

TULEC ECONOMIC POLICY WORKSHOP:**Saturday 19 October 1996****READING PACKAGE:**

Contents:	Page
1) Programme	1
2) COSATU's Growth Path (1992 Economic Policy Conference)	2 - 9
3) Social Equity and Job Creation (Labour document)	10 - 32
4) Critical Remarks on COSATU's Eco. Strategy (O.Lehulere)	33 - 36
5) Growth, Employment and Redistribution (Govt. document)	37 - 48
6) Gearing up or down (Patrick Bond - SALB Vol 20 No.4.)	49 - 53

TULEC ECONOMIC POLICY WORKSHOP: Saturday 19 October 1996

PROGRAMME:

1) What is Policy - Presentation (10 - 10.15)

2) Video - S.A. Economy in Crisis (10.15 - 10.45)

3) Summary of Video - Key Points (10.45 - 11am)

TEA-BREAK (11 - 11.15am)

4) Commissions prepare for debate: (11.15 - 12.45)

- * Labour
- * Government
- * Radical

Tasks:

4.1.) Aquaint yourself with your position and summarise it for presentation.

4.2) Prepare yourself for defending your position as well as criticising the position of the other interest groups.

4.3) Prepare practically for the debate.

5) The Open Debate: (12.45 - 1.45pm)

6) Closing Remarks and announcements (1.45 - 2pm)

elections for democratic forces.

3.2. We want food and jobs now!

We therefore resolve:

- 3.2.1. To embark on a sustained campaign to prevent hunger, starvation and famine. In particular we will campaign for a reduction of basic food prices including the removal of VAT.
- 3.2.2. At national and affiliate level to campaign intensively to defend and create jobs. In particular we intend to begin urgent negotiations on a public works programme.

3.3. We want negotiations NOW!

We therefore resolve:

- 3.3.1. To intensify our efforts to establish a national economic negotiating forum with the participation of all key players including the government.
- 3.3.2. To actively involve and engage ourselves in regional socio-economic development forums to ensure that these forums:
 - * provide jobs, housing, health and other basic needs
 - * build dynamic regional economies which are integrated into a national growth path.
- 3.3.3. To intensify our campaign for centralised bargaining in all sectors of the economy.

4. We want worker rights for all!

We therefore resolve to intensify our campaign for:

- 4.1.1 Basic rights for farm, domestic, public and bantustan workers.
- 4.1.2. The right to strike for all workers.
- 4.1.3. Worker rights in a new constitution.

Accordingly we call on our members and the community at large to discuss and prepare for a programme of mass action to remove the final obstacles to political and economic freedom.

COSATU's Growth Path

As adopted by the Economic Policy Conference 27 - 29 March 1992

COSATU continues to strive for a democratic, socialist society as the mean of truly meeting the aspirations of our people. Our economic policy should therefore be based on the following central principles:

- 1.1. To promote the working class as the dominant political and economic power.
- 1.2. The economy and society must be democratic. State structures must be democratic and enshrine the principle of multi party democracy.
- 1.3. Democracy must also be based on strong organs of civil society.
- 1.4. The economy must improve the quality of life and ensure an end to unemployment and poverty.
- 1.5. Workers must have the right and capacity to decide on production processes, the distribution of surplus and the allocation of investment according to social needs.
- 1.6. The economy must ensure an integrated and equitable distribution of production and consumption for all regions.
- 1.7. The development of the South African economy must complement and facilitate the development of other economies.
- 1.8. Gender, race and class inequalities shall be eliminated.

We believe that the policies outlined below must and can actively contribute to the attainment of these principles.

2. Redistribution

COSATU believes that redistribution is essential to growth. Therefore:

- 2.1. There must be a redistribution of resources and power. This will have to be done by a process of state intervention combining nationalisation, anti-trust legislation and other forms of legislative intervention including price control.
- 2.2. **A process of redistribution must be carried out by:**
 - 2.2.1. Reducing the importance of luxury good production by differential taxes.
 - 2.2.2. Increasing the production and provision of basic necessities of electricity, water, transportation, housing, education, health and welfare, food, clothing and recreational facilities.
 - 2.2.3. The state must ensure that these basic services are retained in public

hands and any such services that have been privatised should be renationalised

2.2.4. This redistribution must be led by the state and financed by:

- * Redirecting existing investment.
- * Restructuring corporate tax in order to increase the tax collected.
- * Introducing progressive taxes such as land and wealth taxes.
- * Increasing the level of savings both institutional and personal.

