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**7<sup>TH</sup> NATIONAL CONGRESS**

**18 – 21 September 2000**

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**ADVANCING SOCIAL  
TRANSFORMATION IN THE ERA  
OF GLOBALISATION**



**COSATU**  
7th National  
Congress

**Crush Poverty! Create Quality Jobs!**

# **Advancing Social Transformation In the Era of Globalisation**

## **Political Discussion Paper**

*The COSATU CEC has adopted this document as a discussion document in order to stimulate discussion within COSATU and the democratic movement. It should lay the basis for Congress resolutions. For this reason, it is now being released for discussion.*

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\*Advancing Social Transformation in the Era of Globalisation\*](#)

## 1. Introduction

The COSATU Central Executive Committee Lekgotla endorsed this document in May 2000. It aims to initiate a discussion in COSATU and the democratic movement as a whole on the state of the transformation and our progress in taking forward the National Democratic Revolution (NDR). This process should inform the development of resolutions for COSATU's Seventh National Congress.

The years since the transition to democracy in 1994 have seen fundamental shifts in the political economy of South Africa. These shifts present new challenges for COSATU and the democratic movement as a whole. To address them requires reflection on the basic trends in society and our strategies for pursuing the National Democratic Revolution (NDR).

This document first reviews progress and setbacks in achieving these goals since the transition to democracy in 1994. In that context, it explores current attempts to rewrite the aims of the NDR. Above all, some groups want to redefine the NDR merely to provide equal opportunities for all, irrespective of race. This tendency would stop the NDR before it achieves more fundamental reconstruction and development toward a non-racial, non-sexist society on the basis of democratisation of the state and the economy.

After considering these issues, the document explores changes in the balance of power, in terms of the political arena, the nature of capital, international developments, the state and the Alliance. Finally, it points to some implications for the development of transformatory programmes by COSATU and the Alliance.



## 2. Assessing six years of democratic rule

The ANC-led alliance has, over many decades, deepened, refined and consolidated its understanding of its fundamental strategic objective – a national democratic revolution. Among the key programmatic statements of our understanding of the NDR are the Freedom Charter (1955), the Strategy and Tactics document from the ANC's 1969 Morogoro Conference, and more recently the RDP (1993/4). Each of these documents, and many others that enrich the debate around the NDR, reflect the concerns and limitations of the particular moment when they emerged. But they all share the following core vision:

1. **Democratising the State and Society**, through participatory democracy, ensuring greater consultation and openness. Strategies to this end must focus on empowering working people, the poor and women by assisting them with resourcing, organisational support, and information about government. Otherwise, groups with more resources – big business and the rich – will dominate consultative forums.
2. **Meeting Basic Needs**, with vastly improved social and municipal

services, housing and social security, especially for historically disadvantaged communities. These programmes should raise living standards directly, assist in establishing a more productive labour force, and help change the dynamic of the family to liberate women.

3. **Developing Our Human Resources**, through the equalisation and improvement of education, the implementation of a National Qualifications Framework, and government support for arts and culture. There should be ten years of compulsory education as well as a substantial expansion in pre-school and adult basic education.
4. **Building the Economy**, above all by integrating reconstruction and development. Key measures would democratise the economy by developing new centres of economic power, especially in the state sector and through other forms of collective and democratic ownership, as well as small and micro enterprise. These new systems must empower black people, especially women, on a mass scale. Strategies include land reform, government direction of credit and investment, the restructuring of the financial sector, and progressive trade and labour policies.

## 1. Progress since 1994

The 1994 elections were a watershed moment, representing an irrevocable break with the past. With them, the democratic movement achieved a central aim of the NDR. White minority rule was defeated and replaced by a national democratic state based on the will of the majority of the people.

South Africa adopted one of the most progressive constitutions in the world, with specific protection for the rights of workers and the poor. The constitution-making process taught the historical lesson that unity of the progressive forces does not require that the partners ignore their own principles. COSATU successfully agitated for more progressive provisions and defended the interests of its members.

The establishment of elected local governments was a further important step toward true democracy. For the first time, South Africa has unitary cities and towns, which should permit more equitable municipal services.

The new labour legislation was a major victory. Despite endless protest from employers, the democratic state put in place legislation that defends workers' basic rights and supports skills development. These laws represent a huge advance, especially because discriminatory and repressive labour laws formed the core of the apartheid system.

On the social front, the democratic state ended open discrimination in laws and government services. State institutions could no longer impose racist or sexist rules on the public, and school curricula were rewritten to meet the needs of democracy. Government redirected the budget to improve services in historically black communities. For the first time in South Africa's history, it prioritised services for the poor and not the privileged.

COSATU's 1999 elections booklet, *Why Workers Should Vote ANC*, gives more detail on the gains of workers and the poor after 1994. But progress in overcoming historic oppression in the state and the workplace was limited by the adoption, especially after 1996, of conservative fiscal, monetary and trade policies. Economic strategies sought mostly to attract foreign investment. In the process, they stifled domestic growth and undermined efforts to reconstruct the economy and society.

Budget cuts combined with high military spending threaten to reverse the modest gains achieved in the first term of the democratic state. They mean government departments cannot afford many progressive policies. This has become obvious in health, education, police and the justice system, land reform, public works and social security. It emerges in proposals to start charging children for schoolbooks and in limitations on treatment for people with HIV.

The fiscal strategy combined with pressure from domestic and foreign capital to initiate a strategy of cutting down on the public sector. It risked undermining the state to the point where it would not have the power to carry out core strategies of the NDR. In effect, it sought to minimise the capacity of the state while increasing the power of management in the public sector (see Box 1 below).

### Box 1. Restructuring for a minimalist, managerialist state

The process of minimising the state has taken place through cuts in the budget and measures to downsize the public sector.

As the following table shows, since 1996/7 government spending fell behind inflation, reducing the real power of the state. With the population growing at over 2 per cent a year, the decline in spending per person was even greater.

	1999/2000 – billions of rand	% of total expenditure	Real change, 1997/8 - 1999/2000
Education	47,800	20%	-9.0%
Health	29,900	12%	-3.4%
Welfare	19,700	8%	-2.0%
Police	14,800	6%	0.8%
<b>Total budget</b>	<b>243,400</b>	<b>100%</b>	<b>3.8%</b>
<b>Budget less defence</b>	<b>213,500</b>	<b>88%</b>	<b>-3.2%</b>
<b>Population growth</b>			<b>7.1%</b>

The massive increase in military spending that started in 1999 aggravated the effects of budget cuts. The arms procurement programme means the SANDF budget will increase over 10 per cent a year in real terms for the coming three years. In contrast, the major social services – health, education, welfare and police – will remain virtually unchanged, and infrastructure will decline more than 2 per cent a year.

One way to increase the funds for government services would be to restructure the Government Employees' Pension Fund (GEPF). Shifting to a pay-as-you-go system, even in part, would release billions of rand a year for other purposes without harming public servants' benefits. It is simply a more efficient way of funding these pensions. But the government has declined to explore this option.

Faced with shrinking resources, the transformation of the state centred increasingly on downsizing. The strategy that emerged by 1999 can be characterised as follows.

Government should take on only "core" functions, which no one else can do. "Non-core" functions in the public service, local government and state-owned enterprise should be privatised or outsourced. This strategy will establish a "contracting state," where the government as far as possible outsources functions rather than using its own capacity.

This restructuring process divides the state into semi-autonomous units. If they are profitable, they can ultimately be privatised or outsourced. Where they do not make profits, even if it is because they are meeting social needs, they can be labelled inefficient and closed down.

The current strategy effectively empowers management in the public sector. Typically, it lets them define "core" functions, usually based on consultants' inputs. Moreover, it bars the political leadership from intervening as long as managers meet the terms of their contracts. Yet government does not have the capacity to design or monitor watertight contracts.

This strategy for restructuring has emerged in:

1. Proposals for downsizing the public service by retrenching employees and outsourcing unskilled work.
2. Igoli 2002, which aims explicitly to establish Johannesburg metro as a contracting state supplied by autonomous (although still state-owned) enterprises.
3. Proposals for restructuring the four largest parastatals (Eskom, Transnet, Telkom and Denel) by establishing separate and autonomous divisions and/or introducing private competition in historically state-controlled industries, especially electricity, transport and telecommunications.

This approach is hostile to the NDR. The minimalist state does not have the power and capacity to restructure the economy and social services to meet the needs of working people. At the same time, this kind of restructuring strengthens public-sector management relative to the political leadership, labour and communities. Even where resources remain in state hands, they will be increasingly controlled by autonomous managers, who often do not approve of or fully understand the NDR.

To compensate for budget cuts, government agencies tried to bring in private capital by raising fees to the public and entering partnerships with companies. This strategy gave capital more influence over government.

Restrictive monetary policies further undermined the aims of the NDR. They led to extraordinarily high interest rates, apparently primarily to attract short-term foreign investment. Throughout the 1990s, real interest rates stayed about 10 per cent above inflation. Mostly for this reason, estimates put the cost of capital in South Africa at close to 20 per cent a year, far above the international norm. High interest rates restricted growth and economic restructuring. They had a particularly harsh impact on small-scale producers and low-income homebuyers – two groups that the RDP expected to spearhead structural change in the economy.

In 2000, the introduction of an inflation target of 3 to 6 per cent for CPIX (the inflation rate if we take out interest costs) seemed likely to bolster restrictive monetary policies. By the middle of 2000, this target required a decline in inflation of over 2 per cent – which, if the Reserve Bank wanted to reach its inflation target, could cause further hikes in interest rates, with disastrous implications for economic growth and development.



Finally, the government did not articulate a clear industrial or trade policy to restructure the economy toward greater equity and growth. There was no explicit strategy to address the decline in mining and agriculture and grow manufacturing and services. The Skills Development Act was one of the few measures that pointed toward a more pro-active approach to development.

The government did establish a firm commitment to liberalising trade. To that end, it reduced tariffs faster than required by international agreements. Inefficient and ineffective Customs operations added to the problem. In the absence of concerted measures to help producers adapt, these developments cost tens of thousands of jobs.

The combination of restrictive macroeconomic policies and unrestricted trade fuelled an investment strike. Investment remained far below the 25 per cent of GDP needed for sustained development. Private investment actually fell 7 per cent between 1997 and 1999. In the twenty years to 1990, only substantial state investment programmes had stimulated private investment; by cutting down on both the budget and state-owned enterprise, the government ruled out this strategy.

As the government implemented conservative economic policies, massive job losses occurred. The level of employment fell to that of the late 1970s, and unemployment rose to almost 40 per cent. The rate of unemployment was highest for black people - close to 50 per cent for African women overall, and in the Northern Province and the Eastern Cape.

The shift to conservative economic policies had important implications for governance. Officials developed and implemented these policies (including the GEAR itself, fiscal policy in general, and the determination on small-scale enterprise in terms of the BCEA) with little consultation outside government or even with Parliament. They could not afford to encourage inputs from the traditional constituencies of the NDR – working people and the poor – because that would lead to big changes in their proposals. Similar factors lie behind the pressure to weaken NEDLAC, either by keeping issues out of it or replacing it with forums that do not require negotiations. It is clear that government is not willing to open economic policy to broader debate and consultation, despite agreements to that effect in the Alliance and the Presidential Job Summit.

In sum, after 1994 the NDR made important advances in establishing a democratic system, investing in human-resource development, and addressing basic needs. But conservative economic policies threatened to reverse these gains. On the one hand, they led to cuts in government services. On the other, to maintain unpopular economic policies, government had to limit mass participation in developing programmes and carrying them out.

## **2. The Alliance**

The environment in which the Alliance is operating has changed greatly since 1994. We need to take the time to reflect on the implications of these new conditions for each of our organisations. One partner - the ANC - is in government, while the SACP and COSATU are not. In theory, this should mean the Alliance is in power; in practice, COSATU and the SACP are not, since they have little or no say in government policy. To understand the implications, we here assess how the Alliance has functioned in the last six years.

