

CENTRE FOR POLICY DIALOGUE (CPD)

**REPORT ON THE CPD/FES SEMINAR ON THE IMPACT OF THE GLOBAL FINANCIAL
CRISIS ON LABOUR AND TRADE UNIONS' RESPONSE – POLICY OPTIONS FOR
SUSTAINABLE INCOMES AND JOB SECURITY**

Best Home Lodge

LUSAKA, MAY 7-8 2009

1. Introduction

The world is now facing one of the worst economic and financial crises since the Great Depression of the 1930s. This crisis, has, among other things, resulted in rising unemployment, income inequality, stagnating wages, cuts in social protection provisions, erosion of workers' rights and increased labour insecurity.

The global economic recession has not spared Zambia and the Zambian workers in particular. In order to explore the ramifications of the crisis in the context of Zambian labour, the Centre for Policy Dialogue (CPD), in conjunction with the Friedrich Ebert Stiftung (FES) held a workshop on "the Impact of the Global Financial Crisis on Labour and Trade Unions' Response" at Best Home Lodge in Roma, Lusaka from 7th to 8th May 2009. The workshop focused on the impact of the global financial crisis on Zambian labour and interrogated possible responses by the trade unions to the crisis.

The workshop was facilitated by CPD and was attended by trade union officials from several unions under the umbrella of the Zambia Congress of Trade Unions (ZCTU). The Federation of Free Trade Unions in Zambia (FFTUZ) was invited to send representatives to the workshop but unfortunately, did not participate. No one from the FFTUZ or any of its affiliates attended.

Presentations were made to the workshop by Dr. Fredrick Mutesa (Lecturer-University of Zambia), Mr. Isaac Ngoma (National Secretary-Economics Association of Zambia), Mr. Gideon Mudenda (Chief Policy Analyst-CPD) and Dr. Neo Simutanyi (Executive Director-CPD). The participants had discussions around each of the presentations and on the second day they broke into groups each of which discussed and made recommendations on a specific issue. The topics for discussion were:

GROUP 1: What should trade Unions' response to Government measures aimed at mitigating the effects of the global financial crisis?

GROUP 2: What social security provisions are in place to mitigate the impact of the crisis on unionized workers?

GROUP 3: What can trade unions do to protect jobs and incomes under conditions of mine and company closures?

GROUP 4: What is the consequence due to the inner structure and the facilitation of co-operation between trade unions response to the global financial crisis? How can they act more effectively?

Each of the groups presented their recommendations to the plenary, after which they were discussed by all the participants. The recommendations of the workshop are summarized in this report.

2.0 Opening Session

The opening session was chaired by Mr. Adrian Muunga. The Chair invited Ms. Kathy Sikombe, Programme Manager, Friedrich Ebert Stiftung (FES) to address the participants. Ms. Sikombe welcomed the participants to the workshop on behalf of FES Director Mr. Gerd Botterweck, who was out of the country. Ms. Sikombe conveyed the Director's best wishes to the workshops and hoped that the deliberations would be fruitful.

Centre for Policy Dialogue Executive Director Dr. Neo Simutanyi also welcomed the participants. He gave an overview of the workshop and what it sought to achieve. Dr. Simutanyi indicated that according to the ILO, the impact of the global financial crisis is unemployment and social crisis. There is therefore need for labour to come up with a response to this situation.

Dr. Simutanyi officially opened the workshop.

3.0 Presentation by Dr. Fred Mutesa

The first presentation of the workshop was made by Dr. Fred Mutesa of the University of Zambia, with Mr. Muunga in the chair. Dr. Mutesa's paper was entitled "**Origin, Context and Nature of the Global Financial Crisis**". Dr. Mutesa began by setting the parameters of the discussion and outlining the background of the crisis, which he said should be understood within the context of the process of globalization. He traced the origins of the crisis to the United States of America from where it has spread to Europe and the rest of the world because of the close integration of contemporary national economies.

Dr. Mutesa identified the immediate cause of the financial crisis as the collapse of the sub-prime mortgage market in the USA and the reversal of the housing boom in other industrialized economies with the exposure of other weaknesses in the global financial system and resulting in loss of confidence in the whole system. The sub-prime mortgage crisis emerged primarily as a result of securitization, a practice by American banks to organise their various loans into sellable assets, enabling them to offload their risky loans onto others. However, the housing bubble eventually burst resulting in quick falling of confidence in the financial system which has persisted to date.

