days	Compensation for injury at work	12 weeks with full pay
Zimbabwe	Settled in collective agreements. Public sector 48 hours.	The National Social Security Act scheme requires contributions from both workers and employers. Covers the following benefits: retirement grant, pensions, invalidity and funeral grant		Paid leave is settled for only in collective agreements	Compensation for injury at work or occupational disease. Does not cover public service and casual workers	Maternity leave covered under the Labour Relations Act, catering for 3 months at 60% pay (limited to 3 leave periods). In public sector, 75% pay

(i) Defined contribution schemes (provident funds) whose benefits are directly calculated from the contributions paid and the returns on their investment; (ii) Defined benefits schemes where the level of benefits are guaranteed (pension schemes); and (iii) Insured benefits where the contribution rate buys a certain defined benefit for a risk (that may or may not happen) such as invalidity or death in service and where coverage only exists as long as contributions are made. Provident funds have since 1965 been the most dominant form of social protection in English speaking Africa.[17]But even with these pension and provident schemes, there are important limitations. While pension schemes seem most advantageous to workers, only about 10 per cent of workers reach a retirement age of 60 (Loewenson 1997).[18] Africa is the "youngest continent and the one where the population is ageing most slowly. Furthermore, in many cases, schemes are not transferable from one job to another and rights to ill health or early retirement benefits are often poor and usually only begin to meaningfully accrue after about 10 years of service. This means that workers with a high job turnover can spend their entire working life paying into pension schemes and never get a decent retirement benefit. Those getting pensions are generally the more secure high-income earners, creating a regressive subsidy from low to high-income earners. Altogether, the pension and provident funds in the region gather large amounts of savings, which are almost completely outside the control of the unions or the workers they are supposed to serve. Furthermore, the investment of funds very seldom follows any social logic or consideration. For these reasons, unions in South Africa have taken greater control over their funds in the 80's, and in Zimbabwe there are similar initiatives. The savings accrued through pension schemes and other savings for cash needs such as old age, illness, invalidity; maternity and family needs are substantial. There are billions of dollars in national public social security schemes, national provident funds, private pension and insured benefits schemes in Southern Africa (Loewenson 1997).[19]

There are only two national provident funds in Southern Africa; in Zambia and Swaziland.[20] Tanzania also has a national provident fund, which covers the

[17] In contrast to North Africa and French speaking Africa where social security systems have existed since the 50s and 60s (ibid, p. 7)

[18] With life expectancy falling to 48 in the region by the end of this decade due to AIDS, the number of people reaching retirement will fall further.

[19] In Zimbabwe for example, by 1995, the 1500 separate private pension and provident funds controlled USd 1,4 billion in assets and contributed annually over USd 100 million to net savings (ibid).

[20] In Zambia, the government is moving to replace its national provident fund with a national social security system as the economic growth of the provident fund has been sluggish, resulting in poor and sometimes below inflation returns to workers (ibid, p. 7).

private sector, the central government and the parastatal sector not covered by other pension schemes. Most countries have no national social security systems. Zimbabwe has an up-and-running national social security scheme that collects contributions and pay benefits. Mauritius has a national pension scheme that covers private and EPZ sector workers. Namibia passed a Social Security Act in 1994, starting to collect contributions and paying out benefits for sick pay, maternity benefits and death benefits in 1996. In Mozambique, social security coverage currently applies to workers in the provinces of Maputo and Sofala in businesses with ten or more employees. The system will be extended to the whole country. In Botswana, investigations are currently also being made into setting up a social security system.[21] Botswana has no national compulsory pension or provident fund provisions. The remaining countries of Malawi, Lesotho, Swaziland and South Africa do not have any social security system. Yet, in South Africa, for example, large numbers of workers are covered by private provident funds, pension funds and medical aid schemes. Furthermore, there is a universal means-tested benefit based on needs and there is a universal pension system for low- or no-income groups.

All in all, large numbers of people are struggling to survive. Furthermore, while food subsidies have long traditions in some countries like Zambia, these have now been cut. A recent survey of shop-floor workers in Zimbabwe finds that many cannot afford basic needs and depend on their equally poor families and communities to help if they are in financial need. Many of the workers interviewed live in a cycle of indebtedness, borrowing to meet monthly needs and committing their next month's wages to debt repayment before even receiving them (ZCTU/OATUU HSEP 1997, Loewenson 1997).

In this context, the family and the community has become the main institution for redistribution rather than the state. Furthermore, private savings clubs have become relatively common in the region. In Zimbabwe, for example, recurrent drought during the early 1990's brought renewed interest in the traditional or communal granaries, i.e. savings schemes in which a group of farmers living in the same region pool an agreed amount of grain to be used in times of shortage (Fultz 1997).[22] Beyond these savings clubs, other forms of self-help clubs are also common in

[19] It is however met with some complications because of the popular existing system (through Section 28 of the Employment Amendment Act of 1992), which stipulates that employees who are not covered by any company retirement or pension benefit scheme are entitled to a tax-free severance payment as a lump sum payment every 5 years.

[22] Recognising the value of these schemes, the government constructs granaries for their use and some foreign donors and NGOs have also offered funding or made-in-kind contributions. All in all, 217 granaries exist across Zimbabwe.

Zimbabwe; i.e. those which accumulate funds in a common pool for various contingencies, such as lending, school fees, sickness, and death, and those which collect funds on a regular basis and systematically distribute them to each member (Fultz 1997). Similar savings clubs exist in the rest of the region, although under different names. In South Africa, for example, the majority of workers in the formal sector in Gauteng report that they are members of so-called "stokvels" (Torres 1995).[23]

Lesotho is actually currently planning for the introduction of a Social Security Scheme (SADC 1997).[24] Health care is provided free of charge by the state in Mauritius. And there are public hospitals and clinics all other Southern Africa. Yet, as mentioned before, few countries have in place a system which covers for social security like pensions, disability, unemployment etc. Furthermore, even health care is to a large extent privatised in most countries, with a high standard private health care system existing for high-income earners vis-à-vis a low quality under-resourced public sector health system for the majority of the population. Moreover, when we look at government spending on health and welfare for its citizens, the picture may seem disturbing. Table 2.6 portrays the proportion of government spending which is allocated to health and welfare in some of the Southern African countries.

Table 2.6 Central government spending in some Southern African Countries, (percentage of total expenditure) (World Dev. Report 1997*)*

Country	Health	Education	Social security and welfare	Total	Defence
1991-95					
Tanzania	5.5	11.8	0.5		13.3
Malawi	6.5	11.9	0.8		6.4
Zimbabwe	6.8	21.5	4.5		17.1
1991-95					
Zambia	9.9	12.8	2.9		–
Botswana	5.1	21.3	2.1		12.1
South Africa	–	–	–	46%[25]	

[23] There are also several other programmes implemented. In Lesotho, the ILO is working with the government in providing loans for disabled people who want to start their own business. Furthermore, South Africa is contributing to so-called agrifarming projects in Mozambique in order to support mine workers who were retrenched from South Africa without any employment benefits (Fultz 1997). These kinds of programmes are however scattered and uncoordinated and cannot take the place of a national social security systems

[24] With the financial assistance of the Arab Bank of Development for Africa

[25] South Africa spends 46 per cent on welfare, education etc. in total, of which most goes to cash benefits, rather than services. Yet, less than of a third is allocated for transfers, the rest goes to wages in the sector!

In comparison, a high-income country like Norway spends 36.7 per cent of its central government expenditure upon social security and welfare, Japan spends 37.5 per cent and the USA spends 28.5 per cent! A large portion of the public expenditure in these countries is made up of transfers to households for social security benefits.

Wages

In assessing social security, health and redistribution as well as migration issues, it is necessary also to touch upon wages and the wage differentials in the Southern African region. There are relatively high differences in per capita income and average incomes between the SADC countries. For example, a comparison of Namibia's wages with those of its neighbours show very high earnings relatively speaking (Hansohm 1997, Sachikonye 1998). On average, Namibian semi-skilled workers earn more than four times the wages of Zimbabwean counterparts. And Namibian managers earn twice the salaries of Zimbabwean managers.

In Mozambique the minimum wage is set at approx. USD 30 a month. Real wages have fallen over the past 5 years. Many who are working for previous parastatals that are now privatised continue to go to work, but without receiving wages for months. The country's recent economic growth has had limited impact upon the living standards of most Mozambicans. There has been increased investment in schools and hospitals, but the disposable income has tended to decrease. Many children have no access to schools and health services, not because of lack of infrastructure, but for lack of money (ibid.). In South Africa, there are no minimum wages set at the national level, but the Wage Board, now Employment Commission is to set minimum wages in certain sectors and localities. The Namibian Wages Commission is analogous to the South African Wage Board, except that it allows for union and employer representation.

Concluding remarks

The poverty development trend in Southern Africa has to be reversed. The UNDP has warned that if the current trends continue, the number of African living in poverty will swell to 300 million by the year 2000 (Southern African Economist Sep./Oct.1997). Poverty rates in Sub-Saharan Africa are increasing. Increased poverty as well as AIDS and unrest have also contributed to the worsening of human development indicators. Already 44 per cent of Mozambicans, 38 per cent of Malawians and 39 per cent of Angolans do not expect to see the age of 40.

The UNDP and ILO (1997:1) believe the economic marginalisation of Africa through the 80's and 90's to be connected to different reasons. First is the lack of growth due to decline in savings and investment rates as well as the inability of African states to spend on human development. Second, the sectors that have been leading in generating growth and creating employment (mainly agriculture and government) have reached a saturation point and are no longer able to act as engines of growth. Southern Africa is struggling to compete on the world markets due to the lack of diversification of exports beyond raw materials. Third, the region has experienced a period of increased capital flight. Finally, there was a crisis of government in many countries due to widespread civil strife. All in all, the UNDP/ILO argues that Africa's marginalisation constitutes a hampering factor for the prospects of development. Hopefully, the recent economic growth in the Southern African region may signal a beginning of a new start.

It is important to note that many African countries did experience growth after independence. In Tanzania GDP grew by an annual average of 6 percent during the 60's (Tambwe 1997). On a per capita basis, the GDP has increased every year since 1977. Furthermore, some of the countries in the region are doing relatively well. Botswana had, for example, the fastest growing economy in the world from 1965 to 1996, with Mauritius making number eleven and Lesotho number thirteen (World Bank 1998).

Economic growth is without doubt the most powerful weapon in the fight for higher living standards. If Sub-Saharan Africa is significantly to reduce its rising number of poor, it must improve its growth performance over the early 1990's by as much as 3 percentage points (World Bank 1998). Yet, as important for poverty eradication as well as economic developments, although often underestimated, is the *distribution* of income and wealth. The benefits of growth for the poor may be eroded if the distribution of income worsens, which might also undermine the incentives for growth-inducing economic reforms (World Bank 1998). In Malawi, for example, growth in 1996 was 9.5 per cent and in 1997 it equalled approx. 7 per cent. But the minimum growth required in order for poverty not to *increase* is, according to the World Bank (1998), 5–6 per cent, provided that growth is distributed equally. Malawi is characterised by both very low average per capita incomes and high levels of income inequality. Even with high rates of economic growth sustained over the next decade, without a change in the pattern of growth towards more equitable and labour-intensive patterns, reductions in the numbers of poor may not be significant.

Social indicators will benefit from improvements in economic growth and redistribution of income and wealth. Yet, there is still room for policies that target interventions that appear to have a large impact on health and educational outcomes. The government in Malawi has since 1994 followed a development strategy in which smallholder agriculture is the central element. Furthermore, government expenditures are to be reoriented towards social services and programmes benefiting the

Table 2.7 Minimum wage setting in Southern Africa (Institute for Development and Labour Law et al 1998)

Country	Minimum wage setting procedure, coverage and content
Angola	A national minimum wage is established periodically by the ministers after consultation with social partners
Botswana	Set by Minimum Wages Advisory Board (representing government, employers, unions and independent groups) covering all workers in non-agricultural and non-domestic sectors
Lesotho	Minimum wage reviewed annually through tripartite consultations by the Wage Advisory Board.
Malawi	Wage Advisory Board and Wages Advisory Councils set up in order to cover domestic workers, general workers, tobacco handling and tea industry employees.
Mauritius	The Minister of Labour can refer cases to the National remuneration Board if he/she is of the opinion that it is necessary to fix minimum wages for certain groups of workers
Mozambique	Minimum wage set by tripartite negotiations with semestral revision covering Industrial, Education, Health services, Public Enterprises and Agriculture
Namibia	No minimum wages are set
South Africa	No minimum wages, except for those set by the Wage Board in limited sectors/areas
Tanzania	Minimum wages set by the tripartite Minimum Wage Boards
Zambia	No national minimum wage set, but the Minimum Wages and Employment Act empowers the Minister to make determinations
Zimbabwe	The Labour Act empowers the Minister to issue minimum wage notices to cover workers in such sectors as he/she may consider necessary. There are currently minimum wages set for domestic services, the medical and professional sector, and welfare and educational institutions

poor. Yet, while poverty eradication is high on the political agenda in many countries in Southern Africa, redistribution of resources and narrowing the wealth gap is a more controversial policy area. Understanding what policies improve the *distribution* of income and wealth in a way that fosters incentives for growth should be high on the agenda of both policy-makers and researchers.

In countries where private coverage is very low (such as Malawi) or very uneven across and within industries (such as Botswana), the introduction of a national social security system would immediately provide a minimum level of basic social security that is long overdue (Loewenson 1997). The costs could be covered through employer contributions to national security scheme instead of the large contributions they today contribute with towards private medical aid and pension schemes (Standing et al 1996). There are clear advantages to the introduction of a social security system in terms of coverage, efficiency and economies of scale that underlie its introduction around the world (ibid.). Yet, in spite of potential benefits and relatively low costs, for example, when it comes to pension systems, national government face pressures to privatise or maintain private systems.

Beyond the need for the establishment or extension of national social security systems, there is also a need to *harmonise* the standards through the SADC region. The need for harmonisation of social security systems has been brought about by the issue of migrant labour, and by the issues of movement of capital and potential social dumping. Establishing a joint market as set forward by the SADC protocol will put increased pressure upon the harmonisation of social standards in the region. Yet, there is a difficult balance to be drawn up. On the one hand there is a need to harmonise social security systems in order to cater for the needs of the millions of migrants and in order to prevent social dumping. On the other hand, economic rationale may be in favour of still maintaining non-wage labour costs relatively low in the region in order to prevent companies from moving out of Southern Africa. Managing this balance will pose challenges to all interest groups in the region, but may also reinforce the need to establish harmonised social security systems.

Some have argued that non-wage labour costs constitute a barrier to investment and growth. Yet, employers face very similar cost levels in terms of notice periods for dismissals, severance pay, maternity leave and cash benefits in Southern Africa and in developing countries in general (World Employment Report 1996/97, ILO). Furthermore, the level of these provisions seems to be very *modest*. On this basis, labour standards do not seem to be a major factor influencing the international competitiveness of developing countries (World Employment 1996/97, ILO). Furthermore, it is interesting to note that while some argue that high standard benefits and social security will destroy job creation by making labour too expensive, unemployment in Southern Africa is extremely high in the first place, wages are generally low and social security and labour standards are almost non-existent! *Increased* labour costs *may* cause formal sector job losses in Southern Africa confronted with for example competition from low cost Asian markets. Yet, there are strong indications that the causes for high unemployment etc. are only partially explained by labour costs. The structure and dynamics of the *labour markets* play a crucial role in determining the potential for growth as well as for the economy to adjust and spread the rewards from adjustment.

Chapter 3 **Southern African labour markets**

People's wealth, welfare and interests are to a large extent determined at work. Labour markets distribute resources, but simultaneously lay the parameters for growth and development. Labour markets also play a key role in determining the success of stabilisation and adjustment policies and in mediating the impact of these policies upon on the population's living conditions. This part of the report will therefore describe the regional labour markets on the basis of existing information and research. The aim is to highlight certain characteristics of the Southern African labour markets which will function to promote or hinder development.

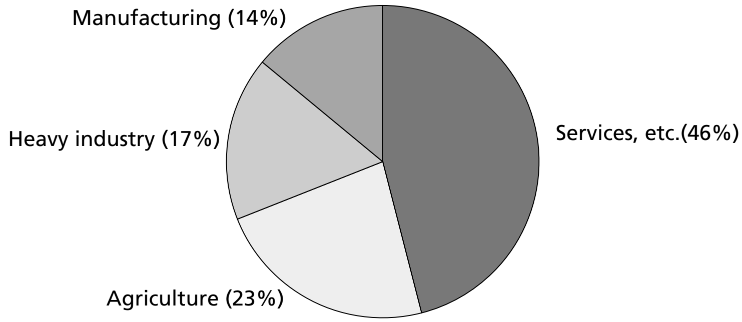
Colonial administrations left countries ill-equipped to face the challenges of newly independent nations. Southern African countries in the early 70's and still some today, were almost entirely dependent upon grant aid and foreign donor funds. Most Sub-Saharan African countries accorded high priority to promoting import substitution. Moreover, many of the countries have highlighted the kind of "enclave" economy, which developed on the basis of mineral resources, while little else of the economy was developed. The industrial base of Southern Africa is, for example, weak while agriculture and especially subsistence farming has remained an important part of people's base for survival. A standard post-colonial development strategy would be aiming to modernise agriculture, increase exports of primary agricultural products, attract foreign funds for industrial and infrastructural investments, accelerate the training of Africans to take over posts in the state and the private industry, improve and expand the provision of health services and to weld a colonial territory into one nation (Engberg-Pedersen 1996, Tambwe 1997). Yet, there are still challenges ahead in reaching these aims.

3.1 **Employment**

The most important economic sector in terms of average GDP contribution in the region is the service sector with 46 per cent, followed by total industry[1] at 31 per cent and the agricultural sector at 23 per cent. Manufacturing has grown since the mid 60's (World Bank 1989). Yet, in the Southern African region specifically, it made

[1] Manufacturing, mining, quarrying, power generation and mineral extraction, etc.

Figure 3.1 Regional Gross Domestic Product by sector (World Development Report, 1995)



up only 14 per cent (World Development Report 1995). Most SADC countries, except for South Africa, Zimbabwe, Mauritius and Swaziland, have no real industrial sector capable of transforming each country's national resources endowments into goods and services needed by the regional market.

Unemployment is high throughout the entire region.[2] In Zimbabwe, unemployment is roughly estimated as between 40 and 50 per cent (Sachikonye 1998), in Namibia at between 25 and 30 percent (Wohlnuth et al 1997) and in Mozambique unemployment was in excess of 50 percent in 1993 (Head 1995). The situation in Lesotho has not changed radically since the mid 80's when only 36 per cent of its economically active population was wage-earners (Head 1995). To compound the picture, substantive retrenchments in the public sector have been undertaken in Zambia, Mozambique, Zimbabwe and Malawi, which all had similarly high unemployment figures (ILO 1996, Sachikonye 1998). Furthermore, linked to the high unemployment rates, the informal sector has exploded in most places, as we will come back to later. We give some employment figures for the region below, but it should be mentioned that with the kind of labour market statistics we have today, and the problems in demarcation between unemployment and informal sector employment as well as the overlapping activities of many formal sector employees in the informal sector, employment figures must at best be taken as indications, rather than actual.

Altogether, only one out of ten in Southern Africa is employed in the formal sector. Less than a fourth of the total *labour force* in Southern Africa is in formal employment (table 3.1).[3] The rest are either unemployed or engaged in informal

[2] The definition of unemployment will differ between the various countries, some use the so-called extended definition, whereby people have to be "without work and available for work". Others add the criteria of "actively seeking work".

[3] The Labour Force is composed of those who are either employed (formal and informal sector) and the unemployed.

Table 3.1 Employment in Southern Africa (various sources)[4]

Country	Population	Economically and not economically active population[5]		Economically active (Labour force)		
		Not economically active[6]	Econom. active (labour force)	Formal employment	Informal sector employment	Unemployment[7]
Angola	11 099 770	384 552	5 103 000			
Botswana	1 533 000	158 115	528 108	288 165	57 240	35% expanded definition (182 703). 18% strict definition (94 528)
DR of Congo	45 233 680	3 429 322	18 908 029			
Lesotho	2 022 890	293 915	825 022	250 000		
Malawi	10 016 000	252 921	4 848 445	558 000		
Mauritius	1 134 000	281 613	476 642	466 410		
Mozambique	18 028 000	155 421	9 145 260	450 000		
Namibia[8]	1 584 380	199 959	434 678	260 000	150 000	11% strict definition. 19% expanded definition (84 398)
Seychelles	76 670					
South Africa	37 859 000	12 507 000	9 787 000	5 708 000	1 840 000	23% strict definition (2 238 000) 38% expanded definition. (4 551 000)
Swaziland	926 100	177 117	327 104	157 283		
Tanzania	30 493 860	183 835	15 552 232	1 000 000		3.6%[9]
Zambia	9 214 890	841 543	3 854 565	468 947		
Zimbabwe	11 247 950	1 218 758	4 948 554	1 497 600[10]		7.9% official
Totals SADC	180 470 190	20 084 081	74 738 639			
Population SADC (minus Angola, DRC and Seychelles[11]	124 060 070		50 727 610	11 104 405		

[4] All the South African data is gathered from the CSS Census 1996 preliminary figures (see Statistical Release P0317.10). For the other countries, the following sources have been used: population figures, as well as figures for economically active (labour force), and inactive population are from World Bank (1998). Formal sector employment data are found in the SADC 1997 Report; the Labour Force Survey for Tanzania 1990/91, Botswana 1995/96 Labour Force Survey, Namibia the 1991, Census results and Nyman 1998 (see this volume). Informal sector activities have been difficult to obtain through these sources. In most cases, we have therefore only quoted formal sector employment, while the remaining numbers of the labour force are either unemployed or informally employed. (To be continiued...)

activities, subsistence farming or in unpaid family labour – none of which give a stable, secure livelihood at decent levels. Most SADC countries (most notably Angola, Mozambique, Zambia, Zimbabwe, Malawi, and the Democratic Republic of Congo) experience levels of unemployment to the tune of 50 per cent or more of the labour force. In Tanzania, approximately 9.1 million out of 10.9 million employed and a labour force of 15 million, work on family farms.

In Botswana, formal sector employment dropped from an average growth rate of 10 per cent per annum in the 80's to a negative growth rate in 1992 (Olsen 1995). Employment in government has continued to grow, but employment in the private sector began to shrink from 1991. Manufacturing and construction were particularly affected. Employment in several other countries in Southern Africa has been heavily affected by privatisation due to Structural Adjustment Programmes (which we will return to later). Wage dependency in South Africa, Namibia, and Zimbabwe is relatively high compared with the rest of Sub-Saharan Africa (Woods 1988). However, generally people live on subsistence farming, exchange economies and on remittances from family members who are lucky enough to have found a job.

(Continiued...)
[5] While South Africa estimates the economically active population to be between 15 and 65, Botswana estimates it to be over 12 years of age and Tanzania over 10 years of age.

[6] In some countries, such as Malawi, Mozambique and Tanzania the economically inactive population's portion of the total population between 15 and 64 is relatively small. This seems to reflect labour markets in which large portions of the population are working in subsistence, family farms in the rural areas, i.e. involved in *some* economic activities that are defined as employment. The fact that some countries define the labour force as those between 10 and 64 also contributes to the variations in the estimates.

[7] Botswana estimates unemployment as both those who are actively seeking work and those who are not actively seeking, but still available for work (strict and expanded definition of employment). South Africa changed its unemployment definition in 1998 from "without work and available for work" to "without work, and actively seeking work". The expanded definition of unemployment would give an unemployment rate of 38 per cent in 1997.

[8] The preliminary results from the Labour Force Survey in Namibia 1997 indicate that 550 000 are in the labour force, out of whom 190 000 are unemployed (details from LaRRI 1998).

[9] Estimated on the basis of the Labour Force Survey in 1990/91, which covered mainland Tanzania, excluding Zanzibar.

[10] This may be a conservative figure. Madhuku and Kanyenze (1998) indicate that only 26.7% of the total labour force were in formal sector employment in 1996. Based on the labour force estimated by the World Bank, it would give us a number of 1 321 263 in the formal sector.

[11] We could not obtain figures for informal sector employment in all these countries. This estimate thereby gives an idea of the formal sector employment proportion of population and labour force size in respect of the other SADC countries.

Furthermore, and even more importantly for economic development, a relatively small part of the economically active population works in industry and manufacturing. Table 3.2 indicates the sectional distribution of the economically active population. In Tanzania, most of the people are employed in agriculture as peasants producing for local markets (84 percent, LFS 1990/91). In Zimbabwe, high numbers of people are employed in agriculture, but in contrast to Tanzania on (largely white) commercial farms, which bring in significant export earnings. In Botswana, the diamond industry generated 39 per cent of GDP in 1994 (raw materials and semi-processed goods) and absorbed about 15 per cent of the employed.

Agriculture is clearly the most important sector of employment as well as the most important contributor to GDP in Southern Africa. 70 to 75 per cent of employment in Southern Africa is in agriculture. In Mozambique, where recent statistics are hard to come by, agriculture contributed to about 33 percent of GDP in 1993, but over 80 per cent of employment and 70 per cent of foreign exchange earnings (Tarp and Lau 1998). Agriculture is also the mainstay of the economy in Malawi, and affects the living conditions of over 80 per cent of the population. Only about 12 per cent of the labour force is engaged in formal employment, while a large majority of the population receives its livelihood from farming, either subsistence farming, smallholdings, casual labour for cash or food or tenant labour. In Zambia, 75 per cent of the labour force is employed in agriculture.

Table 3.2 Sectional distribution of the economically active population in SADC countries, 1990 (percentages) ILO 1995

	Agriculture	Industry [12]		Services
		Total	Manufact.	
Angola	74.53	8.06	4.24	17.41
Botswana	46.36	20.4	5.15	33.24
Lesotho	40.07	27.85	2.14	32.08
Madagascar	78.19	6.75	4.65	15.06
Malawi	86.64	4.92	2.98	8.44
Mauritius	16.71	43.18	32.14	40.11
Mozambique	82.73	8.02	7.16	9.25
Namibia	49.08	15.39	5.64	35.53
South Africa	13.54	31.96	15.71	54.5
Swaziland	39.48	22.32	10.88	22.08
Tanzania	84.4	4.9	3.75	10.7
Zaire-Kongo	67.79	13.4	8.27	18.81
Zambia	74.6	8.48	3.44	16.92
Zimbabwe	68.17	8.29	5.6	23.54

[12] Manufacturing plus mining.

3.2 The informal sector

According to the definition given by the ILO International Conference of Labour Statisticians (ICLS-93), the informal sector enterprises typically operate at low levels of organisation, with little or no division between capital and labour as factors of production (Stats Brief 1998). Expenditures for informal sector production are often impossible to separate from household expenditures. Similarly, capital goods such as buildings or vehicles may be used indistinguishably for business and household purposes. Labour relations are based mostly on casual employment, kinship or personal and social relations rather than contractual arrangements with formal guarantees. Furthermore, these enterprises are not registered under specific forms of national legislation, do not pay taxes and do not usually have separate complete sets of accounts. The number of employees in these enterprises differs between countries, but is usually no more than 5 or 10.

The development of the informal sector in Southern Africa is predominantly a post independence phenomenon (Mhone 1996). During the colonial period, the informal sector was suppressed by various regulations, controlling and restricting the relationship of Africans to the formal economies and in particular to a unique system characterised by a primary (raw materials) export dependent economy and a dependency upon imported manufactured, and refined goods (ibid.).

It has been argued that the phenomenon of the informal sector is characteristically symptomatic of a developing country undergoing the transition from a traditional to a modern economy (Mhone 1996). And in fact, the informal sector has exploded over the last 10 years in Southern Africa. Liedholm and Mead (1997) argue that 4,8 million people work for small and micro enterprises in Southern Africa. Yet, the growth in informal sector employment seems more an effect of the inability of other sectors of the economy to provide adequate incomes or employment to a rapidly growing labour force, rather than a stage in a transition process towards a modernised formal sector economy. In order for it to become the latter, it will require additional resources as we will come back to below.

The International Labour Organisation (ILO 1991, Mhone 1996) defines the informal sector as follows:

> "The term "informal sector" refers to very small-scale units producing and distributing goods and services, and consisting largely of independent, self-employed producers in urban areas of developing countries, some of whom also employ family labour and/or a few hired workers or apprentices; which operate with very little capital, or none at all; which utilise a low level of technology and skills; and which generally provide very low irregular incomes and highly unstable employment to those who work in it."

The informal sector is informal in the sense that it is for the most part unregulated and unrecorded in official statistics, it tends to have little or no access to organised markets and to formal credit institutions and it is not recognised, supported or regulated by governments (ibid.). There seem to have been few studies done on the informal sector in the SADC region. The few studies that have been carried out indicate however that the informal sector represents between one quarter and two thirds of the national economies in Sub-Saharan Africa, depending on whether agriculture is included or not (Gilbert 1998).

In *Zimbabwe*, the first study to focus upon the informal sector was conducted in 1985 by the ILO/SATEP (Ndoro 1996). It established that the sector is characterised by the dominance of self-employed individuals who generally have a low level of literacy and who move into the sector mostly as a result of being retrenched from the formal sector. However, it has also been established that once people entered into the informal sector, they were generally not willing to take up formal employment, even if the option should present itself (ibid.). A later study from 1991 estimates that the number of people engaged in informal activities comprises 27 per cent of the labour force (Gemini Survey 1991; Ndoro 1996). Others suggest that 1,2 million people are engaged in informal activities (Sachikonye 1998). Madhuku and Kanyenze (1998) suggest that while 40 per cent of the labour force was employed in the *formal* sector in 1980, only 26.7 per cent was in 1996.

In Zimbabwe, the informal sector has been specifically singled out in the Structural Adjustment programme blueprint as a key player in contributing to productive activity, remunerative employment and significant value addition in the restructuring of the formal economy (Ndoro 1996). The surveys conducted in 1985/86 demonstrated that most participants in the informal sector are engaged in retail services, including wholesale, restaurant and general service activities. In 1991, however, a national survey indicates that contrary to expectations of the informal sector being dominated by trading-type activities, 70 per cent of all informal activities fall in the manufacturing category, while the remaining can be classified as traders (Ndoro 1996:32). In fact, this also marks a difference between informal sector activities in Zimbabwe and in other countries in the region. Table 3.3 (see the next page) portrays the sectoral breakdown of enterprises in some of the Southern African countries.

In *Malawi*, a number of studies have been conducted on the small enterprise sector. During the 80's, there has also been a proliferation of small-scale enterprise support institutions. The Gemini/ USAID study from 1992 reported that trading activities were dominant in the informal sector, with manufacturing activities coming second (Ngwira 1996:59). Within the trade sub-sector, vending of farm products and food were the most popular and in manufacturing, beerbrewing claimed centre stage (Daniels and Ngwira 1993, Ngwira 1996). An estimated 1,1 million people are currently engaged in informal activities.

In *Tanzania*, 16 per cent of the labour force is engaged in informal sector activities, either as main or secondary activity (LFS 1991/92). Most are relatively young and have only primary levels of education.

In *Zambia*, the first recognition of the informal sector was in 1977 by the ILO Jobs and Skills Programmes for Africa (Banda & Nyirongo 1996). It was characterised by its small-scale, labour intensive and low wage low skill nature, by the production of goods and services for low income people, and by its generally living off the crumbs of the large scale formal sector (ILO/JASPA 1997, Banda and Nyirongo 1996). Later studies indicate that the informal sector increased from about 18 per cent of the labour force in 1969 to 23 per cent in 1974, attributable to a large extent to the rural-urban migration (Banda & Nyirongo 1996). Following this, the government also introduced some affirmative action programmes for the promotion of informal sector activities. The labour force survey from 1986 indicates that the informal sector comprises about 70 per cent of the total labour force. However, if subsistence farmers are omitted, the informal sector accounts for only 23 per cent of total employment. The decline in formal sector output and employment due to the implementation of SAPs has resulted in a rapid expansion of the informal sector where more and more people are seeking refuge for survival. Banda and Muneku (1996) also argue that over 70 per cent of the labour force is seeking a living from the informal sector or subsistence farming today. The informal sector is characterised by very low incomes, poor quality employment, low productivity and a high prevalence of child labour. Many women in the informal sector are involved in static activities such as street vending. The government has on many occasions alluded to the need to promote this sector but most has ended in rhetoric with little policy formulation. As such this sector can not be seen as any solution to the complex problems of the labour market.

Table 3.3 Sectoral breakdown of small and micro enterprises in Southern African countries (Liedholm and Mead 1997)

Country (urban areas only)	Sectors (%)	
	Manufacturing	Commerce
Botswana	15	71
Lesotho	35	41
Malawi	29	62
Swaziland	33	56
Zimbabwe	64	30
South Africa	17	70

Table 3.4 gives an idea of informal sector employment estimates in some of the Southern African countries on the basis of various sources.

The ILO argued in 1991 that the informal sector employees "often work in appalling, often dangerous and unhealthy conditions, even without basic sanitary facilities, in the shanty towns of urban areas" (Mhone 1996). The majority of people engaged in informal activities earn in fact well below the poverty line in their respective countries. The informal sector in Zambia for example, has been found to be characterised by low capitalisation leading to a high degree of under-employment and inherently low wages (Banda and Nyieringo 1996).

Mhone (1996:4) argues that three rationales have been promoted for growth in the informal sector. First, there is a *developmentalist* rationale based on the belief that the informal sector can play a transformational role during periods of restructuring. Second, there is a *romantic* rationale based on an appreciation of the ingenuity

Table 3.4 Informal sector activities in Southern Africa

	Year	Number	Percentage of labour force	Source
Botswana			17	Liedholm & Mead 1997
Lesotho	1996	310 000	17	Liedholm & Mead 1997
Malawi	1992	1 100 000	30	ILO/UNDP Employment Policy Project Pjase 1 (includes immigrant workers from South Africa)
Mozambique	1990	2 900 000		Gemini/USAID 1992 Ngwira 1996
Namibia	1996	150 000		UNDP 1996
South Africa	1995	1 700 000	12	OHS, CSS 1995 Census 1996, CSS 1998
Swaziland			26	Liedholm & Mead 1997
Zambia	1986	5 00 000	23	CSO 1989 Banda & Nyiringo 1996) 1996 1997,
	1993	2 020 000		Social Dimensions of Adjustment, Lusaka Central Stastical Office
	1996	2 400 000[13]	70	Labour Commissioner ,Banda & Muneku 1996
Zimbabwe	1991	1 600 000	27	Ndoro 1996
	1995	1 898 000	43[14]	(CSO, Zimbabwe 1992,1994 Indicator Monitoring-Labour Force Survey report)
Tanzania	1993	955 647[15]		Labour Force Survey 1990/91

[13] This phenomenal growth in informal sector activities may partly reflect different ways of defining and making operational informal sector activities, but will also to a large extent reflect a real decrease in formal sector employment.

[14] In addition to which, 18% of the labour force is involved in unpaid family labour and a substantial proportion work in subsistence farming.

[15] In addition to which, 9,2 million work in traditional agriculture (Kapinga & Shahidi 1996, Labour Force Survey 1990/91). Of those approx. 847 000 who have informal sector activities as their secondary activity, about 796 000 are primarily engaged in agriculture (Gilbert 1997).

and adaptability of informal sector participants in being able to produce and market goods and services relying on labour intensive methods in the face of overwhelming odds against them. Third, there is a *welfarist* rationale, based upon an appreciation of the informal sector's role as a safety net for the destitute. In all respects, however, the developmentalist role of the informal sector has failed in Southern Africa (ibid.). The welfarist and romanticist roles of the informal sector are also questionable.

To many, the informal sector has in fact become the residual sector and an employer of last resort for people who do not manage to find employment in the formal economy. Others highlight the beneficial effects that the informal sector can have as a sector of growth for the nation and the survival for the individual during periods of economic restructuring in many countries. The informal sector is considered, for example, by the World Bank, as the main source for job creation in the future (Muneku 1997b). And it contains many activities which may undoubtedly contribute to raising productivity and which are thus worth supporting. Many voices have been raised in the region for the need to formalise the informal sector in order to provide the framework for job creation and growth. But while the existence of large numbers of people engaged in the informal sector reflects the need for survival strategies for millions of people without jobs, some of the growth in informal sector activities is also an effect over-regulation, bureaucratisation and taxation of small and micro enterprises. "Formalising" the informal sector therefore has to take place with care. Over–bureaucratic regulation should be relaxed and taxation adjusted to make sure that the informal sector is absorbed and more formalised. Mhone argues that in order for the informal sector to play a constructive role during economic transformations in Southern Africa, specific policies need to be put in place to promote informal activities. Most importantly, one needs to encourage individual and collective forms of credits, provide facilities and flexible forms of training that would enable individuals to adjust and adapt, allow them access to foreign exchange and imports as well as provide them backward and forward linkages with local agriculture and industries. Liedholm and Mead (1997) also underline that government policies often discriminate against small and micro enterprises in favour of their larger scale counterparts when it comes to access to input and the prices the two types of enterprises must pay for this. Furthermore, they argue that capital, and thereby access to credit, is often all that is required for these companies to sustain the enterprise or to enable it to expand.

3.3 **Public sector**

After independence, the size and scope of governments in Southern Africa has expanded enormously. The trend has continued in recent years in Southern Africa. The public sector continues to increase, and in some countries more rapidly than private sector employment (Botswana). Yet, while public sector expansion in several industrialised countries is due to expansion in welfare state programmes, etc., many developing countries have expanded the public sector as a job creation mechanism, rather than as a delivery mechanism. The clamour for greater government effectiveness has in fact reached crisis proportions in many developing countries where the state has failed to deliver even such fundamental public goods as property rights, roads and basic health and education. There is a vicious circle which has taken hold; people and business avoid taxation as a response to deteriorating public services, which again leads to further deterioration in services (World Dev. Report 1997). It is in fact widely recognised that one of the causes of the present economic, social and political crisis in Africa is the weak structure of state authority.

Table 3.5 Public sector employment in Southern Africa[16]

Country	Labour force	Formal scetor employment	Civil service	Public sector (civil service & parastatals)
Angola	5 103 000		137 560	
Botswana	528 108	288 165	97 620	
Lesotho	825 022	250 000		
Malawi	4 848 445	558 000	48 000	116 768
Mauritius	476 642	466 410	54 800	61 412
Mozambique	9 145 260	450 000	63 400	32 750
Namibia	434 678	260 000	66 732	
South Africa	9 787 000	5 708 000	1 561 944	1 685 443
Tanzania			319 455	500 222 (1993)
	15 552 232	1 000 000		355 000 (1994)
Zambia	3 854 565	468 947	151 175	300 801 (1994)
Zimbabwe	4 948 554	1 497 600	175 225	

[16] Figures taken from: Namibia (Business in Africa June-July 1998.); as well as Kalula and Madhuku 1998. (Labour force and formal sector employment figures are based upon table 3.1 in this report.)

There is wide agreement for the need for reforms and decentralisation. The aim must be to match the state's role to its capabilities and furthermore to raise state capabilities by reinvigorating public institutions (World Development Report 1997). Yet, many countries in Sub-Saharan Africa suffer from a crisis of statehood – a crisis of capability. Private entrepreneurs in Sub-Saharan Africa perceive the credibility of the public sector as lower than in other parts of the world and around 60 per cent live in constant fear of policy surprises (ibid.). Almost 80 per cent of entrepreneurs reported a lack of confidence in the ability of the authorities to protect their person and property from criminals (World Dev. Report 1997). 37 per cent of firms devote more than 15 per cent of managers' time to negotiating with public officials.

"Good government" helps explain the income gap between East Asia and Africa. Not only is the size of government spending important in this respect, but also its composition. African countries spend a relatively high share on consumption, and of consumption, they spend relatively little upon health, education and social services.[18] In Tanzania, the mainland civil service grew in size from 90 000 in 1961 to 139 000 in 1979, 215 000 in 1981, 299 000 in 1987 in 1987 and 355 000 in 1994 (Tambwe 1997). Employment in government (excluding parastatals) grew by about 40 per cent between 1979 and 1983 (Schou & Eriksen 1997). The Census, however, concluded that almost a third of those registered as civil service employees were ghost workers.

An urgent priority is to rebuild state effectiveness through an overhaul of public institutions, a reassertion of the rule of law and credible checks on the abuse of state power. Some countries in the region have been completely overrun by corruption and nepotism. In Kenya for example, political appointments ran quite deep as opposed to merit-based recruitment and promotion practices. In Tanzania, foreign aid was stopped in the early 90's because of corruption in the public sector. In Uganda, recent reforms have incorporated several elements of anti-corruption strategies, and reforms to reduce overstaffing, increase average pay and decompress the salary structure.

We saw earlier that a relatively small part of central government spending went to health, education and social services, both in absolute terms and compared with some high-income countries. Yet, when we turn our attention to wages as a proportion of central government spending, the picture is disturbingly reversed. Zimbabwe spends 38 per cent of the central government budget upon wages for its employees, Botswana spends 28 per cent and Namibia spends 22 per cent. (Namibian Wage and Salary Commission argues that Botswana spends 38 per cent, Namibia 55 per cent and Zimbabwe 28 per cent).The other Southern African

[18] The major difference between developing countries and for example Nordic countries being that the latter use a relatively high portion of government expenditure upon transfers to households.

countries follow closely after with approx. 20 per cent of central government spending upon wages. South Africa, with its huge machinery of civil servants inherited after apartheid spends close to half its budget on wages. High-income countries in comparison spend less than 10 per cent upon wages. Large numbers of the public employees work in health and educational services. Yet, with our knowledge of public investments in health and education from the national budgets, the investment figures to a large extent reflect the public service wage bill. The structural adjustment programmes (SAPs) have aimed at privatising large parts of the parastatals and the public services. Yet, national programmes aimed at reforming the civil service become equally important, to make it into more of a service and delivery mechanism rather than an employment bureau.

The public sectors in Southern Africa differ in size as well as in their regulatory models. While some have a single statute regulatory model covering both the private sector and the public service (South Africa and Malawi), others have separate labour laws for each sector (Angola, Lesotho, Mozambique, Botswana, and Zimbabwe). The basic principle of freedom of association and the right to bargain in the public sector is limited in Southern Africa. The public service is prohibited from organising in both Lesotho, and Botswana. In Tanzania furthermore, the TFTU is a single labour body which "belonged" to the ruling party. In Botswana, public employees may only join a consultative body and have no collective bargaining rights. In Zimbabwe, there is no legislation covering the right of civil servants to organise. The absence of legislation means that workers' organisation in many of the countries only operate under the common law. "Employees associations" rather than trade unions therefore operate in the civil service. The former have more limited rights to represent their members as interest organisations, for example, in court, and there are virtually no bargaining rights or mechanisms in the public service.

In Mauritius, South Africa, Zambia and Namibia on the other hand unions are free to organise in the civil service as well as in the private sector. Still, public sector unionisation is in its infancy and bargaining arrangements are relatively unsophisticated compared to the private sector. The right to strike on the other hand, is limited for "essential services" and the definition of "essential services" may end up being relatively wide in many countries. Falling real wages, especially in the government sector, have also triggered adverse adjustment that negate efficiency and service delivery, thus hindering the recovery processes in Southern Africa (Madhuku and Kanyenze 1998). Such adverse effects include moonlighting, declining morale, shirking, absenteeism, high labour turnover and outright corruption. A recent study of the World Bank came to the same conclusion, observing that ". . . beyond a certain point the macroeconomic consequences of real wage declines may lead to an additional cost of adjustment that relies too heavily on labour markets" Horton et al 1991, Madhuku and Kanyenze 1998).

State policies and the efficiency of the public sector is also undermined by the large informal sector and a vicious circle of people not paying taxes because they get few services in return or because there are few services on offer. State finances are for example also undermined by peasants preferring to choose their products in the informal sector, avoiding taxes and refusing to be part of self-help schemes as shown in Tanzania (Schou and Eriksen 1997).

3.4 Migration

People have always been moving as an adaptation to changing political, economic, cultural and ecological environments. In Southern Africa, migration patterns have been formed over the last 120 years by events such as the flows of people migrating to the mines in the Witwatersrand in South Africa in last decades of the 19th century and to Southern and Northern Rhodesia in the first decades of this century. People migrated from Mozambique, Malawi and Zambia into colonial Zimbabwe and South Africa and from Botswana, Lesotho and Swaziland into South Africa. The development of capitalist mining, agriculture and manufacturing, although uneven, left a deep imprint upon the structure of labour markets and the process of migration (Sachikonye 1998). Yet today, we find migration movements of a new kind and magnitude, which constitute a challenge to stability and democratic consolidation not only internally in the countries concerned, but also externally, in the countries' interregional relationships. Migration becomes a challenge to political development, to the development of social infrastructure and to the labour market. It carries with it a whole new set of health risks and diseases and it challenges spatial distribution, which has already been identified by all African countries as one of the major sources of development problems (UN 1980).

Migration has various causes and forms, finds various patterns and trends and has various effects on this basis. In spite of this complexity, let us from the outset differentiate between different kinds of migration flows. First, we find general migration flows all over Southern Africa moving from rural to urban areas as people search for work and a livelihood. In Botswana, for example, 47 per cent of the population lived in urban areas in 1991, as compared to 16 per cent ten years earlier and only 10 per cent 20 years earlier. Half a million people were estimated in the early 90's to have migrated since their birth with most people (70 per cent) going from villages into the urban areas while 11 per cent lived outside Botswana just previously to the labour force surveys being conducted (Stats Brief 1996). Similar migration waves have taken place in Zimbabwe (Ndoro 1996). Second, we find short-term waves of trade migration and informal activities in which people cross borders to sell goods in one country, but return to their own country of origin after short spells abroad. Furthermore, we find informal, low-skilled workers in South Africa in particular recruited from neighbouring countries. Fourth, we find low-skilled migrant workers in the mining sectors in the region. Fifth, we find high skilled, educated people moving from, for example Zambia and Zimbabwe to higher income countries like Botswana and South Africa. In 1994, for example it was estimated that 1500 medical doctors from Zimbabwe had migrated to South Africa (Sachikonye 1998). Finally, we find groups of politically motivated refugees having run away from turmoil in Angola and Mozambique specifically.

Politically motivated migration is probably the most traumatic we find in Southern Africa today. In Angola, it is estimated that there are as many as 1,2 million internally displaced people and in Mozambique the number was originally estimated to be about 2 million political refugees and 4 million internally displaced. In fact, the majority of refugees in South Africa today are from Mozambique. Prior to 1993, South Africa did not extend official refugee status to Mozambicans. In 1993, however, the government became party to a tri-partite agreement with the Mozambican government and the UNHCR. This gave status to Mozambicans who arrived between 1985 and 1992, and the only people given documentation were those who registered for "voluntary" repatriation. About 100 000 out of the 350 000[19], who are estimated to have come from Mozambique to South Africa as "political refugees", agreed to return voluntarily to Mozambique. However, less than 30 000 actually did.

The distinction between political refugees and economic migrants is, however, spurious. Mozambicans in South African rural areas have been largely defined as refugees, and prior to 1993, were granted such status by "homeland" governments, while those resident in urban areas were defined as illegal immigrants. Policies of voluntary repatriation from rural areas and forced removal from urban areas reinforced this divide. However, the distinction is arbitrary, because many "illegals" arrived as refugees to the rural areas, but because rural jobs were scarce, were subjected to the same economic compulsions as many people in rural areas: to migrate to urban areas. For refugees who remained in rural areas, the fact that the territorial and administrative entities that granted them such status no longer exist[20], exacerbated the problem of their legal status.

[19] An estimated 350 000 Mozambican refugees were in South Africa by the early 1990's (Crush 1997).

[20] Because of the abolition of the South African Bantustan System, i.e. the "Homelands" in the post-apartheid SA.

In the Southern African context, it is in fact becoming increasingly difficult to distinguish between immigrants, migrants and refugees. UNHCR acknowledges this: "people leave their homes because of a complicated mixture of fears, hopes, ambitions and other pressures". For example, in many cases, refugees may have left Mozambique for political reasons, but do not return (from South Africa) because of economic reasons. Furthermore, many of the Mozambican refugees who arrived in South Africa in the 80's, may well have been expelled from the mines a few years before, and simply went back to their "old" place in the South African labour market. In other words, political factors (civil war) served as the pushing factor that moved them out of their countries, and economic gains and work in South African mines as an additional pulling factor. It is important to note these sets of "mixed motivations" and to improve our knowledge of them, if we are to develop any appropriate response mechanisms to migration that may prevent new conflicts of resources and thereby new migration flows.

In addition to the forced migration due to political instability and civil wars in the Southern African region, there are the millions of people who left their homes in the hope of a better economic future or because of mixed motives accruing from instability and conflicts of resources.