After 1996, the Alliance did not go much beyond broad statements on shared objectives, with limited influence on what actually happened in government. It fundamentally failed to develop a strategy to implement the RDP. This space was utilised by capital and conservative forces within the state to drive through

their programmes. The failure of the Alliance to function properly often forced COSATU to compete with other formations in society to influence the ANC government. This is untenable and against the spirit of the Alliance.

Between 1996 and 1999, the Alliance fell into a reactive mode of managing crisis and resolving tensions when they grew too great. It did not assert hegemony over policy development within government. Too often, it was used instead to get the democratic movement to agree to policies that originated within the bureaucracy or business. Government presented major proposals, especially on the economy, as *faits accomplis*, in some cases with no effective consultation. It expected the Alliance partners automatically to understand the constraints it faced and the compromises made.

There was widespread expectation that the unity of purpose achieved in the campaign for the June 1999 elections would initiate a qualitative improvement. COSATU expected an Alliance agreement on a new style of governance, with ANC and Alliance structures as the driving force behind the formulation, implementation, and monitoring of government policies. To this end, it thought the Alliance would sit down and thrash out a programme for social transformation based on the RDP and the Election Manifesto. This expectation was consolidated by the release of a joint document called *Accelerating Change: A Framework for Our Second Term of Governance*.

As time has passed since the election, these hopes have receded. The Alliance is back to its old mode of mediating disputes. It is increasingly marginalised from strategic decisions. Government has not even tried to implement much of the ANC Election Manifesto.

The Alliance has still not held discussions to reflect collectively on the way forward. The summit scheduled for August 1999, which was to focus on the unemployment crisis and develop a programme for the next five years, has been postponed indefinitely. An extended meeting of Alliance National Office Bearers (NOBs) in December 1999 attempted to establish a political centre to ensure more constructive and pro-active strategies. It set up a new structure comprising the Secretariat of the Alliance and the ANC Presidency. But almost a year later, this structure has not yet met.

The relationship between government and the Alliance is dangerously undefined. There is no mechanism to ensure that government implements Alliance agreements. Some in government seem uncomfortable about consulting the Alliance partners on major policies. They adopt the refrain that "government must govern." In part, this slogan reflects the reality that consultation cannot delay decisions forever. But it effectively undercuts the principles of participatory democracy. It may have four negative results:

1. It can lead to low-intensity democracy, where the people are reduced to electing leaders every five years or so. That gives big business more opportunities to influence government.
2. By imposing limits on consultation, especially with the main constituencies of the government, it leads to less well-informed policy-making.
3. It reduces popular buy-in on policies, making it hard to mobilise communities and mass-based organisations to implement them. It then becomes harder to carry out policies in the face of resistance from opponents of the NDR.
4. It supports a Western-style democracy where parties do not have clear principles but instead align their election manifestos with public-opinion surveys – and after the elections, ignore them at will.

Against this background the Alliance is heading toward a crisis. The reasons include the failure of its structures to function effectively and consistently and the absence of a link between Alliance agreements and what is happening in government. Yet the Alliance partners agree that the major shortcoming in the post-1994 period was the failure to drive policy and processes of governance.

### **3. The ANC and Government**

A critical obstacle to the work of the Alliance is the lack of decisive control by the ANC as a party over policy development and implementation by the state. As a result, the Executive is isolated as the dominant voice in deciding on government actions. This situation set the stage for the shift to the right in economic policies after 1996.

Under the inherited system, Cabinet members have virtually total control over their portfolios. Although Cabinet is supposed to act as a collective, it rarely requires changes in departmental measures. Cabinet members do not have to consult within the ANC or the Alliance on policy proposals. Moreover, the ANC as a party has neither its own technical expertise nor policy-making processes that involve its mass base. That makes it difficult for the ANC to assess official proposals or offer alternatives.

In these circumstances, public-service management has largely determined national policies, often with little consultation with stakeholders. Indeed, many policies now espoused by government - including massive military procurement, privatisation and fiscal policies - were first drafted in the bureaucracy long before 1994.

True, after 1994 many progressive officials joined government. But many have been separated from the democratic movement by the dogma that officials must be apolitical. Their isolation made them vulnerable to lobbying by capital, past beneficiaries of apartheid programmes, and foreign donors. In contrast, in countries like the U.K., Ministers have teams of openly partisan policy advisors to design and monitor their departments' policies.

Despite these structural problems, many Ministers and high-level public servants are still trying to realise the basic goals of the NDR. But budget cuts, lobbying by the beneficiaries of apartheid programmes, and resistance from old-line bureaucrats hamper their efforts.

Democratic government requires creative tensions between the executive and parliament on the one hand, and within the Alliance on the other. These debates are necessary for a vibrant culture of debate and accountability. Otherwise, unmanaged divisions between the executive, the legislature and the mass base of the ANC may cause fragmentation.

In short, after 1994 the Alliance did not establish hegemony over policy making and implementation. That meant that government did not act consistently to implement the RDP, and ultimately permitted a retreat to the right on economic policy.

### **3. The conceptual framework of the NDR**

The NDR arose as a reaction to the way colonial capitalism distorted South Africa's society and economy. That system combined national, gender and class oppression. The NDR addresses this heritage by demanding radical moves toward democracy and equity in both the state and the economy.

The national liberation movement, the ANC and its allies, characterised the South African system of colonialism as a system of "internal colonialism" or "colonialism of a special type." In every important respect, the features of classic colonialism marked the relations between the black majority and the white minority. The South African situation was special only because there was no spatial separation between the colonising power (the white minority state) and the colonised black people.

While less obvious than racial tyranny, gender oppression was central to apartheid. Apartheid laws set out limited and impoverished roles for African women. In particular, as they enforced migrant labour, they defined the role of African women in society and the economy. At the same time, the colonial system in South Africa, as throughout the continent, greatly intensified the gender oppression found in pre-colonial systems. The combination of colonial and customary oppression denied women basic social and economic rights in the family and the community. Many women were barred from living in cities, owning land, family planning, inheriting, borrowing money or participating in political and social struggles. The system led to widespread abuse of women, both inside and outside the family.

The racial and gender form of colonial domination masks its underlying economic logic - the exploitation of the black working class. Race and gender oppression are not about mere prejudice, but ultimately about using power and control in the interests of capital. The colonial system introduced the pass laws, hut taxes, influx controls, single-sex hostels and a plethora of other oppressive measures, which were perfected under apartheid. They worked to force the indigenous people off their land and establish the migrant labour system, with its oppressive gender roles, in order to generate cheap black labour. That system supported capitalist accumulation, especially on the mines and farms. (1)

It follows that apartheid was not opposed to capitalism, as business often claims. Rather, it was the form capitalist accumulation took in our colonial setting. Attempts to separate apartheid and capitalism ignore the fact that capital in South Africa grew out of the expropriation of land and labour power by the armed might of the colonial state.

Under apartheid, the dominant centre of capital became an interconnected group of huge companies based in mining and the related financial sector. Directly and indirectly, these companies command most investment. To this day, Anglo American controls over half of the assets on the Johannesburg Stock Exchange, while four banks own most of the financial sector. These giants worked closely with state capital in the parastatals, which gave them critical support in the form of energy, credit and infrastructure.

In sum, the NDR represented a united response to the common subjugation faced by the majority of South Africans, which joined class, race and gender oppression. This history shaped its main aims and objectives.

## 1. Nature of the NDR

The form of oppression prevalent in South Africa meant that the fundamental objective of the NDR is the liberation of black people in general and African people in particular from national domination and economic exploitation. In this context, it must address the particular forms of oppression faced by women.

The NDR is **national** in the sense that it unified a broad spectrum of class forces to defeat oppression. It is **democratic** in that it seeks to replace an undemocratic system of white minority rule and construct a popular democracy in which people have a say in shaping their destiny. It is **revolutionary** because it aims to transform society in favour of the working class and the broader democratic movement.

In **political terms**, the NDR's radical democracy includes both representative and participatory democracy. The NDR is not about low-intensity, formal democracy - the right to vote in periodic elections. People must participate in every stage of decision-making that affects their lives. Our democracy must deliberately open the space for the majority of the people to participate directly in the transformation process and shape policies geared towards uplifting their lives. That means transforming the relationship between government and the people, and transforming the relationship between the Alliance and government structures.

Popular participation should not be conceived as a burden on democracy, creation of dual power, or an obstruction to effective governance. Rather, it is a critical instrument in breaking the monopoly of the former ruling block. The experience of the last six years demonstrates that without the countervailing power of the progressive movement, people's representatives become vulnerable to pressure from the reactionary forces.

Radical transformation of society is essential to ensure that the bulk of the oppressed majority benefit from liberation. As the ANC 1969 Strategy and Tactics Document emphasises,

*"In our country – more than any other part of the oppressed world - it is inconceivable for liberation to have meaning without a return of wealth and the land to the people as a whole. It is therefore a fundamental feature of our strategy that victory must embrace more than formal political democracy. To allow the existing economic forces to retain their interests intact is to feed the root of racial supremacy and does not represent even the shadow of liberation."*

As the following table suggests, in its **economic and social policy**, the NDR essentially embodies a radical social democracy tailored to meet the needs of the majority of South Africans. It is not socialist, because it accepts the continued existence of large-scale private capital (2). But it cannot afford to let the mining-finance centre continue to dominate the economy and society. To succeed, it must build up new sites of economic power. To that end, it must strengthen the public sector and support other forms of social capital such as ownership by organised labour and co-operatives, as well as small and micro enterprises. These new relationships must increase the power of the historically oppressed majority – black people, and especially black women.

The NDR also aims to improve income distribution and eliminate poverty through a qualitative improvement in government services and social security for historically disadvantaged communities. This process should help change the position of women in the family by reducing the burden of household labour and giving them new productive resources.

The NDR requires the use of state power to transform economic power and uplift communities over time. But delays in restructuring of the economy have let resistance by capital undermine it.

Specifically, in a pattern found throughout Africa, the state has had obtain funds primarily from the rich – ultimately, from capital itself – through taxes and borrowing. Yet the centres of capital do not see greater economic or social equality as in their own interests. They have reacted by lobbying for cuts in government spending and activities, opposing policies aimed at democracy and equity, and avoiding new investment and job creation.

<b>Table 2: Social and economic aims of the RDP</b>			
	<b>Situation in South Africa today</b>	<b>Radical social democracy</b>	<b>Socialism</b>
<b>Ownership</b>	Domination of the economy by inter-linked mining and finance interests; extreme inequalities in wealth; co-option of some black leaders into big business	Continued private ownership of substantial parts of large-scale production, but a stronger public sector and other forms of collective ownership as well as SMMEs	The state and other forms of collective ownership dominate large-scale production
<b>Income distribution</b>	Improvements in social security and government services for majority largely stopped by budget cuts; huge job losses cause rising inequality	Expand social services and social security plus large-scale job creation through industrial policy, public investment programmes, vibrant SMMEs and skills development	Collective ownership as the basis for equality in incomes and wealth plus job creation; expanded social services, universal social security and skills development
<b>State</b>	Low-intensity democracy (3)	Open government, mobilising mass-based organisations to design, implement and monitor policies. The aim is a people-centred, people-driven society	Democratic social organisation, under the leadership of the working class, based on popular democracy and social ownership of the means of production (4)
<b>Resourcing of policies</b>	Restrictive fiscal policy with lower, less progressive taxes	Expansionary fiscal and monetary policies and more progressive taxes	State owns productive assets, and funds social security and services from enterprise revenues.
<b>Risks and obstacles</b>	Resistance by poor majority; persistent economic stagnation	Rising government debt; resistance by existing centres of capital leading to investment strike and pressure to reverse policies	Attacks by national and foreign capital may undermine the economy and the ability to maintain the system

## 2. Struggles around class, race and gender in the NDR

In resisting apartheid, the democratic movement forged broad alliances that included at least fractions of classes beyond the working class. The NDR is the product of those alliances, which reflected the common oppression and deprivation of all Africans, and especially African women. With the achievement of political and human rights in 1994, however, class differences within the majority have grown, and the alliances that led to democracy have suffered new strains.