The presenter further informed the workshop that the financial crisis is no longer confined to the USA and its impact on developing countries is likely to be devastating. The International Monetary Fund (IMF) has identified 26 low income countries in Africa, Asia, the Americas and Eastern Europe as being "highly vulnerable" and whose efforts to achieve the Millennium Development Goals is likely to be endangered. It has been further estimated that over 200 million workers world-wide could be pushed into extreme poverty, especially in developing countries where there are no social safety nets, with women being most likely to bear the brunt. Dr. Mutesa concluded his paper by pointing out that whereas so far, the response to the global crisis has been unilateral, what is required is a multilateral and coordinated approach to resolving the crisis.

3.0 Presentation by Mr. Ngoma

The second paper entitled “**Impact of the Global Financial Crisis on the Zambian Economy**” was presented by Mr. Isaac Ngoma, National Secretary of the Economics Association of Zambia. Mr. Ngoma pointed out that the global financial crisis has had devastating effects on the economies of the world since it became pronounced in the last quarter of 2008, undermining all economic gains and growth prospects for most of the world economies with worsening social economic conditions in developing countries such as Zambia. He revealed that in its latest forecast, the IMF has predicted that growth rate for the global economy will shrink by 1.3 percent this year (2009) and global losses as a result of the crisis will reach US\$4.1 trillion by 2010 and “...all corners of the globe will be affected”, he said.

Mr. Ngoma identified ten specific impacts which the global financial crisis has had on Zambia as observed in the last six months. These impacts are:

- i. *Reversal of Macro Economic Fundamentals*: The positive macro-economic stability and indicators that Zambia has recorded in the recent past have been severely undermined and in most cases reversed. GDP growth rate for 2009 has been revised from the FNDP target of 7% to 3% while the outturn for inflation which was expected at single digit at year-end 2008 is up to 16.6%.
- ii. *Declining Exports and Earnings*: Copper, which was trading at a high of US \$8,900 per tonne in mid 2008, fell to under US \$3,000 by close of 2008. Demand for copper and other non-traditional exports has also fallen, thereby constraining foreign exchange earnings.
- iii. *Declining Foreign Direct Investment (FDI)*: The flow of FDI has been greatly affected due to the collapse of the financial system as investors are financially constrained while others have shelved investment plans.
- iv. *Job Losses*: Jobs have been lost in thousands and virtually all sectors of the economy have been affected with the hardest hit being the mining sector.
- v. *Endangered Social Sector Spending*: The social sectors, particularly health, education and social welfare are likely to be under-funded due to resource decline and poor prioritization.
- vi. *Declining Foreign Aid*: Aid budgets are under pressure and Zambia will be affected by reduction in aid as aid budgets in developed countries come under increasing pressure.
- vii. *High Food Prices and Declining Productivity*: The weakening investment climate has affected productivity causing high food prices. The cost of living is getting higher while wages have stagnated and the purchasing power of the Kwacha is eroded.
- viii. *Increased Poverty*: These impacts will compound the incidence of poverty especially rural poverty which will be made worse by low harvest and poor agricultural policies implementation.

- ix. *Social Effects:* Higher poverty leading to more crime, weaker health systems and more difficulties in meeting the MDGs.
- x. *Industry Vulnerability:* Industries are unable to produce at efficient levels and cannot compete against cheaper and mostly sub-standard imports from the Far East, thus killing the local industries and exacerbating the problem of job losses.

Mr. Ngoma concluded by reiterating that Zambia is vulnerable due to the crisis.

3.1 Discussion of Dr. Mutesa and Mr. Ngoma's papers

In response to a comment by one of the participants on the integration of the Zambian economy with the global economy, Dr. Mutesa recalled that both the Bank of Zambia and the Ministry of Finance in the last quarter of 2008 had intimated that the global financial crisis would not affect Zambia much. However, Zambia is linked to the global economy and the drop in copper prices has severely affected the Zambian economy.