Labour migration has a long history in Southern Africa. Since the end of last century, millions of black migrants have crossed into South Africa from the neighbouring countries in order to work in the mines, on the farms, or as domestic workers. Most workers in the mines were recruited through a network of rural offices, labour brokers and recruitment officers abroad under a series of bilateral labour agreements between South Africa and the governments of Malawi, Mozambique, Lesotho, Botswana and Swaziland.[21] In this sense, the South African labour market was never self-sufficient. It has always been linked to, considerably dependent upon and certainly influenced by economic forces in the rest of the region (Keet 1996). Longstanding suppliers of mine migrants are Mozambique, Botswana, Lesotho and Swaziland. More irregular suppliers are Zimbabwe and Malawi. The contract labour system of the South African mines still delivers about 200 000 foreign workers each year.

Some attempts were made by the SA government to expel these migrant workers. PW Botha for example, in 1986 announced that foreign workers, and the Mozambican workers in particular, would be expelled. The expulsion formed part of the destabilisation policies towards the "front-line states, but the order was however shelved after considerable pressure from the Chamber of Mines. Without "cheap" foreign migrant labour, it was generally perceived that deep-level gold

[21] These accords give the SA mining industry privileged recruiting access to non-South African labour outside the terms of the Aliens Control Act and although still in force are all old agreements dating, in their current form, back to the 1960's and early 1970's (Crush 1997:10).

mining would have been hard in South Africa. In spite of this, South African destabilisation policies towards Mozambique continued and had already had significant effects. The number of Mozambicans working in the South African mines was subsequently reduced from the mid 70's by more than 50 per cent over the next ten years. In total, the number of migrants to the South African mines had plummeted from about 70–80 per cent of the total SA mine workforce in the 70's, to around 40 per cent in the middle of the 80's. Some predicted (amongst others the ILO) that the proportion of foreign workers would decline to about 20 per cent by the late 90's. The numbers did actually decline over some years, but in the 90's again reached around 50 per cent.

The South African Human Sciences Research Council conducted a survey in 1994/95 and concluded that there were 9,5 million non-South Africans in the country.[22] Their latest reports estimate the number of illegal immigrants to be as many as 12 million. We have, however, too little information or knowledge to justify any precise estimates or assumptions (Crush 1997) and every reason to believe that this is a gross overestimate. We do have indications, however, that some of the SA provinces are more affected by migration than others. In Gauteng around Johannesburg, we find Mozambicans concentrated in specific townships. In Mpumalanga, in some of the districts up to 15 per cent of the population is Mozambican. Economically, many Mozambicans are subject to exploitation in South Africa, whether in the former homeland areas, on commercial farms, or in the urban areas. Lack of legal status is the main cause of the relative lack of integration. According to research in Mpumalanga (Reitzes 1997) officials from the Dept. of Home Affairs are "selling" Mozambicans to farmers. The farmers pay for their documents, which legalise the migrants' status, but keep their papers. If the workers leave the farms, they can or will be arrested, as they have no documentary evidence of their legal status. They are the property of the farmers, who are protected from prosecution as they have the documentary evidence that the workers are "legal".

While South Africa is the SADC country most profoundly affected by inflows of migration, it is by no means the only country receiving foreign labour, migrants or refugees. As Wallerstein and Vieira (1992) have argued, Southern Africa has been a "social construct" since the third quarter of the last century. During the period of colonial rule, the Southern African countries were drawn together into a regional economy with quite high levels of integration. South Africa, Namibia, Botswana, Lesotho and Swaziland all became members of both a customs and monetary union. Zimbabwe, Zambia and Malawi were grouped in a federation, and

[22] The methodology involves asking a sample of South Africans "how many foreigners they know" (see De Kock et al). This gave some absurd results with for example the number on non South Africans in the Free State jumped from 244 000 to over a million between December 1994 and June 1995, and dropped to 6800 in March 1996.

significant trade, investment and migration patterns were established between most of the current SADC countries. Patterns of participation in the regional economy were, however, characterised by great unevenness, acute imbalances and disparities. The principal poles of accumulation came to be located in South Africa (and to some extent in Zimbabwe), while the other territories became incorporated in subsidiary roles as labour reserves, markets for South African commodities, providers of certain services and as providers of cheap and convenient raw materials (Davies 1997). The conflicts and destabilisation policies of the apartheid regime, with the following disruption of the economic interaction, significantly disrupted this pattern of relations.[23] A refugee movement rapidly spread across the sub-continent in the 80's. There were altogether over 1 million Mozambican refugees in the SADCC countries at the beginning of the 90's, excluding those in South Africa. Three hundred thousand Angolans had sought refuge in Zaire/Kongo, 100 000 in Zambia and 40 000 in Namibia before the signing of the peace/cease-fire accord in 1991.[24] Many more have spread across the sub-continent since (Davies 1997:2). Labour migrants also move between the other countries in SADC outside South Africa. In Botswana, there is a major recruitment of highly educated manpwoer from Zambia. In Zimbabwe, migrant workers in particular from Malawi are important for the economy and are employed primarily in mining and agriculture.

An assessment of migration impacts will not be attempted here. Several issues (CSO 1982) would complicate assessments. What might be beneficial at one level (for example the accruement of national revenues through mine labour earnings) may not be beneficial at another level (for example family life). Similarly, an influx of skilled migrants to urban areas may benefit the urban economy, but drain the rural areas of their most able people. Furthermore, migration will affect different groups in different ways. Some will gain. Some will lose. Finally, even households themselves may internally experience both negative and positive effects of migration. Yet, the existence of sets of "mixed motivations" should be noted and researched in order to develop appropriate response mechanisms with an aim of preventing new conflicts over resources, which may also trigger off new migration flows in the future.

Migration imposes challenges upon the communities receiving the migrants, but also upon the communities becoming subjects to brain drain, and loss of youth and a productive workforce. Migration in many ways affects and destroys the original institutional life in rural communities, such as the reciprocal kinship obligations

[23] The United Nations Economic Commission for Africa estimates that 1,5 million people were killed in Angola and Mozambique from 1980 to 1988 as a direct or indirect result of Pretoria-sponsored wars and that the economic and military aggression cost the SADC member states the equivalent of USD 62,45 billion (UN ECA 1989, Davies 1997:2).

[24] That is before the resumption of fighting after the 1992 elections in Angola (Sogge 1992).

and redistributive mechanisms for example, which were shattered in Botswana by labour migration to South Africa (CSO 1982). Out of the formal workforce of Lesotho, for example, a large proportion is employed as migrant workers in South Africa in particular (SADC 1997).[25] The 1986 Census found that nearly half of Lesotho's male adult workers were employed in South Africa. In the 1980's, remittances from Basotho labourers working in South Africa accounted for about half of the country's gross national product (GNP) and equalled 100 per cent of its gross domestic product (GDP) (SAMP 1997). There are indications that the current number of migrant workers, is about 110 000, i.e. one out of six of the workforce (SAMP 1997, SADC 1997).

In spite of all the challenges brought forward by migration, there has also been an increased realisation that it is impossible to stop it. South Africa has, for example, 7000 km of borders with six of the SADC states and these borders are extremely porous (Crush 1997:20). In South Africa, the Department of Home Affairs now suggests giving bona fide economic migrants from other SADC countries who have no intention to settle permanently, increased opportunities for legal participation in the South African labour market.[26] The SADC Council of Ministers recently considered the Draft Protocol on the Free Movement of Persons prepared by the SADC Secretariat. The protocol proposes that member states move towards the free movement of all citizens in a series of inflexible stages. But because of the enormous economic disparities between member states, the threat to national sovereignty and the uncertain consequences, a number of member states, including South Africa, do not support it in its current form. Instead, the SA Government proposes a separate streamlined channel of entry for SADC citizens. Access should be given, on a temporary basis to SADC citizens in the following areas: unskilled or semi-skilled workers who are legitimately in demand by SA employers, using an annual, flexible, quota system; small traders, by issuing a special trade permit; students and finally cross-border family visitation.

[25] The labour force in Lesotho is estimated at approx. 800 000, those in formal employment at about 650 000. Around 106 000 of these work as migrant workers (SADC 1997).

[26] *The Draft Green Paper on International Migration*. Government Gazette, Pretoria 30 May 1997. Notice 849 of 1997. The following description of the SA proposed immigration policy is based upon this Draft Green Paper.

3.5 **Child labour**[27]

The Southern African countries constitute a youthful region in more than one sense. In Botswana, 43 per cent of the population was younger than 15 in 1991 (NDP 1997). About half the population in Zimbabwe, Zambia and South Africa is below the age of 20. In Zimbabwe, 51 per cent of the population is under the age of 15 (Second 5-year National Development Plan 199-91). Many of these children do not attend school, but are rather engaged in work. Child labour continues to be one of the main challenges confronting the region.

There is an estimated 16 million children between 10 and 14 working in Sub-Saharan Africa.[28] Most countries have no data sources telling us the number of child labourers, but small scale, sectoral studies indicate that the number is high, and increasing, in all the countries. The level is alarming, even more so as the factors that contribute to the increase in child labour, such as poverty and the spread of HIV/AIDS are also now on the increase. In Zambia, for example, child labour has increased particularly among children between the ages of 7 and 12 (Muneku 1997b).

Few of the countries in the SADC region have adopted comprehensive national strategies to combat child labour. Only two countries, Zambia and

Table 3.6 Estimated number of children engaged in employment (SADC 1997:33)

	Children aged 10 –14 working as % of population (1990)[29]
Botswana	14.6
Lesotho	19.0
Malawi	31.1
Mozambique	38.8
Namibia	4.8
Swaziland	25.4
Tanzania	13.0
Zambia	16.2

[27] Different terminology is generally used to describe children working. Child labour is generally used to describe children in employment under the age of 15 (ref. to ILO Convention 138). Children in work, on the other hand, are defined more broadly. The figures generally exclude unpaid family work.

[28] The number of child workers is underestimated in all economies, and more so where agriculture predominates. Children working in households are not included. The actual number of child workers in the region is likely to be many millions more (World Bank 1995).

[29] Compiled from World Bank; Africa Development Indicators, Washington DC 1995:299. and from various sources by ILO/SAMAT, Labour Force Survey 1996/97.

Mauritius have ratified the ILO Minimum Age Convention 138. The SADC Labour and Employment Sector has attempted to estimate the number of child workers in some of the countries in the region.

Let us illustrate the problem of child labour by looking closer at Zimbabwe.[30] While accurate systematic data is lacking also in Zimbabwe, some work has been done that illustrates that child labour is widespread. Scattered evidence and casual observations indicate that both the number of incidences of child labour and the number of child workers are quite high. (ILO, 1992) Child labour is found in several sectors including large commercial farms, traditional farming in communal areas, domestic work, small scale mining and gold panning operations, micro industries and the informal sector. The concentration of child labour seems to be most often found in the most marginalised communities socially and economically, and in the sectors in which monitoring of workplaces is already weak.

The number of child labourers seems, however, for a period to have been decreasing. The number of children between 10 to 14 years in the workforce was in 1994 estimated to be around 29 per cent of all children in this age group, which is a reduction from previous years. In 1950, 51 per cent of males and 46 per cent of females between 10 and 14 were working. The drop in the labour market participation rate is highest among boys between 1970 to 1980, 4 per cent, and for girls between 1980 to 1990, 6 per cent, all due to increased education opportunities The 1991 Economic reform policy document made by the Zimbabwe government states in relationship to unemployment: "A frightening trend, closely linked to the prevalence of unemployment, is the growth of child labour, particularly in urban areas". As can be seen from the elaboration below it is difficult to draw a clear picture, but several examples of a negative trend appear documented.

Agriculture is the most important sector in Zimbabwe both regarding total employment and formal sector employment. At independence in 1980, Zimbabwe inherited a dualistic agricultural system comprising a modern industrial and large scale farming sector and an underdeveloped communal farming sector. The communal areas have absorbed an increasing proportion of all people engaged in agriculture; from 79 per cent in 1981 to 85 per cent in 1986.

Children in the communal farming area are involved in a variety of tasks to help household production, including agricultural work such as herding, weeding and planting, and domestic work such as fetching water, foraging for food, fetching wood and child care work. Reynolds (1991) found that children's work in the traditional agricultural sector is closely linked to that of female labour and to peaks of seasonal labour demands. At these peak periods children over ten years can contribute about a third of the labour input. They provide the "adjustable labour"

[30] The following section is written by Bjørne Grimsrud, Fafo

during periods of intense farm activity, and women depend at these times on children's assistance. Reynolds finds a clear gender divisions of labour in traditional farming. Girls' work, as it includes domestic and childcare work, was consistent throughout the year, while boys' work was more seasonal, being agriculturally based.

Zimbabwe's 4,500 commercial farms contribute 40 per cent of foreign exchange earnings and 15 per cent of GDP. According to the 1992 census about 1,18 million people or 11 per cent of the population live on the large farms in 279178 households. This gives an estimated 800,000 children living on large-scale farms (Loewenson, 1992). The formal employment in agriculture stood at 331 000 in 1994. In the 1990's the permanent employment in the large scale commercial farms has decreased, while casual employment has increased, according to ZiCTU (1996) from about 55 000 to more than 100 000. Of these, roughly half are women. When men are employed as farm workers, their wives provide a handy on-call labour pool for contract work; easy hire-easy fire, with no benefits normally associated with employment contract (Amanor-Wilks, 1995). Farm workers are the lowest paid workers in the formal employment sector; the majority live below the poverty line.

For crops demanding seasonal labour peaks, such as cotton, coffee, tea and tobacco, children of the farm workers provide a captive labour group. Most children are employed on a piece or task wage basis. In a survey among union heath and safety representatives in 1992, it was indicated that children were working in both direct and indirect contracts of employment doing general work such as picking cotton, removing insects from tobacco leaves, loading and off-loading tobacco, spraying pesticides, herding animals and household work (Loewenson, 1992). Children were reported to be working for four to twelve hour a day in the peak season, earning if employed directly "child" wages far below the minimum wage and even less per piece than adults. A survey from 1990 in one large scale farming area in Mashonaland Central indicated that one child in eleven between five and fifteen years had done some form of labour in the employer's fields in the past year. With about half the children on farms in this age range this would imply that about 35,000 children have worked if the figures from this region are representative for the country at large (Loewenson, 1992).

Children are casually hired and just as casually fired. Even when working on a piece rate, which "neutralises" any lower productivity amongst children, they are sometimes paid a "children's wage". Girls are most vulnerable. Very few girl children on farms complete primary schooling. Among poor households a pattern evident on many commercial farms consists of parents selecting perhaps two boys to attend school. When girls are sent to school it is often only for two years, up to Grade 2, while boys may stay in school up to Grade 4. (Amanor-Wilks, 1995). Loewenson (1992) describes the institutional setting in which most of the child labour take place at the large scale farms in Zimbabwe (and elsewhere). With the farm workers minimum wage well below the poverty line, large-scale farm households are in a constant struggle for survival. The involvement of children is stimulated through piece wage practices for adult workers, particularly female casual labour. Contract labour, common especially during the high-seasons but also becoming increasingly common throughout the year, is generally done on a piece wage rate. Male workers recruit women to increase output and women recruit children, so that the employer formally employing and paying one person may actually be paying for the labour of three or more. When adults and older children are out doing piecework, small children take on household tasks like carrying water, collecting firewood and looking after even smaller children.

In domestic work, the number of child workers is not known, but it is estimated to be 100 000 in the formal labour market alone (Loewenson, 1992). Children are included both in the formal and informal market, although more often the latter. Work in households includes cleaning, taking care of children, cooking, gardening and errands. The daily working day time can reach 15 hours starting from the time the household wakes up until it retires.

Children in the domestic sector suffer problems such as wage rates that are below the agreed levels in the industrial agreements, excessively long hours of work, prejudice to schooling due to non attendance, fatigue or lack of time to do homework, and the occupational hazard of domestic work (Loewenson, 1992). Some children are not paid at all, as they are seen to be getting the favour of accommodation, food and residence in town. Child domestic workers suffer poor conditions and job insecurity, with little effective protection. There are also reports of child abuse including sexual harassment of girls by male employers (Loewenson, 1992).

The urban informal sector in Zimbabwe has historically been relatively small both in terms of size and in terms of its role and status in the economy, especially when compared to its role and status in other African countries. However, the economic hardship in Zimbabwe has lead to a growing informalisation of the economy with increased immigration to the urban centres. The extent of children in the informal sector is unmeasured, and the nature and conditions of employment largely undocumented (Loewenson, 1992). However, Sachikonye (1989) found most children to be engaged in petty trading mostly in urban centres, trading goods like vegetables, fruit, eggs, cigarettes, sweets, firewood, clothes and agricultural implements, vending at markets, bus stops and roadside stalls. Most child traders were found to be between 9 to 13 years of age. The children worked for 9 to 12 hours a day, and only a third attended school; about half were dropouts and the remainder had never attended school. Many children indicated that their meagre earnings went towards the purchase of clothes, school fees and other basic needs.

Street children includes both those children permanently on the street and totally dependent on their own earnings and those living within a family whose earnings contribute to household survival. The first group was found to make up 15 per cent of those children found in the urban centre in a study from 1991 (Loewenson, 1992). Over half the children said they were on the street because of poverty or destitution. Most children used their money to buy food, clothes and to pay school fees if attending school.

Direct wage employment of children in the formal sectors is rare in Zimbabwe. It is more common that children are used as labourers on informal sector micro-factories and small mines linked to large formal sector concerns. Children are engaged in micro-industries including welding, doorframe and furniture manufacturing, fence and tin making, basket weaving, carpentry and bicycle repair work. In 1984 the Ministry of Labour reported on middlemen for large mining concerns purchasing chrome from small mine workers at a rate so low that women and children were drafted from the household into the mining to increase output. The chrome was sold further by the middlemen with approximately 300 per cent profit (Loewenson, 1992). Other examples of children working on the rim of the formal industrial sector include reports from brickfields where children are employed as brick loaders.

Child labour is to a large extent explained by poverty, the lack of resources and educational possibilities, etc. as well as poor institutional and regulatory settings. A *set* of strategies is necessary in order to combat it. If one is to improve the school system, education must be compulsory and at an affordable price, given the inadequate household assessment of return on investment in education. Enforcement of the minimum wage age legislation could furthermore be helped in the formal sector by trade unions and labour inspectors.

3.6 AIDS/HIV

The Southern African region is one of the most heavily affected by AIDS/HIV, which is also increasingly having an impact on the labour market. The spread of HIV/AIDS is accelerated by the rapid urbanisation of the population. Some of the most updated figures on HIV/AIDS will be reported in the following.[31]

In 1992, the government in *Botswana* estimated that there were 92 000 infected by HIV in the country, i.e. one out of seven of the sexually active population

[31] We should keep in mind, however, that these figures do not necessarily represent the *full* true picture of what is obtaining on the ground, due to the sensitivity of the disease.

is thought to be HIV positive. More recent estimates already calculate the number to be 125 000 (SA Economist 1997), or 13 per cent of the total population (NDP 1997). Others estimate the numbers to be 25 per cent of the adult population in the urban areas and between 15 and 17 per cent in the rural areas. More shocking is to note the reduction in life expectancy in a country like Botswana, which has been reduced from 60,3 years in 1992 to 52,3 in 1994, mainly, it is assumed, as a result of the high toll of HIV/AIDS.[32]

In *Zambia*, 33 per cent of pregnant women in urban areas were found to be HIV positive in 1993 (ILO 1995, Loewenson & Mangena 1996). 25 per cent of the adult population living in urban areas, and between 15 and 17 per cent of those living in rural areas, are thought to be HIV positive. Twenty eight per cent, i.e. close to one third, of the total population is expected to be HIV positive by 1998, taking up 90 per cent of hospital beds in the country (Ministry of Health, WHO 1994). It is furthermore estimated that Zambia will have more than 450 000 AIDS orphans by the year 2000 (Duncan 1996:60).

In *Swaziland*, the first survey was carried out in 1992 and found a rate of 3.9 per cent HIV positive (Government of Swaziland 1994). One year later, a new, more comprehensive and thorough study was conducted, finding a rate of 21.9 per cent HIV positive. The picture from the rest of the region is confirmed, in that the most educated and most mobile show a higher incidence of being HIV positive. Also here HIV/AIDS will have a strong negative impact upon labour productivity.

In *South Africa*, it is estimated that by the end of 1996 HIV had infected 14 per cent of women attending antenatal clinics. The President's Office also recently announced that 15 per cent of civil servants were HIV positive. In *Malawi*, AIDS is blamed for a five-fold increase in group life cover costs since 1987 (Financial Mail Sept. 5, 1997).

In *Zimbabwe*, the equivalent number was 32 percent of the labour force in 1995 (ibid.) and one out of ten tested of the total population were found to be HIV positive (SA Economist 1997). There are indications that the number of homeless children and children without parents is increasing in Zimbabwe with the increased number of Aids orphans. In 1994 it was estimated that 17 per cent of the adult population are HIV infected. By the end of 1995, there were about 9 million people living with the AIDS virus in Sub-Saharan Africa. AIDS is believed to be the leading cause of death between the ages of 15 and 39 in Botswana, Malawi, Uganda, Zambia and Zimbabwe (WB Newsletter PHN Flash 101–103). These countries are most heavily affected by HIV/AIDS, but considering the shortage of data on HIV, numbers may well be higher also in countries like South Africa. The increasing levels

[32] Comparing the UNDP Human Development Reports from 1995, 1996 and 1997 (reflecting data from 1992- 94)

of tuberculosis are also evidence for an increasing incidence of HIV. Studies show that the risk of developing active TB may be 8–12 times higher in those with HIV infection (SAMF 1996).

Although, "only" one in ten of every Zimbabwean tested HIV positive, these numbers camouflage the fact that the specific age group and the labour force in particular are most heavily affected. Research everywhere confirms that the most affected people are in the 25 to 45 age group. This is one of the great dangers with AIDS that it hits the most productive segments of the population and the age group in which much investment in terms of education and work experience is concentrated (SA Economist 1997). The epidemic has the greatest direct impact upon the working population age group and their levels of HIV are rising rapidly with estimates of about 25 per cent of the working age group in the Southern African region being HIV positive in 1996 (OATUU, 1996). Sample tests in Tanzania found HIV prevalence rates of 30 per cent in the labour force. Theoretically, labour mobility responds to labour demands. Extending this further, we should expect that the rates of HIV infection will tend to be a function of the labour market demands (ILO 1994). In Zambia, this picture is confirmed. HIV/AIDS seems to flourish in places where there is a high movement of people and where people are highly concentrated. ILO puts it this strongly:

> "Although labour mobility may under different circumstances be considered a catalyst to economic growth, under the current HIV/AIDS epidemic, it becomes an agent of death and eventually, retrogression in situations of epidemics such as the one represented by AIDS." (ILO 1994:16)

Projections made by economic researchers indicate that the pandemics are likely to reduce GDP by between 1 and 1.4 per cent per annum (SA Economist 1997). One reason for the decline in GDP is that governments will be forced to divert resources from investment activities, either directly or by taxing more, in order to cater for an increasingly sick population. Another reason is that productivity will fall, companies will lose skilled personnel and will be forced to spend more in health care as well as replacing those who succumb to the disease (ibid). AIDS may cut production by 2 per cent in many companies while AIDS-related costs could slice 15 per cent off annual profits (Financial Mail Sept. 5, 1997). Over a 20 year period, diversion of resources to care for an increasingly sick population, and a fall in savings as incomes decline and expenditures rise, are altogether projected to result in a cost to the economies of between 20 and 25 per cent of potential GDPs (ibid). The World Bank and the UN have, however, argued that the decline in population growth due to AIDS will tend to offset declines in economic growth so that the net impact on gross domestic product per capita will be generally small (Business Day 09.03.98).

Studies in both Zambia and Zimbabwe demonstrate that the prevalence of HIV is much higher amongst the better-educated and skilled people, in other words, within the more mobile segments of the population. In Zambia, 33 per cent of people with more than 13 years of schooling tested HIV positive in the late 80's, a clear indication of the devastation that the disease will have on skills and on the economy. On this basis, Aids is expected to impact negatively on profitability of companies, with costs involved for sick-leave, the search for replacements and their training and induction when sick employees succumb to the disease. In Zambia, with 25 per cent of those in formal employment infected by HIV, the total cost of replacing those who die of AIDS could amount to USD 25 million per year (SA Economist 1997). Studies in Tanzania estimate that, by 2010, the the labour force will shrink by 20 per cent because of AIDS, and the mean age of workers will fall from 32 to 28 due to a shift to younger and less experienced workers (ILO EAMAT 1995). In Malawi, AIDS is blamed for a five-fold increase in group life cover costs since 1987 (Financial Mail, Sept. 5, 1997). Training costs to replace skilled workers in Zimbabwe were estimated in 1993 at USD 2500 per worker. Applying this average to the number of people in the formal sector with AIDS, indicates that training costs will increase from USD 1 million in 1991 to USD 5 million in year 2000 (Loewenson & Whiteside 1997:22). Table 3.7 portrays a comparison of various surveys indicating the costs of HIV/AIDS on enterprises.

Several workshops and meetings have taken place within the Organisation of African Trade Union Unity (OATUU), SADC and SATUCC in order to address questions related to the HIV/AIDS epidemic and to build strategies and codes of conduct on AIDS and employment.[33] Specific sectors are more heavily affected than

Table 3.7 HIV/AIDS-related costs: A comparison of various surveys (Loewenson & Whiteside 1997:26)

Description of costs	Zambia 1992/93 (%)	Kenya 1994 (%)	Makendi-Malawi, 1995 (%)
Absenteeism	31.8	54.3	25.2
Expatriate employment	12.7	–	–
Medical service	14.7	12.0	37.8
Funerals	5.1	10.1	4.7
Death in service	15.9	–	32.3
Travel	12.5	–	–
Training/recruitment	7.3	23.6	–
Total	100	100	100

[33] Note that SADC has developed a *Code of Conduct on HIV/AIDS and Employment in the Southern African Development Community.*

others, most particularly mining, due to migration, accommodation of miner migrants in hostels without privacy, accidents with unsafe first aid practices, illiteracy and inadequate information, etc. (SAMF 1996)

The HIV/AIDS epidemic will have demographic consequences, with increased mortality, orphaned children and reduced fertility rates. The number of 20–40 year-olds as a proportion of the population will decline, resulting in increased dependency ratios (Loewenson & Whiteside 1997). The World Bank projects that life expectancy in Sub-Saharan Africa by 2020 will be 43 years due to AIDS, rather than 62 years without AIDS (WORLD Bank UNESCO Seminar, 1995, Loewenson & Whiteside 1997). The family, community and broader society will experience the social effects of HIV/AIDS through the loss of income earners, childcare, etc.. The nation will experience the developmental effect of reduced standards of living, distribution of income, mortality rates, etc. It is estimated that while the population will not decline, HIV will significantly reduce the rate of population growth by the year 2005. In addition, dependency ratios will change, with about 500 000 orphans predicted in each of the countries of the region, or about 5 million in all countries (ILO EAMAT 1995, Loewenson & Whiteside 1997).

Furthermore, economic implications will follow. The effects at the household level are obvious, with the cost of medical care and related areas (ibid.). However, HIV/AIDS will also slow down the rate of economic growth over the next 20 years. Economic developments will be hampered by the direct impact upon the most educated and productive labour force. And furthermore, it will affect growth by its huge impact upon medical care, etc. Some have estimated reductions in growth of national income by as much as 0.67 per cent and per capita income growth by 0.3 per cent per annum to 2010 (Bloom and Mahal 1995).[34] Other predictions are a reduction of growth rates in Tanzania of 15–28 per cent between 1985 and 2010 (Hanson 1992). In Zambia, GDP was projected to fall 9 per cent below baseline figures (Forgy & Mwanza 1994).

3.7 **Women in the labour markets**

The purpose of this part of the report is to identify the gender order in Southern African labour markets. Women suffer more than men do from social deprivation. The region has, for example the world's highest maternal mortality rate – 929 per 100 000 live births as compared with 33 in the OECD countries.

[34] These predictions are found in Loewenson & Whiteside 1997.

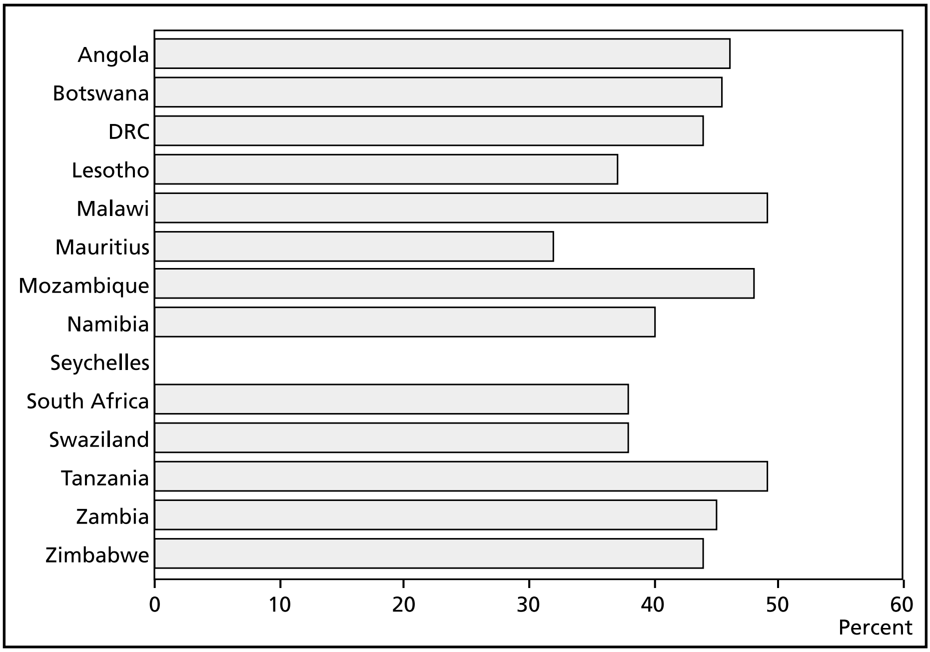
Whilst women constitute about 50 per cent of the regional population, they continue to suffer various disadvantages based directly on gender, and indirectly on lower education, reproductive responsibilities, etc.

There are still some countries in the SADC region, which have glaring disparities in gender issues and women's status by force of law, either discriminating against women or treating them as minors (after marriage). The ILO Conventions pertaining to working women have not been ratified, most notably the ILO Convention 103 on Maternity Protection or the Convention on Elimination of All Forms of Discrimination against Women.

Despite many enormous gains in female literacy in many SADC countries, there are as many as five male students to every female student in higher education, and schools have generally failed to equip women with the necessary skills to compete in the labour market on equal terms with men. Poverty due to economic recession and structural adjustment programmes, has often implied that due to limited resources parents can only educate a limited number of children. They usually choose to educate their sons, and keep their daughters at home in unpaid family work or others. Vocational opportunities, where available, have been restricted to men, or girls have chosen traditional "feminine" subjects such as home economics, secretarial, tailoring, hairdressing and beauty care, which are largely an expansion of home based activities and usually poorly paid, assuming that jobs are available. Thus, the educational system has largely functioned to prepare girls for reproduction, and boys for production. Deeply embedded in the gender nature of culture in the SADC states is the patriarchal belief that women are inferior. Thus women's work is not recognised and valued and men will usually occupy the powerful positions in the political and economic sphere. The UNDP 1996 Human Development Report reveals for example that the proportion of women Parliamentarians in Southern Africa is very low. Mozambique has the highest representation with 25 per cent of the Parliamentarians being women, South Africa follows with 24 per cent, and in Zambia and Swaziland, only 8 per cent are women.

Due to labour migration, disintegration of the extended family system, HIV/AIDS etc., an increasing number of women are left as single income earners and head of households. The majority of women are now entering the labour market, although in Southern Africa, the majority is working in the informal, lowest paid and often unregistered sectors and activities. The formal labour market favours men, while access to the informal sector, except in certain areas such as services, is relatively easy and work can be combined with domestic responsibilities. All in all, however, this implies longer working hours for women. According to an ILRIG study, women in sub-Saharan Africa work 65 hours per week while men work 55 hours a week. In addition, women's work is less recognised and valued and often underpaid.

Figure 3.2 Female portion of the labour force in SADC countries, percentages (World Bank 1998)



The number of women in the labour force is relatively high. Figure 3.2 indicates that around 40 per cent of the labour force in SADC countries are women.

Women are as previously mentioned far more affected by unemployment and more often engaged in the informal sector than men are. Women's share of employment in the *formal* sector is however, substantially lower than men's. In Tanzania for example, women take 4 per cent of formal sector jobs. The highest in the region is Lesotho where women occupy 40 per cent of formal employment. However, even where women work in the formal sector, and thereby have access to minimum labour standards such as minimum wages, and social security measures, such as health care, training, etc., they are confined to specific service oriented sectors. Service sector jobs are not as well paid as male jobs. Table 3.8 portrays the segregated labour markets in Southern Africa.

Women's representation in trade union structures is also low. In the National Executive Committees in the SADC trade union federations for example, women only constitute 13 per cent (Naledi 1996). This trend is further reflected in subcommittees such as education where women take up only 22 per cent of positions. While the Lesotho Trade Union Congress has 50 per cent women in the National Executive Council, none of the other federations in the region have more than 20

Table 3.8 Female portion of employment in economic sectors in selected countries, 1980's (Robertson 1995:49) (percentages)

Sector	Zambia	Tanzania	Botswana	Malawi	Swaziland	Zimbabwe
Agriculture	7.1	9.0	13.4	15.5	21.8	17.6
Mining	5.4	11.2	7.0	-	4.3	2.2
Manufacturing	5.7	10.0	24.1	24.2	31.1	6.8
Electricity	1.5	8.7	6.5	8.5	7.9	3.9
Construction	1.9	6.8	4.7	1.0	3.0	1.6
Wholesale	8.4	6.8	45.8	7.4	41.9	15.4
Transport	5.8	5.0	14.2	5.6	12.6	6.2
Financial	11.9	29.5	32.1	9.9	35.5	34.0
Services	11.0	26.4	37.9	18.0	45.0	24.8

per women in executive fora (September Commission Report to COSATU Congress 1997).[35]

Reducing gender disparities in education, as measured by female enrolment in secondary schools is one area where Sub-Saharan Africa is doing relatively well with a ratio of 80 girls to 100 boys, which is up from 50 girls to 100 boys in 1980 (World Bank 1998). Improved education levels is what in the long term will most effectively balance out the gender disparities in the labour market. Yet, in the short term additional measures may be necessary like affirmative action programmes in the formal sector and specific credit facilities in the informal sector.

3.8 **Structural adjustment and the labour market**

Prominent among the measures taken in the Structural Adjustment Programmes throughout the region are the following:

- Financial liberalisation with the aim of reducing inflation and correcting the balance of payments deficits
- Decontrol of prices
- Trade liberalisation
- Removal of subsidies and a cut in public sector
- Privatisation of state enterprises

[35] The September Commission reports that the Botswana Federation of Trade Unions (BFTU) has got 33 per cent women in leadership positions. These are however not elected representatives. They are instead representing the Women's Council as observer representatives on the BFTU Executive Council

Privatisation is one of the measures government is pursuing as a major component of its current economic reform programme. Privatisation is seen as a panacea to the poor performance of the parastatal sector as well as an engine of growth through private sector participation. It is also strongly believed that privatisation will attract foreign investment and thereby more jobs will be created (Banda and Muneku 1996). On this basis, many parastatals have been privatised, but also thousands of workers have been retrenched in the process, families left without any livelihood and whole towns turned into ghost towns.

The history of SAP's in Zambia date back to the second republic during the Kaunda regime. However, there was a lot of policy discontinuity in the implementation of SAP's during the Kaunda era as such it was difficult to assess its impact on the economy. The MMD government immediately embarked on an ambitious economic reform programme with the support of the IMF/World Bank. The government went straight into the implementation of all SAP measures without hesitation with emphasis on stabilisation and demand management.

The Zambia Privatisation Agency (ZPA) was established by an Act of parliament in 1992 to implement the government's privatisation policy. In the last three years of its existence ZPA has privatised 102 state owned enterprises out of the 210 earmarked for the same. Retrenchments and job losses in the process of privatisation often start as soon as the enterprises to be privatised begin to restructure themselves, as they window dress in preparation for privatisation (ibid.). Privatisation has been followed by retrenchments and increasing unemployment all over the region. More than 70 000 are estimated to have lost their jobs in Zambia. In Zimbabwe, the SAP, which was implemented in the mid 80's has cost the economy 50 000 jobs lost up to 1995 and a considerable number of unrecorded casual and temporary workers have also lost their livelihood. Likewise, in Mozambique, Tanzania and Malawi, unknown numbers of thousands have also lost their jobs. Similar programmes of modernising the public sector and opening up national markets for international competition have been implemented in Botswana and South Africa. Banda and Muneku (1996) summarise the effects of the SAP on the Zambian labour markets as follows:

- A marked general decline in formal sector employment and in better and real jobs
- Rapid expansion of the informal sector with poor and low income jobs
- Apparent lack of labour market and employment policy to address key social problems manifest in the Zambian labour market

- Lack of correlation between high rates of national output growth and national employment growth
- Decline in real wages
- Wide wage differentials between industries and within industries
- Absence of national wage policy
- Lack of liaison between trade unions and other social partners on labour market issues
- Assumption of a high degree of labour market flexibility by labour market liberalisation, unlike in Zambia
- Myth of labour market deregulation creating much-needed jobs

President Chiluba promises that 70 to 80 per cent of Zambia's parastatals will be privatised by early 1998. In Mozambique, the World Bank and the IMF introduced Structural Adjustment Programmes from 1984. Prices and trade have been liberalised, a market-based foreign exchange system has been established, tax, tariffs and financial sector reforms have been implemented and an overall liberalisation of the economy has taken place. An Enterprise Reform Programme resulted in about 500 small and medium-sized state enterprises being privatised. As a consequence of privatisation alone, about 90 000 workers have lost their jobs. In Zimbabwe, Madhuku and Kanyenze (1998) suggest that the reduction of formal sector employment from 40 per cent of the labour force in 1980 to 27 per cent in 1996, is due to the effects of the Structural Adjustment Programmes.

In Mozambique, thousands of workers are working for months without pay while waiting for the new owners of the privatised companies either to retrench them or start paying their wages.

3.9 **Labour market flexibility**[36]

The notion of labour market flexibility is highly contested and has a different meaning for government, unions and employers. Labour market flexibility centres upon disputes between unions and employers over minimum standards in working conditions. The flexibility debate has been introduced to Southern Africa through the argument that government intervention creates rigidities in the labour

[36] Parts of this section rely on the work of Fiona Tregenna and Roselyn Nyman from NALEDI.

market, which hinders job creation and economic growth. Particularly in the South African context, and in the light of an increasing integration of the South African economy into the global economy, “flexibility” is often perceived by employers as a key to “modernisation” and prosperity, and by workers as threatening their job and wage security. Some policy-makers seem also to believe that labour market rigidities are an obstacle to structural adjustment (Horton et al 1994). Such rigidities supposedly have the form of regulations setting the conditions of employment, bargaining framework, etc. Where regulatory constraints or rigidities in the labour market exist, they are blamed for the failure of employment to respond to changes in wages (Mudheku and Kanyenze 1998). We will look more closely at this in the following.

For employers, labour market flexibility means the level of control it has in bringing about workplace changes speedily and at relatively little cost. (Standing et al, 1996) For example, employers may want to retrench workers speedily (without consultation with unions) and without cost (without paying severance pay). Unions on the other hand want employment, work, income security and a greater control at the workplace. The government has attempted to regulate the labour market through labour legislation that provides a certain level of minimum standards at the workplace. Labour market flexibility would indicate the degree to which employers, for example, can deviate from these set standards. Standing et. al. (1996) identify three forms of labour market flexibility: employment flexibility, wage flexibility and work-process flexibility.

Employment flexibility refers to the ease with which employers are able to use shift work and general working hour systems as well as systems of recruitment and retrenchment in order to adjust to market demands. The efficiency of labour placement services, legislation concerning procedures and costs of dismissal, the amount which firms invest in training workers (and the relative skills levels of other workers outside the firm), and the strength and orientation of trade unions are all factors that will affect the levels of employment flexibility.

Many Southern African countries provide a high level of *legal* protection to workers against arbitrary and unilateral dismissals and retrenchments. For example, employers have to provide fair and valid grounds for dismissals and retrenchments and have to follow fair procedures. Yet, in spite of lack of solid data, preliminary assessments indicate that few workers have the *real* resources available to challenge retrenchments. The rise in unemployment, informal sector employment as well as the in the use of contract and casual labour all over Southern Africa during the last decade also suggest that there are few rigidities in the labour market in terms of employment. There has been a marked tendency towards “casualisation” and informalisation of employment taking place in the 1990’s. The power is to a large extent in the hands of employers when it comes to hiring and firing.

Internationally, employers have introduced employment flexibility by employing flexible labour (part-time, casual, temporary, sub-contract labour, export-processing zones); that is to say, workers who do not enjoy the same level of protection as full-time workers. Thus an overview of the number of workers employed in "flexible labour" is another method of assessing the level of flexibility in the labour market. The Labour Act in Namibia protects workers in respect of the maximum number of working hours per week and overtime.[37] Yet, while the law regulates maximum working time, many workers work far less than they want. Table 3.9 indicates that in Namibia, half the population is "underemployed", i.e. has *some* employment but wants, and is available for, more hours of work (1993/4 Household Income and Expenditure Survey).

The extent to which firms rely on atypical labour is one indication of levels of employment flexibility. Workers who are part-time, temporary, or on contract tend to be easier to either employ or dismiss than regular, full-time workers.

The greater the extent to which atypical labour is made use of, the more flexible a firm's internal labour force is likely to be. Table 3.11 thus sets out the proportion of firms in various sectors making use of different categories of atypical labour. Most firms in all sectors make use of temporary workers, while significant

Table 3.9 Underemployment by sex and age in Namibia (CSO 1996)

Age group	Female			Male		
	Employed	Under employed	Under employment rate	Employed	Under employed	Under employment rate
15–19	12 429	7 487	60	13 911	13 412	51
20–24	23 076	13 195	57	22 964	24 038	52
25–29	26 692	14 634	55	28 681	29 454	53
30–34	25 339	12 716	50	27 326	26 438	50
35–39	21 871	12 456	57	21 955	23 361	53
40–44	15 867	7 478	47	19 257	17 999	51
45–49	10 692	5 416	51	15 057	12 380	48
50–59	8 489	4 102	48	12 105	10 139	49
55–59	5 217	2 792	54	7 996	6 548	50
60–64	4 334	2 235	52	6 419	5 490	51
65+	8 611	4 271	50	8 688	7 853	45
All ages	163 547	87 178	53	186 733	178 129	51

[37] Employers can apply for exemptions from certain or all of the provisions of the act. In terms of the 3rd Annual Report of the Labour Advisory Council, for the period 1 April 1995 to 31 March 1996, 12 applications for exemption were received of which 5 were granted. Most of the exemptions granted were in respect of overtime and performing work on Sundays and public holidays. (Ministry of Labour, 1996)

but lower numbers of firms employ contract and part-time workers and generally few firms hire home-workers. According to this survey (ILO 1996), one noteworthy point with regard to employment flexibility is that only 5 per cent of firms in South Africa regard any part of the Basic Conditions of Employment Act as having had *any* effect on their employment or labour practices.

Employment flexibility can also be assessed by comparing the variation in total employment and the variation in real GDP over a time period. This is examined in figure 3.3 portraying growth and employment in South Africa.

Table 3.10 Employment status of workforce in South Africa by race and gender, 1996 (Crankshaw and Macun, 1997) [38]

Employment category	African female	African male	Col. female	Col.male	Indian female	Indian male	White female	White male	Total
Regular full-time employees	32 756	2 3779	6 829	5 340	1 755	3 313	2 582	7 710	93.1
Regular part-time employees	22	771	12	15	13	44	66	59	1.7
Temporary/ casual employees	110	950	148	133	34	26	40	50	2.5
Contract employees	96	578	146	379	10	10	26	290	2.6
Homeworkers/ outworkers	1	11	0	0	13	6	1	2	0.1
All employees	3 504	26 089	7 135	5 867	1 825	3 399	2 715	8 111	100

[38] The survey referred to was done amongst only workers in the manufacturing sector and should therefore be treated with some caution.

Table 3.11 Firms using non-regular types of employment, by industry, 1996 (Sender 1997)

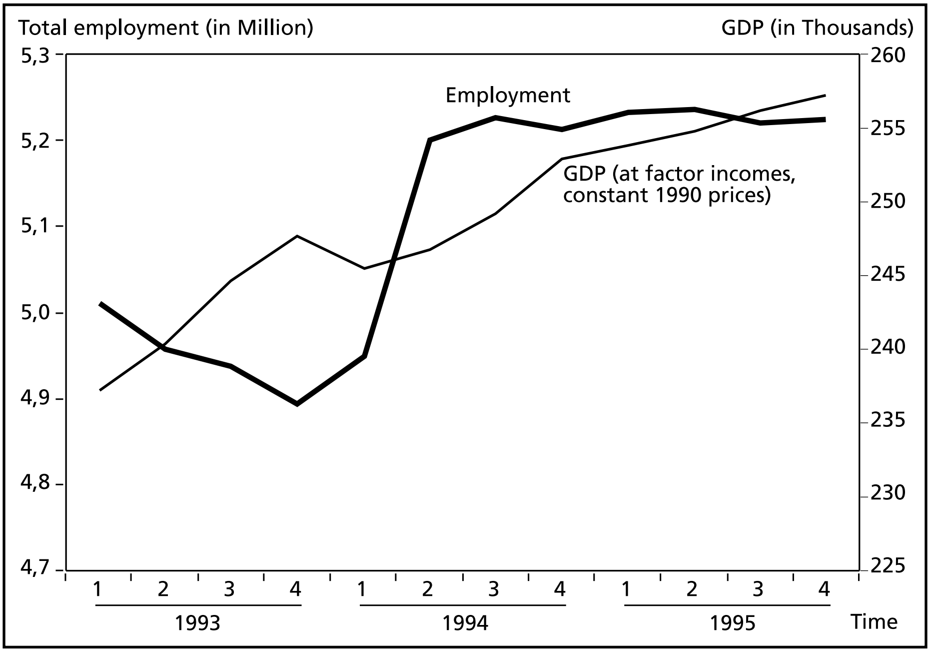
	Temporary workers	Contract workers	Part-time workers	Home workers
Chemicals	89.1	50.0	32.6	2.2
Food processing	100.0	59.4	34.4	6.3
Metals, engineering	83.7	43.3	25.0	7.7
Paper and printing	84.3	33.3	31.4	2.0
Textiles, garments	81.3	39.1	18.8	21.9
Other	76.9	46.2	7.7	7.7
Overall	85.5	43.5	26.2	8.7

The period used here is too short to conclusively deduce a clear relation between these variables, although in the long run it would be expected that they would be positively related, with GDP changes leading to changes in total employment. However, the relevant point to be noted from figure 3.3 is that total employment varies far more than does GDP. This does not seem to suggest a highly rigid labour market where employers are constrained from "hiring and firing".

Wage flexibility refers to the employers' ability to set wages unilaterally according to company needs and employee qualifications etc. Wage differentials in the labour market are not in themselves a barrier in the labour market, but the *process* by which wages are set may potentially constitute rigidity. Complete wage flexibility would mean wages being determined purely by the interaction of supply and demand, with wage levels changing according to market signals. In other words, there would be no formal institutional intervention in setting or regulating wage levels. Both job security and income security could be undermined by excessive wage flexibility.

Traditionally, collective bargaining and statutory labour market institutions regulate wages only to a limited degree in the Southern African countries. South Africa is generally regarded as being amongst the countries with most rigidities in the labour market. Yet, only a minority of the workers is covered by Industrial

Figure 3.3 Relationship between total employment and real GDP, 1993–1995



Source: CSS, 1995a, 1995b, 1996a

Council Agreements on wages and working conditions. Furthermore, most companies applying for exemption from the implementation of Industrial Council agreements get approval.

One indication of wage flexibility is the extent to which employers are able to pay different wages for the same level of work, with varying wage structures and conditions. Table 3.12 indicates the variation, in different sectors, of the salaries and benefits of temporary as opposed to regular workers in South Africa.
There is considerable variation in salary and benefits between temporary and regular workers. There are some instances – although they are in the minority – where temporary workers' salaries or benefits actually exceed those of regular workers. In this regard it is important to point out the heterogeneous class composition of a typical workers. While many of these are unskilled and highly vulnerable, this category would also include highly skilled, highly paid and relatively powerful consultants and specialists, for example, contract engineers.