As a result of these developments, the position of the working class in the NDR has come under attack. Opponents argue either that the NDR is a waste of time and a detour from class struggle, or that it does not require leadership by

the working class. The first approach ignores the realities of power in South Africa; the second misrepresents the central social, economic and political role of labour. To assess these arguments, we first define the relationship between the class struggle, race and gender in the NDR.

### 3. Class struggle in South Africa

By class struggle we mean the battle between contending class forces for control and ownership of the means of production. The concept of class defines social groups in terms of their relationship to the means of production and consequently their role in the economy. In any class society, the major class distinction lies between those who both own and control the means of production, and the "non-owners" who must work for them in order to earn a living. The contest of these classes for economic, political and social power led Marx and Engels to conclude that "the history of all hitherto existing society is the history of class struggle." (*Selected Works*, p. 35)

The possibility of class alliances arises where in addition to the dominant classes, other classes exist, such as peasants or intellectuals. It may also emerge because no class is fully homogenous. In each of the dominant classes there are "fractions" with divergent interests and strategies. For instance, in South Africa today, the capitalist class broadly comprises those who own and control the means of production. But within that class, different perspectives on social and economic strategies vary by sector (mining or manufacturing, for instance), the race and gender of management, and the scale of production.

In any society, the specific form of the class struggle accords with its concrete conditions. That means that the content of class struggle does not remain fixed in perpetuity. Nor can it be confined to those rare moments when the attainment of socialism is on the immediate agenda. In most periods, the class struggle takes the form of battles to protect workers' direct interests, combined with campaigns for broader social and economic transformation. In most periods, these general campaigns require an alliance with other classes and fractions of classes – typically small-scale farmers and entrepreneurs, and professional groups inside and outside of government.

A class alliance for progressive ends does not mean the class struggle has faded into the background. Lenin castigated the idea of a "pure class struggle." Such a position, he wrote, would expect every social revolution to produce two neatly labelled armies:

*"So one army lines up in one place and says 'we are for socialism' and another, somewhere else, says, 'we are for imperialism,' and that will be a social revolution!.. Whoever expects a 'pure' social revolution will never live to see it. Such a person pays lip service to revolution without understanding what revolution is." (Collected Works, Volume 22, pp.355-6)*

In South Africa, the history of oppression on the basis of race and gender created the conditions for a broad alliance of all oppressed people. In this alliance, the working class played a central role. But apartheid created almost equal deprivation of wealth and rights across the classes within the black community, providing the grounds for unity with small-scale farmers and entrepreneurs, young people and students, women and professionals. Before 1989, at least, there were few class divisions in objective terms within the liberation movement. Class conflict in the democratic movement emerged more in political disagreements, less in economic power, income or lifestyle.

With the achievement of political democracy, the unity of the majority that led to national liberation faces new challenges. On the one hand, some sections of

the oppressed are able to join the capitalist class, both by using positions in the state and by co-option directly into big business. On the other, once political freedoms have been achieved, underlying differences in long-term economic and social interests emerge. These class dynamics means that some in the movement have already met their basic interests, and argue the NDR is completed.

To understand the changes since 1994 calls for an analysis of shifts in class formation. There has been no basic change in the nature of the dominant fraction of capital, which remains centred in mining and the financial sector. But new classes have emerged among those oppressed under apartheid. Above all, a few have managed to progress rapidly in business and the state machinery, in some sectors achieving considerable economic power and political influence. For the majority, in contrast, the period after 1994 brought a range of freedoms and some social services, but changed little in their economic position. The job-loss bloodbath, particularly for low-paid workers but more recently also for higher-skilled people, undermined many of the gains won by labour. (See Box 2 below).

In these circumstances, it becomes important to define more clearly the role of the working class in the NDR.

### **Box 2: Data on class formation in the 1990s**

Class formation in the 1990s reflected two contradictory forces: the loss of hundreds of thousands of jobs in mining, agriculture, manufacturing and the public sector; and the increase in high-level opportunities for blacks and women with the necessary competencies.

A study of income distribution by WEFA Southern Africa shows that the poorest 40 per cent of black households saw a drop of 20 per cent drop in income between 1991 and 1996. This decline reflected, above all, the fall in formal employment. In the same period, the proportion of black households among the richest 10 per cent of households in South Africa more than doubled, from 9 per cent in 1991 to 22 per cent in 1996.

In the same period, Reserve Bank figures show that the share of labour in the national income fell steadily. By implication, in the aggregate the rise in employee incomes lagged behind the growth in productivity, increasing returns to capital. The relative drop in labour incomes continued a trend that lasted from 1992 until 1998. In 1992, labour received 57,5 per cent of the national income. Its share fell to 54,8 per cent in 1997, although it rose to 55,4 per cent in 1998.

According to the October Household Survey, between 1996 and 1998 the economy lost 300 000 formal jobs, and gained about the same in the informal sector. But job security and earnings in informal employment are far lower and less stable than those from formal work. Meanwhile, workers in formal employment have been subjected to the intensification of exploitation through 'casualisation', 'piecework, outsourcing and other repressive measures. The working class has therefore suffered substantially from the restructuring of the economy.

At the same time, the October Household Survey also suggests, although Africans experienced a fall in overall formal employment, they were able to retain more skilled positions. Most job losses affected elementary employment. The main increase in employment for Africans, especially African women, occurred in the professions. This pattern largely reflected the increase in employment of teachers and nurses in the period. Between 1995 and 1997, the share of African employees reported in elementary jobs declined from 40 to 35 per cent, with a compensating increase in more



skilled positions.

A similar pattern emerged for women. Employment appears to have declined more slowly for women than for men overall, especially in elementary jobs. This probably reflects the relative stability of domestic labour. But women saw an increase in professional positions.

Black economic empowerment has failed to dent South Africa's highly concentrated ownership to create new centres of economic power. Instead, it has been limited to advancing a minority of well-connected black individuals, mostly using white capital. It is still very much concentrated in the mining-finance complex. One study suggests that Afrikaner capital was the main beneficiary of economic restructuring, reflecting the maturation of this fraction of capital. In contrast, the share of black-controlled companies in the Johannesburg Stock Exchange dropped from 3,8 per cent in January 1999 to 2,9 per cent in March 2000.

#### **4. Attempts to take the class struggle out of the NDR**

As a result of developments in class structure, the position of the working class in the NDR has come under attack. This attack has taken two forms - the argument that the NDR is a waste of time and a detour from class struggle, and the contention that the NDR is not a project of the working class, but rather aimed only at national liberation or the poorest of the poor. These positions essentially converge in the demand that the state support black business in both the private and public sector, and drop measures to transform society more fundamentally.

This attempt to reinterpret the NDR goes hand in hand with the emergence of a new ideological current that represents the interests of capital and conservatives across the political divide. This new view - which the SACP defines as "afro-neoliberalism" (5) - represents the interests of capital and conservative forces within the democratic movement. The neo-liberal variant spearheads the "modernisation" and "liberalisation of the economy," while the Africanist variant articulates the sectoral interests of an emergent/aspirant black bourgeoisie by inserting black economic empowerment into the neo-liberal discourse. This nascent ideology is a reflection of the realignment of class forces whereby white capital works to co-opt elements of the black bourgeoisie, both inside and outside of the state.

A central part of the afro-neoliberal argument is that the organised working class is in fact a labour aristocracy. By extension, the class struggle will only benefit an already privileged minority. Instead of ensuring benefits for the majority, then, the NDR should seek to uplift only the poorest of the poor - essentially small-scale entrepreneurs in survivalist enterprise, including peasants, and the unemployed.

The belief that organised labour forms a privileged group derives in part from the fact that unions are particularly strong in manufacturing and the public service. Employees in these sectors fall into the top third of income-earners in the labour force as a whole. This view ignores the fact that unions are strong in other sectors, such as mining, that have relatively poor conditions. In any case, better conditions in organised industries resulted from long years of struggle. The "labour aristocracy" view also arises in part from a (mistaken) impression that unions have blocked transformation in the public service. (6)

The perception that organised labour forms an aristocracy threatens both political and economic mobilisation to transform the economy.

In economic terms, measures to equalise incomes by taking from the

organised working class merely distribute resources from the poor to the very poor. The top 10 per cent of households in South Africa control over 40 per cent of the national income, and a far higher share of the national wealth. In contrast, the next 40 per cent of households – which includes virtually all of organised labour – receives only its proportional share of national income (that is, around 40 per cent) (7). Then, through remittances to rural areas, workers provide critical support for even poorer households. Unemployed people depend on support from their employed relatives.

In political and social terms, focusing on the poorest at the expense of workers effectively deprives the NDR of coherent progressive leadership. Marx and Engels saw the working class as the motive force for change, not because it was the most oppressed and poor, but because of its strategic position in large-scale production, which supported strong, progressive organisation. Even now, the organised working class provides a critical basis for maintaining the power of the Alliance in all areas of society, including through the elections.

Efforts to deny the central role of the working class end up by stripping the NDR of its progressive content. In essence, they would reduce reconstruction and development to:

- Using state power to give more opportunities to the minority of black people and women with the skills and luck to enter the centres of state and private capital, and
- Promising – and sometimes delivering – improvements in services to remote rural areas. But the poorest of the poor have, by definition, little political or social power. Experience elsewhere in Africa suggests, then, that unless they have the support of the working class, government will not meet its commitments to them in the longer run.

In short, in the current conjuncture, while the democratic state still represents the class forces originally allied against apartheid, it cannot seek merely to mediate between class interests. Rather, it must implement measures that will ensure transformation biased towards the working class and the poor. The NDR is not about redistribution from the "poor" to the "poorest" but from the rich to the poor. It is about democratisation of economic and social power on a broad scale, which needs workers as the best organised class.

## 5. The NDR and the socialist transformation

*"The wealth of the other explains the poverty of another"* (Adams Oshiomhole: Nigerian Labour Congress President)

Socialism is a transitional social system between capitalism, as well as other systems based on class oppression and exploitation, and a fully classless, communist society. It is characterised by four core features: democratisation; equality; freedom; and the socialisation (social ownership) of the dominant part of the economy.

For COSATU and the SACP socialism is not just a vision, an ideal located in some distant future that we can only dream. We seek actively to build capacity for socialism, momentum towards socialism, and elements of socialism, here and now.

South Africa has a relatively advanced capitalist economy and proletariat. A democratic and legitimate government is in power and enjoys wider popularity among the electorate. The existence of a Communist Party with a rich history of struggle is also a source of strength. As the NDR matures, depending on the

trajectory that the democratic movement pursues, the conditions for a socialist transformation can be increased.

Some observers argue that, because the NDR does not aim explicitly to socialise the commanding heights of the economy in the short run, it is a detour from the struggle for socialism. This argument ignores the fact that the NDR must create the social, political and economic preconditions for the transition to socialism. It overestimates the ability of the working class to succeed without its traditional allies.

In addition, capitalism has considerable resilience and hegemony in the current conjuncture. Thus, it survives even in societies that seem ripe for social revolution. Internationally, after all, the capitalist system has failed to resolve basic human problems. It is marked by the co-existence of growing concentration of wealth and technological progress with deepening poverty and inequality. For the overwhelming mass of people, the reality is far removed from the idyllic picture drawn by free-market ideologues. Yet no serious rupture has occurred. Socialists must collectively try to understand this paradox.

These realities define the main form and content of the workers' struggle at the present historical moment, as well as the alliances needed to advance working class objectives. For the NDR as we understand it to succeed, the working class has to maintain broad support for the progressive agenda. By rejecting alliances and trying to go it alone, the working class would surrender leadership of the national struggle to capital.

In these circumstances, developments that take the name of the NDR will not automatically further the interests of the working class. Labour must use its power to ensure that other forces do not strip the NDR of its radical content. In particular, the black middle and upper classes who take part in the broad liberation alliance jostle for hegemony and attempt to present their narrow interests as benefiting all Africans.

