

2004

TRADE UNION  
LIBRARY AND  
EDUCATION CENTRE

2001

# **COSATU**

## **CEC**

PROCESSED

### **Political**

### **Discussion**

### **Paper**

PROCESSED



# CONTENT



<b>1. Introduction</b>	<b>1</b>
<b>2. The Balance of Power</b>	<b>2</b>
2.1 Progress and setbacks since 1994	2
2.2 Changes in the balance of power	6
2.3 Evaluating the elections	10
2.4 The nature of the Alliance	13
<b>3. Reflections on an Engagement strategy</b>	<b>18</b>
3.1 Engagement in the new political terrain	18
3.2 A strategic perspective on engagement for 2001 and beyond	21
3.3 Priorities for 2001/2002	25
3.4 Key Challenges	28
<b>4. Conclusion</b>	<b>29</b>

---



## 1 Introduction

This discussion paper is being issued seven months after the 7th National Congress. The Central Executive Committee (CEC) of February 12 to 14, 2001 debated it, and felt that with minor changes it should be issued to COSATU structures and members for debates on the current political situation.

This paper is presented to the members and structures of COSATU as a political discussion paper for 2001. A further detailed political discussion will take place in the November 2001 CEC. As the last CEC of 2001, it will be expected to take stock of the political situation, taking into account issues raised here.

The February CEC took place almost five months after the Seventh National Congress. The Congress was a watershed moment and a turning point in the life of the organisation. For months before as well as during the Congress itself, our members and the public focused on the Congress deliberations and discussions. In political terms, this process underlined the central role played by COSATU in the post-apartheid political landscape.

After only fifteen years, COSATU is a

coherent, active, unified, mass trade union movement that continues to grow despite the job-loss bloodbath. The Seventh Congress was confronted by two strategic tasks – to assess progress since the 1997 Sixth Congress and the 1999 Special Congress in organisational, political and socio-economic terms, and to reposition COSATU in the new millennium.

We emerged from Congress with a package of resolutions aimed at taking the organisation to new heights and improving the lot of the downtrodden masses of our country and the world. The resolutions, declaration and programme of action demonstrate the unity of purpose and provide a programmatic expression of the desires not only of COSATU members but also of the entire working class.

COSATU structures must provide strategic direction to the organisation for the coming period. We must assess the political situation and fashion a strategic perspective on COSATU's engagement strategy for the coming period. The aim of this paper is therefore twofold – to analyse the political conjuncture and to reflect on our engagement strategy. It does not seek to repeat the rich analysis contained in the Secretariat Report to Congress and the Congress political

discussion paper. Rather, it builds on that analysis by evaluating the current balance of forces.

The central question is how to knit together various engagements into a single coherent strategy aimed at increasing our leverage and/or opening the space for engagement. This is, however, neither a negotiation strategy nor a guideline on how to conduct negotiations, but rather a political perspective for engagement. The paper seeks to stimulate debate, not to provide a definitive position.

The paper is divided into two parts: the first part analyses the current political situation, while the second looks at an engagement strategy for 2001 and beyond.

## **2. The Balance of Power**

### **2.1 Progress and setbacks since 1994**

The watershed 1994 elections marked a shift in the political landscape of South Africa, ushering in a new era that replaced centuries of racial discrimination and oppression. The democratic movement under the leadership of the ANC was brought into power by a decisive electoral majority. Entry into government gave the democratic forces formal access to

state power, marking a qualitative shift in the National Democratic Revolution (NDR).

The democratic forces were now in a position to remake South Africa by launching a radical transformation project aimed at ridding South Africa of the legacy of apartheid. The RDP provided a programme for transforming South Africa into a non-racial, non-sexist and democratic South Africa. It sought to ensure that our freedom not only formally removed oppression, but also brought real change to the lives of the formerly oppressed.

It is now seven years since the democratic breakthrough, and much has been accomplished. Overt racism was eliminated in state policies and public services. A democratic constitution was finalised, with both civil and political rights as well as vital socio-economic clauses that require the state to improve the living conditions of the majority.

Our democracy is firmly in place, supported by a progressive constitution and a legitimate government. The potential for counter-revolutionary violence has almost disappeared from the political scene.



The ultra-right has either been co-opted into the political dispensation, neutralised or dissipated. Parliament has become an open terrain of engagement and struggle, and has passed significant transformative legislation. South Africa has hosted two successful national, provincial and local government elections, signalling its maturing democracy.

In contrast to this political progress, in socio-economic terms the legacy of apartheid remains entrenched and, with the massive loss of jobs in the past decade, even appears to be worsening. Wealth is still concentrated in a white minority. The nature of capital remains largely the same – concentrated in the mining-finance complex, which continue to dominate the commanding heights of the South African economy. Serious inequalities persist, with signs of worsening particularly among the formerly oppressed. The number of people living in poverty is staggering.

Almost half of the population lives in poverty, including many of the employed – the "working poor." Unemployment and underemployment are on the rise as more jobs are shed and people rely on survivalist activities to make ends meet.

The complex nature of the transition emerged in deeply contradictory government policies. In the past seven years, government has adopted four overarching – but conflicting – strategies.

♦ The democratic government is committed to higher spending on basic services – education, health, welfare, housing and infrastructure – especially in poor communities. This strategy was particularly strong in 1994 to 1996, with substantial increases in government spending every year combined with reprioritisation to historically disadvantaged areas.

♦ The GEAR brought about deep cuts in government spending between 1996 and 1999. As a result, efforts to improve services to the poor suffered, despite the continued reprioritisation of spending from the rich to the poor. There has been a renewed emphasis on the commodification of government services, shifting to private providers and requiring payment from households.

♦ Immediately after the democratic transition, the government introduced a new labour policy aimed at establishing a more permanent, skilled and well-paid labour force. This new labour policy was embodied in the LRA, the BCEA, the Employment

Equity Act and the Skills Development Act. It is now facing a concerted backlash from capital, sections of which want to return to the exploitative days they enjoyed before 1994.

◆ In terms of trade and industrial policy, the government has espoused a free-market position, marked primarily by cuts in tariffs, the effective privatisation of state-owned enterprises, and the deregulation of industries. This approach contrasts with the Alliance's long-standing commitment to an active industrial strategy to restructure the economy.