A question was raised as to what the impact of signing the Economic Partnership Agreements (EPAs) would be in the light of the global financial crisis. In response Mr. Ngoma said that the EPAs entailed integrating with the West rather than within the region. He said it would be 'suicidal to commit ourselves to the EPAs now given the numerous uncertainties surrounding the current environment.' Mr. Ngoma further pointed out that Zambia had privatized too quickly and too much and had rendered itself vulnerable to international shocks.

The president of the Hotel and Catering Workers Union suggested that the resolutions of the workshop should find their way into legislation. This was echoed by MUZ president who said the delegates should make suggestions on responses to the financial crisis and should find a way of taking the workshop proceedings further.

4.0 Presentation by Mr. Gideon Mudenda

In his presentation entitled "**Government's response to the Global Financial Crisis and Consequences for Labour**" Mr Gideon Mudenda observed that the global financial crisis is not new as the international capitalist system is typified by crises. Every time commodities peak, capitalists borrow more, spend more and bust when commodities slump. Banks borrow when rates are low and fail to pay when rates rise. They gamble with commodities, currencies, housing and whatever they can lay their hands on: every crisis is followed by a recession and what matters most is the duration of the recession.

Turning to the government response to the crisis, Mr. Mudenda noted that in March 2009, the Bank of Zambia Governor Dr. Caleb Fundanga presented a paper entitled "The Global Economic Crisis and its Impact on Social and Economic Development" to the ZCTU top leadership in which he said the Central Bank had responded to the crisis by increasing foreign exchange sales, apparently to moderate the depreciation of the exchange rate. Governor Fundanga also said the BOZ would step up bank surveillance. Mr Mudenda noted that the Governor did not say how the measures taken would help labour or mitigate the effects of the crisis. He said that the Governor, however, mentioned the need to encourage diversification and enhance competitiveness.

Meanwhile, Finance Minister Dr. Situmbeko Musokotwane outlined the government's response to the crisis in a statement delivered at the "Indaba" on 4th April 2009. The Minister said that as a short term measure, the government had reduced tax for mining though this measure was too late for some mines that had already closed. As a medium term response, government intended to reduce dependence on mining by accelerating growth in agriculture, manufacturing and tourism through such measures as lowering cost of importation of agricultural equipment and establishment of multi-facility economic zones.

Coming to the consequences for labour, Mr. Mudenda contended that government had taken a "business as usual" approach to the crisis and in effect had done nothing to mitigate the effects of the global recession on labour. He described the government response as "pathetic".

In terms of what labour's response should be, Mr. Mudenda said they should do what their core business requires of them, namely to organise. He noted that labour has been weakened by past structural reforms in the economy, leaving fewer numbers of unionized workers and weak activism. He said that labour must reorganize and consolidate their ranks; the labour movement needs to monitor closely the formulation and implementation of policies that affect their members and resist implementation of policies that work against them. Zambian labour needs to move away from purely economic concerns and embrace policy and politics because the state has embraced capital and not labour.

4.1 Discussion of Mr. Mudenda's paper

The participants wondered to what extent Zambia can have an early warning system to anticipate events such as the global financial crisis and how to maximize the country's human resources including those in the Diaspora. Concern was also raised about the need to safeguard the country's resources, such as land. With regard to the effectiveness of the Unions, it was pointed out that the informal sector in Zambia is now much bigger than the formal sector and as such, the trade unions represent only a small percentage of the working people. The participants also observed that there was need for those in the labour movement to change their mindset.

The participants raised a number of issues of concern, among them the following:

- There is need to develop the rail sector for efficiency of bulk transportation. This will also reduce damage to the road infrastructure as high tonnage bulk cargo will be transported by rail. Also, tollgates should be introduced on the roads.
- Government should revisit legislation regarding minimum severance pay to ensure that workers are cushioned.
- Government should restrict employment of expatriates to only those jobs where qualified Zambians are not available in order to protect jobs for Zambians.
- There should be an investment policy that restricts to invest in ventures that add real value to the economy. For example, Chinese investors run shops and restaurants instead of manufacturing.

- Critical national decisions should not be made under a cloud of secrecy. Labour should get involved in policy formulation and making politicians accountable.
- Unions should come together to fight a common cause and unite in challenging government.