In practice, the NDR prepares for socialism in several ways.

- Democratisation of the state reduces the power of capital and gives working people more strength to bring about a socialist transformation.
- The provision of basic amenities such as health, education, water and social security irrespective of the ability to pay rolls back the market and limits the commodification of production that is typical of capitalism.
- Democratising the economy weakens the stranglehold of the mining-finance complex and strengthens socialised capital, including through the state and co-operative sectors.
- Taking progressive positions in international forums helps shape the world climate needed to build socialism over time.

Over the past six years the democratic state has begun to address some of these issues, sometimes in an inconsistent and contradictory manner. But the gains achieved in the first term of governance are under threat from a concerted campaign by capital to subvert the struggle for transformation and wean it of its radical content.

Socialism is not a book exercise. Therefore, workers' and community struggles must be woven into a socialist strategy. They should help build a broad coalition of forces for socialism. As a matter of importance, the ANC and the democratic government must be integrated within these struggles. To leave them out would give away the vehicle and leverage to build the momentum for socialism. That means labour must push consistently for progressive strategies

to implement the NDR.

## 4. The Balance of Power

*"A proper understanding of a given balance of forces is critical in defining the tactics that the liberation movement should adopt at each stage of transformation. To ignore this would be to fall victim to voluntarism and a revolutionary militancy that has nothing to do with revolution. Such 'populism' can in fact lead to the defeat of the revolution itself... On the other hand, a fixation with balance of forces as an immutable phenomenon results in malaise or stasis, and it can in fact become the swan song for indecision, and even reaction, to preach caution where bold action is required. Objective circumstances are not carved in stone. Any balance of forces is dynamic, influenced by changing endogenous and exogenous factors." (ANC, Strategy and Tactics, 50th National Conference, p. 4)*

The ANC won both national elections by huge margins. That provides a strong popular base to carry forward social transformation. But we need also to look at the balance of forces in social and economic terms. To that end, we here consider the nature of capital and the state, the international situation, and some of the strategic challenges facing COSATU.

### 1. The second democratic election

The second democratic elections in June 1999 gave the ANC an overwhelming mandate to continue with social transformation. The massive electoral victory opened the space for implementation of a far-reaching transformation programme. Armed with an almost two-thirds majority, intense popularity among the electorate and international support for the struggle against apartheid, the ANC-led government has considerable power to counterpoise to that of the opponents of the NDR.

Despite attempts to frame the elections in terms of reactionary issues such as capital punishment and abortion, the vast majority voted for social transformation. Factors behind the ANC victory include:

- Its popularity amongst a large section of the population;
- Organisational work by the entire Alliance, with COSATU shop stewards playing a central role; and
- The Elections Manifesto, which called for the acceleration of social change, with more effective strategies in areas such as the economy, job creation and crime.

The massive ANC electoral victory left the opposition benches in disarray. The National Party (NP) suffered major setbacks nationally and a plunging majority in the Western Cape. Marginal improvement in the position of the Democratic Party (DP) was at the expense of the NP. The IFP's ambitions of being a national force have failed to materialise. It barely retained its majority in Kwa-Zulu Natal. The new parties such as the UDM have no hope of shaking the ANC majority. The UDM can no longer claim to be a major challenger. The PAC also saw a severe drop in its parliamentary fortunes, and AZAPO barely managed to scrape a single seat.

The electoral victory removes the threat that opposition parties will be able to

block progressive measures through the legislative process. Still, they will certainly profit from indecisiveness or a failure to drive through a progressive agenda.

In particular, the DP represents two realities, which are both congruent and contradictory. In some respects the DP has moved into terrain into which the NP, hampered by its shameful past, dares not tread. Thus, for electoral purposes, it has shamelessly nurtured the racial phobias of white and other minority constituencies. At the same time, it advances a fundamentalist neo-liberalism, which favours the formation of a "non-racial" new elite, but will perpetuate racialised poverty and unemployment, and deprive workers of hard-won rights.

The electoral victory is a major source of strength. But power over the state does not guarantee the NDR. Economic power still resides primarily with conservative elements of capital.

## 2. The counteroffensive: The role of capital

The economy - and to a large extent the discourse on economic policy - is still dominated by the mining-finance complex. It has been backed up by international capital, including the multilateral institutions. Their political agenda is to wean the NDR of its radical content. Indeed, the GEAR is a milder version of the *Growth for All* economic strategy sponsored by the big business complex in 1995.

The disproportionate power of the mining-finance complex has important implications for economic development and interactions with business.

*First*, the mines and big banks see themselves primarily as part of international capital. Faced with a domestic crisis, they seek foreign investments and list abroad, rather than diversifying the local economy. In contrast, in countries where economic power centres in manufacturing and agriculture, as in South Korea, capital has proven more willing to accede to vigorous policies to restructure the economy.

*Second*, the dominant segments of capital tend to be conservative on labour issues. The mines still have a history of oppressive working conditions, with a high degree of migrant, often foreign, labour. The financial institutions do not employ large numbers. They often maintain an ideological commitment to reactionary labour practices that larger employers have had to outgrow.

*Finally*, the Chamber of Mines and the big financial houses dominate as spokespeople for business. They employ more economists and communications experts than other companies. They do not, however, articulate the views of more progressive sections of capital.

Despite the adoption of a business-friendly macroeconomic strategy and a host of incentives to stimulate investment, this part of capital has refused to reward government and the country with increased investment or job creation. On the contrary, it demands further liberalisation of the economy and the reversal of gains made by labour laws. Through continual lobbying of political leadership and high-level officials, as well as through the media, it tries to build support for a conservative consensus, and bully those who propose alternatives. Its attack tries to splinter the democratic camp by isolating those who propose radical measures and showering praise on those that big business considers "pragmatic."

The concessions given to capital since 1996 suggest its leverage over the

democratic state. Since the adoption of GEAR, business confidence and bargaining strength has increased.

It would be folly on our part, however, to paint business with a single brush. There are significant differences between fractions of capital, based on sector, size, and race. Some of fractions of capital – particularly manufacturing industry and small-scale producers – have suffered greatly from the current forms of economic adjustment, including trade liberalisation, restructuring the state and ending subsidies, and stringent fiscal and monetary policies. But the fact is that the dominant mining-finance complex has largely drowned out or stifled the voices within business that question the conservative economic strategy.

### 3. The state

Analysis of the balance of power requires an understanding of who controls policy development and implementation within the State. The fundamental task of a revolution is to capture state power and use it to transform economic and social power relations.

The critical role of State power in the NDR means that we have to reflect on the nature of the State. In Marxist theory, the State is ultimately an instrument of the ruling class. It emerges from the society, but presents itself above the society. It defines certain class interests as the national interest, and labels those interests that do not conform with its programme as sectionalist, reactionary, and so on.

In transitional periods – for instance, with liberation from colonial rule, in South Africa and the rest of Africa - political and economic power may diverge. In these periods, the new masters of the State can intervene to change the nature of economic ownership and power.

This process is risky and uncertain. The democratic State is itself a site of contestation between capital and the progressive forces. Capital exerts tremendous pressure to modify the objective interests and ideology of the political leadership in its own interest. If it succeeds, it establishes a unified ruling class where the State machinery aims primarily to advance and protect the interests of capital.

For this reason, we must maintain a strong progressive movement inside and outside the state. The state must continuously be put under pressure to prevent one-sided pressure from capital.

In much of post-colonial Africa, the contestation over the state led to the emergence of a bureaucratic bourgeoisie. We define the bureaucratic bourgeoisie as a class that uses its control of the resources of the state – both assets and the bureaucracy - to maintain its own power and privileges. Ultimately, the interests of the bureaucratic bourgeoisie lie in stronger social, economic and ultimately political links with private capital.

In effect, in the rest of Africa, colonial rule made it almost impossible for Africans to take part in capital accumulation. After colonialism, then, the new bourgeoisie emerged largely amongst those could use state power to catch up.

In South Africa, under apartheid, government leaders and top officials were closely linked with big business, despite differences on tactical issues. The management of state-owned enterprise, in particular, formed an integral part of capital, with a host of common economic and political interests. But the top officials in the bureaucracy were also part of the ruling class, with social, political and economic linkages with white business.

With the transition to democracy, this situation changed. Our state today can be described as a national democratic government presiding over a largely unreconstructed state machine in a capitalist system. Its task is to restructure both the state system and the economy. In principle, the Alliance consensus is that the NDR requires an active, interventionist developmental state biased towards the interest of the working class and the poor. In practice, as discussed above, this has not happened. Instead, since 1996 budget cuts and restructuring toward a minimal state have undermined government's capacity.

Various factors could lead to the emergence of a new bureaucratic bourgeoisie.

- Capital launched massive assaults on ANC cadre in government. It used two main weapons – vicious public attacks on progressive measures, combined with endless and intensive lobbying, wining and dining, and even corruption in order to sway individual leaders.
- In this context, inadequate systems to ensure Executive accountability to the Alliance released government leaders from consistent oversight and support. It created conditions for the politics of patronage and careerism - a great threat to internal organisational democracy and the NDR, and a critical source of strength for the bureaucratic bourgeoisie.
- The Alliance did not end the inherited system of high incomes and privileges granted top officials and other leaders in government. Public service managers and Ministers now belong to the highest 1 per cent of all income earners in South Africa. No limits were placed on leaders joining business straight out of government or investing in enterprises, which increases the potential for lobbying by capital. Senior officials still do not need to declare their assets and investments.

Preventing the development of a bureaucratic bourgeoisie requires that collectives exercise power, rather than individuals. High-level government personnel, including officials, must be re-integrated systematically into the work of the democratic movement. Ministers must have collectives of policy advisors who understand the aims of the NDR. Public accountability and openness must ensure monitoring and review. In the absence of consistent support of this kind, power can and will corrupt.

COSATU public sector unions, as a detachment of the working class and revolutionaries, must lead struggles to transform the state. The resolutions of the 2000 Service Delivery Conference help show the way forward.

In addition, to carry out the tasks of the NDR demands a high degree of planning and co-ordination. Otherwise, the Government cannot redirect resources or maintain a strategic line in the face of strong opposition from capital. But government co-ordination has been undermined by various factors. The inherited state did not have a clear co-ordinating centre except for the security apparatus. No new co-ordinating centre has been established since the RDP Office was closed. The creation of cabinet clusters aims to create more integrated policy development and implementation, but it is too soon to judge its success.

In the absence of a dedicated planning agency, the Department of Finance has expanded its power and competency as the only agency able to regulate other departments. Leaving co-ordination to Finance has proven highly problematic. After all, the department is charged with maintaining a stable fiscal regime, not with overall development. It has tended to push restrictive fiscal policies at the cost of improvements in services and economic restructuring.

In sum, the radical reorganisation of the state to ensure openness and democracy remains far from complete. Instead, the inherited structures have tended to give individuals excessive power, without ensuring that they function as a part of the democratic movement. The delegation of effective planning to the Department of Finance has tended to put development needs in second place behind fiscal restrictions. In these circumstances, the danger exists that a bureaucratic bourgeoisie will begin to use the state in its own interests.

#### **4. The international situation**

Social transformation in South Africa is occurring in a hostile international environment. The dominance of capitalism and neo-liberal economic orthodoxy has imposed constraints on the ability of the democratic state to forge ahead. But these constraints are not as rigid as capital makes out. Big business invariably exaggerates the global constraints in order to blackmail the state into supporting its policies.

The most important change in the international situation in the 1990s was the entrenchment of the hegemony of the United States and the capitalist world system, and with it the power of multinational companies. Europe and Japan are still challenging the dominance of the United States, but remain behind it in influence.

In this context, capital has the power and flexibility to find ever-cheaper sources of imports and to force down trade barriers. It gained both politically and economically from the opening of Eastern Europe and the former Soviet Union. This situation has fuelled rapid growth in the U.S. and to a lesser extent in Japan and Europe, at the cost of most of the developing world.