2.3. The expansion of production to meet basic needs will require increased imports of machinery for manufacturing which South Africa does not produce itself. For this we will need considerable foreign exchange. The beneficiation of our considerable mineral resources is therefore a key element to achieve our overall growth path.

2.4. The above issues should be not only be left as a matter of state policy but should be actively campaigned for by militant and democratic organs of civil society.

2.5. COSATU should intensify and facilitate research on the optimum means of reaching these objectives.

3. Industrial Policy

In referring to industrial policy we are referring to the production of all goods and services.

- ✓ 3.1. Industry must create jobs so as to achieve and maintain full employment.
- ✓ 3.2. Industry must produce high quality basic goods and services at prices that are affordable to everyone.
- ✓ 3.3. Industry must be capable of paying a living wage to all and have an equitable wage structure.
- ✓ 3.4. Industry must contribute to the development of human resources of our society.
- ✓ 3.5. Industry in South Africa will have to function in a world wide economy. Our objective in relation to the world economy should be that our costs and prices should compare favourably with world costs and prices. Our objective in regard to trade should be policies that ensure that trade contributes to full employment and fair labour standards in all countries.
- ✓ 3.6. Industry must ensure it implements environmentally sustainable policies including healthy and safe working and living conditions.

3.7 To achieve these objectives, we should negotiate and campaign at national, regional, industry and company level the following:

3.7.1. The structure of the economy and industries. Particular attention should be paid to:

- * Labour intensive production.

- ✓ * Maximising the potential for beneficiation of our natural resources.
- ✓ * Ensuring sustainable growth.
- ✓ * Stopping the outflow of capital.

3.7.2. The allocation of investment funds by government, the financial system and companies.

✓ 3.7.3. The COSATU National Training and Adult Basic Education proposals.

3.7.4. The use of technology and the increased use of Research and Development.

3.7.5. An appropriate tariff and trade policy.

3.7.6. Legislation should be passed to break-up conglomerates and monopolies where necessary in order to ensure economic efficiency and growth and to reduce their economic power.

4. The role of state

4.1. The redistribution and restructuring outlined here needs a political economy that will lead to a strong and decisive state based on majority support. We therefore need to:

- 4.1.1. Campaign for a Constituent Assembly and ensure that working class interests are represented there.
- 4.1.2. Oppose federalism.
- 4.1.3. Oppose forced coalition governments and "multi-presidencies".
- 4.1.4. Support multi-party democracy.

4.2. Redistribution and restructuring must be based on the democratic and not dictatorial strength of the state. Strong mass organisation in civil society must complement the role of the state.

4.3. The state must not attempt to do everything but must intervene decisively in the areas of production, distribution and consumption identified in this growth path.

4.4. The state must be restructured to achieve a "slim state" in which levels of employment are based on the provision of useful and effective services.

4.5. Such restructuring must aim to create an administration which reflects the population of South Africa through affirmative action and not patronage. It must further seek to democratise the bureaucracy and make it more accessible to the community at all levels.

4.6. In the short term, the state must promote public works programmes.

5. Building workers power

The building of workers power relates to worker control and democracy and ownership of the means of production.