It has tended to run into conflict with the labour policy, which foresees substantial government support for improved conditions and training for labour as well as for worker organisation. It has also fuelled the large-scale loss of jobs in manufacturing, especially in the clothing and metal industries, and hindered the establishment of a new, more equitable and job-creating growth path in the main sectors of the economy.

The GEAR marked a setback to progressive policies. Between 1996 and 1999, we saw a persistent decline in social and infrastructure expenditure. Government claimed it

could counteract cuts in the total budget by redirecting its spending towards the poor. In the past five years, however, this strategy has clearly proven unable to overcome the social deficit. Meanwhile, the arms procurement programme indicated that when government has the political will, it could increase expenditure.

This programme, which will cost at least R43 billion, threatens to cause renewed cuts in spending on the poor. For example, in the course of the next three years, the government plans to spend R5 billion a year on arms, compared to R1,5 billion a year on poverty relief.

In the current financial year, there were modest increases in real spending, which COSATU hopes will signal a deeper shift in fiscal policy. These increases are still, however, based on optimistic predictions of economic growth, while maintaining restrictive fiscal targets. They do not reflect a fundamental commitment to ensuring that government spending meets social needs.

At the same time, government is pushing ahead with various forms of privatisation. These include the partial privatisation of the large state-owned enterprise – Telkom, Transnet, Eskom



and Denel; the push to contract provision of municipal services like water and public works to private providers; the plan to outsource support staff such as cleaning and security in the public service; and the reliance on school fees.

Privatisation ignores the fact that private businesses cannot extend services to the poor, who cannot afford to pay them. It undercuts government's ability to restructure the economy and provide all our people with adequate infrastructure and services. For instance, experience shows that private management of city water supplies means that poor neighbourhoods get worse service, or none at all.

Furthermore, privatisation programmes are associated with the loss of tens of thousands of quality jobs, replacing them at best with informal and insecure work outside of existing bargaining arrangements. For this reason, COSATU has embarked on an anti-privatisation campaign to culminate in a two-day general strike.

In contrast to the general commitment to neo-liberalism manifest in privatisation, the Medical Controls Act and the Minerals Development Bill aim to limit the ability of capital to impose decisions

on society. The introduction of these laws underscores the continued debates within the executive, despite the shift to the right in the broad economic strategy.

This suggests that government is not homogenous and unified on a wide range of issues. On the one hand there are those who want to drive a progressive agenda but are hamstrung by government's economic policies. On the other hand, are those committed to a more conservative and gradualist approach to transformation.

Overall, capital made substantial gains in the last seven years of democratic rule, and particularly after 1996. These gains include less tangible benefits from the normalisation and stabilisation of the political environment. In addition, the GEAR framework was a real victory for capital, because it reassured them that the privileges they accumulated in the past will not be threatened.

Among others, capital has also benefited from company tax cuts, exchange control liberalisation, and the ability to shift primary listings from the Johannesburg Stock Exchange to foreign stock exchange. Privatisation opens possibilities for companies and consultants to make

huge profits at the cost of the public sector. Amendments that weaken our labour laws even before they are fully implemented would give capital another victory.

The benefits for capital have differed by race, size and industry – which points to the scope for building coalitions across classes in the future. Established white capital has been best positioned to take advantage of the free-market approach initiated by the GEAR. Afrikaner capital actually increased its share of the stock market.

In contrast, as pointed in the Congress discussion document. "the share of black-controlled companies in the Johannesburg Stock Exchange dropped from 3,8% in January to 2,9% in March 2000." Some of these companies are being either being unbundled or are reverting to their original owners. Generally, big business scored more gains than small enterprise. The financial sector has reaped many benefits from high interest rates and lower inflation.

In sum, we are witnessing a contradictory transition process marked by a desire to eradicate the legacy of apartheid by redistributing wealth and resources within a stringent macroeconomic framework and a

commitment to maintaining free markets and a slim state. In some respects political democracy is limited by the dictates of economic conservatism. These limits appear in the reluctance of Parliament to interrogate government economic choices and the manner in which economic policy has been shaped. Macroeconomic policy was developed in an exclusionary fashion. The macroeconomic framework was drawn up principally by consultants and government officials, with no in-depth consultation within ANC structures.

## 2.2 Changes in the balance of power

The question then arises: how do we account for the shift to the right in economic policy, especially after 1996?

The answer to this question lies in the balance of power. The democratic forces gained entry into political office, but the ruling class remained the same. White capital embarked on a campaign to win sections of the formerly oppressed into its camp, in order to expand the number of people with a stake in capitalism. In effect, white domestic capital spread its tentacles by co-opting a section of the black population into its fold. Linked



to this is the emergence of a "bureaucratic bourgeoisie" that uses its access to the state to expand the class of black capitalists.

This process of class formation in turn produced internal contradictions within the multi-class alliance led by the ANC. The hegemony of the working class is being eroded and challenged by forces that seek a deracialised form of capitalism, with no interest in the long-term objective of building socialism.

For these strata, the NDR has achieved its aims – a non-racial democracy in which the educated and well off can take high positions in business and government. It is guided by the credo "each for themselves, and the market takes the weakest." As Thomas Sankara points out, the African petty-bourgeoisie is inspired by both Onassis and Marx – in one hand, it holds a cheque book, and in the other the arms to fight national oppression.

The shift to the right, then, ultimately reflects a change in class allegiances. From this standpoint, we can understand current conservative economic policies as the result of a loose coalition of forces that emerged on the centre-right around economic policy after 1994. This coalition is

composed of elements within the state, capital (including international capital represented in part by the international financial institutions – the IMF and World Bank – as well as governments in the North); parts of civil society, including much of the economics profession located in universities and consultancies; and vocal advocates in the media.

We need to understand the tactics that brought such a degree of success to this informal coalition. Big capital expanded its influence by waging a systematic and consistent campaign against the economic strategies of the RDP. It used a whole set of tactics, ranging from incessant lobbying to the threat of pulling money out of the country in what is sometimes called a capital strike. It was assisted by the continued domination of the media, judiciary, much of the state machinery and university economics departments by politically and socially unrepresentative groups, assisted by Western governments through their advisors and spokespeople.

