Privatisation - African Experiences

An Education Booklet

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(LaRRI) on behalf of the African Labour Researchers Network

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Abbreviations

COSATU	Congress of South African Trade Unions
GEAR	Growth, Employment and Redistribution
IMF	International Monetary Fund
LaRRI	Labour Resource and Research Institute
MMD	Movement for Multiparty Democracy
NALEDI	National Labour & Economic Development Institute
NLC	Nigeria Labour Congress
NUNW	National Union of Namibian Workers
PPP	Public-Private Partnership
SAP	Structural Adjustment Programme
SOE	State-Owned Enterprise
TNC	Transnational Company
TUC	Trades Union Congress
USA	United States of America
USAID	United States Agency of International Development
ZAP	Zambia Privatisation Agency
ZaCTU	Zambia Congress of trade Unions
ZiCTU	Zimbabwe Congress of Trade Unions

Introduction

In February 2002, labour researchers from Ghana, Nigeria, Zambia, Zimbabwe, South Africa and Namibia met in Windhoek, Namibia to discuss their countries' experiences with privatisation and possible policy alternatives. They participated in public panel discussions and debates with Namibian trade unions. This booklet wants to "bring home" Africa's experiences with privatisation in a 'popular' format. All too often policy debates are taking place only among the political and economic elites of our countries while the people who are directly affected by such policies have no (or very little) say.

It is our wish that this booklet will contribute to a wider debate on privatisation and its implications in Africa. Despite the often very negative social implications of privatisation, the policy is still being pushed for by international financial institutions like the World Bank and the International Monetary Fund (IMF) as well as the industrialised countries. Most African governments have fallen prey to the dogma of economic liberalisation and sometimes have vested personal interests in the privatisation process. It is thus critical that mass-based organisations, which represent important social groups such as trade unions, women's organisations and community-based organisations begin to pressurise governments to pursue policies in favour of those who are excluded and marginalised. Changing - or in some cases reversing - privatisation policies is certainly one of the key issues that we will need to confront and there is much to learn from the experiences with privatisation in Africa.

Why is privatisation happening?

Since World War II, many governments in the industrialised and developing countries embarked on a programme of nationalising key and strategic industries in manufacturing, trade, transport, telecommunications, energy, and broadcasting. In the European countries and the US the drive to create state-owned enterprises (SOEs) was closely tied to their "Keynesian" macro-economic policies which wanted to create market economies with social safety nets. The state played a strong role in regulating the economy and providing for the welfare needs of the population.

In Africa, most of our first governments after independence regarded the establishment of SOEs as part and parcel of the independence process. It was a strategy to secure and extend domestic (instead of foreign) ownership and control over the economy. In post-colonial Africa, SOEs were also seen as having important development objectives, providing impoverished citizens with access to education, health, transport, housing, water, electricity, and credit, as well as creating and sustaining employment. In **Ghana**, for example, the first government of Kwame Nkrumah adopted a policy of "African Socialism". It wanted to encourage collective (instead of individual) ownership of assets as a means of strengthening unity and achieving prosperity in the new Ghanaian state. During the 1960s over 300 SOEs were established in all sectors of the economy from agricultural plantations to industries and hotels. As a result of the high levels of "socially-conscious" investments in the economy Ghana recorded high economic growth rates in the 1960s and the people's standard of living was that of a middle-income country.

Likewise, **Zambia** followed a state-driven development strategy during its first three decades of independence and established about 300 SOEs. The first independence government made huge investments in social services and infrastructure development. The state was involved in the management and running of the national economy and the government took 51% shareholding in a number of privately run commercial, financial, industrial and mining companies. State involvement was then extended to almost all sectors of the economy in an attempt to free the Zambian economy from foreign domination and transfer economic power to Zambians. Income form the country's dominant mining sector was used by government to finance critical sectors like agriculture, manufacturing, tourism and infrastructure development.

Zimbabwe also adopted an interventionist and regulated approach towards development in its first 10 years of independence and spent large resources on the provision of social services like education and health as well as on development projects.

