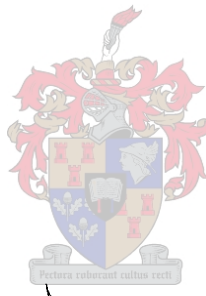


**Social conflict in post-apartheid South Africa: A case study of the  
conflict at Volkswagen South Africa Ltd. between 1999 and 2000**

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## **Declaration**

I the undersigned hereby declare that the work contained in this thesis is my own original work and that I have not previously in its entirety or in part submitted it at any university for a degree.

Signature: .

Date: .

## SUMMARY

The thesis is an analysis of the strikes at Volkswagen SA during the period 1999-2000 and its social and political outcomes. Seen from a broader perspective, it is a case study of social conflict in a young democracy after the formal demise of apartheid in 1994.

By the time (i.e. early in 2000) events reached a climax, the company had lost millions of Rand in revenue and more than 1300 workers their jobs. The thesis wants to explain how this came to be – despite attempts by the company to establish a pluralistic industrial relations culture that go back to the early 1990s and after, ostensibly, gaining the consent of the shop stewards committee at the factory and the NUMSA leadership for a lucrative (“A4”) export agreement.

After studying the literature and the press, interviewing key actors in the “drama”, and closely following the proceedings of the CCMA and the Labour Court, the thesis comes up with an explanation more complex than the “conventional” ones offered during and after the strike. The immediate cause of the strike action was the non-acceptance of the terms of the export agreement by 13 shop stewards and their supporters. These shop stewards had been elected onto the VW shop steward council after their union (i.e. NUMSA) and the company had concluded the agreement. When they came out in open defiance of the agreement, they were suspended by the union for their unconstitutional action. They subsequently tried to rally their followers for their own reinstatement.

However, the thesis shows that the strikes of 1999 and 2000 were merely two more outbursts of shop floor tension and conflict that had been dormant for a long time. Before and after 1994, there existed informal structures and factions at the shop floor level which refused to tow the official NUMSA “line” – a policy which increasingly started to embrace the ethos of “reconstruction” and economic competitiveness. Neither the union leadership, nor company management were able to deal with these informal structures and bring the dissident faction under control. Although the potential for more cooperation and trust did exist, both the union leadership and management failed to turn this into “social capital”. The thesis suggest that this may have been possible, if there had been more direct forms of worker participation (over and above the shop stewards committee). Also, the haemorrhaging of the union leadership after 1994, and the increasing bureaucratisation of industrial relations did nothing to improve the situation.

To make matters worse, the thesis argues, the terms of the export agreement were not properly communicated to the union rank and file. To top it all, the thesis provides ample evidence that the VW workers could not record any extra material gains in exchange for more flexible working arrangements in the wake of the shift from “Fordism” to “Lean Production” at the Uitenhage factory. Here, “wealth creative” industrial relations did not accompany the shift to lean production, as post-Fordist theory would like to suggest. When the 13 shop stewards and a certain percentage of the VW workforce came out in protest against this arrangement, no special efforts were made to mediate the conflict.

The “fallout” of the conflict includes hundreds of millions of Rand in lost company revenue, more unemployment in one of the poorest regions of South Africa, a drawn out legal process and political divisions in worker ranks and in the Uitenhage community. Although NUMSA admits to a “wakeup call”, the relationship between the COSATU affiliated union and the state is as close as ever. In the eyes of the thesis, however, the case of the VW strike, including the direct intervention of the head of state, is proof that the young, post-settlement democracy is not yet able to deal with social conflict in a mature way.

## OPSOMMING

Die tesis is 'n analise van die stakings by Volkswagen SA tydens die periode 1999-2000 en sy sosiale en politieke gevolge. Gesien vanuit 'n breër perspektief, is dit 'n gevallestudie van sosiale konflik in 'n jong demokrasie na die formele beëindiging van apartheid in 1994.

Ten die tyd (vroeg in 2000) wat gebeurde 'n hoogtepunt bereik het, het die maatskappy honderde miljoene Rande in inkomste verloor en meer as 1300 werkers hul werk. Die tesis wil verklaar waarom dit gebeur het – ten spyte van die pogings deur die firma sedert die vroeë 1990s om 'n pluralistiese arbeidsverhoudingskultuur te skep en nadat die “shop stewards” komitee by die fabriek en die NUMSA leierskap oënskynlik sy instemming gegee het tot 'n lonende (“A4”) uitvoerkontrak.

Na 'n studie van die literatuur en die pers, onderhoude met sleutel akteurs in die “drama” en 'n noukeurige monitering van die verrigtinge by die CCMA en die arbeidshof, kom die tesis na vore met 'n verklaring wat meer kompleks is as die wat tydens die staking en daarna aangebied is. Die onmiddellike oorsaak van die staking was die nie-aanvaarding van die uitvoer ooreenkoms deur 13 “shop stewards” en hul ondersteuners. Hierdie “shop stewards” is verkies tot die VW “shop steward” komitee nádat die unie (d.w.s. NUMSA) en die maatskappy die ooreenkoms gesluit het. Toe hulle openlike opposisie teen die ooreenkoms gewys het, is hulle deur die unie geskors vir hul onkonstitusionele optrede. Hulle het daarna hul ondersteuners probeer mobiliseer vir die herstel van hul posisies.

Die tesis wys egter dat die stakings van 1999 en 2000 bloot nog twee uitbarstings was van 'n smeulende fabrieksvloer konflik en spanning wat vir 'n lank tyd reeds sluimerend was. Vóór en ná 1994 het daar informele strukture en faksies op die fabrieksvloer bestaan wat geweier het om die amptelike beleid van NUMSA te volg – 'n beleid wat toenemend die etos van “rekonstruksie” en ekonomiese mededingendheid aangeneem het. Nóg die unie leierskap, nóg die maatskappy bestuur was instaat om die informele strukture te hanteer en die afwykende faksie onder beheer te bring. Alhoewel die potensiaal vir meer samewerking en vertroue bestaan het, het beide die unie leierskap en die bestuur daarin gefaal om dit te omvorm tot “sosiale kapitaal”. Die tesis suggereer dat dit moontlik sou gewees het as daar 'n meer direkte vorm van werkers deelname (bo en behalwe die “shop stewards” komitee) bestaan het. Die verlies aan kwaliteit leiers ná 1994, sowel as die toenemende burokratisering van arbeidsverhoudings het ook nie gehelp om die situasie te bereedder nie.

Om dinge te vererger, redeneer die tesis, is die klousules van die uitvoer ooreenkoms nie behoorlik aan die gewone unie lede verduidelik nie. Om alles te kroon, voorsien die tesis genoeg bewyse dat die VW werkers nie enige ekstra materiële voordele kon aanteken in ruil vir meer buigsame werksreëlings as deel van die skuif vanaf “Fordisme” na “Lean Production” by die fabriek in Uitenhage nie. Hier het “welvaartskeppende” arbeidsverhoudings nie hand-aan-hand gegaan met die skuif na “lean production, soos post-Fordistiese teorie wil suggereer nie. Toe die 13 “shop stewards” en 'n sekere persentasie van die VW werkersmag openlik daarteen geprotesteer het, is geen spesiale poging aangewend om die konflik te besleg nie.

Die skade van die konflik sluit honderde miljoene Rande aan verlore maatskappy inkomste, meer werkloosheid in een van Suid-Afrika se armste streke, 'n uitgerekte regsproses en politieke verdeeldheid onder werkers en in die Uitenhage gemeenskap in. Alhoewel NUMSA erken dat hulle “wakkergekrik” het, is die verhouding tussen die COSATU geaffilieerde vakunie en die staat so eng soos vantevore. In die oë van die tesis egter, is die geval van die VW staking, insluitende die direkte ingryping deur die staatshoof, 'n bewys daarvan dat die jong, post-skikking demokrasie nog nie gereed is om sosiale konflik op 'n ryp manier te hanteer nie.

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# Chapter 1

## Introduction

The phenomena this thesis wants to explain is: why did the workers take such ‘militant’ action, why did this ‘wild cat’ strike take place, and what are its outcomes?

In February 2000 Volkswagen South Africa (VWSA) dismissed 1300 workers. These workers did not return to work after an ultimatum set by the National Union of Metalworkers South Africa (NUMSA) and the company. With illegal industrial action, a wildcat strike, the workers wanted to support 13 shop stewards. The 13 shop stewards were suspended firstly by NUMSA and thereafter by VWSA.

These 13 shop stewards, also known as the ‘indlu ye ngewu’ (house of senators), stood in opposition to the A4 export agreement between NUMSA and VWSA. This agreement integrated the South African part of the Volkswagen group into the global production system of Volkswagen.

In 1989 VWSA introduced a holistic approach to worker participation, an approach which is based on a pluralistic industrial relations philosophy (Anstey, 1990: 230-231). This means basically that management and workers will pursue different antagonistic interests. The labour union NUMSA and the company VWSA articulate these interests.

VWSA believed that these differences could be resolved by a system of collective bargaining that will allow some balance of power. This model recognises the legitimate role of the labour union in helping to resolve the conflict in a constructive manner. Brian Smith, the director of human resources at VWSA, emphasised that “negotiations must take place between strong and representative groups, who have the ability to honour agreements and build mutual trust” (Anstey, 1990: 230-231).

In 1998 VWSA was awarded the A4 export contract. Owing to this contract, the company had to reorganize and increase production. The company had to produce 40 000 Golf cars annually for the European (U.K.) and Australian markets. Therefore the company negotiated the ‘A4 export agreement’ with NUMSA, the union at the factory. The company and union

claim that the agreement was extensively communicated within the factory. The agreement resulted in the recruitment of 850 new employees, the introduction of new work practices such as group work, a new holiday corridor system, reduced tea breaks and a new wage payment system and that the workers had to collect their wages at a local bank. A group of 13 shop stewards, known as the 'indlu ye ngewu' (house of senators), had concerns with the agreement and opposed the agreement.

The South African president condemned the striking workers at VWSA for striking illegally and damaging South Africa's international investment reputation (Mbeki, *State of the Nation address*: 2000, Feb 4). What was behind this conflict?

The explanation of the conflict is laid out in chapter five. Before this, I review literature on various bodies of theories of social conflict, the state, labour and the market in developing countries, labour union literature, and finally elaborations on industrial conflict and trust, takes place in chapter two, after which I discuss the methodology of this thesis in chapter three.

After this I continue with an overview of what happened in Uitenhage in 1999 and 2000, and then finally apply the discussed literature to the social conflict at Volkswagen South Africa.

I describe this social conflict, explain it, and analyze what functions it serves in the local environments of Uitenhage and South Africa.

## Chapter 2

### Theories of Social Conflict

#### Introduction

In this chapter I review theories, and try to find concepts and perspectives to interpret the strike at VWSA.

#### 2.1 Georg Simmel and Lewis Coser

In his work Simmel wants to show that conflict and association as well as conflict and peace require each other and that this mutual connection can lead to social change. But this is not necessarily so, and this does not necessarily lead to social progress (Bonacker, 1996: 69).

His model of historical processes is therefore closer to Nietzsche's model in that history can be seen as the '*Wiederkehr des Immergleichen*', the repetition of the same historical processes. So he stands in contrast to Marx's model of emancipation, and also in contrast to Hegel's model of enlightenment (Bonacker, 1996: 57).

Simmel can be regarded as one founder of Conflict Sociology (Bonacker, 1996: 55). His essay *Der Streit* builds the foundation for his sociological elaboration on social conflict (Bonacker, 1996: 55).

##### 2.1.1 Conflict and association

Georg Simmel can be regarded as a representative of formal sociology. This means that he introduces a differentiation between form and content, between society and individual. In relation to the analysis of societal relations, Simmel was mainly interested in the forms of association (*'Vergesellschaftung'*). However, forms should be separated from their contents.

From an individualistic school of thought Simmel explains '*Vergesellschaftung*' as any kind of relation between individuals. In other words, interaction. "These interactions grow out of particular instincts or purposes, erotic, religious or simply social instincts. Purposes like attack, defend, play, acquire, help, instruct and endless others bring about that the individual decides to associate, decides to help, fight, together, with others – takes action. That means that the individual takes action in correlation with others individuals, which further includes

that the individual effects and is effected by his action” (Bonacker, 1996: 56). So the human desire, or preferably the instinct, constitutes the material foundation for association.

### **2.1.2 Ambivalent conflicts**

The fact that the individual is only able to satisfy his/her needs and instincts in connection with others leads to a social context in which forms of interaction emerge that historically stay constant, and because of that reason becomes the subject of sociology in general.

For Simmel there was not only one force or impulse for that instinct. He describes it in similar terms to Freud, insofar as he sees two ‘*Bedürfnisstrukturen*’-structures of needs that stand beside each other and then stand in correlation with the different forms of association. On the one hand these are associative and social tendencies, and on the other hand there are the dis-associative and individual instincts of the individual. According to Simmel, integration and differentiation are together the driving forces that build the ambivalence that constructs ‘*Vergesellschaftung*’.

The unity of these two so dichotomously perceived needs leads to interaction i.e. ‘*Vergesellschaftung*’. Simmel tried to understand the “polar differences as one life” as integration and differentiation (Bonacker, 1996: 57). The human desire, or better, instinct, constitutes the material foundation for association.

### **2.1.3 Four forms of ‘*Vergesellschaftung*’**

Simmel differentiates between four different kinds of conflicts of interaction between individuals – that is, four forms of association.

- Firstly, the conflict between individuals can lead to the formation of interest groups or groups in general;
- Secondly, the associations of individuals lead to an affective relation between the individuals that can strengthen the cohesion of the group, but at the same time be the reason for the break out of even more intense and faster conflicts because of the heterogeneity of the individuals. The association of individuals in Simmel’s thought can be the catalyst and the impulse for an internal group conflict;

- Thirdly, conflicts emerge as a reason for the association of other associations, because the units within an association try to improve their own position in the social strata. This leads then to the association with other groups to strengthen their own position (as in Machiavellian thought);
- Fourthly, the association of groups leads to bigger associations or bigger groups. Because of the increased heterogeneity of bigger groups the conflict potential increases, the identities of the sub-groups of the bigger association do not disappear immediately, and integration of these sub-groups takes time. Political coalitions and workers' unions can be taken as an example because in this form of association, in most of the cases, there is one partner who wants to strengthen its own profile.

Simmel was not that interested in giving explanations for industrial conflict in general. His main interest lay in the forms of associations and not their purpose – there he makes the difference between ‘form’ and ‘content’ of social conflict.

Coser argues with Simmel that social conflicts are a form of association and socialisation that result in social change only under unlikely structural conditions.

Like Popper, Coser differentiates between “changes of the system” and “changes within the system” and further asks if these conflicts are functional or dysfunctional for the social system. Coser continues to argue that a society in general is based on an unequal distribution of power, wealth and status. Coser defines social conflict as a struggle over values and claims to scarce status, power and resources in which the aims of the opponents are to neutralise, injure or eliminate their rivals (Coser, 1964: 8).

## **2.2 Ralf Dahrendorf**

According to Dahrendorf throughout the history of Western political thought, two views of society have stood in conflict. Both of these views are intended to explain what has been, and will probably continue to be, the most puzzling problem of social philosophy: “How human societies cohere, on the one side, and what drives the process of change of a society on the other side” (Dahrendorf, 1959:157).

### **2.2.1 Conflict definition**

According to Dahrendorf all relations between sets of individuals that involve an incompatible difference of objective – i.e., in its most general form, a desire on the part of both contestants to attain what is available only to one – are relations of social conflict. “The general concept of conflict does not necessarily imply...Conflict may assume the form of civil war, or of parliamentary debate, of a strike, or of a well-regulated negotiation” (Dahrendorf, 1959: 135).

In his definition of ‘conflict’ Dahrendorf includes all sorts of contests. In everyday discourse a football game, a competition between applicants for a job, a parliamentary debate are usually not called conflict, but Dahrendorf uses the term ‘conflict’ to describe contests, competitions, disputes and tensions as well as manifest clashes between social forces (Dahrendorf, 1959: 135).

Conflict is social if it is derived from the structure of the social system as such, when it is “supra-individual” (Dahrendorf, 1961: 24). For example, the conflict a practical doctor experiences between the expectations of the patient and the insurance company of the patient. It does not matter who the doctor is; all doctors stand between these two expectations.

### **2.2.2 Power and authority**

Dahrendorf’s main argument is that the structural foundation of social conflicts can be found in the distribution of authority. Max Weber defined power as the “probability that one actor within a social relationship will be in a position to carry out his own will despite resistance, regardless of the basis on which probability rests”, whereas authority is the “probability that a command with a given specific content will be obeyed by a given group or person” (Weber, 1947: 28). The difference between power and authority consists in the fact that power is essentially tied to the personality of individuals, whereby authority is always associated with social positions or roles. Authority can also be described as legitimate power.

Where power or authority structures are present there are always conflicts that emerge out of these structures, and the most general purpose of these conflicts is the changing of the present power or authority structures.

The institutionalisation of the need to enhance one's own position in the hierarchy of power or authority builds one foundation of a modern democracy, because authority is legitimate power, that can be sanctioned in cases of non-compliance through the super ordinate.

According to Dahrendorf the social conflicts over power and authority are most probably the heaviest, most general and functional forms of social antagonisms.

### **2.2.3 Intensity and violence: The variability of class conflicts**

According to Dahrendorf, in class theory the possession of authority does not figure as a value sought for its own sake but as an opportunity to realise specific interests (Dahrendorf, 1959: 232).

“That conflict is variable means that its intensity and violence are variable; but the two may vary independently and are, therefore, distinct of any conflict situation” (Dahrendorf, 1959: 211). “A particular conflict may be said to be of high intensity if the cost of victory or defeat is high for the parties concerned” (Dahrendorf, 1959: 211). The category of intensity refers to the energy expenditure and degree of involvement of conflicting parties, whereby the category of violence rather relates to its manifestation than to its causes; it is a matter of the weapons chosen by conflicting groups to express their hostilities.

As soon as conflict groups have been permitted and been able to organise themselves, the most uncontrollably violent form of conflict – that of guerrilla warfare – is excluded. The fact of organisation presupposes some degree of recognition which in turn makes the violent forms of conflict unnecessary and, therefore, unlikely. This is not to say that conflicts between organised groups cannot be highly intense and violent, but the conditions of organisation are merely one factor.

The intensity of class conflict

- Decreases to the extent that the conditions of class organisation are present;
- Decreases to the extent that class conflicts in different associations are dissociated (and not superimposed);
- Decreases to the extent that the distribution of authority and the distribution of rewards and facilities in an association are dissociated (and not superimposed);
- Decreases to the extent that classes are open (and not closed) (Dahrendorf, 1959: 237).



The violence of class conflict

- Decreases to the extent that the conditions of class organisation are present;
- Decreases if absolute deprivation of rewards and facilities on the part of a subjected class gives way to relative deprivation;
- Decreases to the extent that class conflict is effectively regulated (Dahrendorf, 1959: 239).

#### **2.2.4 Institutional pluralism**

Any given society has many different institutions. The church, the state, the economy, the military, the legal system, these 'leading' institutions should, according to Dahrendorf, have an own unique identity and further be separated (i.e. separation of power).

In societies where this is not the case, where one group dominates all institutions, the intensity of conflicts increases. The more pluralistic the structure of a society becomes, the more the intensity of conflicts is likely to decrease. If the different institutions are not separated from each other any conflict is a conflict about the whole system and therefore is more intense than a conflict over one institution.

#### **2.2.5 Regulation of conflicts**

"The idea that conflicts may be resolved could mean, and often is thought to imply, that it is possible to eliminate given conflicts altogether" (Dahrendorf, 1959: 237). However, in Dahrendorf's view, conflicts persist and cannot be resolved. Neither can they be suppressed in the long term.

The attempt to resolve and suppress social conflict is something that can be more often found in autocratic and totalitarian regimes. In democratic regimes we can find more often the regulation of social conflict. By this Dahrendorf means such forms as conflict control as address themselves to the expression of conflicts rather than their causes, and that implies the continued existence of antagonisms of interest and interest groups. According to Dahrendorf effective conflict regulation presupposes three factors:

First, for effective conflict regulation to be possible, both parties to a conflict have to recognise the necessity and reality of the conflict situation and, in this sense, the fundamental justice of the cause of the opponent.

The crucial factor for effectively regulating conflicts is recognition, and even the emphasis, of systematic divergence and opposition. “The attempt to obliterate lines of conflict by ready ideologies of harmony and unity in effect serves to increase rather than decrease the violence of conflict manifestations” (Dahrendorf, 1959: 226).

“A second requisite of effective conflict regulation is the organisation of interest groups. So long as conflicting forces are diffuse, incoherent aggregates, regulation is virtually impossible” (Dahrendorf, 1959: 226).

“Thirdly, in order for effective conflict regulation to be possible, the opposing parties in social conflicts have to agree on certain formal rules of the game that provide the framework of their relations” (Dahrendorf, 1959: 226).

By rules of the game, Dahrendorf means such procedural norms that are binding for the contestants without prejudicing the outcome of the contest. These rules of the game can serve their function only if and as long as they put both parties on an equal footing and do not imply any substantive stipulations disabling one or the other conflict group. Once these prerequisites of conflict regulation are present, varying forms of regulation itself can come into operation.

The first form of conflict regulation appears to consist in the operation of certain institutions, which provide the framework for discussion and decision-making with regard to conflicting issues. “These institutions may be described as parliamentary bodies in which conflicting interest groups or their representatives meet in order to carry on their conflict in a relatively peaceful and patterned manner” (Dahrendorf, 1959: 228).

According to Dahrendorf there are four requirements that have to be satisfied if institutions are to regulate conflict in an effective way.

They must be autonomous bodies, their role must be obligatory, they have to be democratic and their place in a given association has to be monopolistic.

In many cases, in order for the violence of group conflict to be reduced, autonomous conciliation has to be supplemented by other forms of conflict regulation. The supplement can be described as the 'third party' that comes into play. The mildest form of outside intervention into conflicts Dahrendorf describes as mediation, where both parties agree to consult an outsider who is asked to give advice but whose advice will have no binding force for the parties. Another form of outside intervention by legal institutions is called arbitration.

