

The union movement and South Africa's transition, 1994 - 2003

Ravi Naidoo*

Harold Wolpe Memorial Trust/ Centre for Policy Studies Seminar
23 June 2003

Introduction

The new government faced enormous challenges when it came into office in 1994. For starters, the outgoing Apartheid leaders had thoroughly plundered the state coffers, awarding themselves and white civil servants massive pensions and 'golden handshakes'. The budget deficit was almost 9% of GDP. The country had barely three weeks foreign exchange reserves, with a balance of payments crisis looming.

The majority of inherited civil servants were generally hostile to the new government. The 'deep structures' of the State -- by which I mean the ingrained habits and behaviour -- were also generally hostile to the objectives of the democratic State.

In addition, poverty levels were very high, and income inequality was among the worst in the world. And, of course, South Africa had the most institutionalised forms of racism in the world, which permeated through every law and practice.

All of this needed changing, and almost immediately and simultaneously. There would be little opportunity for sequencing changes as what Apartheid law or practice could you leave unchanged, and for how long? The sheer scope and depth of the transformation challenge was daunting, to say the least.

Yet despite all the challenges facing the country, there was no foreign debt or International Monetary Fund bind to externally determine our choices. The new democratic State was able to set its own path in response to the objective realities as it saw them. And while we may acknowledge the importance of globalisation, we must equally acknowledge that globalisation is not the determinate of every domestic policy, particularly in the case of South Africa post-1994.

However, South Africa had had a 'negotiated revolution' in 1994, and not a revolution in the Leninist sense of a rupture from the old order. The economy and much of the State was a carry-over from the pre-1994 period. Thus even though a new democratic and popular government came into political office, there was a system of dual power at play in the country. So there was always going to be a fierce contestation over the process of transformation and the choices ultimately adopted and implemented.

This contestation should not be underestimated. In 1994, many even feared a scenario similar to that of Salvador Allende's Chile. This hasn't happened, and the country's democracy seems beyond that threat.

Equally, and more to the point of this discussion, there were many predictions of the impact of post-1994 class transformation on the union movement[#] and the fate of South Africa's 'negotiated

* Director of National Labour and Economic Development Institute (NALEDI). This article is written in his personal capacity.

revolution'. It was noted at the time that South Africa's transition could go, broadly, one of two ways. The first scenario was that there would be a transition from the abnormal racial capitalism to a more normal capitalism. Here an elite compromise would dominate proceedings, and for the most part it would be 'business as usual' but with deracialised capital. The second scenario was that the transition would go beyond the national (race) question to address class and gender issues, in particular the core of poverty and inequality.

In the almost ten years since the dawn of democracy, and after seeing many positive transformation advances and also many defeats and rollbacks, the elite compromise scenario looks more the reality than the tackling poverty/ inequality scenario. In looking deeper into this, from the perspective of trade unions, I want to cover three issues:

- Unions and the labour market challenge;
- Union organisation; and,
- Unions and alliances

Unions and the labour market challenge

The 1996 Labour Market Commission stated that the labour market was the centrepiece of Apartheid. The right to work in 'white cities' and the jobs you could hold were central to Apartheid planning. Therefore changing the labour legislation was a high priority post-1994. This saw a series of new legislation being introduced: Labour Relations Act, Basic Conditions of Employment Act, Skills Development Act, Employment Equity Act, and the Unemployment Insurance Act. There has clearly been a lot of adjustment that employers were (and are) being required to make, but there hardly seemed any alternative to that.

However, in the pre-1994 period the economic slowdown combined with a structural decline in key industries, lead to massive industrial and company restructuring. A large part of South Africa's job losses occurred in the primary sectors, such as mining and agriculture. Later on, economic liberalisation would impact heavily on the manufacturing sectors. Post-1994, this restructuring continued in industry, much of it related to rising levels of import penetration into the South African economy and rising levels of plant closures and bankruptcies. In any event, unemployment has risen from 16% in 1995 to 30% in 2002. Using an expanded definition including discouraged job seekers, the unemployment rate rises to 42%, far higher than found in the United States during the 'Great Depression'.

In the public service, the Apartheid separate development meant that there were nine national departments for most services -- effective and well-resourced departments for the whites, and dysfunction and poorly resourced ones for blacks. Bringing them all into one set of national departments with common norms and standards was a necessary task. However alongside that necessary restructuring came the 'international best practice' of downsizing, outsourcing and privatisation in the name of public sector 'efficiency'. Behind all this, of course, was the Department of Finance use of a low 'strategic deficit' to starve departments and state enterprises to change their ways, come what may. Between 1995 and 2001, 191 076 jobs or 13,6% of jobs in the public service and major state enterprises were lost through retrenchment, attrition and voluntary severance. This happened despite the massive unemployment rate and the fact that these public sector services are experiencing staff shortages.