Why then was privatisation introduced in the 1980s and 1990s?

Beginning in the 1970s, and gaining momentum throughout the 1980s and 1990s, has been the global trend away from state ownership and control towards privatisation. There were 2 main reasons for this change in policy: Firstly several of the SOEs were inefficient, poorly managed, unable to sustain themselves, and therefore had to be subsidised by government. Secondly, there was the growing dominance of "neo-liberalism" as a model (and ideology) of economic development.

"Neo-liberalism" has its roots in regimes of Margaret Thatcher in the UK and Ronald Reagan in the USA that dismantled their welfare states in response to a global economic crisis in the early 1970s. During that time the rising costs of labour in the USA and Western Europe and the rapid development of capitalism in the newly industrialising countries of Asia had led to massive increases in global production. This resulted in increased competition and reduced profit rates. Global production had overtaken global consumption and this "crisis over overproduction" led to lower profits for the companies.

The response by capital has been the reorganisation of the global capitalist system in the form of:

- the development of highly flexible manufacturing technologies which produce high quality goods for specialist markets;
- the rapid growth of the tertiary sector (service industries);
- the trend towards smaller batch production and the development of small firm networks (using sub-contracting opportunities as bigger firms divide up and outsource parts of their production process);
- the deregulation of collective bargaining; and
- increased flexibility and segmentation of labour markets leading to the rise of insecure forms of employment, for example casual work.

Parallel to this restructuring of production has been the emergence of "financial speculation"[1] and the ideology of "neo-liberalism". This ideology was pushed for by what has become known as the "Washington consensus": the IMF, the World Bank, and the US Treasury. During the 1980s and 1990s the neo-liberal economic philosophy has become so widespread and entrenched that its prescriptions today go largely unchallenged by governments world-wide. The basic ideas behind neo-liberalism are:

[1] Financial speculation is the buying and selling of shares, currencies, stocks or bonds by companies or individuals. They do this in the hope of making profits from price changes, for example buying shares or currencies at a lower price and then selling them at a higher price again. In the global economy, such speculative investments are now larger than investments in production.

- **the state should reduce its role in regulating the economy and allow market forces to allocate resources;**
- **the market is the most efficient way of allocating resources;**
- **the state should reduce levels of social spending so as to limit budget deficits;**
- **countries should liberalise and open their economies to foreign trade and investment and stop protecting their own industries;**
- **corporate taxes should be reduced since they are seen to restrict foreign investment;**
- **countries should adopt open-door policies on profit repatriation by transnational companies;**
- **labour markets should be deregulated to allow the "flexibility" required for business expansion and economic growth (i.e. work process flexibility, wage flexibility and employment flexibility);**
- **centralised collective bargaining leads to labour market rigidities and should be abolished;**
- **wage increases should be kept in check as they are seen to push up inflation;**
- **private management is seen as more efficient than public management;**
- **private sector involvement and investment in state-run enterprises and services should be encouraged**

Countries that were not willing to adopt such policies have often come under heavy pressure from the World Bank and IMF. They made economic liberalisation a condition for qualifying for a loan. In other words, countries which needed loans from these international financial institutions were forced to implement neo-liberal programmes of economic reform. Such programmes became known as Structural Adjustment Programmes (SAPs). Public sector reform and privatisation are key elements of SAPs and the rapid privatisation is largely a consequence of World Bank/IMF pressure. Zambia, Zimbabwe, Ghana and Nigeria are clear examples of this development.

Conservative western governments, particularly in the USA, and capitalist interests as represented by Transnational Companies (TNCs, also known as multinational companies), the IMF and World Bank, have often played an active and direct role in bringing an end to any form of socialist policies. Nkrumah's development strategy in the early years of Ghana's independence, for example, created an economy that wanted to meet people's needs and ensure that the population benefits from the country's resources. Such a strategy was seen as a threat to the economic interests of the industrialised countries who collaborated with a neo-colonial elite in Ghana to stage a military coup to overthrow the Nkrumah government in 1966. The military regime enjoyed western support and ended the developmental policies of "African Socialism" by replacing it with western style free-market capitalism.