This situation maintained the false impression that capital's demands are legitimate, necessary, unavoidable and representative. In contrast, these vocal groups portray the positions of the mass movements, and especially the SACP and COSATU, as those of a

lunatic fringe – despite the fact that, as the success of the May 10 General Strike and our growing membership demonstrate, we represent a substantial portion of the South African population.

Having embarked on a conservative economic strategy that ran against the interests of its own constituency, government leaders could not permit broad debate on the fundamental economic issues. Instead, they reserved harsh criticism for those who criticised their path – including COSATU. In contrast, they barely mentioned business's lack of confidence in the economy, which appeared in the continued capital outflow.

The suppression of debate undermines the hard-won tradition of openness in the democratic movement, and feeds into the fear of conspiracies that featured recently in media coverage of alleged splits in the ANC. As long as policy disagreements are not resolved through open debate, anxiety about secret machinations will necessarily prevail. The failure to take open action to resolve disputes and allegations of misconduct adds to distrust.

The suppression of debates is

compounded by centralisation of decision-making that excludes ANC constitutional structures, the Alliance and the broader membership. This runs the risk of bureaucratising the organisation and widening the gap between leadership and the ANC rank and file. Already there are signs that the activist culture of the ANC is waning and only a select few participate in the life of the organisation. This then feeds into careerism where individuals use organisational structures to further their own personal careers.

The glue that binds together the centre-right forces inside and outside of government is the TINA - (There Is No Alternative) - perspective. In terms of this perspective, the democratic state has no alternative but to embrace the market. Invariably, the adherents of this perspective argue that globalisation and the failure of socialism in Eastern Europe reduced the ability of governments to design economic policy. Governments have no choice but to surrender power to the market and play a facilitative role, rather than intervening pro-actively.

In the words of the draft DTI strategy on industrialisation, any industrial strategy that is predicated on long range investment decisions and



significant investment amounts must move its policy structure and institutional fabric not only toward predictability but toward a situation that is likely to converge with a world based benchmark.

This perspective contains a paradoxical conceptualisation of state power and action. In economic terms, the state should be weakened. In political terms, it must be strong enough to firmly pursue economic reform, secure property rights and discipline the working class. Under such conditions the state is nothing less than an induna of global capitalism.

The world hegemony of neo-liberalism in the last twenty years of the 20th Century did not derive from success in addressing developmental needs. Global economic growth is still low; employment is stagnant; standards of living are worsening; and inequality is growing both within and between states. Especially since the 1997 global economic crisis, a groundswell of opinion has questioned the neo-liberal orthodoxy. Internationally and nationally, progressive forces are re-grouping and waging struggles against capital.

Trade unions have a special role in

opposing neo-liberal strategies. Typically, they are amongst the strongest groups among the progressive forces in terms of organisational infrastructure, bargaining power and unity of purpose.

As a result, they occupy a strategic position, although they cannot win the battle against capital on their own. Still, workers' struggles for better conditions should not be underestimated. As we experienced in South Africa, they have the potential to unleash far broader social mobilisation and action.

In South Africa, pitted against the centre-right coalition around capital is the progressive movement rooted in the mass democratic movement – COSATU, the SACP, large sections of the ANC, progressive social movements and broader working class formations. These forces challenge the hegemony of neo-liberalism and seek alternatives to economic orthodoxy. They constitute the main countervailing force against the dominance of capital.

From the day the GEAR was published, COSATU has maintained that it represented a shift to the right. Today, only the most uncritical loyalists can ignore the way the GEAR

has been embraced by capital, international institutions (the IMF and World Bank) and conservative institutions, governments and political parties such as the NNP and the DP.

In contrast, every formation that is genuinely independent has rejected the GEAR. This includes the trade unions, progressive student and youth organisations, the churches and SANGOCO.

The last few years have demonstrated very clearly that appeasing investor confidence is not sufficient to launch the economy on a new growth path. What is required is a package of measures that will stimulate the domestic economy and create quality jobs. International experience shows that foreign direct investment does not precede growth, but follows it.

The private sector will act only when the state has initiated the structural changes in the economy required for growth. Even the international rating agencies, which advise foreign companies on investments in other countries, have raised concerns regarding South Africa's economic prospects.

They laud the macroeconomic policies adopted by government, but

worry about the underlying problems of unemployment, poverty and inequality that they correctly perceive as a long-run threat to stability.

In short, the contradictory approach of the last seven years reflects both the complexity of challenges to the new government and the power of capital – backed by the media and other authoritative structures – to influence sections of the state and the ANC.

Still, it would be inappropriate to argue simplistically that the working class has made no gains or that the ANC is nothing but a prisoner of capital. Equally, it would be naïve to pretend that government economic policies are carrying out the RDP.

### 2.3 Evaluating the elections

Under these circumstances, how do we read the outcome of both the 1999 general elections and the 2000 local government elections? The ANC won both the 1999 general elections and the 2000 local government elections, in some respects with improved margins. This underscores the fact that the ANC remains by far the most popular political movement.

It is significant that in both these elections, the ANC's manifestos adopted progressive positions that the government has not fully implemented



– in particular, the 1999 manifesto commitment to make retrenchment negotiable; introduce speed bumps to curb capital flight, democratise the budget process including granting parliament the power to amend the budget and other money bills in line with the Constitution; make the tax system more progressive and expand VAT zero-rating of basic necessities, and the 2000 agreement to review privatisation of local-government services. Outside of a few insignificant changes including VAT zero-rating of paraffin the promises made in both manifesto have not been implemented.

There has been considerable speculation over the low turnout by voters, particularly in the local government elections. In fact, the number of people that voted in the 2000 elections actually increased by about 1 per cent. Various arguments have been made for the low participation rates, including:

◆ Local government elections do not attract many voters anywhere in the world.

◆ The ANC's own research prior to elections suggested that many of our people feel that our councillors performed badly - they are corrupt, aloof, do not report back, and so forth.

A related theory is that the electorate is

losing confidence in the ANC due to perceptions of non-delivery.

◆ There is general demobilisation and disillusionment particularly among former activists. Some in the ANC argue that COSATU did not pull its weight or mobilise its 25 000 stewards. They contend that COSATU leadership was at best lukewarm about the campaign.