#### **Box 3. Integration into the world economy after 1994**

After 1989, the decline and end of apartheid opened the South African economy to new forms of international trade. South Africa has always depended on exports of gold and other commodities to fund imports of fuel, machinery and consumer goods. In the 1990s, government lowered tariffs and foreign companies showed new interest in South African markets, forcing substantial restructuring in manufacturing. At the same time, the stagnant gold price increased the pressure to find new sources of foreign-exchange earnings.

Foreign trade picked up rapidly after 1994, with total receipts on exports of goods and services growing twice as fast as in the previous four years. Exports grew by 30 per cent in real terms between 1994 and 1998. Imports grew even faster, but were still smaller in value than exports. Exports climbed to 26 per cent of the GDP, from a low of 18 per cent in the late 1980s. Even in 1998, when overall growth slowed, exports and imports grew by 2,5 per cent. The increase in exports occurred despite the gradual decline in gold earnings over the period, from 4,9 per cent to 3,5 per cent of the GDP.

Foreign investment grew substantially, but mostly took the form of short-term and therefore dangerously variable inflows. Moreover, investment abroad by South African companies increasingly offset capital inflows.

Net foreign investment (total capital inflows less capital outflows) contributed 17 per cent of gross fixed capital formation between 1994 and 1998. If we subtract net repatriation of earnings from foreign investment, the share of foreign capital falls even further, to 6 per cent of total fixed investment.



Loans from other governments (8) constituted about a fifth of all foreign investment.

Three quarters of foreign investment in South Africa in 1994-'98 was in portfolio form – that is, non-controlling investment through the stock market and loans. These holdings could (and did) fluctuate greatly. In contrast, despite economic policies geared to attracting foreign capital, South Africa did not get much stable, direct foreign investment. Financial crises resulted in 1996 and 1998. In 1996, capital outflows and the consequent collapse of the rand led directly to the adoption of the GEAR in an attempt to reassure foreign investors.

Multilateral institutions and donors essentially articulate the pressure of international capital. Despite some wavering in light of recent world financial crises, these agencies still have a clear agenda. They demand

- Cuts in tariffs by developing countries, often without matching reductions by industrialised economies;
- Strong copyright protection for multinational companies, which raises the cost of technology and medicine;
- Restrictive fiscal and monetary policies, with a slim state and privatisation of state-owned enterprise; and
- An end to exchange controls.

The deepening of globalisation has produced perverse social outcomes in both the developed and developing countries. It has increased the wealth and power of industrialised countries and a few developing nations. But even in these countries inequalities and insecurity have deepened. Moreover, massive and unpredictable fluctuations in international capital flows leave all developing countries vulnerable to economic crises, as in 1996 and 1998. Most people in developing countries, and especially in Africa, are marginalised and impoverished.

As the social damage of the new world order has become increasingly obvious, resistance has grown from interests straddling different social strata around the world - organised workers, the landless, environmentalists and students. The conflicts around the World Trade Organisation meetings in Seattle in 1999 became a visible expression of this alliance in opposition to neo-liberal orthodoxy. National battles, such COSATU's campaign against job losses, the Korean struggles against labour market reforms, and the fights by Brazilian and French workers, point to a broader struggle against the dominance of the global economy by capital.

What these struggles have lacked is a strong political centre. Most left-leaning parties have shifted to a market-oriented approach, and the union movement, although undoubtedly the best organised of the groups involved, does not globally have a programme to lead these struggles. The motley collection of formations seen in Seattle has not coalesced around a common platform. The relative weakness of the left internationally means there is no overall leadership to sustain the struggles of workers and other social groups. Without leadership and resources, these campaigns could either be co-opted, or become a constant and meaningless sideshow to the summits of global capitalism.

Within the international trade union movement, the ICFTU has emerged as the dominant confederation of trade unions. It has affiliates spread throughout the world, with Russian unions due to affiliate shortly. It has substantial resources,

mostly from affiliates in developed countries. Despite some weaknesses, it can and should be used to campaign for restructuring the world economy. As a minimum, its campaign to globalise workers' rights is an important dimension in the struggle to transform the world economy. It must be backed by a sustainable programme of action that includes measures to reform the global financial architecture, extend workers' protection throughout the world, and so on.

Three groupings of countries – the southern African region, the Non-Aligned Movement and the G77 – could provide a platform for changing the rules of the world economy. These groups represent the common interests of developing nations in challenging the current form of globalisation. But again, these alliances are not uncontested. Some of the countries involved want to compete for foreign investment by suppressing labour rights, pay and conditions. The recent G77 Summit in Havana, for instance, rejected the inclusion of workers' rights and environmental protection in the world training system. Because of this contestation, these forces could arrive at an unacceptable equilibrium. That would lead to a race to the bottom, as each developing country competes for foreign investment. It is therefore important that South Africa to take the lead in ensuring that these groupings take a progressive role.

## 5. Organisational challenges facing COSATU

COSATU has emerged as the most organised and vocal social force in post-apartheid South Africa. The success of the recent stayaway demonstrates the ability to mobilise large sections of society. COSATU has a track record of articulating its members' interests within the broader context of the NDR. It has a depth of experience and leadership expertise, derived from its rich shop-steward tradition. Almost all our general secretaries started as shop stewards.

Like the other components of the Alliance, COSATU has had to operate under new conditions. It, too, must address the challenges arising from political and economic transformation. The critical challenges include:

- Changes in employment relations,
- Disagreements with government on policy,
- The impact of changes in economic structure of individual industries, and
- The potential for the emergence of careerism and opportunism within the trade union movement.

The downsizing of formal manufacturing, mining and government threatens COSATU's membership base. In addition, employers are trying to move workers into forms of employment that are more difficult to organise – informal, home-based, small-scale and/or casual labour.

In these circumstances, COSATU increasingly confronts the challenge of reaching non-unionised workers in agriculture, the informal and the domestic sectors, as well as in new forms of casual and contract labour, whites and skilled employees. Efforts to reach these workers require creative organisational strategies.

To deal with the restructuring of the economy, COSATU must both

- Intervene at government level to translate its mass power into policy

victories, and

- Support members in individual industries and companies that are undergoing restructuring.

These challenges require both increased technical back-up, and ways to communicate difficult issues to members. Unions must develop progressive positions in response to management plans, which often requires technical expertise. Even then, leaders must make risky and difficult choices. Some agreements to adapt to changes or transform the state impose unavoidable sacrifices on members. For instance, the equalisation of education required the redeployment of 15 000 teachers, often at considerable personal cost. In these cases, reactionary forces attack COSATU leaders for agreeing to any change at all.

Meeting these challenges requires, first and foremost, the ability to organise and use mass power to back up positions at both policy and enterprise level. Negotiations on policy, whether national or enterprise, will succeed only where labour can back up its policy proposals with its strength. COSATU must continue to combine labour power with the technical sophistication needed to find constructive measures to manage change. We cannot hope to achieve our ends by relying exclusively on political work within the Alliance, or by looking only to power. Rather, we must develop an appropriate combination of these tools.

Affiliates must meet the new challenges while maintaining the basic elements of union work – ensuring adequate services to workers and leadership accountability. Not all unions have reached the same level in fulfilling these goals.

In taking forward the NDR, COSATU must combine the Job Crisis Campaign and other actions with creative work within the Alliance to develop specific proposals for democratising the state and the economy. But work within the Alliance must not lead to short-run compromises on principle. Otherwise, we run the risk of misleading our Alliance partners on our positions, leading to greater conflict thereafter.

It is critical that all COSATU members play an active role in the ANC and the SACP. Only then can we ensure that, in practice, the working class leads the NDR.

At the same time, COSATU must guard against new forms of opportunism. If the labour movement is not vigilant, individuals may use it only as a stepping stone to careers in government and business.

## **5. An Alliance programme for transformation**

COSATU remains firm in its commitment to the Alliance as the only social force able, in South Africa today, to carry forward transformation. This has been confirmed by a number of COSATU Congresses. But the Alliance must improve its operations in order to continue, not as a historical symbol, but as a structure that can drive a common programme.

### **1. Developing a programme for transformation**

In 1997, COSATU's CEC adopted a proposal that the Alliance develop a programme to implement the RDP. It was raised again during the work around the Election Manifesto in 1999.

This proposal reflects the urgent need for a common understanding of the Alliance strategy for social transformation in the current context. It should ensure that the Alliance is at the centre of policy development and drives the agenda for change in a consistent manner.

The Alliance programme should provide a platform to mobilise a broad spectrum of progressive social forces under its leadership. The programme and mobilisation around it can play a significant role in reinvigorating the mass democratic movement and reconnect the ANC with the full range of progressive forces.

The programme should identify strategic areas and concrete measures to take us forward in areas such as:

- Democratisation of the state and the role of the public sector,
- Economic development, especially aligning all economic policies to enhance job creation and bring about greater equality in incomes and wealth,
- The expansion of social services and social security, and
- The development of strategies to drive a progressive agenda internationally, including around the financial sector.

The programme should revolve around standing commissions of the Alliance that take forward specific areas of work. The commissions will develop Alliance approaches on policy questions and monitor their implementation by government and Alliance structures. They should have capacity to obtain research from appropriate experts both inside and outside of government.

To be effective, the programme must include a mechanism to translate Alliance agreements into government policies. That means reviewing the relationship between the ANC as a party and the government executive at national, provincial and local-government level. The presidency's strategic role should be defined as ensuring government departments implement ANC and Alliance programmes. This approach should ensure that bureaucrats and fiscal policy no longer drive national strategies. It should dilute the influence of capital over government as a whole.

COSATU must decide what levers it can use to ensure that the Alliance develops a common programme and mechanisms for its implementation. The Jobs Crisis Campaign may assist in this regard, since it helps focus the Alliance on the urgent need to address the issues facing working people.

## **2. Building socialism**

The crisis of capitalism cannot translate into gains for socialism without a conscious programme. The Socialist Commission has to be tasked with developing an analytical framework on the current situation and the prospects for socialism. Some of the questions include

- The nature of socialism,
- Our collective assessment of the current political conjuncture and the prospects for socialism,

- The elements of a socialist strategy in the context of the NDR, and
- The implications for Alliance formations.

All these questions indicate that building socialism is a complex and difficult task. We must invest resources and energies to tackle it.

The CEC can play an important role in defining terms of reference and timeframes for the Socialist Commission. Ideally, the Commission should table a discussion document on this question at Congress.