5.1. Workers control and democracy

- 5.1.1. We must struggle to increase worker participation and power in all economic and political life. This particularly applies in the present crucial political process and impending elections.
- 5.1.2. We must struggle to increase the level of democratic decision making at all levels of the economy: at:
 - * at the workplace, regional level and national level
 - * in labour market institutions
 - * in parastatal organisations
 - * in national councils such as the Electricity Council.
- 5.1.3. We must establish active labour market policies which shall include promoting centralised bargaining and trade union control over administration of social benefits.
- 5.1.4. This process of democratisation must include:
 - * Full disclosure of information in government, finance and business.
 - * The right to time off to participate in planning.
 - * The right to control investment.
- 5.1.6. We must increase the skills and awareness of workers and the public at large on economic issues. This must be done through measures including open public debate.
- 5.1.7. We need to rapidly achieve working class unity in:
 - * the trade union movement - with NACTU and FEDSAL
 - * unite the key mass working class organisations of civics, rural organizations and youth.
 - * unite the working class political organisations.

5.2. Ownership

- 5.2.1. We remain committed to social ownership which will include nationalisation of the leading heights of the economy. The key objectives of nationalisation are to:
 - * Act as an instrument for the achievement of full socialisation.
 - * Build a society based on production for need rather than profit
- 5.2.2. We believe that public ownership is a more desirable form of ownership. We need to bear in mind that state ownership does not

automatically mean control by workers. Nationalisation should therefore take place under workers control.

5.2.4. Not all industries should be nationalised. Present policy should be selective with objectives related to this growth path. In particular the objective of providing basic goods and services to all require that the following be under public control:

- * Escom
- * Public transport
- * The Post Office and Telcom
- * State forests
- * Municipal services
- * Water
- * Education
- * Iscor
- * Roads
- * Health

5.2.5. In addition we must consider strategic nationalisation in order to fulfill the following objectives:

- * To stimulate growth both nationally and within industries.
- * To enable the working class to take control of the strategic direction of the economy.
- * To enlarge the resources available to a future democratic state.

5.2.6. Small business policy and assistance to small business must assist families and individual owners not fragmented micro-units of large corporations.

5.2.7. Co-operative and collective ownership must be encouraged by appropriate legislation and support programmes.

5.2.8. COSATU calls for a programme of land reform.

6. Southern Africa

6.1. The legacy of imperialism, colonialism and apartheid's destabilisation policy make it imperative that our growth path be negotiated with and be mutually beneficial to Southern Africa.

6.2. It is essential for the security and stability of the Southern African Region that all its components develop in unison.

6.3. We must continue to build trade union solidarity and co-operation in the region and engage our trade union allies in discussion on our broad economic and social goals.

Policy positions arising out of Economic Policy Conference
27 - 29 March 1992

A. Job Creation

In order to deal with the unemployment crisis, decisive strategic interventions are necessary to create jobs.

These includes:

- Investment in sustainable jobs in a growing economy (long term)
- Review government contracts and promote labour intensive methods
- Start a Public Works Scheme for mass employment and the creation of useful assets.
- A special programme of public works for unemployed youth

B. Public Works Programmes

COSATU supports the following principles to guide public works programmes:

1. COSATU must develop proposals for public works schemes that are based on the needs of the community.
2. There must be no displacement of workers in existing jobs because of the public works schemes.
3. Wages relating to public works schemes needs to be negotiated by COSATU.
4. Funding for the projects should come partly from the state and partly from a special tax on businesses.
5. Selection criteria for the schemes should be simple, but fair.
6. Training must be an essential component of the public works schemes.

7. Planning and research are needed now if the public works schemes are to be implemented speedily and effectively in the future.
8. The unions must be represented on the structures that govern the schemes.

C. Trade and Tariffs

1. Tariff policy be part of a wider industrial, trade and transport policy.
2. It must encourage job creation.
3. It must discourage exploitation of workers in other parts of the world.
4. It must help to make local producers more efficient.
5. It must offer some variety of goods to consumers.
6. It must be negotiated with the trade union movement.
7. South Africa should not become a signatory to the general agreement on trade and tariffs without proper consultation with COSATU.

D. Second hand clothing

We should campaign for:

1. Limits to the amount of second hand clothing coming to South Africa related to the needs of the poor.
2. An end to the selling of such clothing - it should be given away free because a lot of it is obtained free from charity groups overseas.
3. Unions control over the importation and distribution of such second hand clothing.