For their part, COSATU campaigners faced problems due to the adoption of conservative economic policies proved a stumbling block. Comrades had to answer difficult questions about iGoli 2002, retrenchments, the labour law amendments and the GEAR.

◆ On the other hand, the ANC itself did not take the elections seriously until very late. More broadly, it has been suggested that the ANC's grassroots organisation is weak, and that it relies excessively on full-time councillors and MPs. The ANC's culture of activism - working without regard to rewards - is weakening.

There is a deepening gap between the leadership of the democratic movement and the mass that it represents. The failure to initiate mass campaigns makes it difficult to maintain broad-based mobilisation.

Even if we accept that many people

did not vote because of dismay over the ANC's performance, it is significant that they still could not bring themselves to vote for another party.

The election results demonstrate the emergence of two contending parties, the ANC and the Democratic Alliance (DA), while other parties fade into insignificance. The ANC represents the interests and aspirations of the forces that fought for freedom; the DA, a motley collection of conservatives, a sizeable portion drawn from former National Party supporters.

Politically, the landscape remains polarised in racial terms. As a political party, the ANC still articulates the aspirations of the majority, while the DA reflects the demands of capital and the historically privileged minority. For this reason, the DA systematically attacks government's efforts to improve services for the poor and support employment equity. There is, however, a high degree of convergence between government's economic policies and the DA's market-oriented proposals. The main differences emerge around emphasis and the pace of implementation, rather than substantive issues. We need to explore the implications of this for the left.

The DA has realised that it cannot hope to gain power unless it broadens its power base. We therefore see it opportunistically demanding improvements for the poor. The DA has developed the habit of jumping on progressive causes. It hypocritically condemns government's failure to deliver services to the people; it is vocal on the need for the provision of AZT and mother to child treatment to prevent spread of HIV/AIDS; it organise TV crews to expose deficiencies and mistakes such as the failure to maintain infrastructure and provision of services in rural areas etc.

All this is being done because it realises the power of these issues to win votes. Yet its free commitment to free market fundamentalism and conservative economic policies – including its opposition to progressive legislation and policy would limit government spending and the power of the state to increase services in historically disadvantaged communities. Typically, the DA opposed the Medicines and Related Substances Control Act (which will make medicines includes drugs to treat HIV/AIDS cheaper); when it was debated in parliament in 1997, but jumps on the HIV/AIDS bandwagon when it sees the opportunity to embarrass government and score



political points. Still, it is worrying that it has opened branches in Khayelitsha and, in a slap in the face to the democratic movement, in Sharpeville on Freedom Day.

The first reading of the election outcome is that the ANC has been reconfirmed as the social force capable of transforming the South African society.

This provides immense power to the democratic forces to use state power and steer it on the course of radical transformation of our society by restructuring the economy to benefit the majority. It has international dimensions in that the progressive forces can use access to state power to push a progressive agenda on the international terrain.

Taking advantage of the ANC's political power in this way requires the political will to push unpopular positions against the power of capital and its allies. The record on this count is not encouraging. Instead of a push toward transformation, we seem set for a hotchpotch solution, with some progressive advances – notably the Medicines Controls Act, the Minerals Development Bill and the labour laws – curtailed by deeper conservatism, especially around the economy.

Despite the election victories, the executive seems captured by a politics that preaches constraints, with a reluctance to explore alternatives or discuss the reality of the perceived restrictions on government action.

A second, disquieting interpretation of the ANC electoral victory is that it reflects popular support for conservative policies such as the GEAR and Igoli 2002. This view points to the fact that so-called "left" candidates were soundly defeated.

It has been trumpeted by those forces that want to drive the ANC and the government on a conservative path. The fact that the ANC was elected on the basis of progressive manifestos, as well as the continued mass support for COSATU campaigns, suggests that this view is wrong.

#### **2.4 The nature of the Alliance**

Given this contradictory and changing political landscape, what strategies should COSATU adopt to bring about a transformation in favour of the working class? Within the left, South Africa's dual transition – the political and economic transition – is analysed from two extreme positions.

On the one hand, the ultra-left argues that the ANC has completely

sold out to capital and thus squandered the revolutionary potential unleashed by the waves of struggle against apartheid. Adherents of this position lack faith in the ANC as a vehicle for change. Indeed, they argue it has always been a petty-bourgeois party, incapable of leading radical change. It was from this mindset that various ultra-left candidates attempted to challenge the ANC in the elections. They failed miserably.

The second approach is espoused by many members of the Executive in government. It holds that the NDR is on course and the GEAR will achieve the promises of the Freedom Charter and the RDP. Supporters argue that the GEAR forms, not a move away from the RDP, but rather its logical extension.

Both these approaches oversimplify a complex and often contradictory transition characterised by advances, setbacks and the grey area of partial victories. Both suffer from a similar flaw – a "totalist" and "euphoric" reading of the situation. We need a more differentiated analysis. As pointed out above, and discussed in both the Secretariat Report and the Congress discussion document, the South African working class has both scored important gains in the past six

years, and experienced government policies that work against the interests of the majority.

In assessing the position of the ANC, we must take into account its generally progressive and positive pronouncements. Sometimes these statements are at odds with government policies. This reflects the overwhelming dominance of progressive positions within the ANC.

Even when individuals put forward conservative positions, they must generally couch them in revolutionary rhetoric in order to obtain support in the organisation. Yet individuals who support conservative strategies occupy strategic positions, based primarily on government posts.

The fundamental fact remains that the ANC is a coalition of virtually all the progressive forces, and under no circumstances can organised labour afford to turn its back on it. But how can we then explain the failure of government to implement the progressive economic policies required to transform the economy and create jobs?

One answer to this paradox has been to argue that real power resides in the Executive, and the role of the ANC



is largely to bless decisions taken in Cabinet. While we rarely disagree with positions emerging from Luthuli House and other ANC Constitutional Structures, for example from the NGC held last year, we see very problematic policies coming the state, particularly Cabinet and the bureaucracy.

This contradiction emerges repeatedly in the consistent failure, described above, to implement commitments made in election manifestos. The ANC could not conceivably use conservative positions to woo the electorate. It could not hope to win votes by promising to privatise state enterprises, reduce tariffs irrespective of the impact on jobs, remove exchange controls leading to the export of capital, and tighten the belts of the poor in exchange for some ill-defined future benefits. Once elected, however, some Ministers appear to believe they won votes based on their personalities, not the policies the ANC supported in the elections campaign.