The Deputy Secretary-General of ZCTU, Mr. Alfred Mudenda, made a special appeal that a small committee of about four people should be constituted to compile the workshop proceedings and forward them to ZCTU/FFTUZ with a view to the two organizations holding joint meetings at Secretary-General level to seek audience with Cabinet Office. The workshop organizers took note of this special request.

4.0 Presentation by Dr. Neo Simutanyi

Dr. Neo Simutanyi's presentation entitled "**The Global Financial Crisis and its Impact on Labour: Possible Policy Responses**", identified the closure of Luanshya Copper Mines in December 2008 and the laying off of over 3,000 miners as the first sign of the impact of the global financial crisis on the Zambian economy. Noting that the evolving crisis has the potential to turn into a social and even political crisis in some countries, Dr. Simutanyi disclosed that the *ILO Global Employment Trends Report* (2009), which has projected a dramatic increase in unemployment in developed and developing countries, indicates that the number of working poor and those in vulnerable employment will dramatically increase during 2009.

Dr. Simutanyi then gave an overview of global experiences of the impact of the global financial crisis on labour. He revealed that in January 2009, over 70,000 jobs were lost in one day in the USA, the epicenter of the crisis, while in China between 25 and 30 million migrant workers lost their jobs. The slump in the demand for commodities, especially minerals also severely hit mineral dependent economies of Latin America and Africa with at least 300,000 workers in the Democratic Republic of the Congo's Katanga Province losing their jobs following the collapse of copper prices at the end of 2008, while in Botswana, 9,000 diamond miners have lost their jobs as a result of reduced world demand.

Coming specifically to Zambia, Dr. Simutanyi informed the workshop that the impact of the global financial crisis is manifested in a slowdown in foreign investment, drastic decline in commodity prices (copper and other minerals), closure of mines and other companies, dismissal of thousands of workers, reduced wages and a rise in unemployment. While it is estimated that 13,000 people have lost their jobs in the mines and related industries, Dr. Simutanyi was quick to point out that given the poor quality of data collection, it is possible that the numbers are well over 20,000.

With regard to policy options and the role of trade unions, Dr. Simutanyi acknowledged that the global financial and economic crisis imposes challenges to the trade union movement, more so as trade unions are much more divided, lack coherent policy programmes and lack capacity to effectively protect jobs. He however pointed out that while the crisis imposes a number of challenges to trade unions, it also presents opportunities. He outlined a number of measures that trade unions can take to mitigate the impact of the crisis on their members including the following:

- Adopting a global or regional approach to the crisis: Zambian trade unions could work in solidarity with other unions, through international trade unions and regional trade unions.
- Improve policy dialogue with government and other stakeholders by adopting strategies that will ensure that they are taken seriously.
- Develop policy positions that prioritize protection of jobs and maintenance of decent incomes.
- Revisit the policy of non-intervention by the state in the economy and take a position on what role the state could or should play in strategic industries.
- Actively lobby the government to adopt measures that will lead to job creation and sustainable incomes.
- Insist on government adopting unemployment insurance policy that will protect incomes in case of company closures or lay-offs in the future.
- Play a role in the formulation of a social protection policy that will guarantee prompt payments to the beneficiaries and which are adequate to sustain livelihoods.

4.1 Discussion of Dr. Simutanyi's paper

A question was raised as to whether the (national) policy framework is disjointed or integrated. The participants also expressed concern at the incidence of corruption in view of the economic crisis. In the vigorous discussion that followed, the following issues were brought to the fore by various participants:

- The MUZ asserted that the mining employers behave the way they do (i.e. against mine workers) because they have government backing and disclosed that they have information that KCM has had an existing plan to reduce their labour costs from 30% to 15%. In this light, the KCM retrenchments may have little to do with the global financial crisis.
- The rise and fall in copper prices is normal. If the mines were not profitable, new investors would not be coming in even as others are pulling out.
- The unions' response should be global networking. However, it was observed that unions have no capacity for research.
- Miners were affected by deduction of bank loans from their benefits leaving them with negative pay. MUZ informed the meeting that 80% of miners in Luanshya have been left without benefits and this will lead to increased poverty, illiteracy in mine townships. HIV/AIDS and crime.