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### Footnotes:

1. *In the words of Magdoff and Sweezy, the South African system of racial segregation and repression was "a veritable paradigm of capitalist super-exploitation. It has a white monopoly capitalist ruling class and an advanced proletariat." Cited in John Saul and Colin Leys, 'Sub-Saharan Africa in Global Capitalism'.*
2. *In this connection, the RDP is less radical than the Freedom Charter, which called for nationalisation of the mines and banks in order to return the wealth to the people. Although the RDP indicates that nationalisation might be acceptable in some cases, it does not call for any specific measures.*
3. *This form of government conflicts with commitments in the Constitution to establish participatory democracy.*
4. *In countries that have attempted to build socialism, the commitment to democracy was often undermined by the need to resist the concerted onslaught from foreign powers.*
5. *SACP, 2000. Consolidate Working Class Power for the Eradication of Poverty, p.19.*
6. *Certainly the historically white staff associations, which still essentially represent medium and high-level officials from the previous government, have sought to block major changes. To that end, they often entered an effective alliance with reactionary managers. But the Cosatu affiliates – the largest unions in the public service - generally support transformatory initiatives, while trying to minimise the cost to the workers concerned.*
7. *Figures on household income distribution calculated on the basis of the CSS Household Expenditure Survey. Analysis by Whitehead and van Seventer of the 1991 and 1996 Censuses led to similar conclusions. In their analysis, in 1996 the top 10 per cent of households received 53 per cent of the national income, and the lowest 40 per cent received 3 per cent. (WEFA, 1999)*
8. *That is, debt securities provided by public authorities.*

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# **COSATU**

## **7<sup>TH</sup> NATIONAL CONGRESS**

**18 – 21 September 2000**

### **SECRETARIAT REPORT**

#### **PART ONE: POLITICAL REPORT**



**COSATU**  
7th National  
Congress

**Crush Poverty! Create Quality Jobs!**

# Secretariat Report to the COSATU 7th National Congress

## Part One: Political Report

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## Part I: Political Report

### 1. Overview

1. This report analyses the political environment since the last Sixth Congress. It must be read in conjunction with the political discussion document – *Advancing Social Transformation in the Era of Globalisation*. The discussion document analyses developments since the 1994 historic breakthrough. It raises questions about progress in achieving the basic aims and goals of the National Democratic Revolution (NDR).
2. The last three years saw intense contestation between the democratic forces and the forces of reaction. They can be characterised as a period of class contestation around the direction and course of the NDR. As the national question is being addressed, class is increasingly becoming the principal contradiction in South Africa. This reality does not mean we can ignore the interconnections between oppression based on race (nation), class and gender.
3. In the final analysis, understanding the nature of oppression is only possible if it is analysed in class terms. By itself, racial prejudice does not entirely explain the basis and logic of oppression premised on a capitalist form of accumulation in a colonial setting. In consequence, limiting our struggle to a fight against racism risks addressing the complexion and not the content of oppression. A narrow analysis of race oppression may reinforce the other forms of oppression.
4. This perspective does not depart from our historical understanding of the form and content of colonial oppression in South Africa. Within the democratic movement the concept of colonialism of a special type was precisely based on the understanding that while the dominant contradiction under apartheid was the national question, the system overall was a variant of bourgeois rule.
5. Drawing attention to class as the principal contradiction also means we cannot be blind to the class formation that has been underway since the democratic breakthrough. Under apartheid, all black people were subjugated. Today, some are able to join the privileged strata of our society. The working class has benefited immensely from transformation – but it has also been bludgeoned by the large-scale loss and downgrading of jobs.
6. The workers continued to score important victories after the Sixth National Congress. The labour laws piloted by the democratic movement reshaped the apartheid labour market. On the social front, workers and their families benefited from improved public services. Millions of people that historically had no water, electricity or schools now have access to these basic needs. This has enormous social and economic benefits for individuals and their communities.
7. Still, in economic and social terms, the legacy of apartheid remains entrenched. The structure of capital has not been fundamentally changed. The dominance of the mining-finance complex remains intact. To this day, Anglo-American controls over half of the assets on the Johannesburg Stock Exchange, while four banks own most of the financial sector. This dominant centre of capital is both vocal and conservative, and has relentlessly lobbied government to adopt its policies.
8. Black economic empowerment has failed to dent South Africa's highly concentrated ownership to create new centres of economic power. Instead, it has been limited to advancing a minority of well-connected black individuals, who rely heavily on white



capital. Indeed, analysis of stock-market ownership suggests Afrikaner capital has gained more than black business since 1994.

9. Still, class stratification among the formerly oppressed is increasing. The loss of hundreds of thousands of jobs in mining, agriculture, manufacturing and the public sector has combined with an increase in high-level opportunities for blacks and women with the necessary competencies and skills.
10. Class stratification appears in increasingly deep but less racially distinct inequalities in income and wealth. The difference between average black and white incomes, though still large, is decreasing steadily, while the gap between rich and poor in the black community and overall has widened. Poverty and unemployment are concentrated among Africans, women and the young, and in the rural areas.
11. The NDR must address these inequalities through various strategies to redistribute wealth. It is not about enfranchising a new elite that uses its access to economic and political power to entrench its class interest as the national interest. To alter South African society radically requires a massive transfer of wealth from the white minority and the creation of new sites of economic activity.
12. The adoption of conservative economic policies in 1996, including stringent fiscal and monetary policies and tariff liberalisation, was a major setback. GEAR was finalised in response to the currency crisis in 1996, with the aim of appeasing the markets. Its central tenet is a market-driven economic development with a resultant scaling down of the state.
13. GEAR has failed to achieve its basic aims of growth, redistribution and employment. Comparing its targets with actual outcomes since 1997 suggests that government went even farther than GEAR demanded in cutting deficits and tariffs. Meanwhile, growth was substantially lower than predicted, interest rates were higher and the increase in private investment much lower. Where GEAR predicted substantial increases in formal employment, on average over 100 000 jobs have disappeared every year since it was adopted.
14. Many gains scored since 1994 are now under pressure. The labour amendments recently proposed by government represent an attack on the rights workers gained in the last six years. If implemented, they would fundamentally change labour policy. In particular,
  - The proposal to grant the Minister of Labour power to vary core rights in the Basic Conditions of Employment Act (BCEA) will remove the basic floor of rights for workers.
  - The proposal to let individual employers block extension of collective agreements will undermine collective bargaining in general and centralised bargaining in particular.
  - The proposal on retrenchment will have the unintended consequence of accelerating rather than halting retrenchments.
  - The proposal to eliminate the premium for Sunday work will leave workers, in this matter, worse off than under the apartheid days.
1. These amendments are driven by a one-sided approach aimed at luring investors or submitting to the local business pressure. They fly in the face of studies conducted by the ILO and the Department of Labour itself, which both conclude that the labour laws are not a hindrance to growth. The amendments also fly in the face of Alliance agreements and the ANC's 1999 elections manifesto. They therefore go to the core question of the integrity of Alliance agreements and the manifesto. It not an exaggeration to argue that they pose a serious political crisis for the Alliance.
2. Politically, the adoption of GEAR marked a turn to the centre-right. GEAR was rammed through without consultation, violating the principles of the NDR and the

tenets of the Constitution on participatory democracy. Further, it has increasingly set the budget deficit as the primary objective, displacing the broader social goals of the NDR. It signalled a shift from the state-led approach underpinning the Reconstruction and Development Programme (RDP) to a market-oriented strategy.

## 1. Assessing the National Democratic Revolution

1. This year marks the sixth anniversary of the 1994 breakthrough. The ANC is the leading party in government and its political power has been consolidated with an overwhelming majority since the 1999 elections. Most provincial and local governments are under its control.
2. The ascendancy of the ANC to power was a crucial political achievement signalling the defeat of the racist regime. South Africa is now ruled by a legitimate national democratic state. Economic power, on the other hand, is still monopolised by the white minority, albeit with the inclusion of a few black faces. The dominance of capitalism in the world economy reinforces the power of domestic capital.
3. This situation means there is now a disjuncture between political and economic power. Intense contestation between the former ruling bloc and the progressive movement has arisen, as each tries to steer the democratic state in a direction consistent with its class interests.
4. Over the last six years, this contestation has played itself out on economic, political and social terrains. On the social and labour market fronts, many important achievements were scored despite relentless efforts by the former ruling bloc to thwart them. On the economic front, the ideology of the dominant fraction of capital, the mining-finance complex, is hegemonic, which is a major obstacle to the NDR.
5. In these circumstances, the state is not monolithic but characterised by different approaches to development. Within the state, ministries that still want to pursue progressive policies must contend with the Department of Finance and pressure from capital, which blocks many progressive changes. Conservative macroeconomic policies cut the budgets of ministries and departments, constraining their ability to pursue their programmes. These contradictions emerged, for example, when the Finance Department undermined agreements with other departments on National Health Insurance, the Skills Levy Act, public-private partnerships, the UIF amendments, etc. Contestations within the state also emerge between the Executive, Parliament and institutions such as the Reserve Bank.
6. Against this background, the NDR has come under new strains necessitating that we reassess the last six years in terms of its basic aims and objectives. The discussion document provides a comprehensive conceptual and analytic framework. This section gives a broad review of the last six years and highlights major developments against the objectives of the NDR.
7. As pointed out in the discussion document, the NDR arose as a reaction to the way colonial capitalism distorted South Africa's society and economy. That system combined national, gender and class oppression. The NDR addresses this heritage by demanding radical moves toward democracy and equity in both the state and the economy. The NDR therefore represented a united response to the common subjugation faced by the majority of South Africans, which joined class, race and gender oppression.
8. The NDR was by nature a multi-class struggle. Since attainment of political and human rights in 1994, there is an intense contestation aimed at defining the NDR so that it advances particular class interests.
9. On the one hand is an attempt to wean the NDR of its radical content and to present its goals in minimalist terms. Proponents of this view argue that the 1994 elections represented the end of the NDR since South African society has been 'normalised'. From this perspective, the aim of the NDR was only national liberation. This point of

view represents the class interest of the capitalists class and to an extent the aspirant/emerging black bourgeoisie, which demands that the state support black business and drop measures to transform society more fundamentally.

10. On the other hand is the belief that the NDR forms a detour from the actual struggle for socialism and is therefore a waste of time for the working class. This view has actually been advanced for decades. It misunderstands the nature of oppression in South Africa and is based on an abstract understanding of class struggle and socialist transformation. It also derives in part from a mechanical interpretation of phases or stages of the revolution. Overall, in this approach the dynamic link between national and class struggle is underdeveloped.
11. The COSATU perspective is that the NDR is far from over. The 1994 breakthrough was a qualitative shift in the struggle, but it was by no means its end-point. It placed the ANC in power, not as an end in itself, but as a means to use state power to address all three forms of oppression. For as long as this legacy is intact, the NDR will remain an important phase of the revolution.
12. In the current conjuncture, while the democratic state still represents the class forces originally allied against apartheid, it cannot seek merely to mediate between class interests. Rather, it must implement measures that will ensure transformation biased towards the working class.
13. In the conditions of South Africa, the NDR represents the most direct route to socialism. For COSATU and the SACP, socialism is not just a vision or an ideal located in some distant future that we can only dream about. Within the current situation, we must build capacity for socialism, momentum towards socialism, and elements of socialism.
14. In practice, the NDR prepares for socialism in several ways:
  - Democratisation of the state reduces the power of capital and gives working people more strength about a socialist transformation;
  - The provision of basic services such as health, education, water and social security narrows the scope of markets;
  - Democratising the economy weakens the stranglehold of the mining-finance complex and strengthens socialised capital, including through the state and co-operative sectors;
  - Taking progressive positions in international forums helps shape the world climate needed to build socialism over time;
  - Deliberate and active encouragement of participation of the organs of people's power in policy development and transformation means they become their own liberators and take charge of their destiny.
1. Over the last six years, the national democratic state has been subjected to pressure from capital. Wittingly or unwittingly, it has adopted policies that favour class interest of the dominant fraction of capital. But workers have also gained important victories since the ANC came into power.
2. The challenge confronting left forces in South Africa is to increase pressure on the state to adopt policies that favour the working class. To abdicate this responsibility would hand the democratic state to capital on a silver platter. As a minimum, the state must realise the basic goals of the NDR, namely radical political democracy plus social equity and transformation of the economy in favour of the formerly oppressed.

## 1. **The Balance of Power**

1. The ANC's electoral victory tilted the balance of power in favour of the progressive forces. To understand the political and economic choices made by the democratic state in the last three years, we must analyse the impact of the balance of power, before assessing the current conjuncture.