The few African countries that were not tied to loans and structural adjustment programmes (such as South Africa and Namibia), were pressured to adopt neo-liberal economic policies through "technical expertise and capacity" which the World Bank and IMF provided to governments. Donor agencies such as the United States Agency for International Development (USAID) also played their part by punishing or rewarding countries for choosing particular economic policies, in line with the policies of the American government, which controls the IMF and World Bank. They supported projects, which are in line with the neo-liberal agenda with substantial amounts of money and withdrew assistance for any initiative that went against their policies.

Today an increasing number of countries self-impose a neo-liberal economic framework because they believe that they cannot resist globalisation, including the global trend towards privatisation.

Privatisation comes in many forms

The experiences with privatisation around the world show that it comes in many shapes and sizes, for example:

- ***Direct sale* of public assets and shares to the private sector.**
- ***Corporatisation*: This means that government departments (or functions within departments) are reconstituted as state-owned corporations.**
- ***Commercialisation:* The introduction of market-driven logic into the enterprise, and the introduction of commercial goals, values and private sector management orientation.**

- ***Contracting-out/out-sourcing:* Also known as the privatisation of service provision, this refers to the situation in which the public service, parastatal or local authority stops to provide a service and enters into contracts with the private sector to provide it.**

- ***Public-private partnerships*: Here the state remains the owner but enters into a contract with a private company that provides a service. This usually happens through service contracts, management contracts, lease contracts, or long term concessions.**

As we can see from this table, privatisation does not only refer to a transfer of ownership (direct sale of state assets) but also to the delegation of government functions to private companies (a process referred to as out-sourcing or contracting-out). Even the running of SOEs on a market-like basis is a form of privatisation, known as commercialisation. Privatisation thus comes in very different forms which unions and other civil society organisations have to understand if they want to engage with this process.

In order to privatise and attract potential private sector investors, the state must first restructure its SOEs and services to make them financially viable. The private sector is not necessarily queuing up to buy up all the assets which governments are willing to sell. The private sector carefully assesses the opportunities for profit-making before buying SOEs. Hence profitable enterprises such as telecommunications tend to get fully sold off, while less profitable SOEs (such as water) tend to be subject to "public-private partnerships" with the state retaining ownership while entering into some kind of service contract with a private company. Also, because privatisation is sometimes in contradiction with the national development goals of governments, they may be reluctant to completely sell off strategic utilities (like water and energy), and may instead choose to enter partnership arrangements with the private sector.

We have seen these different forms of privatisation happening all over Africa. In **Namibia**, for example, privatisation has mostly happened in the form of commercialisation of SOEs and contracting-out of service provision. Recently, the Namibian government has started to sell SOEs, the first one being the national airline Air Namibia. Government still plans to sell other SOEs which make profits or have the potential to make profits.

In **Zambia**, the government of President Chiluba embarked upon a radical structural adjustment programme (SAP) shortly after coming into power in 1991. The Chiluba regime was willing to gain credibility with Western donors, the IMF, World Bank and foreign investors at all costs, hoping this would help solving Zambia's economic problems. Privatisation was a key component of the SAP and was implemented by the Zambia Privatisation Agency (ZPA). This was done in different ways, ranging from the direct sale of assets to the sale of shares.

Zambia also implemented public sector reform, deregulation and commercialisation, aimed at introducing business methods, structures and cultures into the public sector. Out of the 289 SOEs that were earmarked for privatisation, 257 have already been sold to the private sector.

In **Ghana**, privatisation was introduced in the early 1980s, also as part of a structural adjustment programme. Privatisation has dominated the country's economic policy ever since. The sale of SOEs started in the manufacturing sector and then spread to marketing boards, transport companies, mining companies, the tourism, banking and telecommunications sectors. SOEs in those sectors were sold to the private sector either in parts or in total. By 2000, 328 SOEs had been sold.