- As a result of low or inadequate benefits to miners there a potential threat to national security. It is anticipated that people in the mining townships will not pay any water or electricity bills and will declare the townships “no-go areas”. This may in turn lead to townships been cut off from utilities, provoking disease outbreaks.
- Zambians called upon to make the government accountable. Money from the World Bank should be injected into the abandoned mines as special social projects. Government has demonstrated lack of capacity to collect revenue or even to determine what is due to it.
- Energy is a priority and there should be investment in energy. There should also be investment in railways and diversification within the mining industry. For example, oxide ore has not been exploited and artisan miners should be given an opportunity to engage in small scale mining of oxide ore.
- The labour movement itself has failed due to disunity. Unions do not support each other. The MUZ felt that they have not received adequate support from other unions in dealing with the impact of the global financial crisis on the mining sector.
- Corruption was identified as endemic. ‘There is too much corruption in the country’, participants observed. Some labour leaders have been compromised and are selling out their colleagues. Due to corruption government has gone to sleep and allowed investors to get away with “economic sabotage”. In future, 2-3 representatives from government should be invited so that they can convey the unions’ views to government.
- There has been little or no follow-ups on the many resolutions made at union workshops and seminars. There appears to be disorganization within the ranks of the labour movement. Participants called on labour leaders to re-orient themselves and adopt a new mindset.
- Privatization has been abused, as the state has surrendered its principal role of safeguarding the national interest. What should be the role of the state? How are the unions communicating their concerns to government? There is need for a turning point in the way the unions go forward. Unity is important and the unions should come together to talk to government.

In summing up, Dr. Simutanyi agreed that the policy framework is incoherent. He said a distinction should be made between “policy” and “politics”. Policy should address issues and should emanate from a programme. Policy should be contested and based on persuasion. He stated that there is problem is the (political) relationship between unions and government. Policy debate should begin within trade unions themselves. He noted that a number of participants had alluded to corruption, which he said was symptomatic of a malaise arising from inefficiency, poor regulation, lack of transparency and an environment of scarcity. Even the failure to collect the correct government revenue is deliberate and intended to create opportunities for graft.

Dr. Simutanyi concluded by noting that the crisis is serious and if nothing is done, things could get worse, leading to a social crisis. He observed that the labour or union struggle at some stage becomes political. The relationship between the labour movement and political parties is therefore important as evident from the role played by the unions in the struggle for independence and in the political change of 1991.

5.0 Panel Discussion: Experiences of Trade Unions

The first session of day two of the workshop was scheduled for presentations by the two union mother bodies, (ZCTU and FFTUZ) on “**What has been the impact of the Global Financial and Economic Crisis on Unionised Labour? Experiences of Trade Unions**”. However, presenters from both organizations were unfortunately not available. The workshop organizers therefore invited representatives of the unions in attendance at the workshop to share with the participants their experiences of the global economic crisis. Three trade unions made brief presentations in this session, namely the Railway Workers Union of Zambia (RWUZ), the National Union of Building, Engineering and General Workers (NUBEGW) and National Union of Communication Workers (NUCW). The National Union of Commercial and Industrial Workers and Zambia Union of Nurses Organizations also made submissions from the floor.

5.1 Submission by NUCW

The National Union of Communication Workers representative said that the global financial crisis had brought about speculation and uncertainty. He said that the crisis was an ongoing problem that will need answers. The impact on the workers was that it had brought fear and uncertainty to the members, leading to low productivity. Some of the members were making hasty decisions such as going for early retirement, while management had used the financial crisis as an excuse for laying off workers. The union’s response was to provide correct information to the workers. He said that there was need for a central network for channeling information to the members.

5.2 Submission by NUBEGW

The National Union of Building Engineering and General Workers (NUBEGW) submitted that they had started feeling the impact of the crisis even before it became pronounced. The liberalization of the economy had allowed cheap imported goods to flood the local market. Low copper prices had also affected the sector and almost 2,000 workers had lost jobs in the sector. Workers had also been subjected to reduced working hours and wages. He gave the example of ZAMEFA, which he said had the capacity to supply the local, South African and European markets but because of reduced demand had reduced production and also reduced the work force. The manufacturing sector as a whole has lost about 7,000 workers but Lumwana mine had been a life saver.