Code of Conduct for Multi National Companies Investing in South Africa

As discussed at COSATU Economic Policy Conference 27 - 29 March 1992

1. Preamble

Parties should recognise:

- a. the vast inequalities of income, wealth and education created between racial groups by apartheid
- b. the need to abolish all apartheid legislation and practice
- c. the influential role played by multi national companies in world economies

2. General Policies

Companies must agree to:

- a. Abide by all ILO conventions as minimum standards
- b. Increase employment opportunities
- c. Abide by social and labour laws and regulations of S.Africa as a minimum and actively implement improvements to these. Where companies operate in decentralised areas, they will need to abide by national social and labour standards.
- d. Disclosure of information.

3. Employment Creation

Companies will endeavour to increase employment opportunities as a priority in harmony with national social development policies. They will use technologies which generate employment, both directly and indirectly.

4. Equality of Opportunity and Treatment

Companies shall pursue policies designed to promote equality of opportunity and treatment in employment, with a view to eliminating any discrimination based on race, colour, gender, sexual orientation, religion, political opinion, national or social origin, physical disability or handicap. They shall also implement affirmative action programmes to redress the effects of past discrimination and the legacy of apartheid.

5. Security of Employment

Companies should promote security of employment.

6. Training and Adult Basic Education

Companies should ensure that relevant training is provided for all levels of employees within a national framework. Training/ABE should meet the needs of people and be in the interests of the country. All technological change or progress should be linked to training. All training/ABE should be negotiated with the trade unions.

7. Occupational and Environmental Health and Safety

Companies agree to:

- a. maintain the highest standards
- b. negotiate health, safety and environment agreements with the trade unions
- c. permit no dumping of toxic waste
- d. implement an environmentally sustainable development policy
- e. take responsibility for environmental damage to the community.

8. Science and Technology

Companies agree to:

- a. permit rapid diffusion of technologies
- b. grant technology licences on reasonable terms and conditions
- c. run training programmes to keep employees and community abreast of technological developments
- d. negotiate science and technology policy with trade unions

9. Conditions of work and life

Conditions of work and life offered by the company shall be not less favourable than those offered to employees in the company's country of origin.

Companies shall adopt measures to ensure that lower income groups and less developed areas benefit as much as possible.

10. Workers Rights

Workers shall have the right to organise their own independent trade unions and the companies shall in no way oppose the unionisation of their workforce. Companies agree to:

- a. Negotiate at company, plant, industry level and any other level agreed with the representative trade union;
- b. the right of access to company premises for trade union officials;
- c. provide facilities for trade union meetings and balloting;
- d. guarantee the rights of shop stewards;
- e. recognise the right to strike without dismissal, including the right to picket peacefully on company premises, no employment of strike breakers, no retaliatory lock outs or interdicts against strikers

11. Corporate Social Responsibility

Companies agree that corporate social responsibility programmes will be instituted in conjunction with trade unions and the community affected. Such programmes to be designed to build self reliance.

12. Disinvestment

Should companies decide to disinvest they should do so in accordance with an agreed disinvestment procedure.

**COSATU Programme of Action arising out of the
Economic Policy Conference
27 - 29 March 1992**

1. COSATU campaigns

On the basis of the demands formulated by the CEC on 6 - 8 March 1992, the conference identified the following campaigns to achieve our demands:

1.1. Food and Jobs Now!

- 1.1.1. Lower food prices.
- 1.1.2. The government must guarantee that staple foods remain the same or are reduced.
- 1.1.3. No VAT on basic foods, water, electricity, medicines and medical services.
- 1.1.4. Better VAT provisions for small business.
- 1.1.5. A properly negotiated and adequate poverty relief programme.
- 1.1.6. A moratorium on retrenchments.
- 1.1.7. Public works programme to be urgently negotiated.
- 1.1.8. Tariff and import policies must not lead to a reduction in jobs.