Dahrendorf differentiates between two forms of arbitration. They differ in the kind of commitment to an arbitrator to which both parties have agreed. Further there is a 'political' and a 'judicial' form of arbitration.

The first suggests that it is the task of arbitration to find a workable compromise between conflicting issues accepted as such. Dahrendorf points out that this approach promises success. He sees five "favourable consequences for conflict regulation. Reduction of irrationality, removal of non-rationality, exploration of solutions, assistance in graceful retreat and raising the cost of conflict" (Dahrendorf, 1959: 229).

The second conception views conflicts from a legalistic point of view, i.e., ascribes to the arbitrator the task of judging the merits of conflicting issues in terms of fixed standards of 'right' and 'wrong'. "Where this is the case, the rules of the games are likely to prejudice the case of one or the other party, for if one side or claim is declared right in an ultimate legal and moral sense, conflict itself is not recognised and the other party is likely to feel so frustrated as to resort to violence" (Dahrendorf, 1959: 229).

Dahrendorf continues in pointing out the danger of the latter conception in which he sees that the dichotomy (right or wrong) may be transported to other social systems. He concludes that the legal arbitration conception is dangerous from the point of view of effective conflict regulation.

Dahrendorf describes social conflicts from a dialectic, Marxian point of view. He argues that the antagonism between capital and labour cannot be solved and therefore needs constant mediation.

Our assumption is that social conflicts help social systems to firstly become integrated, and secondly, conflicts help social systems to become wider, as new institutions and parties evolve.

The acceptance of the antagonism between capital and labour builds the foundation for a pluralistic industrial relations philosophy. Pluralistic basically means that there are only two divergent interests. Dahrendorf mentions that it is a central task of the political arena to regulate conflicts (Dahrendorf, 1959: 229). In the rational regulation of social conflicts Dahrendorf sees one of the major tasks of the political system.

### **2.3 Labour unions oligarchy and industrial conflict**

There are a number of theorists who argue that unions lose their militancy as they become 'established', i.e. as social systems develop they become functionally more differentiated.

R. Lester argues that there is no uniform pattern of evolution that all unions must go through. However he sees some trends. Firstly, general tendencies and long run trends:

- As the rate of union expansion slows down, a psychological ageing tends to spread throughout the organisation;
- Union headquarters tend to expand and democratic checks at the local level weaken;
- As a union stabilises and ages, the top leadership becomes more administrative in character and the differences between union executives and management diminish;
- The more successes the unions achieves, the more they tend to reduce their areas of potential expansion and innovation and, consequently, some of their dynamic qualities;
- With increased bargaining experience and rising living standards, the differences between manual and white-collar workers tend to narrow and the areas of conflict and worker protest tend to be reduced;

- As unions gain employer acceptance and their objectives broaden, the differences between unions and other community organisations tend to decrease;
- Increasing security for the union and for the present leadership serves as a moderating influence; less rivalry and fewer challenges reduce the pressure and incentives for militant exploitation of unions' bargaining power (Lester, 1958: 106-107).

Secondly he presents some short-term movements and swings:

- Such movements cause actual developments to deviate from the long run trends but generally do not basically alter the latter, and the influence of the trends predominates over long periods of time;
- Dynamic upswings that affect much of the labour movement may be promoted by a variety of external developments or even by a general internal upheaval;
- Years of disturbance, strain and challenge for trade unionism are followed by deceleration and comparative stability, with the long-term tendencies predominating (Lester, 1958: 111-112).

I end this section with a quote from Richard Hyman: "The unions (in the U.K.) had become in a very real sense a part of the 'establishment'. Their association with the government and employers on scores of committees of all kinds and their accepted right to be consulted on any object affecting their members directly or indirectly made them an important influence in the nation's councils and also, many people felt, imposed a responsibility on them. They had become a part of the body of the state in many of its intricate ramifications, instead of, as they once were, something outside the state and in some sense a rival power" (Hyman, 1989: 48).

Maryann Keller and Eric Mann in their work on the General Motors US transformation during the 1980s point out that besides the official communication structures in the factory, there are informal lines of communication that are essential for understanding the factory (Keller, 1989: 119). By putting new structures in place, i.e. group work, the old structures were destroyed and had to be rebuilt (Mann, 1988: 86).

### **2.3.1 The "iron law of union oligarchy"**

Lipset and Michels argue that over time unions become less democratic. To summarize them:

- Unions, like all other large-scale organisations, tend to develop a bureaucratic structure, that is, a system of rational organisation which is hierarchically organised.

The price of increased union bureaucracy is increased power at the top. Most unions have given their executive boards the right to suspend local officials for violating policies of the central bodies;

- Control over the formal means of communication within the organisation is almost exclusively in the hands of the officials;
- In most unions, one of the chief factors perpetuating the power of incumbents is the administration's almost complete monopoly of political skills and the absence of those skills among the rank and file. The union official, to maintain his position, must become adept in political skills. The average worker on the other hand, has little opportunity or need to acquire them;
- The leaders want to stay in office – every trade union official has moved up in the status hierarchy by becoming an official. There is a basic strain between the values inherent in society's stratification system and the democratic values of the trade union movement. Once high status is secured, there is usually a pressing need to at least retain and protect it. The situation of the leaders of most unions is such that they wish to stay in power and will adopt dictatorial tactics to do so. (Lipset, 1972: 162-163).

Lipset elaborates that oligarchy only becomes a problem in systems which assume as part of their public value system the absence of oligarchy, that is, democracy.

### **2.3.2 Industrial conflict**

The term industrial conflict refers to all expressions of dissatisfaction within the employment relationship, especially those pertaining to the employment contract and the effort bargain. Generally there are two forms of industrial conflicts: formal ones and informal ones. Informal industrial conflict is so labelled because it is not based on any systematic organisation, results directly from a sense of grievance, and supposedly is wholly expressive in nature (Marshall, 1998: 305). Industrial sociologists have also regarded spontaneous walkouts and strikes as examples of informal industrial conflict. Formal industrial conflict is reserved for organised expression of conflict articulated through a trade union or other worker representative (Marshall, 1998: 305).

### **2.3.3 The strike**

Richard Hyman has defined a strike as “a temporary stoppage of work by a group of employees in order to express a grievance or enforce a demand” (Hyman, 1998: 46). Further

he has provided us with an enlightening comparison. “The ‘classic’ strike is in many respects the industrial equivalent of war between nations. Like war, it is sometimes described as the conduct of industrial relations by ‘other means’, but is normally regarded by all concerned as sufficiently momentous an event to be planned with some care and launched only after intensive efforts at peaceful resolution of the question at issue” (Hyman, 1989: 47).

Hyman argues that “a strike is a social phenomenon of enormous complexity which, in its totality, is never susceptible to complete description, let alone complete explanation” (Hyman, 1989: 46). Hyman continues, “The miners, the sailors, the longshoremen, the loggers, and, to a much lesser extent, the textile workers form isolated masses, are almost a ‘race apart’. They live in their own communities...these communities have their own codes, myths, heroes, and social standards. There are few neutrals in them to mediate the conflicts and dilute the mass. All people have their grievances, but what is important is that all the members of each of these groups have the same grievances” (Hyman, 1989: 49).

#### **2.3.4 Informal and wildcat strikes**

I will now focus on the informal forms of strikes that also have been described as ‘wildcat strikes’ and unorganised strikes. In unorganised conflict workers typically respond to the oppressive situation in the only way open to them as individuals: “By withdrawal from the source of discontent, or in the case of certain forms of individual sabotage or indiscipline, by reacting against the immediate manifestation of oppression. Such reaction rarely derives from any calculative strategy” (Hyman, 1989: 48). It is irrelevant if the oppression is caused by a union or a company. One definition of wildcat strikes by Hyman and Knowles points out that an unofficial strike has been defined as one which is not recognised by the executive committee of a union. “An unconstitutional strike is one in breach of an agreed disputes procedure: such procedures normally specify a series of meetings through which a grievance must be processed, in an attempt at peaceful resolution, before a stoppage of work becomes legitimate” (Hyman, 1989: 49).

I end the elaboration on wildcat strikes with the following quote: “The maximum weapon against the system (including union and company) is a simple absence – the strike, which is a withdrawal of labour. It can win wage increases, some improvements in working conditions, and in rare cases some constitutional rights. But it can never overthrow a social regime. As a political weapon, strikes are nearly always profoundly ineffectual...The strike is fundamen-



In many cases companies, especially in the automobile sector, have moved their production facilities to countries with cheaper labour costs. That has also been described as the 'New International Division of Labour'. For example, German Volkswagen workers have to compete against their Czech and South African colleagues with different social standards, i.e. social standards are a cost factor.

Governments in the developed as well as the developing worlds have chosen to implement direct investment-friendly policies. The export processing zones (EPZ) in China can be taken as one example. In this case the Chinese Government promoted the development of industrial clusters and export processing zones, i.e. areas where companies are located that produce synergies with other companies located in the area (Castells, 2001: 462). The most famous example of such a cluster is Silicon Valley in California.

In the Eastern Cape, Good Year Tires, Hella Lights, Shatterproof windows and HJS exhausts form a cluster. They are all located in the direct environment of the Volkswagen plant. Together these companies form an industrial cluster in the new Nelson Mandela Metropole.

The South African government tries to work hand in hand with labour and capital to achieve the main objective, namely *the creation of jobs*. The government tries to promote the production of goods for the export market, of which Volkswagen is only one example in the area.

Ravi Naidoo, director of the South African National Labour and Economic Development institute, states that "democratisation in South Africa has been accompanied by the growth of a range of institutions and processes through which workers and their organisations may gain varying degrees over economic and social decisions that directly affect their lives. These developments are themselves varied, and have been known by a variety of names: co-determination, worker participation, concentration, tripartism or multipartism (Adler, 2000: i).

Anstey and Maller argued that adversarial labour relations remained dominant and that workers had very little control over economic decisions (Anstey, 1995: 46; Maller, 1992: 122).



Glen Adler points out that “one of the most innovative aspects of South Africa's democratisation has been the emergence of institutions and processes through which workers and unions may engage the state and business to gain varying degrees of control over important economic decisions”. He continues that “these institutions and processes are unique among developing countries in Africa and elsewhere that are undergoing democratisation. Taken together, these features of South Africa’s transition have the potential to deepen significantly the political democracy won in 1994 by dramatically expanding the participation by a range of citizens and their organisations” (Adler, 2000:1). As mentioned the potential for participation has been described as ‘embryonic’. Lipset elaborates on why union members often do not participate in union matters: “Ordinarily, however, few members show much interest in the day-to-day political process within the union, apathy of the members is the normal state of affairs. Most union members, like other people, spend most of their time at work or with their families. Their remaining free time is generally taken up by their friends, commercial entertainment and other personally rewarding recreational activities (Lipset, 1972: 164).

However the South African Government has chosen two approaches simultaneously. On the one hand the democratisation of the workplace (LRA) and on the other hand the ‘gearing-up’ for ‘export-led development’ (GEAR). On the one hand there is the alliance between the ANC/COSATU/SACP, and on the other hand there is the alliance between government, business and labour i.e. NEDLAC.

The case in Uitenhage shows the difficulties of communicating these two approaches. One labour activist stated that “this younger (NUMSA) leadership was struggling with massive unemployment and other new and complex issues in a period where co-determination was the buzzword” (Rachleff, 2000:4).

The two above-mentioned approaches do not stand in opposition to each other, but they appear to be paradoxical at first glance and therefore difficult to communicate. Labour unionists in developed countries as well as developing countries have problems in communicating these two ‘paradoxical’ approaches to the workforce. This is particularly the case in times of increased retrenchments of workers through the ‘forces of globalisation’.

### **2.4.1 Gear and export-led development**

Already in the late 1980s, the old regime began to place greater emphasis on the need for export-oriented manufacturing (Oberhauser, 1993: 5) in order to enhance international competitiveness, encourage exports and save foreign exchange (Adler, 2000:108).

In 1996 the new South African Government implemented the Growth Employment and Redistribution Policy. The policy was formulated to meet with the objectives set by the Reconstruction and Development Programme. These objectives were to “satisfy basic needs, develop human resources, increase democratic participation in the democratic institutions and implement the RDP with all its different objectives” (RDP, 1994: 6).

The objectives of the GEAR policy are, “a competitive fast-growing economy which creates sufficient jobs for all work-seekers, a redistribution of wealth through income and opportunities in favour for the poor, a society in which sound health, education and other services are available to all; and an environment in which homes are secure and places of work are productive” (GEAR, 1996, web).

GEAR has also been described as an ‘export-driven development strategy’, because it tries to attract foreign direct investment for the creation of jobs, wealth and competitiveness on the world market. The policy says: “Development and employment are needed to provide a better life for all South Africans. We are confident that our social partners will join us in the combined efforts needed to achieve this goal” (GEAR, 1996, web). The National Economic Development and Labour Council (NEDLAC) was one forum to formulate policy and to achieve the set goals. In this forum, the state, the economy, labour and the ‘community’, negotiate to find ‘the right’ policies.

### **2.4.2 Corporatism**

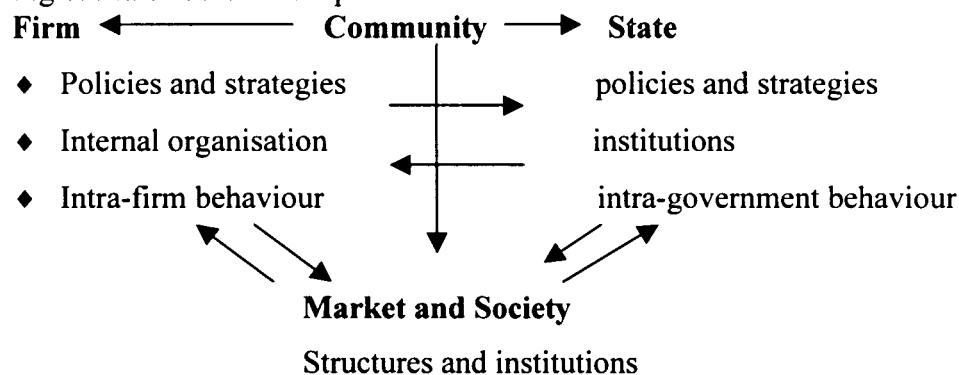
The concept corporatism refers to a type of society in which various large-scale organisations with powerful vested interests are involved in the economic, social and political decision-making process. In the 1970s, it was argued that a corporatist relationship existed between employers’ associations and trade unions, which along with the state were jointly involved economic decision-making. In relation to trade unions, there has been much debate as to whether corporatism was a form of working class incorporation, or an expression of worker power (Marshall, 1998: 122).

Corporatism, in particular, has been associated with union success in weathering the storm of globalisation (Adler, 2000:27). According to Turner (1991:12), in the period of heightened deregulation and global competition union success or decline and the stability of industrial relations system are largely determined by two critical variables: “(First) the extent to which unions, as broad national pattern, are integrated into processes of managerial decision-making, especially concerning work reorganisation; and second, the existence of laws or corporatist bargaining arrangements that regulate firm level union participation from outside the firm” (Adler, 2000:27).

In South Africa the new ‘corporatist’ institution was named National Economic Development and Labour Council (NEDLAC). On 18 February 1995, the NEDLAC was launched and its origins lie in the struggle against apartheid, against unilateral decision-making, and in the calls from all sectors of society for decisions to be taken in a more inclusive and transparent manner.

President Mandela remarked at NEDLAC's launch, “that our democratic gains will be shallow and persistently threatened if they do not find expression in food and shelter, in well-paying jobs, and rising living standards” (NEDLAC, 1995, web).

Fig 1. Martinussen’s Corporatist Structure



(Source: Martinussen, J (1999): Society, State and Market; HRSC Pretoria)

NEDLAC was established in order to promote economic growth, participation in economic decision-making and social equity and to seek consensus and conclude agreements pertaining to social and economic policy.

To summarise, NEDLAC is a consensus-based forum of four interest groups, to achieve the above-mentioned objectives. The members are the state, the economy i.e. business, the labour unions and the community.

According to Hirschsohn, Godfrey and Maree, the strength of COSATU prior to, and during, South Africa's political transition in the early nineties created a unique opportunity to lever the National Party government and business to develop and implement consensus-based policies to restructure the automobile and textile sectors. In both industries, the three parties agreed to progressively reduce tariffs and integrate South African industry into the global economy (Adler, 2000: 101).

Mark Anstey has compared the South African and German labour relations systems and comes to the conclusion that the new industrial relations in developed countries has demanded a shift from wealth extractive historically-based adversarial bargaining to a future-oriented, wealth-creative process; a shift from power based bargaining to information-driven problem-solving; and from the distance of centralised collective bargaining forum to the enterprise and the workstation. It might be argued that these shifts in developed countries reflect very different social and economic conditions to developing countries such as South Africa, but in the context of a global economy such isolationist analysis is unhelpful (Anstey: 1995, 31). The main question is whether these shifts in industrial relations took place in South Africa.

Jeremy Baskins elaborates the problems the unions have with corporatism: "Co-operation with capital is not always easy for labour, and may conflict with the labour movement's own broader agenda for social change. For this reason unionists tend to shy away from the term 'corporatism', as they want to influence state policy but don't want to be accused of a cosy relationship with capital" (Baskin, 2000: 47).

He continues: "COSATU's alliance with the ANC has frequently been seen as an indication that it may become beholden to an ANC-led government, despite its independent, militant past. It would be foolish to deny party influence on the labour movement; largely unavoidable in any democratic process" (Baskin, 2000: 48). It is questionable whether in a functionally differentiated, pluralistic state like South Africa two simultaneous alliances between the state, labour and business on the one hand and the ANC/COSATU/SACP on the other hand can be maintained.

Baskin mentions one major problem that occurred during the democratic transformation towards corporatism: “First, organised labour has lost significant layers of leadership to government, political office and the corporate sector. Often labelled the ‘brain drain’, this has seriously dented the pool of skills and experience developed over the years of struggle“ (Baskin, 2000: 48).

Besides the special problem of the ‘brain drain’, another problem seems to be the resistance of trade unionists and managers to change. Anstey mentions in this connection, in an elaboration of the American labour relation system: “However, the overall shape of collective bargaining remained much the same – institutionalised adversarialism within defined parameters around wages and rules. In this context, early worker participation initiatives ran against tradition and it was often trade union leaders and industrial relation managers who were the architects of resistance to change” (Anstey, 1995: 7). Maller states in that connection that the shop stewards at VWSA did not report back from workplace forums where they met with management (Maller, 1992: 98).

I finish this section with a quote from Webster and Adler: “Corporatism ultimately depends on the capacity of the labour movement to represent its members, to reach and enforce agreements with capital and the state. This requires that leaders have the capacity both to mobilise their members in certain circumstances and restrain them in others. The dilemma of leadership in this context is to respond to the immediate needs of workers while simultaneously leading them towards a longer term vision” (Adler, 2000: 13). In the case at Volkswagen I found shop stewards not coping with such a ‘dilemma’, they were caught up in the old South Africa. B.K. Smith mentioned in an interview that the 13 shop stewards “did not come to terms with the new democratic South Africa” (Smith, interview, 2002).

### **2.4.3 The Market**

When it comes to the market I want to concentrate on the product and its position on the market. The VW Golf (A4 platform) has a top position on the international automobile market and since its launch it is the best selling compact class car in Germany. Volkswagen has been the biggest car producer in Europe and in Africa since 2000.

What was the meaning of the A4 export agreement to the company and the employees?

- VWSA would become the biggest vehicle producer in South Africa;
- Job security for the 400 direct employees who were ‘surplus’ to the local market needs in 1998 and others who would have become ‘surplus’ in 1999;<sup>1</sup>
- The recruitment by VWSA of approximately 1000 additional direct employees in 1998/99;
- The creation of large a number of supporting jobs in the Port Elizabeth-Uitenhage area, e.g., at suppliers, harbour, etc.;
- The opportunity for employees to receive training in world class production techniques as are applied in the best automobile plants in the world;
- The investment of R160 million in the local supply industry in this region, which would create jobs;
- Integration into the worldwide VW supply chain, which will help to protect the company from fluctuations in the local vehicle market which threaten jobs;
- If quality, schedules, cost and delivery targets are met on this project, it could open the door for additional large export orders (A4 export agreement, 1998: 1).

The Golf in South Africa is produced for the British and South African market. The volume of the export contract is estimated at 12% of the total South African export turnover (*Berliner Morgenpost* 2000: Feb 7).

Compared with other countries South Africa can offer strategic advantages. I describe it as a niche market that the companies are exploiting. This form of production needed to be streamlined from a ‘Fordist’ to a more ‘Toyotist’ form of production.

The National Association of Automobile Manufacturers of South Africa (NAAMSA) describes some of the competitive advantages the South African automobile manufacturers have at a global level:

- A world-beating cost ability on short runs;
- Very competitive tooling costs. For tooling under a foot (30cm), South African costs are typically half of European costs, for the same quality. This is largely because of the lower labour rates;

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<sup>1</sup> This section is quoted from the A4 export agreement – “surplus of 400 employees” was the terminology chosen by NUMSA and VWSA.



- A high degree of manufacturing flexibility;
- Access to the Southern Hemisphere. Transport costs are distance-related and there will be some markets that are closer to South Africa;
- Right hand drive. (NAAMSA, 2002, web)

#### **2.4.4 The form of production**

Twice in the last century the automobile has changed our most fundamental ideas on how we make things. How we make things dictates not only how we work but also what we buy, how we think, and the way we live (Womack, 1990: 11).

At the beginning of the 20<sup>th</sup> century, Henry Ford and General Motors' Alfred Sloan moved world manufacture from centuries of craft production – led by European firms – into the age of mass production. As a result, the United States soon dominated the global economy (Womack, 1990: 11).