5.3 Submission by RWUZ

The Railway Workers Union of Zambia (RWUZ) representative said that the railway workers had been severely affected due to the shareholding of Railway Systems of Zambia (RSZ). The Israeli majority shareholders were pressurizing RSZ to externalize funds to support their investments elsewhere which were affected by the crisis. He said that RSZ used to service mines in Zambia and DRC and with the impact of the financial crisis on the Congolese mines, the company was no longer hauling the 600,000 tons of concentrates from the Congo that they used

to. Most of the equipment in the form of locomotives and wagons had been brought back from DRC. The RSZ management had met the union in December and it was agreed to give a 3 months grace period for retrenchments. 150 railway workers were retrenched in February. However, the sister company Beit Bridge Railway was worse off than RSZ as its revenue had reduced from US\$20 million to US\$5 million per month.

He said that RWUZ had suggested that a database of retrenched should be compiled so that they could be re-engaged in future when the situation improved. He said that the workers' retrenchment packages had been badly affected by bank loans. He said that there was need for the government to assist workers over these loans and accused banks of not pursuing loan insurance.

5.4 Submission by NUCIW

The representative of the National Union of Commercial and Industrial Workers (NUCIW) revealed that the union has 15,000 members. The companies most affected by the financial crisis are those linked to markets abroad. There had been job losses in the sector with over 3,000 jobs lost in textiles. Some of the companies where jobs had been lost included Zambia-China Mulungushi Textiles (2,000), Swarp (1,000) Nemchem (2,000) and Universal Mining.

He said that employers were giving very low salary increases using the financial crisis as an excuse. He revealed that Lafarge and Zambian Breweries were downsizing and were in the process of signing new MOUs for lay-offs. Due to reduced numbers of unionized workers, the union revenues were also reducing, hence diminishing the union's capacity to effectively represent the workers.

5.5 Submission by ZUNO

The representative of the Zambia Union of Nurses Organizations (ZUNO) said nurses had also been affected by the global financial crisis. There was increased migration of nurses seeking jobs abroad. The shortage of nurses in Zambia compromised nursing care. There are no promotions of nurses in the ministry because of the pretext of ongoing restructuring. The union had responded by sensitizing nurses to find supplementary incomes and start some kind of business while working and not wait for retirement. She indicated that the union was still awaiting the signing of a recognition agreement.

6.0 Group reports

In the afternoon, the participants broke up into four groups each of which deliberated on a specific issue. After their deliberations, each of the groups presented its resolutions to the plenary. The following are the resolutions of the four groups as presented to the workshop.

6.1 Group I

Topic: *What should be trade unions response to government measures aimed at mitigating the effects of the global financial crisis?*

Measures by Government

- Removal of windfall taxes – this has not helped.

- Reduction of customs duty on industrial fuels – this has gone some way in alleviating the impact of the crisis.
- Removal of VAT on agricultural equipment – this will only benefit the few who can afford to import equipment but not the small farmers.
- BOZ intervention on financial market – this is not solving the problem and is unsustainable.
- Creation of multi-facility economic zones – nothing tangible has been done so far. It is an ineffective and inadequate response.

Trade Unions' Response

- Create opportunities for value addition to create employment, especially in agricultural products.
 - Government should reduce taxes and provide better incentives for local industries, including access to credit and better lending rates.
1. Government should cut down on unnecessary expenditure. For example, government is bloated with too many ministers, and travel delegations are too large.
 2. Government should enact stiffer labour laws to protect workers.
 3. Fertilizer Support Programme should be reviewed and extension services should be streamlined. Money should be put to good use, e.g. pump money into NCZ rather than import fertilizer.

6.2 Group II

Topic: *What social security provisions are in place to mitigate the impact of the crisis on unionized workers?*

Current Scenario: Existing Social Security Schemes

- Napsa
- Local Authorities Superannuation Fund
- Public Service Pensions Fund
- Private Pension Schemes

Observations

- The above schemes have not worked effectively.

Weaknesses

- Remittance is not 100%

- Schemes are not user friendly. The impact of the global crisis cannot be mitigated in their current form.