Privatisation also hit the provision of basic services through a commercialisation programme with the aim of selling social services at "economic rates". In other words social services were sold at commercial rates to those who could afford them. Essential services, like the provision of water and electricity, were first commercialised (under state ownership) and will eventually be opened to Public-Private-Partnership.

Likewise, the health and education sectors were hit by the commercialisation policy. A "cash and carry" policy was introduced as part of the conditions set by the IMF and World Bank. Fees at hospitals and clinics were increased and have to be paid up-front before patients are able to get treatment.

In **Zimbabwe**, the structural adjustment programme was introduced in 1991 and included a programme of selling and commercialising SOEs. The aim was to reduce government's involvement in the economy and to raise funds to pay Zimbabwe's debt to its creditors, including the IMF and World Bank. The commercialisation of SOEs was followed by the complete (or majority) sale of shares to the private sector, for example in the case of the Cotton Marketing Board, the Dairy Marketing Board, and the Commercial Bank of Zimbabwe.

Privatisation also took the form of Public-Private-Partnerships, for example in Harare where a private company (owned by a politician) was awarded the contract for refuse removal by the Harare City Council.

In **Nigeria**, privatisation happened in 2 phases, first from 1988 - 1993 and then again from 1998 until today. In the first phase, 89 out of the 111 earmarked SOEs were fully or partly sold to the private sector and 34 were commercialised. These included transport, electricity, manufacturing, telecommunications, mining, sugar and insurance companies, banks, paper mills, postal services and even national parks. In the second phase 52 more SOEs were earmarked for partial sale and 51 SOEs for full sale to the private sector. In 2000, the World Bank gave a loan of US$ 114 million to the Nigerian government for the implementation of the privatisation programme.

The role of the state
During the past few years we have seen some shifts in the debate on privatisation and the role for the state. We have seen that it is not always a question of "the market replacing state", because the state is now seen by capital as a key "partner" in privatisation. It is the state, which must create an "enabling environment" in which the private sector can invest and operate profitably. The state also sets the standards, regulates and monitors the privatisation process. This means that national governments play an important role in determining the form and nature of the privatisation process in their countries within the framework of neo-liberalism.

The emphasis is now not only on the direct sale of SOEs (although this is still an important component of privatisation), but also on the privatisation of service provision, for example through public-private partnerships.

The objectives of privatisation

Privatisation programmes do not all have the same objectives but the following are some of the more common objectives which governments usually hope to achieve through privatisation:

- to liberalise the economy
- to reduce the role of the state in the economy
- to enable more integration into the global economy
- to gain access to international capital and markets
- to develop a strong private sector
- to increase competitiveness in SOEs
- to comply with the conditionalities of donors and lenders like the IMF and World Bank
- to reduce and eventually remove government spending (subsidies) on SOEs
- to redirect subsidies to other areas of service delivery
- to shift responsibility for service delivery from government to the private sector or commercialised SOEs
- to increase efficiency, performance and productivity in SOEs
- to downsize the public sector
- to remove SOEs from political interference and sever links between politicians and management
- to enable higher salaries for SOE managers and directors
- to widen share ownership
- to facilitate black economic empowerment

After 20 years of privatisation in Africa, have these objectives been achieved and what did privatisation mean for the African people? These are some of the issues that we will look at in the next section.

The results of privatisation:
Efficiency, service delivery and employment?

Although the IMF, World Bank and other supporters of the neo-liberal ideology continue to claim that privatisation benefits a country's development by bringing about greater economic efficiency, the experiences in Africa show a different picture. In **Zambia**, the privatisation programme resulted in the direct loss of 61 000 jobs. Some SOEs were closed down and their assets were sold, for example the United Bus company of Zambia, the National Wholesale and Marketing Company and Zambia Airways. Some SOEs retrenched workers as they were preparing for privatisation. This happened through internal restructuring, outsourcing and downsizing. Other SOEs were privatised and then collapsed shortly afterwards, for example General Pharmaceuticals, Eagle Travel, Kapiri Glass Factory and the RAMCOZ copper mine. Women were especially hard hit by these retrenchments because most companies put female workers first on their "exit list".