After World War II, Eiji Toyody and Taiichi Ohno at the Toyota Motor Company in Japan pioneered the concept of 'lean production'. The rise of Japan to its current economic pre-eminence quickly followed, as other Japanese companies and industries copied this remarkable system (Womack, 1990: 11).

Fordism as Gramsci defined it, refers to a form of productive organisation thought to be typical of advanced capitalism and exemplified by Henry Ford's system of mass automobile production. This allied labour management according to the principles of scientific management (Taylorism) with a wider reorganisation of production and marketing, involving a moving assembly line, standardised outputs, and demand stimulation by a combination of low prices, high wages, advertising, and consumer credit.

Following the economic crisis of the 1970s and 1980s, with associated changes in the social and technical organisation of production and the alleged coming of Bell's post industrial society, some sociologists suggested that Fordism was in its terminal crisis, being succeeded by 'post-Fordism' or 'Toyotism', based on so-called flexible production systems (Marshall, 1998: 235).

It is argued that increasing national and international competition, i.e. globalisation, is forcing greater flexibility on firms in order to respond more quickly to changes in the product market. This includes greater flexibility in employment level (numerical flexibility), job tasks and skills (functional flexibility), and payment systems (financial flexibility) (Marshall, 1998: 232).

The main indicators for ‘post-Fordist’ flexible production systems are group work, just-in-time production, integrated production processes, flat communication hierarchies, increased communication, and the shift from a top-down Fordist organisation strategy towards a bottom-up organisational strategy. This way of production was pioneered at the Toyota Motor Company in Japan and has also been described as ‘Toyotist’. The following table indicates the main shifts from the Fordist to the Toyotist production paradigm.

Table 1. The shift from Fordism to Toyotism

Mass production		Lean Production
Fordism	<b>Production Philosophy</b>	Toyotism
Producer push “Any colour provided is black” Volumes Quality “good enough” Buffers at every production Step to avoid disruption		Consumer pull Customer choice Zero defect Low waste Continuous improvement Reduced inventories Rapid product development Speed in production
Product cost + desired profit = price		Price - product cost = profit
	<b>Work Organisation</b>	
Taylorism External job design Technological Control Job fragmentation Repetitive work Deskilling Individualised incentives		Democratic Taylorism? Extended decision making Team controls Meaningful task variation Multi skilling Team incentives



	<b>Management</b>	
Authority Hierarchies Bureaucracy Spans of control Rigid & procedural		Decentralised controls Flatter organisations Managers as resources Participation Flexibilities
Extractive/distributive	<b>Industrial Relations</b>	Wealth creative
Constitutional Seniority Extensive work rules Procedural rigidity Adversarial Extractive/distributive		Participative Skills based Flexibility Education and training Cooperative Wealth creative

(Source: Anstey, 1995: 11)

Anstey states that the lean or Toyotist production has been arguably the most successful in enabling enterprises to remain competitive in saturated global markets in which manufactures have been obliged to shift from a producer-push philosophy to one of a consumer pull character in which a choosy consumer with a wide choice is the critical player (Anstey, 1995: 10).

#### **2.4.5 The South African automobile industry in the post apartheid era**

*Business Day* reported that South Africa's motor industry was projecting exports of 60 000 built-up vehicles in 2000 and was projecting to export as many as 200 000 units by 2002-03. (*Business Day* 2000: Sep 15).

At a parliamentary media briefing the minister of trade and industry, Alec Erwin, said this sector, together with clothing and textile and the stainless steel industries, had turned the corner and was showing real prospects for growth (*Business Day*, 2000: Sep.15).

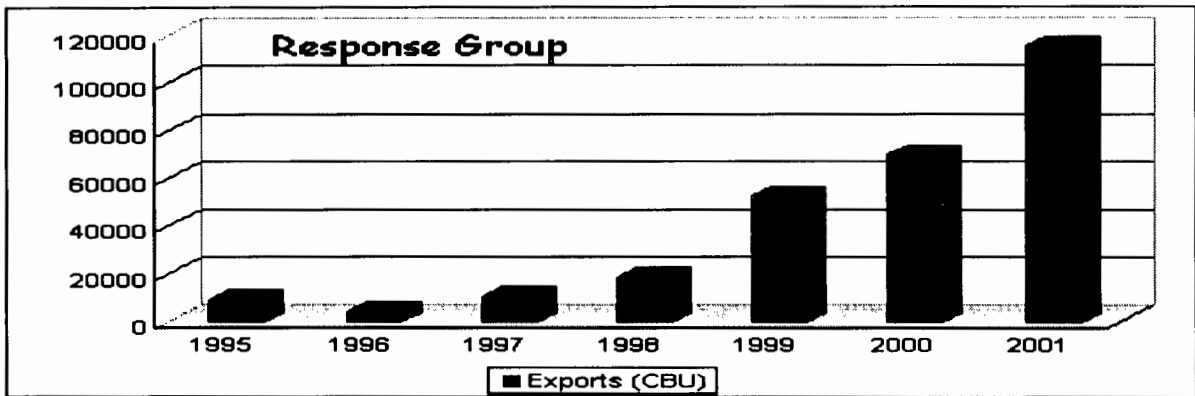
Erwin reported that the total motor industry exports in Rand value terms had risen by 46,5% from 1998 to 2000, an average yearly rate of increase of 37% since 1995, when the motor industry development programme (MIDP) was introduced. (*Business Day*, 2000: Sep.15).

The growth in motor component exports, which showed an annual increase of 31% from 1995 to last year, was expected to continue, reaching a projected total of R11bn in 2000 compared to R9, 67bn in 1999 and R7, 9bn in 1998 (*Business Day*, 2000: Sep.15).

Looking at the increase in the total export production of the SA motor industry, as well as the motor component industry, I only can conclude that the motor industry is ‘booming’ or as one author described it, “catching up from behind” (Nordas, 1996: 715).

Hans-Christian Maergner, the Managing Director of VWSA mentioned: “Our export of 30 000 Golfs to Europe has allowed us to rejoin the global vehicle and component supply network and benefited SA in terms of foreign exchange earnings and the transfer of skills and technology” (*Business Day*: 2001, Aug 17). Graph 2 shows the number of cars produced for export from SA.

Fig 2: Passenger cars exported from South Africa between 1995-2001



(Source: NAACAM, 2002, web)

Besides the A4 export agreement, VWSA was also awarded a R1.7 billion contract for catalytic converters. “These three catalytic converter contracts are significant in that they form part of an overall strategy which will see the announcement of additional contracts for engine components, alloy wheels, parts and accessories replacement parts in the near future” (*Business Day*: 2001, Aug 17).

The newspaper also reported that: “There had been a growing trend for companies to export great volumes of catalytic converter components because of the benefits derived in terms of government’s motor industry development programme. Credits are accumulated for volumes of components exported. Volkswagen expects to use export rebates earned to offset the import

charges for bringing some of its low-volume, fully built-up units to SA, including the new Audi range and other products” (*Business Day*: Aug 17, 2001). The MIPD led to the reduction of import duties and local producers are allowed to import some components duty free and may reduce import duties on other components by exporting cars or components (Adler, 2000: 110).

The aim of the MIPD is to integrate the South African automobile and components industry into the global production chains of the mother companies. The Industrial Developments Consultants (INDEVCO), a South African Consultant company, states in this connection: “The South African Government introduced the Motor Industry Development Programme on 1 September 1995 aimed at regulating the motor industry in South Africa and to promote exports through the issue of Import Rebate Credit Certificates. The results of this programme, which have gained the interest and attention of global players, have been remarkable, with exports rocketing from nothing some five years ago to R18 billion in 2000/2001” (INDEVCO, 2002, web).

The situation of the automotive industry at the beginning of the 1990s was a completely different one, as the report on the industrial strategy project (ISP) states: “Had South Africa to grow at the same rate as the NICs after the mid 1970s, our GNP per capita would now have been over \$7250 as opposed to its present level of little over \$2500. While such counterfactuals are to be treated with caution, they do indicate the magnitude of economic opportunities lost” (Joffe, 1995: 4).

The objectives of the ISP were to create employment, increase investment, raise productivity and improve trade performance. There were different strategies to achieve these goals. In the case of VWSA I want to emphasises the “specialisation: moving up the value chain” approach.

The ISP was commissioned in the late 1980s by COSATU to analyse the impact of sanctions on the South African economy. John Gomomo, ex Volkswagen shop steward and president of COSATU stated: “The research revealed that the crisis of the South African economy was rooted in the policies of the apartheid era and our commission to the economists was transformed into a full scale critique of the economics of apartheid. A key consequence of the failures of apartheid's social and economic policies was its unproductive manufacturing sector” (Joffe, 1995: 4).

“While auto plants in other developing countries became increasingly integrated into the global operations of multinational firms from the 1970s, the South African industry remained internationally isolated and developed behind a protective tariff wall” (Adler, 2000:108).

One strategy by the state, labour and business to counter these developments in the manufacturing sector was to open the economy to international competition. Hirschsohn, Godfrey and Maree mention in this connection: “The state hopes this strategy of steadily reducing tariff protection and progressively infusing more intense international competition will improve efficiency, productivity and competitiveness. Tariff protection, which was reduced from 115% to 80% in 1994 to 54% in 1998, will decline to 40% by 2002 – a lower level at a faster rate than required under South Africa's GATT commitments” (Adler, 2000:108).

To compete domestically and internationally the companies have to restructure their production techniques. From a more Fordist type of production to a more Toyotist or Japanese production style. Mr. Maergner the MD of VWSA, mentions in this connection: “The world does not wait for South Africa anymore. We have to transform quickly to stay competitive” (*Berliner Morgenpost*: 1998, May 19).

Hirschsohn, Godfrey and Maree interviewed B.K. Smith., the Human Resource Manager at VWSA, and state in this connection: “Volkswagen management admits that the industry was unprepared for the major cultural shift required to move from a low-wage strategy towards a system founded on equity and skilled workforce” (Adler, 2000: 113). A skilled workforce is an integral part of a Toyotist production system. The workers need to have multiple skills to react to the changes in the production process more quickly to become more ‘flexible’.

## **2.5 Trust**

A strong tradition in sociology argues that stable collective life must be based on more than mere calculations of self-interest and that, even in a business situation, an element of trust is essential. Emile Durkheim's celebrated phrase that “in a contract not everything is contractual” states this position very nicely. Trust can be defined as “confidence in the reliability of a person or system” (Marshall, 1998: 674). However there are also different definitions of trust. Niklas Luhmann for example defined trust as “the reduction of decision options” (Luhmann, 1968: 21).

Francis Fukuyama in his book “Trust – The social Virtues and the creation of Prosperity” gives several examples of how trust has had implications on the economic performance of a

company. “In the Toyota Motor Company’s assembly plant, any of the thousands of assembly line workers who work there can bring the entire plant to a halt by pulling on a cord at his or her workstation. They seldom do so. By contrast, workers at the great Ford Auto plants like Highland Park or River Rouge – plants that virtually defined the nature of modern production for three generations – were never trusted with this kind of power. Today, Ford workers, having adopted Japanese techniques, are trusted with similar powers, and have greater control over their workplace and machines” (Fukuyama, 1995: 5).

I constantly collected newspaper and internet articles dealing with the conflict in Uitenhage and its wider environment. By 2002 I had collected about 80 newspaper articles dealing with the conflict in Uitenhage. During 2000 and 2001 I daily scanned the South African media and Labournet.de homepage for new articles on the conflict. An observation of second order, as Luhmann would describe it, or simply secondary source analyses. I scanned *Business Day*, *The P.E. Herald, Mail & Guardian*, *The Cape Argus*, *Der Spiegel* (a German news magazine) and the *Taz* (a Berlin daily).

The observations of first order were the visits and interviews with representatives involved. I tried to gather as much information as possible and later analysed and reduced it in the light of the literature discussed and the above-mentioned research questions.

But why did I conduct this research? Firstly, because I wanted to find out what was ‘behind’ the happenings in Uitenhage – was it ‘just another globalisation case’, or were there also other reasons for the emergence of the conflict? Further, to explain and explore the conflict I tried to test the theory of social conflict on that particular real case. I will review this theory later in this thesis. What role does the institutionalisation of social conflict play regarding development, and is there a relationship between social conflict and development? Therefore Simmel's, Coser's and Dahrendorf's contributions to the theory of social conflict, are applied to the social conflict at VWSA in Uitenhage.

Why did the conflict during 1999 and 2000 evolve? And what kind of explanations do the theory and literature give us? Therefore one aim of the thesis can be described as theory-testing. Is it appropriate to characterize this particular social conflict as one that has become institutionalised?

Does social conflict in Uitenhage help in building up associations, how big is its impact on the ‘community’, and what can it explain to us in terms of a new pluralistic and democratic South Africa. I will apply the literature presented in chapter three to this conflict, and ask whether this conflict was functional or dysfunctional. Did it become integrated into existing institutions or not, and did it help in building new ones?

### **3.2 The case study**

For this research I decided to use the case study research method. Therefore I looked at this special conflict case at VWSA. Case studies in general are of a more explorative character, a field of social reality becomes explored and described to analyse and conceptualise it afterwards in the light of the collected data and empirical material.

The method used to assemble information is determined in part by the ease of access and whether the study is accepted by the subjects. Volkswagen denied access during the arbitration process and therefore I had to use secondary information related to the company. In 2002 the company shared insights on the conflict with me and gave me the opportunity to interview Mr. B.K. Smith and Mr. A. Hunneyball, human resource managers at the company. The dismissed workers and unions involved were generally very helpful in supplying me with information.

A list of interview partners appears after the bibliography.

One problem during the first arbitration session was the malfunctioning sound system in the Uitenhage Town Hall; to follow the first cross-examinations acoustically was very difficult. During the second arbitration session these problems were solved, as the arbitration took place in the Uitenhage sports hall with a 'state of the art' sound system.

As mentioned above I undertook participant observation at several demonstrations, court and arbitration sessions, and I further undertook unstructured interviews with key informants.

Besides the media articles, I analysed documentary evidence i.e. the A4 export agreement, the final judgment from the labour appeal court as well as the CCMA arbitration award. I collected all the data and empirical material and then later analysed it in terms of the theory and literature. The literature and theory are reviewed in the chapter three of this thesis.



## Chapter 4

### The Context of the Strike

#### Introduction

Before I start with a description of the strikes in 1999 and 2000 and its evolution, I want to give a socio-economic overview of Uitenhage followed by a description of the Volkswagen Company.

After this I proceed with the different interest groups and the CCMA. Finally I give a summary of the happenings during the strike.

#### 4.1 Uitenhage: a socio-economic profile

In 1996, 38 039 people were employed in Uitenhage whereas 79 431 people were unemployed. At the time, the unemployment rate was approximately 50%. The composition of the different population groups in the community in 1996 was as follows:

Table 2: Population Groups in Uitenhage

Population Group	Number
African/Black	72 835
Coloured	47 582
Indian/Asian	1 035
White	21 602
TOTAL	143 054

(Source: Statistics South Africa Census 1996)

Table 3: Sector Employment Uitenhage

Primary	Secondary	Tertiary	Total
1365	12156	20450	33971
4.01%	35.78%	60.18%	100%

(Source: Statistics South Africa Census 1996)

In 1996 Uitenhage was an industrial town with a secondary sector employment rate of 35.78%. In other words, of all economically active people almost 36% were employed in the industrial sector.



Volkswagen was one of the major employers in Uitenhage in 1996 when about 6000 people were employed at Volkswagen South Africa.

In 1996 the unemployment rate in the Eastern Cape stood at 48.5% – the highest rate in the country (Statistics South Africa, Census 1996). In 1992 Judy Maller described the socio-economic situation as follows: “According to official statistics there were 120 000 homeless families and one third of the total African population lived in shacks. It was reported that in Uitenhage itself, only 25% of families in Langa ‘live in proper brick houses’ and most families are poverty-stricken and cannot afford new houses being built for them in Kwano-buhle. During 1985, an unemployment rate over 60% was estimated by the Labour Monitoring Group” (Maller, 1992: 93).

“Black workers help to support large family networks, experience ongoing accommodation shortages and are plagued with all social problems associated with high levels of impoverishment such as widespread alcoholism, ill-health, and low levels of formal education.” (Maller, 1992: 93). In 2000 and 2001 it appeared, from simple observation, that the high levels of impoverishment persisted.

The Census Data also indicates that the Uitenhage population is very young. The mean age of the Uitenhage inhabitant is only 27 years (Census SA, 1996). It further shows that the young age cohort from 0-9 years is smaller than the 10-14 year old age cohort. Whereby the age cohort of the 10-14 year old builds the turning point. There are fewer children in the 0-4 cohort and in the 5 - 9 cohort, than in the 10 - 14 year old age cohort. This indicates that there is a high dependency on the ‘bread winners’ in the area.

#### **4.2 Context: the political ‘tradition’ of the Eastern Cape**

In general, a political tradition of conflict in the Eastern Cape falls into three periods. The first period stretches from 1652 until 1977, the second period from 1977 until 1990 and the third period from 1990 until the present.

During the first period it was forbidden for the majority of South African workers to organise themselves in labour unions and articulate their demands. B. J. Vorster’s position neatly illustrates the first as well as the second period: “It is true that there are blacks working for us.

They will continue to work for us for generations, in spite of the ideal we have to separate them completely. Surely we all know that...The fact of the matter is this: We need them, because they work for us...but the fact that they work for us can never – if one accepts this as one's own criterion one will be signing its own death sentence right now – entitle them to claim political rights. Not now, not in the future. It makes no difference whether they are here with any degree of permanency or not...under no circumstances can we grant them those political rights in our territory neither now or never” (Okwui, 1998: 113).

The second period started with the Wiehahn Commission reports that recognised and recommended that black unions be recognized – to exercise some kind of control over them. The idea was to integrate African organised labour into the structures and institutions of the South African society.

The hope was to effect a change within the system rather than a change of the system. It has also been described as an attempt to calm the system. The strike activities in the 1980s showed that this approach was not successful from the state's point of view, but it definitely helped organised labour to organise and structure itself. The period of the 1980s in Uitenhage and Port Elisabeth has been described as “workers' war” – strikes became politically motivated and the enemy was clear – the apartheid regime.

Maller mentions in this connection that: “Many of the strikes acquired overtly political overtones – 1989 was a year of sustained political activity on the part of the union movement and United Democratic Front and African National Congress as well as the Pan African Congress. These organisations had strong bases in the townships around Uitenhage and political tensions often entered the company premises. On one occasion workers carried mock-AK47s through the plant. Marches and toyi-toying took place regularly during lunch hours” (Maller, 1992: 125).

In 1989, Brian Smith, the human resource director of VWSA attempted to periodise the development of industrial relations at the company in the following way:

- Prior to 1979: management dominance;
- 1980-1986: intense conflict;
- 1986-1987: institutionalisation of conflict.

He did add the qualification that despite this institutionalisation, there was still potential for conflict. This insight was underpinned by more conflict and disruption than VWSA had experienced previously (Maller, 1992: 99).

The current period can be described as a period towards the democratisation of the workplace. The wildcat strike at VWSA is an indication of how slow it is for the whole system to change from closed to open, or from militant to democratic.

The strike also shows how hard it is for partners in a coalition to find an own identity. After the struggle the whole resistance movement starts to become differentiated and some coalitions start to become 'irrational' for the parties involved, conflicts 'within' the specific system become apparent to the public sphere.

Further, the attitudes towards democracy do not evolve overnight. The old attitudes form the basis on which the new democratic attitudes have to be erected. Maller cites a union member who illustrates his approach to workplace democracy at the beginning of the 1990s: "If we have sent the shop stewards to submit our demands to management and we are not satisfied about the response, we ask our part-time shop steward to call a general meeting. If our problem is not solved we decide to go on strike. If others refuse to join the strike, we assault them." (Maller, 1992: 121). This also happened in 1999 and 2000. The 13 recalcitrant shop stewards simply ignored the NUMSA leadership and its attempts to restore discipline.

Also important is the 'brain drain' that the unions have experienced since the transformation to democracy. Now the unions had to cope with a situation that was more complex than it used to be. The company VWSA was not the 'evil white enemy' anymore and at the same time NUMSA had to compensate for their loss of experienced leadership. For example, John Gomomo, an experienced shop steward at VWSA, went to Johannesburg and embarked on a political career and became COSATU president.

For many shop stewards, the enemy was not clear anymore. Was it the union, the state, or the company? The company did not actively help the informal struggle structures to arrive in the democratic post-apartheid South Africa. The union was too weak to execute the necessary authority at the plant.

Jim Nodwangu described the 'traditional' approach of workers towards the union and management in the following way: "Workers used intimidatory tactics which were associated with VW struggles which were at the centre of the struggle in Uitenhage in the 1980s. These kinds of tactics in these times with a new LRA were inappropriate." (Forrest, 2000: 16). They may have been inappropriate, but they became part of the problem at VWSA in 1999 and 2000.