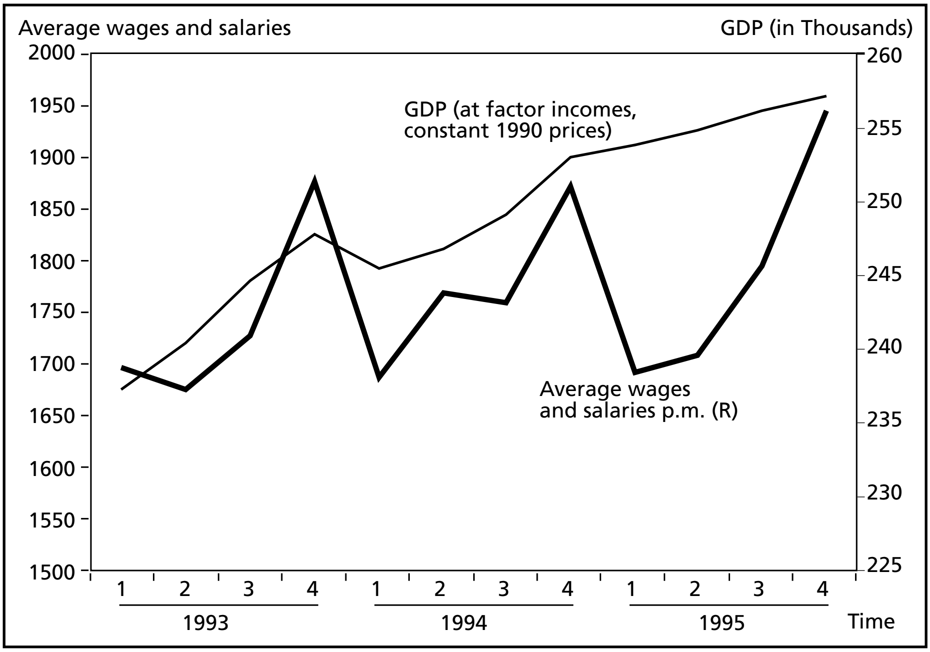
Another way of analysing the extent of wage flexibility is to relate changes in levels of wages and salaries to changes in Gross Domestic Product (GDP). Figure 3.4 plots this relationship in South Africa on a quarterly basis for 1993–1995. Over this period, no strong correlation is evident, although over a longer period one would assume that GDP would lead with wages and salary levels lagging. What does emerge from this figure, however, is that real wages are far more volatile than real GDP. Average wages increased by as much as 9 per cent and fell by up to 10 per cent, in *real* terms, from one *quarter* to the next. This suggests a high degree of wage flexibility. Such flexibility is likely to be primarily in response to changing cost structures, market conditions, varying employee pressure, and employer expectations of future economic conditions.

A final point to note with respect to wage flexibility is that only 4 per cent of firms in South Africa saw the Wage Act as having had any effect on wages, and just 6 per cent of firms said that wages should be more flexible. This suggests that

Table 3.12 Temporary workers' salary and benefits compared to regular workers, by industry, 1996 (Sender 1997)

	Salary			Benefits		
Industry	More	Less	Same	Higher	Fewer	Same
Chemicals	7.3	46.3	46.3	12.2	58.5	29.2
Food processing	6.3	18.8	75.0	18.8	43.8	37.5
Metals, engineering	2.4	35.7	61.9	14.0	39.5	46.5
Paper and printing	4.8	47.6	47.6	18.6	34.9	46.5
Textiles, garments	3.8	15.4	80.8	5.8	38.5	55.7
Other	0.0	40.0	60.0	10.0	50.0	40.0

Figure 3.4 Relationship between real wages and salaries and real GDP, 1993–1995



Source: CSS, 1995a, 1995b, 1996a

wage flexibility is constrained to only a very limited extent by the regulatory framework. In Southern Africa, real wages have generally declined over the last decade. In Zimbabwe for example, Madhuku and Kanyenze (1998) point out that real wages declined from an index of 122 in 1982 to 63 by 1995). Real wage rigidity, which has been blamed for unemployment in Zimbabwe, did not exist in their opinion.

The concept of *workplace flexibility*, or functional flexibility, is intended to designate the degree to which the production process can be modified easily and without cost according to changing demands at different stages of the process. Work-process flexibility involves the ease with which management can shift workers between tasks (Standing et. al, 1996). This form of flexibility will include the extent to which workers can adapt to performing a variety of tasks, whether particular operations could be accelerated in response to bottlenecks or other blockages, the versatility of machinery to adjust to different inputs or outputs, and so on. Such functional flexibility can require multiskilling and some degree of worker autonomy, and potentially could enhance both productivity and mitigate alienation. There could be a tension between work place flexibility on the one hand and deskilling or training on a task-based, "need-to-know" basis on the other hand. Excessive functional flexibility, particularly when imposed by managements on workers in order to accelerate production, could arguably threaten job security and skill reproduction.

While the thesis of wage and employment flexibility in Southern Africa is highly questionable, rigidities in the workplace may be more of a problem. In fact, it has been argued that the lack of both a trained workforce and of good communication channels for restructuring inside companies constitute the real rigidities in the labour markets in South Africa (Standing et al 1996). Similar situations seem to be present in the rest of the region. Moreover, with social security, health and retirement benefits being tied to employment, a more "healthy" employment flexibility and turn-over of labour will to some extent be reduced.

While "globalisation" increases the pressure on firms to have a margin of employment flexibility in order to be able to adjust and restructure in the light of competitive pressures, globalisation and open economies can also be cited as a rationale for excessive "flexibility" which hampers development and undermines labour standards. Flexibility and stability are not always compatible. For example, excessive employment flexibility and volatility can discourage investment in human resources. It can also be detrimental to dynamic efficiency, as the positive externalities of learning on the job are not fully realised.

A final point to note on this debate is that there is always regulation of some form, whether from explicit or implicit institutions, which sets standards for employment, wages and work processes. Besides legislative regulation, the market itself creates institutions (through the interaction of supply and demand), and so do individual employers. Even if the labour markets were thus completely "deregulated", labour market decisions would still be mediated through other institutions. If "regulation" did not emerge through legislation or trade union pressure, it would come through individual employers' decisions and market forces. Many see the advantages in government regulation and standards set through union and employer bargaining that aim at creating a stable and predictable framework for investments and growth.

3.10 **Concluding remarks**

While economic developments in Southern Africa hold some promise for the future, the employment situation remains critical (UNDP 1997). The development of productive employment has not kept up with increased labour supply. The labour force grows by 3 per cent annually in Africa, combined with declining or stagnating levels of wage employment, decreasing real wages and deteriorating working and living conditions (UNDP 1997). The majority of people work outside the formal sector and are engaged in low productivity activities, manly in subsistence agriculture or informal sector activities. Unemployment and underemployment rates are increasing rapidly. With the majority of the population under the age of 20 and with few or no new jobs being created, this trend is expected to increase. Youth unemployment remains critical with a majority of school leavers unable to find employment. Furthermore, women are over-represented amongst the unemployed and poor working population. The UNDP (1997) puts the magnitude of the employment challenge in perspective by stating that between now and year 2010, the African population will increase from 565,5 million to over 854,6 million.

It is widely acknowledged that cross-border market integration, HIV/AIDS, child labour, etc. as well as structural transformations of working life with increased demand for high skilled labour and internationalisation of markets pose profound challenges to national labour market policies. On the one hand, Southern African countries have relatively low wage-levels and could thereby compete internationally on that basis. On the other hand, Southern Africa has relatively low levels of skills and limited infrastructure. We therefore need to look at long-term strategies of restructuring labour markets and capacity-building as well as short-term poverty alleviation programmes.

SEISA[39] (Mhone 1998) identifies the following problems in the Southern African labour markets. The first problem relates to the disjuncture between labour supply and labour demand with the former increasing at a faster pace than the latter. This is seen to be due to the combination of high population growth rates and low rates of growth in formal employment, with high unemployment, underemployment and growing informal sectors. A second problem identified concerns the impact of AIDS on the size and age structure of the labour force, in lowering life expectancy and increasing the dependency rate. The third problem relates to the decline in real wage rates in many of the countries and the hierarchical structure of wage differences for similar or equivalent occupations among the countries in the region. A fourth problem identified is the future of migrant workers and the impact upon both sending and receiving countries and their households. SEISA recommends that a Regional Mine Labour Commission be established to deal with the problem of migrants and the sending home of migrants from the mines. Furthermore, the brain drain created by the loss of highly educated migrants can be stemmed through bonding requirements, where the migrants in question pay the subsidised costs of their training in their countries of origin. It is also recommended that the regulation of skilled workers could be seized upon to systematise education, training requirements and qualifications across the region, thus enhancing the comparability

[39] *The Study on Economic Integration in Southern Africa* by the Development Bank of Southern Africa. SEISA 1993. Several of their recommendations have been followed up by SADC initiatives and programs.

and cross mobility of labour. Recommended too is the need for improved statistical information on labour migration and labour flows within Southern Africa. Furthermore, SEISA points out the need to harmonise labour standards in the region as a matter of urgency.

Using labour market policies in strategies to eliminate or reduce poverty requires a clear warning. Employment policies and labour market policies need to be closely associated with poverty eradication strategies and soundly based in knowledge about poverty, and living standards amongst the various strata of the labour force. Yet, labour market policy can not be the main instrument for eradication of poverty. Other policy areas (welfare and health policy, education policies, distribution and taxation policy, etc.) may be more important and effective as single

Chapter 4 **Labour relations**

Democratic theory as well as development theory have for too long been dominated by perspectives upon the need for economic development in order to stabilise democratic changes or for democratic changes as a condition for economic development. More recent theories and empirical perspectives, amongst others by the World Bank, give increased attention to institutions and organisations that create the framework and stimuli for political and economic development. The World Bank has recently admitted that it had overlooked the need for participation in initiating, designing and executing development projects at all levels (Kester 1996). Labour markets, and labour market institutions, become particularly important in this respect. Strong interest organisations can create channels for communication, information and co-operation and thereby prevent conflicts, cleavages and instability in the economy as well as build predictable rules for behaviour.

4.1 **Trade unions**

The democratic changes that have swept over Africa in the last decade follow a wave of popular mobilisation. Organised social interest groups and movements have put considerable pressure on governments for social and political change. The trade union movements have in some countries stood at the forefront of this struggle – either on their own, through alliances built with employer organisations and "big capital" or with political parties.

Beling makes a special case for those countries where trade unions have retained a fairly high degree of freedom of *association*. In these countries, he argues, the activities and orientations of the trade union movement correspond to the classical pluralist model. These unions have the right to strike, the freedom to choose their leaders, the internal management and organisation of the unions are free of governmental scrutiny and their concerns are first and foremost with economic, work-place issues. This has also been referred to as the neo-liberal position, or the liberal democratic model, in which: unions and civil society in general are separate from the state, unions are autonomous, a plural system of trade unions exists and unions are either allied to different political parties or to none at all.

In the *semi-controlled situations* on the other hand, the state maintains some degree of control and supervision over trade unions. In these countries, trade union autonomy is limited by at least one, and sometimes by several forms of government regulation. The most frequent forms of semi-controlled situations are government appointment or selection of trade union leaders, the need for official recognition in order for a union to operate and the restriction of internal affiliation. Finally, unions in these settings are often monopolistic.

Beling's concept of *controlled unions* is in contrast intended to describe those societies where the efforts to bring about political dominance of trade unions has resulted in the full integration of the union movement into the administration, the dominant party, or both. Unions are monopolistic and fully integrated into one-party systems. The tendency for some regimes in Africa to monopolise organisational initiatives, and the corresponding denial of the right of self-organisation to social groups, has usually been expressed in the language of radical politics, as a call for "national unity" and has been legitimised in terms of national responsibility and the need for restructuring. African leaders have widely and frequently articulated that unions on their continent must perform a substantially different and more varied role than that of their Western counterparts. African unions must in their view play a broad "productionist" role, i.e. bear a major overall responsibility for increasing overall national economic output. Furthermore, they must perform functions stemming specifically from the transitional state of their societies such as behaving as educational institutions and agencies of socialisation by introducing traditional culture into urban, industrialised life. Beling (1968:10) states:

> "The unions' responsibilities as socialising and educative mechanisms extend as well into the political realm; they must convey the importance of a sense of national citizenship and involvement and attempt to erode regional and parochial loyalties. In addition, unions must work actively to support other social institutions involved in the process of nation-building, such as national co-operative movements or local self-help schemes."

Beling (ibid.) on that basis questions whether Western-style trade unionism "fits" into the culture of modern Africa:

> ". . . the free trade union tradition is neither a natural feature of the political culture of most African states, nor is it directly related to the special development needs of societies confronted with scarce physical and infrastructure resources."

Berg and Butler (1964) in turn argue that trade unions in Africa are said to have developed and behaved more as political organisations than as economic or collective bargaining agencies. Yet, in many African countries, labour movements failed, in their view, to get politically involved during the colonial period, they had limited impact when they did get involved and they played a restricted role after independence. Several attempts have been made to impose upon developing countries theories and concepts that have emerged in the Western world. Little is achieved however, when such theories and concepts have already proved inadequate in explaining what happened in Europe. All in all, the trends and strategies in Southern Africa both before independence and after, vary to a large extent with economic developments, colonial history and culture, in a way which was unknown in the Western world.

The history of several of the Southern African countries places them into the category of "semi-controlled" or "controlled" union-state relations. By independence, many unions were weak and too closely allied with the political parties in order to function as independent influential bodies. This was the case in Zimbabwe. Government policy in Zambia likewise, included a heavy emphasis on worker discipline to achieve rapid economic development. In other countries, like Malawi, Tanzania and Mozambique, unions were almost completely controlled by the governments and party politics. In Zambia and Tanzania, union membership was virtually compulsory. There was no freedom of association in Mozambique, Malawi, and Tanzania or in Zambia. Even today, labour has political problems in Lesotho, Swaziland and Namibia. In Botswana, Malawi and Mozambique, the union federations were established on the initiative of the governments. In the case of Botswana, it was done in order for the government to comply with ILO membership requirements. In other countries, it was to insure that the union movement showed "national responsibility". In South Africa, unions were independent from, and in opposition to, the government during apartheid. They developed into socio-political trade unions combining political goals with workplace issues and built the strongest union movement in the region. Yet, while the Southern African labour movements differ in roots and history, they nevertheless share a history of restricted freedom of association, worker rights and a democratic framework under which to operate. Furthermore, today these labour movements are all confronted, both from governments and from members, with new expectations as to how to behave and relate to political bodies and decision-making.

However, a lot has happened during the last decade. The political and economic setting has changed dramatically for all the national trade union movements in the region. A wave of political change has surged through large parts of Africa since the 80's. Furthermore, structural adjustment programmes have been put in place in several countries since the 1980's in order to achieve objectives of market liberalisation. This has resulted in internal changes in the union movements.

Trade union movements throughout the region are in search of renewed identities and new platforms for independent trade unionism.

Strong union movements are built upon internal organisational strength, but they also confront external strategic challenges. Trade unions in many of the Southern African countries functioned for years more as political organisations than labour market institutions. Political transitions have brought these trade unions into closer contact with the *social and economic* interests of workers. Yet, the new climate also implies that the pressure from government and employers upon labour to show national responsibility has become greater. Moreover, the political resources of labour under democracy are different from those with which labour won battles in the old days under authoritarian rule.

The strength of labour will depend in the first place upon the extent to which it has developed and implemented *policies and plans of action* as expressions of its goals, norms, strategies and directions. Key policy areas for labour which should be mentioned in this regard are wage policies, industrial policies and employment policies. Some of the union federations in the region are strong in this respect. The ZiCTU in Zimbabwe, for example, over the past year has been busy drawing up its strategic planning for the short – and long term future. Their strategic planning concerns goals such as improved communication, political influence, gender equality, improved trade union education, trade union unity, increased membership, self-sufficiency, effective administration, the merging of smaller unions, etc. In the democratic debate, ZCTU also played an important role from the late 80's and onwards, in challenging the one-party state, authoritarianism and corruption. It criticised what was perceived as a slide towards the one-party state in the late 80's, and was a strong and vocal opponent of corruption as evidenced by the Willowgate car scandal in 1988 and its demand for accountability in general from the political leadership (Sachikonye 1997). In South Africa, COSATU has drawn up the scenario for the future of the labour movement through the September Commission. Policies and plans of action follow a long-term perspective upon socio-economic goals and goals for the labour movement. Likewise, in both Zambia and Swaziland, the labour movement has developed their policies and plans of action. MCTU in Malawi and OTM in Mozambique are relative newcomers in the field of independent policy development and plans of action, but are catching on fast.

Some of the regional labour federations have also got advanced *media* strategies. The ZiCTU in Zimbabwe publishes its own publication *The Worker.* Cosatu publishes the *Shopsteward* and also has labour issues presented in the SA Labour Bulletin. Furthermore, in Zambia, Zimbabwe, South Africa, and Swaziland labour is becoming more visible in the media as it broadcasts its views, not only to its own members but also to the public. In both Malawi, and Mozambique, they are also catching on fast.

Research and documentation has become an important resource for the labour movements in the region. The ZiCTU in Zimbabwe, the ZaCTU in Zambia, the OTM in Mozambique and NUNW in Namibia all now have their own research departments or resource persons that help them formulate base-line documentation for policy inputs in negotiations and bargaining processes. This has proved successful in establishing the Export Processing Zones and analysing the effects of Structural Adjustment programmes in Zimbabwe, in delivering inputs to the national budgets in Zambia, and in establishing the basis for the OTM position on minimum wages in Mozambique. While COSATU has its own research centre; Naledi, others are currently considering establishing similar institutions.

In most of the region, however, labour is struggling with the controversies surrounding the question of political alliances or independence. In Namibia, NUNW is affiliated to Swapo, in South Africa, Cosatu is allied to the ANC and the Communist Party and in Mozambique, there is still a close relationship between OTM and Frelimo. In terms of political links, the union leaders themselves argued that all the political parties are now represented within the union federation of OTM. Yet, many argue that there is still some way to go in terms of developing a union federation, which is independent and (constructively) critical of government policies. In countries such as Malawi, and Tanzania, the labour movement has a history of being very close to the governing political parties, but is today struggling to find independence. Yet, the balance between political alliance and independence is one that raises controversies in labour movements all over the world. While some will argue that independence is necessary in order to have political influence, others maintain that alliances are necessary in order to maximise gains. The critical issue really becomes one of being able to formulate independent standpoints reflecting members' interests and on that basis formulate strategies, policies and, if necessary, constructive criticism of government viewpoints.

There are *legal barriers* which make it difficult for the union movement to operate independently and efficiently in several of the countries in Southern Africa. In *Botswana*, for example, union officials are by law, not allowed to be employed on a full time basis. Furthermore, strike actions are restricted. New unions are difficult to get registered and unregistered unions can not operate. Collective bargaining rights are relatively limited in practice with few employers recognising the unions. In 1997, the government ratified 9 ILO Conventions, and amongst them the core ILO Conventions on the right to organise, the right to bargain and the right to bargain in the public sector. These Conventions will still have to be followed up by national legislation. In Mauritius, the legal system poses a somewhat different problem. Here as few as 7 workers can form a trade union with the result that 300 trade unions are registered, contributing to fragmentation of the labour movement.

In Tanzania, TFTU and its affiliates are, in terms of the labour law, illegal entities and not registered as legitimate representatives of workers. Workers in management or senior officers in the civil service are prohibited from forming or joining unions.

Table 4.1 Trade unionism in Southern Africa[1]

	Federation	Affiliates	Membership (approx.)	Formal employment	Labour force	Union density[2]
Botswana	BFTU	21	18 700	288 165	528 108	20 %
	Independent	2	40 000			
Lesotho	LTUC		21 000	250 000	825 022	6%
	Independent		15 000			
Malawi	MCTU	17	75 000	558 000	4 848 445	14%
Mauritius			101 059	466 410	476 642	22%
Mozambique	OTM	13	140 000	450 000	9 145 260	42%
	Independent	3	50 000			
Namibia	NUNW	8	66 260	260 000	434 678	41%
	NPSM	6	13 000			
	Independent	2	27 000			
South Africa	COSATU	20	1 887 431`	5 708 000	9 787 000	56%
	FEDUSA	26	515 000			
	NACTU	17	230 000			
	Independent	Approx. 185	370 000			
	Unregistered unions		200 000			
Swaziland	SFTU	13	55 000	157 283	327 104	44%
	Independent		14 000			
Tanzania	TFTU	11	404 547	1 000 000	15 552 232	40%
Zambia	ZaCTU	22	230 000	468 947	3 854 565	60%
	Independent	3	50 000			
Zimbabwe	ZiCTU	34	250 000	1 497 600	4 948 554	23%
	Independent	3	100 000			
Total SADC			4 872 997	11 104 405	50 727 610	42%

[1] Figures for Zambia are found in Banda (1997) and are based on the ZCTU being composed by 22 affiliates, while the Mine Workers Union and the Financial and Allied Workers Union are still outside the ZaCTU. The union figures from Tanzania are found in Kapingi & Shaidi 1996) while formal workforce figures have been calculated by subtracting those working for small family farms.

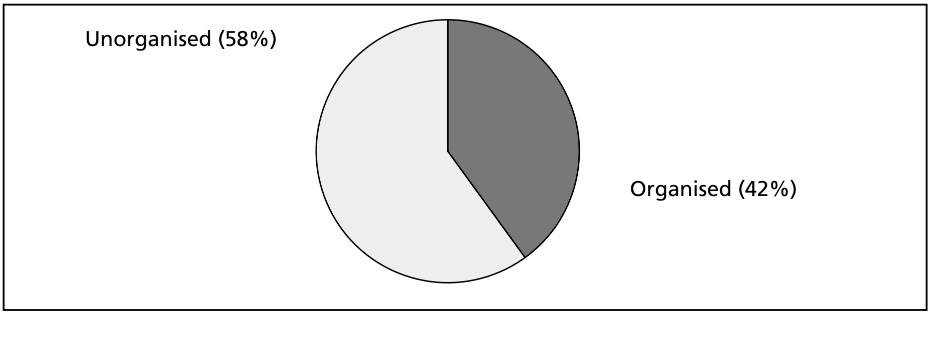
[2] Calculated on the basis of formal sector employment.

In Lesotho as well, public service employees are expressly prohibited from joining unions. And in Swaziland, there are legal and political barriers to the functioning of a free trade union movement. In Namibia finally, unionists experience harassment and difficulties and there is still quite a way to go before a climate of free trade unionism is established.

Union strength and influence will also depend upon the number, character and support of other competing unions. And it will depend upon the number of unorganised workers outside union structures. Using membership growth (or decline) in order to evaluate the success of labour is, however, difficult, if not impossible in Southern Africa. Membership of both the OTM in Mozambique, ZiCTU in Zimbabwe and ZaCTU in Zambia have, for example, decreased during the last five years due to a large extent to external factors: the mass retrenchments following privatisation and structural adjustment programs. However, the economic and political challenges make it even more important to have a strong, alert and resourceful union movement amongst those members that are left. Table 4.1 portrays the membership of the national union centres in the 90's.

Building a strong union movement is primarily done through a continuous drive for organising workers and thereby recruiting new members. There is a myth prevailing that labour in South Africa is weak. However, union density rates have usually been calculated on the basis of the labour force. Calculating union density on the basis of formal sector employment gives us, however, a very different picture. About 40 per cent of the formal workforce is organised in Southern Africa.[3] Union density figures for Southern Africa become even more impressive when we know that large sections of the workforce (civil service) are not allowed to form or join unions. Figure 4.1 portrays union density for Southern Africa.

Figure 4.1 Union density in formal sector employment in Southern Africa

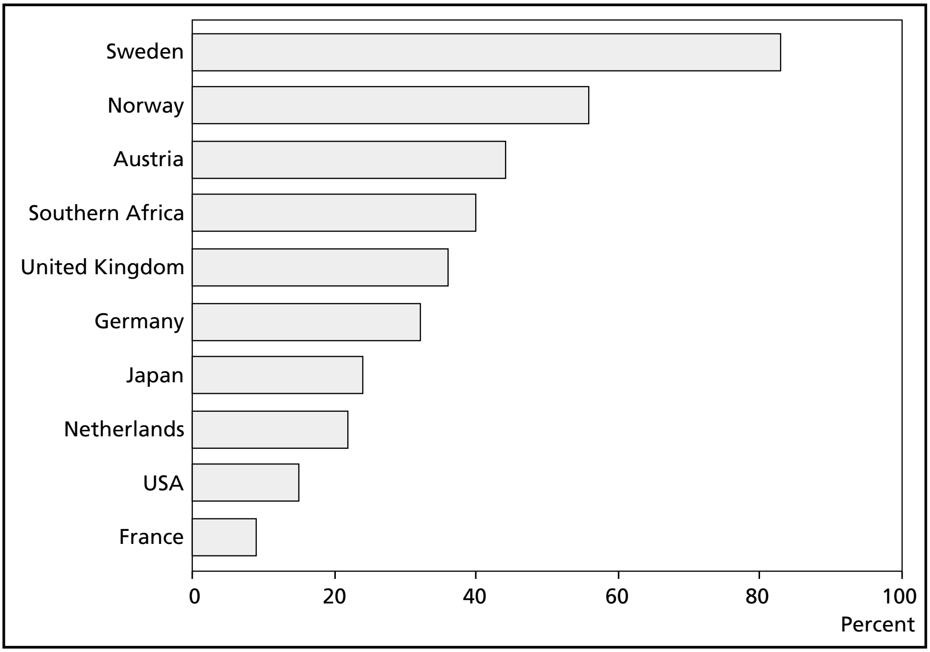


[3] This must be regarded as a rough estimate on the basis of contradictions in the figures. This comment is most valid for Tanzania. Tanzania has an official formal workforce of 10, 1 million. However, 9,1 million work for traditional small family farms and will not be regarded here as part of the registered formal workforce. The TFTU does however have about 40 000 members in this sector.

Membership and union density is one indicator of union strength, but should not be taken as conclusive. Union density is highest in Mozambique, South Africa, Swaziland and Zambia. Union density in Zimbabwe is lower, but the labour movement is still one of the strongest in the region. Malawi scores relatively low when it comes to union density, but unionism is still in its infancy and seems to have far more influence in national policy development than many other labour federations with higher membership figures (relative to formal workforce). The union density rates in Southern Africa imply that it is comparable with union density in several of the central European countries and higher than in many other parts of the world. Comparable figures for France is 9 per cent, Japan 24 per cent, Germany 32 per cent, Norway 56 per cent and Sweden tops the list with 83 per cent.

The strength of labour will also be influenced by whether there is one or more dominating affiliate internally. Public sector workers dominate the union movements in some countries, while in others, the agricultural workers dominate. Few countries, with the exception of South Africa, have large sectors of manufacturing workers in the labour movement. And while the mine workers' unions are strong in some of these countries, in cases such as Zambia and Zimbabwe they are also outside the national federations. In Botswana as well, the strongest manufacturing unions are outside the national federation.

Figure 4.2 Union density in Southern Africa compared to some OECD countries, 1995



As previously mentioned, several of the national centres have had a stagnant or declining membership over the last few years, which is partly an effect of privatisation and increasing unemployment, but which is also due to general restructuring and political divisions within the labour movements. In Zambia and Mozambique, political divisions and splits have influenced membership developments. In Lesotho likewise, the division of the labour movement has weakened its membership base as well as its influence in bargaining and tripartite discussions. In Zimbabwe, however, the ZiCTU has gained by the Public Service Association joining its ranks. But irrespective of union membership numbers, in many ways the unions are more powerful today than what they were 10 years ago. They have found a larger degree of independence, the gap between leadership and members internally has shrunk and they are far more oriented towards workplace issues and the shop floor. It should in this regard, also be mentioned that the "controlled unions" often managed to achieve higher wage gains, and demonstrated a higher degree of strike activity than many other countries with "independent unions". In spite of their often being closer to their respective governments than to their members, the unions functioned in that respect as *interest* organisations to their members. All in all, the emphasis of the weak representation of unions is relatively misplaced since their power often outweighs their proportion of sectoral employment.

Table 4.2 Important sector interests in some of the SATUCC federations

	Sectoral interests	Membership	Federation	Percentage
BFTU	Mining Workers Union	8 300	14 637	57
OTM	Agriculture and Plantations	39 552	136 023	28
	Sugar Industry	13 000		10
MCTU	Teachers Union	25 000	67 000	27
ZiCTU	Public Service Association	47 000	190 544	
	Agriculture and Plantation	15 000		
TFTU	Government And Health Employees	46 525	404 547	11
	Teachers Union	67 000		17
	Plantations, Agricultural WU	42 545		11
	Industrial and Commercial Workers	59 922		15
COSATU	Mine Workers Union	357 198	1 887 431	
	Public sector unions (6)	450 000		24
	Clothing and Textile WU	160 000		8.5
	Metal Workers Union	263 893		14

4.2 **Social dialogue and tripartism**

During the last two years, increased attention has been given in Southern Africa to "social dialogue" or tripartism in national policy-making. Social dialogue, or tripartism, is conceived by ILO as *effective consultation* between representatives of the three social partners in the labour market. Yet, states are left to determine how to implement tripartism and to establish what subjects are to be consulted upon. Tripartism can broadly be seen as encompassing all forms of tripartite co-operation, meaning: "in its narrowest sense, three-way interaction between government, employers' organisations and trade unions in formulating or implementing labour, social or economic policy. More broadly conceived, it also encompasses bipartite relations between unions and employers, where the government acts as a silent partner by setting the parameters for the parties' interaction." (ILO/ARLAC 1996).

Consultation can be effective, however, only if a certain number of conditions are met (ILO/ARLAC 1996:5). These conditions are that there is freedom of association and there are representative employers' and workers' organisations. The representative organisations must also be selected without discrimination of any kind and must be free to decide who should represent them. All partners must be capable of taking part in the consultation process and be willing to co-operate in the tripartite process. Furthermore, consultation must take part before decisions are made and at appropriate intervals in order for it to have a real impact on the decision-making process. Finally, unions and employers' bodies must be represented on an equal footing in the consultation process and the competent authority should arrange administrative support for the consultation process.

During the last two years, increased attention has been given in Southern Africa to social dialogue. Some argue that it is all a policy response to the *decline* of the economies and/or a contribution to more *stable* economies. Others argue that the new political climate paved the way for further economic democratisation. International institutions like the World Bank, IMF and the ILO have also tried to facilitate a strengthening of civil society. Yet, developments within Southern Africa itself definitely had an impact. Social dialogue has become a buzzword of Southern Africa.

The establishment of the National Economic, Development and Labour Council (Nedlac) in South Africa in 1995 played a role in increasing the support for and interest in tripartist institutions within the region. Nedlac was established as a statutory body in order for the social partners to negotiate changes to labour law, macro-economic policies and development policies before government proposals went to Parliament for enactment. Both the social partners and the community constituencies are represented in NEDLAC. The balance between the government's need to govern on the one hand and the need of the social partners to be consulted and voice their opinion on the other hand has received attention and created controversies during the past year. Yet, there are no doubts that this is the most advanced system of tripartism in Southern Africa, and maybe one of the most institutionalised forms of societal corporatism being practised in the world today. Tripartism should in this context be understood as the process by which the government in observance of its obligations as an ILO member nationally accepts and relates to the most representative employers and workers organisations as independent and equal partners (ILO 1997).[4]

In *Zimbabwe*, the ZCTU participates at the tripartite level in the National Social Security Authority, the Occupational Health and Safety Council, the National Manpower Committee, and in the National Tripartite Committee which considers all tripartite issues in the labour field. The model of South African partnership is, however, also being increasingly promoted by labour. But the efforts to set up an institution similar to the South African NEDLAC was abandoned in 1997, when instead the National Economic Consultative Forum (NECF) was established. There is, however, currently a big debate as to its role and powers. While labour wanted a negotiating tripartite body, NECF ended up as a multi-party consultative forum with no decision making power. But the debate continues.

Unions in *Zambia* have tried to broaden the agenda of co-decision making to include social questions, but not too successfully. The unions and employers take part in tripartite bodies discussing employment and wage policies, but feel that there is little response from the government to their proposals. The conclusions of the tripartite Labour Consultative Council are tabled before the cabinet, which may or may not adopt its conclusions.

Efforts have been made to promote industrial harmony and trust amongst the tripartite social partners in *Lesotho*. The Tripartite Wages Advisory Board, which is established by law, sat three times in 1994/95 and 6 times in 1995/96 for the purpose of fixing minimum wages. The tripartite National Advisory committee on Labour, which also has a legal standing, held meetings three times both in 1994/95 and in 1995/96, thus abiding by the Labour Code Order of 1992 which stipulates that this committee will sit quarterly (SADC 1997). Yet, the division of the labour movement weakens the ability to use tripartism effectively.

The tripartite partners in *Malawi* set the following goals for 1998: to strengthen and promote tripartism, labour management relations, institutional and human resource capacities and to develop and strengthen policies and strategies which will create more employment opportunities. Labour laws are currently under tripartite negotiations. A Tripartite Labour Consultative Council has been

[4] Project Document on "Promotion of Tripartism and Social Dialogue in the National Policies of Botswana, Lesotho, Malawi and Swaziland". 1997

established under the new Labour Relations Act (1996), which is advisory on labour, employment and human development issues, including the review of labour laws. Yet, there are also several areas where tripartite negotiations are more difficult to establish. The Malawi Congress of Trade Unions presented their demands early in 1998 with complaints, for example, about the lack of consultation about the privatisation of parastatals.[5]

A tripartite forum was established in *Mozambique* 1995 in order to negotiate minimum wage levels, pensions and social security as well as broader economic issues. New labour law reforms are also negotiated in this forum. The negotiations have also formed the point of departure for direct bilateral negotiations between labour and the employers. In early 1997, the two parties preferred to negotiate minimum wages directly without the state and achieved a higher increase than what union representatives think they would have managed with the state present.

Tripartite fora have been established also in *Botswana,* like the National Employment, Manpower and Incomes Council; the Minimum Wage Advisory Board and the Labour Advisory Committee. The first is a consultative forum. The latter two are advisory statutory bodies that were originally meant to be negotiating bodies, but have ended up as consultative bodies. The National Industrial Relations Code of Practice is a product of tripartite consultation. At the same time, however, the BFTU Congress criticised the lack of consultation by the government on the promulgation of an Industrial Policy, which deals with matters crucial to the trade union movement and called for meaningful tripartite consultation.

In *Namibia*, the Labour Advisory Council is the government mechanism for promoting economic growth, stability and productivity. LAC is a tripartite body with equal representation from the unions, employers, and the state. The LAC has wide-ranging investigative and advisory functions, which include the formulation of national policy regarding basic conditions of employment, vocational training, health and safety issues, the enactment of legislation, ratification of ILO Conventions, job creation and unemployment. The LAC was established in 1993. Most of the LAC committees meet regularly and have suggested important amendments to the labour and social security legislation.

In Swaziland, however, tripartism is a more difficult terrain due to the political situation. Several conclusions were for example reached in the tripartite Labour Advisory Board during 1995–97 concerning the review of the controversial industrial relations law. Yet, these conclusions were not endorsed by the government, resulting in industrial action by the union movement and the so-called "27 labour demands".

[5] A mass stay-away was also called (6 May 1998) to back up the demands.

Social dialogue has the potential for strengthening democracy in its progression away from authoritarian rule in Southern Africa. It is also a way of strengthening the political dimension vis-à-vis the many huge and inefficient bureaucracies in the making and implementation of policies. Yet, there are several factors, which make social dialogue difficult for labour in Southern Africa.

Globalisation of national markets makes social dialogue more important, but also more complex. The opening up of national markets and regional integration make traditional state regulation and intervention more difficult and potentially superfluous when decisions are increasingly made in other fora and outside national borders. Social dialogue becomes important in order to manage the opening of markets and to adjust and respond at the national level. Labour can lobby, build bilateral alliances or use tripartite fora in order to influence such processes, but complex issues arising from globalisation become more manageable if taken through social dialogue. Yet, one should be careful not to be made responsible for decisions taken elsewhere. Unionists, for example, in Mozambique argue that it is difficult to meet with the government in tripartite negotiations because the real decisions and influences come from the World Bank and the IMF. Wages are, for example, falling. But when three-way negotiations between government, business and labour agreed to a 37.5 per cent increase in minimum wages in 1995, an IMF delegation criticised the increase as "excessive" and premature. The OTM is therefore giving attention to establishing direct links with these institutions in order to get access to information and influence.

Furthermore, alliance partners, but first and foremost a good relationship to government, are important in order for social dialogue to serve a purpose for labour. There need to be the foundation for a good relationship with the government in the first place, something which hardly exists in countries such as Swaziland. But, bipartite negotiations or alliances can also complement social dialogue under "normal conditions". In Scandinavia consensus has traditionally been reached in alliances between labour and government alone. In South Africa, an alliance is struck between the ANC and COSATU. When everything else failed in the negotiations on the Basic Conditions of Employment Act in late 1997, agreement between the ANC and COSATU saved the bill. In other countries social dialogue has ended up as alliances between labour and employers. Relations between trade unions and employers in both Zambia and Swaziland are actually relatively good. It is their relationship with the government, which is tense and problematic. Union experience is in many cases that they could have reached better decisions and compromises without the state being present in consultative fora. But while emphasising a good relationship to government and political parties, independence also becomes a crucial issue. The unions in both Namibia, Mozambique and South Africa are closely linked to the governing political parties. Their *independence* and ability to reach agreement and mobilise, however, even for controversial issues, becomes their platform for influence.

An organised and effective employer organisation is also necessary in order for tripartite decisions to be negotiated and implemented. However, employers in many Southern African countries are poorly organised and limited by state restrictions and party politics. Furthermore, in countries such as Mozambique and Zambia, the employers' organisations represent a large number of parastatals; their membership is crumbling fast with privatisation. In Zimbabwe, both government and labour raise concerns about the representativity of employers. The employers' body, EMCOZ furthermore has limited human and financial resources and needs training in bargaining skills, dispute settlement procedures, etc. Even employers in South Africa are loosely structured and operate less in accordance with principles of mandating, consultation and accountability than the unions.

Finally, the characteristics and status of social dialogue will have an effect upon the degree to which the parties may gain from it. While Nedlac in South Africa for example is a forum for bargaining, the tripartite structures in other parts of the region are only consultative. While they may have the right to be consulted, government has, and exercises the right, to do as it pleases In Zimbabwe, the government sets the agenda for tripartite consultations. The input of labour and employers is limited and is not always taken seriously. All in all, the government consults the parties only if it wishes (ILO/SAMAT 1996). The ILO/SAMAT (1996:28) puts it this strongly;

> "The lack of formal consultation on subjects of labour relations, employment and labour inspection is remarkable."

The experience of the social partners in many countries in the region is that there is a wide gap between the laws and policies on tripartism on the one hand and its practice on the other. However, the success of the social partners will ultimately depend upon the degree to which they have loyalty and support amongst their own members, and the political resources they possess. While there are potential economic advantages to be gained by labour in engaging in tripartite institutions, redistribution will in the foreseeable future be directed towards addressing basic needs amongst the poorest and most disadvantaged unemployed, rural people, etc. The implications for labour will to some extent be wage losses, although at the same time achieving potential gains on a "social wage" containing pensions, social security benefits and education for the wider community and thereby their families. An important issue is which resources are needed for labour to maximise the benefits of such strategies or alternatively minimise the costs.

Increasingly, South Africans are being approached to play the role as mediators and go-betweens" in the regional arena. COSATU and NEDLAC have mediated in Swaziland, and President Mandela in Zambia and the Democratic Republic of Congo. And the ILO and Nedlac in South Africa hosted a workshop on tripartism and social dialogue in December 1997 with social partners representing all the countries in the region. Indeed regional integration and regional political and economic developments are increasingly setting their mark on national policy-making. And social dialogue and civil society are increasingly setting their mark on both areas. Civil society is waking up in Southern Africa, little by little! These civil society organisations and tripartist institutions stand the chance of having a significant impact upon both democratic culture and democratic consolidation.

The discussions about social dialogue and levels of bargaining in Southern Africa are proceeding. In South Africa, discussions about a social agreement, accord or strategic framework for the parties in the labour market have been underway for some time following a strategic framework document released by the Nedlac secretariat, and ideas of a "Social Accord" put forward by both the government's macroeconomic strategy and the Labour Market Commission. In the longer term, a broad social agreement might address a wider range of issues related to economic restructuring, income distribution and social policy.

4.3 **Industrial relations**

Government policy in many of the Southern African countries has included a heavy emphasis on worker discipline to achieve rapid economic growth, together with elements of "social justice" to end racial discrimination in relation to wage disparities, black advancement and the use of facilities (Shadur 1994). This was the case in both Zambia and Zimbabwe. The relationship between labour and government in many Southern African countries is now relatively strained. Yet, while much attention is currently turned towards tripartism, real power for the unions is built at the shop floor and in relations and bargaining with the employers at the company level.

Wage bargaining in Southern Africa is, however, relatively weak. The public sector leads in wages in *Botswana*, while in countries such as *Tanzania*, public sector wages lag far behind those of the private sector. In *Zambia* as well the public sector leads in wages. Comparing, for example, the public mining sector to the private, mining is far better paid in the public sector. There are statutory minimum wages set for workers not covered by union agreements (such as small shops, domestic workers, etc. The minimum wages are set unilaterally by the state at approx. USD 19 per month (1997). Bargaining takes place at the industry level in Industrial Councils in mining, textiles, manufacturing and security, motor, trade and the retail sector. But in general, industry level bargaining in Zambia is now sidelined for enterprise level bargaining. There is also wage bargaining taking place in the public sector, with the 4 public sector unions jointly bargaining with the government.

In *Namibia*, collective bargaining remains at a formative stage and is largely confined to specific sectors such as manufacturing and mining. It is decentralised, with a narrow bargaining range, and centred around wages and job security (Murray & Claassen 1998). Collective bargaining is also becoming quite well established in the public sector where an increased number of agreements are concluded. In *Botswana*, 23 collective agreements have been listed with the Commissioner of Labour (Mojafi 1998), yet many of them are years out of date (Briscoe 1998). In many cases in *Malawi*, the employers are refusing to negotiate both Recognition and Collective Agreements. In *Zimbabwe*, collective bargaining was introduced in 1989, and since 1990 government parameters have been discarded and collective bargaining has been left to the unions and employers (Madhuku & Kanyenze 1998). Industrial or sectoral bargaining through the national Employment Council has become a more important feature of the industrial relations system. Yet even here, collective bargaining is still relatively poorly developed and to some extent undermined by Works Councils at the company level. In Swaziland, collective bargaining plays a predominant role in agriculture, sugar manufacturing, transports, hotel and catering (Fashoyin 1998). Yet, in Namibia, Malawi, Lesotho and Mozambique, collective bargaining does not exist in a real sense (Fashoyin 1998). South Africa is the only country, which has relatively well developed bargaining structures with both company level bargaining and industry-wide bargaining in specific sectors. Furthermore, relatively advanced productivity related agreements have been reached in the textile and clothing sector, mining and manufacturing.

Employers are, as mentioned previously, poorly organised and limited by state restrictions and party politics in Southern Africa. In many countries, such as Mozambique and Zambia, the employers' organisations represent most enterprises. Yet, this includes parastatals as well as (a minority of) private businesses, and their membership basis is therefore crumbling fast with the privatisation process and the selling out to foreign interests. In Namibia, the Namibia Employers' Federation represents less than 15 percent of the potential member companies. Poor organisation of employer interests also makes bargaining more difficult for the unions. All in all, it also contributes to more of the bargaining process taking place at the company level, rather than at sectoral or industry level.

While worker participation for many unions is a controversial topic, it was for a long time a rallying concept and an integrated part of political mobilisation in the African states after independence. However, the slogans soon started to reflect traditional managerial vales rather than becoming an instrument for effective redistribution of power and income (Kester 1996). Participation became in Kester's (ibid.) opinion, manipulation and exploitation under labels such as "responsible participation". Works Councils or liaison Committees were introduced in several countries, such as South Africa, Zambia and Zimbabwe and more powers were given to these directly elected councils/committees than to the trade unions (Kester 1996). Yet, the unions continued to exist relatively unaffected side by side as the committees and the councils were gradually side-lined.

Many expectations were created by the transitions to democracy in Southern Africa. Political changes were expected to be followed by democratic changes also in the economy and at the workplace. In South Africa (Tørres 1995) as well as in Tanzania, Zambia and Zimbabwe, workers expressed strong support for worker participation. In Zimbabwe and Tanzania about 90 per cent of trade union representatives declared themselves in favour of participation (Kester 1996). Both organised and unorganised workers in the formal sector in Gauteng around Johannesburg expressed the same kind of overwhelming support for increased worker influence in 1994 (Tørres ibid.). Yet, the industrial relations climate in Southern Africa, has increasingly become adversarial rather than co-operative. Moreover, the only statutory framework for worker participation is now to be found in South Africa,[6] after the Works Council system in Zambia under the Industrial Relations Act 1971 was abandoned in 1993.

Some studies indicate that job security as well as "making a real contribution to the success of the organisation" are amongst the most important job factors in Botswana (Pfau, undated). Moreover, the power distance (i.e. between managers and workers) in Botswanan working life is relatively one of the largest in the world. Furthermore, while a majority prefers collectivism, and consultative or participative styles of management, the majority of Batswana indicate that they work for either autocratic or persuasive/paternalistic managers. The South African survey referred to above (Tørres 19995) also reflects the paternalistic management structures and the workers' desire to take an effective and responsible part in decision-making at work. While workers are generally satisfied with their relations with colleagues, dissatisfaction with supervisors was expressed by 25 per cent of workers in Tanzania, but by two thirds of workers in Zimbabwe. While many would regard worker participation as a means towards improving socio-economic interests, it is interesting

[6] Introduced with the Labour Relations Act (1995), implemented from 1996.

to note that workers also highlight other features of participation. In Tanzania, it is the human relations aspect which is underlined by the workers (Kester 1996).

In many countries worker participation has been found to have improved communication between employers and workers and to have contributed to productivity increases as well as the reorganisation of work. However, such structures should be set up and structured with the co-operation of trade unions in order to avoid further tension in industrial relations. Improved management styles and increased consultation with, and involvement by, workers is crucial if Southern African companies are going to survive in the new globalised climate with its required flexible work organisation. Research by, amongst others, APADEP indicates that trade unionists and worker representatives should be regarded as agents of change (Kester 1996:6) by promoting both the interests of their constituencies and the developmental perspective of the companies and the economy.

4.4 **Concluding remarks**

Affected parties should be part of decision-making because they are closest to the problems and challenges and thereby presumably also to the solutions. They have the best information and the easiest access to instruments for change. The realisation that there are clear links between sound labour relations and productivity has generated a new sense of urgency for pursuing a tripartite consensus approach as an alternative to strictly adversarial postures in the formulation and implementation of national policies (ILO 1997). Furthermore, social capital, in the sense of individual participation in organisational life and decision-making may have positive effects upon both economic developments and the consolidation of democracies. Studies in both Zambia (Bratton and & Liatto-Katundu 1993, 1994), South Africa (Torres 1995) and Tanzania (World Dev. Report 1997) have shown that workers who take part in organisational life are more committed to the ideals of democracy.

Productivity accords have been agreed upon between labour, business and the state in many countries. Labour has contributed with wage moderation and industrial peace. The state has contributed with taxation policy, social benefits, and/or price control. The employers may have contributed with commitment to real worker participation and influence, training and skill-improvement programmes, re-investment of improved productivity and profitability into the company, technical improvement, improvement of work processes and labour rights, working hours, etc. An important part of such a social accord or "productivity accord" should be the element of solidarity. A wage policy in such a setting would imply, for example, that the parties decide to give priority to a certain sectoral or occupational group of workers for improved wages, working and living conditions. If a national accord is to be set, for example, every five every years (with sectoral bargaining in between), then substantial minimum wage increases for unskilled or semi-skilled workers could be given priority while the upper parts of the labour market would be given less attention.

It is important to note that such an accord, or solidarity wage policy by the unions, does not have to find its form at the tripartite level, but can take place between unions and employers alone and be structured along several levels of bargaining. The important point for labour is to maximise strength at the shop-floor level and in their relationship with the employers.

Labour issues and strategies should be promoted as a balance between concerns for economic growth and productivity on the one hand and concerns for redistribution and labour standards on the other hand. There are different regulatory mechanisms that can and should be promoted in order to deal with different goals and issues, but in many cases, a "middle way" may be more successful in promoting such goals rather than the "extremes" of state involvement and legal mechanisms on one side or free market forces on the other side. If we split up the governing or regulating instruments from the regulating actors we may go a step further. Let us, however, first have a closer look at the priorities and prime interests of the various stakeholders in the labour market. We often hear and see portrayed the extreme conflicting interests of, for example, labour and business. Yet, labour and business also have a range of overlapping interests. Business may have its prime interests in promoting productivity, profit, investments and economic growth. Yet, business also has interests in labour peace and stable industrial relations. Many studies have shown that a more equitable distribution of resources contributes to profitability and economic growth by mobilising loyalty and efficiency on the side of the workers. Furthermore, international studies indicate that worker involvement and good systems for communication, consultation and joint decision-making on specific issues have a positive effect upon productivity. Several South African studies in particular show that a lack of communication and of good industrial relations systems at the company level function as a barrier to industrial restructuring and increased productivity (ILO 1995). Labour, for its part, has its prime interests connected with promoting the wage interests and concerns for job security and labour standards of its members. Yet, the workers are also dependent upon economic stability and growth in order to protect their own jobs. Furthermore, the interlinkage between the economic interests and the responsibilities of their members to the community at large also makes it difficult to "close off" from the wider responsibilities towards the unemployed, etc. Southern African labour has also again and again demonstrated the degree to which it takes upon itself "national concerns" not strictly limited to its own members. Still, that being said, the responsibility for "national interests" and redistribution lies with the state. The government has the responsibility not only of representing the interests of these two groups, but also of carrying the main bulk of responsibility towards those outside the labour market and outside the active work force. In several instances, each of the three parties has refused to carry the responsibility, for example, for job creation. In many ways they are right; none of them carry the responsibility for job creation, redistribution or labour matters alone - but it would certainly help if they realised that they had a *shared* responsibility!