Similar contradictions arise over the role of the state. In the abstract, the Alliance is in full agreement about the role played by the state – it must be activist, development-oriented, and biased toward the poor and working class. Yet serious contradictions arise

about how to implement this conceptualisation, as the conflicts over privatisation demonstrate.

Again, the NGC, the Strategy and Tactics and every conference of the ANC has emphasised that the working class must lead the NDR and the Revolution. Yet government programmes do not open space for working-class inputs or leadership. Instead, they generally marginalise labour, providing at most for some consultation but no real change.

Instead of providing space for working class leadership, we hear the new slogan, "government must govern," and attacks on the working class as privileged relative to the unemployed – an absurd position that is analysed in the Congress discussion document.

If this type of divergence emerges repeatedly between ANC and government policies, how can we understand the ANC as a leading party in government? After all, comrades in Cabinet are also leaders of the ANC. It is perhaps just an easy excuse to distinguish conveniently between government and our comrades in the ANC. Is this dichotomy sustainable, and what are its long-term political implications?

In this situation, the Alliance is useful only for election campaigns, not as an instrument of change. It has effectively been marginalized from governance processes. For instance, it never discusses what the President should raise in his opening address to Parliament, or what should be in the budget. In an ironic contrast, government leadership seems willing – and spends much time – to meet with and appease business.

In these circumstances, one could cynically describe the Alliance as a shock absorber to contain dissent and keep the masses in check. Is that useful for the working class and the long-term objective of building socialism? We shall return to this question later.

The relationship between the ANC, the Alliance and governance remains undefined and it is a source of continued tension because of different expectations. COSATU wants the Alliance to be in full control of key government decisions; comrades in government want it mechanically to support government policies. Critics risk being labelled "ultra left," "sectarian" or even "counter-revolutionary."

The declaration of the NGC on where power must lie was

encouraging. The NGC paid special attention to building the ANC machinery to make it the centre of policy development and decision-making. What this will mean in practice remains to be seen.

Generally, the tensions between the ANC, the Alliance and government point to the need to assess COSATU's deployment strategy. Many former COSATU leaders hold senior positions in government, Parliament, the public service and the ANC. Yet this has little visible impact on government programmes. Some former COSATU leaders even join the bandwagon of attacking COSATU.

The fact that key communists occupy key positions that drive government's conservative economic policies has aggravated the situation. From the workers' perspective, these communists are synonymous with privatisation, job losses, tariff liberalisation, and all the evils associated with neo-liberalism.

Then it becomes difficult to convince workers that the same comrades can be counted among those waging a working class struggle because of this reality. It is easy to blame the comrades concerned, but we should avoid the temptation, since the



problems lie, not with individuals, but with organisations and structures.

Historically the ANC was essentially anti-imperialism that recognised that free market system on its own has no potential of addressing the ills of apartheid/colonialism. This stand point is espoused in a number of historical documents. Yet despite its use of Marxist rhetoric and the commitment in principle to working-class leadership the reality is that the free market and bosses ideology has gained prominence. Although the ANC pronounces itself as neither capitalism nor socialist in reality the capitalist ideology is the one that is being actively promoted.

This makes it very difficult to define an ANC perspective on any issue except by reference to earlier documents – the Freedom Charter, Strategy and Tactics, the RDP or the mysterious "Yellow Book." It opens the door to talking left while adopting policies that effectively strengthen capital.

At this point, we must openly confront the difficult question: what are the options open to COSATU if the Alliance does not work? If the Alliance disintegrated, South Africa would lose an innovative vehicle of social

transformation and a key structure for mass mobilisation. It would take a long time before the progressive movement regrouped, if it ever did.

We expect the Alliance to continue, while we continue to make every effort to make it work. The Alliance contains a vast majority of progressive forces and to forsake the ANC is tantamount to handing it over to the bourgeoisie on a silver platter.

Under these circumstances, COSATU will have to evolve a sophisticated strategy of building additional "alliances." We will have to strengthen our ties with the SACP and SANCO and force them out of stagnation.

The SACP is beginning to assert itself and flex its muscles and building an independent profile. Its challenge is to define its role more clearly. It cannot be merely an education desk for the ANC and COSATU; campaign only around short-term popular demands; or, worst of all, become a structure to rein in organised workers.

Instead, it must have its own independent programmes informed by its long-term vision of building socialism. In this context, the campaigns to restructure the economy

by transforming the financial sector and building co-ops must be driven with more vigour and intellectual rigour.

In a nutshell, the left within the Congress movement and the Alliance is confronted by a triple challenge: to develop clear-cut and viable alternatives to existing economic strategies; to win the ANC back to the ideals of the mass democratic movement and the interests of its constituency; and at the same time to combine policy engagement and power in order to ensure that government implements the commitments made in the RDP.

### **3 Reflections on an Engagement Strategy**

#### **3.1 Engagement in the new political terrain**

COSATU's positions in engaging with the transition since 1994 have been informed by three inter-related objectives:

1. Bread and butter: to represent the concerns of our 1.8 million members, both as workers in South Africa's mines, factories, shops, offices, hospitals and farms, and as breadwinners for families and communities facing the ravages of

poverty, unemployment, and other social problems;

2. Strategic engagement: pursuing an agenda of transformative unionism, which included engaging with the structures of policy and law-making, with the aim of promoting progressive social and economic policies.

3. Democratisation and social transformation: through social mobilisation and political engagement, to advance the agenda of democratisation and social transformation of South Africa in the face of powerful conservative forces attempting to block this transformation. (See Accelerating Transformation, p.5).

In the post-1994 political landscape, COSATU has advanced its policy perspectives on numerous forums, and has adopted a combination of advocacy and power. Advocacy has taken place through a range of institutions and processes, including:

- ◆ Structures of the Tripartite Alliance;
- ◆ Parliament, particularly through public submission to parliamentary committees and work with ANC study groups;
- ◆ Engagement with government departments and ministers;
- ◆ Discussions and negotiations in NEDLAC;
- ◆ National initiatives, such as the



Presidential Jobs Summit and the National Framework Agreement on State Owned Enterprises; and

◆ Local and provincial engagements, including provincial development forums and local government restructuring.