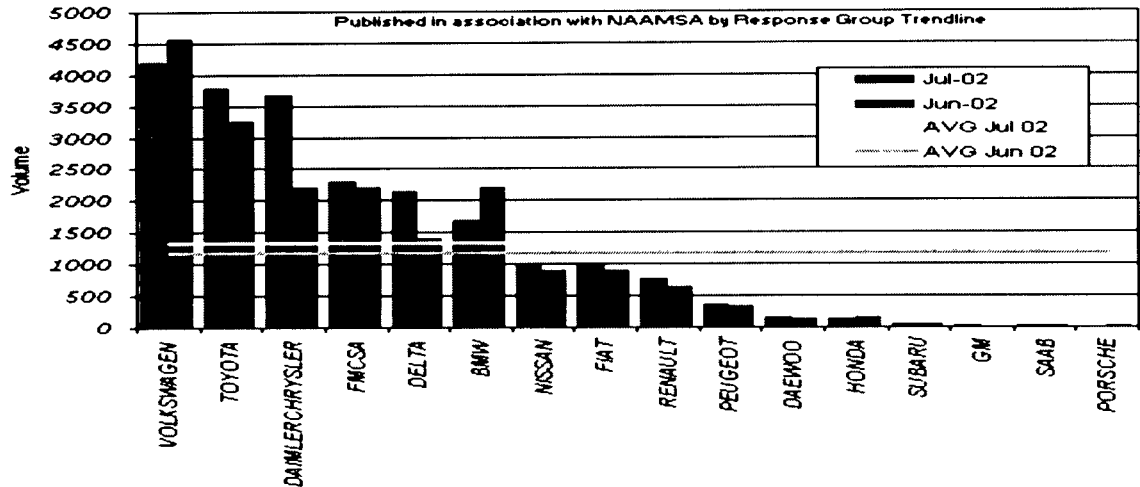
### **4.3 Parties to the conflict**

#### **4.3.1 The company Volkswagen South Africa (VWSA)**

Volkswagen of South Africa is set on the outskirts of the industrial town of Uitenhage, just 35 kilometres from Port Elizabeth in the Eastern Cape Province. The company was established in 1951 as the South African Motor Assemblers and Distributors (SAMAD). Judy Maller described why the Volkswagen group chose Uitenhage for its production site in 1951: "Uitenhage, a small town which grew as a industrial centre in the post-war period, was a particularly appropriate site for the VW plant...with so many parts coming from the parent company in Germany, the plant's proximity to the harbour town of Port Elisabeth was significant. In addition, an industrial infrastructure already existed in Uitenhage by 1948, primarily in the form of railway workshops. These would provide a supply of skilled white workers to the VWSA plant. Furthermore, Goodyear had set up its tyre manufacturing plant during the war years and there was an embryonic textile sector, including the Veldspun factory." (Maller, 1992: 91).

VWSA is a wholly-owned subsidiary of Volkswagen AG. According to the company "this ensures that it follows the world-wide quality set by the parent company". It also enables VWSA to stay abreast of technological developments in motor manufacturing.

Fig 3: Volume of cars produced by company in South Africa.



(Source: NAAMSA, 2002, web)

Graph 3, above, shows that VWSA is the biggest car producer in South Africa. This leading position evolved after the A4 export agreement. In 2000 for the first time VWSA produced more cars domestically than its biggest competitor, Toyota. The company also achieved great success on the local market with the introduction of the Citi Chico in April 1995. Its success in the highly competitive global market is further enhanced by the export of body and engine parts and catalytic converters to countries like Argentina, Spain, Belgium and Germany, as well as large numbers of built-up units to overseas markets.

The company argues: "Innovative technology, quality, economy and motoring enjoyment are the foundations of the success which makes the Volkswagen Group the fourth largest car manufacturer in the world and Number One in Europe" (VWSA, 2000, web).

VWSA is the largest foreign employer in South Africa and directly employs 5 200 workers (Smith, interview, 2002). The Volkswagen family contains more than 2 500 suppliers and a national network of 210 dealerships (VWSA, 2000, web).

To ensure that all VWSA employees receive relevant development opportunities, extensive education and training opportunities exist, ranging from basic literacy and skills training, to assistance with tertiary education. These already started at the beginning of the 1990s. "VWSA is committed to enhancing the communities in which its employees live. The VW Community Trust was established in 1989, specifically to assist communities in their development. A joint effort by VWSA employees in 1987 resulted in the accumulation of savings of

R7 million from the Company's operating costs, which was paid into the Trust when it was formally established. The Trust is jointly run by a Board of Trustees, consisting of representatives of VWSA Management, the Union, employees, local authorities and the community." (VWSA, 2000, web).

VWSA also supports the Government's Reconstruction and Development Programme financially. Together with VWAG it has established The Volkswagen International Training and Development Programme for the development of young leaders through overseas training. According to the company, a project has been launched to provide affordable housing for employees (Smith, interview, 2002).

VWSA was an official sponsor of the South African Olympic Team for the 2000 Olympic Games. Volkswagen also supports the National Soccer team by being the official transport provider to Bafana Bafana.

Every car that comes off the assembly lines at VWSA has, as the main ingredient, a company-wide commitment to the value of quality. Each step in the production process focuses on producing cars of exceptional quality.

#### **4.3.1.1 Industrial Relations at VWSA**

Under the management of Peter Searle in the late 1980s and early 1990s, the company actively tried to promote a culture of "the Volkswagen family" to overcome the adversarial labour relations that were characterised by conflict and strikes. The main participatory structures in 1994 were a business unit committee, a plant committee, a negotiating committee, working groups, joint union management committee (JUMEC), strategic union management workshops, building meetings, general meetings, profit sharing, and a community trust fund.

After 1995, JUMEC became the Work Place Forum. It was attended by directors, full-time shop stewards, and senior trade union officials. It was held quarterly to disclose information and discuss strategic issues.

Strategic union management workshops were convened when necessary by either party to discuss strategic and policy matters. At the beginning of the 1990s, for example, a delegation

from the German labour union came to discuss the notion of co-determination with the shop stewards (Hunneyball, interview, 2002).

Another example for participatory structures was the General Meetings. They were held quarterly during paid working time. Part of the meetings was an hour-long address by the Managing Director and three hours for union business. There is also a profit-sharing scheme, i.e. an end of year bonus.

The community trust fund is set up by the company to promote community development. Representatives of management only serve in an advisory capacity.

However, there were severe problems with overcoming the adversarial labour relations at the company. Maller states in this connection: "Stewards identified their role primarily in political terms, specifically providing a leadership function in community struggles and, more generally, contributing to the building of a working class leadership." (Maller, 1992: 136).

Another problem highlighted by Maller has to do with worker participation and JUMEC: "98% of worker respondents stated that they never received a report-back from shop stewards on JUMEC meetings. This was in stark contrast to the 85% of respondents who received regular report-backs from shop stewards about other issues...This may reflect the union's ambivalence about participation in these structures, and indicates a serious breach of otherwise very democratic report back structures." (Maller, 1992: 133).

Maller concludes that: "The significance of the VWSA case study lies essentially in the union's innovative approach to participative management: it has not adopted a strategy of refusal and boycotted all forms of participation; it has also not succumbed to incorporation because it remains an independent locus of power based on strong shop floor unionism. Instead it is pioneering a third route which combines participation with independent worker representation in an attempt to shift permanently the frontier of control and ensure that workers' interests are represented in the formation of company policy." (Maller, 1992: 147).

During my visit to VWSA, I got the impression that worker participation at the plant was very minimal, if non-existent. What I saw was only shop steward participation and the increased



power position of shop stewards. Mr. Smith and Mr. Hunneyball mentioned that there was no direct worker participation apart from the General Meeting.

What I see as central at VWSA is that power was ceded not to workers but to their shop stewards, and Judy Maller's case study also gives several indications of this. So I would argue that there was "embryonic shop steward participation" and not "embryonic participation" (Maller, 1992: 146). However, this was embryonic shop steward participation in policy matters, not direct worker participation. This empowered the already powerful shop steward even more.

Smith mentioned in this connection: "The company can not engage with each and every individual or grouping" (Smith, interview, 2002), and Hunneyball elaborated that there was "no direct worker participation" (Hunneyball, interview, 2002); therefore, when one keeps the shift from Fordism to Toyotism in mind, and then one hears these two statements, one comes to the conclusion that the strategy of active worker involvement was not even contemplated.

#### **4.3.2 The National Union of Metalworkers of South Africa (NUMSA)**

NUMSA was formed in May 1987, emerging from four different unions. The Metal and Allied Workers Union (MAWU), the Motor Industry Combined Workers Union (MICWU), the National Automobile and Allied Workers Union (NAAWU) and finally the United Metal, Mining and Allied Workers of South Africa (UMMAWOSA).

Two different COSATU unions also gave their metal members to NUMSA: GAWU (General and Allied Workers Union) and TGWU (Transport and General Workers Union) (Baskin, 1991: 33). Unionisation in the Eastern Cape began on a racially divided basis with the organisation of Coloured workers in the motor and components industry into the National union of Motor Assembly and Rubber Workers of South Africa (NUMARWOSA) from 1967 onwards. The racial separation was based in the legacy of apartheid and the tradition of parallel unions for different population groups in the Trade Union Council of South Africa (TUCSA), of which NUMARWOSA was part between 1971 and 1976.

During the 1970s African workers were starting to organise themselves in the United Automobile, Rubber and Allied Workers Union (UAW). The UAW had its origins in 1971 when the leadership in the NUMAROSA decided to co-operate with African Workers in the

industrial council. The promotion of non-racialism made NUMRWOSA a key actor during the formation of the Federation of South African Trade Unions, a non-racial federation of industrial trade unions in 1979.

These initiatives established a tradition of non-racial trade unionism at VWSA which formed the backbone of its organisational strength. NUMARWOSA had also developed a strong structure of shop floor representation. This provided a basis for the strong shop floor tradition which the motor union would adopt as its defining characteristic. The UAW remained essentially an 'independent parallel union' of NUMARWOSA, with very close links.

Freddie Sauls, general secretary of NUMARWOSA, served as technical adviser to the UWA. Mr. Sauls also attended the arbitration sessions in Uitenhage and delivered background information to the German labour unionists who also attended the arbitration session. He described himself as being a "Marxist-Leninist" – which gave me some indication from which ideological background the union movement in Eastern Cape came.

Shop steward structures had developed by the late 1970s at VWSA (Maller, 1992: 94). The watershed industrial action that established the strength of the union at VWSA was the strike wave of 1979-1980 which swept the Port Elisabeth-Uitenhage region, and was led by organised workers at Ford and VWSA. Both Coloured and African workers at VWSA went out on strike and their action was precipitated a general strike in the city (Maller, 1992: 95). The general strike, which lasted three weeks, was followed by a period of 'guerrilla struggle' involving short stoppages at the VWSA plant.

This led to the establishment of very strong shop floor structures, major wage gains and the conclusion of formal agreements. These strong shop floor structures are essential for understanding what happened at VWSA during the 1999 and 2000 strikes.

The strike in the early 1980s also marked the beginnings of formal non-racial unionism in the motor industry with the amalgamation of NUMARWOSA, UAW and the Western Province Motor Assembly Workers Union into the National Automobile and Allied Workers Union (NAAWU). This legacy created a precedent for the emergence of strong shop steward structures at VWSA, a vital component of which was the presence of eight full time shop

stewards. The growth of shop steward structures provided the basis for increased union strength (Maller, 1992: 97).

At the end of the 1980s John Gomomo COSATU President, observed that: "There is a danger of full time stewards losing contact with the workers. We combat this by keeping in close touch with the factory. The plant is demarcated and part-time shop stewards in an area report daily to one full time shop steward." (Maller, 1992: 97).

On a quarterly basis full-time shop stewards reported back to the general membership. These general meetings are an ongoing feature of unionism at VWSA, and play an ambivalent role in the development of union democracy: on the one hand they provide opportunities for participation in decisions by ordinary members, and on the other hand they allow for the domination of decision-making by vociferous and well-organised sub-groupings within the union. The happenings during 1999 and 2000, and the conflict between the 13 shop stewards and the union, are a good example that such domination was problematic during times of transformation – when leadership was in a deep crisis.

However, by 1983 the union and company were feeling the major recession in the industry that led to retrenchments. Generally the period of the 1980s can be described as a period of ongoing and intense conflict that was eventually subdued by the imposition of two states of emergency and heavy-handed police action which affected the Uitenhage community intimately, especially the Langa massacre when the police opened fire on a funeral march. Between September 1984 and March 1985, government figures showed 10 000 arrested, 217 killed and 751 injured nationwide. (Maller, 1992: 98).

By 1986 this approach by the state gave rise to a period of relatively peaceful industrial relations at VWSA which lasted until 1989 when once again intense conflict arose between management and the union (Maller, 1992: 98).

After the democratic transformation new problems and possibilities emerged for NUMSA. The biggest problem was the leadership crisis at VWSA. John Gomomo and others left the structures in Uitenhage and made careers either in political organisations or in private business. Baskin mentions one major problem that occurred during the democratic transformation: "First, organised labour has lost significant layers of leadership to government,

political office and the corporate sector. Often labelled the 'brain-drain', this has seriously dented the pool of skills and experience developed over the years of struggle (Baskin: 2000, 48). Hunneyball also mentioned this problem at VWSA, so the weaker leadership had to communicate more complex approaches to management, and that finally resulted in the stepping down of the 18 loyal NUMSA shop stewards.

There was intense conflict over issues of the National Bargaining Forum in 1989 and 1994. During 1995, 1996, 1997 and 1998 there was what Hunneyball described as "the usual un-procedural industrial actions" i.e. small wildcat strikes, but in contrast to the happenings in 2000, no workers were dismissed.

In 1999 it became apparent that there was an ideological split within NUMSA at VWSA. Some shop stewards started to criticise and intimidate other shop stewards at the plant and accused them of "being in bed with management", because the majority of shop stewards had agreed to the A4 export agreement. Irvine Jim, shop steward at VWSA at the time, mentions self-critically in this connection: "The agreement was not perfect but in a capitalist environment it was the best we could do to ensure creation of jobs in a sea of unemployment in the area" (Forrest, 2000: 14).

Dumisan Ntuli, NUMSA information officer, mentioned during an interview I conducted with him that: "We had several meetings with them, but they started to build their own structures at the company and at a regional meeting where shop stewards from all of the Eastern Cape attended – this structure then decided to suspend these shop stewards." (Ntuli, interview, 2002). So the union tried to discipline the 13 shop stewards but without any success.

Forrest tries to excuse this 'faux pas' with the following statement: "The delay in dealing with the Indlu yeengwevu opposition may have partly to do with the NUMSA tradition of allowing a wide range of opinions and political views within the organisation. That has been one of the union's strengths." (Forrest, 2000: 20). The union had over a year to bring the dissident shop stewards 'on board', and there were attempts by union leadership to do so, but the delay during the wildcat strike is clearly one of the main failures by the union. Ntuli also mentioned that: "Comrade Vavi tried to convince the workers to return to work." (Ntuli, interview, 2002) However, without any success.

Already in the early 1990s Maller pointed to the fact that discipline is a big problem within the union: “Surprisingly, only six percent identified ‘discipline’ as an area of legitimate worker decision-making under circumstances of great tension about disciplinary issues.” (Maller, 1992: 145). She also quotes one production manager: “We don't have an effective remedy for people who don't follow procedures on a collective basis.” (Maller, 1992: 144). Eight years later the union and company still had the same problem. Therefore it is understandable that the company said that “the regular un-procedural strikes had to come to and end” (Hunneyball, interview, 2002; Uhl, interview, 2002).

#### **4.3.2. The Uitenhage Crisis Committee (UCC)**

The UCC was established during the 2000 wildcat strike. The chairperson was Wilfus Ndandani, a former Good Year employee. The UCC also included a women's group, the wives of formerly employed VW workers. The UCC organised several demonstrations in Uitenhage and was a spontaneous support association for the dismissed workers and shop stewards. The committee does not exist anymore. The Crisis Committee had a very ‘traditional’ approach towards the company. The latter was constantly demonised and characterised as the ‘enemy’. During the strike the committee was very reluctant to participate in mediation when the company tried to speak to its leaders.

During an interview with Mr. Ndandani he repeatedly blamed the ANC/COSATU/SACP leadership for selling out on workers' rights won during apartheid. Not in one sentence was it mentioned that the 13 shop stewards tried to take over union structures at the company. Now in the aftermath of the conflict it is clear that the UCC carried some of the responsibility for the outcome of the conflict.

#### **4.3.3. The Oil Chemical General & Allied Workers Union (OCGAWU)**

Besides the UCC, the Oil Chemical General & Allied Workers Union (OCGAWU) did build the interest group after the split with NUMSA. OCGAWU organised the lawyer for the dismissed workers. According to Jayendra Surju, the main lawyer at the arbitration, OCGAWU was formed as a result of political intolerance in the Chemical Workers' Industrial Union, in a debate over the continuation of the tripartite alliance between the state, business and organised labour. OCAWU first organised at British Petroleum in South Africa (*Business Day*, Jan 31: 2001).

OCGAWU became involved in the Volkswagen dispute after the dismissals of the 1300 workers. At the time of the dismissals 80 % of the dismissed Volkswagen Workers were loyal NUMSA members. At the press conference after the first arbitration session in Uitenhage Abraham Agulhas, the secretary general of OCGAWU gave the interview to the media, in the name of the UCC, the Workers International Vanguard League (WIVL) and OCGAWU. Wilfus Ndandani the UCC chairperson as well as Bonsile Mkezu the main representative shop steward, plus German labour unionists were sitting next to him. None of them commented on the happenings at the arbitration session. In the beginning of the arbitration process the statements were not differentiated. Later during the arbitration the UCC and OCGAWU developed and distributed statements that differed in content, from WIVL statements.

The dismissed workers joined OCGAWU, because it was the union the shop stewards had chosen to represent the workers. The workers attending the arbitration session, were members of OCGAWU and not NUMSA, as Forrest states. They appealed against their unfair dismissals.

During the arbitration OCGAWU opened an office in Uitenhage, where workers went to gather information about their dismissal. However, the union no longer exists in Uitenhage.

#### **4.3.4. The Workers International Vanguard League (WIVL)**

The Workers International Vanguard League (WIVL) was founded in 1996. It can be described as a Socialist political party with Trotskyist roots.

The involvement of the WIVL in Uitenhage started on 2 February 2000, when the strike was at its height. To give an indication of how the WIVL regarded the corporatist approach chosen by NUMSA, I quote from a pamphlet distributed on Workers Day 2000. “As long as COSATU has the current leadership and alliance with forces that hold hands with the bosses the struggle for Socialism will always be betrayed. In fact, imperialism and the ANC Government needs control of the union leadership in order to control the working class for further exploitation by the capitalists. Workers should form action/crisis committees at their workplaces and local industrial areas that are not under the control of the COSATU leadership – they should be under direct workers’ control and not based on union affiliation” (WIVL, *Workers Day Pamphlet: 2000, May 1*).



This can be regarded as a categorical no to corporatism. And during a personal interview in 2001 with Mahomed Shaheed he emphasised that point several times. He strongly condemned the NUMSA leadership for being undemocratic, disregarding the undemocratic actions the 13 shop stewards had taken for their reinstatement into union positions. He further described the ANC and COSATU as “sell outs” to global capitalism.

#### **4.3.5. African National Congress (ANC)**

One main role-player during the whole conflict was the African National Congress (ANC). Besides the president’s televised appeal to the striking workers, the ANC tried to convince the workers with pamphlets that they should return to work.

Dismissed workers told me that Mr Mbeki did not come to the ANC party rally during the local elections in 2000, because he was “too afraid” (Ndandani, interview, 2000) of the situation in Uitenhage. Also, the official ANC Workers Day demonstration in 2000 did not take place in Uitenhage but in Port Elizabeth and ex-employees told me that “they could not do it here in Uitenhage, that is our territory” (Ndandani, interview, 2000). Many of the ex-employees were loyal ANC voters and NUMSA members and felt betrayed and ignored by the ANC.

Wilfus Ndandani told me “he (Mbeki) is a ‘president’s child’ (spoiled kid) he does not know what is going on here, he is not one of us, he is not like Madiba” (Ndandani, interview, 2000). Mr. Smith also emphasised the point that the workers are far more critical of COSATU and NUMSA than of the company (Smith, interview, 2002).

The ANC and the new young NUMSA shop stewards did not communicate their shift from a more socialist approach to a more cooperative approach to capital. The dismissed workers felt, that they were not left alone by their old comrades. That is why it was easy for the “13 senators” to agitate against company and union.

In the ‘struggle’ days capital was the ‘enemy’ and Volkswagen was part of it – in the new era unemployment is the main enemy. For the ANC, Volkswagen is an ally to fight unemployment. But neither the ANC nor NUMSA arrived at the point where the local representatives could communicate this message in a successful way and overcome the old adversarial



approach towards the company. Also the NUMSA leadership at the plant did not have the power to discipline the 13 dissident shop stewards.

If a situation of a political vacuum evolves where parties do not articulate the conflicts properly usually other political parties try to step in, for their own purposes. This can be seen from the action the UDM and OCGWU undertook in Uitenhage.

#### **4.3.6. The United Democratic Movement (UDM)**

The United Democratic Movement denied in the media that it had circulated a pamphlet in the Uitenhage area encouraging NUMSA members to join its ranks. It emerged that the two leading spokesmen of the group of striking Volkswagen workers who failed to return to work were not NUMSA members or Volkswagen employees. They were described by NUMSA and the company as “agent provocateurs” – belonging to other political parties such as the WIVL and UDM. This description seems to be valid.

NUMSA said they were employees of two other companies in the area. One spokesman was a suspended Goodyear employee facing a disciplinary inquiry – Mr. Wilfus Ndandani, the UCC chairperson.

The UDM claims its structures in the area were not involved in the Volkswagen strike, though the party had a number of members in the company. The UDM said that the Volkswagen dispute arose as a result of a power struggle within NUMSA. The ANC and NUMSA were uncomfortable with the level of support the UDM was receiving, the latter said. Mr. Smith also mentioned the “Bantu Holomisas” at the plant that were frustrated with the new political dispensation.

At the time of the strike the UDM circulated a pamphlet in Uitenhage trying to recruit members at factories in the area. The UDM said there was discontent over the marriage entered into between NUMSA and the ANC.

#### **4.3.7. The South African Communist Party (SACP)**

In a newspaper report in February 2000 the South African Communist Party (SACP) expressed its satisfaction at progress that seemed to be being made towards the resolution of the conflict at the VW plant, and the planned return to work (SACP, *Newsletter*: 2000, Feb).

“The VW dispute is another lesson and warning for the SACP. As has happened in the mining sector (with the so-called ‘workers’ mouthpiece’), there are opportunistic elements that seek to divide organised workers with pseudo-radical demagoguery. Small cliques seek to manipulate worker concerns for their own individualistic or other sinister reasons. We commend the NUMSA leadership for the manner in which they have settled the current crisis, and we call on workers in all sectors to be vigilant about the dangers of reckless opportunism” (SACP, *Newsletter*: 2000 Feb). It is somehow extraordinary that the SACP seems to have the same approach to the 13 shop stewards as the ‘capitalist’ B.K. Smith. Hunneyball thought that the 13 shop stewards consisted of an old SACP cell. There were no indications that the SACP tried to get the dissidents back in line with the official party policy.