Chapter 5 **Southern African co-operation**

Political changes, migration, reduction of national tariffs and barriers for trade[1] as well as more internationalised production systems and the establishment of regional trade "blocs" in other parts of the world, make regional co-operation in Southern Africa more important, but also pose new challenges for regional integration. Southern Africa is hard hit by unemployment as well as by poverty *within* the labour markets. Real wages have fallen all over the region, and poverty rates have increased. Likewise, challenges are similar for women in the labour market all over the region. The issues of poverty and uneven distribution of resources are similar. Child labour and marginalisation of groups in the labour markets are found all over the region. And HIV is taking its toll all over SADC. Yet, there are also differences, divisions and conflicts amongst the SADC countries, which may potentially be reinforced by the opening up of national borders and increased competition.

5.1 **A region marked by united and conflicting interests**

Acute imbalances, unevenness and inequities mark Southern Africa. The sizes and levels of development of the economies are very different. The historical pattern of interaction in the region has also been very uneven (Davies 1998). The pain poles of accumulation were located in South Africa, while the other countries were incorporated in "subordinate" roles as providers of migrant labour, services and as "captive markets" for South African exports. And there are considerable differences among the SADC countries in human development performance. The GNP per capita of Mauritius, Botswana and South Africa is roughly USD 3000 each, while Mozambique, DRC and Tanzania with about USD 100 each are placed at the bottom end of the World Bank and UNDP per capita rankings. Economic indicators, means and comparisons with South Africa generally hide away, however, the waste differences between various population groups *within* South Africa. Looking at the Human Development Index indicators in more detail than we did previously shows

[1] All Southern African countries are signatories to GATT and thereby committed to the process of multilateral trade liberalisation.

us that the differences between blacks in South Africa and the neighbouring countries are considerably smaller than the national comparisons indicate (table 5.1).

All in all, it is clear that South Africa is not *representative* for the region as such: both the GDP per capita and the Human Development Index reconfirms the picture of South Africa as the “Southern African economic Tiger”.

The degree of civil society organisation and the mixture of political activism, democratic consciousness and civil society organisation in South Africa is also unique. The economic development, which led to an enormous growth in the number of black semi-skilled and skilled workers, played an important role for the trade union movement and for the political struggle. On this basis, strong labour market institutions, both bipartite (unions and employers) and tripartite have emerged in the 90’s, which we won’t find anything similar to in the rest of SADC. Similarly large groups of industrialised militant workers are also hard to find elsewhere in the region. It is worth mentioning though that, although such social science research is hard to come by, survey research in Zambia indicates that the effect of civil society organisation and participation in democratic attitudes and values are similar to those in South Africa (Bratton & Liatto-Katundu 1993, 1994). The key

Table 5.1 Human development indicators for the Southern Africa (UNDP 1998 & World Development report)[2]

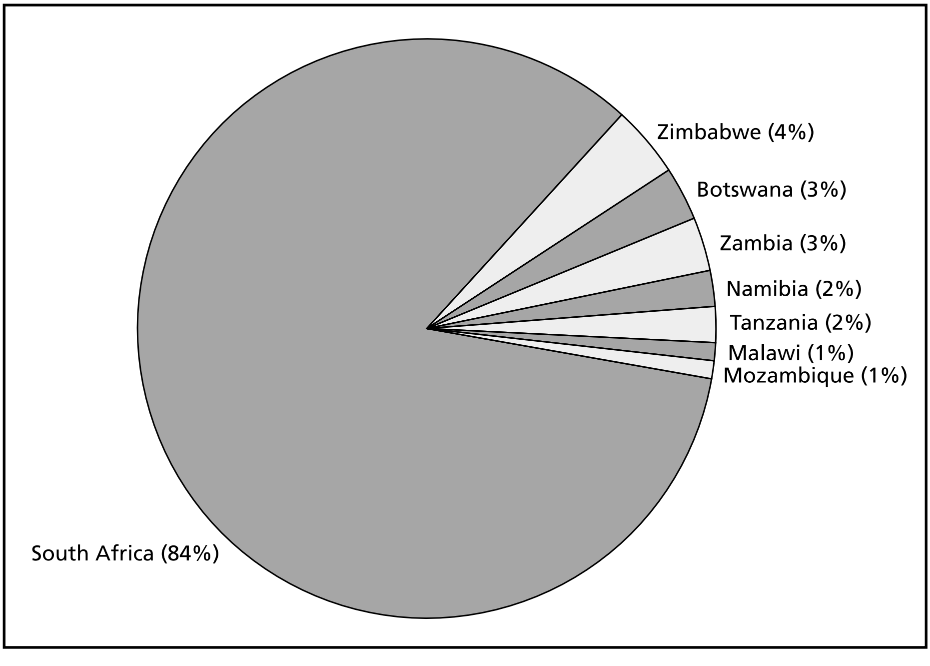
	Real GNP per capita (USD)	Life expectancy at birth (years)	Adult illiteracy	Infant mortality rate (per 1000)
Angola	410	47		124
Botswana	3020	68	30	56
DR of Congo	120			
Lesotho	770	61	29	76
Malawi	170	43	44	132
Mozambique	80	47	60	113
Mauritius	3380	71	17	16
Namibia	2000	59		62
Seychelles	6620	72	21	
South Africa	3160	64	18	50
Swaziland	1170	58	23	
Tanzania	120	51	32	82
Zambia	400	46	22	109
Zimbabwe	540	57	15	55

[2] The index has three components: life expectancy at birth; educational attainment, comprising adult literacy with two-thirds weight and a combined primary, secondary and tertiary enrolment component with one-third weight; and finally income (ibid: 18).

to democratic and economic success can on this basis seem to lie in the building of strong, independent, and internally democratic civil society organisations and in stimulating economic development, which is followed, and reinforced by organisational and institutional developments. A final difference between South Africa and its neighbours should be mentioned. While the industrial and manufacturing sector is much more important in South Africa and institutional developments have come further, South Africa seems also to have at the same time a far more segmented labour market than the other SADC countries. Labour markets in South Africa are divided between the traditionally "white" skilled labour market and the vast majority of people engaged in the "black", unskilled labour market. The former has built up social security systems and labour rights while the latter majority group is struggling with poverty wages and the lack of both social and job security.

What roles can South Africa play as a locomotive for economic and political development in the region? All in all, South Africa's economy is immensely important for the whole region. South Africa counts for roughly 20 percent of the SADC population, but for around 80 percent of the total GDP. South Africa's industrial production is five times greater, and the capacity in sectors such as transport, energy, and financial services is greatly superior to the rest of the region (Petersson 1998). Looking at the combined gross domestic product of the whole region (figure 5.1), South Africa's share is a staggering 84 per cent. Excluding South

Figure 5.1 Combined regional GDP by country, 1993 (World Development Report, 1995)



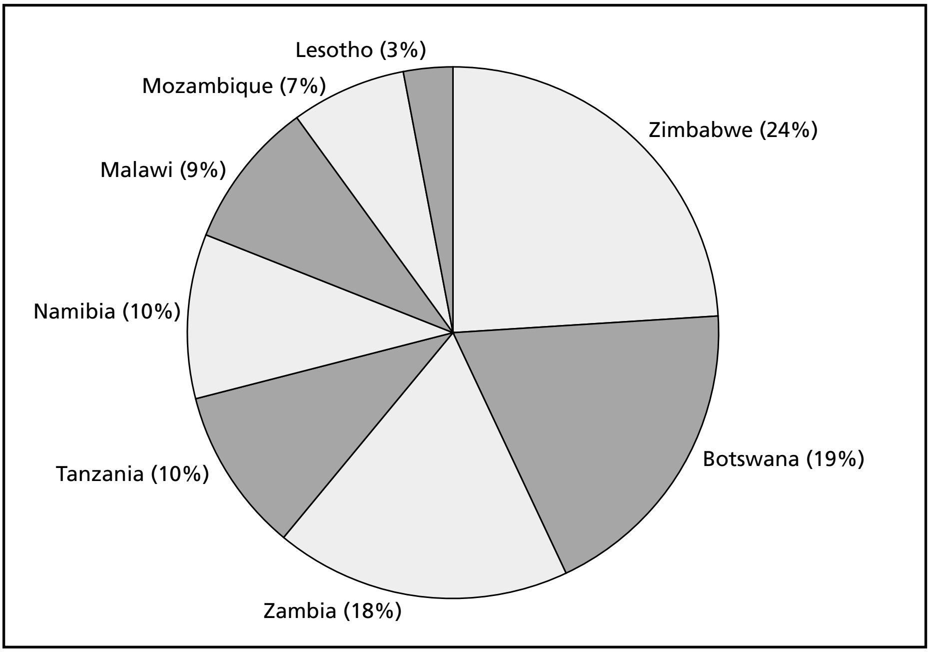
Africa, Zimbabwe's GDP constitutes 24 per cent of the regional GDP, Zambia 18 per cent, Botswana 19 per cent and the remaining countries 10 per cent or less.

South Africa also enjoys a substantial trade balance with other countries in the region. Exports to SADC countries outside the Southern African Customs Union (SACU)[3] are roughly 5,5 times the size of its imports (Faugenbaum 1996).

The number of immigrants currently in employment in South Africa can also illustrate South Africa's importance for the region. Estimates in the number of immigrants can be as high as several million, and most of the immigrants come from the neighbouring countries. In countries like Mozambique, Lesotho and Swaziland, a large proportion of the GDP is made up of remittances from people working in South Africa. The establishment of a Customs Union, South Africa's entry into SADC and discussions about a joint Southern African market all illustrate the increased economic co-operation within the region and the increased importance of the *regional* dimension in Southern Africa.

Excluding the South African economy, the economies of Zambia and Zimbabwe are the most important in the region (see figure 5.2)

Figure 5.2 Combined regional GDP by country, excluding South Africa, 1993 (World Development Report 1995)



[3] South Africa, Lesotho, Swaziland, Botswana and Namibia.

While civil society organisations, national governments and regional bodies discuss integration and the free movement of trade and labour for the year 2005, labour markets are in reality to a large extent integrated already. More than 100 000 workers from Lesotho, i.e. the majority of the workforce, are, for example, employed in mines in South Africa. Likewise, labour markets in Botswana recruit from the rest of the region, including Zambia and Zimbabwe. Zimbabwe recruits manpower from Malawi. And in Malawi, there are hundreds of thousands of Mozambicans searching for a livelihood. Many thousands of migrants move around in the region; some of them are registered, but many are not!

SADC has been touted as the answer to the region's economic problems. National differences, and even conflicts between SADC member states are an inherent part of an integration process. However, such inevitable tensions have been aggravated by two factors (Keet 1997). Keet argues that on the one hand, external forces have deliberately encouraged unilateral policies of competition rather than co-operation between the SADC countries. On the other hand, many of the governments in the region have, themselves, adopted policies of self-promotion and nationalistic competition with other SADC members. This is the background for the new institutional co-operation taking shape in the late 90's.

5.2 **Southern African trade**

Of direct International Investments, only USD 1,8 million came to Sub-Sahara Africa (UNCTAD World Development Report 1995). Intra-SADC trade is about USD 10 Billion, representing about 22 percent of total SADC trade. Furthermore, 70 percent of all intra-SADC trade takes place at very low tariffs, not exceeding 5 percent. To encourage higher levels of cross-border trade and development requires:

- The accommodation of different and sometimes conflicting national economic interests and policies between the participating governments
- The incorporation of the many existing bilateral trade agreements within the region
- The integration of existing subsets of countries or economic agreements, such as the Southern African Customs Union, into the broader multilateral trade framework

- The formulating of effective responses to demands for particular protections and excemptions for specific products or industries in various of the member countries which entrench fixed and unsustainable protectionism.

Sweeping liberalisation policies are being promoted within the region. First, the World Bank/IMF Structural Adjustment Programmes promote national free-markets and the opening of national policies. Second, the Cross-Border Initiative, promoted by the World Bank, aims to reinforce and extend structural adjustment by encouraging unilateral cross-border trade and investment liberalisation by Southern African governments. Third, the recent negotiations between the European Union and South Africa about a bilateral free trade agreement between the EU and South Africa will have serious implications for the tariff income of the other SACU (see below) and for the regional economic integration in Southern Africa generally.

Regional integration and structural adjustment have been promoted simultaneously as two separate, but complementary processes in Southern Africa. Observations of regional developments over decades have, however, established a number of empirical generalisations, which can be proffered about attempts at regional organisation (Handley and Mill 1998:5). First, it is evident that the parties will evaluate the process on the basis of analyses of costs and benefits. For this reason, it is important to plan the strategy of initial steps carefully. Over time, costs are likely to rise and become more visible, but the regional dynamic will be sufficiently advanced at that stage for parties to have an interest in safeguarding the process. Second, uneven levels of economic development among regional partners may create or aggravate tensions, unless the stronger economies are able (and willing) to provide some sort of "pay-off" to the weaker economies. Finally, it appears evident also that the growth of any regional process is shaped by the capacity of member states to respond.

With this background regional integration in Southern Africa appears problematic in many ways. The region has a shortage of value-added products tradeable between states, a low level of industrialisation, a heavy dependency upon imports and foreign trade, in particular with industrial countries, a relatively low level of trade within the region, and finally the region is made up of small economies both in terms of population and GDP.

South Africa, as the regionally dominant power, can and should assist the economic development and reconstruction of the region through investment, trade policy, infrastructure and Joint Spatial Initiatives (SDI) programmes. Yet, while South Africa trades with its neighbours, it is still criticised for protectionism. South Africa's exports to the other SADC countries have gone up, while "naysayers" argue that the point must be for South Africa to help the other countries develop rather than just export greater amounts to them at more favourable rates for itself (Handley

& Mills 1998). That brings to the fore again another argument mentioned earlier: what are the countries of Southern Africa going to trade with each other? Most of the SADC countries do not for example export the kind of goods that South Africa imports, such as industrial goods, machinery and chemicals. Furthermore, in spite of positive developments during the 90's, the countries of Southern Africa remain solidly amongst the poorest in the world, and are hence limited markets for exports from South Africa. Finally, the infrastructure is still not conducive to regional integration. Consequently, some argue that one of the most valuable functions of SADC is the co-ordination of regional infrastructure developments.

Duties on interregional trade still make regional relations and integration difficult. Zambian exporters, for example, suspended the export of cement to Zimbabwe following the imposition of duties (*SA Economist* 1997). In 1994, Zambia refused to sign a new preferential trade agreement with Zimbabwe to replace the one that had been in force from 1981. Malawi and Zambia are also to establish a free-trade agreement, but relations are made more difficult for Zambia by a "trade advantage" enjoyed by Malawian goods on the Zambian market, which effectively undercuts Zambian products by 30 per cent due to Zambia's being obliged to import raw materials (with tariffs) from South Africa. The Mozambican clothing industry has problems finding export markets, amongst other things because South Africa limits imports through a quota system.

Still, the Southern African integration process continues and there seems generally to be an upswing in trade and economic relations between the SADC member countries. More than 10 percent of the privatised companies/parastatals in Zambia is bought by South Africans. Moreover, it has been argued that the decision to let the DRC into SADC is due to *economic* interests, namely South African mining interests in Congo. South Africa has vast interests in the Democratic Republic of Congo: in power supply, mining and in the country's potential as the largest market for South African goods in the region. And infrastructure projects, like the Maputo and Beira corridors are contributing to the economic integration process. A multitude of economic institutions has also developed in order to take the process forward.

Southern African Customs Union (SACU)

There is already an advanced level of trade integration between the SACU (Southern African Customs Union) countries. The SACU agreement between South Africa, Lesotho, Botswana, Swaziland and Namibia is the oldest trade agreement in the region. It ensures the absence of duties and quantitative restrictions on trade between member states and provides for a common external tariff on goods imported from outside (Tjønneland 1992). Tariffs income on imports earned by one country has to be distributed according to a set formula to the other SACU members. SACU co-ordinates tariffs, customs and trade policy between Botswana, Lesotho, Swaziland, Namibia and South Africa. Another 5 countries (Malawi, Mauritius, Tanzania, Zambia and Zimbabwe) participate in the Cross-Border Initiative, a fast-track group which is moving towards the elimination of tariffs on intra-regional trade and the harmonisation of external tariffs.[4] Furthermore, Angola and Mozambique are also committed to trade liberalisation under the World trade Organisation and COMESA (Common Market for Eastern and Southern Africa), but are not involved in any short-term moves towards free trade.

It could be argued that adding members one by one to the successful SACU agreement will stand a better chance of success than trying to create a SADC trading arrangement (Harvey 1998). However, as SACU's durability relies upon financial transfers, adding new members would risk destroying SACU because South Africa would not be able to afford equivalent transfers to new members.[5]

5.3 **Southern African Development Community (SADC)**

In 1992, the Southern African Development Co-ordination Conference (SADCC) was officially transformed into the Southern African Development Community (SADC). This was a fulfilment of the declaration and treaty signed by heads of state in Windhoek in 1989 to create SADC Free Trade Area 2006. The change of name signalled the change of aims. Under SADCC, the regional grouping comprising 10 member states, was primarily a political and economic alliance.[6] Politically, SADCC fought, via sanctions, to isolate the South African regime, which had in defence of apartheid, carried out destabilisation programmes in the neighbouring countries. The economic aims were to reduce dependency particularly, but not only on South Africa. SADC hence turned from a militant co-ordinating conference to a fully-fledged development community in 1992. The entry of democratic South Africa

[4] Fourteen countries in Eastern and Southern Africa form part of the group (Petersson 1998)

[5] This argument is strengthened by South Africa's current unwillingness to maintain the current revenue distribution formula, even for existing small members, which are smaller than the non-SACU members of SADC (Harvey 1998) are.

[6] Originally, SADCC was initiated by the Organisation of African Unity's Liberation Committee in 1980 and consisted of Angola, Zimbabwe, Zambia, Mozambique, Lesotho, Botswana, Malawi, Swaziland and Tanzania

into SADC in 1994 shortly after the elections marked a change in the policies and aims of SADC. The Trade Protocol was signed in 1997, which will lead to the establishment of a Free Trade area within eight years.[7] Its aims are clearly defined in line with the original goals of SADC, namely that of developing investment co-ordination in key production and infrastructural sectors and the promotion of greater economic integration within the region.

SADC member states endeavour to pursue co-operation towards integration, amongst others, in the following areas (SADC 1997b); Food Security, Land and Agriculture; Infrastructure and Services; Industry, Trade, Investment and Finance and Human Resource Development, Science and Technology. The SADC Employment and Labour Sector was created in order to fulfil the SADC objectives in the field of Human Resource Management and the Promotion of Employment and Labour.

The SADC Labour and Employment Sector was established in 1995 as a sub-sector of the SADC Human Resources Development Sector with a tripartite character.[8] The objectives of the Sector are:

- To ensure that the Sector functions effectively on the basis of the Tripartite relationship between the three social partners
- To promote the formulation and integration of legal, economic and social policies and programmes in member states which contribute to the generation of productive employment opportunities and income
- To promote labour policies and measures in member states which facilitate free labour mobility, remove distortion in labour markets, enhance industrial harmony and increase productivity
- To provide a framework for regional co-operation in the area of employment and labour with the full participation and involvement of the three social partners
- To provide a framework for regional co-operation in the collection and dissemination of labour market information
- To standardise social security systems

[7] It still has to be ratified by the member countries, some of them being hesitant.

[8] The Sector's Objectives, Terms of Reference, etc, were initially recommended during the first Ministerial and Tripartite meeting in Lilongwe, Malawi April 1996. THE SADC Annual Meeting in August 1996 agreed that the Employment and Labour Sector was to replace the Southern African Labour Commission.

- To harmonise regulations relating to health and safety standards at work places across the region
- To promote the development of institutional capacities as well as vocational and technical skills in the region

Basic legal standards for occupational health and safety are indeed becoming more similar in the region. They are also beginning to correspond more closely to the ILO standards in the area, as set out in Convention 155. Currently, the Sector has programs in occupational safety, a Regional program on the development of HIV/AIDS; a Program on Child Labour and is in the process of developing a Social Charter in the SADC region.

The transformation making SADC into a fully-fledged development community is far from finalised. Some say there is a shortage of political will. There are several inhibiting factors for this transformation. First, the administration of SADC programmes itself makes co-ordination more difficult with each of the member states having responsibilities for separate sectors. Furthermore, there is not sufficient funding for the programmes.[9] Third, there is the argued problem of "vertical integration" into the economies of the Northern hemisphere, which is characterised by dependence and over reliance on the exports of primary commodities. Fourth, there are gross inequalities in the level of economic and political human resource development among the various member states, which make co-ordination of policy a difficult thing to manage.

5.4 **An integrated Southern African labour market**

While there are certainly problems and challenges ahead in the integration process, there seems to be no way back. Southern Africa is increasingly turning towards a joint market. Yet, while the integration process goes ahead at the formal institutional level, there is still competition and tensions between the member countries in reality, economically as well as politically. And while the market integration continues, relatively little work along this dimension has been done in assessing the implications of integration for policy areas such as harmonisation of social standards, labour rights, potential social dumping etc.

To a large extent, there is already a functioning integrated labour market in the Southern African region. Yet, there are no formal *recognition* of this regional

[9] 90 per cent of the funding for the programmes comes from international sources.

labour market, and few institutional mechanisms to direct it. The integrated labour market is first and foremost caused and directed by the flight from hunger, poverty and conflict. However, there are also several other factors, which create and enforce the integrated regional labour market: (Keet 1996:3) first by the physical and social integration through increased cross-border labour movements, second by the de facto regional economic integration through the growing movement of capital and business operations, third by the politically motivated integration through inter-governmental negotiations and regional agreements, fourth by national labour law reform and harmonisation of some labour market regulation under SADC Labour and Employment Sector, and fifth by active trade union co-operation and strategic policy harmonisation. Increasingly, events in one country will affect the living and working conditions of people in the rest of the region. Economic or political problems in one country will have implications for other countries in the region. When for example thousands of Lesotho workers have been laid off from South African mines since 1987, this has huge implications for unemployment, the labour market and even the GDP in Lesotho.

5.5 **SATUCC**

The radical political and economic changes in Southern Africa during the last few years have created enormous challenges for labour, also at the regional level. While the establishment of democracies throughout the region and extended contact, trade and regional political contacts, all contribute to the opening up of new possibilities for solidarity and regional strategies amongst the national union federations, new contradictions and potential conflicts are also emerging.

A Social Charter for Workers' Rights in Southern Africa was tabled in 1995. Yet, business interests welcome the prospect of SA capital in the region because it will help to depress the relative prices of skilled and unskilled workers in South Africa (Keet 1996). Tripartite discussions have taken place in the member states concerning the Charter and a revised text is now tabled for new tripartite discussions nationally and in the SADC Labour and Employment Sector. The aim in the long-term perspective is a co-ordination of labour standards throughout the region in order to inhibit the competition between the Southern African countries based upon cheap labour.

The national unions, and their regional body SATUCC (Southern African Trade Union Co-ordinating Committee) can play a major role in the co-ordination of labour standards in the region. SATUCC has served as the main vehicle for regional trade union co-ordination, together with the International Trade Secretariats, but SATUCC's efforts have thus far met with limited success. One limitation is presented by the fact that manufacturing only contributes to 14 per cent of the regional GDP, which also thereby imposes limitations upon the role that the unions – which to a large extent represent manufacturing interests – can play as vehicles for democratic consolidation in the region. Furthermore, SATUCC lacks the organisational muscle to force governments to adhere to the principles in the Social Charter (Smith & Kenny 1995). SATUCC represents only 6 per cent of economically active population in Southern Africa. Finally, it has been argued that financial dependency upon foreign donors inhibits the development of independent SATUCC programmes, which draws attention to the need to address the communication between the national centre organisations and their rank and file. However, while SATUCC is confronted by challenges, co-operation, solidarity and alliances between national labour federations is still far stronger and more resourceful than any regional structures of business organisations, or employers. National governments also seem to be troubled by regional tensions. On this background, labour has a huge advantage in building regional structures for a regional market.

Trade unions in the region are confronted by challenges at the national level such as new democratic frameworks, economic restructuring processes and internal reorganisation. Regional integration as well as internationalisation of national markets reinforce insecurities and possible tension. In this setting, co-operation between the labour interests becomes all the more important.

Chapter 6 **Conclusion and further research needs in SADC**

For millions of people in Southern Africa, the lessons of work are carried directly over to the non-occupational realms. For many more millions, the lessons of *unemployment* are carried over into daily struggles for survival. The future of democracy depends upon economic growth and the distribution of income and wealth, which is generated by the labour market. The future of democracy depends upon the degree to which labour market institutions manage to create and enforce legitimacy for the democratic institutions, to moderate economic expectations and to build a co-operative rather than a confrontational approach towards the government. The future of democracy depends upon whether the labour markets manage to create, enforce and carry forward a democratic consciousness and a political competence amongst people.

We have in this report attempted to map the regional labour markets on the basis of existing information and research. The level of existing statistics and updated information we have is, however, very poor. This needs to be improved in order to be able to make informed policy decisions on national labour market policy and regional co-ordination. Southern Africa needs to exit from the vicious circle of low-paid labour, unemployment/informal survival strategies and low educational and skill levels. Lack of education and low skills levels are hereditary; illiterates are "thrown" into survival strategies, which neither build further skills levels for themselves nor for their children. In order to exit from this vicious circle, regional strategies are needed, but regional strategies that are based on informed knowledge about the characteristics, sector and occupational composition, skill levels, and migration patterns of the current labour markets. In setting the priorities for the necessary regional research needs, the parties in the labour market need to be involved.

6.1 **Further research and policy needs for Southern African labour markets**

Policy-makers in the Southern African labour markets are increasingly faced with complex sets of dilemmas which often results in their simply withdrawing and letting "the market lead the politics" rather than the opposite. The path for political and economic development in the region lies in finding answers to the following sets of dilemmas and choices; between growth and redistribution; between urban and rural; between formal and informal, and between politics and markets. Labour markets are areas for production as well as for distribution of resources. It is on the dividing line between these challenges and contradictions that concrete answers will be formulated, answers which in turn will form the basis for the paths ahead. The question which faces labour market politicians, unions, and employers, is whether to take such choices as incremental adjustments to immediate market challenges or as a part of more long-term strategies of change in which all the parties in the labour market take part. The challenge to us, the *researchers,* is to develop politically relevant knowledge and information as instruments for long-term strategies in order to assist key economic and political decision-makers. We will in the following touch upon some of the most crucial policy areas, which will have to form part of long-term strategies for restructuring national labour markets in order to create *equitable* economic growth.

The informal sector is growing and constitutes the largest group of vulnerable workers in the labour market. Two problems emerge from this, as shown in the previous analysis. The lack of "formality", registration and thereby the possibility for control pose a problem for the state. To the sector itself, registration may in many ways be costly while the lack of registration may also form a barrier to further development, as well as to financial opportunities, loans, etc. The potential of financial institutions to affect the functioning (productive and redistribution measures) of the labour markets is often overlooked. Yet, different financing institutions (of labour market policy) have in several countries had an effect in fighting unemployment and reducing poverty in the labour market. The informal sector in Southern Africa needs to be made more "formal" without losing sight of its need to maintain flexibility and its need to be able to adapt to rapid changes in workforce, consumer patterns etc. This could, and should be part of any strategy to promote micro, small, and medium enterprises. Yet, we also have to restructure the financial assistance to the sector. As of today, only the manufacturing companies in the informal sector in some countries (such as South Africa) have any hope of receiving financial help and credits. Yet, the main bulk of the informal sector, as the information provided above suggests, lies in consumer services, trade, crafts etc.

This suggests that the current emphasis on small, micro and medium-sized companies (SMME) in the manufacturing sector, falls short of addressing the most vulnerable groups that are found in services. It should be mentioned in this respect, however, that the development programs were aimed at economic growth potential and were not at point of departure meant to assist in addressing poverty. In the future, programs which investigate the growth and developmental potential in the services sector need themselves to be scrutinised first, while keeping in mind the living and working conditions of those within the sector.

Economic facilitating policies which would create a more favourable regulatory and licensing environment and access to complementary inputs such as credits and new technology for those wanting to be self-employed or to own a small business, are important parts of any strategy to assist the growth and redistributionary effects of the informal sector (Figueiredo & Shaheed 1995). Banking facilities for people without ordinary access to banks, bank guarantees, etc. and therefore to loans and credits have been developed in Asia for self-employed women in crafts and services, and should be investigated more closely also in South Africa. The Grameen Bank is an exemplary case of a development-oriented attempt to help the poor in Bangladesh through credit. It has linked savings and credit and targeted those without access to formal finance; that is, primarily women in rural households who are virtually landless. This model is continually evolving. In 1990 its principle lending activities were centred around peer groups consisting of five women each from households with less than half an acre of land or with total assets not exceeding the value of one acre of land. It is this type of banking that gives the poor access to finance while at the same time making productive use of loans.

India's Integrated Rural Development Programme (IRDP) likewise shows a large-scale, country-wide intervention designed to create assets for the poor so as to generate incomes via self-employment. In operation since 1978, this scheme finances a variety of investments through a combination of loans and subsidies for households whose incomes fall under the stipulated poverty line. Currently, 3 to 4 million rural households are targeted annually for benefits under the IRDP, with a cumulative coverage of some 30 million households (ibid.).

Public works programmes have been widely used in developing countries as short-term instruments for poverty alleviation and restructuring. The same is the case in the Southern African region. The National Public Works Programme in South Africa was for example adopted in 1994 after the elections as one of the key mechanisms for implementing the Reconstruction and Development Programme (RDP). Public Works Programmes were to be put in force for a dual purpose: both to contribute to job creation (thereby helping people find means of survival) and to assure infrastructure, housing, etc. as part of the RDP delivery. Two programmes were implemented; the Community based Public Works Programme and the National Public Works Programme. Both programmes were in reality to explicitly create jobs, but not by building infrastructure, and even less by being productive (which was thought to be unduly interfering in the economy). Several evaluations have critiqued the programmes for, amongst others, these reasons. We will not go into detail on the topic, except to say that the criticism of how the public works programmes have been put into practice should not make people overlook the potential benefits of such programmes altogether. Public works programmes may potentially play important roles not only in delivering services and highly needed benefits to parts of the population earlier excluded from them, but also in training, and in building skills and infra-structure. The question we are confronted with therefore is not whether to implement public works programmes, but rather *how* to build labour-intensive schemes which cater for training and building skills at the same time as building infrastructure for the broader community. Concerns that need to be taken into account are; the "production" of "non-tradable products" rather than "non-profitable services"; and the relation between the discount rate (i.e. the "price of time" that it will take to build the facilities) and the urgency in needs for services, and goods that the programmes can cater for.

On *migration policy*, it is widely recognised that South Africa has a responsibility, and a vested interest, towards the rest of the SADC region, in ensuring that their economies become vibrant and strong. It is known that migrants with access to South African labour markets send considerable amounts home in remittances which are then invested in the local economies. The developments in these countries result in local job creation and thereby, in turn, dampen the pressures for migration to South Africa.

Appropriate labour market policies include *training* and retraining to build up human capital and marketable skills, including basic literacy in countries where this is necessary; entrepreneurial training in the basics of how to operate a business and training in non-traditional occupations for participating vulnerable groups so that they can be integrated into the labour market (Figueiredo & Shaheed 1995).

Skill acquisition is critical if the vulnerable groups are to come to a stage where they may compete effectively in the labour market. Furthermore, "human capital", i.e. the skills and education of the workforce, is a key to unlocking strategies of technology, new markets, production scales, etc in the future. Competitiveness and economic growth depends largely on the ability of the labour force to learn and adapt. Wages will be more tied up to training and upgrading in the future, and more capital-intensive industries are also expected to become more important for job creation with high demands being on the skills levels of the workforce.

6.2 **Labour market statistics**

There is virtually no country in the region which has reliable national labour market statistics, including wage figures, employment figures etc. There is an urgent need to improve labour market statistics as a policy instrument. The available information is sparse, and questionable in several respects (Standing, Sender & Weeks 1996). Furthermore, for policy-purposes, the statistics are problematic not only in terms of the way they have been compiled, but also in terms of how they have been analysed.[1] Representative, reliable data for employment, wages, organisation of work, training, migration etc. is needed as a matter of urgency.

The South African CSS has up to now compiled labour statistics on the basis of the October Household Surveys and the employer based Occupational Survey. Yet, the Department of Labour has recognised the need for more in-depth knowledge about the dynamics of the labour market as well as of labour migration and child labour. The Department of Labour is therefore to carry out a broad, in-depth "Labour Force Survey" and has also established a research programme on labour migration. Furthermore, the Department is to conduct a large survey on child labour during 1999 together with the CSS and ILO. All of this is desperately needed. In Zambia as well, for example, little is known about the labour force, their skill levels, etc. The Central Statistics Office suffers from understaffing both quantitatively and qualitatively. The Ministry of Labour and Social Security are also supposed to provide information on employment, etc. They are now hoping, with the help of the World Bank, to establish a database for labour statistics.

The shortage of labour statistics is critical also in Mozambique, Malawi and Zimbabwe. Most of the present national statistics in Namibia are based on the 1991 census and 1993/4 Household Census conducted by the Central Statistics Office of the National Planning Commission. These statistics predominantly provide macro-level information. More focussed research on the agriculture and domestic sectors has been done, while micro-information on other industries and sectors is not available. No comprehensive analysis and strategy research has been done on the labour market akin to the South African government-appointed Labour Market Commission's research report and the ILO's labour market country review. And finally, not much research has been done on the union movement itself.

There is also a vast variation in the definition and quantification of employment/unemployment among different sources in Southern Africa. Given the

[1] The CSS figures for example are problematic for several reasons: the average pay statistics worked out include, amongst others, managers and professionals, making international comparisons difficult. Furthermore, averages conceal differences and variations in race and gender between sectors and regions. The figures also mostly cover only the formal sector (Makgetla 1997).

importance of this information for macro-economic policy formulation, it would be useful to have single current, accurate and credible employment figures. It should also be questioned whether it is useful to operate with official unemployment definitions at all in Southern Africa. The official definition of unemployment was, for example, changed in South Africa in August 1998 from one which relied upon the criteria of "without work, but available for work" (expanded definition of unemployment) to a definition which includes "without work, available for work and actively seeking work" (strict definition of unemployment). While the definition has now changed, one should be aware that a substantial number of people who have given up seeking work because there is no work available (discouraged workers) will hence no longer be defined as unemployed, but rather as "economically inactive" together with students, housewives etc. In view of this mixture of unemployment, informal activities, subsistence farming and unpaid family labour, as well as their common characteristic of all being survival strategies, it may be more useful simply to operate with figures on the basis of labour force data and formal sector employment.

There are large differences within in Southern Africa in terms of the definitions and understandings of basic labour market concepts. While, for example, South Africa defines the economically active as those between 15 and 65 years of age, Botswana defines the economically active as those over the age of 12, and Tanzania defines them as those over the age of 10. Likewise, while South Africa from 1998 has been using a strict definition of employment, Botswana uses the expanded definitions. Integrating the regional markets would require a standardisation also of the concepts and terms being used in order to describe and characterise the labour force and labour market.

6.3 **Informal sector**

It seems to be characteristic of the informal sector that it is under-researched, with "guesstimates" varying greatly in all the SADC countries. Given the extremely high levels of unemployment in Southern Africa, and the unlikelihood of this being radically addressed in the near future, proper studies of the informal sector become crucial. Issues to be investigated in such studies need to include:

- the size and characteristics of the sector
- the range and average levels of income

- the extent to which households in different areas rely on the informal sector for income
- the potential for expanding the tax base and raising revenue
- the potential for service delivery through the informal sector
- the position of women in particular in the informal sector

Detailed research needs to be conducted on the extent of informal sector employment in all the countries in the region. Although it is estimated that more women are employed in this sector, future research needs to confirm this. There is also a need to ascertain the levels of income generated in the informal sector. These questions become crucial for policy-making in the region.

6.4 **Migration**

Migration is a major challenge to the labour markets in the whole of the Southern African region. Zimbabwe experiences, for example, being both a receiver and a sender of migrants. While Zimbabwe receives labour migration from countries like Mozambique and Malawi, its own (both skilled and unskilled) labour force migrates to the neighbouring countries, primarily to South Africa but also to Botswana. Normally, migration in Zimbabwe has been restricted to the numerous low skilled members of the workforce, but the brain drain following high skilled migration has also become a matter for concern. Since 1985, three-quarters of Zimbabwean graduate veterinarians have, for example, left the country, and in 1991 alone 100 doctors emigrated to South Africa and Botswana (Crush et. al. 1995).

In the agriculture sector in Zimbabwe large numbers of cheap migrant labour from Mozambique have been recruited. In the 1992 population census it was reported 164 824 Mozambican were living in Zimbabwe as well as 38 203 Malawi and 10 003 Zambian citizens (Amanor-Wiks 1995). There exists, however, a severe lack of statistics on migration in Southern Africa, concerning the scope and numbers, but also the push and pull factors and the effect of migration on the labour market. One example could be the effects of the Mozambicans working on the tea estates, where wages are low even compared with the rest of the agricultural sector. The employers in this sector say that Mozambicans make up for labour shortages in the sector, while the workers claim that the migrant labour depresses wages to a level below the subsistence level in Zimbabwe. We also lack information about the brain drain that accompanies labour migration, and about comparable company standards to analyse what workers migrate from and what to!

6.5 **Flexibility**

Little research exists on the number of workers employed in atypical forms of employment in Southern Africa. Examples of atypical labour include part-time, casual and temporary work. This information is important as it will reveal the division between groups of workers who receive higher job security and incomes. It is also necessary to identify the sectors that employ atypical labour and to provide a gender profile. While existing research in some countries does in part reveal the relationship between wages and employment and unemployment, data on the relationship between wages and education is more scarce. Furthermore, few case studies have been conducted on the degree of flexibility at the workplace. Such case studies could investigate to what extent multi-tasking, shift-work and job rotation have been included in the production process.

Limited research has been conducted on flexibility in South Africa. The importance of investigating functional flexibility at the micro level is that it is through the nature of these work processes that workers experience the production regime on a daily basis. Work processes both reflect and impact upon power relations of production. Detailed empirical research, based on a sample of workplaces, could examine issues such as multitasking, green areas, shift-work, job rotation and so on. Valuable research could be undertaken on the impact of these measures on workers' experience of production, alienation, democratisation of workplaces, and also on productivity.

6.6 **Minimum wages**

Little data exists on minimum *actual* wage levels in industry and the private sector in Southern Africa. Case studies have been conducted on minimum wage levels in the domestic sector. Present research does disclose big wage gaps between the lowest and highest paid employment. Data on minimum wage levels could disclose the feasibility of a statutory minimum wage and other measures to narrow the wage gap. In fact, none of the SADC members have satisfactory wage statistics, either nationally or sector or industrial data.

Considerable work has already been done on the issue of minimum wages in South Africa, notably by Neva Makgetla (see for example Makgetla 1994). Notwithstanding this, it is difficult to assemble a complete, coherent and up-to-date picture of the issues surrounding minimum wages. Data could be gathered/upgraded on exactly where minimum wages apply, how many workers they actually affect, the levels in different sectors, and so on. Furthermore, reliable econometric work could be done modelling the effects, raising the levels, or extending the coverage of minimum wages.

6.7 **Skills and grading**

Present data in Southern Africa only disclose formal skill levels arising from technikons and technical institutes. There is a need to do research on skill levels resulting,, for example, from employer initiated training and on-the-job training. No research is available on formal grading systems, for example, the number of workers employed in particular grades and their pay levels. Thus, it will also be possible to examine whether the present grading system is discriminatory against women. A skills-level assessment could provide the basis for exploring a training strategy. The high unemployment rate highlights the need for an industry-training programme. Once this research has been done, it will be possible to evaluate the grading systems.

Thus it will be possible to examine whether, or to what extent, the present grading system is discriminatory against specific groups on the basis of for example race and gender. The high unemployment rate in Southern Africa highlights the need for industry-based training programmes, vocational training as well as primary and secondary education more broadly. Strategies for training and grading need to be linked together in policies for restructuring of the labour markets, which are based upon improved knowledge about the existing formal and informal skills levels in the labour market, and about under-employment.

6.8 **Agricultural and rural labour markets**

While work has been done on the rural and agricultural sector in South Africa, it is not adequate for rigorous analysis. In agriculture in Tanzania, well over 80 percent of the value of the agricultural production does not pass through marketing channels where there is statistical data collection. Thus up to 40 percent of the total GDP is “estimated” by means including plain guesswork and adjusted upward by estimated population growth. A large proportion of the informal activities are unaccounted for by these estimates, leading to an underestimate of the total GDP by 30 per cent or even 60–7- per cent (Tambwe 1997). In the case of South Africa, the ILO puts it like this: "[t]he deficiencies of all official statistics on the South African rural labour market have made it difficult for social scientists and policy makers to appreciate the significance for the survival of poor households of female participation in rural and other local, non-metropolitan labour markets." (Standing et. al. 1996, 235). The report discusses at some length the inadequacy and misleading nature of available data.

It would thus be important to undertake more thorough and particularly quantitative research on agricultural and rural labour markets. This is also relevant in the light of labour's intentions to organise agricultural workers, and in terms of addressing child labour and cyclical unemployment. Studies of the agricultural sector in most of the countries are long overdue. We need to know more about the relationship between commercial and subsistence farming, division of labour within the family, payment in cash and kind, work security, working hours etc. While, child labour and tenant systems in the agricultural sectors in Southern Africa have been explained by economic rationale, alternative hypotheses concerning dysfunctional labour markets require improved information and statistics.

6.7 **Establishing trade union research and information centres**

Several of the national trade union centres are in the process of establishing internal research units. However, they struggle with lack of resources and low capacities. Few unions have up to date membership figures. There is, for example, no recent information on trade union membership in Namibia. It will be interesting to compare pre-independence membership with the latest membership to ascertain if there has been a decrease or increase. Likewise, little is known about the latest developments in the trade union movement in Tanzania after the political and economic liberalisation was embarked upon. Gender disaggregates should also be included in such research. Few unions have research which might function as a basis for policy making. We lack information about internal union structures, union profiles, the membership and the priorities of the unions (in new economic climates). Membership is also declining because of the failure of unions to recruit and organise new groups.

The ZiCTU in Zimbabwe has, for example, evolved into an independent trade union movement, acting as a social partner and taking part in a social dialogue with the government. But in order to fill this role as well as the role as the representative of the workers in collective bargaining, the unions need to strengthen their own institutional capacity. A key area demanding increased union participation is the prolonging and reshaping of the structural adjustment programmes. Vibeke Trålim (1996) in her study points to the negotiation process between Zimbabwe and the World Bank prior to the introduction of the first structural adjustment programme from 1991 to 1995, and to the lack of institutional capacity of the trade unions. The result was that the ZiCTU were unable to exercise any real influence in this process on behalf of the workers. Similar examples can be found all over the Southern African region. Labour movements all over the region experience lack of capacity in both collective bargaining and in tripartite institutions.

None of the union federations today can face all the challenges of tomorrow alone. The main challenge then is to make sure that the information, statistics and research which is gathered in *one* country is shared with others as a minimum platform for regional labour co-operation. A *regional* information and resource centre is long overdue.

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Appendix 1 **An overview of the Namibian labour market**

Roselyn Nyman, NALEDI

1 **Introduction**[1]

Namibia gained independence from South Africa in March 1990. Pre-independence Namibia was first occupied by Germany in 1884. The German occupation was characterised by strategies that resulted in the expropriation of the Namibian people's land, the seizure of their livestock and their subjection to forced waged labour. In 1915 South Africa successfully seized Namibia from Germany. South Africa continued the strategies of its colonial predecessor and also brought in its policy of racial segregation. In 1922 South Africa introduced a reserve system in rural areas which functioned as labour reservoirs for black Namibians.[2] The coming to power of the National Party in South Africa in 1948 ensured the implementation of Apartheid in Namibia. (Omar et al 1990) Black Namibians were restricted from moving into settler areas to force them to provide cheap labour for mines, commercial farms and other businesses. (Girvan 1995) On the other hand, white South Africans were settled on farms, with generous financial assistance from the South African State.[3] (Bauer 1995)

Many features of the labour reserve economy persist today. As a result, the Namibian economy is characterised by high levels of inequality regarding employment and income. An interesting feature of the research is the extent to which government intervention can eradicate past discrimination and increase the living standards of the black population. South Africa can learn valuable lessons from Namibia as both countries have a history where the black majority was denied fundamental political and economic rights. Namibia's economy can therefore be described as a transitional one where affirmative action should play a major role in

[1] I wish to thank the Namibian researchers and government officials who made time available for interviews. Special thanks to Steve Katjiuanjo (Legal Assistance Centre) for his invaluable assistance. I further wish to thank Nshombe Tjombe (Legal Assistance Centre), Marlene Williams (UNDP) and Mr B.M. Shinguadja, the Labour Commissioner.

[2] In terms of Proclamation No 11.

[3] For example, by 1946, white farms in the "Police Zone" comprised 500 new farms representing just over 60 per cent of its area or 39 per cent of the country (Bauer 1995).

the eradication of past discrimination. However it is a great concern that not much progress has been made in reducing the wealth gap. While the Namibian Constitution is progressive in legislating equality between its citizens and encouraging affirmative action, such statements have not filtered down to the economy.

Although the UNDP ranks Namibia as a middle income country in terms of its per capita GDP, Namibia lags behind regarding its human development index. This is because of the high-income discrepancy as reflected in the following statement,

> There are at least two Namibias. The white population, which is no more than 5 percent of the total, is mostly urban and enjoys the incomes and amenities of a modern Western European country. The black population, mostly rural, lives in abject poverty. (UNDP 1996)

Namibia's economy is dominated by agriculture and fisheries. This is followed by the domestic sector and mining. Although black Namibians suffer high unemployment, private sector job creation is minimal. A problematic feature in the labour market is that union membership is declining. The biggest challenge facing the labour market is the extent to which unions can influence government and employers to create jobs.

The aim of this research report is to provide an overview of the socio-economic, institutional aspects of the Namibian labour market. The first section of this report looks at employment, income and distribution questions. The second part describes industrial relations, bargaining and the regulatory framework of the labour market while the third section investigates more specifically the organisational and institutional framework. In the final section we touch upon some of the gaps in existing knowledge where new research is required.

2 **Socio-economic profile of the labour force**

Employment

According to the 1991 population census, Namibia has a total population of 1 409 920 and an economically active population of 434 678. A total of 350 280 economically active persons are employed. (NPC 1996) Men enjoy a higher share of the employed population than women do.