## 1. The Role of Capital

1. As alluded to in the discussion document and in this report, the mining-finance complex still dominates both the economy and the economic discourse. It has been backed by international capital, including multilateral institutions, and by white political parties.
2. Capital wields enormous economic and social power which it has brought to bear on the state. Its political agenda is to strip the NDR of its radical content. It uses its power to threaten government with disinvestment, and connives with global capital to blackmail government. It is by nature unpatriotic, essentially a form of comprador capital that seeks to attain even more power by increasing its mobility throughout the world. The shifting of the primary listing by major companies, mostly to the London Stock Exchange, demonstrates this lack of commitment to South Africa.
3. Instead of fundamentally changing the structure of capital, in areas like macroeconomic policy the state has given in to pressure from the dominant fraction. In many ways, GEAR is a milder version of the *Growth for All* economic strategy sponsored by big business in 1995. The absence of an active industrial strategy means that we still rely largely on an apartheid economy. Accelerated tariff reform has fostered de-industrialisation. The current proposals to amend the labour laws also respond to pressure from local capital, particularly the financial sector, mines and farms. The last two, in particular, were the main beneficiaries of repressive apartheid labour policies and legislation.
4. Without fail, big capital has resisted progressive social and economic changes. For instance, it resisted all labour laws, health policies and measures to mobilise resources from the rich.
5. Capital largely controls the media. It has used this power to impose its ideology as the national interest and portray the ideology of the working class a dangerous, narrow self-interest out of step with reality. Through this control, capital seeks to dictate the direction transformation must take.
6. In a number of cases, particularly between 1994 and 1997, government has implemented progressive legislation and policies despite vocal opposition. Where there was sufficient resolve, government and Parliament ignored the threats from business and forged ahead with progressive policies, especially on the health system and the labour market.
7. Since then, however, there is a worrying tendency to give in to business pressure. This is manifest for instance in the small business determination on the BCEA, rammed through in 1999, and the recent package of labour law amendments. Increasingly, investor concerns drive government's policy positions.
8. Despite these concessions, large-scale capital has refused to reward government and the country with increased investment and job creation. On the contrary, business demands further liberalisation of the economy and the reversal of gains made by labour. The appetite of business is insatiable. You give an inch, it demands the whole yard – *ubanika isandla bafuna ingalo, ubanika ingalo bafuna umzimba wonke*.
9. Through continued lobbying of political leadership and high-level officials, as well as through the media, big business tries to build support for a conservative consensus and bully those who propose alternatives. It seeks to divide the progressive camp by isolating those who propose radical measures and showering praise on those it

considers "pragmatic."

10. The confidence displayed by big business reflects the failure of the Alliance to articulate a clear strategy to deal with capital and lock it into a new development path. Societies that have undergone major reconstruction similar to South Africa have succeeded by disciplining capital, not by giving it free reign. The power of big capital feeds on the failure fundamentally to restructure capital by creating new centres of capital accumulation and mobilising fractions of capital that are likely to support economic restructuring.
11. The pioneering initiative to engage capital through the Millennium Labour Council (MLC) could be the beginning of a process to lock capital into an agreement consistent with COSATU's economic vision. However, there are obvious risks and dangers, including the potential to undermine NEDLAC as an institution for social dialogue. The Alliance and this Congress must discuss elements of an agreement with capital to ensure that we address the main social and economic problems.

## 1. The State

1. As noted above, the democratic state is a site of intense contestation between capital and the progressive forces. While the state may have the appearance of neutrality perched over society, it is in the final analysis a product of society and is shaped by the relations of production prevalent at any given time.
2. By definition, the national democratic state is a transitional state, subject to pressure by class forces to steer it in line with the interests of that specific class. We cannot take it for granted that the national democratic state will remain forever progressive. For instance, in much of post-colonial Africa the democratic state was transformed into machinery for class rule by the new elite.
3. Capital exerts tremendous pressure to modify the objective interests and ideology of the political leadership. If it succeeds, it establishes a unified ruling class where the state machinery aims primarily to advance and protect the interest of capital.
4. To prevent this kind of development, we must maintain a strong progressive movement inside and outside the state. The state must continuously be put under pressure to prevent one-sided pressure from capital.
5. The current state is best described as a national democratic state presiding over an unreconstructed bureaucracy in a capitalist society. The primary task of the progressive forces was to capture state power and to use this state power to advance the interests of the NDR. But to achieve its aims, the democratic forces must fundamentally reconstruct the apartheid state, which was dysfunctional, oppressive and fragmented.
6. If it has a base of mass support and accountability, the state has the resources to make a major impact on the economy and to direct and reshape capital. For this reason, the NDR must include a strategy to harness state power, including fiscal policy, intervention in the financial sector and employment creation.
7. The restructuring of the state has so far succeeded in unifying and rationalising the fragmented state machinery inherited from apartheid. In terms of representivity, the complexion has been slightly changed at the top through appointment of progressive officials. But the public service is still dominated by old-line apartheid bureaucrats.
8. In recent years, too, government has shifted from a vision of transforming the state to meet the needs of working people to the objective of downsizing to meet narrow deficit targets. Cutting down on the size of the state will seriously undermine its ability to implement transformative programmes. The apartheid state was sorely deficient in service delivery, especially in black communities, and downsizing the public service will exacerbate rather than improve the situation.

9. A related problem is weak planning and co-ordination. In the absence of a dedicated planning agency, the Department of Finance has expanded its power and competency as the only agency capable of regulating other departments. It has thwarted many progressive policies and initiatives in order to meet its deficit targets.
10. In these circumstances, the state is characterised by internal contestation. Parts of government want to pursue progressive policies but are hampered by pressure from business and declining budgets.
11. In this context, the existence of rollovers – unspent budgets – in some departments has been used to argue that government could not spend more money effectively. A closer analysis of the rollovers reveals, however, that the problem is not a simple inability to spend in all departments. Rollovers inevitably occur in areas where the state attempts to give funds to business or NGOs to provide public services or to invest, for example, in public works, welfare, housing and economic subsidies. This situation demonstrates the problems with assuming that if the state lacks capacity or resources, it can simply leverage private support. Meanwhile, the big social services - education, health and police – have had to cut back on services over the past three years, due to lack of funds.

### **1. The Alliance and the MDM**

1. The Tripartite Alliance between the ANC, COSATU and the SACP collectively represents the overwhelming majority of the South African population. It is an alliance born in struggle that spearheaded the transformation process and the struggle for liberation, and ultimately brought a series of electoral victories for the ANC.
2. The South African revolution is unique in that it was led by an alliance between a popular liberation movement with an unquestionable track record of struggle and which is progressive and revolutionary in content, the ANC; a working class party with a long history of struggle for the liberation of the majority and for socialism, the SACP; and a revolutionary trade union movement which played a critical role in the struggle for liberation, initially through SACTU and subsequently in COSATU. It is an alliance with a history of struggle and rooted in the people. It is an alliance of three independent formations that accepted the leadership of the liberation movement, the ANC.
3. Prior to the 1994 elections, the Alliance adopted the RDP as a strategy for transforming South African society. The RDP had wide support, particularly from within the democratic fold. Business and the former ruling party grudgingly accepted it in public, but generally worked to undermine it.
4. The ascendance of the ANC to power meant a qualitative shift in the operations of the Alliance. Under apartheid, the partners struggled together and worked closely. However, under the current conditions the Alliance has failed to give expression to this close working relationship. Apart from deploying cadres to strengthen Parliament and the Executive at all levels of government, we have not clarified how the Alliance relates to government. In theory, the entire Alliance should be in power, but in practice it does not control what actually happens.
5. In the new conditions, the Alliance has failed to function effectively or develop a strategy to implement the RDP or the manifesto. This vacuum has resulted in policy largely being driven by bureaucrats and technocrats with the support of big business, and not by mass organisations including the ANC. By no stretch of the imagination can the Alliance be described as fully in control of state policy and power. The loss of the strategic initiative has led to demobilisation and demoralisation of the masses, and the politics of self-enrichment and confusion.
6. In the last three years the Alliance has largely operated in a crisis-management mode, although it functions better in some provinces. Many Alliance agreements are not carried out. When confronted by difficult questions, the Alliance has tended to

focus on issues where there is agreement and skirt around problem areas. As a result, it has papered over cracks around serious disagreements, especially on economic policy. Only during elections is there cohesion and regular meetings.

7. The Alliance summits serve a symbolic role, and agreements reached in these summits do not find expression in government programmes. This situation is compounded by rumour mongering; a tendency to question each others' *bona fides*; and a loss of faith in the ability of the Alliance to ensure government policy adheres to agreements.
8. This situation is compounded by the fact that, as the Secretary General pointed out to the National General Council of the ANC, the ANC is organisationally too weak to provide leadership to the entire Alliance or to direct firmly policy formulation within government. A number of decisions of the Alliance, which form elements of the Alliance programme, are not implemented due to lack of capacity. After the 1994 elections, the ANC's policy capacity was severely weakened by the exodus to government and other areas of society. For this reason, the Secretary General proposed the creation of an ANC policy institute.
9. In the last three years a number of Alliance summits were convened and adopted far-reaching political, organisational and economic resolutions. The summit held from August 31 to September 1, 1997, adopted clear resolutions around public sector restructuring, the re-alignment of government policy toward employment creation, and the need for a developmental macro-economic policy. These decisions were reaffirmed in the Alliance summit in October 1998, which explicitly stated that no macro-economic policy is set in stone and that priority should be accorded to addressing the social deficit. This summit created hopes of a new post-GEAR consensus. A number of other important organisational and political resolutions were adopted.
10. In 1999, no summit was held. A summit was unceremoniously cancelled. A downscaled ten-a-side meeting was convened towards the end of the year. This meeting focused mainly on operations of the Alliance, and established a new structure to serve as a political centre. Unfortunately, the political centre never met. Disappointingly, no summit has yet been convened in 2000. At the time this report was being finalised, a ten-a-side meeting was postponed by the ANC.
11. In all these engagements with the Alliance, COSATU submitted substantive proposals and task teams were established. In practice, these task teams did not deliver on their mandates. The agreements reached have had no substantive impact on government programmes.
12. Except for the Secretariat, the Alliance meets irregularly. That results in a growing gap between the leadership of the Alliance, and fosters corridor politics and rumour mongering. The media often communicates our positions in a distorted manner thereby fuelling misunderstandings within the alliance.
13. These circumstances led to the argument in the discussion document that that the relationship between the Alliance and government is "dangerously undefined." Government takes decisions without effective Alliance participation. Comrades in government expect the Alliance partners to understand and support these decisions without any prior agreement. This situation reduces the Alliance to a rubber stamp. It is a source of many tensions between COSATU and government and within the Alliance.
14. Although the Alliance has always understood that transformation would be contested by various forces, it did not develop a clear strategy to deal with it. COSATU has been arguing for the development of an alliance programme for better part of the past six years.
15. We argued that it was an error that the Alliance did not before or immediately after the 1994 elections sit together to develop a framework of key priorities for

- implementation by the government for the next five years in line with the priorities of the RDP and the manifesto. This framework would define the relationship between the Alliance and the government. Most importantly, this conceptual framework would also outline the role to be played by each component of the Alliance in pursuance of the agreed programme.
16. For this reason, the political discussion document adopted by COSATU in 1997 argued that the Alliance should develop a programme that can present a "hegemonic alternative" to lead society and a social movement for transformation. In the absence of this kind of programme, there is no clear power base for government to resist pressure from local and international capital.
  17. Regrettably some in government have expressed great reservations about this COSATU approach. They like the Alliance, but in their view demanding a programme to drive the transformation project jointly takes matters too far. They see this as a demand for dual power and co-determination, which they oppose.
  18. In sum, the source of most of problems in the Alliance lies in different approaches to how we give a practical expression and meaning to the Alliance when one partner is in government; one is a political party committed to socialism; and the third is a trade union movement that must guard its independence while remaining in the Alliance. Increasingly it is becoming clear that unless we develop a common conceptual framework, the Alliance will always sit with unsettled score based on different expectations from each component.
  19. The Alliance is confronted by a stark choice. Either there must be a qualitative shift in its operations, which involves it in meaningful participation in policy formulation, or it risks collapse. The latter route cannot be contemplated. But to avoid it, the Alliance must begin to operate in a different style and on the basis of a commonly agreed programme. It cannot be held together by historic sentiment alone. In sum, we have a historic duty to fight to save the Alliance from extinction.
  20. The new way of operating will set a number of pre-conditions.
  21. Regular meetings to address substantive issues must close the gap in the Alliance. The development of an Alliance programme should be accorded the priority it deserves. This programme must review and knit together existing agreements. Above all, it must directly confront issues that have caused tensions, especially macroeconomic, trade and industrial policy. In addition, there must be mechanisms to translate Alliance agreements into government programmes.
  22. To support this process, the ANC's policy and organisational capacity must be strengthened. In addition, ANC sub-committees such as the Economic Transformation Committee (ETC) must develop a clear programme of action. In the coming months, the ETC's priority should be to operationalise the resolution of the National General Council of the ANC to review national economic policy in conjunction with the Alliance.