Given the dominance of the Congress of South African Trade Unions (COSATU), relative to other trade unions/ federations (with it being 50% of the overall union membership in the country), I will refer to 'unions' and 'COSATU' synonymously.

For their part, many private sector employers blamed the new labour laws and high wages for the unemployment rate. Formal sector workers, they claim, have become an elite, a 'labour aristocracy'.

Now it is certainly true that wages in the formal sector have increased. However, whether this qualifies as a 'labour aristocracy' is worth looking into. In Table 1 we see the median wages of black workers. A unionised male aristocrat in the retail sector earns R1,937 (\$242) per month, this supporting an average family size of six. A non-unionised male worker earns R1,225 per month. A female worker earns R1,000 per month. This is truly an elite! Of course, when we look at the 'entrepreneurial' informal sector, we find that earnings are far below R1,000 per month, barely survivalist. Of course compared to those without any income, even this pittance may look good. Yet how much lower can wages be made to go before the wealthy critics desist with the 'high wages' argument? The answer of course is that nothing will ever be enough to stop that argument, since wages are always going to be lower in India or China or somewhere else, and the race to the bottom is thus an endless pursuit.

Table 1: Median Monthly Wage Rates Amongst Working Class (Black)

	Formal Unionised		Formal Non-unionised		Informal	
	Male	Female	Male	Female	Male	Female
Agriculture etc.	900	652	500	448	375	326
Mining & quarrying	2,000	1,700	1,640	1,000	350	350
Manufacturing	2,174	1,652	1,739	1,225	870	400
Electricity etc.	3,000	1,937	1,937	1,937		
Construction	2,000	1,937	1,225	800	800	350
Wholesale & retail	1,937	1,600	1,225	1,000	652	350
Transport etc.	2,958	2,958	1,500	1,937	1,225	500
Financial etc.	1,800	2,000	1,600	1,800	750	500
Community etc.	3,500	3,969	1,937	1,500	707	522
Private households	1,000	665	470	250	400	400

Source: StatsSA, Labour Force Survey, September 2002

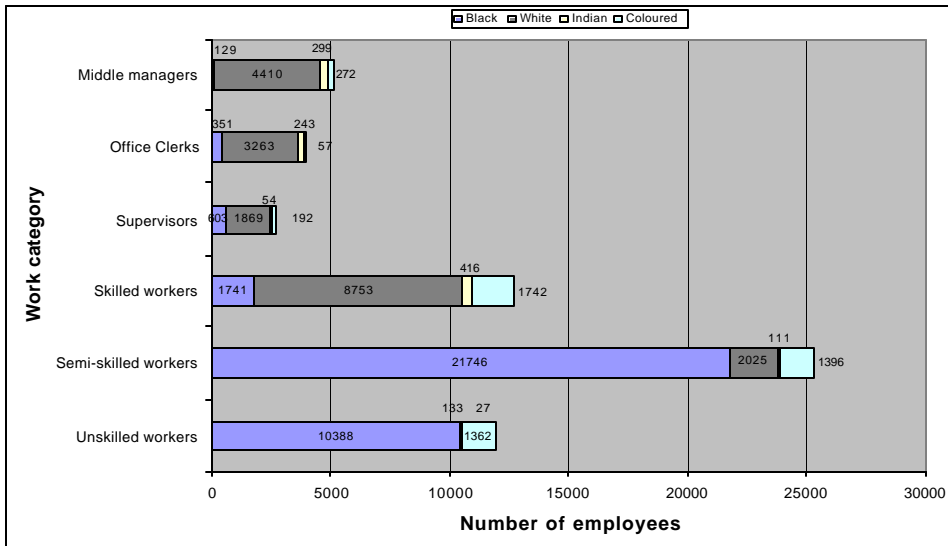
And the fallacy of the 'labour elite' argument hardly raises an eyebrow among some, despite the fact that it is increasingly common for executives of failed companies to get pensions of over R200,000 a month.

So we on the left can easily dismiss the arguments of 'high wages' as nothing more than ideological propaganda. And we can, equally, point out that Apartheid labour relations are no longer acceptable.