Privatisation has also resulted in a change of employment conditions. Permanent, good quality jobs in the formal sector were replaced by contract work and casual jobs without job security and benefits.

The privatisation programme has drastically reduced the government's role in the economy and SOEs no longer have any monopolies. Some privatised companies like Chilanga Cement, Zambia Breweries and the Zambia Sugar Company managed to increase production and profits. Other privatised agricultural businesses performed poorly and the state is now trying to take over some of their functions again.

Overall, Zambia's privatisation programme has failed to achieve its stated objectives like generating income for the state, safeguarding jobs and improving efficiency. In some sectors, privatisation has resulted in the shift of a public monopoly to a private monopoly as TNCs took over the SOEs. These foreign companies have taken over strategic enterprises with a potential for large profits. The results were price increases for the consumers and the introduction of a policy of "no pay - no service". Before privatisation, the United Bus Company, for example, used to service all routes in the country (urban and rural) and provided all Zambians with affordable public transport. After privatisation, the private owners closed down the unprofitable (mainly rural) routes and increased the bus fares. As a result, many Zambians now walk many kilometres to their workplaces and schools because they cannot afford to pay the bus fares of 4000 Kwacha (U$ 1) per day.

Likewise, the introduction of "cost sharing schemes" in public schools and hospitals has made education and health services unaffordable for the majority of households. In Zambia's major towns, the provision of water was transferred from local authorities to commercialised water companies who are charging commercial rates. Due to widespread poverty many households could not afford to pay these rates and their supply was cut off. As a result, water-related diseases like cholera are now on the increase again.

In **Nigeria**, the commercialisation of SOEs led to huge increases in product prices. In 1995, electricity prices were 9 times as high as in 1985. Postal services increased by 25 times, telecommunications by 50 times Kerosene prices by 60 times and petrol by 283 times during that period!

Table 2: Price increases in commercialised SOEs in Nigeria

Product	Unit price in 1985	Unit Price in 1995	Increase in percent
NEPA Electricity	0,06 Naira	0,53 Naira	883%
NIPOST Postal services	0,20 Naira	9 Naira	2 500%
NITEL Telecommu nications	0,10 Naira	5 Naira	5 000%
NNPC Kerosine	0,15 Naira	9 Naira	6 000%
NNPC Fuel	0,30 Naira	85 Naira	28 333%

By 2000, the Nigerian government had earned about 3,3 billion Naira from the sale of 55 SOEs. This money was supposed to be used to revive 2 vehicle assembly plants and to restructure Nigeria's railway system. However, only a fraction of the money was spent for these purposes and it remains unclear where the money ended up. The privatisation process was not transparent at all and some public officials used the opportunity to buy SOEs at give-away prices.

Like Zambia, Nigeria also experienced huge job losses as many companies were closed down shortly after being privatised. Another problem that Nigerian workers experienced was the change in employment conditions. Collective agreements no longer applied and the new owners introduced "labour market flexibility" with poorer conditions of service after privatisation.

During the second phase of privatisation, 10% of the shares in each privatised SOE had to be given to workers. However the process of transferring these shares to the beneficiaries departed from the common international practice where governments determine the modalities of the transfer. In the Nigerian case, the new owners could decide how to distribute the shares. Under such an arrangement the new owners could ensure that unions did not use the shareholding of workers to influence decision-making at the privatised companies.

In **Namibia**, the commercialisation of SOEs did not result in retrenchments yet. The Namibian government, however, plans to sell several SOEs to the private sector and this will probably lead to job losses. The commercialisation has had mixed economic results so far. Some companies are doing quite well in terms of cost recovery and profits (especially those with monopolies) while others continue to require large sums of money from government in order to survive. Air Namibia alone has accumulated a debt of N$ 1,6 billion (U$ 160 million).