#### **4.4 The CCMA and the Labour Appeal Court**

In 1995 the democratically elected South African government implemented the new Labour Relations Act that translated ILO guidelines and constitutional rights into legislation. It was passed into law in September as the Labour Relations Act (66/1995). Nedlac carries the ongoing responsibilities in relation to the Act, acting in the capacity of governing body of the Commission for Conciliation, Mediation and Arbitration (CCMA).

Although the Act was ‘labour-friendly’, there were also signs of shifting ANC economic policy: “The ANC at the time of writing (the LRA) is ostensibly ‘labour friendly’, its road to power having been considerably advanced by its labour ally in the form of COSATU. However there are signs that during the period since political negotiations started in the 1990, that the heady rhetoric of early liberation economic policy has given way to a more pragmatic approach to managing a future economy. An ANC in government is faced with a diversity of interests in seeking to achieve a growth economy, redistribution, equity and participation” (Anstey, 1997: 366).

The state institutions involved after the strike in Uitenhage were the CCMA and the labour appeal court. The CCMA is a dispute resolution body established in terms of the Labour Relations Act. It is an independent body. The CCMA does not belong to and is not controlled by any political party, trade union or business. It is not controlled by the state although the state funds it. It also may receive grants, donations and bequests.

The Governing Body is the supreme policy making body of the CCMA. It is made up of 11 members. They are: three state representatives; three representatives of organised labour; three representatives from organised business; a chairperson; (all of whom are nominated by NEDLAC) and the director of the CCMA (nominated by the Governing Body).

The CCMA is the central institution to channel and transform industrial conflict in a constructive way. In this case the CCMA became involved in February 2000, but the first arbitration session was only held in mid May 2000.

According to the LRA the CCMA should:

- conciliate workplace disputes;
- arbitrate disputes that remain unresolved after conciliation;
- facilitate the establishment of workplace forums and statutory councils;
- compile and publish information and statistics about its activities;
- consider applications for accreditation and subsidy by bargaining councils and private agencies.

As mentioned above the CCMA tried to arbitrate this conflict between February 2000 and end 2000. In 2001 the Labour Appeal Court took up the case.

According to Mark Anstey one major weakness of the South African arbitration system is that the CCMA award is not binding on an employer. Anstey states: "While an arbitration committee cannot make a final and binding decision on whether an economic decision can be taken by an employer, it can enforce a 'social plan' to attenuate the effects of such a decision." (Anstey, 1995: 32). The final decision is awarded by the Labour Appeal Court.

It is worth citing Dahrendorf in this connection: "The second conception (of arbitration) views conflicts from a legalistic point of view, i.e., ascribes to the arbitrator the task of judging the merits of conflicting issues in terms of fixed standards of 'right' and 'wrong'. Where this is the case, the rules of the games are likely to prejudice the case of one or the other party, for if one side or claim is declared right in an ultimate legal and moral sense, conflict itself is not recognised and the other party is likely to feel so frustrated as to resort to violence."

(Dahrendorf, 1959: 229). I see this legalistic approach as one major weakness of the South African arbitration system.

#### **4.5 The 1999 and 2000 strikes – a summary**

The following description of the wildcat strike at VWSA is mainly based on the CCMA arbitration award and the full court document. I added personal observations where I thought it was necessary. My own understanding does not significantly differ from the CCMA elaboration on the of the events, but I try to add some further information.

I want to divide the 2000 wildcat strike into three phases, i.e. a pre-strike phase with little industrial action, the strike with the main industrial action and a post-strike phase with the arbitration at the CCMA and the case at the labour appeal court in Port Elizabeth.

##### **4.5.1 Pre-strike phase**

In 1990 VWSA and NUMSA signed a recognition agreement. At the time of the conflict 80% of the workers and shop stewards were NUMSA members. For some years an internal dispute within the union concerning shop stewards at VWSA's plant in Uitenhage had been developing. This dispute had its origins in the struggle for liberation. Maller, Forrest, Hunneyball, Uhl and Smith all mention the militant past at the plant. Smith described the shop stewards that came out against NUMSA as “frustrated dissidents”. Maller describes informal structures and political struggles being taken into the plant. Hunneyball refers to the SACP cell and Forrest refers to the “Indlu yeengwevu” (house of elders, house of senators).

In 1998 VWSA was awarded an export contract for the A4 Golf to the United Kingdom, Australia and Europe. This required that VWSA more than double its local production. In order to achieve this, negotiations took place between management and NUMSA and in August 1998 the so-called A4 export agreement was signed. Volkswagen claims that the agreement was extensively communicated within the factory and NUMSA's General Secretary expressed support for the export order. “It remains unclear what the perception on the shop floor was. However it resulted in the recruitment of 850 new employees and the introduction of new work practices such as group work, a holiday corridor, reduced tea breaks, etc.” (Brand, 2001: 2). The intention was that the workplace should become more flexible and produce according to ‘world class’ production standards.

“It would appear that a group of workers, styling themselves as ‘Concerned VW Workers’, had some concerns with the agreement, with the shop stewards and the NUMSA officials who were part of the resolutions which resulted in the signing of the agreement. They wanted changes in the shop steward ranks and before the shop steward elections, which were held in March/April 1999, they circulated a list of proposed candidates. The result of the election was that about half of the 32 shop stewards elected were new” (Brand, 2001: 5).

Soon after the election it also became clear that there was division within the shop stewards’ council between those who were re-elected and those that were newly elected, as well as between the newly elected shop stewards and the local officials of NUMSA (Brand, 2001: 5).

On 17 July 1999 Volkswagen was informed by NUMSA that it had suspended 8 newly elected shop stewards and that they were advised to return to the positions that they held before being elected. These shop stewards were the ‘concerned shop stewards’ or ‘senators’ that did not agree with the A4 export agreement and openly criticised the agreement. “Volkswagen advised the shop stewards to return to their workplaces, but on Monday, 19 July 1999, a few hundred of the workers downed tools and started toyi-toying through the factory. The workers demanded the reinstatement by NUMSA of the suspended shop stewards” (Brand, 2001: 5).

The ‘concerned shop stewards’ mentioned that the shop steward election became an election on the new ‘capital friendly’ course of NUMSA. For the ‘senators’ it was easy to agitate against the new agreement and its changes and against their expulsion. “For the masters of resistance”, as B.K. Smith described the ‘senators’, the agreement and their suspension were the best means to agitate against NUMSA at the time.

#### **4.5.2 The strikes**

“On 20 July 1999 VWSA obtained a labour court order declaring the strike action illegal and interdicting and restraining all hourly-paid workers from participating in any strike action for the purposes of remedying the alleged grievance or dispute relating to the suspension by NUMSA of the shop stewards concerned” (Brand, 2001: 8).

“On 21 July 1999 NUMSA decided to lift the suspension of the 8 shop stewards and the striking workers returned to work. But, on 27 July 1999, 18 shop stewards resigned in protest

against the reinstatement of the 8 others” (Brand, 2001: 9). The 18 shop stewards stood in opposition, because they felt intimidated by the 8 shop stewards. The number of vacancies created difficulties in maintaining the labour relation structures and the matter was taken up with NUMSA. Anthony Hunneyball, industrial relations manager at VWSA, mentioned in this connection that: “The union had a little bit of a big leadership problem” (Hunneyball, 2000).

“On 6 August 1999 NUMSA informed VWSA that elections would be conducted in due course and warned that no unofficial appointments should be recognised” (Brand, 2001:12). There was no endeavour by the officials of NUMSA to replace the shop stewards who had resigned and in September 1999 the remaining 13 shop stewards indicated to VWSA that certain individuals had been nominated to replace those who had resigned. “VWSA was not prepared to recognise the nominees as shop stewards and a number of meetings between all concerned were held, but the matter could not be resolved” (Brand, 2001: 12). The 13 dissident shop stewards mentioned that the company had a ‘black list’ of representatives that the company did not want in the shop steward council.

Anthony Hunneyball admitted that the company knew about a SACP cell of 5 shop stewards that stood at the core of the conflict between union and shop stewards. VW management and the union had enough of the “masters of resistance” (Smith, interview, 2002). The company management and NUMSA no longer wanted the 13 shop stewards in the shop steward council anymore, because as Smith mentioned they “had not arrived in the new democratic South Africa” (Smith, interview, 2002). One loyal NUMSA shop steward mentioned that: “The 13 actively boycotted or sabotaged union meetings and structures and attacked the leadership all the time without specific allegations” (Forrest, 2000: 15).

“On 22 December 1999, the day before the closure for the annual recess, NUMSA advised VWSA that some of the 13 shop stewards had been expelled from NUMSA, following a disciplinary enquiry held on 17 December 1999” (Brand, 2001:12).

The expelled shop stewards approached Pagdens Attorneys and in January 2000, Mr Zide of Pagdens wrote a letter to Volkswagen, stating that his clients were in dispute with NUMSA over their expulsion. The Attorney also mentioned that his clients intended to consult and deal

directly with NUMSA in regard to the issue and that they would try everything in their power to avert a strike and to resolve the internal squabble amicably with NUMSA.

“On 17 January 2000 the Volkswagen Attorneys, Chris Baker & Associates received a further letter from Pagdens, advising that their clients’ expulsion from NUMSA had been revoked and that they were suspended as shop stewards, pending the outcome of a disciplinary enquiry in respect of charges against them” (Brand, 2001: 11).

On the same day, 17 January 2000, NUMSA held a General Quarterly Meeting at Volkswagen's premises where the issue of the shop stewards would be discussed. National Office Bearers, including its National President, Mr Tom, would attend this meeting. The next day, 18 January 2000, Volkswagen received a letter from NUMSA, confirming the suspension of the shop stewards concerned and requiring that they vacate their offices.

On 19 January 2000, NUMSA brought an urgent application to the Labour Court for an interdict, restraining the 13 shop stewards from continuing to act as NUMSA representatives and from interfering with NUMSA’s activities at Volkswagen. On the same day the Volkswagen Attorneys received a letter from Pagdens, advising that the urgent application had been resolved by way of a settlement agreement in terms of which their clients would, (a) cease to act as shop stewards, (b) vacate the shop stewards’ offices and (c) return 3 union cars.

On 20 January 2000 the first day of the strike, a number of workers again downed tools and assembled at the main gate at the plant. They demanded the reinstatement of the suspended shop stewards and continued to refuse to work” (Brand, 2001: 8). The workers saw the dismissal of the shop stewards by the union as a violation of shop floor democracy. This was mentioned in the arbitration session repeatedly, and the workers described the dismissal by the own union as unconstitutional in terms of the union constitution. Further, the workers were told by the 13 shop stewards to go on strike for their reinstatement. Also on 20 January VWSA requested NUMSA to intervene, and VWSA also tried to persuade the suspended shop stewards to attend a meeting to address the issues. The 13 shop stewards referred VWSA to NUMSA and were only willing to attend a meeting in the presence of their attorneys. However an employee delegation of the striking workers held a meeting with the company's labour relation management.



The delegation wanted NUMSA to lift the suspension. VWSA told the employee delegation that the suspension of the shop stewards was an internal issue within the union in which it could not intervene. VWSA also told the delegation that the strike was illegal and that those who continued could face disciplinary action including dismissal. A memorandum to this effect was handed to each member of the delegation. Further, the delegation was asked to convey the memorandum to the striking workers. VWSA further wrote letters to the shop stewards' attorneys seeking to communicate with the shop stewards, and also to the Minister of Labour. Copies of the letter were also sent to COSATU, the president of the union, and other political leaders.

The workers who went on strike were basically the workers who elected the 13 shop stewards into the shop stewards council, as one shop steward represents 100 workers.

On Monday 24 January VWSA handed notices to all employees entering the plant requiring them to report to their work stations or face possible dismissal. On both 23 and 24 January a document prepared by the ANC/SACP/COSATU alliance was distributed in the Uitenhage area calling on all employees to return to work. But VWSA still continued to experience substantial absenteeism.

As a result of this, the plant was closed from 24 January 2000 to 28 January 2000 while attempts were made to resolve the situation. VWSA called on COSATU and the regional leadership of the union seeking assistance.

On 25 January the local media carried reports of the call to resume work. VWSA published these reports on Radio Algoa and other radio stations. The same day an executive committee from the parent company in Germany arrived in Uitenhage and a meeting with the regional union leadership was arranged. The union officials informed VWSA that NUMSA had held a meeting that was not well attended. VWSA also tried to arrange a meeting with the suspended shop stewards, but the request was not heeded by the 13 shop stewards. On the same day the Uitenhage Crisis Committee was formed in support of the strike.

On 27 and 28 January 2000 VWSA management and the German executives met with the union. These meetings culminated in the conclusion of an agreement between NUMSA and VWSA. (See appendix I). It was agreed that the plant would re-open on 31 January 2000, and

that VWSA would take disciplinary action, including dismissal, against workers who would continue to strike. The agreement was again widely published in the local media and on the radio.

#### **4.5.3 Post-strike phase, the arbitration and the labour appeal court**

According to VWSA and the full court, the above-mentioned agreement was widely published in the press and over the radio. Some of the workers returned on 31 January 2000, but a number of workers did not return in accordance with the agreement, and on 1 February 2000 Volkswagen issued an ultimatum to all striking workers to return to work on 3 February 2000 or be dismissed.

The bulk of the workers failed to respond to the ultimatum, and were accordingly dismissed. The dismissed workers were exactly the 1300 workers that gave their trust and vote to the 13 shop stewards, as one shop steward represents 100 workers.

Kally Forrest states that: "The majority of dismissed workers turned to NUMSA to get them reinstated and the union immediately took up their cases." (Forrest, 2000: 16). There is no evidence to support this statement. At the arbitration the dismissed workers were represented by OCGAWU, WIVL and the UCC. Representatives of the above-mentioned organisations were trying to get the workers reinstated. I did not see one NUMSA representative at the arbitration sessions.

The thrust of the workers' challenge to the substantive fairness of their dismissal during the arbitration and the labour appeal court proceedings was that the strike was a justified response to unjust conduct by Volkswagen.

They challenged the procedural fairness of their dismissal on the basis that Volkswagen failed to comply with the audi rule. The audi rule states that the employer has to listen to the employee before dismissal. The workers also suggested that the ultimatum had not been sufficiently communicated.

Volkswagen argued that the workers failed to comply with the requirements of sections 64 (1) of the LRA and the provisions of the recognition agreement and therefore, that the strike was illegal and unprotected. Volkswagen also contended that it met the requirements of the audi

rule and that the ultimatum satisfied the requirements of a fair ultimatum. The ultimatum was published in the local media; and Volkswagen also publicised the ultimatum over the radio. During the arbitration the dismissed workers claimed that they did not know about the ultimatum.

The workers referred the dispute to the CCMA which was arbitrated before Commissioner Floors Brandt, who found that the dismissals were “substantially fair” but “procedurally unfair” (Brand, 2001: 20). He ordered VWSA to reinstate the dismissed workers.

VWSA launched an application to review and set aside the award.

The Labour Appeal Court noted that NUMSA had accepted that the strike was illegal and unjustified, and that the workers should end the strike. It therefore had no further representations to make to VWSA to avoid the dismissals after it had attempted to persuade the workers to return to work. The court found that the commissioner had misconstrued the nature of the enquiry regarding the audi rule as well as the evidence before him by failing to recognise that VWSA had afforded the workers the opportunity to state their case not only through NUMSA, but also through the employee delegation. Further, the finding by the commissioner that VWSA should have dealt directly with the workers and not with NUMSA because there was a rift between the workers and their union was untenable. Finally the court found that it was clear from the agreement between VWSA and NUMSA that the workers were given the opportunity to state their case. The court stated that the dismissal of the workers by the company was legal.

Mr Rubin, the workers' lawyer at the Labour Appeal Court argued that according to the International Labour Organisation convention and the South African Constitution an employer had no right to dismiss employees for participating in a strike of any nature – including a wildcat strike (Final Labour Appeal Court Judgement, 2001:13).

But judges Zondo, Davis and Du Plessis argued that there is no provision in the international labour convention “to the effect that employees can resort to a strike as and when they please without following any LRA procedures” (Final Labour Appeal Court Judgement, 2001:2).

Mr Wallace, the lawyer for VWSA argued that: “The strikers were undeterred by a court order interdicting them from participating in industrial action on the issue. The employees deliberately avoided adopting any reasonable means of resolving the dispute. Furthermore, “their leaders” made themselves unavailable to assist in the resolution of the dispute. Lastly the employees at the arbitration mendaciously attempted to mislead the commissioner on all the material aspects of the case” (Final Labour Appeal Court Judgement, 2001: 24).

The Labour Appeal Court found in opposition to the CCMA that the company had acted fairly both “substantively” and “procedurally” in the workers' dismissal.

## **Chapter 5**

### **Interpretation of the conflict**

#### **Introduction**

In this chapter I explain the strike. Therefore I want to apply the theory and literature discussed in Chapter 3.

On the one hand there is Dahrendorf who proposes that institutionalised social conflict leads to social change and progress. Like Marx, he sees social conflict as a driving motor for societal change. This change or progress can be regarded as a function of the institutionalised antagonism i.e. conflict between capital and labour. Besides the social change and progress, the institutionalisation of the conflict leads to a number of problems Hyman, Michels, Lipset and Lester elaborated on: oligarchic tendencies within the union, increased power at the top of the union bureaucracy, professionalisation of the union leadership.

On the other hand there are conflict sociologists like Simmel and Coser, who argue that social conflict leads only under unlikely social conditions to social change and progress. They point to the integrative and associative function associated with social conflict. For them, the forms of social conflict stand in the centre of interest. For Simmel the forms of association build the foundation for sociological analysis and not the content. Simmel sees the content of social conflict as historically constant, for example the conflict between capital and labour, but the forms of association he puts in the centre of his sociological analysis.

Theorists like Fukuyama, Anstey and Banks argue that trust and worker participation are means to regulate and mediate the antagonism between capital and labour in times of increased global competition and lean production.

Keller highlighted the significance of informal labour structures, Weber and Lipset pointed to power and authority problems within unions, and, finally, Webster and Adler explain what is essential for corporatism to work.

I will apply parts of all theories discussed in chapter 3. I argue that parts of all theories discussed deliver valuable theoretical background for the explanation of this conflict, but none standing on its own can completely explain what happened. I argue that not only the

antagonism between capital and labour caused the conflict, but also the 13 shop stewards. I start with a question on the background of the strike.

## **5.1 What was behind the strike?**

### **5.1.1 Too little trust**

As mentioned in the introduction to this thesis Brian Smith, the director of human resources at VWSA, emphasised at the beginning of the 1990s that “negotiations must take place between strong and representative groups, who have the ability to honour agreements and build mutual trust” (Smith, 1990: 231).

I argue that if mutual trust had developed during the 1990s the strikes in 1999 and 2000 would not have taken place. Luhmann defines trust as “the reduction of decision options” (Luhmann, 1968: 21). With the A4 agreement the company and NUMSA excluded one ‘decision option’, the unprocedural industrial action that disrupted production at the company during the 1990s.

In the early 1990s VWSA introduced Japanese management techniques: “Management (VWSA) had recognised this area of worker creativity and introduced aspects of Japanese production management techniques to facilitate productivity and quality enhancement. The ‘Jikoda’ system involves the authority to stop production and was introduced as a pilot system on the combi line in main assembly: all along the line are push button boxes. Operators have been trained that if certain conditions arise, they must push the appropriate buttons. For example if stocks are running low, or if a part doesn’t fit, they must stop the line.” (Maller, 1992: 102). However, the practices were introduced to enhance quality, productivity and to cut costs. The creation of trust and workplace control was not seen as part of the shift in industrial relations.

According to some of the dismissed workers, very little trust had been created over the last ten years. For their part they still clung to the old struggle day approach towards the company: “Volkswagen is a white, capitalistic, evil, exploiting company”. According to the 13 shop stewards Brian Smith epitomises this image. On the other hand some members of management share the perception that “there are extreme, radical, violent, communist left-

wing labour unions and shop stewards". Obviously these stereotypes work counter productively when it comes to the creation of trust and social capital in the new political era.

In the early 1990s there were signs that a culture of trust may actually be created. At the time Judy Maller wrote: "While the culture of adversarial industrial relations remained deep seated, there was simultaneously clear support articulated by workers and shop stewards alike for co-operation between management and the trade union. This indicated a possible basis for a new kind of relationship developing, based on co-operative, mutually beneficial industrial relations. However the ambivalence of workers' perceptions remained dominant" (Maller, 1992: 111-112). Nevertheless, there seemed to be a clear majority for a more co-operative relationship between management and labour representatives among the workforce. However, it only came to fruition several years later when management and NUMSA concluded the A4 agreement.

For the 13 shop stewards, a minority at the plant, this shift was unacceptable. There was potential for more cooperation, but they were reluctant to embrace a more cooperative approach. For them the new labour relations between VWSA and NUMSA meant betrayal of their ideology.

It would seem that trust was created between the NUMSA leadership and the company, but the union failed to educate the workers. The union did not spell out what the shift in industrial relations meant for them. The union did not explain to the workers how legitimate industrial action will work and what they may possibly gain from this.

### **5.1.2 Limited worker participation**

As discussed earlier, democratisation in South Africa has been accompanied by the growth of a range of institutions and processes through which workers and their organisations may gain varying degrees of control over economic and social decisions that directly affect their lives. These developments are known by a variety of names: co-determination, worker participation, concentration, tripartism or multipartism.

Before the democratic transition, Judy Maller found out that there was "embryonic" potential for worker participation at VWSA (Maller: 1992, 146). Management tried to overcome the lack of trust by introducing participative structures at the company. VWSA was one of the



first companies in South Africa to recognise an African trade union. According to Mr. Smith “...our position has always been like it is in Germany. If possible we would prefer one strong union that can engage management aggressively, hard and can sign binding agreements” (Smith, interview, 2002).

