

ECONOMIC POLICY SEMINARS
26 to 28 JULY 1990

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Report - backs from role plays and questionnaire summaries
Seminar number two

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1. Income distribution and the budget: role play exercise

Education department report

This department decided to spend R1 700 per capita on all children. This would cost a total of R16.9bn for the 1991/92 budget. This is R3.6bn more than the R13.3bn 1990/91 education budget.

Health department report

This department decided to retain the current 1990/1 budget figure of R7bn for curative health and administration costs. A further R2.1bn was proposed for preventative health care. The total health budget is therefore R9.1bn. Primary Health Care (PHC) will be an addition to the health budget. The PHC addition is R1.4bn, which will cover training of PHC workers; the cost of purchasing the ten identified common medicines and drugs that will be mass produced and the cost of setting up informal rural clinics.

A further addition to the health budget is the setting up and equipping local Rehabilitation Centres (RC). R0.7bn is allocated for these centres. Speech therapy, physiotherapy and such medical science disciplines will be located at the local RC so as to ease the pressure on hospitals.

The setting up Industrial Hospitals (IH) which will be located in the industrial areas will be assisted by the health department. The IH must be viewed as an alternative to "medical aid", that workers are increasingly demanding in collective bargaining. Instead IH would be set up in industrial areas serving the factories in those areas. These IH will be controlled by workers and management with the health department playing only an advisory and inspectionary role.

Welfare department report

There were no additions to the 1990/91 budget.

Protection services department report

A saving of R4.5bn from the previous budget was proposed. The new budget is R10.3bn.

Defence: The current "military, air, land, maritime support" budget was cut by R1.5bn. The "special defence account" was cut by R4bn.

Police: The salaries and staff budget was increased by R0.5bn.

Justice: This section of the budget was increased by R0.5bn for salaries and legal defence subsidies.

Manpower department report

Three areas of the manpower budget were identified for additional allocation. They were employment creation; training and unemployment. This represented a R0.648bn addition to the 1990/91 budget.

Economic services department report

Apartheid duplication of services would be removed in transport, manufacturing, construction and on the mines.

Other items within the ambit of this department will be ranked and have an allocation as follows:

<u>Rank</u>	<u>Rbn</u>
1. Industry; mfg and construction	3.5
2. Agriculture	3.0
3. Mining	1.5
4. Transport	1.0
5. Trade promotion	0.5
6. Energy and power	0.4
7. Water supply	0.4
8. Other	0.38
9. Ecological services	0.35
10. Forestry	0.3
 Total	 R11.33bn

This represents a R2.9bn addition to the 1990/91 budget of R8.4bn.

Treasurary department report

The 1991/2 budget will be R90bn, representing an R18.5bn increase over the 1990/91 budget.

This will be paid for as follows:

- salaries of civil servants and ministers will be frozen.
- removal of tax concessions.
- income tax:
 - individuals earning between R50 000 - R59 000 46%
 - individuals earning between R60 000 - R100 000 50%
- GST 15%
- Company tax 60%
- Import tax 15%
- Mining tax 60%

Summary of the budget proposals

DEPARTMENT	1990/91		1991/92		%
	BUDGET Rbn	EXTRA Rbn	BUDGET Rbn	Inc	
Other	R21.4	+R0.0	R21.4	0%	
Education	R13.3	+R3.6	R16.9	+27%	
Health	R7.0	+R2.1	R9.1	+30%	
Social Welfare	R5.9	+R0.0	R5.9	0%	
Protection	R15.3	-R4.5	R10.8	-29%	
Manpower	R0.3	+R0.6	R0.9	+200%	
Economic Services	R8.4	+R2.9	R11.3	+35%	
 TOTALS	R71.6	R4.7	R76.3	+7%	
 REVENUE	R71.6	R18.5	R90.1	+26%	
 SURPLUS	-	R13.8	R13.8		

2. Wealth distribution: Report backs

Employers organisation

- proposed a free market economy
- 80% of investments will be directed through the National Investment Bureau (NIB).
- NIB investments will depend on the following:
 - 1) job creation.
 - 2) profitability of the companies invested in.
 - 3) debt servicing by increasing forex
 - 4) reasonable wages.
 - 5) ecology protection.
 - 6) infrastructure development.
 - 7) address the housing crisis.
 - 8) address the mining crisis by preventing job losses.

Trade unions

- accept the 80% directed investments via the NIB.
- more control and ownership in the wealth of the country.
- Wealth tax:

property worth more than R250 000 will be taxed between. A progressive rate of tax will be applied starting at 1% and rising to 5%.
- Nationalisation:

top five companies will be state controlled.

1. GROUP DISCUSSION ON UNION POLICY

Worker control

1. The principle of worker control is enshrined in constitutions of all NACTU affiliates and NACTU itself.
2. Process of how to control stands within unions and it is essentially educational.
3. Participation in decision making in actual day to day running of factories and industries is important.
4. Ultimate control of the economy.

Socialism

1. No standing union policy on socialism (TAWU, NUF).
2. Workers in seminars and work shops have expressed keen interest in socialism.
3. In a socialist system, workers would have a say in the running of the economy through their elected representatives.
4. Unemployment problem will be eliminated.
5. There will be a fair distribution of wealth and land will be effectively used for production purposes and for dwelling.