Measures to be taken

- The Pensions and Insurance Authority must be empowered to undertake remittance tracking.
- To scale up the allocations for the Ministry of Community Development and Social Security and Citizens Economic Empowerment Commission in order to give them more capacity.
- Restructuring the legal framework on indigenous citizens. Conditions for indigenous small and medium entrepreneurs should be favourable e.g. tax incentives, concessions, tax rebates.
- Annual trading license fees charged by local authorities should be reduced to make them, more affordable for Zambians.
- The fertilizer support programme should be extended to retrenchees.

6.3 Group III

Topic: *What can trade Unions do to protect jobs and incomes under conditions of mine and company closures?*

Effective and Pro-active Advocacy

House keeping - Trade Unions should begin by putting their own house in order by:

- Speaking with one voice
- Educating board and members on economic issues
- Come out of compromised state
- Mount multi-media onslaught against policies that disadvantage workers

Advocacy Issues

- Revise labour laws:
 - retrenchment packages should be improved
 - strengthen rules and hours of engagement
 - avoid casualisation
- Strengthen investment laws:
 - promote local partnerships so that Zambians participate in investment
 - limit profit externalisation
 - increase government shareholding so that government can have a say in enterprises
 - lease and not sell land (to also involve locals in lease agreements). Government will gain in terms of revenue and so will locals
 - legislate corporate social responsibility.

6.4 Group IV

Topic: *What is the consequence due to the inner structure and the facilitation of co-operation between trade unions response to the global financial crisis? How can they act more effectively?*

- In terms of set-up Zambian trade unions are all very similar in structure, especially those affiliated to ZCTU.
- In terms of the inner structure there doesn't seem to be much of a problem. Although the multiplicity of the trade unions in one industry makes it difficult to respond to the global financial crisis as a united force. Multiplicity of trade unions within industry pose a great challenge to union cohesion and effectiveness. For example, the mining sector – MUZ and NUMAW; the teachers – ZNUT, SESTUZ, PETUZ and BETUZ.
- At labour centre level we have ZCTU and FFTUZ working in isolation. This is a big problem. They can act more effectively by coming together and speak with one voice. (The FFTUZ did not attend the workshop, despite having been invited and sent no apology).
- Unions in the same industry must ensure that they find a way of co-operating with each other or if possible even start working at the possibility of amalgamating or merging as this enhances unity.
- Trade unions must be encouraged to show solidarity with each other: when one union is facing a problem others must show solidarity by adding their voice to consolidate the position of the union that has a problem. For example, MUZ felt let down by fellow unions.
- Also at regional and global level unions should affiliate to regional and global unions and take advantage of those global affiliations which are useful.

6.5 Plenary Discussion of Group Reports

A number of clarifications and additions were made to the group presentations. These were:

- Former miners cannot be absorbed on commercial farms because these are not on the Copperbelt. Also farm wages are low compared to what mine workers earn. It was also however noted that the Copperbelt has arable land and potential to be a bread basket.
- There are only 492,000 people in formal employment in Zambia and these are also losing jobs. The Ministry of Community Development and Social Services should be a landing ground or “cushion” for those thrown out of employment, hence the call for increased allocations to that ministry and the Citizens Economic empowerment Commission.
- The specific measures that government should take to reduce expenditure are:

1. Reduce government wage bill.
2. Limit travel delegations abroad.
3. Reduce the number of ministers.
4. Reduce the gratuities for Members of Parliament.
5. Freeze unnecessary government expenditure.

In summing up the plenary discussion, Dr. Simutanyi said that the unions should not only be bold but should make their members bold. He acknowledged that there were divisions and jealousies and internal challenges within the unions which hampered their effectiveness. He called upon the unions to come up with 2-3 priority areas for specific action which should carry specific, unambiguous demands.

Dr. Simutanyi said that trade union leaders should not speak on behalf of employers by telling their members that incomes cannot be improved because of the global financial crisis. Labour leaders should not think for employers but should have knowledge of the employers. He urged the unions to invest in knowledge production and research.