According to Banks, “Participation programmes will only deliver on the promise of increased productivity and efficiency if the focus of the programme is the full participation of workers and there is a strong enough union to enforce an agreement to get managers to cede their power to workers” (Anstey, 1995: 102-103). However, at VWSA power was ceded to shop stewards and only partly to workers. The only form of direct worker participation was the ‘General Meeting’. Most of the power and authority was ceded to shop stewards. In the given environment, with its militant past, the approach towards direct worker participation was not even contemplated by the company.

The company relied on the union leadership and the shop stewards to deal with the adversarial attitude of workers towards management. However, some of the worker representatives bluntly refused to cooperate with the company, and the leadership could not convince them to do so. There was potential among the workforce for worker participation, but neither the company nor the union could channel this potential into effective structures of participation.

### **5.1.3 No shared gains from lean production**

As discussed in chapter 2, international competition forces greater flexibility on Volkswagen South Africa. Therefore the company had to modernise production to become competitive on the world market. The modernisation can be described as a shift from Fordist production to ‘lean production’.

Anstey argues that under Lean Production there is a shift from “extractive towards wealth creative” industrial relations (Anstey, 1995: 11). I argue that in the heyday of Fordism a high wage philosophy reigned in industrialised countries. This regulation approach was chosen to sustain the mass production/consumption paradigm. But in the case of VWSA the people that build the car, cannot buy the car. The cars are exported. The A4 export agreement merely perpetuates “racial fordism” in South Africa.

Not only that. Some of the shop stewards argued that under the agreement conditions of work actually deteriorated. Bonsile Mkezu, one of the '13 senators' complained: "Improvements which we had gradually won in the apartheid period were taken back. Wages and working conditions are now worse than they were in the apartheid period" (Rachleff, 2000: 3). This was unacceptable to the '13 senators'.

Anstey argues that industrial relations under genuine 'lean production' are cooperative and participative. However, at VWSA there was no direct worker participation. Adversarial labour relations between company and workers remained dominant even after the A4 agreement had been signed. According to Brian Smith, this adversarial approach remains because South Africa is a "highly class-divided" society. He thought that corporatism works in Germany because Germany is a "less class-divided" society than South Africa (Smith, interview, 2002). I would agree with Smith. However, he failed to suggest that it is partly in the power of VW to narrow this class divide. It would appear that VWSA introduced lean production, but tried to reduce costs at the same time. The shift from 'extractive' to 'wealth creative' industrial relations did not materialise.

The company undertook the shift towards lean production, but left worker participation and a wealth creative wage philosophy out of the equation. The union did not challenge the company hard enough to introduce a wealth creative philosophy. The union was satisfied with the 800 new jobs created with the A4 agreement. Lean production was only partly introduced.

Mr. Hunneyball, industrial relations manager at plant admitted that the A4 agreement did not result in better working conditions and increased wages: "No there was no increased wage as a consequence of the A4 agreement, I mean the wages are regulated on a national industry level. Working conditions...in terms of the facilities a definite improvement, because there complete new lines were brought in, new rest areas, new technology, etc. There were in the region of 800 new jobs that we created. But no direct wage increase. The company has incentives schemes and a bonus at the end of the year in addition to the normal contractual wage, but that wasn't part of the agreement" (Hunneyball, interview, 2002).

The A4 agreement did not bring the expected rising living standard for the workers. Accordingly areas of conflict and worker protest increased.

The hopes of workers as articulated by Bonsile Mkezu, one of the 13 shop stewards, were dashed: “With the end of apartheid and the fresh election of a new government, which had really been voted into power by us, we had big hopes that our situation would improve” (Rachleff, 2000: 3). However, according to Peter Rachleff, “...these workers were earning, I hasten to add, little more than R7 an hour, while the cars they were producing were being sold in the high income, high priced European market” (Rachleff, 2000:2). The dismissed workers experienced the A4 agreement as a step back from the rights they had fought for and won during apartheid. When I take these facts in account, it becomes apparent that the VW workers did not share in the gains produced by the A4 agreement.

The NUMSA leadership failed to secure gains for its members. They may have fallen victim to the increased personal security that comes with the institutionalisation of the union: “Increasing security for the union and for the present leadership serves as moderating influence; less rivalry and fewer challenges reduce the pressure and incentives for militant exploitation of unions’ bargaining power” (Lester, 1958: 112). I argue that Lester is right, but the extreme security the union gained with capital and the labour-friendly ANC government created the impression that “the union is in bed with management”. As a result, the 13 shop stewards demanded “militant exploitation of bargaining power” or simply higher wages and better working conditions. These NUMSA did not deliver. At VWSA the organisation of work underwent a shift to “lean production”, but this was not accompanied with “post-Fordist” gains for workers.

#### **5.1.4 Informal shop floor power**

In her study of an American automobile plant, Marianne Keller pointed to the importance of informal communication structures for understanding production (Keller, 1989: 119). This is also true in the Volkswagen case. Judy Maller highlighted the informal labour structures at VWSA in the early the 1990s. Smith and Hunneyball both said that these informal structures evolved during apartheid. They were informal because labour unionists feared the racist regime. The regime changed, but the informal labour structures remained in place. For Hans Jürgen Uhl, secretary general of the International Volkswagen Workers' Council, this is the main reason behind the strike. He argued that the 13 shop stewards acted in a way as if the liberation had not taken place in 1994 (Kempe, 2000: 68).

Brian Smith made the following comment on these informal structures: “I wouldn’t call them labour structures, they were just some opportunists. They at all times claimed to be members of NUMSA. I personally believe they were some sort of opportunists, mainly driven by their desire to get financial rewards. They thought they could form a separate union. But particularly they knew they had no chance, if they moved out of NUMSA, because of NUMSA’s link to the ANC, SACP, COSATU. Politically they knew they could not move out of the NUMSA structure, because everyone here who came out against the ANC has no chance.” (Smith, interview, 2002).

According to Smith the 13 shop stewards were “...groups of people who couldn’t come to terms with transition in South Africa. Their whole understanding in life, and clearly it was caused by apartheid, was struggle, they couldn’t come to terms that we were a democracy. That we were a new economy, they still believed if you don’t get your way you struggle, you resist. That was the politics prior to 1990 and my view on the profile of the people dismissed they were guys who came out of, they weren’t the younger people who had grown up with the new politics, they were old guys. People were very badly misled by very opportunistic leaders, people more interested in their own agenda than a broader worker agenda. Very low on, tried to use the issue of mass democracy, the way they operated was anything but mass democracy” (Smith, interview, 2002).

The local and national NUMSA leadership knew about the informal structures at the Volkswagen plant. The leadership of the union did not review the A4 export policy in the light of the concerns the 13 elders expressed. After meetings the regional union leadership chose to suspend the shop stewards for “inciting and misleading” the workers. According to Slumko Nodwangu, a shop steward loyal to NUMSA, “...workers used intimidatory tactics which were associated with VW struggles during the 1980s. These kinds of tactics in these times with the new LRA were inappropriate” (Forrest, 2000: 16).

The company was informed about the suspension of the shop stewards by NUMSA. According to Mr. Hunneyball, “...NUMSA was experiencing a real problem. We saw that for example those people were appointing new shop stewards. We knew that they were doing this, that wasn’t in accordance with NUMSA constitution. So we were aware that there was a lot of conflict between this grouping and NUMSA. NUMSA was entitled to call those people being elected, the office bearers of the union to call them to order or deal with them in

accordance with their structures. It was a little bit scrappy, whether they were suspended or dismissed there was some conflict in understanding in what was actually going on. From our perspective I don't think it was out of line for them to actually deal with the problem" (Hunneyball, interview, 2002). This statement creates the impression that the company was happy that the union finally emancipated itself from the old struggle days and the "masters of resistance" (Smith, interview, 2002).

Under "labour stability and flexibility" the A4 export agreement states: "Both parties confirm that in order to ensure we keep this order and achieve daily schedules, no illegal and unprocedural industrial action can be tolerated and to this end, all employees and management agree to strictly follow all relevant dispute and grievance procedures. The parties agree that industrial action will result in the cancellation of this order and result in job losses" (A4 Export Agreement, 1998). The NUMSA shop stewards and the company signed this agreement on 27 August 1998 (see Appendix II).

Nevertheless, the 13 shop stewards did not stick to the agreement. The informal shopfloor structures came up against the formal leadership of the union. It was not the first time this had happened at VWSA. Already in the early 1990s "...there were clearly informal networks within various departments of VWSA, which demanded the allegiance of some shop stewards. This tension between the formal leaders of the union and the informal leadership has on occasion led to a breakdown in the democratic structures of shop floor unionism. Seventeen percent of shop stewards identified 'workers not following procedures' as one of the major causes of recent strikes" (Maller, 1992:115). The tension between the formal leaders of NUMSA and the informal leadership of the 13 shop stewards led to the breakdown in the "democratic structures of shop floor unionism". The 13 shop stewards could not accept that all their power had been taken away by the regional leadership of the union. As a result they mobilised the 1300 workers.

Although company and union knew about the informal labour structures at the plant since the beginning of the 1990s, neither succeeded in incorporating these into the formal structures of the union or to neutralise the power of the dissidents.

### 5.1.5 Crisis of leadership and ideology at NUMSA

Lester, Michels and Hyman elaborated that a number of leadership problems can evolve with the maturation of labour unions.

According to Jeremy Baskin organised labour in South Africa has lost significant layers of leadership to government, political office and the corporate sector since the political transition in South Africa. He argues that this 'brain drain' has seriously dented the pool of skills and experience developed during the years of struggle (Baskin, 2000: 48). This problem also affected NUMSA at VWSA.

Besides this leadership crisis, Forrest points to a crisis of ideology: "Older members had grown up in the 1980s rhetoric – and this was especially true of auto factories in the Eastern Cape – where there were times when it seemed that workers would wrest control of factories from employers. From this perspective this new era of co-determination with management looked like a sell out" (Forrest, 2000: 16). However, NUMSA neglected to teach their membership that co-determination and worker participation can be a means to "wrest control from management" in democratic times. Slumko Nodwangu, NUMSA shop steward admits: "In fact at the point of production a great deal needs to be done to inform members of micro- and macro-economic relations – a great deal of education needs to be done" (Forrest, 2000: 17). As a result NUMSA did not succeed in diffusing the concerns of the 13 shop stewards.

The A4 agreement does not state from where the company starts to transform, as it only mentions that the target is "world class production". Listening to dismissed workers' complaints it became apparent that the transformation process was not communicated sufficiently by the union. Mr. Smith thought that many shop stewards "did not know, what was going on" (Smith, interview, 2002).

The conflict situation at the plant escalated through the suspension of the shop stewards by the union, and the workers started to strike illegally. The company finally accepted that there were informal structures at the plant and did speak to the worker delegation in order to mediate, but without any success. For the first three days of the strike NUMSA leadership appeared to be too afraid to visit the plant (Forrest, 2000: 19). Nor was an independent mediation body like IMSSA called in.

The union had the authority, but not the power to discipline the 13 shop stewards. The main reason for this was the weak NUMSA leadership. The union knew for over half a year that the 13 shop stewards caused problems at the plant, but did not intervene. The meetings that were eventually held with the 13 did not result in a peaceful solution of the problem. At that stage the only option left was to suspend the 13 shop stewards.

Ideally the NUMSA leadership should have convinced the 13 shop stewards during the disciplinary meetings that the union is not 'selling out' to management, that increased communication with management is a means to gain 'workers control' under conditions of democracy, and finally, that the increased production will result 'wealth creative' wages and better working conditions. This did not happen in 1999.

### **5.1.6 Union authority without power**

Dahrendorf and Weber both make a distinction between power and authority. They argue that the difference between power and authority consists in the fact that power is essentially tied to the personality of individuals, whereas authority is always associated with social positions or roles. Authority can also be described as legitimate power. In the VW case, the NUMSA leadership had all the authority, but not the power to discipline the dissident shop stewards or the workers who supported them.

During the 1990s a split developed between the union leadership and the rank and file on the shop floor at VWSA. According to Rachleff, the increasing distance between leadership and the shop floor was also apparent at the signing of the A4 agreement: "NUMSA had agreed to all of these changes without once giving the workers an opportunity to vote them up or down. Not only did the acceptance of these changes by union officials who did not have to work under them anger the workers, but it also contradicted the VW local's own traditions of internal democracy" (Rachleff, 2000: 2).

Rachleff is wrong on this point, because the NUMSA shop stewards did agree to the A4 export order, but the 13 shop stewards who could not come to terms with their defeat in the shop steward council started to assault and intimidate the shop stewards loyal to NUMSA. They abused their positions of power.



The same shop stewards had been black-listed by the company. Hunneyball admitted that there was “a lot of frustration” at industrial relations management with the informal structures at the plant, i.e. the 13 shop stewards. The company held them responsible for unprocedural industrial action in 1997, 1998 and 1999.

Both the company and the union had had enough of “the senators”. They were identified by Dr. Schuster, a VW crisis manager especially flown in from Wolfsburg in Germany, as some of the striking workers that would face disciplinary action after re-opening of the plant (Uitenhage Press Conference, 2000).

All attempts by NUMSA to defuse the conflict were unsuccessful. One of the major problems of both management and NUMSA was that the majority of shop stewards had the authority and were loyal to NUMSA, but not the power to restrain workers in certain situations. There was a discrepancy between union power and union authority. The power of the union was only restored after the judgement of the labour court.

According to Dahrendorf “...where there are authority relations, the super ordinate element is socially expected to control, by orders and commands, warnings and prohibitions, the behaviour of the subordinate element” (Dahrendorf, 1959: 232). The “super ordinate” element, the NUMSA regional leadership tried to control the “subordinate element”, the 13 shop stewards, but they were not successful, because the 13 shop stewards had power, i.e. the support of 1300 workers.

In Lipset’s view, union officials develop a vested interest in maintaining their position: “The leaders want to stay in office. Every trade union official has moved up in the status hierarchy by becoming an official. Once high status is secured, there is usually a pressing need to at least retain and protect it. The situation of the leaders of most unions is such that they wish to stay in power and will adopt dictatorial tactics to do so” (Lipset, 1972: 163). This is exactly what the ‘senators’ did. To protect or ‘reclaim’ their positions in the union the 13 shop stewards sacrificed the jobs of 1300 workers. The 13 shop stewards “adopted dictatorial” tactics and the mutual non-recognition between the breakaway faction and NUMSA intensified conflict at the plant.

The 13 shop stewards did not analyse the possible risks for the workers in their decision to strike and not to return after the ultimatum. The union and company knew that the strike would happen, because they knew the position of a 'communist cell' within the shop steward council and their "regular unprocedural industrial action" (Hunneyball, interview, 2002). The dismissed shop stewards saw no other way and chose to announce a strike for their own reinstatement. For this possibility the union and the company specially designed the labour flexibility clause in the A4 agreement and accordingly dismissed the striking workers and shop stewards.

The approval of the A4 export agreement can be described as one underlying problem of the conflict; the missing trust between union leadership and the 13 shop stewards as the second problem. And the suspension of the shop stewards by the regional leadership of NUMSA as the proverbial "last straw" that broke the camel's back. Only after the strike could the union reassert its power at the plant.

## **5.2. Failure to regulate the conflict**

All social conflict theorists discussed pointed to the importance of mutual recognition of conflicting parties. For Simmel and Coser recognition can be described as one of the functions of social conflict. Once recognition is reached negotiations can take place between the parties and the most violent forms of conflict can be avoided. Therefore only after mutual recognition can mediation and arbitration take place. For the duration of the conflict, this did not happen.

The intensity of the conflict decreased with the advent of the arbitration. Fewer people came to the arbitration sessions as they proceeded, fewer demonstrations were held. The dismissed workers respected the effective regulation by the CCMA and Labour Appeal Court, even though they lost the case.

As discussed, the Independent Mediation Services of South Africa (IMSSA) did not mediate between union and breakaway faction before the wildcat strike in February 2000. The 13 shop stewards were not properly recognised by NUMSA. This intensified the conflict. Kally Forrest named one heading in her article "Dealing with Indlu yeengwevu" (Forrest, 2000: 14) and then mentions Irvine Jim who claims that the 13 attacked union leadership without "specific allegations". The specific allegations were the concerns the 13 had with the A4

agreement and the corporatist industrial relations between NUMSA and VWSA. I come to the conclusion that the union did not want to deal with the Indlu yeengwevu anymore because of their constant opposition in the shop steward council and intimidatory tactics.

On the other side, after the suspension the 13 shop stewards did not recognise NUMSA as their union anymore. This led to more conflict and the wildcat action – non-recognition on both sides.

Dahrendorf elaborated that the intensity and violence of social conflicts are dependent on various factors. “The violence decreases to the extent that the conditions of class organisation are present” (Dahrendorf, 1959: 239). For Dahrendorf, “class organisation” is a union. The class organisation I see in this conflict were the 13 shop stewards that misled the workers. I want to describe it as an institutionalised, and led wildcat strike. The 13 shop stewards took the power to pursue their own agendas. They were the institution the workers trusted in. Conflict potential increased because this ‘institution’ was not recognised by NUMSA and on the other hand did not want to recognise NUMSA anymore.

Further Dahrendorf states: “The violence of class conflicts decreases to the extent that class conflict is effectively regulated” (Dahrendorf, 1959: 239). The ‘militancy’ of the conflict increased during 1999, because the regional and local NUMSA leadership was too weak to regulate and control the conflict in a constructive manner. There were 18 NUMSA loyal shop stewards and 13 dissenting shop stewards, the 18 resigned in protest against the 13. The 18 saw no other way to call for help from the regional office, because they felt “useless with no unity to take up issues” (Forrest, 2000: 15). Unity was not restored through recognition of the breakaway faction. The suspension of the 13 shop stewards through the regional union leadership led to the wildcat strike.

Compared to other social conflicts in post apartheid South Africa, the conflict in Uitenhage can be described as peaceful. No one was killed. Compared to the social conflicts of the 1980s, it can be described as very peaceful.

The workers saw the elected ‘13 senators’ as their legal representatives. That is why they named them the ‘senators’. During the strike, the company spoke to the representatives of the striking workers and recognised them as an interest group. Further, the company wrote letters

to leading union and government officials calling for help. A political mediation between union and breakaway faction did not take place. Dahrendorf states that mediation in such conflicts is one main responsibility for the political arena. However, like the union, the South African president and government did not recognise the workers as a legitimate interest group. This did not settle the strike situation at the plant and led to the ultimatum.

The senators erected structures besides existing NUMSA and company structures. These can be described as an informal network within the company that stood in opposition to all the changes NUMSA had agreed on. Surely the strike was illegal, but smaller industrial action took place from 1996 to 1999. Compared to the eighties as Mr. Fred Sauls, a well-known labour activist in the area, explained to me the strike was not “too serious” (Sauls, interview, 2000).

It is worth quoting Hyman in this connection: “The maximum weapon against the system is a simple absence – the strike, which is a withdrawal of labour. It can win wage increases, some improvements in working conditions, in rare cases some constitutional rights. But it can never overthrow a social regime. As a political weapon, strikes are nearly always profoundly ineffectual. The strike is fundamentally an economic weapon, which easily boomerangs if used on terrain for which it is not designed” (Hyman, 1989: 48). The strike in Uitenhage was not an economic weapon. I describe it as a political one for the reinstatement of the shop stewards. The ‘boomerang’ hit heavily in Uitenhage, and the 1300 workers feel it. In other words, Hyman was proven right.

Maller explained how ‘agitators’ came into the company: “Members of the labour relations department claimed that a ‘faction’ was emerging within NUMSA comprising younger and more militant workers who had been employed during the previous three years when VWSA took on younger workers in an attempt to halt growing unemployment amongst school leavers. This group was attempting to take over the reins of power within NUMSA, according to management sources, and was extremely vociferous at general meetings with calls to action. NUMSA leadership, desperately trying to retain its position, was unable to withstand these pressures” (Maller, 1992: 126). Some of these younger more militant workers later became members of the ‘house of senators’, who were not all ‘elders’, but experienced activists. The small ‘factions’ problem existed since the end of apartheid and was not actively addressed by NUMSA before the suspension of the 13 shop stewards.

Anstey states: “Research in the Eastern Cape reveals that while over 80% of industrial action is unprocedural, fewer than 2% of workers involved are dismissed as a result of their action” (Anstey, 1995: 3). This fundamentally changed in 2000, unprocedural industrial action resulted in dismissal. NUMSA backed this change without ‘educating’ (Forrest, 2000: 17), its members before. The ‘education’ of workers and shop stewards by the ANC and COSATU started during the conflict, too late for the workers. The union knew about the breakaway faction problem at the plant and did not control the situation.

“The closer the relationship, the more intense the conflict” (Coser, 1964: 67). The relationship between the workers and their shop stewards can be described as very close, this is the reason for the non-return to the company after the ultimatum was run out. The shop stewards were the ‘senators’, trusted and respected, and the workers followed their advice, no matter what ultimatum the company or union set for ‘workers’ unity’. The relationship between the 13 shop stewards and union also was very close. That is one reason for the intense but non-violent conflict.

The decision by the union to suspend the 13 shop stewards is the core reason for the wildcat strike. This fact, and the militant tradition that evolved during the struggle for liberation, we have to keep in mind when we try to understand why the workers engaged in a wildcat strike.

The A4 agreement also can be described as a zero tolerance approach to unprocedural industrial action. The happenings in February 2000 were the first case, where the company and NUMSA applied the zero tolerance approach. This zero tolerance approach became necessary because as Hunneyball mentioned “the Germans wanted commitment” and “the regular unprocedural industrial action had to come to an end” (Hunneyball, interview, 2002).

The 13 shop stewards and their followers had the power to bring the whole company to a halt and to stop production completely for even longer than they did. The 13 shop stewards did not at any time have the authority to do so – neither legitimised by the workforce or from the union or any other legal body.

NUMSA tried to discipline the breakaway shop stewards. The shop stewards argued during the arbitration that this was an illegal step taken by the union, disregarding the illegal action they themselves had chosen to take.