Table 1 shows the activities of the Namibian population by sex for urban and rural areas. The total economically active population is 55 per cent.[4] A higher

[4] The economically active population is defined as all persons above the (to be continued)

Table 1 Percentage distribution of the population aged 15 years and above by activity status and sex for urban and rural areas, 1991 Census (NPC 1996)

Population - 15 years and above			Economically active population		Economically inactive population	
	Number	%	Number	%	Number	%
Namibia	**795 471**	**100**	**434 678**	**55**	**353 802**	**44**
Female	430 741	100	207 299	48	220 063	51
Male	364 731	100	227 379	62	133 740	37
Rural	**531 368**	**100**	**256 024**	**48**	**271 191**	**51**
Female	296 082	100	128 331	43	166 009	56
Male	235 286	100	127 694	54	105 183	45
Urban	**264 103**	**100**	**178 654**	**68**	**82 611**	**31**
Female	134 659	100	78 969	59	54 054	40
Male	129 444	100	99 685	77	28 557	22

Table 2 The employed and unemployed by sex, region and rural/urban areas (NPC 1996)

	Economically active					
	Labour force		Employed		Unemployed	
	Number	%	Number	%	Number	%
Namibia	**434 678**	**100**	**350 280**	**81**	**84 398**	**19**
Female	207 299	100	163 547	79	43 753	21
Male	227 379	100	186 733	82	40 646	18
Rural	**256 024**	**100**	**215 873**	**84**	**40 151**	**16**
Female	128 331	100	107 546	84	20 784	16
Male	127 694	100	108 327	85	19 367	15
Urban	**178 654**	**100**	**134 407**	**75**	**44 247**	**25**
Female	78 969	100	56 001	71	22 968	29
Male	99 685	100	78 406	79	21 279	21

percentage of women (51 per cent) than men (37 per cent) are economically inactive, as many women are homemakers.[5]

Namibia's unemployment rate is 19 per cent. Although there is a minimal difference between women's unemployment rate (21 per cent) and that of men (18

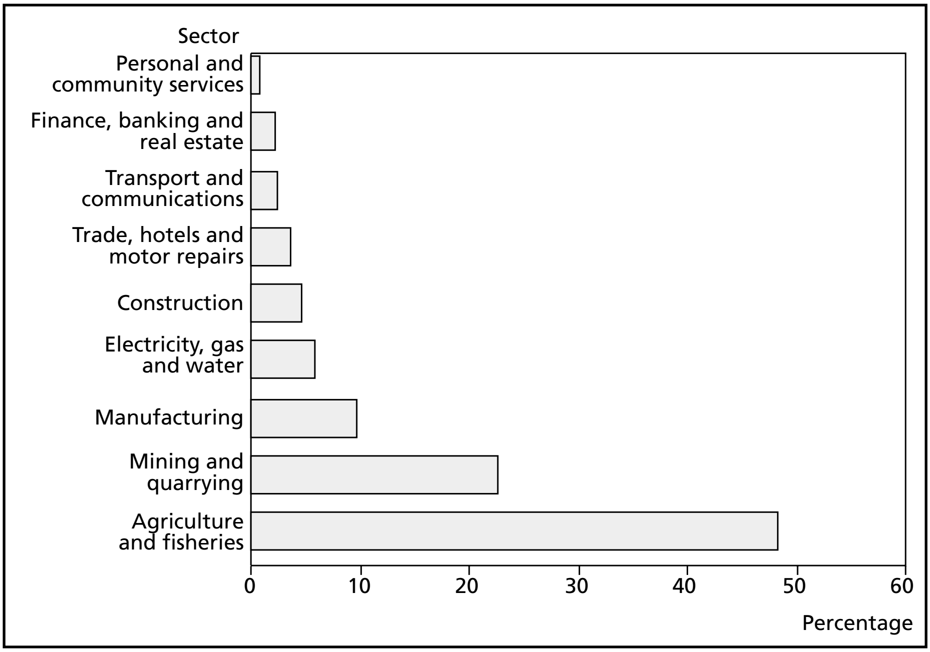
(Continued...) age of 15 of either sex who offer the supply of labour for the production of economic goods and services. This definition includes employed and unemployed persons. Those people who are not economically active comprise of students, homemakers, income recipients, the disabled and retired or old age persons.

[5] Homemakers are defined as persons engaged in household duties and who were neither engaged in self-employment nor available for work.

per cent), women's income is lower than men's. There is also a minimal difference between rural (46.9 per cent) and urban (47.9 per cent) employment. Such a small difference can be attributed to the definition of employment, covering a person who has worked for one hour for pay, profit or family gain. Thus, this definition encompasses the majority of the rural population who is engaged in subsistence farming. This can also explain the minimal difference between urban unemployment (16 per cent) and rural unemployment (25 per cent).

Figure 1 shows the distribution of employment by sector. Agriculture and fisheries constitute by far, the largest sector. Women account for 60 per cent of all those employed in agriculture and fishery work, and in turn, this work employs over 70 per cent of rural women classified as unemployed. (Girvan 1995) This is largely unskilled work. While the agricultural sector accounts for the highest concentration of women workers, this form of employment is predominantly confined to subsistence production, which rarely produces cash income. Domestic work comprises the most important source of wage employment for women, employing 51.8 per cent of all women wage earners (LAC & SSD 1996). Mining and quarrying makes up the second biggest sector in the primary sector. The manufacturing sector comprises a small percentage (9.6 per cent) of total employment.

Figure 1 Distribution of total employment by sector



Source: Ministry of Labour 1995

Table 3 Percentage distribution of employment by sex, race and occupation

	Sex		Race				Total
Occupation	Male	Female	Black	Coloured	White	Non-Namibian	100
Administrators and managers	78.0	22.0	18.3	11.5	52.1	18.1	100
Professionals	56.0	44.0	31.2	22.7	32.2	13.9	100
Technicians	72.0	28.0	33.5	18.1	39.7	8.7	100
Clerks	33.0	67.0	28.2	35.2	32.8	3.8	100
Service workers	48.0	52.0	62.2	21.6	14.2	2.0	100
Skilled agric. workers	79.0	21.0	80.0	14.2	4.8	1.0	100
Craft and related workers	93.4	6.6	69.1	14.1	11.9	4.9	100
Plant and machine operators	96.7	3.3	78.6	11.7	7.1	2.6	100
Elementary occupation	86.6	13.4	88.5	9.4	1.2	0.9	100
Not stated	76.4	23.6	65.0	15.7	15.2	4.1	100

Source: Ministry of Labour 1995

The past apartheid system has resulted in blacks occupying low-paid and unskilled jobs while whites are concentrated in management positions. Since independence, a few blacks have been employed in the higher echelons of government. However, for most black workers, the situation has remained unchanged.

Table 3 reveals that the majority of administrators and managers are white. Whites comprise 52.1 per cent of this category while blacks only make up 18.3 per cent, while 78 per cent are males and 22 per cent females. Whites and coloureds make up the majority of professionals, 32.2 per cent and 22.7 per cent respectively. Blacks are concentrated in lower occupations; skilled agricultural (79 per cent), craft and related (69.1 per cent), plant and machine operators (78.6 per cent) and elementary occupations (88.5 per cent). Men make up the vast majority of these occupations while women are concentrated in the service sectors: service workers (52 per cent) and clerks (67 per cent).

Small and medium scale enterprises and the informal sector

The Namibian small and medium business sector is weakly developed compared with other African countries.[6] This is as a result of the suppression of independent economic activities by the past colonial regimes. Although this sector generates a

[6] The medium category comprises of firms with 10–50 employees.

Table 4 Distribution of manufacturing employment by firm size in selected African countries (per cent of firm size by number of employees)

Country & Survey Date	60 or more workers Large scale	10–59 workers Medium scale	Below 10 workers Smallscale
Sierra Leone, 1974	5	5	90
Nigeria, 1972	15	26	59
Ghana, 1970	15	1	84
Zambia, 1985	16	1	83
Kenya, 1969	41	10	49
Namibia, 1992/3	64	24	12

Source: UNDP 1996

high level of employment, (approximately 150, 000 people) its contribution to GDP is quite low with an estimate of 2/3 per cent (UNDP 1996)

A vibrant informal sector only involved after independence. Namibia's informal sector comprises of enterprises with small numbers of employed, self-employed and part-time activities. Workers in this sector are predominantly concentrated in trading (mostly retail), manufacturing (less than 20 per cent) and liquor. Although it is generally believed that more women are employed in the informal sector than men are, this does not hold for all the regions. For example, a survey in Windhoek revealed that 55 per cent of workers in the informal sector are males (van der Linden 1993). While it is estimated that wage levels and profits are quite low, men dominate activities with high profit margins such as taxi driving and middle-level trade. Women are concentrated in activities such as selling cooked food and brewing beer with incomes averaging N$50–80[7] per month. (Girvan 1995)

Income

The Namibian labour market is characterised by vast disparity in living standards between black and white people. As national statistics do not provide a breakdown of income according to racial groups, such information can be gleaned from the language disaggregates.

Over eleven language groups exist. The mother tongue of the vast majority of blacks is one of the African indigenous languages: Oshiwambo (50 per cent), Nama/Damara (12 per cent), Rukavango (10 per cent), Otjihero (8 per cent) or Caprivi (5 per cent). Whites have as their mother tongue Afrikaans[8], English or

[7] The Namibian dollar is pegged to the South African rand.

[8] 9 per cent of Namibians speak Afrikaans.

German. For example, the language group with the lowest HDI, the San, has a human development index[9] of 0.233 while the German language group has a highest HDI at 0.902. (UNDP 1996) Language discrepancies overlap largely with regional, rural and urban divides.

While the UNDP ranks Namibia as a "middle income" country in terms of its GDP per capita, Namibia has one of the highest wealth gap in the world: higher than South Africa and Brazil. 5 per cent of the population control 72 per cent of GDP. 7 per cent of the population consume 48 per cent of the resources in the country.

Table 5 shows that Namibia has a gini coefficient of 0.70, higher than Indonesia, Bangladesh and Brazil. The richest 10 per cent of Namibians receive 65 per cent of national income while the remaining 90 per cent receive only 35 per cent. Income distribution is skewed along racial lines. The whites (constituting about 5 per cent of the total population, plus 1 per cent of the emerging black elite) have an estimated annual per capita income of 16 500 US$[10]. While the blacks in the modern sector (constituting about 39 per cent of the total) have an estimated income of 750 US$. The remaining black population, which is dependent on subsistence agriculture and informal sector activities, has an estimated annual income of 85 US$. (Sellstrom 1992)

Table 6 (see the next page) shows the annual private household income disaggregated by main language of the household. Household income is defined as private consumption in cash and in kind plus household savings in investments and some other non-consumption disbursements. The household income level is much higher for households where German, English and Afrikaans are the main language. The Oshiwambo-speaking population that makes up the majority of the Namibian population, (50.2 per cent), only has an income level of 23.5 per cent of the total

Table 5 Comparative Gini coefficients 1975–1988

Country	Gini coefficient
Indonesia	0.31
Peru	0.31
Bangladesh	0.34
Ivory Coast	0.55
Brazil	0.57
Namibia	0.70

Source: UNDP 1996

[9] The HDI comprises the UNDP's measurement of development, incorporating indicators for health, education and income.

[10] The current N$ and US$ exchange rate is 5.66

Table 6 The annual private household income disaggregated by main language of household

Main language	Population %	Total income %
English	1.0	6.2
Afrikaans	9.5	38.4
Caprivi	6.2	2.9
Damara/Nama	12.5	8.4
German	0.8	6.9
Oshiwambo	50.2	23.5
Otjiherero	8.9	7.6
Rukavango	9.0	4.1
San	1.3	0.5
Tswana	0.3	0.4
Other	0.2	1
Namibia	100	100

Source: CSO 1994

Table 7 The national annual private household income disaggregated by main source of income.

Main source of income	Population %	Total income %
Subsistence farming	42.2	14.6
Wages in cash	37.4	64.3
Business	5.3	13.2
Pensions	11.4	6.0
Cash remittances	3.6	1.8
Namibia	100	100

Source: CSO 1994

income. Even though the Afrikaans-speaking population makes up a much smaller proportion than the Oshiwambo speaking group, their income is much higher (38.4). Again, although the German speaking population constitutes one of the smallest language groups, they have an income level (6.9 per cent) which is 23–25 times the level of the worst-off group in Namibia, the San people (0.5 per cent).

Table 7 shows the annual private household income disaggregated by main source of income. Whilst 42.2 per cent of the Namibian population is concentrated in subsistence farming, they make up only 14.6 per cent of the total income. Wages in cash make up a substantial share (64.3 per cent) of total income.

A large percentage of households rely solely on the non-contributory universal state pension. All elderly persons over the age of 60 are entitled to a pension of N$135 per month. Until May 1994, the pension was racially based with whites receiving a higher pension than coloureds and blacks.[11] Two surveys conducted in Oshana and Okavango regions revealed that pensions were the main source of income for 43 per cent and 23 per cent respectively of households in those regions. (UNDP 1996) The current high unemployment rate exacerbates households' dependence on pensions.

Income distribution is skewed between urban and rural areas. Rural areas have a much lower share of household income than urban households do. Although 71.1 per cent of the population lives in rural areas, rural households make up only 36.4 per cent of total annual household income. Low levels of income in rural areas are also evidenced by the low yield generated from subsistence farming, referred to in Table 7. Rural blacks also suffer from lack of investment in small farming systems. (UNDP 1996)

Wages

Wages in cash makes up the highest proportion of total income (64.3 per cent); it only constitutes the main source of income for only 37.2 per cent of the population. The wage structure is characterised by huge disparities between occupations.

Table 8 (see the next page) shows the average monthly wages by industry and occupation as revealed by the establishment survey undertaken in 1992/1993. Administrators, managers and professionals comprise the highest-paid wage groups in all industries while service, skilled agricultural workers and workers in elementary occupations are the lowest-paid. A big wage gap exists between sectors in elementary positions. For example, agriculture and fishery workers earn a low N$366 while mining and quarrying earn N$1 055 average monthly wage. Women are especially hard hit by low wages, as the agriculture and fisheries industry employs, by far, the highest number of workers. Women are also concentrated in the domestic work sector, which is especially low-paid. A recent survey revealed that the highest monthly wage for domestic workers was N$700 (in the Khomas region) and the lowest monthly wage was N$30 (in the Oshana region). (LAC & SAD 1996).

While the Namibian national statistics do not provide information on the relationship between wage differentials and levels of education, the 1993/4 Household Survey does provide statistics on income by educational attainment of the head of household. The average per capita income is about 15 times higher in households where the head has finished some tertiary education compared to households where the head has no formal education. Figure 2 shows a correlation between the level of education of the head of household and the average income; household heads with a secondary and tertiary education have a higher income than household heads with no formal education or primary education.

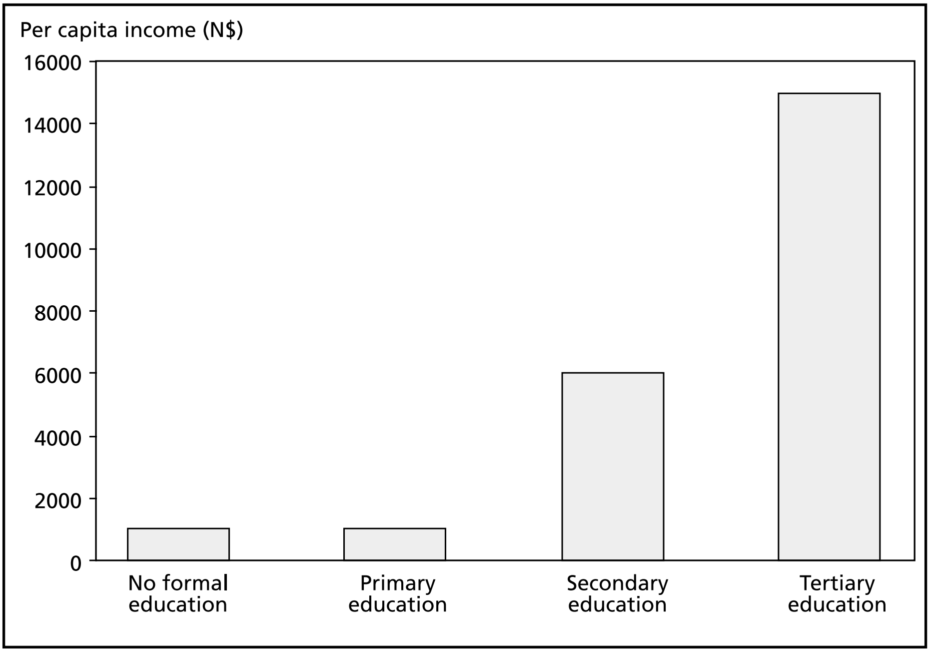
[11] Whites received N$382, coloureds N$192 and blacks N$55.

Table 8 Average monthly wages by industry and occupation – 1992/3

Industry/ Occupation	Admin. and mana-gers	Profes-sional	Techni-cians	Clerks	Service workers	Skilled agric. workers	Craft and related workers	Plant and machi-ne opera-tors	Eleme-ntary occupa-tions	Total
Agriculture and fisheries	4.401	5 454	1 383	2 060	580	693	1 055	2 026	366	641
Mining and quarrying	10.728	6 719	5 660	3 345	2 158	1 644	2 825	2 931	1 094	2 972
Manufacturing	4.829	2 070	3 040	1 749	1 174	782	1 263	1 209	1789	1 265
Electricity, gas and water	5.546	4 178	4 132	2 607	1 100	0	3 019	2 101	870	2 208
Construction	4 065	4 313	2 701	1 323	425	0	1 131	1 270	621	986
Trade and hotels	3 693	2 983	1 932	1 119	944	NA	1 303	913	540	1 178
Transport and communications	4 892	3 599	4 079	1 845	2 126	NA	1 590	2 120	904	1 779
Finance and real estate	5 545	4 534	3 706	1 930	1 153	668	1 191	1 055	791	2 538
Community and personal services	6 099	3 284	3 039	2 154	1 359	1 965	2 004	1 337	638	1 860
Total	5 448	4 178	3 403	1 813	1 085	830	2 211	638	656	1 772

Source: Ministry of Labour 1995

Figure 2 The average per capita income (N$) by educational attainment of the head of household



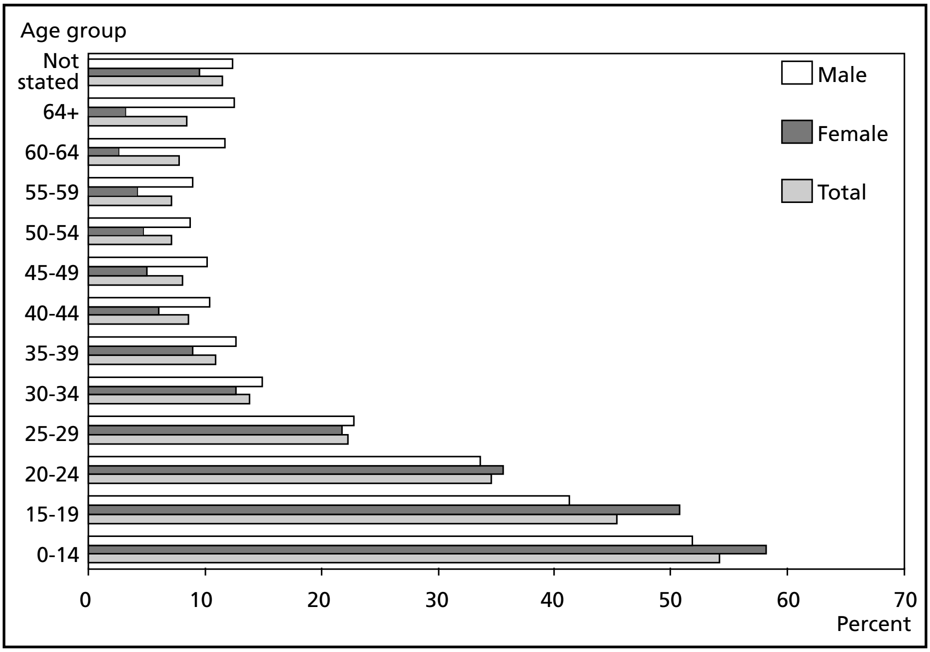
Source: CSO 1996

Unemployment

The National Planning Commission defines unemployed persons as all persons who during the seven days before the census night, were not in any paid employment or self employment and were actively looking for work or were available for work if they were offered jobs. This definition includes first time job seekers. Such a definition is strict, as it does not include those persons who were not actively looking for a job during the seven days before the census night.

It gives us an unemployment rate of 11.2 per cent. This figure is quite low compared with the South African unemployment rate that is estimated between 20.3 per cent and 43.4 per cent.[12] However, it could be higher with an expanded definition. While the unemployment level for women (15.5 per cent) is lower than the one for men (18.1 per cent), women's unemployment rate could be underestimated because many of them would be excluded since they were not actively looking for a job, or they have given up looking for a job at the time of the census. Many of these women could be defined as housewives. Urban unemployment is nearly twice as high as rural unemployment. This is not surprising as high rural poverty

Figure 3 Percentage unemployment by sex and age, 1991



[12] The estimated unemployment figure varies according to the definition of unemployment.

contributes to high urban migration. More than 800 people per month migrate to the urban areas in search of work. Unemployment rates are higher in smaller urban areas. Unemployment is also skewed racially. Statistics from a 1988/9 survey for Windhoek revealed that unemployment rates were 0.0 per cent for whites, 8.2 per cent for coloureds and 19.1 per cent for blacks. (Gaob II and Stone 1994) Figure 3, on the following page, shows high unemployment rates in the younger age groups for both males and females with young school leavers struggling to find their first jobs.

Table 9 on the following page shows that of the total number of job seekers, a staggering 79.5 per cent had no previous jobs. The percentage is higher for women than men, 86.6 per cent and 77.3 respectively.

Education

Education levels are uneven along racial lines as a result of past discrimination. The pre-independence government implemented a deliberate strategy of neglecting the provision of educational resources for blacks. Many black Namibians were denied access to secondary and tertiary education.

Table 10 illustrates the uneven distribution of resources to second tier authorities[13]. White second tier authorities received the highest percentage (396) of the national average, although they comprised the smallest group. In consequence,

Table 9 Number of job seekers by sex and previous jobs

Occupation	Sex		Total
	Male	Female	
Administrators and managers	8	0	0.2
Professionals	17	4	06
Technicians	33	17	1.5
Clerks	33	22	1.6
Service workers	73	26	2.9
Skilled agric. workers	36	2	1.1
Craft and related workers	183	16	5.8
Plant and machine operators	62	1	1.8
Elementary occupation	150	17	4.9
No previous job	2028	680	79.5
Total	100	100	100

Source: Ministry of Labour 1995

[13] Pre-independence Namibia administered education along eleven ethnically based second-tier authorities as illustrated in table 10.

Table 10 Resource allocation to second tier authorities, 1989/90

Administration	Learners as % of national total	% financial resources of total	Average allocation per learner, N$	As % of national average
Damara	2.8	3.6	1696	130
Kavango	9.3	6.5	902	69
Nama	3.2	3.7	1496	115
Coloured	4.0	5.8	1868	143
Caprivi	6.2	3.6	764	59
White	4.4	17.5	5163	396
Tswana	0.3	0.6	2863	220
Herero	4.9	6.6	1734	133
Ovambo	52.1	21.4	534	41
National	12.8	30.8	N/A	N/A
Total education			1303	100

Source: UNDP 1996

educational attainment by region is disparate. For example, 49 per cent of people of the age of 15 years and above in. As only 16 per cent of kingdom Kunene have never attended school and in Omaheke this figure is 46 per cent. At present, the government is prioritising spending on education in these areas. Nevertheless, it is going to take some time to address skills shortage inherited from the past inequities.

There has been an increase in the distribution of schools, pupils and teachers from 1986 to 1995. Since 1991, 142 more schools were built. However, there has been a minimal decrease in the pupil-teacher ratio from 31 in 1986 to 29.11 in 1995. A higher number of female pupils are enrolled at schools than males, 238, 882 and 231, 736 respectively.

Table 11 reveals the enrolment at education institutions disaggregated by sex. There is a big gap between the number of secondary and tertiary education enrolments. Gender equity is present at all levels of education, although it is uneven. More women than men are enrolled at secondary schools and the university.

Since independence, the government has increased its budget allocation towards education. Since 1992, spending on primary education has increased from

Table 11 Distribution of full-time enrolment at education institutions disaggregated by sex, 1995

Gender	Primary school	Secondary school	Technical institutes (1994)	Technikon	University
Male	184 022	47 508	83	1 407	1 245
Female	183 227	55 641	53	1 373	1 710

Source: NPC 1996

40 per cent of total education spending to 64 per cent by 1996/7. However, there is still unevenness in the regional distribution of spending. This has an impact on the quality of education. For example, the pupil-teacher ratio differs regionally. While the pupil-teacher ratio is 22.80 in Windhoek, well below the national average of 29.11, the pupil-teacher ratio is 37.09 in Ondangwa. (NPC 1996)

2 Institutional framework

Introduction

Labour legislation in pre-independence Namibia closely mirrored South Africa's legislation. Industrial relations, basic conditions of employment and health and safety were regulated in different pieces of legislation and ordinances. Before independence, the South African Wiehahn Commission reviewed the labour laws. In 1992, with the technical assistance of the International Labour Organisation, the government consolidated most labour legislation in the Labour Act. (Corbett 1995) Labour and employers were also involved in extensive negotiations around the formulation of the new labour code.

The Labour Act

Unlike South Africa, which has different legislation covering various aspects of the labour market, the Namibian Labour Act, 1992 consolidates these aspects in one statute. The Labour Act covers collective bargaining, basic conditions of employment, health and safety, unfair discrimination and labour market institutions. The scope of the Act is wide; it applies to all workers including farm workers, domestic workers and the public sector but excluding the police and defence force.

Organisational rights

The Act confers basic organisational rights to a union, upon registration. Thus the union does not have to represent the majority of employees within a bargaining unit to enjoy basic organisational rights. These rights include:

- access to an employer's premises,
- deduction of membership fees,
- representation of its members in labour disputes
- election of workplace union representatives.

Collective bargaining

Only a registered union that represents the majority of employees, who fall within a bargaining unit employed by any employer, is entitled to the right of collective bargaining. The union defines the bargaining unit and it has to apply in writing to the employer for the commencement of such collective bargaining negotiations. A registered majority union has the right to be the "exclusive bargaining agent" for the purposes of collective bargaining. This means that the act supports a "majoritorian" system and not the "all comer" system. Thus, although a registered minority union may enjoy basic organisational rights, it will not enjoy the right to collective bargaining. Collective bargaining agreements are binding on all employees, irrespective of trade union membership.

Matters for collective bargaining agreements include organisational rights, wages and working conditions and other matters of mutual interest to employers and employees. Collective bargaining agreements may be submitted to the Labour Commissioner for registration. The Minister of Labour may, on application by one of the parties, extend the collective bargaining agreement to all employees in the industry. The Minister may impose certain exemptions and exceptions to the collective agreement.

Perhaps the most significant feature of the act is that it does not make provision for the establishment of industrial councils. Therefore, not many unions enjoy the right to centralised bargaining. Collective bargaining primarily takes place at a workplace and company level. Centralised bargaining takes place in the fishing and construction sectors. While collective bargaining in the mining industry regarding wages takes place at a mine level, collective bargaining on policy issues takes place at a centralised level.

Right to strike and lock-out

Namibian workers enjoy an extensive right to strike. The procedure to embark on a legal strike is short and uncomplicated. The union merely has to give 48-hour notice to the Commissioner and the employer of its intention to strike. This procedure also applies to a legal lockout.

Workers engaged in a lawful strike enjoy certain protections. Strikers enjoy protection from dismissal. The union and strikers enjoy protection from civil proceedings for economic losses arising from a lawful strike. Interim interdicts against strikes may only be granted upon a 48-hour notice to all parties. Strikers enjoy the right to a peaceful picket. Non-strikers may not be compelled to perform the work of strikers, except in an essential service. A lawful strike does not breach collective agreements or contracts of employment.

Strikes and lockouts are prohibited in an essential service. The Minister may apply to the Labour Court for an order to declare a service an essential service. A service may be declared an essential service if interrupted, would endanger the life, health or personal safety of the whole or part of the population.

Labour security

Employment security

Employment security deals with the level of protection workers enjoy regarding the termination of their contracts. Employment security is restricted to workers of a certain age. The act prohibits the employment of a child under the age of 14 years for any purpose whatsoever. Children between the ages of 14 and 15 are prohibited from working in the mining, manufacturing, electricity and construction industries. This means that these children may work in the agricultural and domestic sectors. Children between the ages of 15 and 16 are prohibited from working underground in a mine. Namibia's approach to child labour differs from South Africa, which has an absolute prohibition of the employment of children under the age of 15.

A contract of employment may only be terminated on the basis of a fair and valid reason and fair procedures. The act makes provision for dismissals and retrenchments. A worker may only be dismissed if a valid or fair reason exists and if the employer followed fair procedures. The act does not define an unfair labour practice and such definition is left to the discretion of the labour court. However, the act does define certain categories of dismissals as unfair and invalid. Grounds for such dismissals include victimisation for providing information or evidence required by the act, membership of a trade union, pregnancy, unfair discrimination and the lodging of a complaint in terms of the act.

In respect of fair procedures, an employer has the obligation to give notice of the termination of a contract. An employer has to give 1 day's notice during the first four weeks of employment, 1 week's notice after the expiration of the first 4 weeks and before the expiration of 12 months, 1 month's notice during any period of 12 months or longer. Although the act does not explicitly require the employer to consult with the worker before the dismissal or to hold a disciplinary hearing, it is assumed that a fair procedure includes such a process.

In the case of the termination of a contract on the basis of retrenchments, an employer has to give 4 weeks notice to the union and Labour Commissioner. The employer also has an obligation to negotiate such retrenchments with the union. A far-reaching provision of the act is the employer's obligation to pay 1 week's severance pay for each year of service in the case of the termination of the contract of employment for reasons other than a fair dismissal. This means that workers are entitled to severance pay in the case of retrenchments and upon reaching a retirement age of 65. The surviving spouse or children are entitled to such severance pay upon the death of a worker.

Work security

The Labour Act incorporates most of the basic conditions of employment of the old Basic Conditions of Employment Act. Work security is regulated by the provision of minimum standards of employment in relation to working hours, meal intervals, overtime, work on Sundays and public holidays, night work, calculation and payment of remuneration, annual leave, sick leave, maternity leave and prohibition of victimisation.

Workers are entitled to a 45-hour week, except for security guards that are entitled to a 60-hour week. The maximum daily working hours for a five-day week is 9 hours, and 7 and half-hours for a six-day week. Casual workers may only work 9 hours per day for a period of two days per week. Work on Sundays and public holidays is prohibited. Certain sectors are excluded from this provision, including the domestic and farming sectors. Workers under the age of 18 years and a pregnant worker during any period of 8 weeks before the expected date of her confinement are prohibited from working on night work.

A female worker who has completed 12 months service, is entitled to only 4 weeks maternity leave.[14] Such a worker is also entitled to job security and other employment security including seniority and promotion. The payment of maternity benefits is regulated by the Social Security Act, discussed below. However, the act does not make provision for paternity leave.

An innovative provision of the act is the provision of certain rights to workers who live on the employer's premises or on agricultural land. These rights are especially applicable to farm and domestic workers. Such workers are entitled to housing, sanitation and water facilities. In the case of agricultural workers, these rights also accrue to their dependants. Agricultural workers are also entitled to keep such livestock and to carry on cultivation on the land to provide for the reasonable needs of himself or herself and his or her dependants.

A welcome introduction of the act is the prohibition of unfair discrimination on numerous grounds including sex, race, sexual orientation and family responsibility. Fair discrimination regarding selection and employment according to reasonable criteria, is allowed. Wage discrimination is expressly prohibited as all workers are entitled to equal pay for work of equal value.

[14] This period is much lower than the 6 months maternity period available to South African workers.

Income security

An interesting feature of the Labour Act is the establishment of a Wages Commission. The commission is analogous to the South African wage boards, except that it allows for union and employer representation. The Minister of Labour may establish such a Wages Commission. The Commission is a tripartite body comprising of a chairperson appointed by the Minister, one trade union-nominated representative and one employer-nominated representative.

The central aim of the Commission is to enquire into and report to the Minister regarding the remuneration and other conditions for employment of any employee, category of employees or industry. Interested parties may make representations to the Commission. Matters the Commission may take into account include the employer/s ability to carry out his or her business in a profitable manner, the cost of living in Namibia or any area or industry, and the minimum subsistence level in such area.

Upon submission of the Commission's report, the Minister may make a wage order for publication in the Government Gazette. The Minister is also empowered to grant exemptions to the wage order. At present there is no information on the activity of the Wages Commission as it was only established recently. (Ministry of Labour 1995)

Other forms of income security, namely maternity leave, sick leave and death benefits, are regulated by the Social Security Act, 1994. The act makes provision for the establishment of a fund to which an employer and worker, each, have to contribute 0.9 per cent of a worker's wage. A significant feature of the Act is that self-employed workers are also entitled to these benefits. Such a worker has to contribute 1.8 per cent of her or his income to the fund.

Women are entitled to maternity leave in the amount of 80 per cent of her remuneration. While the act does not stipulate the period of maternity leave, it is assumed that the period of 4 weeks stipulated in the Labour Act applies. A worker is entitled to sick leave benefits equal to 60 per cent of her or his remuneration for the first 6 months of sick leave and thereafter to 50 per cent of such remuneration. A dependent of a deceased worker is entitled to a death benefit of N$2 000.

3 Labour market institutions and organisations

The section investigates the following institutions and organisations in the labour market: Labour Advisory Council, Trade unions and Employer organisations.

The Labour Act makes provision for the formation of the Labour Advisory Council (LAC). The LAC is the primary labour market institution regulated by the act. The LAC constitutes part of government's strategy to promote tripartism in order to create labour relations conducive to economic growth, stability and productivity. The LAC is a tripartite body comprising of 16 members with equal representation from the trade unions, employers and the state. The LAC has wide-ranging investigation and advisory functions that include:

- the formulation of national policy regarding basic conditions of employment, including vocational training, apprenticeship and health, safety and welfare at work of employees,
- the enactment of legislation,
- the ratification of ILO recommendations, and
- the prevention or reduction of unemployment.

The LAC may also establish committees to advise it on any of its functions. Like its South African counterpart, the National Economic Development and Labour Council, the LAC has ensured the democratic participation of the union movement in policy formulation in the labour market. Since its inception in 1993, the LAC has been active in reviewing labour legislation. To this end, the LAC established the following committees:

- Labour law committee,
- Social security committee,
- International labour standards committee,
- Occupational health and safety committee,
- Human resources committee, and
- Labour relations committee. (Ministry of Labour 1996)

Most of these committees have been meeting regularly and have suggested important amendments to the Labour Act and social security legislation.

Trade unions[15]

There are two Namibian trade union federations: the National Union of Namibian Workers (NUNW), and the Namibian People's Social Movement (NPSM). NUNW is the largest and has the widest spread among sectors. NUNW's membership is predominantly African. NUNW is currently affiliated to Swapo, although some

NUNW affiliates have taken positions against continued affiliation to Swapo. The issue continues to be hotly contested.

According to the NUNW constitution, adopted at an extraordinary congress in 1991, its aims are as follows:

- To organise Namibian workers into progressive and democratic industrial trade unions and to develop a spirit of militant solidarity among all workers.
- To strive for the building of a unified and class-conscious working class movement, irrespective of colour of skin, ethnic origin or sex.
- To encourage and foster international trade union relations with the aim of building anti-capitalist working class solidarity.
- To undertake fostering of the principles of scientific socialism as spelled out in the political programme of Swapo of Namibia.

The other trade union federation, NPSM, was previously the Namibian Christian Social Trade Union. In 1992 it changed its structure and name, ostensibly to become an "umbrella" body, organising communities and incorporating a wide range of sectors such as youth and elders.

Table 12 indicates available data for various trade unions. This table is not, however, exhaustive.

Table 12 reveals union density estimates based on paid-up membership. Where not indicated, this is due to lack of sufficient information for calculations. More evidence is available on the state of NUNW than on that of NPSM. NUNW has been struggling in set up the organisation. A "confidential" evaluation prepared for the NUNW-affiliated unions in late-1992 gives an idea of the early stage of trade unionism under the new democratic dispensation.

NUNW had no proper administration, nor had it ever had. Reports were not given, proper accounts were not being produced and there was no appropriate filing system. There were no policies regarding staff and none of the staff had a contract. There were unfilled vacancies and no clear recruitment policies existed; instead, all employment was decided on political grounds with little consideration for employee skills or experience. No delegation of responsibility from the General Secretary was taking place, administrative and staff meeting did not take place and what administrative structure there was not adhered to. (Peltola 1995)

The state of NUNW affiliates in the early days can be characterised by lack of infrastructure and skills, dependence of foreign funding, and general poor

[15] This section has been edited with input from Herbert Jauck from LaRRI, the trade union research centre in Namibia.

Table 12 Trade unions membership disaggregated by federation and Affiliate (Peltola 1995 & Jauch 1998)

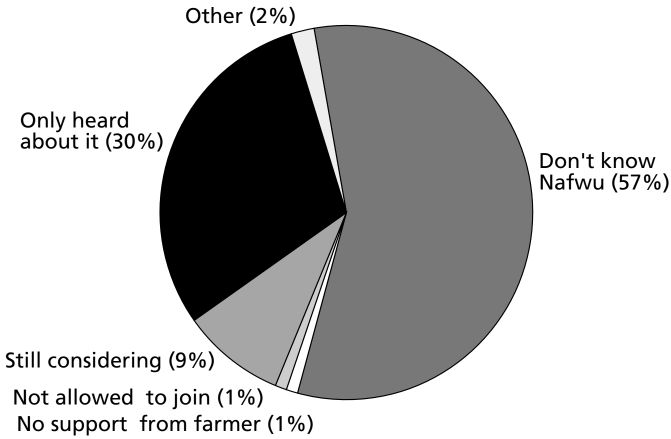
Union	Membership
National Union of Namibian Workers (NUNW) affiliates:	
Namibian Domestic and Allied Workers Union (Ndawu)	4 500
Namibian National Teachers' Union (Nantu)	10 000
Mineworkers' Union of Namibia (MUN)	7 500
Namibia Public Workers' Union (Napwu)	18 600
Namibian Food and Allied Industries Union (Nafau)	12 000
Metal and Allied Namibian Workers' Union (Manwu)	+6 000–10 000
Namibian Farmworkers' Union (Nafwu)	160
Namibia Transport and Allied Union (Natau)	3 500
Namibian People's Social Movement (NPSM)	
Namibian Building Workers' Union (Nabwu)	4 000
The Namibian Wholesale and retail Trade Union (NWRWU)	8 500
Bank Workers' Union of Namibia (Bawon)	500
South West Africa Mineworkers' Union (Swamu)	?
Unaffiliated:	
Teachers' Union of Namibia (TUN)	2 000
Public Service Union Of Namibia (PSUN)	25 000

capacity. Yet, the situation has improved and by 1998, most of the NUNW affiliates (with the exception of NDAWU and NAFWU) are financially self-reliant and finance all their activities from their membership dues. The Namibia National Teachers' Union (Nantu) and the Mineworkers' Union of Namibia (MUN) being relatively strong and organised. An NUNW-initiated research institute, the Labour Resource and Research Institute (LRRI) has been established in Windhoek.

The level of consciousness relating to trade unionism among the general population seems to be low. Figure 4 indicates the main reasons cited by farmworkers for not joining Nafwu. The most common reason cited (57 per cent) was no knowledge of Nafwu, with a further 30 per cent saying that they had only heard of Nafwu. This is obviously an extreme case, and can be related to the structure of the agricultural sector. The level of consciousness in for example the mining sector, fishing, civil service etc. will be higher. Nevertheless, it does suggest considerable growth potential, particularly if access to farms could be properly secured.

NUNW has taken up a range of issues, beyond narrow wage demands. For example, NUNW has longstanding demands around access to land, arguing that there should be individual titles to land in communal areas, and creation of new

Figure 4 Farmworkers' main reason for not joining NAFWU,1996



communal lands around towns out of existing big commercial farms. This campaign has been persistently pursued, and is neither directed at employers nor intended to benefit NUNW's constituency only. There has also been involvement in sector policy formulation; for example Nantu has participated in the drafting of education policy.

Employers' organisations

Employers' organisations are strong in the mining, agriculture and construction sectors. Such organisations include the Chamber of Mines of Namibia, the Namibia Agricultural Union and the Construction Industries Federation of Namibia which have a long history of organisation. In 1993 an umbrella employers' organisation was founded, the Namibia Employers' Federation. (Bauer 1995) In the period April 1995 to March 1996, three employers' organisations were registered with the Labour Advisory Council. These are the Namibian Taverners' organisation, which has about 400 members; the Namibian White Fish Skippers' Association, with about 40 members; and the Namibian Bus and Taxi Association, which has approximately 850 members. The Namibia National Chamber of Commerce and Industry was formed after independence and is also a significant employers' organisation.

Industrial action

Labour relations in Namibia are relatively tense. For the period of a year from 1 April 1995 to 31 March 1996, 10 industrial actions were reported to the office of the Labour Commissioner. Three of the actions listed here were legal strikes, the other 7 being illegal. Only 3 out of these 10 resulted in a compromise outcome. Workers were dismissed in two of the actions. Table 13 gives information about the industrial actions reported. It shows the names of the employer and trade union involved, the industry, the reason for the strike, the number of employees involved, and the duration of the strike.

Twelve disputes were also taken to Conciliation Boards during the same period. All of these related to salary increase, half of them being in the mining sector. Three of the disputes ended in deadlock without a strike, three in deadlock with legal strikes, and one in deadlock, which was referred to arbitration. Five cases were successfully resolved within the Conciliation Boards.

Table 13 Industrial action, 1.4.95–31.3.96

Employer	Trade union	Industry	Reason	Number of workers	Duration (days)
Navacheb Gold Mine	MUN	Mining	Wages	45	5
Oropoko Lodge	Unknown	Hotel	Wages	28	1
Herma Brothers	Unknown	Construction	Wages	90	1
Erundu Butchery	Unknown	Retail trade	25% wage increase	38	7
China complaint	Nabwu	Building	Wages	+60	13
Karibib Mining and Construction	MUN	Mining	N$2 wage increase	77	5
Golden Sun Poultry-Nawa Sport	Unknown	Agriculture	Wages	25	35
Paralin	MUN	Manufacturing	Wages	29	12
Hartlief	Nafau	Retail & trade	Wages	244	10
Nawacheb Gold Mine	Mun	Mining	Wages	84	14

Source: Ministry of Labour 1996

Appendix 2
The South African Labour Market

Fiona Tregenna, NALEDI

1 Introduction

This overview draws attention to key characteristics of the South African labour markets on the basis of existing data while also highlighting gaps or weak areas in existing research.[1] We begin with a socio-economic profile of the South African labour force, considering employment and unemployment, income levels and poverty, as well as education and skills levels. Institutional aspects of the labour market are then discussed, including the Labour Relations Act, the right to organise, collective bargaining, the rights to strike and lock-out, job security, and labour market institutions. The next section is on organisation in the labour markets, which incorporates trade union organisation, employer organisation, collective bargaining, and industrial action. Because of difficulties in quantifying the informal sector and issues related to it, the focus here will be on the formal sector.

2 Socio-economic profile of the labour force

Employment and unemployment

While South African labour markets, in a regional perspective are characterised by high rates of industrialisation, formal sector employment and union density, there is simultaneously a high degree of division and skew distribution of resources from the apartheid legacy.

[1] In all cases, an effort has been made to use the latest data available. Some of the figures rely upon the last statistics available from the CSS based on their adjustment of previous data on the 1996 Census preliminary results. This implies that in some cases, the overall figures of economically active, employed and unemployed do not correspond with for example more detailed breakdowns by gender, occupation, race, etc. However, the more detailed breakdown of the Census 1996 results is not available and we have therefore had to use other recent information to portray such information.

The total economically active population in 1997 was 9 787 000, of whom 5 330000 were male and 4 456 000 female.[2] Table 1 reflects the racial and gender breakdown of the economically active population:

Table 2 shows a racial and gender breakdown of labour force participation rates for 1994. These rates refer to the *percentage* of the population aged 15 and over

Table 1 Economically active population, 1997 (CSS 1998)

	Total	Indians	Coloureds	Whites	Africans
Total	9 787 000	509 000	1 431 000	1 371 000	6 475 000
Female	4 456 000	191 000	636 000	594 000	3 036 000
Male	5 330 000	319 000	795 000	778 000	3 439 000

Table 2 Labour force participation rates, 1994 percentages (ILO 1996)

	African	Coloured	Indian	White
Female	46.6[3]	54.5	38.0	49.7
Male	61.0	73.0	73.7	72.3

Table 3 Number of workers employed, per sector, 1996 (CSS 1996)

Sector	Number of workers	Percentage
Construction	324 660	4.0
Community, social, and personal services	1 631 708	20.4
Domestic service[4]	854 000	10.7
Electricity, gas, water	39 970	0.5
Financial, insurance, real estate, and business services	214 824	2.7
Manufacturing	1 424 113	17.8
Mining and quarrying	566 451	7.1
Public sector	1 923 354	24.0
Transport, storage, communication	282 331	3.5
Wholesale and retail trade, catering, accommodation services	756 212	9.4
Total	8 017 623	100[5]

[2] "Economically active population" refers to workers (in both formal and informal sector) and the unemployed. It should be noted that in the case of South Africa, all data from the 90's has been adjusted for the 1996 Census results. Previous Census results had according to the CSS overestimated the population with the result that after the 1996 Census results, total population, employment categories, etc. have been adjusted down.

[3] The low level of labour force participation among African women can be related to the problems of estimating the informal sector reflected above.

[4] From Nyman, 1996.

[5] The total may not be exact due to rounding up.

Table 4 Gender disaggregration, by sector, 1993 and 1994 (ILO 1996)

Sector	Female	Male
Agriculture, fishing, forestry	9.8	17.5
Construction	1.2	6.2
Electricity and water	0.5	1.4
Finance	8.7	5.1
Manufacturing	16.0	19.9
Mining and quarrying	0.5	4.9
Services	39.4	21.8
Transport and communication	2.3	7.6
Wholesale and retail	20.4	14.2
Other	1.2	1.5
Total	100.0	100.0

who are either in employment or unemployment, but seeking work. The data indicates that the highest labour market participation rates are amongst Indian men, followed by Coloured men. The lowest rates are amongst Indian women, followed by African women.

The total number of people in the labour force (i.e. the economically active) is about one fourth of the total population in South Africa, estimated at approx. 37,9 million people. Looking more specifically at the number of employed, i.e. 7 548 000 in 1997, we get results which indicate that only 20 per cent, i.e. one in every 5 people are actually working. With other words, every worker in South Africa has 4 people to support, either through the family, taxation or other channels.

Considering employment in terms of sectors, table 3 indicates the number of workers employed in various areas of the economy in September 1996. According to the data categories used here, most workers are employed in the public sector.

The CSS does not include agricultural workers in this data. Elsewhere, however, it records that in 1992 total agricultural employment was 1 051 197. This comprised 656 772 regular workers and 394 425 casual workers. (CSS, 1996)

Table 4 examines the occupational distribution of men and women separately. It is evident that the sectors in which women are concentrated are services, wholesale and retail, and manufacturing. Although clothing and textiles is not shown as a separate sector here, this is an area of the economy where women are known to comprise the majority of the workforce. Whilst men are more evenly distributed between sectors, concentrations are found in services, manufacturing, and agriculture, fishing, and forestry.

Unemployment in South Africa is a contested area, not only because of the differing and conflicting strategies for job creation presented by business, labour and the government, but also because of the differing definitions of unemployment being used. As reflected in table 5, there is considerable variation among different definitions and quantifications of unemployment.[6]

The official definition of unemployment was changed in South Africa in august 1998 from one which relied upon the criteria of "without work, but available for work" (expanded definition of unemployment) to the definition which includes "without work, available for work and actively seeking work". While the definition has now changed, one should be aware that a substantial number of people who are available for work hence fall into the economically inactive category. Table 6

Table 5 Varying measures of unemployment

Source	Year	Definition used	Estimate Million (Total number)	Estimate (rate)
October Household Survey	1994	Strict: Aged 15+; available for paid employment or self-employment in reference week; have taken steps to find employment in preceding 4 weeks	2.45	20.3%
October Household Survey	1994	Broad: Aged 15+; everyone without work expressing a desire for employment or self-employment	4.66	32.6%
Andrew Levy & Associates	1995	People unable to find work in formal sector	4.7	N/A
World Bank	1996	Proportion of labour force out of formal (wage) economy		43.4%
PE Corporate Services (citing "1994 National Statistics")	1994	Informal sector/ unemployed	7.8	N/A
CSS	Dec 1994	Registered unemployment at Department of Labour	0.26	
SALDRU	1995	Proportion of people aged 16-64 in the labour force (which includes those currently employed plus those not working but who would like to work), who are not working but wanting to work (and who are either actively seeking work or who have given up looking)	N/A	29.9%

Table 6 Unemployment in South Africa, strict and expanded definition 1994–1997 (CSS 1998)

	1994	1995	1996	1997
Strict definition	20%	17%	21%	23%
Expanded definition	32%	29%	36%	38%

[6] This variation is not coincidental or neutral: measuring unemployment is a subjective and ideological issue, with different gauges have distinctly different policy implications.