The commercialisation of SOEs led to immediate price increases for consumers. Water prices were increased by 20% annually which is double to country's inflation rate. The Namibian government plans to abolish the water subsidies for rural communities in the next few years which is likely to result in price increases of about 60%. Likewise, the prices for local telephone calls increased significantly. In 2001, a local telephone call cost three times as much as in 1999. The SOE in the postal sector NAMPOST also increased its fees for "ordinary mail" by 43% in 2001.

In **South Africa**, the privatisation of the telecommunications company Telcom resulted in over 15 000 job losses due to retrenchments and outsourcing. The commercialisation also made a mockery of the government's policy to create access for all. Under apartheid there was one telephone for every 10 white persons but only 1 telephone for every 100 black persons. The new government wanted to redress such inequalities but the commercialisation of Telcom led to drastic increases of domestic phone calls. This excluded even more black people from basic telephone services. Since 1994, South Africa's public service has lost over 100 000 jobs, partly because of privatisation and outsourcing, especially in the state forests and hospitals.

In **Zimbabwe**, the privatisation programme was implemented without clear policy guidelines, without worker participation and without transparency and accountability. Over 300 workers were retrenched when Air Zimbabwe was commercialised, the Cotton Company of Zimbabwe reduced its workforce from 3 000 to 500 and the Grain Marketing Board retrenched half of its 2 500 workers within a year. Most retrenched workers were forced into the informal sector to survive.

Privatisation at local government level like the refuse collection in Harare resulted in the deterioration of services as rubbish was not collected for days while the private contractor was being paid.

The Dairibord of Zimbabwe introduced the "Dairibord Employee Share Ownership Trust Fund" when the company was privatised. The fund was supposed to raise funds for employees to buy shares in the company. The contributions to the fund were based in the individual earnings, which meant that management contributions were much higher than those of workers. As a result, workers had very little ownership of the company and management has almost total control over the trust.

Ghana's privatisation programme was hailed by the IMF as a success despite the increase in unemployment and poverty that many Ghanaians experienced. The privatisation of a single SOE, the Ghana Cocoa Board, resulted in over 100 000 job losses. Due to the large number of dependants of each worker, this resulted in poverty and increasing hardships for close to a million people. The introduction of cost-recovery programmes in the health and education sectors (known as "cash and carry" programmes) resulted in higher fees for these essential services. The impact was especially felt by women. They were the ones who had to find ways of survival when family incomes declined while the prices of goods and social services were rising. Girls were the first to be taken out of schools when school fees became unaffordable and women were forced into the lowest paid jobs or into the informal sector.

These examples show some of the results of privatisation in Africa. Supporters of privatisation point out that some privatised SOEs have performed well and even increased the number of workers they employ. Some managed to improve conditions of service, but those were exceptions. In most cases, privatisation programmes increased the hardships for the poor. The worst consequences of privatisation in Africa were the retrenchments of thousands of workers and worsening conditions of employment for those who were lucky enough to keep their jobs. The wages of African workers support large families in urban and rural areas and retrenchments therefore increase poverty. This has always hit African women the hardest who have to shoulder the main burden of running the household, raising the children and looking after the sick and elderly.

Another negative result of privatisation has been the increase in prices for social services. Driven by mere profit motives, privatised SOEs usually waste no time in increasing prices and offering services only to those who can afford them. In a situation of mass poverty that exists in almost all African countries, this usually means that a large part of the population cannot pay for services and therefore does not receive them. In many cases privatised health and education services prevented people from going to hospitals or sending their children to school. They simply could no longer afford to do so.

In other cases, essential services like access to water and electricity became unaffordable to the poor. Water and electricity cuts for those who are too poor to pay have become a sad reality in several African countries. The question thus is:

Why do we still push ahead with privatisation programmes?