The shop stewards considered their suspension as a violation of the union constitution. NUMSA's approach remains questionable, i.e. that if the shop stewards did not agree with their policy, they would simply "kick them out". On the other hand the 13 shop stewards also violated the union constitution, because they started to build structures outside of the official union structures. NUMSA's approach cannot be described as 'oligarchic', but in the long run NUMSA's strategy will not strengthen the union. As Dahrendorf argued, "suppression leads only to more intense conflicts in the long run" (Dahrendorf, 1959: 239).

I want to conclude that the non-recognition of the Indlu yeengwevu by the union intensified the conflict. The union did not deal with this group actively before their suspension, and IMSSA did not mediate. This behaviour by the union helped the 13 shop stewards to become a powerful integrated group at the plant. The CCMA conflict mediation took place after the dismissals and strike, not before and during the strike. Therefore the conflict itself cannot be regarded as having been regulated. I describe the dismissal as being mediated and regulated, but not the strike itself. The outcome of the conflict was institutionalised, but not the conflict itself. On the other hand the 13 shop stewards 'institutionalised' themselves as the 'house of senators', without being recognised as legitimate representatives by the own union and company. Finally the conflict cannot be described as institutionalised, but the outcome of the conflict, i.e. the dismissal of 1300 workers, was institutionalised and mediated at the CCMA.

### **5.2.1 Conflict and integration: forging two opposing blocks**

For Coser and Simmel, integration is one function of social conflict. On the one side the 13 shop stewards and their supporters formed one integrated group. On the other side the 18 shop stewards loyal to NUMSA, the regional and national leadership of the union, and the ANC/COSATU/SACP alliance formed the other group.

Simmel pointed to the associative function of social conflict and was proven right in this case. The company's determination to get rid of the 13 shop stewards helped to forge a close unity between them and their supporters. The 13 shop stewards saw their suspension as a violation

of shop floor democracy, because they had just been elected. Many of the dismissed workers asked themselves “how can the union ignore our vote?” (Ketso, interview, 2000).

At the time the *Mail & Guardian* viewed the suspension of the 13 shop stewards as “a blatant attack on worker independence and democracy at the plant” by an alliance of NUMSA officials, the African National Congress leadership and management (*M&G*, 2000:July, 28). In a subsequent edition of the *Mail & Guardian* Dumisan Ntuli, NUMSA information officer, denied these allegations and justified the suspension with the threat of the company to relocate the production to Europe and the undemocratic action of the 13 (*M&G*, 2000:August, 4).

Nevertheless the view that the NUMSA undermined shop floor democracy through the suspension of the 13 was widely shared amongst those involved in the strike. It was mentioned several times during the arbitration session and nearly all interview partners in Uitenhage emphasised this point. “Workers strongly insisted that the highest decision-making structure at plant level is the general meeting, which has the final say over this matter and not regional union officials” (*M&G*, 2000:July, 28).

It mattered little that there were no proper union structures at the general meeting, as the 18 shop stewards loyal to NUMSA had resigned. The suspension of the 13 shop stewards was legal, but with the weak leadership at the plant, very risky. It merely resulted in the further integration of the 13 and their supporters. B.K. Smith commented on why this happened: “Maybe 600 of them would not have gone on strike, those three days allowed them [the 13] to entrench their position by getting workers to believe that NUMSA leadership was corrupt, controlled by the ANC/SACP, in bed with management. They got the upper hand in the absence of clear communication from the union” (Forrest, 2000: 20).

Although the agreement was negotiated over a period of nine months and agreed to by the union, the 13 shop stewards refused to accept their minority position. For them acceptance of the agreement would have meant the loss of gains they had fought for and won during apartheid years.

This was emphasised during the Workers Day 2000 demonstration repeatedly as the main reason why the shop stewards had opposed the A4 agreement. The 13 shop stewards felt



comfortable with the notion of being resistance fighters against global capitalism – some of them had been resistance fighters all their lives. They simply did not want to accept the corporatist approach taken by NUMSA, because it would undermine their power positions within the company and union.

### **5.3 Aftermath: the outcome of the strike**

#### **5.3.1 The impact of the strike on the Uitenhage community**

The immediate impact of the strike was to add to the already high unemployment in the area. It also had a minor effect on the local economy and the livelihoods of those who lost their jobs. In the wake of the strike one furniture dealer closed down because the dismissed workers were unable to pay their debts. Some workers were evicted from their houses, being unable to pay their rent. Others were no longer able to pay the school fees of their children.

The economic impact on the community was only temporary, as the company employed new workers who replaced the dismissed workers and their purchasing power. The day the company announced that it would employ 1000 new workers after the dismissal, over 3000 people gathered in front of the gates at Volkswagen.

Another important effect of the conflict is that the dismissed workers are very critical of the ANC, NUMSA and the COSATU leadership, because they feel let down by “their” organisations. On the part of those who lost their jobs and other parts of the community there is a great sense of disenchantment with the NUMSA and ANC leadership.

The organisations spawned by the conflict, i.e. the UCC and the OCGAWU are no longer active in Uitenhage area. The community was unable to sustain these organisations.

In the meantime VW management remains worried about the high levels of unemployment in the area and has got involved in initiatives to “uplift” the community (Smith, interview, 2002). Mr. Smith is currently heading an Uitenhage development initiative that is looking at urban renewal. VWSA contributed R500 000 to this end.

### 5.3.2 The impact on VWSA

The *Mail and Guardian* reported that the two-week strike would cost VWSA R25-million a day in lost turnover. The *Mail and Guardian* used the same figure as Kally Forrest in the article "What happened at VW?" (Forrest, 2000: 17).

However, Mr. Maenger, the MD of VWSA, mentioned at a press conference in Uitenhage that the daily loss in turnover was only R5.5 million, so the total loss is not R525 million but only R115.5 million (Kempe, 2000: 64). Added to this are the legal costs. B.K.Smith estimated the total cost of the strike to be around R300 million (Smith, interview, 2002).

I asked Mr. Smith if the labour relations had improved after the dismissal of the 1300 workers and he replied: "Oh ja much. I mean this place is absolutely a different place, I mean clearly there is always [conflict]. I mean South Africa which is a highly divided society" (Smith, interview, 2002). However, another VWSA human resource employee held a slightly less optimistic view. During an informal interview he mentioned that "we have huge problems reorganising production". To train 1000 new employees seems to have been a difficult and expensive task for the human resource management at VWSA.

Costs aside, the strike served to reinforce the solidarity between NUMSA and the "Global Workers Council" of the Volkswagen AG. The representative of this world labour union forum of Volkswagen Workers, Mr. Uhl, did not come out in support of the 13 shop stewards and dismissed workers. At a Press conference during the strike in Uitenhage he mentioned: "I and my colleagues in the German Metalworkers Union have been supporters of NUMSA and their struggle against apartheid since the seventies. We continue to support the national structures of NUMSA in their fight for workers' rights. South Africa has one of the most advanced and fairest labour legislation in the world, thus we cannot accept the behaviour of this minority group and fully understand the positions of our partner union NUMSA and the Volkswagen Management. South Africa needs exports to maintain and create urgently needed jobs" (Uhl, Uitenhage Press Conference, Feb 2000; Uhl, interview, 2002).

### 5.3.3 The impact on NUMSA

For Dumisan Ntuli, NUMSA information officer. and Mr. Vavi, COSATU secretary general, the VW strike was a “wake up call” or “a lesson to learn”, i.e. to review policies and make them communicable to the shop floor (COSATU, *Newsletter*: 2001 Feb).

The union was reprimanded by Commissioner Brand during the arbitration award: “Basic justice between employer and the employee dictates that a decision with such implications for those affected by it should not and cannot be taken without the workers or their union or representatives being afforded an opportunity to be heard in one way or another” (Brand, 2001: 18).

Dumisan Ntuli responded to this by saying: “This thinking, previously unheard of in labour matters in our country, signals a paradigm shift and an opportunity to link industrial related matters to socio-economic interests. How we shape the balance of forces remains an issue of contestation through debates and struggles. In the VWSA matter, we must now close this chapter and begin a healing process between conflicting interests that will ensure a long-lasting relationship between VWSA and its employees represented by NUMSA. We have no illusions that this is going to be an easy task to accomplish” (Ntuli, *The Shop Steward, Vol 10.1*, Feb 2001).

According to Ntuli the strike served to revise NUMSA strategy: “We have set a strategy to win recognisable gains for workers. We knew that by doing so the union will receive positive spin-offs in the short and long term. An integral part of the strategy was to embark on legitimate industrial actions in order to build the union and recruit more members” (Ntuli, *The Shop Steward, Vol 10.1* Feb 2001). This statement Ntuli gave after the wildcat strike and the mass dismissals, not after the A4 agreement was signed.

Other observers seem to agree: “In the future the union will have to work harder at informing, educating and keeping all workers on if it wants members to fully understand and support its policies. The union can no longer rely on an external enemy to assist in the creation of workers’ unity” (Forrest, 2000: 20).

In the view of the ANC, the enemy in the post-apartheid period is unemployment, poverty and economic decline. It seems, therefore, that NUMSA may have to take a pro-active stand on capitalism, may have to overcome the resistance approach towards capitalism within its ranks

and fight for ‘wealth creative’ wages through legal industrial action. If the union leadership is too weak to discipline its own members and too incompetent to sell such agreements as the A4, conflicts like the one in Uitenhage are bound to occur again.

At the same time, the decision to suspend the shop stewards should make the union realise that an authoritarian approach to shop floor democracy can turn into disaster – authoritarian, because the decision to suspend the 13 shop stewards was taken away from the plant and discussed at regional union level. Unless shop floor democracy is respected, NUMSA cannot effectively pursue a corporatist approach. As Webster and Adler argue, “...corporatism ultimately depends on the capacity of the labour movement to represent its members, to reach and enforce agreements with capital and the state” (Adler, 2000: 13).

#### **5.3.4 The impact on the relations between state and organised labour in South Africa**

During the strike the government position made it clear that it did not approve of what it saw as illegal, egoistic action on the part of a minority of militant workers. In the words of President Mbeki: “Strikes such as the one at Volkswagen cannot be tolerated. Jobs, a better life for our people in the context of a growing economy and our standing in the eyes of the investor community cannot be held hostage by elements pursuing selfish and anti-social purposes. The Government will not waver from this position” (Mbeki, *State of the Nation address*: 2000, Feb 4).

The struggle against apartheid forged a close unity amongst oppositional groups. Now in the post-apartheid South Africa, these organisations review their identities and come to realise that their policies differ in many ways from those of their former allies.

The behaviour of the ANC/COSATU representative, Mr. Vavi, on 2 February 2000, when he spoke to the dismissed workers and told them he would come back, but never did so, can be seen as an example of trust lost. After this many of the dismissed workers no longer had any faith in the ANC, COSATU, and NUMSA leadership, and thought that Mr. Vavi was a ‘sell-out’. This was one reason for the temporary success of OCGAWU and WIVL. The dismissed workers were disillusioned with their union and the alliance between capital, labour and government.

Hans Jürgen Uhl emphasised that NUMSA reached a crossroads in their development – either the union starts to engage in *realpolitik*, or it continues to fight the ideological battles of the past. The strike showed that NUMSA sticks to its alliance with the ANC and the national reconstruction position.

I come to the conclusion that NUMSA has stuck to its pro-capitalist position and alliance with the ANC/COSATU, but due to its past the union still has huge problems in educating its members on how *realpolitik* and legitimate industrial action will work in future. Dumisan Ntuli said that NUMSA was never ‘in bed with management’, however he sees the strike as a ‘wake up call’ and admitted that the union has to work harder in representing the interests of its members in times of globalisation. The strike increased the unity between the ANC/COSATU alliance.

## **Chapter 6**

### **Conclusion**

The phenomenon this thesis wanted to explain was: why did the VW workers take such 'militant' action, why did this 'wild-cat' strike take place and what are its outcomes?

Regarding the theories I come to the conclusion, that not one theory standing alone can completely explain what happened at VWSA. As stated in the preface to this thesis: "We must rely on our instruments. Occasionally, we may catch a glimpse below of a land with roads, towns, rivers, and coastlines that remind us of something familiar, or glimpses of a larger stretch of landscape with the extinct volcanoes of Marxism. But no one should fall victim to the illusion that these few points of reference are sufficient to guide our flight" (Luhmann, 1987:13) All Theorists provided instruments that helped me to orientate. However Dahrendorf, Luhmann, Weber, Simmel, Coser and provided very general theoretical instruments at the start of the research in early 2000. Later I had to recognise, that their theories were too general to explain all aspects of the conflict.

Post fordist theory helped to determine the shifts in industrial relations at VWSA. Anstey's and Womack's works on lean and mass production provided very useful information on the shifts in industrial relations in the automobile industry. Fukuyama's theory on trust gave me a new angle to the analysis of the relationship between capital and labour.

Hirschsohn, Adler, Webster, Maree and Joffe provided essential theory on corporatism and industrial relations in the post apartheid South Africa.

Weber's, Michels' and Lipset's theories helped to enlighten the question on legitimate and democratic leadership within unions, whereby Michels, Lester and Lipset provided more specific theory, in contrast to Weber who elaborated on the general problem within bureaucratic organisations.

Hyman's theory on strikes also provided essential information: "The strike is fundamentally an economic weapon, which easily boomerangs if used on terrain for which it is not designed" (Hyman, 1998: 50). Exactly this boomerang hit in Uitenhage and Hyman was proven right on this point.

Each discussed theory gave a point of reference, but due to the complexity of the case not one single theory standing alone provided me with a reliable instrument for the explanation and analysis of the whole case. Generally the more specific the theories were, the more helpful they were for the explanation and analysis of the case.

Regarding the conflict, I conclude that it was not the first wildcat strike in South Africa, but the first wildcat strike with such heavy social implications in the post apartheid South Africa. I would argue that there were two processes at work that simultaneously caused the strike. Firstly the integration of the company into the global production network of the Volkswagen group and secondly the differentiation between the shop floor and the union leadership – the latter predating the former.

In addition I would suggest that a number of other developments reinforced one another during the conflict, the modernisation of the production at the company, the ‘struggle’ approach towards democracy and the unfulfilled material expectations of the 13 shop stewards and workers after the political transformation.

Why did the workers choose such militant action? Firstly because they were told to do so by their shop stewards. The 13 senator shop stewards were the militant core of this conflict – not the 1300 workers. The 13 senators had chosen the means of illegal industrial action for their own purposes and agendas, i.e. to retain their union positions. They demanded ‘workers’ unity’ from the striking workforce for the reinstatement into their own union positions. “Democracy, on the other hand, implies permanent insecurity for those in governing positions: the more truly democratic the governing system, the greater the insecurity” (Lipset, 1972: 163). Ironically, the 13 shop stewards became victims of the “iron law of oligarchy” (Michels, 1911: 7). After all I cannot conclude that NUMSA acted in an oligarchic manner because it suspended 13 shop stewards who engaged in illegal industrial action.

The company, NUMSA, COSATU and the ANC stigmatised the senators and workers for being “ultra left communist”. This polarised the workers and increased the conflict potential. Coser and Simmel argued that conflicts integrate. In this case it became “us and them” – the 1300 against the rest.



The regional union leadership did not monitor the developments on the shop floor and when it was too late, NUMSA undertook ‘authoritarian’ action. i.e. the suspension of the 13 senators. As unions mature, “democratic checks weaken”, also in this case (Lester, 1958: 111).

What are the outcomes of the conflict? More than a thousand industrial workers lost their jobs. NUMSA has come to realise that left wing forces can abuse union democracy, unless shop floor concerns are addressed. After losing hundreds of millions, the company is again producing at full capacity. Representatives of the South African union, political and legal constituencies are asking “What happened at VWSA?” The conflict has put industrial relations and democracy in the era of “reconstruction” under the spotlight. Perhaps the union does not need another “wake up call” (Ntuli, *COSATU Newsletter*, Feb 2000).

The conflict did not help to build new parties or associations, but it has forced the ANC to seriously rethink its globalisation-friendly policy (i.e. GEAR), lest it wants to avoid further alienation from its alliance partners (i.e. COSATU and the SACP). Latest signs are that the party has moved slightly in the direction of the worker federation, whilst continuing to warn against “ultra left” tendencies (*Mail & Guardian*, October 11 to 17, 2002).

Michael Moore, the ‘enfant terrible’ of the American labour movement once wrote: “I am convinced that, hundreds of years from now, when anthropologists dig up the remnants of our culture and study our behavior, they will not be able to figure out why most of the leaders of our major labor unions rolled over and let the company bosses destroy the lives of their members. ‘Just how friggin’ stupid were these guys?’ the social scientist of the twenty-third century will wonder in amazement” (Moore, 1997: 139).

In the VW case the major union leaders “rolled over” and did not sufficiently explain to the shop floor why they did so. When they encountered resistance, the union leaders suspended their opposition – the 13 shop stewards. The company, in turn, fired 1300 workers because they trusted and supported their dismissed shop stewards and followed their cry for ‘workers unity’.

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## **Appendix I: Agreement between NUMSA and VWSA**

The parties strongly condemn the illegal strike action taken by VWSA employees over the issue of the suspension by NUMSA of the 13 NUMSA Shop Stewards.

1. The parties agree to the urgent need to establish long term labour stability at VWSA, so as to safeguard export contracts and thus protect jobs in the local auto industry.

2. Should NUMSA members continue to participate in illegal strike action over this issue, the National Union reserves its rights to take strong disciplinary action against these individuals.

3. Before they tender their services at the end of the strike, all employees will be required to sign an individual undertaking as follows:

“That both now and in the future, I will work normally in terms of my employment contract, which includes observing all collective agreements binding on me.”

4. The Company has identified a number of employees who, during this process, were involved in serious misconduct or illegal actions and at the end of the strike, these employees will be suspended pending a fair disciplinary process. NUMSA reserves its rights to represent its members in these hearings. Should employees persist with this illegal strike action, Management will take further disciplinary action which will include dismissal.

5. NUMSA will, on an urgent basis, re-establish strong union structures within the Uitenhage Plant. To this end, the Union will organise shop steward elections in terms of the Recognition Agreement within two weeks of the opening of the Plant. Over the next few weeks, until this process is finalised, a NUMSA Official will be located at the Uitenhage Plant in order to facilitate this process. VWSA and NUMSA will take all steps to strengthen the organisational capacity of the VWSA Shop Steward structures, this will include allocation of money and facilities for training.

Based on the undertakings given in this agreement, VWSA will open the Plant on Monday, 31st January 2000, in terms of a start-up plan which will be given to NUMSA today. This parties will do everything possible to communicate the contents of this agreement in order to facilitate an effective start to production.



Appendix II: The A4 Export Agreement

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AGREEMENT BETWEEN NUMSA AND VWSA  
ON THE A4 GOLF EXPORT PROJECT AND GENERAL  
TRANSFORMATION AT VWSA

1. PREAMBLE

The parties agree that in order to protect jobs at VWSA and in the broader automotive industry, VWSA has to become internationally competitive and to win and retain export orders and thereby become an integral part of the world-wide VW Group. The South African market cannot support seven local manufacturers plus importers, so it is clear that the future of the South African motor industry lies in export orders which will only be achieved, in the face of very tough international competition, by beating or matching the best VW Group quality levels, productivity levels, cost levels and delivery reliability.

2. WHAT DOES THE A4 GOLF EXPORT ORDER MEAN TO THE COMPANY AND ALL EMPLOYEES?

- VWSA will become the biggest vehicle producer in South Africa.
- Job Security for the 400 direct employees who are currently surplus to local market needs and others who would become surplus in 1999.
- The recruitment by VWSA of approximately 1000 additional direct employees in 1998/99.
- The creation of a large number of supporting jobs in the Port Elizabeth/ Uitenhage area, e.g. at suppliers, at the Harbour, etc.
- The opportunity for employees to receive training in world class production techniques as are applied in the best automobile plants in the world.
- The investment of +- R150 million in the local supply industry in this region which will create jobs.
- Integration into the world-wide VW supply chain which will help to protect the Company from fluctuations in the local vehicle market which threaten jobs.
- If quality, schedule, cost and delivery targets are met on this project, it could open the door for additional large export orders.

3. WHAT DOES THE A4 GOLF EXPORT ORDER REQUIRE FROM ALL VWSA EMPLOYEES?

The parties agree that in order to gain VWAG approval for this order and to ensure that the full order is produced, NUMSA, Management and all employees at VWSA have to commit to the following:

a) Achievement of Quality, Production and Cost Targets

It is required that all employees working directly on the A4 line or in any area supporting the A4 production line either directly or indirectly, must commit to the quality audit targets, production schedule for 1998 and 1999 and cost targets (these to be finalised and presented to NUMSA during July 1998). The achievement of these targets is key to this project and any future export projects.

✓ 1 R

In order to achieve quality, schedule, cost and productivity targets, the parties agree that the concept of Group Work will be introduced at VWSA. The A3/A4 production lines (plus all supporting areas) will form a pilot for this concept. A Joint Management/Union Working Group will be established to monitor the introduction of Group Work during 1998 and to make recommendations on the improvement of this concept before this concept is expanded to the rest of the Company in 1999. The agreed new structure, roles and functions to be introduced during June 1998, are attached (See Attachments 1a, 1b and 1c).