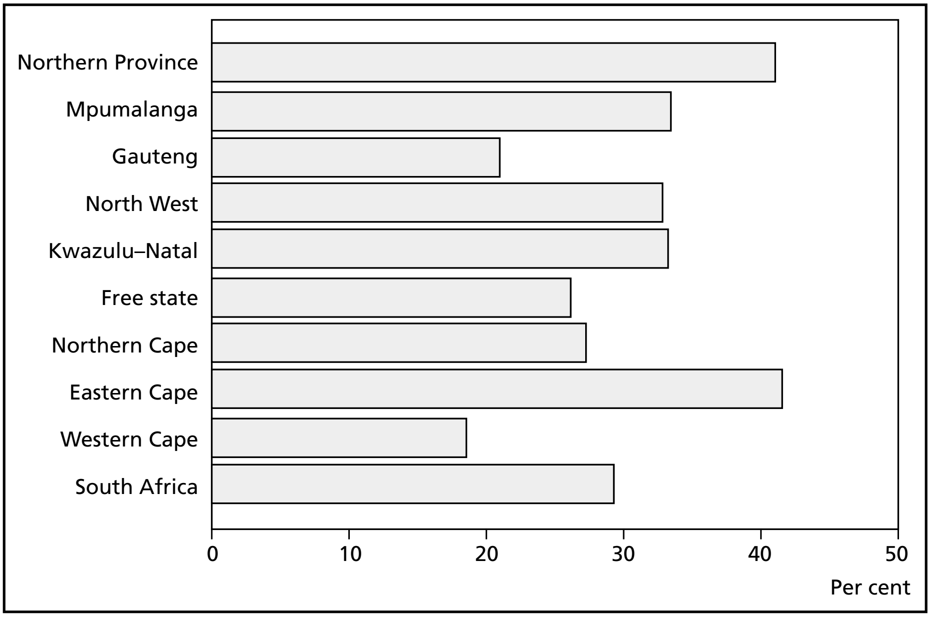
portrays the difference between the strict and expanded definition of unemployment from 1994 to 1997.

As can be seen from figure 1, the province with the most economically active people is Gauteng. In terms of unemployment, Kwazulu-Natal has more unemployed people than any other province but the Eastern Cape has the highest unemployment *rate*, followed closely by Northern Province. In the latter two provinces, over 40 per cent of people over 15 are unemployed. The lowest unemployment rate is found in Western Cape. Overall, the non-urban unemployment rate is considerably higher than the urban rate (although in some provinces the urban rate is higher).

Figure 2 on the following page deals with unemployment rates per age category. Well over half of the total numbers of unemployed people are between 20 and 34 years of age. Furthermore, in every age group except 55–59 and 60–64, the absolute number of unemployed women exceeds the absolute number of unemployed men.

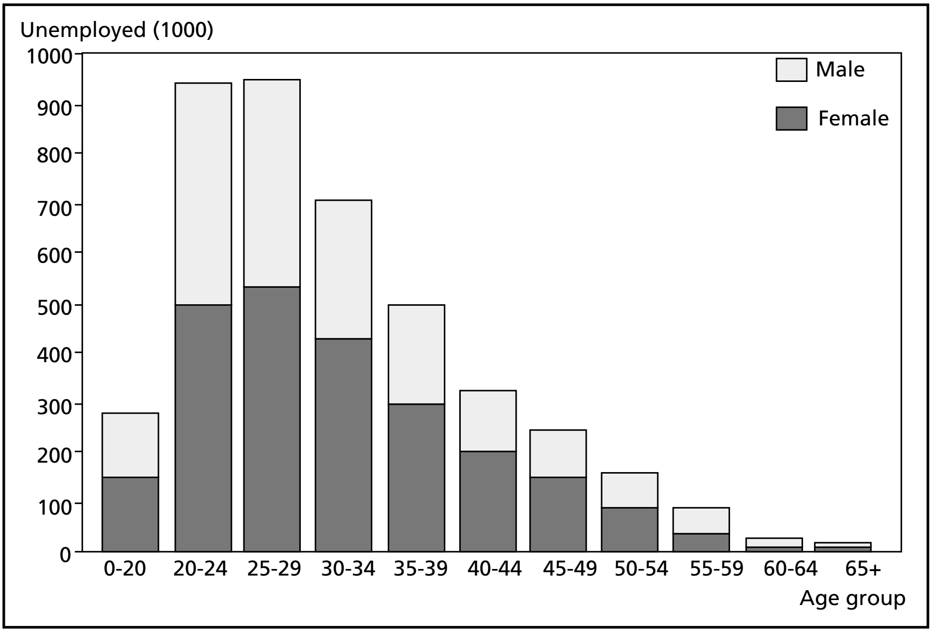
Unemployment and poverty is also closely linked. The unemployment rate cited in table 7 on the following page was calculated by dividing the number of people between the ages of 16 and 64 who are not working, but would like to work (and who are either actively seeking work or have given up looking), by the number of people in the labour force. Quintiles were nationally ranked, for example the 54.3

Figure 1 Provincial unemployment, 1994



Source: CSS October Household Survey, 1995

Figure 2 Unemployment levels by age group



Source: CSS 1996a

Table 7 Unemployment rates by income group, race, gender, and location, percentages (Saldru 1995)[7]

	Households ranked by consumption groups of 20% (quintiles)					
	Quintile 1 (ultra-poor)	Quintile 2	Quintile 3	Quintile 4	Quintile 5 (richest)	Total
Race						
African	54.3	44.2	32.0	19.7	13.1	38.3
Coloured	34.3	32.5	21.2	14.5	6.8	20.8
Indian	***	***	23.3	12.6	3.7	11.3
White	***	***	25.8	9.4	2.8	4.3
Gender						
Female	56.7	46.2	37.2	23.3	5.8	35.1
Male	50.2	40.5	24.4	13.2	3.3	25.5
Location						
Rural	53.7	44.3	30.6	13.2	5.9	39.7
Urban	49.9	38.5	30.3	16.1	4.2	25.6
Metropolitan	58.3	45.0	30.3	19.5	4.2	21.3
Total	53.4	43.3	30.4	17.1	4.4	29.9

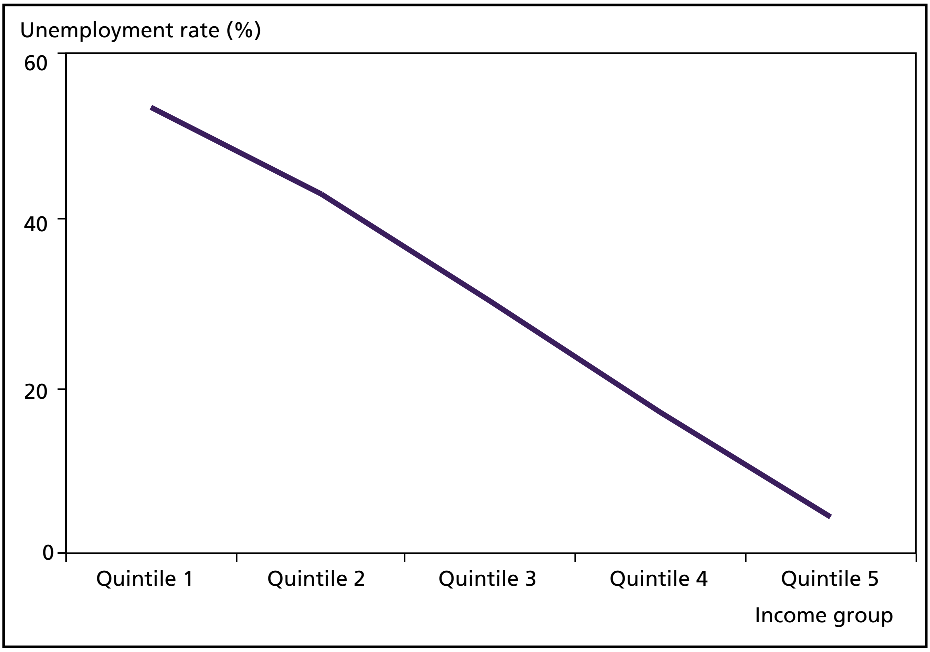
[7] Since there are very few Whites and Indians amongst the poorest 20 per cent of all households, reliable rates in these categories could not be calculated

per cent unemployment rate among ultra-poor Africans means that, among all Africans who live in the poorest 20 per cent of *all* households, 53.4 per cent are unemployed.

In terms of race, the highest unemployment rate *within* each income group is found amongst Africans – in other words, an African is considerably more likely to be unemployed than a Coloured, Indian, or White of similar income. Unemployment rates among women also exceed those among men within each quintile. A slightly less clear pattern is evident in terms of location – within some quintiles unemployment rates are highest in rural areas, whereas metropolitan areas show the highest rates within other quintiles. Overall, however, rural areas have an unemployment rate almost twice as high as that in metropolitan areas and which also far exceeds that in urban areas.

Among other information, table 7 yields insights into the relationship between unemployment and poverty. A strong relationship between these variables would be expected, and in fact unemployment rates fall quite constantly with each higher income quintile, which can be clearly seen in figure 3. On the one hand, unemployment is obviously a primary source of poverty. On the other hand, poverty itself – and the lack of education and skills, transport and childcare facilities and so on that tend to be associated with poverty – are barriers to employment.

Figure 3 Relationship between income group and unemployment rate



Source: Saldru 1995

A policy implication of this analysis points to the centrality of employment generation in addressing poverty. At the same time, job creation *alone* will not eliminate poverty. About one third of those who are working are estimated to work for wages lower than the poverty levels. Health, education and redistribution policies will have to the main instruments for tackling poverty. Creating vulnerable, poorly paid jobs, on the basis of for example wage moderation in the formal sector, may also disturb the wider social responsibilities catered for by formal sector employment and thereby not necessarily address poverty.

Analytically, the South African labour market has been characterised as being segmented into primary and secondary markets (Makgetla undated). Primary markets are typically stable and formal with remuneration primarily through cash wages. In the secondary markets, by contrast, workers enjoy little security, are often engaged in atypical labour, and tend to be remunerated largely in kind as opposed to cash payments. The South African labour market is still divided along apartheid lines with Whites occupying positions in the primary labour market and blacks, and Africans in particular occupying low-paid jobs in the secondary labour market. According to the ILO (Standing et al 1996), 48.3 per cent of the workforce is African; 18.4 per cent is Coloured; 7.5 per cent is Indian; and 15.8 per cent is White. Most African workers occupy unskilled or semi-skilled positions. It is worth noting that only 16.9 per cent of firms surveyed anticipated that the African share of employment would rise in the following year.[8] Compared to many other industrialised countries, South Africa also has a relatively high portion of unskilled and semi-skilled workers. South African Labour Statistics breaks down the employed workforce as follows:

Type of occupation	Percentage of employed workforce
High-level	16
Mid-Level	34
Low-level (unskilled and semi-skilled)	50

2 **Income**

Questions of income and poverty are intimately linked with issues of employment and unemployment, as has been illustrated in the above discussions. This section will focus specifically on income sources *vis-à-vis* different forms of employment and on a sectoral breakdown of total and average salaries.

[8] This could be due to them not anticipating an increase in low-skill employment.

In assessing the relation between income and poverty, it can be useful to consider the relative importance of different sources of income for different groups. Both poor households (the poorest 40 per cent) and ultra-poor households (poorest 20 per cent) tend to rely very heavily on social pensions and remittances for their primary income. For over 40 per cent of households in each of these categories, either social pensions or remittances are their main source of income; whereas for the non-poor (the richest 60 per cent), only 12 per cent of households have social pensions or remittances as their main source.

The importance of the regular wage, on the other hand, increases with higher income. Whereas it is the main income source for 71 per cent of non-poor households, this figure is only 39 per cent for poor households and just 33 per cent for ultra-poor households. Were the "non-poor" category to be further disaggregated into quintiles, these contrasts would be even starker. (ILO, 1996) Interpretation of these trends points, among other things, to the importance of maintaining and extending social security alongside massive job creation.

Table 8 maps out the total and average salaries and wages per sector in September 1996. The public sector is accountable for the largest share of salaries and

Table 8 Employment and income of various sectors, September 1996

Sector	Salaries and wages (R 1000)	Avarage salaries and wages p.m.(R) [9]
Construction	1 844 481	1 894
Community, social, and personal services	18 885 986	3 858
Domestic service[10]	+330 000	386
Electricity, gas, water	749 612	6 251
Finance, insurance, real estate, and business services	3 592 257	5 683
Manufacturing	13 708 473	3 209
Mining and quarrying	4 166 895	2 452
Public sector	24 116 442	3 608
Transport, storage, communication	4 320 370	5 101
Wholesale and retail trade, catering, accommodation services	5 856 629	2 754

Source: CSS 1996a[11]

[9] Wage and salary levels reflected here may be "weighted" by occupational distribution – for example, there may be a low proportion of unskilled workers in the electricity, gas, and water sector.

[10] From Nyman, 1996.

[11] Totals do not add up to the total number of people employed, as the CSS does not provide full data for all sectors.

wages paid, followed by community, social, and personal services. Average salaries and wages are highest in the electricity, gas, and water sector, followed by the financial intermediation, insurance, real estate and business services sector. Lowest average salaries and wages are found in construction, followed by mining and quarrying.

Education and skills levels

It is common cause that the education and skills levels in the South African labour market are low and are a barrier to productivity enhancement and economic development. There is also very limited job creation for workers who are unskilled or who have low skills levels.

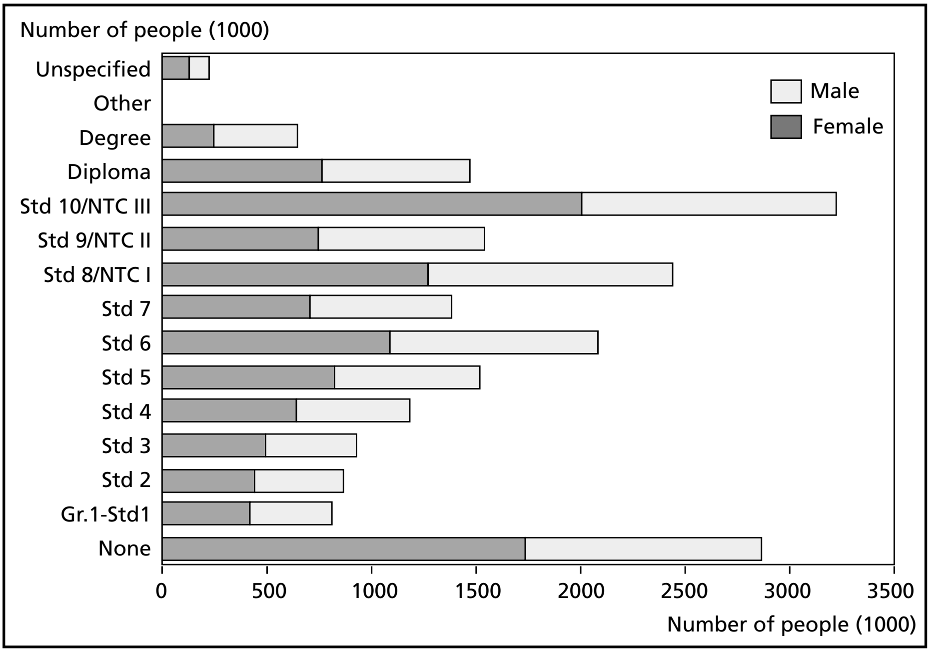
The South African educational system has often being characterised as "top-heavy" – in comparison to international trends, there are disproportionately many universities and university students, and disproportionately few technikon and college institutions and students. Another aspect of the education and training system relevant to the labour market is a pronounced and somewhat artificial separation between "education" and "training". This mental/manual division is carried forward into the job market and translates, *inter alia*, into a hierarchy of income, status, and working conditions.

Figure 4 illustrates the number of people who had reached particular levels of education/training in 1995. It also shows the gender disaggregation at each level of achievement. Among other points, it is evident that the majority of people with no education are female. Interestingly, it also appears that the majority of people with Std. 10 or equivalent (and nothing further) are also female. Racial disparities are both reflected in and reinforced by educational disparities.

Whereas most of the educational levels reflected in figure 4 are attained or certificated in formal educational institutions, a significant portion of education and training is done either at the workplace or through employers. Data around these forms of training are reflected in table 9. More firms in the paper and printing sector provide initial formal training than in any other sector, while in the chemicals sector more firms provide both improving and upgrading training than in any other sector. While high levels of initial training are provided in the chemicals sector, the lowest levels of improving and upgrading training are found here.

The following data (table 10) has been included both to illustrate the variation in income according to skill levels, and to examine racial income differentials for the same skill level. As one would expect, in all racial groups income rises significantly with improved skill categories. In terms of racial income

Figure 4 Education levels



Source: CSS 1996b

Table 9 Proportion of firms providing formal training, by industry, 1996, percentages (Standing et al 1996)

Industry	Training		
	Initial	Improving	Upgrading
Chemicals	23.9	19.6	34.8
Food processing	18.8	18.8	25.0
Metals, engineering	20.0	17.1	26.7
Paper, printing	32.7	17.3	26.9
Textiles, garments	29.7	15.6	21.9
Other	7.7	7.7	23.1

Table 10 Median pay levels by skill category and racial group (PE Corporate Services 1995)

	Basic skills		Semi-skilled		Skilled	
Race	Median pay (R p.m.)	Proportion of white pay	Median pay (R p.m.)	Proportion of white pay	Median pay (R p.m.)	Proportion of white pay
African	1590	94	2842	95	4703	95
Coloured	1658	98	2932	98	4901	99
Indian	1607	95	2902	97	4851	98
White	1692	100	2992	100	4951	100

differentials for the same skills level, whites earn the highest income for each skills level, followed by Coloureds, Indians, and Africans.

3 **Institutional aspects**

The section provides an overview of the regulatory mechanisms and institutions in the labour market. An important aspect of labour market regulation is the level of protection that workers enjoy through labour legislation. Labour legislation also provides a framework for the regulation of industrial relations. Not all labour legislation will be reviewed.[12] The chapter will outline relevant aspects of the labour legislation: the Labour Relations Act, Basic Conditions of Employment Act, Wage Act and Unemployment Insurance Act.

The Labour Relations Act

At its inception in 1956, the LRA was racially exclusive, as it did not cover black workers. Arising from the recommendations by the Wiehahn Commission, the LRA was extended to black workers in 1979. Since then, the passage of the LRA has been subject to various amendments and has given rise to continuous negotiations and mass action. However, the amendments arising from the negotiations at the National and Economic Development Institute (NEDLAC) in 1996 have been the most extensive. The new LRA is the most important piece of legislation that has been subject to negotiations by government, labour and employers and thus is a good example of the shift from adversarial to consensus politics in the labour market. These developments are also indicative of the importance of the LRA in workplace regulation. A key amendment is that the LRA is now applicable to both public sector and private sector workers.[13]

The LRA lays down the framework for industrial relations at the workplace. It also provides key basic rights for workers. These rights can be divided into collective and individual rights. Collective rights include the organisational rights and collective bargaining rights, while individual rights include the right to a fair dismissal and retrenchment. The LRA also makes provision for dispute resolution

[12] Other labour legislation includes the Compensation for Industrial Injuries and Diseases Act and Health and Safety Act.

[13] The act excludes members of the National Defence Force, National Intelligence Agency and the South African Secret Service.

procedures and institutions, the Commission for Conciliation, Arbitration and Mediation (CCMA) and the Labour Court. Arguably the most innovative structure introduced by the 1996 amendments are the workplace forums.

Organisational rights

The act confers certain organisational rights to a "representative" registered trade union. The definition of a "representative trade union" depends on the particular organisational right provided by the act. In order to enjoy the rights to access to a workplace and trade union subscription deductions, a trade union must be "sufficiently representative" of workers at the workplace. While only a majority trade union is entitled to the rights of trade union representatives at the workplace, leave to trade union office-bearers and disclosure to information. The act does not the rights of access and disclosure of information to the domestic sector.

Collective bargaining

A key aspect of the act is the institutionalisation of collective bargaining through the collective bargaining council system (the former industrial council system). The act makes provision for the voluntary establishment of bargaining councils for a sector and area by a registered trade union or employers' organisation.

This means that a union that has reached the threshold required by the act has to apply to the Minister for the establishment of a bargaining council. A union or employer's organisation that applies for registration of a bargaining council has to be sufficiently representative of the sector or area. The act does not define "sufficiently representative" but such definition is left to the discretion of NEDLAC or the Minister. It is not clear why the act failed to define sufficient representativity as it only results in uncertainty in the labour market.

Some of the bargaining councils' key powers and functions include:

- The conclusion and enforcement of collective agreements,
- The prevention and resolution of labour disputes,
- The establishment and administration of pension, provident, medical aid, sick pay, holiday, unemployment and training schemes.
- The development of policy proposals and legislation for submission to NEDLAC.

Collective bargaining agreements are concluded on wages (actual and minimum) and other working conditions for specific sectors and areas. In the past, industrial councils have negotiated over minimum wages, bonuses, working hours, leave, productivity agreements and severance pay.

In the normal course of events, collective bargaining agreements only bind parties to the industrial council who are parties to the collective bargaining agreement. However the Minister can extend such agreements to non-parties on application by a bargaining council. Such extension can only take place if the majority trade union or employer's organisation vote in favour of such extension and the non-parties fall within the scope of the bargaining council. The extension of collective bargaining agreements to non-parties has resulted in criticisms, especially from small business who have claimed that they are unable to compete with the wages of bigger companies. A counter argument is that such extensions result in uniformity in wages and working conditions in particular sectors and prevent non-parties from undercutting parties to the bargaining councils.

Non-parties have the opportunity to apply for exemptions to bargaining council agreements on application to an independent body appointed by the bargaining council. Exemptions are granted if the terms and conditions of the persons for whom the exemptions is requested are not substantially less favourable than those prescribed in the agreement, or if the persons, through illness or physical incapacity, can only perform part of the work of an able-bodied person, or if special conditions exist that justify an exemption in the interest of the person.

Exemptions may weaken the bargaining council system especially as many employers apply for exemptions. For example, for the period November 1992 to October 1995, industrial councils granted 4 315 complete exemptions and 153 partial exemptions.

At present, bargaining councils exist, amongst others, in the clothing, textiles, engineering and public service sectors. However, the number of industrial councils has decreased over the years. In 1981 there were 104 industrial councils covering 46 668 employers and 1 265 000 workers while in 1993 there were 85 councils covering 65 578 employers and 805 133 workers. In consequence, the number of agreements also declined substantially from 99 in 1981, to 73 in 1993.

Sectors that do not have centralised bargaining bargain at an enterprise or company level. Many unions are still struggling to implement centralised bargaining structures. Unions in the chemical industry, transport sector, paper and retail sectors are still in the process of engaging employers around statutory bargaining arrangements.

The introduction of statutory councils by the new LRA could possibly serve as a step towards bargaining councils. A registered union or employer's organisation that represents 30 per cent of the employees in a sector or area may apply for the establishment of a statutory council. A statutory council's functions include the resolution of disputes, the establishment of training and education schemes and to establish and administer pension, provident, medical aid, sick pay and other schemes. Statutory councils therefore differ from bargaining councils as statutory councils do not have the power to conclude collective bargaining agreements on wages and other working conditions except on those issues that fall within the aforesaid functions and powers. Once a union's representative has increased from the 30 per cent threshold to "sufficient representation" then it can apply for the establishment of a bargaining council.

Nevertheless, in sectors that are traditionally difficult to organise, for example domestic workers, farm workers, and retail, centralised bargaining will remain elusive. In the domestic sector, enterprise bargaining is virtually impossible because of the fragmented worker force.

Right to strikes and lock-out

The right to strike and recourse to lockout constitute fundamental rights in the constitution's Bill of Rights. The LRA regulates strikes and lockouts. The strength of the right to strike is determined by a number of areas:

- The procedures to embark on a legal strike.
- Do employers have the right to interdict legal strikers?
- Are striking workers protected from dismissals?
- Are unions and strikers protected from claims for damages?

The new LRA simplifies procedures and protects strikers from dismissals. The right to strike is extended to include secondary strikes, sympathy strikes and the right to picket. However, workers only enjoy this protection if they comply with the procedures for a protected strike. Workers who therefore engage in wildcat strikes will not enjoy protection from dismissals and damages claims.

Unions and employers have to comply with the following procedures to embark on a legal strike and lockout:

- The dispute has been referred to a council or the CCMA that has issued a certificate stating the dispute remains unresolved.
- A period of 30 days has elapsed since the council or the CCMA received the referral.

- At least 48 hours notice of the commencement of the strike or lockout was given to the employers' organisation (in the case of a strike) or the union (in the case of a lockout).

Strikes and lockouts are not permitted in an essential service or a maintenance service. The act does not define an essential service. Instead, the act makes provision for the establishment of an essential service committee by the Minister after consultation with NEDLAC and the Minister for the Public Service and Administration. The purpose of the essential service committee is to designate a service as an essential service or maintenance service.

The act also regulates secondary strikes. A secondary strike is defined as a strike that is in support of a strike by other employees against their employer. In order for a secondary strike to be protected, it has to comply with the aforementioned procedures governing a strike.

Dismissals and civil actions

Workers who comply with the procedures governing strikes are protected from dismissals. No civil legal proceedings may be instituted against workers and unions who engage in protected strikes. The Labour Court is empowered to grant an interdict against strikes and lockouts that do not comply with the act's procedures. Likewise, civil action for compensation can be instituted in respect of unprotected strikes and lockouts.

Workers' right to picket is enshrined in the Bill of Rights. In terms of the LRA, a registered trade union may authorise its members and supporters to picket in support of a protected strike and in opposition to a lockout. Picket rules have to be negotiated between the union and employer, failing which; the CCMA must establish picket rules.

A new introduction by the LRA is workers' right to protest action to promote or defend their socio-economic interests. A registered trade union is entitled to call out workers who are not engaged in an essential service or a maintenance service on a protest action. The union has to serve at least 14 days notice before the commencement of the protest action to NEDLAC.

4 **Labour security**

Employment security

Employment security is premised on the common law contract of employment that provides the basis for the employment relationship between the worker and employer. This contract of employment stipulates the basic terms and conditions (wages, working hours, occupation, leave, etc) of the employment relationship. Labour legislation is introduced into the contract to provide workers with certain protection.

In terms of the Basic Conditions of Employment Act (BCEA) employment security is limited to adults as children under the age of 15 are prohibited from employment. The employment of child labour is, however, widespread in South Africa, especially in agriculture. At present, COSATU is demanding that the age should be increased to 16.

The LRA protects workers from unfair dismissals and retrenchments through the unfair labour practice dispensation. Previously domestic workers and farm workers were not covered by the LRA. The extension of the LRA to these sectors should radically increase their job security. Dismissals are now automatically unfair if the reasons for the dismissals are as a result of a worker's pregnancy, discrimination and protected strike.

Employers also have to follow fair procedures before dismissing a worker; notice of the dismissal has to be given and consultation or a fair hearing must take place prior to the dismissal. Notice is also governed by the BCEA that stipulates a one week notice period for a weekly-paid worker and two weeks for a monthly-paid worker.

In terms of the BCEA part-time workers and domestic workers do not enjoy the right to a notice. A part-time worker is incorrectly described as a casual worker and is defined as a worker who works for an employer on three or less days a week. Most part-time and domestic workers are women and they constitute the most vulnerable sectors of the labour market. The Green Paper on Minimum Standards which aims to amend the BCEA and Wage Act is proposing that domestic workers and part-time workers should also be entitled to a notice period.

Work security

The BCEA regulates work security by providing a minimum floor of rights for workers in respect of working time, overtime and overtime pay, annual leave, sick pay and maternity leave. The act only applies to private sector workers who are not covered by wage regulating measures (bargaining council agreements, wage determinations and labour orders).

The BCEA stipulates different ordinary weekly hours of work for various categories of workers. Day workers enjoy a 46 hour week, shift workers a 48 hour week, farm workers a 48 hour week and security guards a 60 hour week. The Green Paper recommends a reduction of the working week to 45 hours. COSATU is demanding a reduction to 40 hours. This demand is in line with the ILO's conventions and recommendations.

In respect of daily working hours, the BCEA lays down different hours for different categories of workers. Shift and day workers who work a five-day week enjoy a maximum daily working time of 9 hours and 15 minutes while those who work a six-day week enjoy a maximum daily working time of 8 hours. Farm workers who work a five-day week are entitled to a daily working time of 9 hours and 36 weeks. If the farm worker works a six-day week, the daily working time will be increased by 36 minutes on any of the other days of that week if the worker works for less than five hours on any day. Part-time workers (defined as casual workers) may not work more than 9 hours and 36 minutes on any day.

Income security

The Wage Act and LRA regulate income security. The Wage Act implements wage determinations through wage boards for various sectors, areas or categories of workers. Domestic workers and public sector workers are excluded from the scope of the Wage Act. Wage determinations only cover workers who are not covered by collective bargaining agreements. Wage determinations determine minimum wages and terms and conditions of employment for various sectors, areas or categories of workers.

The Minister of Labour appoints the Wage Board and determines its terms of reference. A Wage Board investigates the working conditions of the specified sector, area or category of workers and also obtains information from government agencies and the Industrial Court. An important step in its work is the hearing of representations from interested parties (workers, unions, and employers). The board then makes recommendations to the Minister who makes a wage determination. On application by an affected party, the Minister may grant an exemption provided the ground of the exemption is not based on race, colour or gender. On request from the Minister the board may also extend the wage determination.

Wage Boards have declined over the past years. This is evident in the decrease in the number of wage boards, from 75 in 1993 to 19 in 1995. In 1995 wage determinations covered 90 000 employers and 730 000 workers. The majority of these workers are covered by Wage Determination 455 for the Commercial Distributive Trade that covers 80 000 employers and 500 000 workers.

Wage Boards have not played an active role in determining minimum wages and working conditions. For example, many wage determinations have not been renewed on an annual basis and terms and conditions of employment have not varied substantially from the BCEA. The Green Paper on Minimum Standards proposes that the functions of the Wage Board be enhanced to play a more active role in the development of a coherent policy on employment standards and to provide a mechanism for sectoral variation where the standards are inappropriate. The Green Paper also suggests that the powers of the Wage Board be extended to include the establishment of training and education schemes, social insurance schemes, provident and medical aid funds. In line with its broader role the Green Paper recommends the renaming of the wage board to the Employment Standards Commission.

Other forms of income security are severance pay, unemployment and maternity benefits. The LRA requires that an employer pay one week's severance pay for each completed year of continuous service to a worker whose dismissal is based on operational requirements. This provision does not exclude the union from negotiating a higher severance pay for a retrenched worker.

Unemployment and maternity benefits are regulated by the Unemployment Insurance Act. Other benefits are illness and adoption benefits. Unemployment and maternity benefits are paid to workers who have contributed to the Unemployment Insurance Fund. Employers and workers contribute 1 per cent of the worker's wage to the fund. A worker who has contributed for at least 3 years to the fund is entitled to benefits for a period of 6 months. The amount of the unemployment and maternity benefit is 45 per cent of a worker's monthly wage. Domestic workers, agricultural workers and public sector workers are not covered by the act.

Labour market institutions

Key labour market institutions are the National Economic Development and Labour Council (NEDLAC) and the Commission for Conciliation Mediation and Arbitration (CCMA) and workplace forums.

NEDLAC

The National Economic, Development and Labour Council Act, 1994 regulates NEDLAC. NEDLAC is a key statutory body that deals with economic, labour and development issues. It replaces the National Manpower Commission and the National Economic Forum. The structure is made up of the executive council and four chambers: the labour market, development, trade and industry and public finance and monetary policy chamber. NEDLAC is composed of four interest groupings; trade unions (COSATU, NACTU, FEDUSA [14]); employers (Business South Africa and NAFCOC); community and development organisations (Women's National Coalition, South African National Civics Organisation (SANCO), National Rural Development Forum, South African Federal Council on Disability, and youth[15]); and the state.

NEDLAC's primary function is to negotiate and reach agreement on policy issues concerning economic and labour matters. More specifically, NEDLAC has the following functions:

- To promote the goals of economic growth, participation in economic decision-making and social equity,
- To reach consensus and conclude agreements on social and economic policy,
- To consider all labour legislation relating to labour market policy before it is introduced into parliament,
- To consider all significant changes to social and economic policy before it is implemented or introduced to parliament, and
- To encourage and promote the formulation of co-ordinated policy on social and economic matters.

The executive council is primarily an administrative body that overseas the work of the chambers and ensures the smooth operation of the members of NEDLAC. The chambers' functions are to consider relevant issues to its chamber, to draft reports or make recommendations for agreement. Recommendations upon which agreement was reached in the relevant chamber must be ratified by the Executive Council.

NEDLAC is a crucial labour market institution as South Africa is going through a transitional period where labour market policies are under scrutiny. NEDLAC is a forum where all major players in the labour market are participating in the process of change. Furthermore, as NEDLAC operates on the basis of consensus, parties are pressurised to reach agreement on issues before these issues go to parliament. In relation to the negotiations around the LRA amendments, the parties reached agreement even though they were far apart at the commencement of the negotiations.

NEDLAC constitutes a radical departure from the old policies where parliament passed legislation without consultation with labour. For example the 1988

[14] FEDUSA is to take up the seats previously held by FEDSAL.

[15] The youth were previously represented by the National Youth Development Forum (NYDF), which has now disbanded. It is yet to be replaced by another structure.

amendments to the LRA gave rise to a wave of protest action by the COSATU. Even though it is predicted that the formation of NEDLAC will reduce the incidence of mass action by the labour movement, this is not a foregone conclusion. At present labour has reached a deadlock at NEDLAC around the Green Paper on Minimum Standards. COSATU has already embarked on a programme of action in pursuit of its demands. It is clear that consensus politics is a difficult route to follow between parties who do not always share the same interests.

Commission for Conciliation, Mediation and Arbitration

The CCMA is the primary conflict-resolution mechanism introduced by the new LRA. It has a wide range of functions and powers. The Commission's functions include:

- The conciliation of disputes referred to it,
- The arbitration of disputes that it failed to resolve through conciliation,
- Assist in the establishment of workplace forums,
- Compile and publish information and statistics about its activities.

Other discretionary functions that the Commission may consider are amongst others, rendering assistance to parties about dispute resolution, sexual harassment at the workplace and affirmative action and equal opportunity programmes. The Commission is governed by the governing body, which is nominated by NEDLAC and the Minister. In turn, the governing body appoints the commissioners. Commissioners are empowered to hear disputes concerning freedom of association, organisational rights, collective agreements, and admission to industrial councils, workplace forums and unfair labour practices. Certain disputes concerning an unfair labour practice that a commissioner fails to resolve are referred to the labour court. Such disputes concern dismissals that are automatically unfair, dismissals that result from operational requirements and strikes and closed shop agreements. Dismissals that arise from misconduct and incapacity are finally resolved through arbitration by the commissioner and are not referred to the labour court.

Workplace forums

An innovative provision in the new LRA is for workplace forums. The primary aim of workplace forums is to facilitate a shift from an adversarial mode of industrial relations to one of joint problem solving and participation in order to improve productivity levels. Workplace forums are intended to deal with non-wage matters such as restructuring, the introduction of new technologies and work methods, changes in the organisation of work, physical conditions of work and health and safety.

Importantly, the LRA envisages workplace forums as applying to large workplaces (over 100 workers) where unions are generally more strongly organised. This means that small establishments will not be able to form statutory workplace forums. Workplace forums in the public service will be separately regulated. A representative trade union may apply to the CCMA for the establishment of a forum. A trade union that is recognised in terms of a collective agreement may apply to the CCMA for the establishment of a trade union-based workplace forum for the purposes of collective bargaining. In respect of the workplace forum's composition, the constitution of the workplace forum has to establish a formula for determining the number of seats in the workplace forum. This formula must reflect the occupational structure of the workplace.

In respect of issues dealt with by workplace forums, the act distinguishes between matters for consultation and matters for joint decision-making. Matters for consultation cover, amongst others, restructuring the workplace, changes in the organisation of work, plant closures and job grading. Matters for joint decision-making include disciplinary codes and procedures and rules relating to conduct at the workplace. Matters for dispute must be referred to the CCMA.

Many unions see workplace forums as a threat. They fear that employers may co-opt workers through the joint decision-making process. Another consideration is the fact that unions would have to take responsibility for decisions that remain predominantly within managerial discretion. For example plant closures constitute a matter for consultation but management has the final say if the workplace forums oppose the plant closure. A concern is that while workplace forums provide the opportunity for workers' participation, unions may not have the capacity and resources to participate meaningfully.

5 Organisations in the labour markets

Trade union organisation

Historically, there are two currents of trade unionism in South Africa. While the black trade union movement's evolution is integrally tied to opposition to racial discrimination the white trade union movement has been closely linked to the apartheid state structures. A significant reason for these two currents is that until 1979, black trade unions could not register under the Labour Relations Act or participate in formal collective bargaining in Industrial Councils.

COSATU is by far the largest labour federation, with a current membership of 1 887 431 and over 1 500 staff members (employed by both COSATU and its affiliates) (Filita 1996). This is followed by the recently formed Federation of Unions of South Africa (FEDUSA), which has about 515 000 members and 25 affiliates. (Filita, 1996) FEDUSA is a product of the merger between the Federation of South African Labour Unions (FEDSAL), and the Federation of Organisations Representing Civil Employees. The third major trade union federation is the National Council of Trade Unions (NACTU), with an estimated membership of 230 000. (Filita, 1996) While there are other registered trade union federations, these three are the major ones and are the only federations to have representation in NEDLAC.

The affiliate unions with the largest membership were the National Union of Mineworkers (NUM) (357 198), the National Union of Metalworkers of South Africa (NUMSA) (263 893), and the South African Clothing and Textiles Workers' Union (SACTWU) (160 000). (Filita, 1997) Certain sectors have historically been difficult to organise in a sustained or coherent way. Examples of such sectors are domestic workers, farm workers, and the informal sector.

While a domestic workers' union (SADWU) was launched (in 1986), it was dissolved in 1996 and COSATU is currently considering focussing on advice offices for the servicing of this particularly exploited and vulnerable sector. Despite the fact that there is a union organising farm workers – the South African Agricultural Plantation and Allied Workers Union (SAAPAWU) – this is a sector which is often structured in a semi-feudal way, with difficulties in accessing and organising farm workers. Workers in the large and growing informal sector are also poorly organised and often highly exploited. Structural problems in this sector – such as the small and dispersed nature of enterprises, personal relationships between employers and employees, and the general lack of regulation of this sector – continue to hamper co-ordination here.

Table 11 Union density by province, 1994, percentages (Filita 1997)

Province	Union density
Gauteng	37.6
Eastern Cape	31.8
National average	31.3
Mpumalanga	30.6
Northern Province	30.6
Kwazulu-Natal	30.6
Western Cape	29.7
Free State	27.0
North West	23.7
Northern Cape	15.9

Despite COSATU's membership being approximately 36 per cent female (1990 information), in 1996 only 15 per cent of regional leadership and 8 per cent of national leadership were female (these figures deliberately exclude SADWU as it no longer exists). There has been some progress in developing women leadership at the regional level over the last two years – over this period 7 per cent more of regional leadership were female – but the situation at the national level was unchanged.

Table 11 shows union density by province, indicating that Gauteng has the highest density at 37.6 per cent, Northern Cape has the lowest at 15,9 per cent, with a national average of 31.3 per cent.

COSATU has taken up both "narrow worker issues", such as around wages, constitutional issues affecting workers, and employment standards; and "broader social issues" such as the national budget, democratisation in Swaziland, and election campaigns.

Employer organisation

Information concerning employer organisations is difficult to come by, with these organisations themselves being reluctant to divulge details. Business is represented at NEDLAC by Business South Africa (BSA) and the National African Federated Chamber of Commerce and Industry (NAFCOC). BSA is regarded as the largest employer organisation, and is in fact a federation of 18 associations, foundations, federations, councils, chambers, and institutes. These are predominantly white and representative of big business. They include the Chamber of Mines of South Africa, the South Africa Foundation, the Afrikaanse Handelsinstituut, the South African Agricultural Union, and the South African Chamber of Business.

NAFCOC, which seeks to represent black business, has its membership concentrated in the merchandising, building, transport, agricultural, service, and informal sectors. It has over 100 individual members and various affiliates.

Employer organisations tend to less tightly constitute than do trade unions. The former seems to be more loosely structured, and to operate less according to operational principles of mandate, consultation, and accountability. One explanation for this difference is that an employee's power depends on tight and collective organisation, whereas an individual employer can more easily continue "business as usual" outside of or without any collective course of action. These differences are somewhat problematic for any potential social accord, or for a concertational institution such as NEDLAC. This is in the sense that employers' associations may well find it difficult to bind their members to decisions taken, let alone to bind non-members. For example, it would be easier to impose wage restraint than price restraint.

Collective bargaining

The major industrial councils that are listed in table 12 set minimum wages for their respective sectors:

Some smaller industrial councils operate in only limited areas and with limited scope.[16] New industrial councils have been set up in the goods transport,

Table 12 Scope of Industrial Council agreements, per sector, 1996 (LRS 1996)

Industry	Extent
Iron, steel, engineering	National scope with specific exemptions; includes only "scheduled" and not white-collar workers
Building	Most urban areas covered; some rural areas not covered; labourers in certain areas not covered
Clothing	Major urban centres covered
Textiles	National scope in association with national bargaining forum
Leather	National scope
Furniture	Large proportion workers covered
Wine and spirits	Comprehensive
Local authorities	Various councils cover most employees
Motor	National
Tobacco	Partial coverage

[16] These include the following sectors: hairdressing; liquor and catering; canvas and rope working; biscuits and sweetmaking; laundry and dry-cleaning; meat trade; jewellery; and passenger transport.

cleaning, and security sectors. There are also a number of sectors in which there are no statutory minimum wages at all, such as paper and printing, most of the food industry, electricity generation, banks and insurance companies, and domestic services. Very few employees in the services sector are covered by statutory minimum wages. Various industries are covered by wage determinations, but these function only in certain areas.[17]

There are also a number of sectors that previously had wage determinations that have been cancelled in recent years. This points to a deregulation trend in certain areas. Commercialisation of parastatals, "state asset restructuring", and privatisation may well lead to further unevenness in regulation and in minimum wage levels.

Industrial action[18]

The total number of working days lost through strike action in 1996 exceeded that for 1995, although it was still lower than previous years from 1989 onwards. Total days lost were 1,7 million, a large proportion of which were accounted for by two major strikes. These were an illegal strike of about 28 000 workers at Rustenburg Platinum, and a 7-day wage strike by 80 000 clothing workers. Figure 5 illustrates the extent to which different factors triggered strikes (Levy and Associates, 1997):

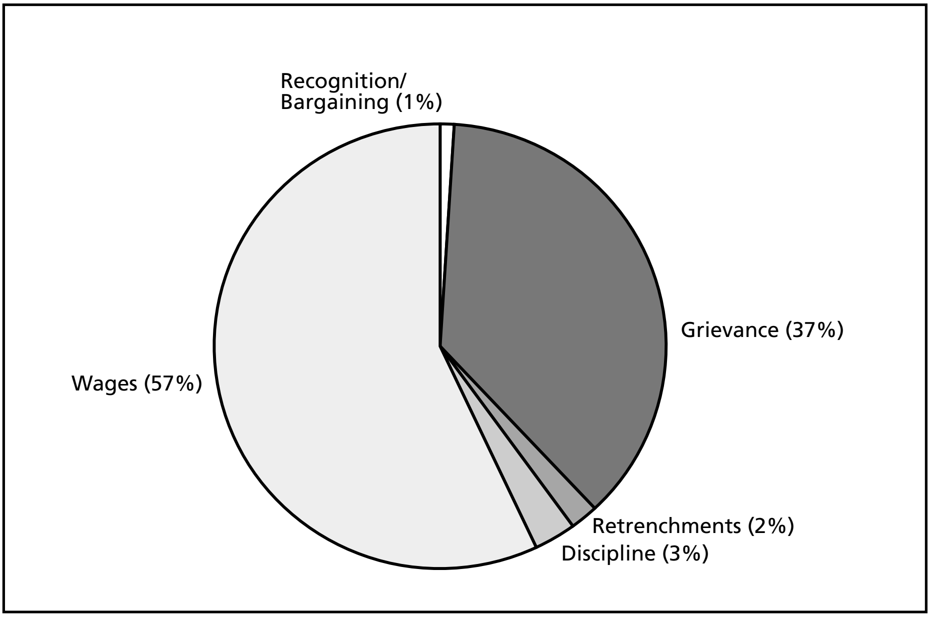
Strikes in the public sector fell dramatically as a proportion of total strikes last year: whereas in 1995 they accounted for 71 per cent of all strikes, in 1996 only 6.5 per cent of strikes were in the state sector. The industry most affected by strike action in 1996 was textiles (42.3 per cent), followed by mining (28.7 per cent) and car manufacturing (9.6 per cent). Although there were lockouts last year – for example the lockout of technical ground staff at South African Airways – these are not separately listed in the available data.

Capital strikes are not usually included as a form of labour market action; however, it seems appropriate to regard them as such. Where labour's power derives primarily from its capacity to collectively withhold its labour power, the equivalent action for employers would be the withholding of investment. Whereas the

[17] Wage determinations are in force in the following sectors: metal containers and allied products; cement products; glass and glassware; road passenger transportation trade commercial distributive trade; accommodation establishment trade; hotels; catering meat, cold storage, bacon curing and small goods manufacturing; unskilled labour; sweets; funeral undertaking; clothing and knitting; goods transportation and storage; security; laundry, drycleaning, and dyeing; stonecrushing; business equipment; and letting of flats or rooms.

[186] The latest data on strikes and lockouts that the Department of Labour makes available to the public, are those from 1994. The statistics to be used here, which are from 1996, are from a private consultancy (Andrew Levy & Associates), and thus do not necessarily completely conform to the official definitions sanctioned at NEDLAC. They are being used here, as they are the most recent and comprehensive.

Figure 5 Proportion of working days lost through different strike triggers, Jan–Dec 1996



effectiveness of striking is completely contingent on it being a general (as opposed to individual) action, withholding of capital investment can have an impact even if it is not a collective action among employers. It is difficult to access quantitative data in this area, or even to define what actions (or lack of actions) could be regarded as capital striking. Nevertheless, it is at least conceptually important to include capital flows in and out of the country and levels of (particularly productive) investment and disinvestment in any consideration of the South African labour market.

Appendix 3 **Labour markets in Botswana**

1 **Background**

In 1966, Bechuanaland gained independence and became the Republic of Botswana with an executive president, a unicameral Parliament and a functioning multi-party system. At the time of independence, Botswana was one of the poorest countries in Africa with an overwhelmingly rural population depending mainly on agriculture. Over 30 per cent of men between the ages of 20 and 40 worked in South Africa and the country was heavily dependent upon foreign aid (National development Plan, 1997). Within ten years, however, the country embarked upon a period of phenomenal growth and the Gross Domestic product more than doubled from 1980 to 90. Botswana was the fastest growing economy in the world. GNP per capita grew with an average annual growth of 8,4 per cent from 1965 to 1990 (Harvey 1998). This growth came in spite of the presumably negative effects of the apartheid. The main reason for the growth is found in the diamond sector which accounted for almost 80 per cent of Botswana's export earnings in the 80's (Olsen 1995). GDP growth has averaged around 6 per cent per annum in real terms over the whole Post-Independence period.

The economic growth has also resulted in social improvements with 90 per cent of primary school aged children enrolled in primary schools and an expansion in secondary education.[1] Life expectancy increased, in result, from 56 years in 1981 to 65 ten years later (NDP 1997).[2]

Thirty-eight per cent of households and 47 per cent of the population lived however, in poverty in 1993/94, which was highest and most severe in rural areas and urban villages (BIDPA 1996). The proportion of the population living in poverty has, on the other hand, fallen sharply from 49 per cent of households in 1984/84 (ibid.). Female-headed households are poorer than male-headed households. Lack of income is the most immediate cause of poverty, related to unemployment, insufficient income earning opportunities and the low potential of traditional agriculture (BIDPA 1997) The thousands of unemployed have got no means of survival other than social transfers from family members. Low wages for those who

[1] Botswana also has one of the lowest marginal rates of taxation in the region after a reduction from 40 to 30 per cent in July 1995 and corporate taxation is 23 per cent.

[2] It should be mentioned however that after life expectancy was drastically increased through the 80s, it has decreased due mainly to HIV/Aids in the mid and late 90s.

are in employment reinforce the general poverty rates. Lack of viable income generating options for those that are not employed in the formal sector is another problem. Rural poverty is a result of drought, but also represents a more structural condition, with dependency upon a weak, high cost and unproductive agricultural sector. Through rural-urban migration, weak rural economies contribute to high unemployment rates. In a more typical sub-Saharan African society, where traditional agriculture might gainfully occupy 50–80 per cent of the labour force, Botswana's levels of formal sector jobs (50 per cent of the labour force) and rapid employment growth would be more than enough to provide full employment. Botswana has a high level of unemployment because the traditional agricultural sector only absorbs a small proportion of the labour force (less than 20 per cent). In this sense, the Botswana economy exhibits signs of an "enclave economy", in which production of, and profits from, raw materials, is not distributed into activity in the broader productive economy. It has been argued that the predominance of the mineral sector contributes to poverty. Many other mineral dominated economies have suffered from a "resource curse", or the so-called "Dutch disease" effect, whereby the strength of the minerals sector has squeezed out the production of other tradable commodities, most notably agriculture and manufacturing. This may be exacerbated by mineral-led increases in wages, which add further to the uncompetitiveness of other sectors. Dutch disease effects may be worsened by wasteful use of mineral revenues, either by the revenues being spent too fast or invested in unproductive or inefficient projects or public services, which then require further subsidies.[3] Although the Botswana economy has avoided some of these problems, the growth in the public sector could also be seen as an effect of the Dutch disease.