1.2. Freedom Now!

- 1.2.1. Agreement on a sovereign Interim Government by June and democratic elections for a Constituent Assembly by the end of the year.
- 1.2.2. The creation of a democratic undivided South African state. No to forced coalition governments and "federalism".
- 1.2.3. The immediate restoration of South African citizenship to all peoples of Transkei, Ciskei, Venda and Bophutatswana and the reincorporation of TBVC "states".
- 1.2.4. The integration of the security forces.
- 1.2.5. The freeing of the remaining political prisoners (including trade unionists) and general amnesty for remaining exiles.
- 1.2.6. Decisive measures to end vigilante and state-sponsored violence.

1.3. Negotiate Now!

- 1.3.1. An end to unilateral economic restructuring including privatisation, and other measures leading to economic hardships and retrenchments.
- 1.3.2. The government must be part of the national economic forum and other negotiation forums eg. housing and education so that any major changes can be negotiated with the key players.
- 1.3.3. Industrial restructuring must be negotiated with the trade unions.
- 1.3.4. The National Manpower Commission must be restructured so that workers can effectively participate in decisions about laws which affect them.
- 1.3.5. Regional negotiation initiatives must effectively deliver houses, jobs etc

and be integrated into our national growth path.

1.4. Workers rights now!

- 1.4.1. Basic rights for farm, domestic, public sector and bantustan workers by June. In particular workers in Ciskei and Bophutatswana must be able to organise freely.
- 1.4.2. The right to strike for all workers.
- 1.4.3. Central bargaining in all sectors of the economy.
- 1.4.4. Union control over benefit payments such as UIF.

Our campaigns should focus on these demands as well as on preparing to win a large majority in the elections for a constituent assembly. These campaigns will assist us in this.

2. Implementing our campaigns

The following recommendations were made by the Conference :

2.1. Sustained mass action

- 2.1.1. The conference resolved to discuss with our members and the broader community that if our demands listed above and in particular the demands on VAT and Interim government and Constituent Assembly are not met by June, that we should embark on:
 - * Sustained mass action at the middle of the year
 - * Stop deductions of PAYE.

- 2.1.2. In addition, the following issues were discussed to take our campaigns forward:

2.2. VAT

- 2.2.1. COSATU should initiate an urgent meeting with F.W. de Klerk to discuss the zero-rating of eight basic foods on Wednesday 1 April.

2.3. Food Prices

- 2.3.1. COSATU and especially FAWU and SACCAWU must be integrally involved in the programme of action adopted at the Food Price Summit to meet and negotiate with food producers to reduce high food prices.
- 2.3.2. COSATU should take the lead in setting up broad-based local and regional price monitoring committees which will lead boycotts and pickets where prices are raised unreasonably.
- 2.3.3. We need to begin discussing and researching a food policy in relation to

issues such as subsidies, price controls and appropriate tariffs.

2.3.4. COSATU needs to support programmes for sustainable and greater food production especially in rural areas.

2.4. Jobs

2.4.1. COSATU should formulate a plan as soon as possible for a public works schemes, a special programme for unemployed and the adoption of labour intensive methods, where appropriate, in government contracts.

2.4.2. This issue of defence of jobs as well as job creation and the establishment of a public works programme must be taken up actively with all employers and the state and particularly at the national economics negotiations forum.

2.4.2. COSATU need to re-activate the living wage campaign.

2.5. Unilateral restructuring

2.5.1. We must insist that the government must negotiate the use of funds allocated in the budget. This means that they must participate not only in the NENF but also in the forums initiated by progressive forces on housing, education and health.

2.5.2 Affiliates must actively oppose unilateral restructuring in their sectors such as privatisation of forests and abattoirs and should receive the backing of the Federation.

2.6. Preparing for elections

2.6.1. We need to begin discussing our demands for an election manifesto and co-ordinate closely with the Alliance.

2.6.2. We need to plan an education programme around elections for our members.

2.6.3. We must ensure that the election procedure is not subject to abuse.

2.7. National negotiations

2.7.1. We need to tightly link the NENF to the struggles on the ground and bread and butter issues. We must ensure that the NENF does not lead to wage restraint or limit the possibilities of mass action.