- i) Selection of the Group Leaders - the position of Group Leader will be advertised throughout the Company and employees who meet the minimum selection criteria, will go through a detailed selection process and the best candidates as measured by this process will be appointed as Group Leaders.
- ii) Payment of Group Leaders - Group leaders will be paid at their current skills level and rate of pay on their appointment to the position of Group Leader, however, from their date of appointment, all Group Leaders will receive a monthly allowance of R400,00. In order to move to skill level 4 and to be paid the maximum of skill level 4, all Group Leaders must obtain the full training credits required for AMIC (as per the NBF Agreement). The Company undertakes to make available to each Group Leader this training within six months of his/her appointment as a Group Leader. On appointment, each Group Leader must undertake to participate in and make him/herself available for such training.
- iii) Payment of Group Members - group members will be paid as per the NBF Multi-Skilling agreement and may move up to Skill Level 4 based on the requirements of the AMIC certificate.

c) Increasing Production Output using current facilities

In order to maximise production output without expensive investments in production facilities such as Body Shop, Paint Shop, etc, the parties agree it is essential that maximum output is achieved on every possible available production day; this is especially important as daily production output will go above 450 units per day. In order to maximise the utilisation of our current investment in the Uitenhage Plant, the parties agree to the following work patterns:

i) Available Working Days and Holiday Corridor

The parties agree that the minimum annual available production days at VWSA should be 251 days excluding Saturdays and Sundays. In order to achieve this minimum of 251 production days, the parties agree to the introduction of the "Holiday Corridor" concept over a nine week period from November to January. It is agreed that this concept:

- a) involves not all employees being on leave at the same time and that a group of employees will work while others are on leave.

- schedule is to be maintained at 100%, temporary employees will be hired for this holiday corridor period.
- c) Will not reduce individual employees annual leave entitlement of 15 working days per annum.
  - d) As this concept involves major changes from the traditional year-end Plant shutdown, the parties need to jointly communicate and sell this agreed change to all employees.
  - e) The details of the temporary recruitment, leave rosters and other details of the annual holiday corridor, will be finalised by July each year.

See Attached example of how the holiday corridor concept will work  
(Attachment 2)

ii) Shifts and Weekend Work

The parties agree that all employees working on the A3/A4 Production lines (Body/Assembly/CP8) and in all supporting areas such as Logistics, Q.A, Paint Shop and Engine Plant, will be required to work on a continuous 3 shift basis.

The parties agree to one paid 10 minute tea break prior to the 30 minute lunch break and after the lunch break employees will work till the end of their shift without any break. This will be applied to all areas of the plant, not only the A4 line. The schedule as planned without tea breaks will still be achieved despite the introduction of the 10 minute morning tea break. See attachments 3a, 3b and 3c for how the shifts will operate. The group work time will be utilised as and when required by management.

Shift allowances as set out in Attachment 4, will be paid to all employees working the above shift patterns.

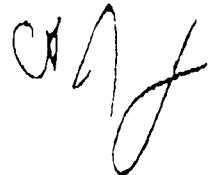
In order to achieve the A4 production volumes, the parties agree that a minimum of two scheduled 8 hour weekend shifts are required in the Paint Shop and that all other areas will be required to work scheduled weekend shifts in order to catch up production lost against the production schedule during the previous week.

d) Attendance

In order to compete in world markets, the parties agree that all employees must be at work on time every day and that absenteeism and late coming must be reduced to an absolute minimum.

e) Labour Stability and Flexibility

Both parties confirm that in order to ensure we keep this order and achieve daily schedules, no illegal and unprocedural industrial action can be tolerated and to this end, all employees and management agree to strictly follow all relevant dispute and grievance procedures. The parties agree that industrial action will result in the cancellation of this order and result in job losses.



g) **Recruitment**

The parties agree that all direct employees recruited from outside the Company will go through a selection process (this includes various assessments/tests) and have to undergo a medical check. NUMSA will assign two Shop Stewards to monitor this process. Applicants should have a Matric (ABE Level 4), Technical aptitude, learning abilities, display group skills and problem solving abilities. All applicants referred for selection by the VWSA Welfare Department will be put through the same selection process as stated above, however, they would only require a ABE Level 4 as opposed to a Matric.

4. **GENERAL**

In order to become part of the world-wide VW Group export chain and to create and protect jobs, the parties commit themselves to the letter and the spirit of this agreement.

Agreed at Uitenhage on the 27TH AUGUST, 1998

FOR AND ON BEHALF OF:

G P Ghotai  
NUMSA

[Signature]  
VWSA

[Signature]  
Witness  
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[Signature]  
Witness



## VWSA A4 PRODUCTION SYSTEM (UPS4)

### ROLE OF GROUP

The group is accountable for the achievement of Quality, Schedule and Cost targets

#### **RESPONSIBILITIES**

- To achieve all quality targets and to inspect the quality of their own work, i.e. all functions performed in the area controlled by the Group.
- Achieve the daily Production target within the shift hours at the required quality levels by applying work standards as per PDM and Man Assignment Charts.
- Achieve all budget cost targets in their area of responsibility eg. scrap targets, off standard hours, overtime targets.
- Organise work within the Group and allocate tasks to cover for absenteeism. This means all Group members must be able to perform all tasks within the Group and to carry out these tasks when required i.e. in case of absence.
- All Group members must receive training in all tasks in their area and must perform these tasks when requested by the Group Leader or Supervision.
- All Group members must also assist in the training of other Group members.
- scrap reports must also be completed.
- All Group members must take corrective action to fix identified quality problems and also to perform rework and to perform rework and repair work, as requested by the Group Leader or Supervision.
- All Group members must be prepared to maintain and update statistical and other records e.g. SPC (Statistical Process Control Cards) etc
- The Group must work as a team to achieve continuous improvement in terms of Schedule, Quality, Costs task operations and parts handling. Also participants in the ITM Programme.
- All Group members must perform housekeeping tasks and keep their work and rest areas clean and tidy and assure all parts and tools are correctly stored in the available bins etc. Adhere to Safety Standards.

# Volkswagen of South Africa

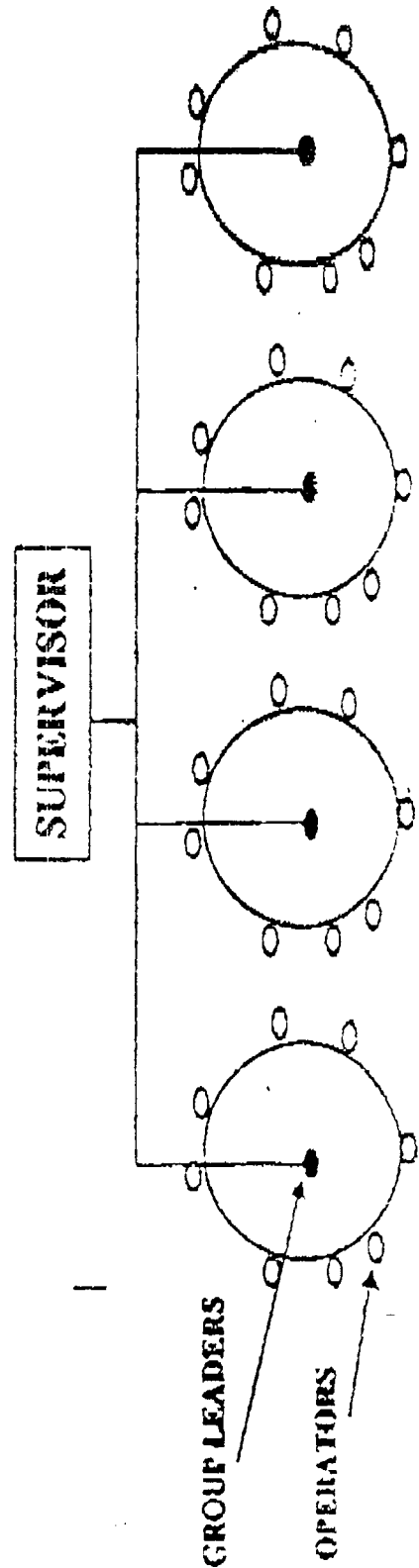
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## VWSA A4 PRODUCTION SYSTEM (UPS4)

### GROUPWORK AT VWSA

#### BASIC PRINCIPLES AND CONCEPTS REGARDING GROUPWORK

- A Group should consist of between 7-12 Operators.
- A Group Leader will be appointed for the Group, reporting to a Supervisor.
- An average of 4 Groups should fall under a Supervisor.
- All Operators within a Group must receive extensive training.
- All Group Leaders will receive extensive training.
- Group Leaders will retain their current level, but receive a R400 per month allowance.

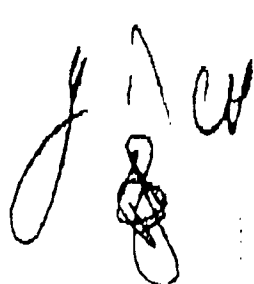


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# Volkswagen of South Africa

## VWSA A4 PRODUCTION SYSTEM (UPS4)

### ROLE OF GROUP LEADER

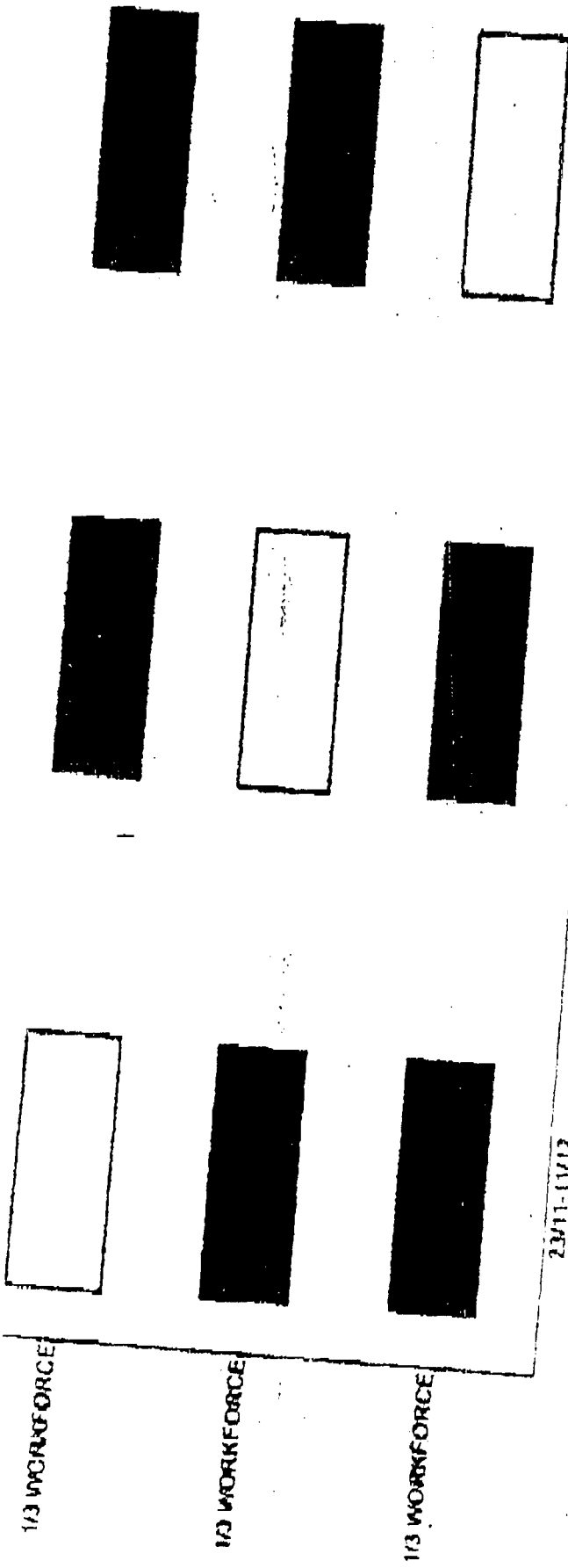


- Operates as a member of the Group.
- Assists the Group to achieve their quality, cost, schedule targets.
- Assists the Group, where necessary to implement and operate KANBAN and TPM systems.
- Provides coaching to ensure a productive work environment (safety and housekeeping).
- Ensures cross training is done, for existing and new members.
- Distribute work when absenteeism occurs.
- Responsible for repairs, arising out of his area.
- Ensures Group adheres to safety regulations (safety critical items)
- Ensures visualisation of Group results
- Follows through corrective actions
- Communicates with Supervisor and other groups (re achievement of targets)





# HOLIDAY CORRIDOR

9 Week Period November to January



Holiday Corridor

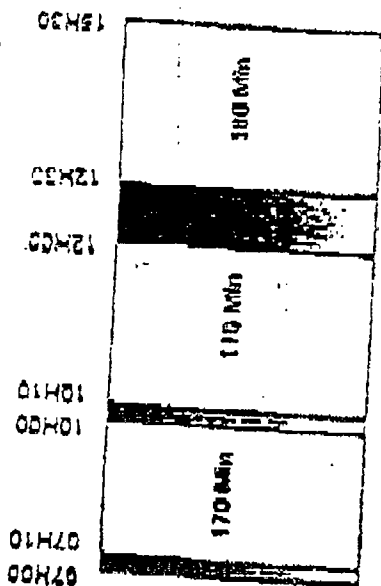
 EMPLOYEES WORKING  
 EMPLOYEES ON LEAVE

Please does not work on Public Holidays e.g. 25 Dec, 26 Dec, 1st Jan




NOTE

19 August 98

# Proposed Shift Pattern for VWSA (1 Shift)



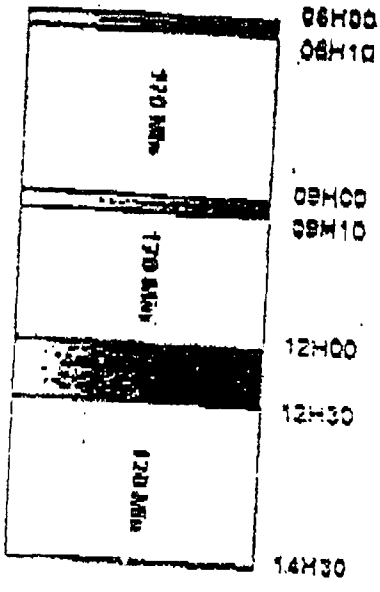
460 Min / 7 hrs 40 min Production  
 400 Min / 6 hrs Paid

-  Team Talk (Paid)
-  Tea (Paid)
-  Lunch (Unpaid)

\* Tea starting time could be arranged within the unit

# Proposed Shift Pattern for WWSA (2 Shifts)

Shift 1

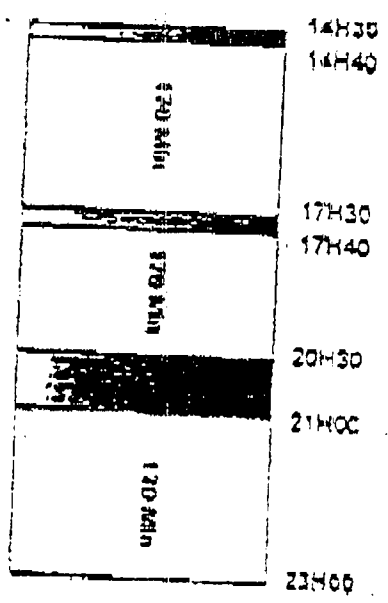


460 Min / 7 hrs 40 min Production  
480 Min / 8 hrs Paid

- Team Talk (Paid)
- Tea (Paid)
- Lunch (Unpaid)

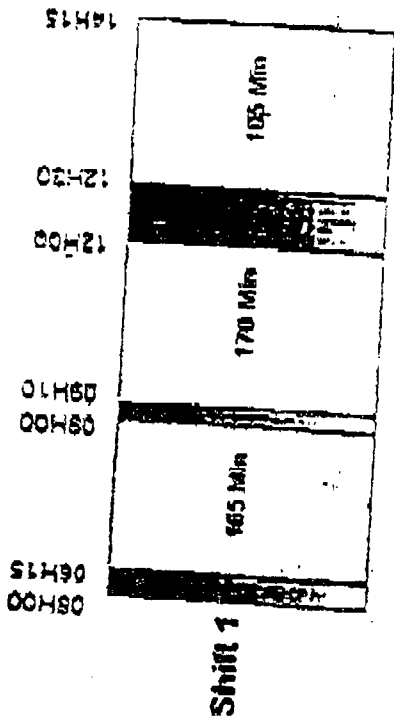
\* Tea starting time could be arranged within the unit

Shift 2



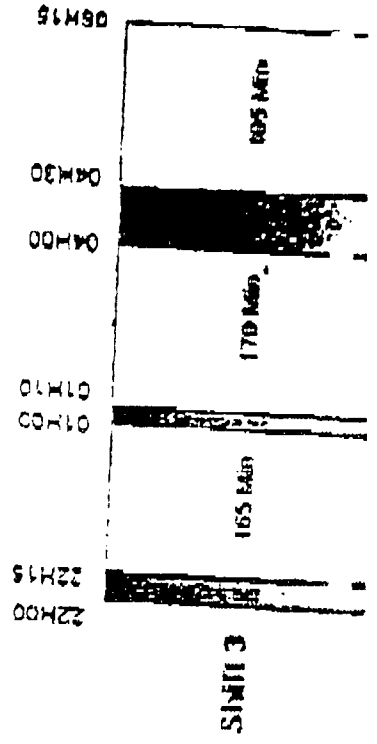
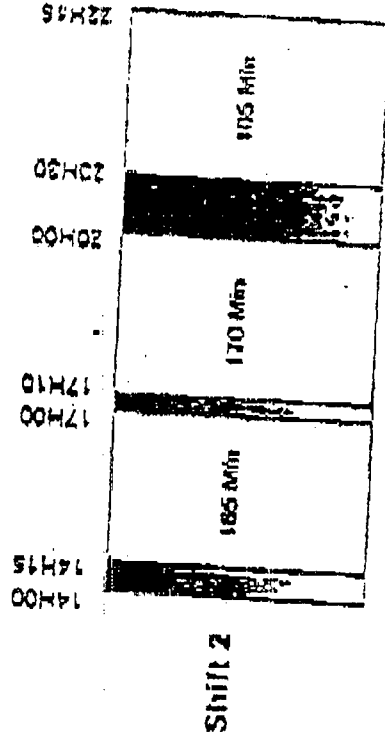
19 August 20

# Proposed Shift Pattern for VWSA (3 Shifts)



440 Min / 7 hrs 20 mins Production  
 480 Min / 8 hrs Paid

- Tea (Paid)
- Lunch (Unpaid)
- Tea / Talk / Shift Change (Paid)



*[Handwritten signature]*

PAYMENT FOR SHIFT AND WEEKEND WORK

Morning shifts (Shift 1)	10% shift allowance
Afternoon shift (Shift 2)	10% shift allowance
Night Shift (Shift 3)	15% shift allowance

- The above will apply to employees working on a 2 or 3 shift basis in all areas of the Plant.
- Shifts to change every 7 days and operate as per Attachment 3.
- Saturday and Sunday shifts will be paid at overtime rates, however as per the Basic Conditions of Employment Act, if a shift worked by an employee falls on a Sunday and another day (e.g. Monday), the whole shift is deemed to be Sunday work if the greater part of the shift falls on the Sunday, if this is not the case the greater part of the shift is deemed to have been worked on the other day and the shift is not paid at Sunday rates, i.e. the Sunday night shift from 22h00 to 06h00 on Monday is not paid at overtime rates.

8.7.98



Stellenbosch University  
**STATEMENT REGARDING SCHEDULED PRODUCTION DAYS FOR 1998 AND 1999**

In order to fulfil the requirements of the A4 Golf export order and to meet domestic demand during the period, June to December 1998 and for the full year 1999, the parties agree to the following scheduled production days for this period;

- a) 1<sup>st</sup> June 1998 to the 18<sup>th</sup> December 1998 = 142 scheduled production days, Monday to Friday, this includes an extra 5 production days from Monday the 14<sup>th</sup> December 1998 to Friday the 18<sup>th</sup> December 1998 which will be worked by the A3/A4 Golf/Jetta production areas plus supporting areas such as Paint Shop, Engine Plant, Logistics, Q.A. and other support services, this includes working on the Public Holiday, the 16<sup>th</sup> December 1998 for which employees will receive normal overtime payment for public holiday work. Details of this extra 5 days to be worked will be communicated to all involved employees by October 1998.
- b) 4<sup>th</sup> January 1999 to 24<sup>th</sup> December 1999 = 247 scheduled production days, Monday to Friday. For 1999, the Plant will close for a bridging period from the end of shifts on Friday the 24<sup>th</sup> December 1999 until the start of shifts on Monday the 3<sup>rd</sup> January 2000. In order to produce the required production volume for 1999, given the Paint Shop capacity constraint of 450 units per day, 255 scheduled production days are required for 1999. The parties agree that in 1999, these days will be made up as follows:

251 days =	Minimum available days including the Holiday corridor
Less 4 days =	Bridging period between Christmas & New Year 1999/2000
247 days	
Plus 8 days =	Scheduled Saturdays 3 x 8 hour shifts to be worked in 1999
255 days =	Planned production days for 1999

In addition to these 255 scheduled production days, Paint Shop requires 2 x 8 hour shifts each weekend and other production areas will require weekend shifts to catch up any production lost against schedule during the week.

Attached is a breakdown of the agreed production days per month for the remainder of 1998 and 1999 (Attachment 1).

The above scheduled production days and weekend catch up days are agreed by the parties.

Agreed at Uitenhage on the 27<sup>th</sup> August, 1998

For and on behalf of:

G P Gietas  
NUMSA

[Signature]  
VWSA

[Signature]

[Signature]

**SCHEDULED PRODUCTION DAYS 1998 AND 1999**

	1998	1999
January	-	20
February	-	20
March	-	22
April	-	19
May	-	21
June	21	21
July	23	22
August	20	21
September	21	21
October	22	21
November	21	22
December	14*	17**
<b>SUB TOTAL</b>	<b>142</b>	<b>247</b>
Scheduled Production Saturdays - (3 X 8 hour shifts)		8
<b>TOTAL</b>	<b>141</b>	<b>255</b>

The above includes all scheduled production days, Monday to Friday, but excludes Public Holidays and for 1999, includes a "holiday corridor" in November/December 1999. For 1998, the A3/A4 Golf line and supporting areas, will work one extra week from the 14<sup>th</sup> to 18<sup>th</sup> December \* including the Public Holiday on the 16<sup>th</sup> December (5 extra days). All Saturdays and Sundays (not included above), are available for scheduled Paint Shop production (2 x 8 hour shifts on Saturday morning and Sunday night) and catch up production in all other areas.

During 1999, the Plant will close for a bridging period between Christmas and New Year \*\*, however in order to achieve the production volumes, 8 scheduled production Saturdays are required (3 x 8 hour shifts).