Economic growth

1. It is the responsibility of the government to ensure the rapid economic growth of the country.
2. The economy should be decentralised - one way could be co-ops.
3. Education and training to improve and develop the standards and skill of people.

Nationalisation

1. Primary industries like mines; arms; public transport; communication and the media.
2. Maintain the local authorities.
3. Health institutions must be state owned.
4. Education must be centralised.
5. Nationalisation should be a process.

The land question

1. No policy on the land question.
2. The control of the land should be vested in the hands of the state on behalf of the nation.

Living wage

1. Fight for a "living wage" for all workers by collective bargaining and removal of racial discrimination.

Unemployment

1. There should be full employment and job creation should be the responsibility of the government.
2. Unemployed union members should be encouraged to form co-ops

QUESTIONNAIRE 1

Question One

What kind of economic system do workers want?

Capitalist	0
Mixed economy	1
Socialist	15

Total	16

Socialist

Reasons

- 1) Compulsory education.
- 2) Political situation will be normalised.
- 3) Workers will control productivity.
- 4) Every worker must have a share in every enterprise.
- 5) Every worker must be involved in the planning of any constitution of companies.
- 6) Every worker must know about their rights like grades and job descriptions.
- 7) Workers and peasants are in leadership.
- 8) Indigenous people have a say in all structures of the land.
- 9) The economy is planned for people and not for individuals.
- 10) Production shared equally.
- 11) Workers will decide on imports and exports.
- 12) Exploitation will stop.
- 13) Wealth is equally distributed.
- 14) Competition in production is minimised.

Mixed Economy

Reasons

- 1) To get equal pay for equal jobs.
- 2) To have a right to say anything in job making.
- 3) To share profit.

Question Two

Should the government have a policy to give every worker a job?

Yes 11

No 4

Total 15

How should the government ensure that all workers have jobs?

- 1) Job creation.
- 2) By passing a law to this effect.

How should such jobs be paid for?

- 1) In accordance to job descriptions.
- 2) According to skills.
- 3) According to needs.
- 4) Taxes; fines (court & traffic) and income from services like water and electricity.
- 5) Foreign exchange from exports.
- 6) Negotiated.

Question Three

a) Who should own land?

i) the State	5
ii) any private person who can afford it	1
iii) companies	0
iv) co-operatives	0
v) tribal ownership	0
vi) the present owners	0
vii) everybody who works on the land	8
viii) other.....workers	1
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Total	15

b) Which is most important?

(i) producing enough food to feed the people in the cities	0
(ii) ensuring that everyone who wants land, will get land	7
(iii) ensuring that all land is used produce as much food as possible.	7
(iv) exporting crops to earn foreign exchange.	2

Total	16
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Reasons for selecting point (ii):

- 1) People have suffered so long because they have no place to stay and no place to cultivate their own land.
- 2) This will ensure that nobody is exploited.
- 3) There will be no discrimination.
- 4) It will address the poverty problem.
- 5) The land will be returned to their rightful owners.
- 6) It will save the State maintainence costs.

Reasons for selecting point (iii)

- 1) To feed all workers and the unemployed.
- 2) It will increase exports.
- 3) Fight starvation.
- 4) To produce enough food to remove poverty.
- 5) The State will be controlled by the people so therefore people will automatically own the land.

Reasons for selecting (iv)

- 1) Foreign exchange is the most important thing.
- 2) To have money to invest and to remove inflation.

Question Four

	Total
access to land	1; 1; 1; 1; 1; 1; 1; 1; 1; 1
unemployment	2; 3; 3; 4; 2; 2; 4; 4; 2
poverty	3; 4; 2; 2; 5; 3; 2; 5; 3
shortage of housing	5; 2; 5; 3; 4; 4; 3; 3; 4
low wages	4; 5; 4; 5; 3; 5; 5; 2; 5

QUESTIONNAIRE 2

Question one

What is your union's policy on nationalisation?

- 1) Cannot nationalise when we don't own the land.
- 2) Primary services like transport service, hospitals, post and telecommunications and mines. Free enterprise in some areas should not be overlooked.

Question two

What is your union's policy on socialism?

- 1) Socialism must be implemented.
- 2) Some aspects of the economy should be solialistic oriented especially where the welfare of people become the responsibility of the state, eg social security measures.

Question three

What is your union's policy workers' control?

- 1) Believes in worker control because it is only the workers that can advance the material and economic interests of all workers.

Question four

What is your union's policy on the land question?

- 1) Land should re-distributed and shared equally.
- 2) Unused land should be occupied immediately by those who have not being allocated land for either housing, farming, business etc.

Question five

What is your union's policy on economic growth?

- 1) Believes in economic development rather than economic growth because even in countries with good economic growth, still have social problems.
- 2) It is government's responsibility to ensure rapid economic growth.

Question six

What is your union's policy on unemployment?

- 1) More jobs must be created to prevent suffering but first training should be provided to make people skilled.
- 2) Unemployment benefits should be increased to allow the unemployed to survive.

Question seven

What is your union's policy on wages?

- 1) A living wage must be provided.

SOCIALISM - General