2.7.2. We therefore need to prioritise the following issues for negotiation:

- Renegotiation of VAT
- Reducing food prices
- Programme for employment/ job creation including public works programmes.
- Stimulation of the economy and employment by large investments in the basic goods and services.
- Review of the entire tax system
- Unilateral restructuring
- Privatisation

2.8. Regional negotiations

2.8.1. COSATU regions need to establish regional economic development sub-committees for the development of regional economic forums and to establish training programmes will assist in the process.

2.9. Mobilisation of our members

2.9.1. Our members need to participate more actively in the decision making of campaigns and negotiations.

2.9.2. We need to consider re-activate Industrial Area committees to implement sustained local programmes of action.

2.9.3. We need to ensure full reporting to our members on our campaigns and negotiations.

2.10. Support of our members in struggle

2.10.1. COSATU must urgently investigate the establishment of a national relief fund to assist workers on strike.

2.10.2. When members of COSATU are dismissed or victimised for participating in national mass action, we will take solidarity action.

2.11. Working with our allies

2.11.1. As far as possible we need to campaign and co-ordinate together with our allies in the Tripartite Alliance, other trade unions and trade union federations, civics and youth.

May

May Day: Meetings and rallies to focus on report back from CODESA and progress on meeting of demands. We should focus on general meetings to involve our members in the process of deciding on mandates for the Workers Summit rather than leaders "lecturing" our members.

May EXCO: Finalise a COSATU broad investment policy. To be fed into ANC Policy Conference at the end of May.

Workers Summit: To discuss workers unity, action if our demands have not been met and adoption of Workers Charter.

ANC Policy Conference: Following from conference, the Alliance should be in a position to draw up a joint document on economic policy which could form the basis for the socio-economic part of an election manifesto.

June

COSATU workshop on socialism.

June/July

Possible mass action

Second half of year

October: Conference on socialism

4. Issues for further discussion by COSATU EXCO/CEC

- 4.1. Broad investment policy
- 4.2. Social contract
- 4.3. Demands of an Election manifesto
- 4.4. Solidarity with striking and dismissed workers
- 4.5. IMF and World Bank
- 4.6. Nationalisation/ compensation

Africa, like the rest of the 'Third World' or developing world is ravaged by war, disease, starvation and other forms of human degradation. We read daily of the plight of thousands of Mozambicans suffering from disease and hunger and still being butchered by Renamo counter-revolutionaries who are propped up by Pretoria. Similarly, we see thousands of Palestinian workers and peasants being forcibly removed from their land and dumped into refugee camps, all in the name of Zionist Israel, which is nothing more than a strategic American Imperialist outpost in the Middle East.

In Nicaragua, Ronald Reagan and Co. are still granting millions to Contra counter-revolutionaries who butcher sympathisers of the left-wing, democratically-elected Sandanistas. All this being done to restore 'democracy' and 'free enterprise'. This basically means democracy for a rich few to do as they please and the freedom to exploit millions.

This country, South Africa, has a rich history of these social evils and the struggles against them. This country, which supplies 75% of the world's gold, deprives 75% of its population of political rights. It is governed by a police-state, which treats the people worse than cattle. The working masses, who have very little, are continually subjected to mass removals, pass laws, detentions, tortures and vigilante attacks. Yet it is this very same country which has half the number of motor vehicles, half the electricity consumption, and three quarters of the railway trucks of all countries south of the Sahara. It has 14 times the production of Zimbabwe. These are indeed startling contradictions. We also find that 80% of the shares on the JSE is owned by 6 monopolies. Yet workers in SA are amongst the lowest paid in the world.

All these problems that we are struggling against today has its roots in the past. Understanding our past, our struggles, our victories and defeats, leads us already halfway to our future.

This section is going to draw out the main features of the development of Apartheid-Capitalism from Colonial times to the present era of Political and Economic Crisis in the 1980's.

We will look at why South Africa was taken over by European powers - the relationship between apartheid control and cheap labour - the political struggles against -Apartheid capitalism- the rise of the ANC/SACP/ICU - the Congress mvt of the 50's and the 60's - South Africa's entanglement in a world Economic and Political Crisis - the response of the ruling class to this crisis - repression, co-option - State of Emergency - Housing - Vigilante Attacks etc.