The strategy of engagement has delivered more for the South African working class than pursuit of the alternative extremes – the apparently more militant route of relying solely on power and conflict, and the naïve route of seeking to influence policies without using the power of mass action to tilt the balance of forces.

Despite these gains, we did not always have a clear strategy to knit these engagements to achieve clearly defined outcomes. As a result, some engagements were haphazard and overstretched our organisational capacity. Before outlining an engagement strategy, it is therefore important to scrutinise the record more extensively.

As noted above, the GEAR marked a key turning point in government policy. It was adopted without discussion within the Alliance, so that COSATU had little time to develop a considered response. Although we publicly opposed the GEAR, we

thought we had enough influence through the Alliance to resolve the issue politically, through discussions and debate. As a result, we failed to use systematic mass mobilisation and full-scale action.

In effect, besides speeches and public pronouncements, COSATU did nothing but push for more Alliance meetings. It was encouraged by signs that the Alliance would take a position against the GEAR, for instance in the 1998 Alliance summit.

This indecisive egg-dance produced unsatisfactory results. The Alliance made periodic pronouncements that "no macroeconomic strategy is cast in stone" and that priority should be accorded to "addressing the social deficit." In practice, however, nothing changed. Alliance task teams established to resolve the matter did not produce any tangible results. Meanwhile, government proceeded to implement its programme. COSATU discovered that there is no clear mechanism to translate Alliance agreements into government programmes. In these circumstances, the focus on engagement within the Alliance effectively paralysed the forces fighting against the GEAR.

This does not mean that labour took

no actions against the GEAR. Above all, the public-sector unions engaged repeatedly as budget cuts and privatisation hit government services. At the core of the 1999 strike by public servants was resistance to wage restraint imposed by deficit reduction programme.

Similarly, struggles around the restructuring of local government, as in Igoli 2002, resisted policies inspired by the GEAR. But these struggles did not form part of a clearly defined national programme driven by COSATU. Instead, they were triggered by collective bargaining demands, which could not easily succeed in isolation against the weight of national fiscal policy.

Despite the failure to reverse the GEAR, we have scored major victories. Labour policy was shaped through a combination of political and mass engagement. Debates around the GEAR increased public awareness, including within the ANC, and ensured that debates around economic policy are not confined to technocrats. These positive elements should be reinforced and sustained.

An area of particular value was the 1998 Presidential Jobs Summit, although it did not succeed in

transforming economic policy to the degree COSATU had hoped. Government originally wanted agreement on a set of short-term programmes, including public works, and only reluctantly agreed to include macroeconomic policy in the discussions. Business generally tried to convert the summit into a labour-flexibility summit. Still, although it did not resolve the macroeconomic questions, the summit produced positive outcomes.

The summit declaration stated unambiguously that macroeconomic policy should be realigned with the objective of social development and job creation, but failed to provide a process to achieve this aim. More usefully, it called for sectoral job summits, which opened space for more practical tripartite engagement on industrial policies.

Finally, the Presidential Lead Project on Rental Housing adjusted housing policy by infusing a new dimension of rental housing. It also raised the question of mobilisation of resources from the public and private sector for social development, potentially through prescribed assets.

Further victories resulted from the May 10, 2000, General Strike as part



of the Jobs and Poverty Campaign. This action led to commitments by government and business to strengthen the National Framework Agreement on State Owned Enterprises; to hold sector job summits, as originally agreed in 1998; to strengthen the protection for workers in bankrupt enterprises; and to increase the influence of labour in setting tariffs. In addition, the NEDLAC constituencies agreed on five key priorities for development and growth. Although COSATU's demands were not met in full, the demonstration of power led to major concessions by government and business.

In evaluating this engagement strategy, it is important to ask why we failed to reverse the GEAR. One reason was the strength of the centre-right coalition arrayed against us, backed by national and international capital. A second factor was uncertainty about when to use power in the changed environment after 1994. A third issue was the failure to consolidate the progressive voices within the ANC and the Alliance.

Although our shop stewards and members form the backbone of many ANC structures, many of our leaders do not take active positions in the ANC. That means that we are most

active at branch and provincial level – levels that have little influence on national positions taken by the ANC and government.

Finally, the failure consistently to follow up on issues weakens our engagement effort. COSATU suffers from the syndrome of opening doors but not walking through them. As a result we do not sustain engagements and make good the victories we score. There are many reasons for this scattergun approach, including lack of capacity. Hopefully, the establishment of CEC Commissions and policy desks will contribute towards more consistent interventions.

### **3.2 A strategic perspective on engagement for 2001 and beyond**

The progressive movement shares a common vision of a united, democratic, non-racial and non-sexist South Africa. COSATU's vision is a society free from exploitation, oppression and inequality, a society where each individual is free to realise their full potential and the means of production are owned by the people as a whole under the leadership of the working class. In short, COSATU believes in a socialist future. All our engagements have to be examined in terms of whether they take us towards

this goal or entrench capitalist more effective industrial strategy. exploitation.

In the current period, COSATU's core policy objective is to ensure a new growth path rooted in the realities of South Africa, supported by a strong industrial strategy as well as appropriate macro-economic, labour and social policies.

The new growth strategy should prioritise South Africa's key socio-economic challenges: creating jobs and addressing poverty and inequality.

This is a precondition to build the basis and momentum for socialism. A strategy to implement the RDP in the current context is absolutely important. We must reflect frankly on the prospects of its becoming a reality.

The push to establish a new growth path has gained momentum in other sectors of society because of the failure of the GEAR to deliver. The steady loss of jobs means the ANC's traditional constituencies are increasingly demanding alternatives. Meanwhile, even within business, the adverse effects on manufacturing, in particular, of high interest rates and economic liberalisation gives some scope for tactical alliances to develop a

Government itself is unsure of how to proceed. Within the ANC, and even within the Executive, the argument has begun to emerge that the GEAR has not succeeded in bringing about the requisite growth, and that much more vigorous measures to restructure the economy are needed for job creation and equity. This emerging position was included in the NGC resolutions. It was reflected in the President's speech at the opening of Parliament this year, which for the first time emphasised job creation through economic restructuring at a sectoral level.