One of the main forces behind privatisation are the prescriptions by the World Bank and the IMF in the form of Structural Adjustment Programmes which have privatisation as one of their central components. There are, however, also specific interests in Africa that want the privatisation programmes to continue. Some governments feel that their SOEs are not efficient and that privatisation is the only answer to this problem. They also believe that privatisation will help them to get rid of their responsibility to give financial support to SOEs. In some countries, high ranking government officials have personal interests to buy SOEs themselves at give-away prices and privatisation programmes offer them a good opportunity.

Local and foreign businesses usually push for privatisation because it opens up new possibilities for them to make profits. They want to use the opportunity to buy public assets cheaply - at a fraction of the real costs. In Nigeria, for example, the state owned telecommunications company Nitel cost about U$ 8 billion to set up and will now be sold for only a little more than U$ 1 billion.

Consultants and banks are also interested in the privatisation process. Consultants make millions out of advising governments on how to privatise while banks make huge profits by helping governments to sell SOEs. Privatisation is also important for some parts of black business, because it opens up new opportunities. As a result of the apartheid policies in South Africa and Namibia, black entrepreneurs were shut out of the mainstream of the economy. They therefore now push for the sale of SOEs to black companies in the name of black economic empowerment. They understand black economic empowerment narrowly as empowering a handful of black business people even at the expense of black working class communities who suffer as a result of retrenchments and unaffordable services.

These are the forces that continue to push for privatisation. In the next section we will examine how African trade unions have responded to privatisation.

Trade union responses

The **Ghana Trades Union Congress (TUC)** was one of the few organisations that criticised the structural adjustment and privatisation process in the country. It organised a conference in 1993 on the "social dimension of structural adjustment in Ghana" and called for a stop to the privatisation process. The labour movement proposed different strategies to make SOEs efficient in the provision of goods and services. The TUC also played an active role in the National Coalition Against Privatisation of Water. However, the Government pushed ahead with its privatisation programme and offered the TUC a seat on its "Divestiture Implementation Committee" - the committee which oversees the privatisation of SOEs!

The TUC was represented by its Secretary-General and was hoping that it could safeguard the interests of workers at SOEs. However, it could not stop privatisation and retrenchments and the unions are now reconsidering their strategy. Does it benefit workers if unions are represented on such committees? Should unions oppose privatisation as a policy in principle or should they only oppose the privatisation of SOEs which render essential social services? These are some of the questions that unions in Ghana are now discussing.

The Nigerian trade unions were hardly consulted by their government on the privatisation process. Based on its own socio-economic policy framework, the **Nigeria Labour Congress (NLC)** wanted to ensure that core labour issues are addressed in the privatisation process. The union federation, however, found it very difficult to succeed because of government's commitment to neo-liberalism. The Nigerian unions realised that they have to engage the ideology behind privatisation as well as the specific labour-related issues.

The **National Union of Namibian Workers (NUNW)** as well as the public sector unions in Namibia are opposed to privatisation. They blocked the privatisation of SOEs shortly before independence and are opposed to the latest plans by the Namibian government to sell off SOEs. Initially, unions thought that commercialisation was just meant to make SOEs more efficient but they had to realise that commercialisation was just the first step towards full-scale privatisation. At the end of 2001, the NUNW organised a march against privatisation and put this issue high on the agenda of Mayday 2002. The union federation also lobbied the head of state and made a range of proposals how the performance of SOEs can be improved without privatising them. It will still be a major battle to convince government to abolish its privatisation plans.

The **Zimbabwe Congress of Trade Unions (ZiCTU)** in co-operation with several other civil society organisations has been amongst the earliest critics of the country's structural adjustment and privatisation programmes. Industrial unions have taken on the fight against privatisation at industry level. Those unions that were strong with a large membership base managed to fight the hasty sale of SOEs, for example the Railways Unions. They managed to defend workers interests to some extend but weak unions were just ignored by business and government. In fact, the business community called for the speeding up of the privatisation process without consideration of the social consequences. They just saw the business opportunities created by privatisation but failed to recognise the impact on workers and their communities. The Zimbabwean labour movement realised that unless it has a strong organisational base and is able to form alliances with other civic groups, it will be impossible to stop privatisation.