Economic growth slowed in Botswana from 1990. There are several reasons to be mentioned (Harvey 1998). First, diamond revenues reached a plateau after many years of dramatic growth. Second, a construction boom came to a sudden halt after many years of dramatic growth. Third, a large depreciation of the Zimbabwean dollar reversed the growth of non-traditional exports.[4] The decreased profits from mining, the fast decline of the agricultural sector and the need for radical restructuring of the economy pose long-term challenges. In the period from 1991 to 1995, population growth was higher than the increase in real GDP, with an annual decline in real GDP as a result. Furthermore, the country is highly dependent upon South Africa for the importation of basic foodstuffs and essential commodities such as fuel. The problems facing Botswana's economic development are exacerbated by a continued high rate of population growth. With a population growth of 3.5 per

[3] See BIDPA 1997:62 & Mhone 1997.

[4] Zimbabwe had become the principal export market for manufacturing (taking two thirds of exports) from Botswana through the 80s.Much of this exports was in textile and clothing.

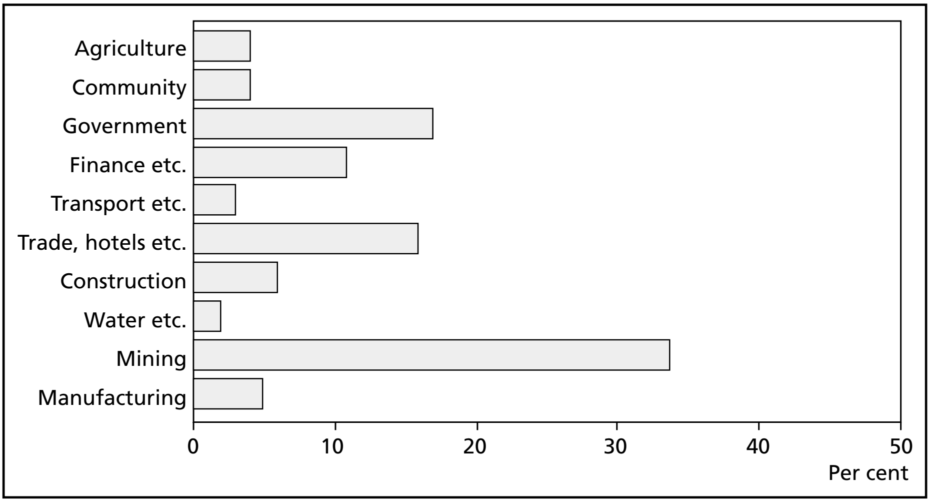
cent such as at present, the population will double in 20 years. The population growth, which is one of the highest in the world, implies that nearly half the population (44 per cent) is under the age of 14 years (Olsen 1995).[5] Botswana simultaneously is one of the counties in the world most heavily affected by HIV/ Aids, doomed to impact strongly upon the economy in the medium and long term. More pressure will be put upon the number of people in employment, and there will be an increasing pressure for a more highly educated workforce. Given the investments made, Botswana is scoring relatively low on educational qualifications. Analyses indicate that about two-thirds of the very poor rural households have never attended school (BIDPA 1997).

2 **Labour markets and the economy**

From the agricultural sector which dominated the economy in the 60's (with 43 per cent of the GDP in 1966, NDP 1997), mining soon took over as the main contributor to the GDP. The mining sector has dominated the economy since the early 70's, but there are now signs that the economy is beginning to diversify. The economy has slowed down in recent years. The international market for diamonds has not been favourable and the persistent drought through the early 90's has also affected output and income growth adversely. Growth rates in mining have decreased. The mining sector's contribution to the GDP has decreased from around 50 per cent in the mid 80's to around 34 per cent 10 years later. Other sectors like Government, Finance, Business Services and Trade are beginning to make a significant contribution to the economy. Manufacturing expanded quite rapidly from 1981 to 1991 as a result of growth in, amongst other areas, the textile sector. However, the sector is today faced with problems of marketing due to substantial devaluations of the Zimbabwean dollar at the same time as prices of input import from Zimbabwe were raised in USD terms (ibid.). At independence in 1966, there was hardly any manufacturing in Botswana. Today there are over 650 medium to large-scale enterprises and some 25 000 employed in the sector. Figure 1 on the following page portrays the contribution of the various economic sectors to the GDP.

[5] The fertility rate is 4,23 (NDP 1997), but population projections do not take into account the possible impact of AIDS.

Figure 1 Gross Domestic Product by sectors (NDP 1997:18)



3 **Employment and the labour force**

One of the most significant features of Botswana's labour force, affecting industrial relations, human resource development as well as the costs of employment, is the relatively high number of expatriates. As a result of a shortage of a qualified, trained labour force, the private sector in particular has turned to expatriates to fill its manpower requirements (Olsen 1995). Although these "foreigners" account for only 2 per cent of the total formal labour force, they occupy a significant number of management, professional, and technical jobs.

Another significant characteristic of the Botswana labour market compared to other countries in the region, is the relatively low number of people employed in informal activities. According to surveys conducted in 1992, Botswana has "only" about 88 000 people working in informal activities (ibid.), out of a total labour force of approx., 500 000. Yet, the pressure of unemployment has helped to stimulate a growing informal sector. The growth in informal activities seems to have taken place in both rural and urban areas.

Formal sector employment has grown considerably during the last few years, from about 70 000 in 1978 to 235 400 in 1996 (NDP 1997). Formal sector employment has recorded a moderate growth of 2.2 per cent in 1993/94 and 1.4 per cent the following year. Unemployment remains, however, a problem. During 1994, unemployment was estimated at 21 per cent of the labour force and disproportionately high amongst the youth. 51 per cent of those between 15 and 19 years of age, and 36 per cent of those between 20 and 24, were unemployed compared to "only" 19 per cent of those between 30 and 34 years, and less than 10 per cent of those 40 and older (Stats Brief 1996). Participation rates in economic activities are low for those who never went to school, and then climb steeply with education levels. Furthermore, unemployment distribution seems to be very similar in rural and urban areas, as opposed to most African countries in which unemployment is far higher amongst the urban population while the rural population manage on agriculture. In Botswana, the generally dry conditions do not allow agriculture to be an alternative source of employment. The Labour Force Survey in Botswana 1995/96 estimates the strict unemployment rate to be 18 percent. However, when those discouraged workers who are available for work but who have given up seeking for work are included, the unemployment rate is 35 per cent (Stats Brief 1998). Half of the discouraged workers report that the reason why they are not seeking work, is that they have given up because they think no work is available.

Figure 2 shows the composition of the workforce by employer. Most people still work for the private sector (57 per cent), while the remaining work for parastatals (6 per cent) or for the public sector (37 per cent). The fourth group of the labour force, are those employed in traditional/family agriculture.

The characteristics and sector composition of employment has however, changed substantially during the last few years. Table 1 demonstrates the structure of the labour force from 1981 until 1994.

Table 1 on the following page indicates a number of important trends in the labour market over the 80's and early 90's. First, there was a rapid increase in formal sector employment, both in absolute numbers and in terms of proportion of the labour force. The formal sector has increased its share of employment from 29 per cent of the labour force in 1981 to 48 per cent in 1994. Second, there has been a parallel decline in traditional agriculture with 70 000 jobs lost in the 13 years

Figure 2 Public–private employment in Botswana, 1996 (NDP 1997)

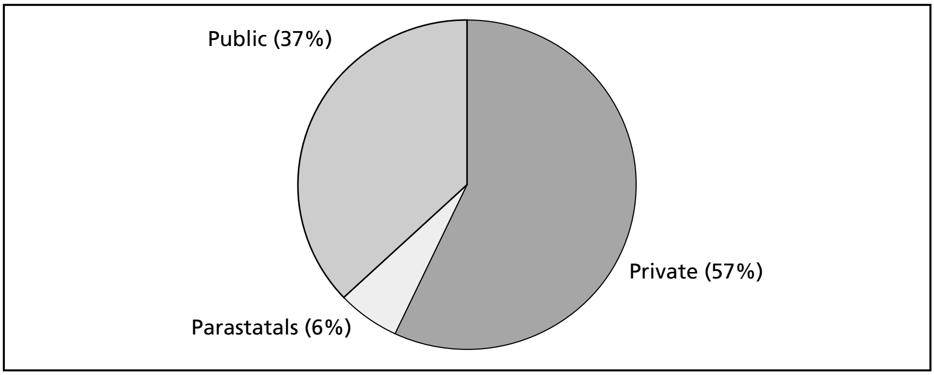


Table 1 Labour force structure (BIDPA 1997:52 and Stats Brief 1998)

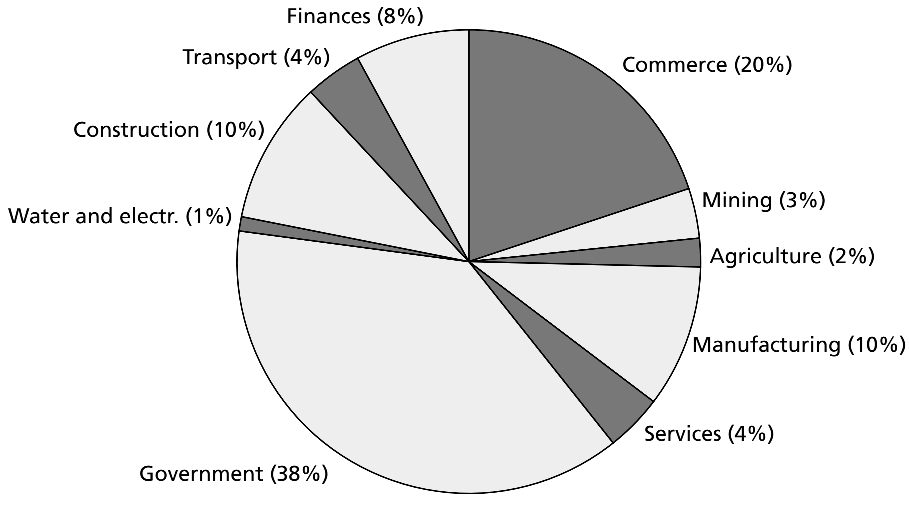
	1981	1991	1994	1995/96
Population	941 000	1 327 000	1 454 000	1 533 000
Labour force	315 000	442 000	487 000	528 108
Employment	283 000 (90%)	380 000 (86%)	380 000 (78%)	345 000
Formal sector[6]	91 000 (29%)	229 000 (52%)	233 000 (48%)	288 165
Informal sector	44 000 (14%)	60 000 (14%)	68 000(14%)	57 240
Traditional agriculture	149 000 (47%)	91 000 (21%)	78 000 (16%)	48657
Unemployed	32 000 (10%)	61 000 (14%)	108 000 (22%)	182 703

[6] Employed plus self-employed

leading up to 1994. Furthermore, the unemployment rate has doubled, from 10 per cent to just over 20 per cent. In 1994, unemployment was estimated at 21 per cent (SADC 199/). It is estimated that there are now more than 100 000 unemployed (ibid.). The number of jobs created in the formal sector was high enough to absorb the increase in the labour force. The rising unemployment was largely due to a massive exodus from agriculture and the slowdown in job creation since 1991.

It is worthwhile also to have a closer look at the sector composition of the formal workforce (figure 3). In spite of mining being a major contributor to the GDP, its share of formal sector employment is very small (3.5 per cent). Government,

Figure 3 Sectoral share of formal employment 1995 (BNPC 1997b).

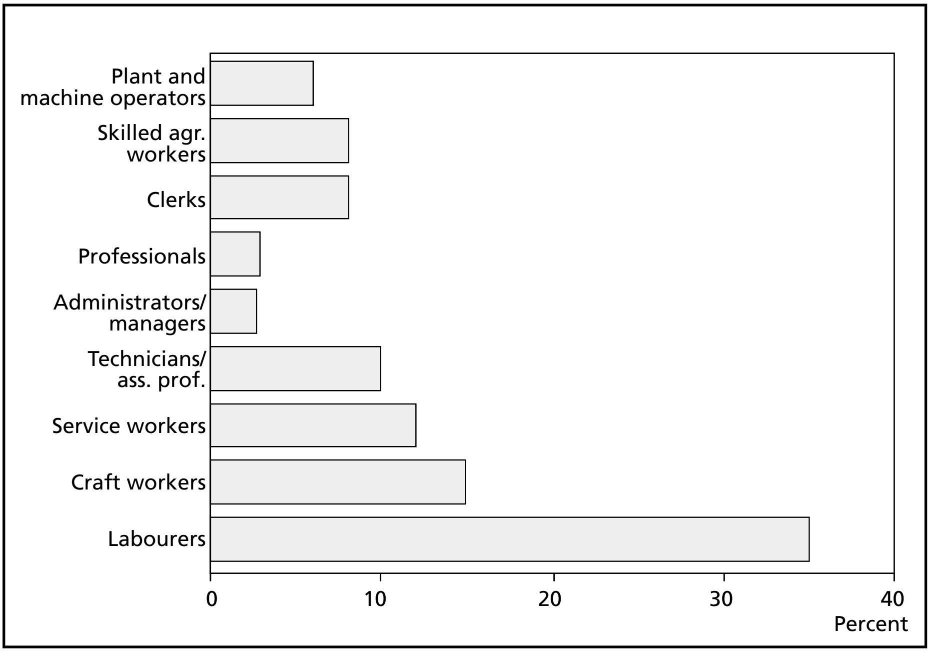


on the other hand, continues to be a major formal sector employer (38 per cent). Agriculture only absorbs 2 per cent of formal sector employment, approx. 4600 people. Yet, if we include the informally employed, part time and casual workers and those employed on lands, farms and cattle posts compensated in kind, the number is over 45 000.

The increased share of employment by Government taking place during the last 10 years is a trend that is not sustainable, and the aim of the National Development Plan, 8 (1997) is to restrain public sector employment during the next planning period.

Women generally show lower rates of participation in the labour market than men do (Stats Brief 1996). Yet, labour market information suggests that male paid employment has declined while female paid employment has actually increased during the recession years from 1991 to 1994. The bulk of the workforce – over one third of total employment – is made up of elementary occupations (Stats Brief 1998). Women account for the large majority of informal sector employment and a substantial number of these women are in self-employment in urban areas. Women in the formal sector are mostly in clerical, services and technical/associate professional occupations and constitute the majority (approx. 60 per cent) of the total employment in each of these occupations. Figure 4 portrays the employment structure of the workforce.

Figure 4 Employment structure of the workforce 1995/96 (Stats Brief 1998)



Some studies indicate that job security as well as "making a real contribution to the success of the organisation" are amongst the most important job factors in Botswana (Pfau, undated). Moreover, the power distance (i.e. between managers and workers) in working life has been argued to be amongst the largest in the world. Furthermore, while a majority prefers collectivism and consultative or participate styles of management, a majority of Batswana indicate that they work for either autocratic or persuasive/paternalistic managers.

4 Incomes, income setting and collective bargaining

Cash income accounts for 62 per cent of gross income compared to 18 per cent for income in kind (NDP 1997:24). Hence, the distribution of income as well as the mechanisms for setting income become important for the overall distribution of wealth and resources.

The state has previously played a substantial role in wage-setting in Botswana. The state has functioned as a benchmark for wage increases through the whole economy. The Incomes Policy between 1972 and 1990 linked the private sector and Parastatals to government wages. Wages in the private sector and parastatals were not to exceed those paid by government to comparable grades in the public sector. The objective was to stimulate job creation through wage restraints, but it had the opposite effect (Olsen 1995). Furthermore, the Incomes Policy inhibited the development of a bargaining system. By 1990, there was general recognition that the economic system that had served Botswana under economic growth, was no longer suitable for the challenges ahead (Olsen, ibid.). Following the recommendations of the Presidential Commission on Incomes Policy, major changes were introduced in Botswana's Employment Act and in the legislation that determined the regulation of trade unions and industrial disputes. Furthermore, the 1990's witnessed a dramatic change in trends in wages and salaries. The government still sets minimum wages (in consultation with the labour market parties). But the private sector is now able to set its own wages through collective bargaining. Furthermore, the National Employment Manpower and Incomes Council (tri-partite) has been created to advise government on economic trends and make recommendations on adjustments of wages in the public sector. There was a general wage freeze for government officials in 1994, while a general 8 per cent increase was decided (across the board) in 1995. In reality, the average monthly earning for all sectors increased by 3.1 per cent between 1993 and 1994 and 4.6 per cent in the 1994–95 period (SADC 1997).

Gross disparities in earnings are to be found between citizens and the expatriates. In the central government, for example, non-citizens earn approx. 250 per cent more on average than citizens. Table 2 indicates the proportion of expatriates employed in Botswana and the wage differentials between them and the Botswanans.

Wage levels amongst non-citizens in general are about 4 times higher than amongst the average citizen. The higher wage levels amongst non citizens reflects, amongst others things, higher education and management positions, but also points out an area which needs to be urgently addressed.

There is little accurate or comprehensive data on wage levels in the informal sector and in agriculture. Yet, surveys carried out in the 90's indicate that the majority of those working in the informal sector earn below the minimum wage. Incomes in agriculture can be estimated from production levels. The value of crops in the agricultural sector is estimated at P100 per month. The average yield of sorghum

Table 2 Wages by citizen status 1995 (Bank of Botswana, Annual Report 1997)

Citizens	
Private and parastatals	787
Agriculture	273
Mining and quarrying	1377
Manufacturing	648
Electricity and water	1311
Construction	593
Commerce	578
Transport and communication	1219
Financial services	1230
Community and personal services	776
Education	1666
Local government	803
Subtotal	719
Central government	998
Total citizens	873
Non citizens	
Private and parastatals	3455
Local government	2666
Sub total	3343
Central government	2646
Total non citizens	3300
Grand total	1023

would for example provide an average income of about P47 a month. Agricultural policy was originally aimed at achieving food self-sufficiency. However, the policy largely failed to increase production, came nowhere near self-sufficiency, and has subsequently been abandoned (BIDPA 1997).[7]

Altogether, about 50 per cent of the labour force are estimated to earn wages at or above the minimum wage level. Moreover, the minimum wage is not necessarily high enough to provide an income above the poverty line. While the minimum wage may be sufficient for a small household (one adult and one child), it is not for a larger household.

Market forces are increasingly becoming effective in setting wages in Botswana, a trend which is now also supported by the Government. Moreover, while minimum wages will continue to be set by the Government for sectors where the possibilities for exploitation are considerable, collective bargaining will otherwise determine wage levels and trends. The NDP (1997), reflecting Government policy, argues however that Parastatals will continue to be allowed to vary within limits established by Government". Parallel progression has been established within Government, mainly for professionals and technical positions, "so as to remove the bias against advancement along professional lines in favour of administrative positions" (NDP 1997:93).

Tri-partite National Employment, Manpower and Incomes Council (NEMIC) has, as mentioned above, been established. NEMIC, amongst others, approved the Ministry of Labour's Code of Conduct for industrial relations (National Industrial Relations Code of Practice) in July 1994, the purpose of which is to give practical guidance to the day-to-day implementation of "fair labour practice", underlining the need for trust in the workplace as well as collective bargaining.

The public sector remains a problematic area in terms of industrial relations, unionisation and bargaining. The law prohibits unionisation in the public sector. The procedure for dispute resolution in the public sector deals with individual, and not collective grievances. Yet, there are clear signs that changes will occur when it comes to labour law applying to public sector employees. The Public Service Association (with about 26 000 members) is therefore in the process of investigating how it can turn its organisation into a trade union.

[7] The government poured millions of Pula into the agricultural sector with no tangible results. The policy of food self-sufficiency was replaced with policies of food security.

5 **Labour relations and the social partners**

The Botswana Federation of Trade Unions has about 18700 paid up members in 21 affiliate unions. The membership corresponds to approx. 6 per cent of formal sector employment. The strongest union is the Mine Workers' Union. The BFTU is weakened by low membership and by large, competing, independent unions (previously affiliates of the BFTU) like the Manual Workers' Union[8] and the Commercial Workers' Union. For the BFTU to run a union movement with hardly any manufacturing workers has its clear limitations.

Yet, there are additional legal barriers which make it difficult for the union movement to operate independently and efficiently. It is prohibited by law, for example, for union officials to be employed on a full time basis. Furthermore, strike actions are restricted. It is difficult for new unions to get registered and unregistered unions can not operate. Collective bargaining rights are relatively limited in practice with few employers recognising the unions. Finally, up until 1997the government had ratified only a limited number of ILO conventions, although 1997 saw the ratification of all the Core ILO Conventions, including the Conventions on the right to organise and the right to bargain (87 and 98) as well as the Convention on the right to organise in the civil service (No. 151). Now all the provisions of these Conventions need to be followed up in national legislation.

BOCCIM, the Employers Federation in Botswana, organises about 1500 companies, in both the private sector and amongst parastatals. The number of employees employed by BOCCIM member companies is approx. 70 000. BOCCIM organises all companies with more than 100 employees, and a rough estimate of 60 per cent of those with between 50 and 100 employees, while a large number of micro enterprises are unorganised.

On industrial relations, Botswana recorded only 8 cases of industrial action, involving 719 employees and 7167 man-hours lost in 1993 (SADC 1997). In 1995, industrial action has increased to 10 conflicts, involving 2940 employees and 72 449 man-hours lost through strike (ibid.). Yet, there are indications that there are further conflicts simmering under the surface, with large numbers of workers stating that they work for autocratic/paternalistic managers and that they would prefer management strategies underlining consultation, collectivism and some degree of worker participation (Pfau, undated). Likewise, large numbers of employees argue that poor industrial relations and bad management styles help explain the poor performance of Botswana's companies (BNPC 1997).

[8] The Botswana Amalgamated Local and Central Government and Parastatal Manual Workers Union

The Industrial Court was established in 1994 and under the same year, 40 trade union disputes were referred to the Court of which 22 were decided upon. In 1995, there was an increase in the number of cases reported at the Court, with 118 cases being reported and 84 being decided upon.

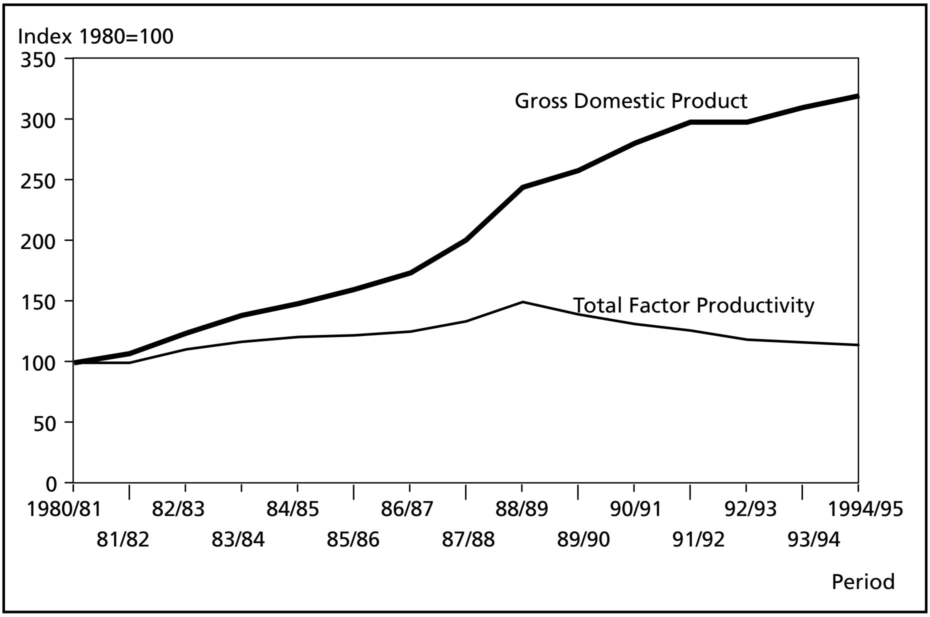
Consultative tripartite structures have been established with both the National Employment Manpower and Incomes Council and the National Advisory Board for Apprenticeship and Industrial training. These bodies have met three times a year since being established in 1993. The Labour Advisory Board and the Minimum Wage Advisory Board met once every year in the same period (SADC 1997). Yet, these tripartite structures still have to find their form as real decision-making and/or consultative bodies with the influence that the partners hope for.

6 **Challenges in the future**

A major goal, and at the same time a challenge, for the Botswana government is to continue to diversify the economy. While the principal growth sector in the past has been mining, mainly diamond, and on that basis a growth in general government, it is unlikely that any significant strong growth in the mining sub-sector will continue. Government expenditure growth will therefore also have to be restrained. It will be necessary to accelerate the growth in non-mining sectors and develop a whole range of new private sector activities. Moreover, there are strong indications that productivity in these non-mining target activity sectors is too low. Possible engines of growth have been identified such as tourism, other manufacturing (textiles in particular) and financial services, yet these sectors also need to become more profitable and viable, utilise resources already available in the country, and build linkages, infrastructure and networks amongst themselves (NDP 1997).

The performance to date with regard to productivity is a source of concern (BNPC 1997). Macroeconomic indicators reveal that the rapid economic growth experienced by Botswana, which made it the envy of sub-Saharan Africa, is in a sense deceptive; being more the result of increasing the input of resources into the economy rather than utilising them more productively. In fact productivity growth has lagged far behind economic growth. Figure 5 indicates economic growth and productivity developments in Botswana between 1980 and 1994/95 (BNPC 1997). If this state of affairs continues then the national objectives of sustainable development will not be realised since such growth in itself is not sustainable. Total Factor Productivity (TFP) reflects the country's ability to create wealth on a sustainable basis. Growth in TFP will flow from, inter alia, investments in human capital,

Figure 5 Economic growth and total factor productivity (BNPC 1997)



improved technology, better management systems, optimal resource allocation, and positive relationships between labour and management (BNPC, ibid.).

Vision 2016, with Botswana's eight Development Plans, was launched by the government in order to mobilise for higher growth. One of its main themes is Sustainable Economic Diversification. The thrust of the Plan is to use the resources from mining and finances to develop and expand the manufacturing sector, increase productivity, maintain the reform and privatisation of state-owned enterprises and expand export markets. Manufacturing and agro-processing form the key to job creation. As part of the plan, the government is in the process of expanding vocational and technical education and of reorienting methods in favour of competency based techniques. Botswana offers financial incentives to both local and foreign investors in certain economic areas. In addition to the more usual investment incentives such as tax holidays and remissions on import duties, the Financial Assistance Policy provides grants for capital and training of unskilled labour to businesses involved in import substitution, export promotion and job creation. Botswana, with its uneven distribution of income and historically weak bargaining systems, may also need to address the building of new institutions in the labour market in order to confront the challenges of productivity and growth in the future. Building strong, viable labour markets requires strong institutions and social partners that are able to carry forward the transformation process.

Appendix 4 **Labour markets in Zambia**

1 **Background**

100 years ago, white control was asserted by Cecil Rhodes' British South Africa Company (BSAC) over what is today the country of Zambia. The BSAC won concessions from African chiefs who granted the company rights to administer and mine vast stretches of country. Company claims were consolidated into two protectorates, which were united in 1911 to form Northern Rhodesia. Nothing much was done in the beginning to develop the great mineral wealth until the 1920's, when the enormously valuable assets were discovered on what is today named the Copperbelt. The new mines were immensely profitable, but the profits were taken out of the country and spent on, amongst others things, building up the city of (today's) Harare. The little that remained inside the country was spent on the white settlers. The Federation of Central Africa between Northern Rhodesia, Nyasaland (Malawi) and Southern Rhodesia (Zimbabwe) was established in the 1950's, but was short-lived.

The stark inequalities, combined with the repression of political rights sparked off an increasing internal opposition. England finally accepted that African independence was inevitable and the Central African Federation was broken up. Elections were held in "Northern Rhodesia" in 1964, which UNIP won and Kenneth Kaunda became the first president of independent Zambia. Zambia had been only a milking cow for the Federation and what they inherited at independence was a completely underdeveloped country, with little infrastructure and low skill levels. Zambia was at that stage one of the worst educated countries in Africa, with only seventy university graduates at independence (Weeks & Mosley 1998). It has been estimated that in the 10 years up to independence, 100 million British Pounds has been taken out of the country (Adler 1997). Zambia was, furthermore, heavily dependent upon imports of electricity, coal, manufactured goods and labour skills from the white settler countries at the time: Rhodesia and South Africa.

2 **Independence**

As a result of the importance of mining and the role of the white settler population, Zambia had labour force characteristics which were somewhat uncommon in the Sub-Saharan region (Weeks and Mosley 1998). Large-scale agriculture provided the bulk of commercial production of food crops as well as exports, accompanied with a substantial amount of rural wage employment.[1] Yet, agriculture's contribution to GDP was relatively low and the industry's share much higher. At independence, Zambia inherited to a large extent a mono economy based on the production and export of copper. Against this background, Zambia embarked upon a process of nationalisation and import substitution at independence in order to stop, amongst other things, the export of capital. If redirected, these revenues could redress the legacies of colonialism, and finance the start-up of state-owned companies in order to diversify the economy (Adler 1997). Nationalisation finally led to state ownership of more than 80 per cent of the economy. For a time, this led to some diversification of the economy and a substantial welfare system being built up (ibid.). Kaunda's "humanism" was to bring health, education and housing to all! Education was made compulsory and health services were provided free of charge. On this basis, illiteracy rates were reduced from 70 per cent at independence to 47 per cent in 1980 and to 33 per cent in 1990 (Duncan 1996). Zambia is today said to be a "nation of well-educated poor people". Yet, while funds were channelled into social programs, this happened to some extent at the expense of industrial and commercial development.

Zambia thereafter suffered one of the greatest and most rapid economic declines in Southern Africa from the beginning of the 70's. While having been one of Africa's most buoyant and wealthy countries at the time of independence,[2] Zambia in the middle of the 80's had ended up amongst the poorest. After independence, Zambia relied upon incomes from copper exports to finance its development programmes in industry and agriculture. Yet, to a large extent, the vulnerability of the economy to external shocks was overlooked. As a result, the collapse of copper prices, which coincided with an enormous increase in world market oil prices in 1973–74 shattered the economy; GDP is estimated to have declined by 30 per cent between 1975 and 1990 (Southern African Economist, June 1990).

[1] As a consequence of the importance of white agriculture, which continued after the end of British rule, was a distribution of land considerable more unequal than in virtually all other Sub-Saharan countries (Weeks & Mosley 1998).

[2] The resources and profits had however, as earlier mentioned, to a large extent previously been exported.

The underlying structural problems of the Zambian economy were related to a large and wasteful state sector, inefficient agricultural production and an unsustainable policy of food subsidies. Furthermore, in spite of large resources put into schooling, Zambia continued to experience severe skill shortages, which were filled on a short-term basis by expatriates (Weeks & Mosley 1998). The skill shortages functioned as a deterrent to investment and growth and helped to produce the relatively high wages for those few with access to formal sector jobs. The traditional agriculture sector was also hampered by pricing policies that lowered the incentives for farmers who for many years remained poor, with low technology and an inability to provide an effective "backward linkage" stimulus to local industry (Weeks & Mosley 1998). The combination of low traditional sector wages, high modern sector wages and astronomical expatriate incomes contributed to one of the most unequal distributions of income in the world.[3] Finally, the government's commitment to the liberation struggles in Rhodesia and apartheid South Africa made Zambia a target for military attacks and economic destabilisation by these regimes. Economic hardships also spilled over into Zambia through the international economic sanctions imposed on Rhodesia and South Africa. However, as the economic crises were considered temporary by the Zambian leadership, structural alterations were not perceived as necessary (Callaghy 1991). In 1973, however, the Zambian government was forced to take up its first loan from the IMF.

After 1976, Zambia increasingly took up loans from the IMF, which were matched by increasingly stringent conditions. The conditions called for a major restructuring of the economy by dismantling parastatals, reducing the public sector, increasing agricultural production and decontrolling the currency. By the mid 80's, however, the government and the IMF agreed to implement a more comprehensive structural adjustment package. The reform proposals of the World Bank and the IMF focussed on the abolition of food subsidies to the urban population and an increasing agricultural production by promoting small-scale farming and offering better prices to farmers. However, the political prize of such proposals would also be high in a country where more than 50 per cent live in urban areas and where labour interests were promoted by strong unions. None of the reforms had met with durable success, due to, amongst other things, the continued dependency on copper. When the reduction of maize subsidies caused copper belt riots and the death of 17 people in 1987, President Kaunda abandoned the reform programme. The announcement that Zambia would follow its own New Economic Recovery Programme was met by the withdrawal of the major bilateral donors (who by now had tied their support to a letter of agreement with the World Bank and IMF), and

[3] Zambia had for example lower rural incomes than Zimbabwe, but simultaneously higher modern sector wage levels (Weeks & Mosley 1998).

the of funds from international finance institutions.). After two years on its own, Zambia was forced to invite the international finance institutions back with a new restructuring programme and increasingly harsh terms on copper.

3 **The democratic 1990's**

In 1991, the Movement for Multi-party Democracy (MDM), an opposition drawn from a broad coalition of trade unions, business interests, intellectuals and students, won an overwhelming electoral victory over the single legal party for 17 years, the United National Independence Party (UNIP). The new government inherited an economy in serious troubles ranging from high and unstable rates of inflation, balance of payments' difficulties, huge external debts, declining real GDP and capital formation, a high level of unemployment and high levels of poverty. Table 1 shows some selected macro-economic indicators for Zambia portraying the challenges they were confronted with in 1991 and the developments thereafter.

The MMD committed itself to implementing an economic austerity programme, fully embracing the IMF/World Bank structural adjustment programme (SAP). The measures taken after 1991 were financial liberalisation, trade liberalisation, removal of subsidies, cuts in the public sector and privatisation of state enterprises. The new government steamed ahead with its process of economic liberalisation. On this basis, at least 60 companies have closed in Livingstone alone since 1991. The new government promised that the money saved by removing subsidies would be used to improve social services, but this has not come through.

Table 1 Selected economic Indicators for Zambia (Muneku 1996:2 & ZCTU 1997b:2 & ZCTU 1997c:2)

	1970	1980	1986	1990	1991	1992	1993	1994	1995	1996
Real GDP growth (%)	7.1	0.1	0.9	-0.43	-0.35	-1.7	6.8	8.6	4.38	6.4
Annual change in consumer price index (Periodic average)	6.1	15.2	54.8	109.6	93.4	165,1	183.8	54.6	34.9	43.1
External debt USD billion)	0.01	0.068	0.3	6.6	7.1	6.95	6.8	6.2	6.38	6.57
GDP per capita USD	417	682	257		350	307			250	
Population growth rate	3.1				3.5					

In addition, the Central Statistical Office in 1992 estimated that 54 per cent of the population was rural, with an average monthly expenditure of only USD 5,34. Zambia is one of the developing world's poorest, least developed and worst indebted countries. At least 68 per cent of the population is characterised as poor (83 per cent of those living in rural areas), while other estimates show that 84 per cent of the population is poor (CSO, ZCTU 1997b). The average Zambian lives under the poverty datum line (Duncan 1996:8).

There is a significant high level of intra-community non-cash commodity transfers and finally very high levels of malnutrition and childhood diseases (Muneku 1996). One in five children die before the age of 5 (Duncan 1996). The HIV prevalence is staggeringly high and estimated at between 15 and 25 per cent of the adult population. Similarly, one experiences increased problems with malaria, and the rise of new or previously controlled diseases and epidemics. After reaching a peak of around 54 years in the mid 1980's, by 1992 the average life expectancy of a Zambian was only 45,5 years. Official unemployment rates, which in 1986 levelled at 13 per cent, had reached a minimum of 22 per cent in 1991. But in fact, *formal* employment as a percentage of the labour force had decreased from 24 per cent in 1980 to 10 per cent in 1990 (World Bank 1994). Many of the social improvements of the first two decades after independence have now been lost (Duncan 1996). It is estimated that about 122 500 new young jobseekers enter the labour market every year without finding employment (Muneku 1995). The performance of the economy in the 90's has also not been impressive and the 90's were marked by a decline in the standard of living.

Analyses of household survey data show that poverty in Zambia is associated with four overall factors: low quality and quantity of human capital, limited access to productive assets, lower returns on assets, and limited ability to adjust to changes (World Bank 1994, Duncan 1996:54). At present, Zambia's external per capita debt is estimated at USD 700 (ZCTU 1997b). Furthermore, other challenges are exemplified by Zambia being the second most urbanised country in Sub-Saharan Africa (after South Africa), with a little under half the population living in urban areas (Duncan 1996). Finally, the distribution of wealth in Zambia is also one of the most unequal in the world. Seventy per cent of the population receive 16 per cent of the income, while 10 per cent of the population enjoy 50 per cent of total national income (Duncan 1996:85).

In 1996, the second general elections were marked by far more conflict and far less support from the international community. The parliament's passing of a constitution, which effectively banned Kenneth Kaunda from contesting the elections, became the crucial event in long chain of events leading to international donors' decision to withhold economic aid.

Despite at least a partial success in the implementation of its economic reform programme, Zambia's enormous foreign debt still makes the country dependent upon public development assistance in order to cover its balance of payments needs. The supply response to the economic changes has been limited in terms of foreign private investments, growth, job creation or reduced levels of poverty.

4 The labour markets anno 1997/98

Zambia has a young labour force, with persons between 12 and 34 accounting for 54 per cent of the total labour force (ZCTU 1997b). Furthermore, it is believed that about half of all children of primary school age are not in school (Duncan 1996:41), which will have clear implications for the possibility of capacity building, training and restructuring of the labour markets in the longer term. Thirty-three per cent of people over 15 years were considered illiterate in 1990.

The farmers were supposed to be the main winners of the economic restructuring process in Zambia due to the perceived biased redistributional measures in favour of urban areas which had prevailed previously. However, the size of production of the various sectors must be emphasised. There are 650 commercial farms in Zambia. About 150 000 farmers are then defined as emerging farmers; the remaining 450 000 agricultural producers are so-called subsistence farmers who do not produce for markets, but for trade in the village. Under the Kaunda regime, the government had given out fertiliser and a guaranteed market to the subsistence farmers (through the Zambia Co-operative Federation) and this assistance has now been discontinued.

By December 1995, 120 state owned enterprises had been sold to private interests and in 1997, over 200 out of about 326 parastatals have been sold. There are no limitations or any conditions upon what kind of investors the government wants to attract, or any attempts to maintain some of the assets in the hands of nationals. Furthermore, there are no limitations as to capital exports from profits of these acquired companies, nor is there any strategy as to what kind of companies that the government wants to sell. A large proportion of the privatised companies seems to have been taken over by multinational companies, although little information has been given out by the government as to the proportion of Zambian and international companies taking over these companies. In some cases, however, these new companies are companies which had been nationalised years ago, now recovered by their old firms.

Table 2 Employment trends 1986 to 1993 (Muneku 1995)

	1986	1987	1988	1989	1990	1991	1992	1993
Pop. (millions)	6,6	6,8	7	7,2	7,4	7,6	7,8	8
Labour force (millions)	2,7					3,2		3,5
Employed labour force (millions)	2,4					2,5		
Unemployment rate (%)	13					22		
Formal employment ('000)	527	530	533	541	527	539	534	512

Most affected by the liberalisation process are those thousands being employed in parastatals, now in danger of retrenchments. A minimum of 6000 have been retrenched thus far, as a result (ZCTU 1997b). Yet, even the civil service is under continuos restructuring. The government intends to cut employment in the public service. In 1993, the public service was estimated at about 180 000, comprising approx. 75 000 civil servants, 26 000 local authority employees, 45 000 non-joint council employees and 34 000 classified daily employees (Muneku 1997b). According to government plans, 3000 civil servants were to be dismissed each year between 1994 and 1996. However, the high cost of redundancy packages and the reactions and strike actions from the public sectors, have made the government postpone its plans. Altogether, privatisation is estimated to have cost some 6000 retrenchments thus far (Muneku 1997).

Zambia is characterised by high levels of unemployment and underemployment. Table 2 demonstrates employment trends between 1986 and 1993.

The labour force in 1997 is estimated to be close to 4 million. Unemployment, as well as the informal sector, has exploded over the last few years. In the early 90's, it was estimated that approx. 122 500 young people entered the labour market every year without any hope of finding employment (Muneku 1997b). In 1997, the situation has deteriorated.

The Labour Commissioner estimates the formal sector employment to be distributed as shown in table 3. Moreover, the informal sector is estimated to have reached a minimum of 2,4 million people in 1996, while the formal sector absorbs less than 500 000 people. The major bulk of the service sector will be constituted by the civil servants/public administration (SADC 1997).

The vital sectors of agriculture, mining and manufacturing record negative growth rates in the 90's. The decline in the agricultural sector of approx. 20 per cent has affected the income of the majority of the population which obtains its livelihood from agriculture. Table 4 shows the sectoral performance in the economy in the 1990's

Table 3 Estimated number of people employed in industry and services in the formal sector (Source: Labour Commissioner Sept. 1997)

Industry	1995	1996
Agriculture, forestry and fisheries	69 100	70 600
Mining and quarrying	52 200	47 000
Manufacturing	55 700	54 000
Electricity and water	5 100	4 400
Construction	10 500	10 500
Distributions, restaurants and hotels	41 400	42 200
Transport et al	36 500	35 600
Financial services	41 900	39 800
Community, social and personal services	172 600	164 500
Total	485 000	468 900

Table 4 Gross Domestic Product by sector (Real Growth rate) (Muneku 1996:3)

Sector	1990	1991	1992	1993	1994
Agriculture, forestry and fishing	8.9	5.2	-33.1	79.6	-19.8
Manufacturing	-7.3	-9.0	12.8	-9.1	-12.7
Electricity, energy and water	7.8	0	8.5	-5.4	-12.1
Construction	17.8	8.5	-5.4	3.5	9.6
Wholesale and retail	-1.1	-1.3	-5.3	3.3	8.1
Restaurants and hotels	-3.3	-1.8	-6.6	1.3	1.0
Transports and communications	17.3	-9.8	60.7	3.6	2.2
Finances	7.4	-4.9	-12.9	5.8	10.2
Real estate and business services	1.7	1.7	-4.6	-9.8	14.0
Community, social and personal services	-5.2	-2.5	4.3	3.1	3.1

The decline in economic activity has had a corresponding decline in formal employment. Formal sector employment has declined by about 2 per cent per year (ibid.). At the same time, however, the informal sector has been regarded as having a growth potential. Such activities are small-scale manufacturing, etc. while other informal activities like street vendors etc. have been regarded as of less value to the economy.

5 **Wage settings**

Zambia has had no wage policy since the scrapping of the Prices and Incomes Commission.[4] The collective bargaining process continues to be the common institution in the setting of wages, particularly among unionized workers. Collective bargaining is still done at both industry and enterprise levels, although with the deregulation of the labour market, there is an increasing shift by employers to favour enterprise collective bargaining.

As seen above, nominal wages have been increasing over the years. In 1993 public service workers received wage increments of 142.2 per cent for the lowest paid and 103.5 percent for the highest paid worker. The miners received increments of 112.4 percent for the lowest paid and 79.7 percent for the highest paid worker. Meanwhile the annual rate of inflation in the same year reached a record peak of 191.2 percent and the loss of real wages was accordingly high. All in all, workers have experience deteriorating conditions. Essential foodstuffs have become extremely expensive and inflation has rocketed (Adler 1997). While in 1991, a 25 kg. bag of mielie miel cost 250 kwachas, in 1996, the same bag cost 18 000 kwachas, an increase of 720 per cent (ibid.). Over the same period, the value of the kwacha had declined by 32.5 per cent (Adler 97). Zambian wages last only three of four days of every month (ibid.).

The ZCTU (1997) has proposed a living wage and a poverty datum line of K 224 875 per month (approx. USD 173), which would be the necessary income level in order for a household of 6 to survive. This has been met with fierce resistance from employers and the government. The textile and clothing sectors seem to be among the few that go along with the poverty data line suggested by the ZCTU, while the mining sector is the highest paid sector. Moreover, the average earning in the formal sector is estimated at being USD 42.

The government and employers continue to argue that wages are too high and that a wage restraint policy is desired. The trade union movement argues that it will be misleading to take nominal wages as a measure of worker well being without considering the real wages. Though nominal wages have in the past increased, the situation is not the same for real wages. Table 6 tries to prove the case using data derived for table 5 (see the next page).

Table 6 (see the next page) shows that while nominal wages have increased over the years under review real wages have actually declined. Again, looking at 1993, real wages for public service workers declined by 16.18 percent for the lowest paid and 29.56 for the highest paid worker. In the same year real wages for miners declined

[4] This section on wage policy is based on Banda & Muneku 1996.

Table 5 Wages in public service -public Sector and ZCCM-Mining sector (Banda & Muneku 1996)

Nominal wages per annum (K)	1992	1993	1994	1995
Public service workers				
Classified employees:				
Special grade	124 044	318 996	423 360	550 332
General worker	117 096	283 668	379 800	493 740
Industrial employees:				
Grade 1 Skilled	21 1764	431 136	565 524	735 216
Maintenance fitter	17 0652	413 316	542 088	704 712
Trade tested workmen:				
Grade 4	147 324	361 524	480 348	624 828
Grade 9	122 184	296 004	393 300	511 296
ZCCM-Mining sector				
Unionised employees:				
Grade 1 skilled technical	61 3716	1102 896	1378 620	2090 064
Grade 4 skilled clerical	437 820	856 644	1070 808	1674 516
Grade and unskilled general worker	336 396	714 648	893 316	1434 900
Consumer price index (1985=100) 1975 weights	9590.6	27718.0	42209.2	58409.4

SOURCE: CSO, Collective Bargaining Agreements National Union of Public Service Workers and Mine Workers Union of Zambia/ZCCM 1992–1995

Table 6 Real wages in public service-public sector and ZCCM-Mining sector (Banda & Muneku 1996)

Nominal wages per annum (K)	1992	1993	1994	1995
Public service workers				
Classified employees:				
Special Grade	1293.39	1150.86	1003.00	942.19
General worker	1220.95	1023.41	899.80	845.31
Industrial employees:				
Grade 1 skilled	2208.04	1555.44	1339.80	1258.72
Maintenance fitter	1779.37	1491.15	1284.29	1206.50
Trade tested workmen:				
Grade 4	1536.13	1304.29	1138.02	1069.74
Grade 9	1273.99	1067.91	931.79	875.37
ZCCM-Mining sector				
Unionised employees:				
Grade 1 Skilled technical	6399.14	3978.99	3266.18	3578.30
Grade 4 Skilled clerical	4565.09	3090.57	2536.91	2866.86
Grade 8 Unskilled General worker	3507.56	2578.28	2116.40	2456.63

by 26.49 percent for the lowest paid and 37.82 percent for the highest paid. This implies that the worker was worse off in 1993 than he was the previous year.

The situation for the majority of Zambians who are in the lower income brackets can not be any better. The purchasing power of the Kwacha has fallen and the quantity of goods one Kwacha could buy in 1985 needed one hundred Kwacha in 1992. The per capita GDP has declined, therefore, and the basket of goods available to the Zambians likewise. The trend in the development of nominal and real wages in Zambia continues to be determined by three key factors. These are:

- the domination of the formal employment sector by the public and parastatal sectors, which, between them, provide around 75 per cent of wage employment *thus assuming* the role of wage leaders
- the absence of a comprehensive national wage policy
- the current economic reform measures being implemented under the IMF and World Bank Structural Adjustment Programmes which have the explicit objective of reducing real wage levels of wage earners as a means of containing the so called excessive demand.

Another notable development in the industrial relations arena was the impasse in wage negotiations in the public sector. This affected wage negotiations in other sectors of the economy as the public sector played the role of wage leaders. Other sectors only decisively negotiated after knowing what the public sector was offering.

However, the situation was worse for workers in the local authorities, as many of them had to go for months without payment of wages. Some local authorities had not paid its workers for periods of up to 14 months. This was clear evidence of the re-surfacing of slave labour only known in ancient times.

The ZCTU studies (1996 and 1997) also revealed the existence of wide wage differentials between industries, sectors and within the enterprises. Wage differentials of up to 50 to 70 percent were common between industries, sectors and within the enterprises.

The tax brackets under Pay-As-You-Earn still remain a burden on the low-income earners who apparently end up in the same income brackets as those with high income. It is common to find the Chief Executive of the Company in the same tax bracket with the lowest paid worker (Cleaner or Messenger). On the whole the formal sector worker remains the most adversely affected by the current economic problems facing Zambia. The number of formal sector jobs declined drastically during the 80's and early 90's.

6 Labour relations and labour market institutions

The Zambian Congress of Trade Unions (ZCTU) was formed in 1965 in succession to the former Trade Union Congress. The union movement had tried to distance itself from the government and the ruling party from the beginning so as to avoid the fate of other organisations which had been incorporated into the regime. Yet, to some extent there was also some unity in the 60's between the trade union movement and the UNIP, which was, at that stage, considered the most progressive political party.