Yet the 'market' will not be pursued by such arguments, as the trends since 1994 have shown.

The 'market' in this case, of course, means rich white men from privileged backgrounds, who are generally comfortable with ordering black workers around. The racial composition of the 'market' is shown below in this breakdown of employment equity (or the lack thereof) in one of the biggest manufacturing sectors in South Africa as at late 2002. As you can see, senior management is almost entirely white (and male).

Figure: Employment equity in key sector (2002)



Source: NALEDI, forthcoming sector report, 2003

So how has this 'market' been responding to the new labour dispensation? Clearly the 'market' has been most unhappy with this breakdown of the apartheid, racial authoritarian discipline in the workplace. After all, now workers are legally empowered to 'hassle' employers over such matters as unfair dismissal and racial discrimination.

So the 'market' has found ways to reassert its power over workers. Essentially it is trying to get around direct employment relationships. Over the past few years there has been an intensive anti-worker restructuring of the workplace. In particular, the 'market' has been making greater use of so-called atypical employment, including so-called independent contractors' and labour brokers.

Table 2: Changing forms of employment in key sector

	Sector employment 1999	Sector employment 2002	Compound annual Growth Rate	% change from 1999-2002
Permanent employees (FT and PT)	382,521	361,075	-1.9%	-5.6%
casual labour	1,390	5,179	55.0%	272.5%
temporary labour	4,184	5,906	12.2%	41.2%
sub contracted labour	7,055	29,778	61.6%	322.1%
total labour	394,479	401,938	0.6%	1.9%

Source: NALEDI, forthcoming sector report, 2003

This has allowed the 'market' to reassert itself through the 'discipline of dismissal' and the 'discipline of independent contracting'. There is no need to argue about 'unfair dismissal' anymore because the employment relationship has been revamped to look like a cold, commercial contract. At the very least the water is being muddied to subvert the legislation.

The impact of this growing unemployment and changing forms of employment on unions has been considerable.

Unions have to rebuild themselves

Since 1994 union membership has, for the most part, shown strong growth. On the face of it, COSATU membership has grown from 1,317,496 in 1994 to 1,770,155 in 2003, an increase of 34,3%. Indeed, membership has grown by 350% since 1985, when the federation was launched. Union density (COSATU and other unions) is high in many sectors, reaching over 40% of the formally employed. This overall growth pattern is against the international trends, where unions have been in decline over this period. Thus despite everything that is often said about the state of unions, COSATU is still in a relatively strong position compared to union movements in other countries.

Of course, there are always organisational pressures being brought to bear on unions. This is no different in South Africa as it is anywhere else in the world. However there are certain organisational pressures that have been on the rise in the past few years.

First, a closer look will show that three-quarters of the growth in union membership since 1994 has been in the public sector, where the right to join a union has been a more recent development. At the same time that the public sector unions have been growing, however, there has been a decline in membership in the traditional sectors such as mining and manufacturing. Thus the relative weight of the public sector and private sector unions within the federation is changing. Further, with the public sector employment contraction, union growth there has levelled off. Thus in the past three years COSATU membership has fallen by approximately 100,000 members. This is the first membership decline in COSATU's history.

Therefore there is an urgent need for the unions to find ways to recruit 'atypical' workers (usually women), or risk being confined to a shrinking enclave in the formal sector. This necessity may also create, one hopes, added motivation for unions to find ways to organise, or at least mobilise, the millions of the working class engaged in the informal economy or on the fringes of formal employment. It could also give impetus to the need for faster progress on bringing in more women leadership into the unions, at all levels.

Second, the membership decline causes many financial and organisational challenges. Several unions have run into financial difficulties as their membership subscription has fallen, necessitating cutbacks in union activities and insufficient funding for important activities. Indeed, even the rapid growth of certain unions, particular in the public sector, has also introduced problems. New branches sprang up faster than the union administration system could process them. This created a sprawling union structure that would eventually run into serious financial administration problems.

Third, management, for their part, has been trying to marginalise unions by using forms of co-operation outside of unions. So where they can, management will seek to resolve workplace problems through the use of 'teamwork', rather than through the shop stewards and unions. In many instances, shop stewards would be tempted to by the offer of promotion to supervisory or even managerial roles in the workplace, and thus shop stewards may have 'dual allegiances'.

Fourth, the benefits of the new legislative dispensation bring with them additional duties and burdens. The new labour laws, which, for example, introduced new legal requirements for dispute settlements, require new skills from union shopstewards. Shop stewards need to be well equipped

to make use of the new legislation, requiring a massive re-education of shop stewards. This needs to be done despite a high turn-over of shop stewards.