So far, however, the push from some ANC leaders for a more vigorous industrial strategy has been blocked by the effective refusal to criticise any existing economic policies. Key economic Ministries still maintain the correctness of the existing macroeconomic, trade and privatisation strategies, and resist attempts to open them to debate.

COSATU must adopt an integrated strategy that strengthens both our political and institutional power. It must combine internal mobilisation with work with the Alliance, bilateral engagements with both capital and the



government, and joint action with civil society.

Our experience clearly demonstrates that the time for broad, meaningless agreements is definitely over if the Alliance is to become effective. We must support the NGC resolution to bring about broader and more open debate on economic and social issues.

At the same time, we must ensure that engagement at the Alliance does not merely use up capacity and delay more effective action without showing results.

We need to consider ways to build progressive civil society power as a complement to and a source of progressive support for an effective Alliance. Generally, the perception has grown both in society at large and from civil society formations that COSATU is a leader of civil society. We must bring this coalition of forces into progressive campaigns — a process started in both the Jobs and Poverty Campaign and the People's Budget. Ideally, COSATU must gain the support of the ANC for this approach.

Because of its institutional power, NEDLAC must remain the key site for social dialogue. Government and

capital are wary of NEDLAC because it gives labour specific rights in negotiations.

They therefore make periodic attempts to shift to more informal forums such as the Millennium Labour Council and the Presidential Working Group. To ensure that these types of engagement reinforce NEDLAC, rather than undermining it, COSATU must insist that agreements can be finalised only in NEDLAC.

Over-reliance on bilateral engagements with capital is not advisable. Unlike in Europe, where trade unions were able to rein in capital, in South Africa we are confronted by capital with international ambitions and which wield enormous power within society.

It is infected by its racist past and does not necessarily have confidence in the domestic economy. As such, the collective might of the Alliance is pivotal to disciplining capital.

As we engage capital, we should be conscious of its agenda and expectations, as well as its objective and subjective divisions. In simple terms, capital seeks to maximise profit and maintain its power in the economy. It therefore seeks legitimacy and

stability.

At the same time, it is worried about the social situation, which threatens to explode if restructuring does not bear fruits for the majority. Finally, if pushed into practical discussions, business leaders may relax their ideological commitments in order to address immediate problems arising out of deregulation, tariff cuts and oppressive labour relations. Within this broad framework, different fractions of capital have different interests, which we need to assess.

In engaging with the government, COSATU must develop strategies on three levels: with the Presidency, departments and Parliament. In all of these cases, formal forums exist for engagement, ranging from the Presidential Working Group to the NFA and portfolio committee hearings.

Still, experience suggests that more informal bilateral contacts can go further in permitting a genuine, in-depth exchange of views. So far, however, engagements with government have rarely delivered substantial modifications in government programmes unless they were supported by the threat or actuality of mass action.

The extraordinarily wide variety of forums open to COSATU's engagement open up opportunities, but also risks. Above all, we must prioritise carefully, focusing massively on a few key issues rather than attempting to interact with every government initiative. If we overstretch our capacity, we risk serious mistakes in negotiations.

Moreover, we cannot afford to engage so intensively on policy that NOBs are diverted from building a strong organisation that can provide the service our members need and expect.

Finally, the more diverse our engagements, the harder it is to ensure that our members understand the issues. We must not let engagement on important issues deteriorate into a technical exercise without broad mobilisation and support. We need to ensure that COSATU opens space for locals and ordinary members to influence policy, and use education and forums to ensure debate.

Too often, in negotiations on policy the complexity of issues and the speed of events – especially demands by business and government for rapid responses – makes it hard to involve members and ensure sound mandating



procedures. As with any negotiations, however, we must not let leadership get used to making decisions for the members, we must not lose our mass-based tradition or jeopardise our mandating procedures, even if means demanding delays.

In this context, we need to define carefully the role of affiliates and regions in developing and negotiating COSATU policy positions. The CEC Commissions must play a central role in overseeing engagements. As a rule of thumb, affiliates should always be involved in engagements on issues relevant to their sectors. In effect, they must provide expertise on the sectoral issues, while working with the Federation to represent the interests of the working class as a whole.

### 3.3 Priorities for 2001/2002

The above analysis implies a wide variety of mutually reinforcing engagements, which require prioritisation and focus. For 2001/2002 ~~it is important to define clearly~~ achievable goals and the resources required to achieve them.

#### a. The Alliance

As noted above, serious weaknesses remain in the functioning of the Alliance, despite repeated attempts to develop a joint programme. There has

been a single inconclusive bilateral meeting between COSATU and ANC in February at NOB level. There have also been one or two fairly inconclusive meetings between the ANC and the SACP. Most recently, the ANC has proposed an extensive series of lower-level meetings on the economy; it remains to be seen whether these will have much influence on ANC and government positions.

Three conditions are needed for a qualitative shift in Alliance operations. First, it must resolve the issue that has caused the most controversy - the GEAR. Second, it must become the real political centre that drives transformation. It must meet regularly at the secretariat and leadership level.

There should be structures established to provide technical support and develop programmes, policies and joint campaigns. The third requirement is an Alliance programme for transformation to implement the RDP in the current conjuncture. As a minimum, the Alliance should agree on a work programme and structures to develop it in 2001.

#### b. Civil society

COSATU must consider forming alliances with and mobilising

progressive formations in civil society. These forces can bring pressure to bear on government and capital, and support NEDLAC processes.

Measures to work more closely with other civil society formations include the establishment of stronger ties with NGOs, the student movement, the churches and the civic movement around specific issues. Progress has already been made through the Jobs and Poverty Campaign, the coalition for the People's Budget, which comprises COSATU, SANGOCO and the SACC, and the work with the Treatment Action Campaign.

A frank assessment of these formations is also important both in terms of their strengths and outlooks. For example, the civic movement played a significant part in the struggle against apartheid. Today it is weak, fragmented and lacks strategic direction. In its Third National Congress, SANCO adopted a number of important resolutions that seek to reposition itself and carve out its role in the current conjuncture. The student and youth movement has become weak and effectively been marginalized from policy debates.

For their part, some NGOs lack mass base but have technical capacity.