The Zambian unions have a long history of political engagement and struggle. First, they (The United Trade Union Congress) sided with Kenneth Kaunda in the early 60's in the struggle for independence. And in 1986 and 1987, the ZCTU spearheaded a massive protest against structural adjustment and Kenneth Kaunda's dictatorship. By 1990, it had broken with UNIP to become the driving force behind the mass democratic movement, the MDM (the Movement for Multiparty Democracy). The Mine Workers' Union has had particular strength in this politicisation process.

The trade union movement had also had an established basis in Zambian labour markets and regulation. The 1965 Labour Relations Act for example explicitly mentions the ZCTU and the Zambian Federation of Employers (ZFE) as the representatives of workers and employers respectively. The government also consciously strove to implement a "one union per industry" policy. On that basis, a number of unions merged, reducing the number of unions from 24 with a membership of about 100 000 in 1964 to 18 unions and a membership of 111 824 in 1967. In 1973 the number of members had increased to 184 000. In another area, the Industrial relations Act from 1971 introduced a check-off system to collect dues from members directly off their pay roll through the employers. This again strengthened the unions considerably. In 1994, the ZCTU had a membership of around 165 000, but was considerably weakened by the disaffiliation of 5 unions, amongst them the Mine Workers' Union and the Financial Institutions and Allied Workers' Union. Two of these unions had, by 1997, come back to the ZCTU and there are positive signs that the others will follow. The privatisation of the mines is, amongst other things, expected to stimulate the return of the mine workers. Altogether, the ZCTU and the disaffiliated unions were estimated to have a membership of about 260 000 in 1994 (Akwetey 1996).

The Structural Adjustment Programs, privatisation and retrenchments have altogether had serious effects on unionisation in Zambia. Prior to the liberalisation and deregulation of the labour market, the unionisation rate in the formal sector was over 90 per cent (Banda and Muneku 1996). However, with the liberalisation and deregulation of the labour market, this changed. Now it was no longer obligatory for the employer to recognise the trade unions (ibid.). Furthermore, workers are becoming sceptical about the need to belong to trade unions if jobs can be lost in spite of union protection. Employers increasingly refuse to recognise trade unions and often favour individual contracts as opposed to collective contracts. Unions with little capacity to organise, lost out on potential and existing membership. Table 7 shows the trends in trade union membership from 1986 to 1995.

The trade unions are now trying to organise the informal sector where more and more of their members are being absorbed. However, due to constitutional limitations this has not been possible. Attempts to have the ZCTU constitution amended to encompass the informal sector are still being delayed by government (ibid.).

Table 7 Trade Union membership 1986–1995 (Banda and Muneku 1996)

Name of Union	1986	1990	1994	1995
Mine Workers Union of Zambia	45 867	58 808	52 058	48 000
National Union of Commercial and Industrial workers	28 000	27 000	26 000	18 000
National Union of Building Eng. & Gen. Workers	35 000	25 000	14 310	11 000
Guards Union of Zambia	8 000	13 000	8 000	10 000
National Union of Communication Workers	5 000	6 319	6 494	5 547
National Union of Transport and Allied workers	9 000	7 592	7 896	5 500
Zambia Local Authorities Workers Union	24 000	24 000	22 626	22 000
Zambia Electricity & Allied Workers Union	4 200	6 600	3 600	4 000
Zambia Union of Financial & Allied Workers	7 100	11 754	10 116	7 000
Airways & Allied Worker Union of Zambia	10 234	8 858	3 010	2 800
University of Zambia & Allied Workers Union	2 748	2 794	5 075	5 000
Zambia National Union of Health & Allied Workers		1 219	5 030	6 000
Zambia Typographical Workers Union	1 400	1 509	2 500	2 000
Railways Workers Union of Zambia	10 234	10 000	8 501	6 000
National Union of Plantation & Agriculture Workers	10 143	16 674	18 332	16 000
Hotel Catering Workers of Zambia	8 000	7 000	6 840	5 000
Zambia National Union of Teachers	25 000	36 230	48 000	52 000
Civil Servants Union of Zambia	33 000	28 000	29 001	29 000
National Union of Public Service Workers	82 025	65 610	35 000	35 000
Zambia Union of Journalist	–	–	300	300
Bankers Union of Zambia	–	–	–	1 000
Secondary School Teachers Union of Zambia	–	–	–	2 600
Zambia Revenue Workers Union	–	–	–	2 000
Total	348 960	357 967	312 389	29 574

Table 7 also confirms the correlation between poor sectoral performance and the decline in union membership. The worst affected sector is mining where membership dropped from 52 058 in 1994 to 48 000 in 1995. In manufacturing and related industries, represented by the Commercial and Industrial Workers' Union, membership dropped from 26 000 in 1994 to 18 000. The same is true for the construction sector. The energy sector, and particularly electricity, recorded on the other hand an increase in membership. The Transport sector shows a drastic fall in membership that is attributed to the winding up of the state owned air and road transport enterprises, employing workers that the union had no difficulties in organising (ibid.).

The Zambian Federation of Employers (ZFE) is the organisation, which represents all employers in the country, parastatals and private companies alike (but excluding the public sector and civil servants). The ZFE focuses upon training, presentations to the government for example on the national budget, and representing employers in the tripartite bodies etc. The federation is not directly involved in bargaining, but assists the members if necessary and especially so in arbitration cases in the Industrial Court, etc. While there exist other organisations for trade and commerce, the ZFE is mainly involved with industrial relations issues.

The responsibility for labour is under the Ministry of Labour and Social Affairs. The Department of Labour has 20 field offices around the country under its responsibility, the Public Employment Services and is also responsible for labour inspection.

The ZCTU has had problems responding to the new political and economic climate. Workers on the ground have however, met the new conditions of retrenchments, deteriorated working conditions and government reluctance to pay severance packages, with militant, although uneven responses (Buhlungu & van der Walt 1997). Workers in the civil service in Mufumbwe local council embarked on a two-month strike, as did civil servants in Livingstone in 1995. The national Civil Servants' Union of Zambia went on a week-long strike in 1996; retrenched work-

Table 8 Mandays lost in strikes 1991–1997 (including July 1997)

	No of strikes	No of workers Involved	Mandays lost
1991	102	31 778	258 061
1992	91	25 658	110 713
1993	48	33 358	699 620
1994	14	15 474	65 058
1995	29	9 661	93 591
1996	41	41 690	428 513
1997 (incl. July)	24	14 448	50 237

ers have in many instances organised protest actions demanding their severance packages, while a number of other militant stand-offs have also occurred (ibid.).

Strike action has been relatively high during the 90's according to information supplied by the Zambian Labour Commissioner. The majority of conflicts have occurred over wage demands. The civil service has been the most militant actor in most of these conflicts, except for the 1993 strike wave when also the manufacturing sector and other services took part in strikes.

Several tri-partite bodies have been established for consultation between the social partners on economic policy, labour market policy, etc. These are the Tripartite Consultative Labour Council, the Economic Advisory Council and the Board of the Zambian Privatisation Board. In the TCLC, for example, each of the parties is entitled to an equal vote. However, the TCLC has no permanent secretariat, nor does it have any statutory right to review legislation. Its role is merely advisory, while it is up to the government whether to follow the advice of the institution or not (Adler 1997). In practice, it has ended up as a channel, used by the government, to inform the social partners. It meets at the convenience of the Ministry of Labour, and in 1996 it met only once. Both labour and employers therefore feel that the TCLC should be strengthened and made into an institution of real power, where negotiations lead to binding decisions.

7 Labour market regulation

Prior to the MMD government came into power, the Zambian labour markets were highly regulated. Most prominent amongst the regulatory instruments, were:

- The Labour and Industrial Regulations Act (1990) (Chapter 269 of the laws of Zambia)
- The Employment Act (Chapter 268 of the laws of Zambia)
- Zambia National Provident Fund – National Pension Scheme Act (1996)
- The Prices and Incomes Commission (1983)
- The Minimum Wage Act

The MMD government took a number of steps in order to liberalise the labour markets. The Prices and Incomes Commission was set up in 1983 in order to ratify, amongst other things, collective agreements by employers and unions. The MMD government scrapped the Commission. The National Pension Scheme Act on the other hand was passed by Parliament in 1996 as a transformation of the old Provident Fund Act. The scheme will apply to all formal sector workers and contributions will be made by both employees and employers (contribution levels still to be decided).

The Labour and Industrial Relations Act was amended in 1993, and replaced by the Labour and Industrial Relations Act. The whole labour legislation is however, now under revision. The Minimum Wage Act is to some extent “sleeping”, but is meant to cover those groups not covered by collective bargaining structures. Minimum wages are set by each sector and will lie between K 18 000 and 38 000 a month. The new Employment (Amended) Act is in its final draft and the Labour and Industrial Relations Act is also out in draft form.

The Industrial and Labour Relations Act regulates the trade unions, the employers organisation, recognition agreements, settlement of collective disputes, the Tripartite Consultative Labour Council (TCLC), and the Industrial Court. The Act also states that Joint Councils and bargaining units are to be established in the enterprises. Collective bargaining is also to take place in Industrial Councils in each sector.

The major proposal in the drafted Amendment Labour and Industrial Relations Act is to scrap the reference to the ZCTU and the ZFE as the only players in the labour market field. After ratifying the ILO conventions on free independent unions, this was sure to come. Yet, both employers and the unions have reacted to the fact that this has come about without any consultations with them. Furthermore, forces in government and amongst the employers also want to move away from the Industrial Council bargaining and wage settlements and move collective bargaining instead to the enterprise level. The proposed Act also removes powers of the Minister to approve collective agreements, and instead gives the power only to register agreements. Finally, the proposal seeks to remove the statutory collection of membership dues through a check-off system and open up for “voluntary collection of monthly contributions”. Joint Councils at the enterprise levels are also to be removed and voluntary collective bargaining is to take their place.

The Employment Act regulates contracts of service, housing and welfare, protection of wages, as well as those responsibilities that are to be carried by the Department of Labour, i.e. employment agencies, the inspection responsibilities of the labour officers, etc. The Act makes provision for, amongst other things, paid holiday (one day per one month of service), twelve weeks of paid maternity leave (after two years of service), and redundancy payments. Furthermore, the Act states that employers “shall at all times, and at their own expense, ensure that every employee in their service is adequately housed”, is provided with medical attention, and that there is adequate supply of drinking water. The new Amendment Bill of 1997 aims at "updating the existing provisions by removing those provisions which are restrictive in the current liberalised economic environment". This implies, amongst other things, that several of the benefits earlier granted to employees by law (like housing, water, etc.), are now to be covered instead through collective agreements.

8 **Future challenges**

Zambia faces many challenges; it is still confronted with huge debt and high levels of poverty. Over the last 20 years, Zambia represents a case of catastrophic decline and reversing the situation will require major efforts. One of the main challenges Zambia is facing is low *productivity*. Many companies have undergone some reforms or restructuring in response to the new economic measures pursued by the government. Retrenchments have often been the response by management to the new economic climate. Yet, in many cases, increased productivity has not been the result (ZCTU 1994). The ZCTU conducted a survey in 1994 to probe into the causes of low productivity. The majority of enterprises responding cited the Government social and economic policy as an inadequate incentive to producers and an impediment to productivity, cumbersome business registration and licensing procedures, high government taxation etc. Lack of government protection of local companies to competition and dumping from abroad was also mentioned. Finally, worker attitudes as well as industrial relations were mentioned as barriers to increased productivity.

Economic challenges and hardships are not over. The ZCTU (1997) argues that the Zambian economy is likely to enter into 1998/99 against the following background: decline in output in the vital sectors of agriculture, mining, and manufacturing; decline in formal sector employment; mounting domestic and external debt; balance of payment difficulties due to donor squeeze and high incidence of poverty. On this basis, Zambia needs, according to the ZCTU, a long-term economic development programme that will portray the vision of the country. Furthermore, there is a need to co-ordinate tariffs and to open up markets with incentives, which can make it possible for local manufacturing industries to survive. The government needs to combat smuggling and illegal trading in order to stop the current process of retrenchments and rocketing unemployment at home. Yet, the major challenge still remaining is the issue of poverty and the redistribution of resources.

Appendix 5 **Labour markets in Zimbabwe**

Bjørne Grimsrud, Fafo

1 **Introduction**

The recent history of Zimbabwe can be divided into three different phases, marked by the different practices and principles of economic and labour market policies. The period, lasting from independence until liberation (1965–1980) saw a muted offspring of the apartheid South African social formation. Like that of its more robust ally in the south, the Rhodesian socio-economic formation was purposively and "rationally" organised to guarantee the availability of cheap labour to the emerging formal market economy (Mhone 1994). Internationally the self declared independent Rhodesian regime was met with UN imposed trade sanctions. These sanctions led to the development of a diversified industry as a substitute for imports. The second phase of the period in question started with liberation in 1980 and the election of ZANU into government under Robert Mugabe. A radical programme aiming to end the structures of apartheid and redistribute wealth was launched. Until the end of the 1980's, this was done through strict regulations including export and import regulations and administrative wage setting. The third phase starts in the final years of the 1980's under the same ZANU government. The regulation policy had led to structural difficulties in the economy. Supported by the World Bank and the donor community Zimbabwe embarked on the so-called Economic Structural Adjustment Programme (ESAP).

The main targets for the ESAP was to reduce the government budget deficit running at 10 per cent of GNP in 1990, and to complete the liberalisation of the foreign exchange rate and trade regime. Furthermore, it sought to eliminate subsidies and reduce costs of social services, to liberalise prices and interest rates, and to deregulate the labour market by allowing free collective bargaining. The objective was to create an annual rate of growth in GNP of 5 per cent. However, the combined effect of ESAP and drought, especially in 1991/92 but also in 1982/83, 1986/87 and 1994/95, as can be seen in table 1 (see the next page), produced the totally different result of a declining GNP.

In the post-liberation years, both the presence of the apartheid regime in South Africa and the war in Mozambique, created difficulties for the economy. Zimbabwe's economy had been closely tied to South Africa both during the colonial and the Rhodesian regimes and had been the main transit country for exports going

Table 1 Growth rates and public spending in Zimbabwe. (World Bank, African Development Indicators 1996)[1]

	1990	1991	1992	1993	1994	1995	1996	1997
GDP growth (annual %)	2	2	-5	5	4	-2	7	8*
GNP growth (annual %)	2	3	-8	3	5	-1	8	
GNP per capita growth (annual %)	-1	0	-11	3	2	-3	–	–
General government consumption (% of GDP)	24	22	23	19	–	–	–	–

[1] * = estimates (Reuter). Data for GNP growth 1993-96 and GDP growth for 1996 from World Bank (1998)

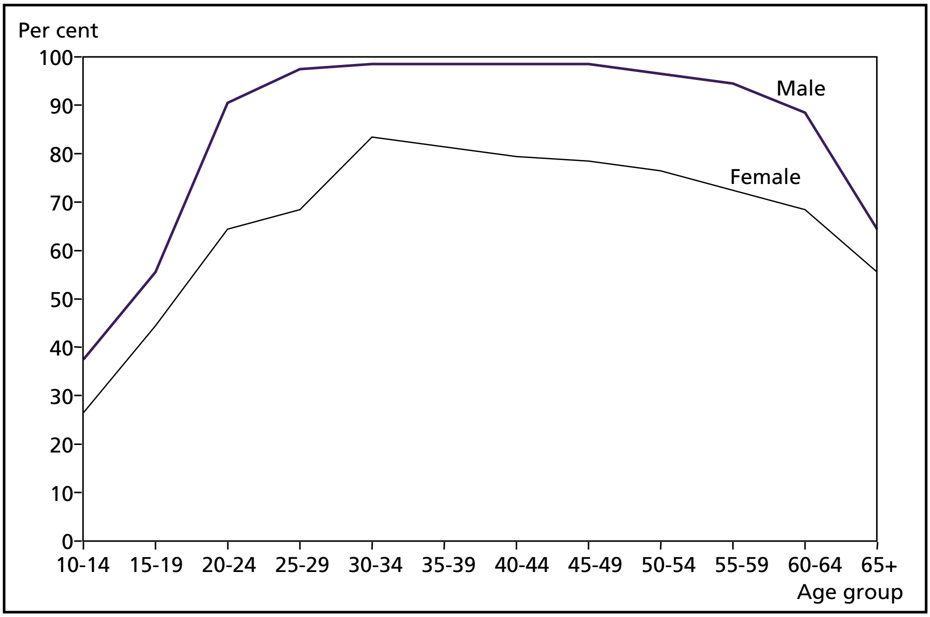
to third countries. Trade sanctions, especially as the only alternative trade route was through war-torn Mozambique, created economic problems for Zimbabwe. The Mozambique wars led to the deployment of large numbers of Zimbabwe National Army troops at the country's eastern border in order to safeguard the route to the sea. The war also led to a large number of refugees from Mozambique crossing over into Zimbabwe.

The economic performance in Zimbabwe during the post-liberation period has been modest. Poor households have suffered greatly from the increase in inflation and the corresponding increases in basic commodity prices. In particular, the increase in maize meal prices has severely affected poor urban households and food deficit communal area households, which form the majority of rural households (ILO 1995). Zimbabwe received in 1995 foreign aid equal to 8 per cent of GNP and foreign direct investment equal to 1 per cent of GDP. The GNP per capita was in 1995 US$ 540 according to the official exchange rate or US$ 2.030 measured by Purchasing Power Parity. Some estimates for economic growth in 1996 and 1997 indicate that the economy is picking up (World Bank 1998).

2 **Socio-economic profile of the labour force**

The total population of Zimbabwe was in 1995 estimated to be 11 million, growing today by an estimated 2.2 per cent annually. This present population growth rate is relatively low compared with other African countries, and Zimbabwe was in the final years of the 1980's one of the first African countries to experience a falling birth rate. The urban population has grown from 25 per cent to 32 per cent of the total population during the last ten years.

Figure 1 Labour market participation rate in Zimbabwe in 1990. Per cent of all males and females in the age group economically active. (Source ILO Labour Statistics 1995-2)



The section of the population aged between 15 to 64 was by 1994 approximately 6 million, out of which the total labour force was approximately 5 million. This was due to a high female participation rate, as can be seen in figure 1. Forty-five per cent of the labour force in Zimbabwe is female. The labour force grew by 3.1 per cent annually in the first half of the 1990's. The number of children between 10 to 14 years in the labour force was in 1994 estimated to be around 29 per cent of all children in this age group, which is a reduction from previous years.

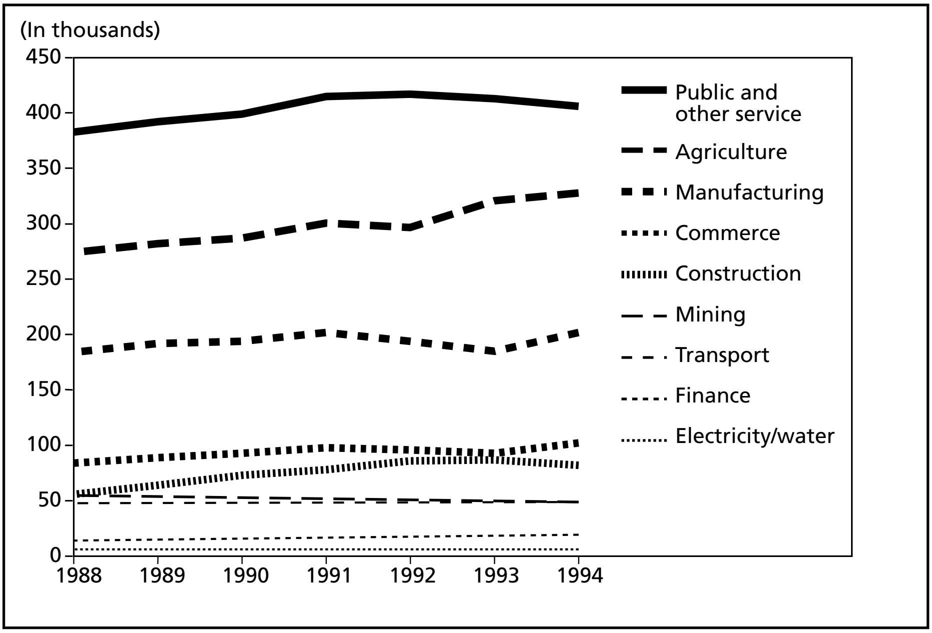
Of the economically active population in 1990, 68 per cent was in agriculture, 8 per cent in industry and 24 per cent in services. It is worth noting that the industry figures show a drop from 12 per cent in 1980. Of the economically active male population 58 per cent was occupied in agriculture in 1990, compared with 81 per cent of the economically active females. (ILO 1995)

About one fifth of the labour force is employed in the formal sector and about three fifths in the communal agricultural sector. The remaining one fifth are to be found in the informal sector, or are unemployed (ZiCTU 1996). While males make up little more than half of the total labour force they make up approximately three-quarters of the formal sector labour force. Females, on the other hand, make up approximately two-thirds of the informal sector labour force (Loewenson 1992)

Industrial development and employment

The total employment growth rate in the formal sector declined in the 1990's to 1.4 per cent from an annual growth rate of 2.4 per cent in the late 1980's. This reduced the formal sector share of employment from 40 per cent in 1980 to 31 per cent in 1992. The number of salary employees was in 1980 1 million and had in 1994 grown only to 1,3 million. Between 1989 and 1994, as can be seen in figure 2, finance and commerce had the highest employment growth, followed by agriculture. Manufacturing industry had practically no employment growth and the public service sector saw a decline in employment between 1991 and 1994.

Figure 2 Number of salary employees per sector in thousands (Sources: ILO Yearbook of labour statistics 1996)



Agriculture

Agriculture is the most important sector in Zimbabwe both regarding total employment and formal sector employment. At the liberation in 1980, Zimbabwe inherited a dualistic agricultural system comprising a modern industrial and large scale farming sector and an underdeveloped communal farming sector. The formal employment in agriculture (including forestry and fishing) decreased from 327 000 in 1980 to approximately 300 000 at the beginning of the1990's, but increased to 331 000 in 1994, as can be seen in figure 2. There are however signs that the trends from the 1980's – when permanent employment in the large scale commercial farms decreased from around 215 000 to 165 000 casual and casual employment increased from about 55 000 to more than 100 000 - still continues (ZiCTU 1996). The communal areas have absorbed an increasing proportion of all people engaged in agriculture; from 79 per cent in 1981 to 85 per cent in 1986. Zimbabwe's 4 500 commercial farms contribute 40 pr cent of foreign exchange earnings and 15 per cent of GDP. According to the 1992 census, about 1.18 million people or 11 per cent of the population live on the large farms.

Mining and manufacturing industry

Employment in the mining sector decreased in the early nineties from 55 00 in 1989 to only 48 000 in 1993, but has since grown to approximately 59 000 employees in 1995. Output has grown even faster over the last couple of years. In 1995 the value of the production increased by 24 per cent; in 1996 it was estimated to have increased by 13 per cent. (ZiCTU 1996). Following the unilateral declaration of independence in 1965, and the subsequent sanctions imposed by the United Nations, Zimbabwe developed quite a diversified industry, substituting imports that was blocked by the sanctions. After the liberation in 1980 industry remained protected, and the ratio of exports to output in manufacturing industry remained low, increasing from only 5 per cent in 1980 to 12 per cent in 1985. (ZiCTU 1996) During the Economic Structural Adjustment Programmes (ESAP) in the first part of the 1990's several measures were taken in order to encourage exports. Employment in manufacturing industry rose from an average of 187 700 in 1993 to more than 200 000 in 1994. However, by mid 1995 the figure was back at the 1993 level. The drop was particularly steep in the textile industry where employment declined from 47 000 in 1994 to 37 000 in 1995.

Services

All the different sectors within services have seen a steady growth in numbers of employees over the last decade, as one would expect given the population growth and growth in the economy in general. The exception is the community, social and personal services, which include public services. Here the number has only increased by 1.5 per cent over the last five years from 1990 to 1995, while the population to be served has increased by 11.5 per cent in the same period. The ILO statistics do not give separate figure for public employees, but from other sources it is known that the number of civil service employees has been reduced from 192 000 in 1990 to 171 000 in 1995 (Kanyenze 1996). The finance sector has been the fastest growing among the service sectors with a 20 per cent growth in employment from 1990 to 1995.

Informal sector

The urban informal sector in Zimbabwe has historically been relatively small both in terms of size and in terms of its role and status in the economy, especially when compared to this sector's role and status in other African countries. However the economic hardships in Zimbabwe have led to a growing informalisation of the economy with increased immigration to the urban centres. While the urban informal sector and the communal farm, non-farm and resettlement sector do play a vital role in creating employment, they face severe constraints in terms of resources and services as well as from an unfavourable policy environment. Moreover, women, who play a major role in the rural economy and the urban informal sector, face gender-specific constraints. A growing number of youth – mostly school dropouts – and the poor in general have immense problems given their low levels of educational skills (ILO 1995).

The informal sector comprises the self-employed, those who run small businesses and their employees. The total number of people working in this sector is about 200 000; out of which two-thirds are women. A national survey of the informal sector in 1984 found that although a major source of employment, the informal sector suffered low labour productivity, a lack of infrastructure-like industry estates, marketing facilities and inadequate capital and skills (Loewenson 1992)

Two parallel reasons can explain the growing informal sector. One is the lack of formal sector employment opportunities. The other is a possible increase in demand for informal sector products and services due to reduced living standard in Zimbabwe. As mentioned above, the present challenge is that today the informal sector is a low productivity sector. To help the informal sector enterprises to increase their productivity and to integrate the informal and formal sectors of the economy should therefore be a key element in a long-term development strategy. One element in such a strategy would be to reduce the threshold for micro enterprises to become registered and thus gain access to the credit market. An active labour market policy should therefore be extended to include these aspects. One example of this has been a government scheme for retraining retrenched workers, established in conjunction with the structural adjustment programme. Under this scheme from 1991 to 1994, 5 605 former private sector employees and 3 204 former public sector employees have undergone a five-day seminar on how to start and run their own business.

Unemployment

It is estimated that approximately 100 000 school leavers and a further 100 000 new job seekers enter the labour market annually in Zimbabwe (Loewenson 1992). Given the formal labour market growth rate of 2.4 per cent per year or approximately 30 000 new jobs during the last decade, this is not close to absorbing all newcomers. According to the Financial Times (15 July 1997), less than 50 000 jobs have been created since 1990, in a period during which more than 9 000 000 people have entered the labour market. This increases the unemployment (estimated at around 35 per cent) and the formal sector's share of employment (reduced from 40 per cent in 1980 to 31 per cent in 1992). It is the informal sector and the communal agriculture sector that have absorbed an increasing proportion of the labour force. The result of having to absorb the surplus of labour not finding occupation in other sectors is that the communal lands are becoming increasingly overcrowded. As only few people have been resettled this might be interpreted as underemployment or increased hidden unemployment in the communal and rural areas. In the "Framework for Economic Reform" issued by the government of Zimbabwe in 1991 the total unemployment was estimated to be between 26 to 37 per cent of the labour force.

Income

The first priority after liberation in 1980 had been to address the inequalities established in the past. This was done by establishing a centralised wage regulation system and limiting the possibly for termination of employment. One objective was to increase the minimum wages for the low paid workers particularly in agriculture and domestic work. The strict regulations on wage setting, however, depressed real wages. The burden of the wage restraint policy fell disproportionately on the public sector, where the wage gap also dropped. In the private sector the wage gap widened, and the same was the case with the wage gap between the two sectors, in favour of the private sector. The control on each category led to a massive job hopping among senior staff, particularly in the public and parastatal sectors (Makings 1995). The minimum wages did increase considerably, but actual buying power did not increase significantly during the 1980's. Already after the 1982 devaluation of the Zimbabwe dollar, real wages started to fall in Zimbabwe.

In 1986, state autonomy in wage settlement gave way to a state-corporate arrangement whereby there would be national tripartite negotiations between the government, the employers and the trade union confederation. The final decision, however, remained with the cabinet (Skålnes 1995). Prior to the 1991 wage negotiation, the government withdrew from direct involvement in the process. The result was, as can be seen in figure 3, an almost parity between wage increases and inflation.

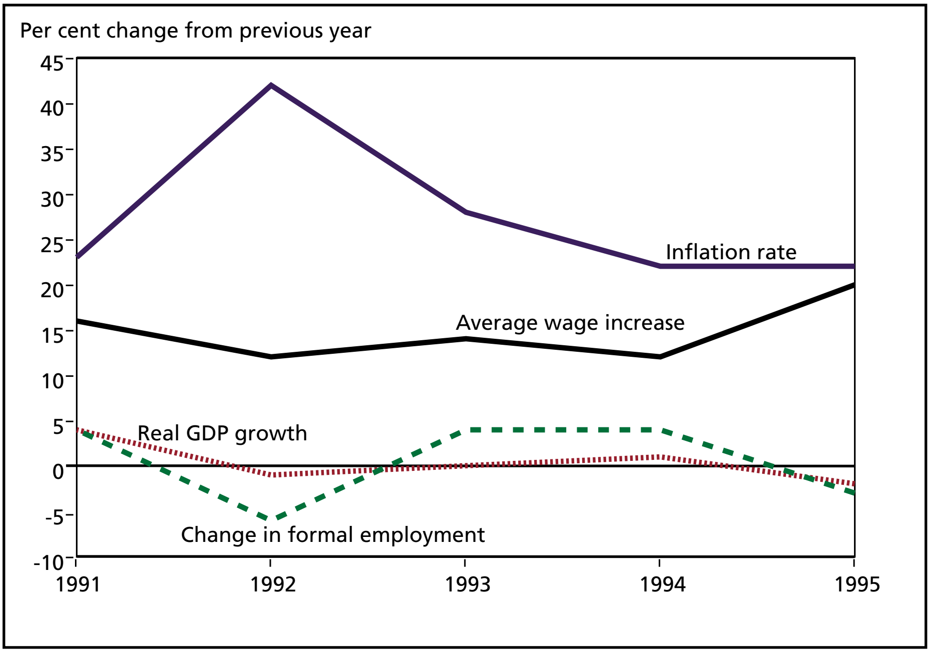
At the time this constituted an improvement for workers compared to previous years when the government had limited wage increases to about half the official inflation rate (Skålnes 1995).

The figures for 1991 show that the lowest-paid 20 per cent of the population received 4 per cent of all income, while the highest-paid 20 per cent received 62 per cent of all income, which represents a greater income disparity than in many other African countries (World Development Report 1995). In 1990, according to ILO (1995) sixty per cent of the rural population lived under the official poverty line. The average annual income in the formal sector was in 1990 approximately Z$ 8000, in the informal sector approximately Z$ 1000 and in the communal agricultural sector below Z$ 1000. (ZiCTU 1996).

As can be seen from figure 3 the wage increases have not kept pace with inflation in the 1990's either. From 1990 to 1995 one saw a decline in real wages of 35 per cent (ZiCTU 1996). By the end of 1993 real wages had dropped below the 1975 level according to the ILO (1995). The annual average inflation in Zimbabwe in the 1990's has been around 25 per cent.

In Zimbabwe today, as can be seen in figure 3, the best paid workers are to be found in the finance sector followed by the electricity and water supply sectors. The average wage in the finance sector in 1995 was Z$ 5392 per month and in the

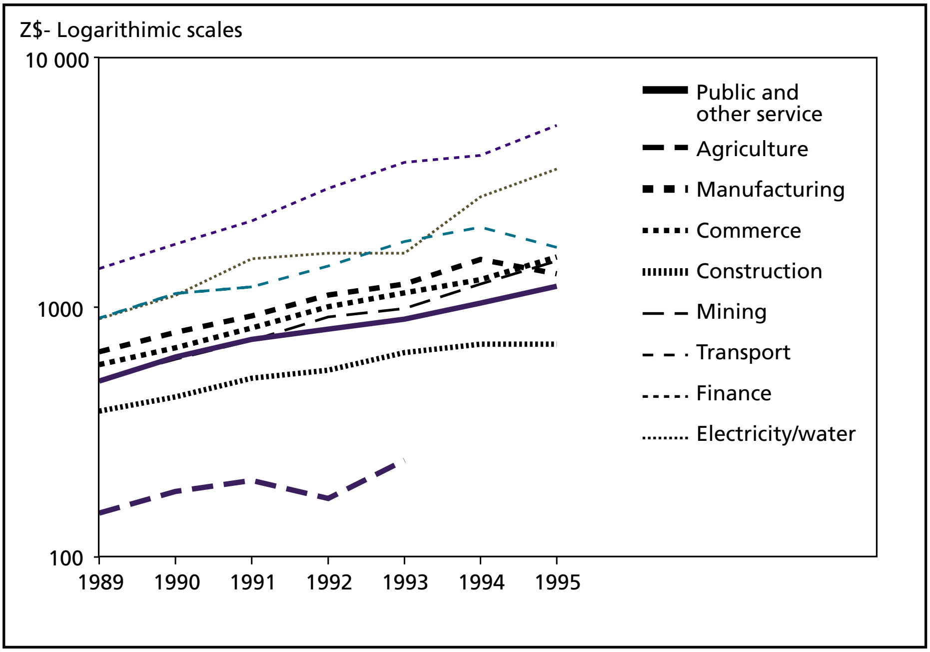
Figure 3 Nominal average wage increase and inflation rate 1991 to 1995. (Source: Central Statistical Office, Quarterly Digest of Statistics)



electricity and water supply sector Z$ 3598. The transport sector has not managed to maintain its position among the highly-paid, and is by 1995 in the middle group with an average wage on Z$ 1745, together with commerce at Z$ 1596, manufacturing industry at Z$ 1538, mining Z$ 1366 and public and other services at Z$ 1217. At the lower end of the scale are construction workers with an average of Z$ 713 and agricultural workers with the last recorded Z$ 244 in 1993. The normal working week in the formal sector in Zimbabwe was in 1993, forty-four hours. The normal annual leave days were 13 and the public holidays 11. This gives an average working year of approximately 2 000 hours (ILO 1995).

The minimum wages set by the Work Councils and the National Employment Council in 1995 differed from Z$ 336 per month in agriculture to Z$ 1040 in banking. The local authority minimum differed from Z$ 496 to Z$ 851 according to district. The average minimum wage of the 41 sectors observed was Z$ 702 (ZiCTU, 1996). The official poverty line for an urban family was around Z$ 1500 in 1995. According to the Financial Times (15 July 1997) the nominal wage level in Zimbabwe has plummeted by 40 per cent from 1990 to 1997.

Figure 4 Gross wage level by sector in running Zimbabwe dollar. Per months (Source: ILO Yearbook of labour statistics 1996)



Education and skills

Massive and rapid progress was made with respect to human resource development in the post-independence period. Enrolment at primary school level doubled from 1,2 million in 1980 to 2,4 million by 1993. At secondary level, enrolment rose almost ninefold and reforms of vocational training and the apprenticeship system were undertaken. During the Structural Adjustment Programme in the early 1990's this drive on education was halted. In order to achieve the reduced public deficit targets under the ESAP the budget for education was reduced from 9.2 per cent of GDP in 1990 to 8.7 per cent in 1995.

To introduce "efficiency" in the provision of education services, the government introduced cost recovery measures. The idea was to shift from a system of blanket subsidisation towards target assistance for the poor through the Social Dimension of Adjustment Programme. The result of the increase in school fees and health service fees has been reduced attendance by poor households in both rural and urban areas. Children from households with a monthly income of less than Z$ 400 can apply for funds to pay their school fees (but not other costs such as uniforms, books and building levies). Head-teachers are supposed to identify children in need and refer them to the Department of Social Welfare. During 1993, the funds called Social Development Fund (SDF) paid the fees of almost 130 000 school children (UNICEF 1994). It is widely believed that this is insufficient and ILO estimates that the component of the Social Development Fund assisting those who cannot pay school fees covered only one-eighth to one-tenth of the target group. UNICEF estimates that 20 per cent of the target group is being reached (UNICEF 1994). ILO has commented to the effect that school fees in Zimbabwe should be reintroduced.

> "It is now generally recognised that the introduction of school fees, the levy in education and various expenditures ranging from the costs of uniforms to contribution to the school building fund have significantly increased the cost to low-income families of educating a child – and thereby contributed to uneven access among different socio-economic groups and regions as well as to the unacceptably high drop-out rare in Zimbabwe." (ILO 1992).

3 The institutional framework in the labour market

In the aftermath of liberation in 1980 a wave of strikes swept the country. About 180 strikes were reported in the press as having been organised between March 1980 and June 1981 (Sachikonye 1996). The union movement was however weak and divided and could not channel this unrest into more structural forms. Instead a top down approach was taken by the new ZANU government helping to create the Zimbabwe Congress of Trade Unions (ZiCTU) though the merger of several existing national centres. According to Skålnes (1995) undisguised manipulation was applied in order to secure a pro ZANU leadership at the inaugural congress in February 1981. Robert Mugabe's brother Albert became secretary-general (he died later that year). The creation of ZiCTU was followed by legislative measures making the newly formed centre the predominant representative for the workers.

In addition to its dominant role in the labour market, ZANU sought to coopt the ZiCTU in much more formal terms. There emerges a thinly disguised view within the ruling ZANU party that the labour movement should be grafted onto the structures of the party as one of its mass organisations alongside the youth and women's leagues as in Tanzania, Mozambique and Angola. Sachikoye (1996) sums up this period (1980–1985) stating that the spirited, if fragmented, work-place struggle was undermined by the tactic pact between the state, bourgeoisie and labour movement leadership to create enforced stability in labour relations through the repression of strikes. This policy of co-operation or co-optation was increasingly questioned by the rank and file in ZiCTU, and in 1985 the pro ZANU leadership was voted out of office. This represented much more than simply a change of leadership. The assertion of labour movement autonomy placed relations with the state on a new level. Among other things, the unilateral setting of minimum wages by the state came under fire. On the ZANU side one saw a U-turn in economic policy and the adoption of economic liberalisation measures. Wage bargaining and employment security therefore become dominant issues during this period with the crumbling of the corporate past.

A notable development in collective bargaining followed the legal changes. This institutionalisation of collective bargaining strengthened the role of industrial unions and the national employment councils (NECs). The political differences between the state and the ZiCTU were also sharpened over democracy and human rights issues. The ZiCTU became a leading force in the campaign against the ZANU wishes for a one-party system after the party's landslide victory in the 1990 general election. But ZiCTU stopped short of transforming itself into an opposition movement and stated that they had no ambitions in that direction. Nevertheless, ZiCTU was now met with scepticism and the government brought in measures to diminish its power. One example given by Skålnes (1995) was the abolition of the check off systems or automatic union-due salary deductions, creating economic problems for the trade unions.

The later years have seen a return to some co-operation between the ZiCTU and the government, but on totally different terms from those of the early 1980's. Today ZiCTU has developed into a social partner, forming, together with the Employers Confederation of Zimbabwe (EMCOZ) and the state, a more European like tripartite structure. The ZiCTU is as of 1997 comprised of 34 industrial unions as can be seen in table 2. Still, both trade unions and employers organisations need to be registered by the Ministry of Labour. The Labour Relation Act did originally limit the right to organise and negotiate through restricting the employer's right to negotiate with other unions than the one registered for the industry. On the other hand, however, workers could not act as agents for other unions than the one registered-. Amendments to the labour act opened however in 1992 for competing unions to register in the various industries. A control mechanism still held by the Ministry of Labour is the right, according to the Labour Relation Act, to investigate the trade union or employer associations if it believed that funds were being misused.

The labour code and the new collective bargaining regime

Labour legislation in Zimbabwe has, as described above, since 1980 mowed slowly away from a very regulated and centralist system towards a system where there is recognition of the need for the two major players – workers and employers – to work, through negotiations, to resolve labour issues. Leaving the government in the role of arbitrator of last resort. In 1989 the Government took a stance that wages should be negotiated by the various industrial sectors themselves through the process of collective bargaining.

The present labour code in Zimbabwe was first adopted in 1985 (Labour Relation Act No. 16 of 1985). After this one major amendment has been adopted (Act 12 of 1992). The Labour Relation Act covers all forms of employment, with the exception of the public sector and the military. It states the fundamental rights of employees, including protection against all forms of discrimination and the right to organise. Further, the Act laid down minimum conditions of employment including leave provisions and severance payment. (Makings 1995)

The Labour Relation Act lays down the regulations for the new sector based negotiation regime. At sector level it foresees the establishment of National Employment Councils formed by an equal number of representatives from the workers and the employers. In part VIII of the Act the role of the employment councils, also called the industrial council, is described as the collective bargaining forum for each industry. It is up to a registered trade union and an employer association to form such a council within their sector.

Table 2 Unions member in the Zimbabwe Congress of Trade Unions (Source: ZiCTU 1997)

Construction and Allied Workers Union	10000
Commercial Workers Union	17502
Chemicals, Plastics and Allied Workers Union	3723
Iron & Steel Workers Union	2000
Zi. Catering and Hotel Workers Union	13000
Zim Textile Workers Union	3000
Zim. Tobacco Industry Workers Union	3800
Zim. Union of Journalists	200
PIC Workers Union	6424
Leather, Shoe and Allied Workers Union	5645
Zim. Urban Council Workers Union	9500
Radio and TV Manufacturers Workers Union	560
National Air Workers Union	747
Gen. Agriculture and Plantation Workers Union	15000
Zim. Graphical Workers Union	3812
National Engineering Workers Union	15500
Amalgamated Railwaymen Workers Union	9000
Automotive and Allied Workers Union	3000
Transport and General Workers Union	-
Zim. Education and Sc. Soc. And Cultural workers union	2000
Furniture and Timber Workers Union	3500
Electricity and Energy Workers Union	3127
Zim Union of Musicians	400
Zim. Banks and Allied Workers Union	3560
Union of Clothing Industries	7000
Pulp and Paper Manufacturers	700
Cement and Lime Workers Union	1300
Local Authorities and DDF Workers Union	1000
Zim. Domestic and Allied Workers Union	1500
Railway Artisans Union	1100
Employment Council Workers Union	50
Zimbabwe Ass. Of Engineers	745
Medical and Professional	1024
Zim. Ferro-Alloy Workers Union	510
Total	149 194

In the case where such a National Employment Council has not (yet) been established in a sector, its tasks should, according to the Labour Relation Act, be handled by an Employment Boards run by the Ministry of Labour. Such boards are however slowly being phased out.

The Labour Relation Act further provided for workers' committees to be set up at each workplace to negotiate with management on a wide range of plant-level matters. The members of the committee are elected from among all employees including the non unionised. To a certain extent the workers' committee duplicates the work of the local trade union branch, and clashes within the workplace between the two over representation rights therefore take place. The committees exist alongside trade unions, and are legally independent of them. By carrying out trade union functions, the system could therefore undermine unions and free collective bargaining. The role and status of trade unions was further diminished by the greater emphasis on workers' committees as the basis for worker representation in the 1992 Labour Relations Amendment Act. The system focused on Works' Councils, composed of management and workers' committees, and gave them powers to negotiate collective agreements or employment codes. This was coupled with the possibility for companies or industries to opt out of the National Employment Council negotiated collective agreements by adopting a collective agreement or an employment code. The 1992 Act also provided a wide definition of managerial employees, which included workers such as foremen and supervisors, and excluded them from union membership (ICFTU 1993).

All collective agreements both from the National Employment Councils and from Workers' Councils need to be registered by the Ministry of Labour. In the Labour Relation act the provision for setting up of a labour Relation Tribunal is also included. And the Act still includes the provision giving the Ministry of Labour the possibility to regulate the minimum and maximum wage level.

Termination of employment for workers was in the 1980's strongly regulated and could only take place after permission from the Ministry of Labour. The 1992 amendment changed this and makes provision for regulating the termination procedures through codes of conduct at the company or industry level.

Strikes may lawfully be undertaken, but the circumstances are so restrictive that lawful strikes are almost impossible. Long and cumbersome procedures must be followed before workers can take collective action. The law gives a wide definition of essential services in which strikes are banned. The Minister of Labour can designate any service or occupation as essential at any time.

In 1995 The ZiCTU made representations to the government about the exemption of EPZs from labour law. An Export Processing Zones Act, which had been passed at the end of 1994 enabling zones to be set up, said that the Labour Relations Act would not apply. It gave the EPZ Authority the right to establish special labour regulations for the EPZs, in collaboration with the Labour Ministry. In 1996, the state president said that the EPZ Act should be amended to make the Labour Relations Act applicable (ICFTU 1997).

Public sector industrial relations

Despite the general development of the labour relations in Zimbabwe, the public sector is lagging behind. In the public sector the autocratic regime from the early 1980's is still more or less in place. Both local and sector-wise negotiations are lagging. No National Employment Councils with representatives from the workers and the employers are formed for the public sector. Zimbabwe's constitution also bans public servants, teachers and nurses from belonging to trade unions. They can belong to associations but cannot join the national trade union centre, the Zimbabwe Congress of Trade Unions.

This underdeveloped negotiation system has over the last years led to several illegal industrial disputes within the public sector and publicly owned enterprises. Through this the problem has been highlighted and some measures discussed. A Public Service Bill, which would remove the constitutional ban on public service unionisation, was discussed in parliament during 1996. Tripartite discussions have also taken place about a new consolidated labour law, which would extend its coverage to the public service (ICFTU 1997).

4 Challenges ahead

Zimbabwe is through the ESAP, regional integration, and global trade agreements, becoming a more and more open economy. It is necessary on that basis, to examine the present status of the various sectors, to identify critical bottlenecks to development, and to point out directions for quality and productivity development efforts. If this is not done, Zimbabwe may experience, as other developing countries have, that removing technical barriers to trade by reducing tariffs and internationalising the economy could lead to new trade barriers of quality control and standards. It is important to mobilise both the authorities as well as the social partners in order to create the space and resources for building *joint* efforts for productivity and quality improvement measurers.

The competitiveness of Zimbabwe's manufacturing industry can be enhanced if firms have access to requested skills. There is a need to strengthen the human capital base of developing counties to enhance technological capabilities. In Zimbabwe's case, market "failures" have led to the wrong skills being developed. It is not just the volume of investment in education that is important but also the *relevance* of the education as a vital determinant of its contribution to industrial development. (ZiCTU 1996).

Zimbabwe confronts both economic and political challenges. Decisions concerning land and agricultural reforms need to be *managed*. Electoral reforms likewise are to be *implemented*. Policies of structural adjustment have to be *balanced* between the various interest groups. And poverty, education and redistribution are issues to be taken seriously in the transformation process. The characteristics and dynamics of the labour markets play a crucial role in determining both the ability of the economy to adjust and spread the putative rewards from adjustment. Some argue that labour markets in Zimbabwe are more flexible than for example the Zambian labour markets, and hence will contribute to making the adjustment less dramatic. Yet, Zimbabwe is still struggling with poverty, uneven distribution of resources, debt and economic problems. Without effective labour market institutions and a social partnership based on co-operation and joint efforts to deal with these challenges in a joint perspective, the transformation for Zimbabwe may indeed become erratic, less predictable and more problematic for both the economy and the politics.

Appendix 6 **Abbreviations and acronyms**

BFTU	Botswana Federation of Trade Unions
COSATU	Congress of South African trade unions, South Africa
FES	Friedrick Ebert Stiftung
GDP	Gross Domestic Product
ICFTU	International Confederation of Free Trade Unions
IMF	International Monetary Fund
MCTU	Malawi Congress of Trade Unions
MMD	Movement for Multi-party Democracy (current ruling party in Zambia)
NACTU	National Congress of Trade Unions, South Africa
OATUU	Organisation of African Trade Union Unity
OTM	Organicacao dos Trabalhadores de Mozambique
Parastatal	State Owned Company (With State having Controlling Share holding)
SACU	Southern African Customs Union
SADC	Southern African Development Community
SAP	Structural Adjustment Programme
SATUCC	Southern African Trade Union Co-ordinating Council
TFTU	Tanzanian Federation of Trade Unions
ZaCTU	Zambian Congress of Trade Unions
ZFE	Zambia Federation of Employers
ZiCTU	Zimbabwean Congress of Trade Unions

Out of a population of about 180 million people in the SADC region, less than 1 out of 10 has a job in the formal sector. The rest are unemployed or struggle to find a means of survival in the informal sector or in subsistence farming. To have a job or not, has become a "to be, or not to be" in countries with few, or no, safety nets. At the same time, a large portion of those within the formal sector labour market earn less than poverty wages.

One out of Ten

Child labour, HIV, labour migration, low skills levels, tenant labour systems and poverty within the labour market pose further political and economic challenges for the SADC countries and for regional integration. Simultaneously, approx. 40 percent of those in formal sector employment are organised and new institutions and negotiation bodies are developing to deal with these challenges.

This report focuses the labour markets in Southern Africa as the critical arenas for development towards growth and redistribution in the future.

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