The **Zambia Congress of Trade Unions (ZaCTU)** was taken by surprise by the wave of structural adjustment and privatisation programmes in the 1990s. It had backed the Movement for Multiparty Democracy (MMD) whose president Frederick Chiluba was a former trade unionist. The labour movement expected the new government to be sympathetic to the plight of workers and was unprepared for the onslaught of neo-liberal policies in the 1990s. The Zambian unions now try and build their capacity to engage privatisation and structural adjustment programmes. Jointly with other civil society organisation, the Zambian unions prepared an alternative Poverty Reduction Strategy Paper to counter the proposals by government, World Bank and IMF.

The strongest and most visible resistance to privatisation came form the **Congress of South African Trade Unions (COSATU).** The union federation and its allies organised a three days national stay-away against privatisation in 2001 and similar actions will take place in 2002. COSATU's core demands are an end to privatisation, especially when it concerns basic services or national infrastructure. COSATU further engages government on the role of the state and demands that the state must ensure improved services, especially for the poor. COSATU also demands that the state must keep and create quality jobs and that any kind of SOE restructuring must be negotiated with parliament, community and workers organisations.

COSATU has placed the privatisation debate within the broader context of economic policy in South Africa. It has consistently opposed neo-liberal policies like the government's Growth, Employment and Redistribution (GEAR) Programme and called for a developmental state that can provide services and bring about redistribution. COSATU says that the developmental state can only fulfil its role if it has enough resources and capacity. Privatisation weakens state agencies which are then less able to meet the needs of the poor.

South Africa's industrial unions have taken on the battle against privatisation at industry level, for example in the railway sector. They argued for SOEs to play a developmental role and linked their own research with mass action and advocacy programmes. They developed their own alternative policy proposals around financial viability, affordable services for the poor and security for workers.

These examples show that African trade unions are not just accepting privatisation lying down. However, they still face an uphill battle as they try and stop (or reverse) the wave of privatisation on the continent. In the last section, we will discuss some of the challenges ahead.

Challenges ahead

Trade unions and their allies will have to understand the push for privatisation as part of the broader neo-liberal policies that have been implemented in Africa since the 1980s. They will need to show that these policies have not resulted in Afirca's development and instead have increased poverty on the continent.

However, the neo-liberal economic policies are strongly promoted by powerful groups such as local and international business, the IMF, World Bank and most of our governments. Trade unions will therefore have to build new alliances in order to fight for a change of policies. Community organisations, women's organisations, churches or communal farmers organisations might be some of the allies that trade unions can work with in the fight against privatisation. Their members are also affected by rising prices and increasing unemployment. Such broad alliances can represent the interests of the poor better than trade unions on their own.

When dealing with privatisation, unions must make sure that they are not seen as defending inefficiency and the waste of resources at SOEs. They need to argue not only for the jobs of their members but also for a different development perspective which must include the provision of affordable services for the poor.

Unions need to point out how privatisation widens gender inequalities. Women often occupy the most vulnerable jobs and are the first to be fired when privatised SOEs retrench workers. Women are also the worst affected when social service become unaffordable because they are expected to look after the children, the sick and the elderly. Progressive organisations need to tackle such gender-issues head-on.

In order to challenge privatisation and other neo-liberal policies successfully, trade unions need to be well-organised with a strong membership base. They have to be accountable to their members and develop a clear vision how to influence policies in favour of workers. This means that unions have to build their capacity to engage with policy issues. They have to develop alternative policy proposals that reflect the interest of their members and the poor in general. Such proposals need to be promoted to gain broad popular support. Otherwise unions will be seen as representing only a small minority.

These are huge tasks, which require that trade unions do not limit themselves to dealing with issues at the workplace only. After all, workers and their families are directly affected by the broader developments in society and by national social and economic policies!

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