Finally, since 1994 there has been a great pressure on COSATU to engage with a massive array of policy and legislative challenges. At a policy level, the federation is required to engage with Parliament, Parliamentary Committees, 20 government departments, provincial government, sectoral bargaining structures and the tripartite council NEDLAC, to give just a partial list. Through these engagements at the various levels, many policy advances that have been achieved such as the labour laws, the Constitution with a socio-economic Bill of Rights, expanded social security, and 50% member trustees in all pension funds. This necessary role does, however, make it more difficult to maintain worker control and mandating as policy demands become increasingly complex.

In looking at much of the above, the COSATU September Commission in 1997 came to the correct conclusion that unions did not have the capacity to undertake all the things they want to. The organisational capacity must be increased or the scope of engagements must be reduced; in any case, there would have to be much more strategic focus. To address this challenge, COSATU is undertaking an Organisational Renewal process, with the explicit aim of increasing union capacity to cope with the growing pressures and ensure better strategic focus.

However, regardless of how the Organisational Renewal process pans out, unions cannot hope to maintain their organisation whilst poverty and unemployment are growing.

And with that, we now turn to the bigger picture of South Africa's transition, and the role of unions in that.

Unions and alliances

Within the context of South Africa's 'negotiated revolution', COSATU chose to form a Tripartite Alliance with the African National Congress and the South African Communist Party. The basis for the alliance was a commonly agreed programme for reconstruction and development. Thus the Tripartite Alliance was sold as a 'relationship' based on a common programme, not a 'marriage' lasting forever after. COSATU's economic policy at the time, and to this day, has been one of growth through redistribution. The final version of this programme, the Reconstruction and Development Programme (RDP), was much watered down from the original COSATU version. This was not a surprise, given that the ANC represents a multi-class constituency, whilst required to retain a working class bias.

Of course there is more to that story, as a history of the ill-fated but radical Macro-Economic Research Group (MERG) will illustrate. We need not go into the detail of the MERG process suffice it to say that even before 1994, there was strong resistance among certain ANC leaders to anything resembling a radical economic programme.

The RDP, then, was a class compromise. The differences and, in many instances, strong disagreements, continued to bubble under the surface of this compromise. Nonetheless, the RDP, as a highly consultative and collective process, represented the general consensus of the liberation movement. The RDP was roughly 80% in favour of redistribution. The RDP proposed a state-led, market assisted transformation process. The RDP thus promised to accommodate capital, but not be subordinate to it. Such an accommodation strategy required a strong developmental State mobilising people for transformation and regulating capital (and where required, disciplining it).

Part of the deal here was that COSATU, which had up until the early 1990s been a catalyst for domestic social mobilisation, would take a back seat to the ANC. The ANC, as the accepted leader of the alliance, would adopt the RDP as its manifesto for the 1994 elections.

COSATU deployed key leaders into the ANC government, including overseeing the implementation of the RDP. In the first twelve months of democracy, hundreds of unionists went into government, including many of the best negotiators and union operational managers, often leaving organisational weaknesses behind them. Unions can replace leadership, but such a rapid exodus must hurt, and did.

Opposition to the RDP requirement of an interventionist State continued all along, however, centred mainly on the Department of Finance, now with 'technical' experts from the IMF and World Bank. Here a new economic strategy, rolling back notions of State intervention, would be developed in almost total secrecy from 1995[♦]. In early 1996, the RDP Ministry was abruptly closed, on the basis that it had been 'successfully integrated' into government. Shortly thereafter, ostensibly because of a currency 'crisis', a new Growth, Employment and Redistribution strategy (GEAR) was rapidly introduced as a 'non-negotiable'. Although GEAR proponents claimed to be providing a macro-economic framework for the RDP, GEAR effectively reversed the RDP logic. It was unashamedly market-led, state-assisted. Instead of accommodating capital, it was subordinate to it. Thus the class compromise that was the RDP was *de facto* 're-negotiated'.

Despite GEAR, however, the democratic State has made many important and socially positive advances in the period since 1994. Many of the worst features of the Apartheid era have been removed. And democracy (at least in a representative form) is entrenched.

However social and economic policies have run on two separate tracks, particularly since 1996.