Dr. Simutanyi observed that the debates had been good and people had expressed their views. He said that there was need for a revitalized trade union movement and that the concerns of young people should be taken seriously. This should go with a spirit of accepting advice. The labour movement should learn to think outside the box, become more effective and change the labour regime to benefit Zambian workers. The unions should adopt a strategy of not only seeking audience with government, but making politicians themselves want to talk to them.

7.0 Closing Remarks

In her closing remarks to the workshop, Ms. Kathy Sikombe thanked all the participants on behalf of FES. She observed that the participants had spoken about the global financial crisis in a very passionate manner and urged the unions to go further in strategizing on the crisis. Ms. Sikombe called for unity in the labour movement and said that the government had been trying hard to divide the unions, but “united we stand, divided we fall”. She said that FES was committed to supporting the labour movement and urged the participants to continue looking for solutions. She thanked all the participants once more and paid tribute to the Centre for Policy Dialogue for being there to support FES programmes such as this one.

Dr. Simutanyi summarized what the participants had learned in the workshop, namely the origins, context and nature of the global financial crisis, the impact of the crisis on Zambia, government’s response to the crisis and the impact of the crisis on labour. He noted that the workshop had been characterized by robust debate and passionate pleas for something to be done. Dr. Simutanyi promised that the summary and report of the workshop proceedings would be circulated. He thanked all the participants for their attendance and commitment to the programmes. With these remarks, the workshop was officially closed.

Appendix 1

CPD/FES Policy Seminar on ‘The Impact of the Global Financial and Economic Crisis on Labour and Trade Unions’ Response – Policy Options for Sustainable Incomes and Job Security’,

Lusaka, 7-8 May 2009

Draft Programme

Wednesday 6th May 2009

14.00 – 18.00 hrs **Arrival of out-of-town participants**

Thursday 7th May 2009

08.30 hrs **Registration**

09.00 hrs **Opening**

Introduction and Opening Remarks:

Dr. Neo Simutanyi, Executive Director, Centre for Policy Dialogue (CPD)

Mr. Gerd Botterweck, Resident Director, FES-Zambia

09.15 -10.30 hrs **Session One: Chair: Dr. Gideon Mudenda**

Origin, context and nature of the global financial crisis

Dr. Fred Mutesa, University of Zambia

Impact of global financial crisis on the Zambian economy

Mr. Alexander Chileshe, Economics Association of Zambia

Discussion

Tea/Coffee Break

11.00 - 12.30 hrs **Session Two: Chair: Mr. Adrian Muunga**

Impact of global financial crisis on labour in Zambia

Dr. Neo Simutanyi, CPD

Discussion

LUNCH BREAK

14.00-15.30 **Session Three: Chair: Dr. Neo Simutanyi**
Government's Response to the Global Financial Crisis and Consequences
for Labour

Dr. Gideon Mudenda, CPD

Discussion

Tea/Coffee Break

16.00-17.00 hrs **Wrap up of Day one**

Dr. Neo Simutanyi, CPD

End of day One

Friday 8th May 2009

08.30 – 10.00 hrs **Panel Discussion: Chair: Mr. Adrian Muunga**

What has been the impact of the Global Financial and Economic Crisis
on Unionised Labour? Experience of Trade Unions

Zambia Congress of Trade Unions (ZCTU)

Federation of Free Trade Unions (FFTUZ)

Discussion

Tea/Coffee Break

10.30 – 12.30 hrs **Breakaway Groups to consider Trade Unions' Response to the Global**
Financial Crisis

Group one: What should be trade unions' response to Government measures aimed at mitigating the effects of the global financial crisis?

Group two: What social security provisions are in place to mitigate the impact of the crisis on unionised workers?

Group three: What can trade unions do to protect jobs and incomes under conditions of mine and company closures?

LUNCH BREAK

14.00 – 15.30 hrs **Plenary Session:** *Chair: Dr. Neo Simutanyi*

Group Reports

Group Rapporteurs

Discussion

Tea/Coffee Break

16.00 – 17.00 hrs **Summary of recommendations**

Dr. Neo Simutanyi

Closing remarks

Dr. Neo Simutanyi, CPD

Mr. Gerd Botterweck, FES

End of Day Two

Saturday 9th May 2009

Departure for out-of-town participants

Appendix 2