These organisations often look to COSATU for mass support and legitimacy, which may lead them to lobby COSATU to adopt their agendas. In contrast, some sectoral, issue-based organisations - for example environmental groups, land organisations and community-based organisations - some have mass support or at least a provable constituency.

All these weaknesses play themselves out in the community constituency in NEDLAC. COSATU face the challenge of providing leadership and finding appropriate ways to support them in order to build organisational capacity.

#### c. Millennium Labour Council (MLC)

The MLC provides another channel to facilitate broader agreement on a new growth path. As pointed out above, however, engaging capital should supplement rather than replace Alliance engagement.

The labour-law amendments constitute a litmus test for the MLC, particularly the extent to which the captains of industry can ensure support from their constituency. Beyond the amendments, we need to explore the extent to which the MLC can be used



as a vehicle to facilitate and prepare Sector Job Summits. Progress in this area will demonstrate the extent to which big business is serious about finding mutually beneficial solutions to create employment and greater equity while enhancing economic growth.

#### **d. NEDLAC**

The key priority in the NEDLAC process will be to follow up on the Jobs Summit declaration and ensure that the four-a-side task team functions. It is also important to review our work and record in NEDLAC, including our representation. In the key chambers - Labour Market and Public Finance and Monetary; and Trade and Industry chambers - COSATU's representation at a political level is either inconsistent or non-existent.

We must ensure that the Public Finance and Monetary Chamber becomes a useful forum for negotiation and not information sharing. In this vein, the programme developed in 2000 should be implemented.

#### **e. Sector Job Summits**

The sector job summits present a strategic opportunity to shape sectoral strategy and ultimately a job-creating growth path with a clearly articulated

industrial strategy. The summit process also opens a window to put on the table workplace restructuring issues for debate.

It is incumbent upon the federation and the affiliates to develop clear workplace restructuring strategies as a proactive means of protecting and creating more jobs. Each affiliate must take responsibility for driving the process in its sector, with technical support from NALEDI and COSATU if necessary. In addition, appropriate mandating and negotiations structures must be established, with a programme of education and mobilisation to ensure that shopstewards and members are familiar with the issues and can back up the negotiations where necessary.

#### **f. SETAs**

The SETAs form an important forum for engagement in a matter close to the interests of our members - the skills development strategy. Most observers agree that in the vast majority of sectors, labour has not had a decisive impact at either the sectoral or workplace level. The main weakness appears to be the failure to develop and mobilise around claims. Instead, work with the SETAs has largely been left to a few individuals following the broad guidelines of the Federation.

In future, to ensure more effective engagement, affiliates must develop and obtain mandates for sectoral demands on skills development, and establish broader teams to drive the engagement.

### 3.4 Key Challenges

All these processes have serious resource and political implications.

First, there is a need for tighter co-ordination and prioritisation, in order to ensure clear articulation and coherence. We need to define clear mandating procedures for all engagement processes. Linked to this is the question of human and material resources. Appropriate deployment of leadership is pivotal. Deployed comrades must take their responsibility seriously, ensuring consistency in their attendance and positions.

Second is the question of building organisational and technical capacity. All major engagements must be driven, like any negotiations process, by teams that report to NOBs. They cannot be left to isolated individuals who are not integrated into union structures. The sector summit process, in particular, requires substantial resources for the development and mandating of claims as well as negotiations and education of members. We need to invest in honing this capacity and to share

experiences and resources.

Third, mass engagement is critically important. Engagements in the boardroom should be complemented by mass action and vice versa. Campaigns form an integral part of our engagement strategy.

We have made progress on the labour law amendments only because our members supported us; and we can expect a significant change in the push for privatisation only if we ensure that our campaign succeeds.

At the same time, it is absolutely important that COSATU members actively participate in shaping positions and policies adopted by the organisation. More broadly, education and mandating procedures are important pillars to ensure that our members understand organisational policies.

Communication systems, including the use of internal and external media, must ensure that members in general, and shopstewards in particular, are well informed of decisions and progress. It is important to develop guidelines on how and when to use power, since we cannot win at the table what we have not won on the streets.



Above all, we must be vigilant to look out for attempt to roll back our gains. One important lesson from the transition is that there is no such a thing as a permanent victory or setback. We must maintain consistent pressure on capital, the state and the Alliance in order to ensure consistency and translate our victories at the negotiations table into reality.

#### **4. Conclusion**

This paper has analysed the balance of forces since the Seventh National Congress and articulated elements of an engagement strategy and priorities for 2001.

The organisation faces many challenges. Politically, we need to shift the balance of power in favour of a working class agenda. Socially, we need to ensure that the working class benefits from transformation.

All these challenges demand that we build our organisational capacity at a mass and technical level. But we can never abandon workplace struggles in favour of high-level political struggles. Rather, we must find ways to focus our policy interventions strategically, in line with our members' needs as well as our capacity and resources.

COSATU

DEBTORS STATEMENT FOR AFFILIATES

COSATU - AFFILIATES MEMBERSHIP DATA 04 JUNE 2001

	<u>MEMBERS</u>	<u>AMOUNTS DUE</u>	<u>AFFILIATION FEE PER MONTH</u>	<u>AVERAGE NO. OF MONTHS OUTSTANDING</u>	
1	CEPPWAWU	73,720	272,010	77,406	4
2	FAWU	119,302	(184,439)	125,267	(1)
3	NEHAWU	234,607	40,802	246,337	0.17
4	NUM	279,099	503,807	293,054	1.7
5	NUMSA	200,000	315,000	210,000	1.5
6	POPCRU	70,618	(1)	74,149	(0)
7	CWU	35,008	(18,599)	36,758	(1)
8	SACCAWU	102,234	585,254	107,346	5
9	SACTWU	119,930	398,265	125,927	3
10	SAMWU	119,792	0	125,782	0
11	SATAWU	103,218	187,246	108,379	1.7
12	SADTU	215,586	1	226,365	0
13	SASBO	63,046	69,357	66,198	1
14	SAAPAWU	22,163	-	-	-
15	SASAWU	18,003	35,807	18,903	1.9
16	SADNU	8,128	(1,535)	8,534	(0)
17	RAPWU	3,489	29,308	3,663	8
18	PAWE	2,571	19,360	2,700	7
19	SAFPU	22	(686)	23	(30)
	1,790,536	2,250,956	1,856,792		