GEAR, of course, failed on its own terms. It promised 6% growth per annum, and we have had 2,5%. It promised 400,000 net job growth annually, and we have had a negative 100,000. Rather than attract private sector investment, the State cutbacks have facilitated a collapse of investment levels. Nonetheless, conservatives celebrate GEAR's 'economic miracle' of bringing down the budget deficit and inflation figures to OECD levels (or lower). Apparently, a sign of success is to abide by rules-of-thumb set for developed countries that have much less need for massive State investment and intervention.

Yet on the social side, schools and hospitals have been under-resourced. Many excellent policy decisions and social dialogue agreements remain unimplemented, hamstrung by the need to stick 'within available resources'. And State intervention in the economy, despite a now slightly expansionary budget, is still insufficient. Indeed, income poverty has worsened. Mainly due to the massive job losses, average black incomes have fallen by 16% between 1995 and 2000. Average white incomes have increased by 16% over that same period. Income inequality has progressively worsened from 1991 to 2001.

For the working class, the labour share of national income declined from 57% in 1990 to 51% in 2001. Conversely, capital saw its profit share grow.

So, looking back, can we say that the Tripartite Alliance has delivered? Clearly COSATU has managed to get many strategic advantages from its insider influence over many policies,

[♦] Most of government, including President Nelson Mandela, did not know about GEAR until two weeks before its announcement. The RDP Ministry was not invited to GEAR planning meetings.

especially the social policies -- and particularly in the early years. However, it must be remembered in many of those instances, including labour legislation and the Constitution, it had to still take to the streets. Thus, in the final analysis, the degree of strategic advantage that was gained appears somewhat more modest. Indeed, the union movement has probably got more advances (including statutorily binding agreements) at NEDLAC than it has at the Tripartite Alliance.

On another level, however, unions represent the left in the ANC's multi-class make-up, and thus play an important role in counter-veiling the influence of more conservative components within the ANC. It is hard to predict the alternate trajectory had COSATU not been in the Tripartite Alliance.

Those who argue for the end of the Tripartite Alliance suggest that an opposition party to the left of the ANC would force the government's economic policy to align better with the Constitutional and democratic imperatives (that is, allocate more resources to combat poverty). However, as important as a left opposition may be, it is doubtful that a class-based agenda will at this stage outweigh race and ethnicity in the electoral stakes. Without good preparation, such a left opposition would be obliterated with little benefit to an actual left agenda.

Those in favour of staying in the Tripartite Alliance argue that the ANC belongs to the broader liberation movement, and thus to give it up, and go into the 'political wilderness' would be class suicide. Moreover, they would argue COSATU is independent, financially self-sufficient and worker-controlled, and therefore able to resist the dismal fate of trade union movements elsewhere in Africa in the post-liberation phase. The Tripartite Alliance does not (at least formally) prevent its members from building alliances with other social formations and movements -- after all, it has not stopped the ANC from forming an alliance with the 'New National Party'.

Therefore I do not think that the fixation on whether the Tripartite Alliance should be ended or not is entirely helpful. As COSATU itself has pointed out on many occasions, the Tripartite Alliance doesn't seem to do very much. Its influence on government policy is practically zero.

Certainly, regardless of the Tripartite Alliance, the union movement has been developing alliances with other important social formations and movements, that are prepared to work with COSATU, and which can contest the role and policies of the State. In recent years, unions have developed joint social movement campaigns such as the Basic Income Grant coalition, the People's Budget coalition, and the Treatment Action Campaign. All of these social alliances take forward redistribution, and address priorities of the poor and the working class. More of this is required.

Conclusion

It is clear that, with or without the Tripartite Alliance, a better deal for workers and the poor needs to be achieved. The class compromise of the RDP has been replaced with the 'non-negotiable' GEAR. The union movement has pursued this approach through the Presidential Job Summit in 1998, and most recently with the Growth and Development Summit of June 2003. These have been important processes, and certain gains were achieved. However, the process is handicapped by the fact that capital is hardly restrained by the State, and is under little pressure to reach any compromise.

Therefore the goal of achieving a new class compromise, and gaining ground for the working class and the poor, comes with a pre-condition: there first needs to be increased social

mobilisation and class struggle to create the momentum for that strategic shift in current State policy/ compromise from capital.

Such social mobilisation and struggle should, by definition, not be *a priori* for or against government. It should not be opposition for the sake of opposition. Indeed, social mobilisation would need to support government policies that advance social transformation, as much as it would challenge policies that detract from that objective.

Ultimately, the challenge facing unions is to build the organisational capacity and social alliances to advocate and push a radical economic programme.