## **1. The role of COSATU**

1. Particularly in the wake of the 1999 public service strike, the trade union movement was accused of representing sectarian interests that threaten ill-defined national interests. A corollary of this argument is that because workers have jobs, they form a privileged group or an elite. Workers' demands for a living wage and fair working conditions are projected as a stumbling bloc to employment creation. A variant of this argument holds that COSATU and its affiliates are "economistic" or "workerist" in outlook, and need to get a grip since there is more to life than collective bargaining. Increasingly we see the abuse of Marxist rhetoric to mask a neo-liberal agenda that is defined as the national interest. This is tantamount to delivering the working class on a silver platter to the bourgeoisies.
2. These arguments are devoid of any substance and deflect attention from the real



issues.

3. To call workers a labour aristocracy moves attention from the real privileged class in our society. The top 10% of households in South Africa controls over 40% of the national income, and a far higher share of the national wealth. In contrast, the next 40% of households – which includes virtually all of organised labour – receives only its proportional share of income, which is around 40%. Most workers fall into the category of working poor. Nonetheless, they effectively form the main social security net for millions of the unemployed and underemployed.
4. Attacking the organised working class and attempting to limit its power and influence denies the NDR of its central important motive force. Marx and Engels saw the working class as the driver of change, not because it was the most oppressed and poor, but because of its strategic position in large-scale production, which supported strong, progressive organisation. Even now, the organised working class provides a critical basis for maintaining the power of the Alliance in all areas of society, including through the elections.
5. Proponents of these arguments do not define exactly what should distinguish progressive unions from other labour organisations. They opportunistically play COSATU against the more docile Fedusa. It seems that the objective is to reduce COSATU to an uncritical lap dog.
6. The experience of other societies demonstrates that turning trade unions into a transmission belt for government policy is politically and socially problematic. Africa is littered with experiences where an ill-defined national interest or mythical class peace was used to subvert the labour movement. This situation has decimated the unions and given local and foreign capital a free hand to drive economic and social policy, with devastating results.
7. Attacks on organised labour are neither surprising nor coincidental. Organised labour and business represent the power centres of civil society. These two forces can muster real power to achieve their aims.
8. When labour wields its power, it directly challenges other groups who have power – mostly government and business. Naturally, those with power both within and outside government are wary of other sources of power. They cannot easily disregard the organised working class the way they can ignore most of the rest of civil society.
9. Workers and the democratic movement fought for labour's rights to be codified in the Constitution. This right was given so that organised labour can exert pressure on government and business to adopt policies that favour workers. When COSATU flexes its muscles, it has no intention of undermining the government or weakening it politically. In fact in most cases our campaign should strengthen government's hand, not weaken it.
10. Nonetheless, when labour flexes its muscles, it is not always understood that it is exercising a constitutionally entrenched right. On the contrary, unions are often vilified and labelled as undermining the economy and development. Consistent attempts are made to divide it by differentiating between sectors of working people. COSATU understands these attacks well, and will not shy away from raising the concerns of the working class and our allies.
11. COSATU and its affiliates have always understood their role in political rather than narrow economic terms. Under apartheid, COSATU saw that workplace struggles could only succeed if the NDR is victorious. To this end, many COSATU activists were and are still at the forefront of community struggles, and take part in the broad democratic movement. In the post-apartheid society, COSATU has not retreated to the workplace, but will continue to integrate workplace struggles with broader struggles for democracy and economic justice.
12. To counterpoise workers' struggle against the NDR is to limit the basic goals of the

NDR. The NDR seeks, not to normalise the system inherited from apartheid, but to transform it, including in the workplace. At the same time, everyone must accept that the basic function of any trade union is to represent, defend and advance the interest of its members. Any union that fails effectively to undertake this task cannot perform any other function, let alone contributing to the broader political struggle of deepening the NDR. We must not give up on these struggles, but continue to locate them within the transformation process.

13. This does not mean that COSATU is not confronted by dilemmas. In particular, the public sector unions confront the democratic state as an employer. This can pit them against the state, which in turn attacks them as representing sectarian and selfish interests. It invokes progressive language and arguments to support this claim, even when it expresses sentiments like those of any short-sighted employer. Yet representing workers' interests is not inimical to real transformation, which must meet the needs of the working class.
14. Part of the process to transform the state is to ensure that it becomes a model employer in its labour relations. COSATU public sector unions are distinguished by their understanding of the twin task of transforming the state and representing their constituency. As underscored by the public sector affiliates' Service Delivery Conference in February this year, as well as a host of agreements relating to transformation and work re-organisation, they have consistently sought to transform service delivery while defending their workers' conditions. But this function depends on the ability to support a public service ethos and adequate resources. No matter how committed a nurse is to provide services, without the requisite resources that commitment will be frustrated.
15. The claim that organised labour is too narrowly focused is also refuted by our links to civil society. COSATU has consciously and consistently retained links with other progressive organisations, for example through the jobs and poverty campaign, the alternative budget process, and coalitions to work with parliament around specific matters. It has invested resources in resuscitating the student movement – SASCO and COSAS - both to ensure their survival and to develop comrades to work in the Federation and its affiliates. This work is made more difficult, however, by the weak state of civil society formations due in large part to the failure of the broader Alliance to articulate a clear mass line and retain contact with progressive NGOs and mass-based sectoral organisations.

## **1. Social Dialogue and Engagement Forums**

### **1. NEDLAC and other forums with the social partners**

1. NEDLAC is a key forum of engagement, with considerable powers defined in its founding legislation. NEDLAC chambers play a pivotal role in processing and negotiating policies and legislation. The Labour Market Chamber and the Development Chamber are the most active. In contrast, the Public Finance and Monetary Chamber and the Trade and Industry Chamber are relatively ineffective.
2. Between 1997 and 2000, the Labour Market Chamber processed and completed negotiations on key legislation such as the BCEA, the Employment Equity Act and the Skills Development Act. It has also concluded agreements on a number of Codes of Good Practice, including the Code on Sexual Harassment. It has considered several international instruments on the labour market.
3. The government's stance of avoiding broader debate on economic and especially fiscal policy has largely sidelined the public finance and industry chambers. In particular, the Department of Finance wants to convert the public finance chamber into an information-sharing forum, rather than engaging substantively on key policies.
4. NEDLAC's role has recently come under renewed pressure. First, starting with negotiations over the BCEA in 1997, some government officials have conveniently argued that it usurps Parliamentary powers. This tactic has largely failed. Second, elements in government are wary of NEDLAC's legal powers. They prefer to establish

- less formal forums, where they have greater control.
5. For this reason, initially there were concerns that the Presidential Trade Union Working Group could displace NEDLAC. This problem has been addressed by the clarification that the working group will provide space for open dialogue between the President and labour, but leave formal agreements to NEDLAC.
  6. Another concern is that tripartite forums should not become talk-shops. They must become meaningful grounds for engagement with visible impact on the lives of the people. We must continuously assess their performance to achieve these ends.
  7. The failure of the Alliance to function effectively means that we are unable to develop a common approach on how Nedlac, the Presidential working groups and the Millennium Labour Council can be utilised to deepen transformation or to ensure buy-in to our programmes for change by capital and other social forces.

#### **1. Engagement with Ministers and Parliament**

1. COSATU also engages directly with government policy-making and monitoring at all levels – from national Ministers to provincial MECs, departmental processes and local government. In addition, we engage with Parliament through systematic interaction with a core of ten portfolio committees. These engagements are largely driven by the Parliamentary Office, with increasing support from the Policy Co-ordinating Unit.
2. A problem arises because of the diffuse nature of many government policy processes and the lack of defined structures for monitoring implementation. Too often, Parliament is presented with *fait accomplis*, which prevent real debates and make it difficult to exercise its oversight role. Some parts of the Executive seem to expect Parliament simply to rubber stamp their decisions. Still, in some instances Parliamentary committees adopt independent positions, forcing departments to revise policies and legislation.

#### **1. The Millennium Labour Council**

1. On July 7, 2000, the Millennium Labour Council (MLC) was launched. This was a culmination of a long period of debate within COSATU about the dangers and benefits of formalising bilateral relations with capital.
2. The idea was born out of a 1999 study trip to the Netherlands and Ireland by representatives of both business and labour. A record of understanding between labour and business identifies unemployment and job creation and poverty and inequality as the key priorities.
3. Possible dangers include the possibility that the MLC will undermine NEDLAC or lock us into an arrangement that is detrimental to workers. These concerns have been addressed through the agreement that the MLC will not replace NEDLAC. The MLC experience is still relatively new and we will have to keep a close watch on its development.

#### **1. The International Situation**

1. 1997 was a turning point as the world economy was plunged into a global crisis. On July 2, Thailand devalued the *baht*, commencing what came to be known as the Asian crisis, which spread rapidly from country to country and shook the entire capitalist world economy. Suddenly, globalisation seemed to stand not so much for a new stable world order but for the globalisation of capitalist crises on a scale not seen since the Great Depression.
2. Each of the major assumptions of globalisation as a process of rationalisation of world capitalism were immediately called into question. The idea that all countries were essentially in the same boat and that imperialism no longer existed was contradicted by the speed with which capital based in the developed countries proceeded to take advantage of the "fire sale" in South East Asia to grab assets. The inability of nations

to intervene in a globalising world economy was called into question by Malaysia's decision to impose capital controls, without suffering from the disaster predicted by capital and its economists. The end of class struggle and the weakness of labour in the face of globalisation process were refuted by the mass uprising of Korean workers in defiance of the IMF.

3. The fantasy that globalisation is a process controlled by a handful of corporations and international institutions was dispelled by the systematic nature of crisis of accumulation and the vast range of financial speculation revealed as economic distress spread around the world – from Southeast Asia to Japan, Russia, and Brazil. Although the crisis has abated, it threw millions into poverty.
4. Above all, neo-liberalism – the idea that everything should be left to the self-regulating market – was shown to be an ideology of those in power. The economic crisis also represented an ideological crisis for neo-liberalism. The strictures of this economic orthodoxy, which has come to be known as the Washington consensus, were subjected to all-round questioning. Mainstream economists such as Joseph Stiglitz and businessmen such as George Soros also questioned it. In a powerful analysis, the latter described the current global capitalist system as inherently unstable, requiring some form of regulation.
5. As the social damage of the new world order has become increasingly obvious, resistance has grown from wide array of forces. These are the forces that gathered in Seattle in November 1999. This massive, militant protest took place in the United States, the stronghold of global capitalism. The protests exposed as a lie the carefully cultivated, widely projected image of the United States as a hegemonic power lacking internal contradictions. In addition, national struggles, such as COSATU's jobs campaign, the Korean struggles against labour market reforms, and the fights by Brazilian and French workers, point to a broader struggle against the dominance of the global economy by capital.
6. What makes this new era of protest so distinctive is that it is aimed as much at global corporations and international economic institutions as at national states. It thus raises fundamental issues about class power and international solidarity. It also demonstrates the capacity of labour, environmentalists, and other left forces to act in tandem when confronted by the commonly perceived threat of a globalising economy.
7. The main obstacle is that these struggles lack leadership and a coherent and sustainable programme. Most left-leaning political parties have shifted to a market-oriented approach, and the union movement, although undoubtedly the best organised, does not globally have a programme to drive these struggles. Left forces are confronted with the twin challenge of building an international left movement and fashioning a clear strategy of engagement.
8. COSATU's international policy becomes important in this respect. It must aim at transforming the international trade union movement into a fighting vehicle and providing solidarity with workers of other societies. In addition, there must be a targeted campaign against multinational corporations and multilateral institutions. The globalisation of workers and social rights should be the rallying call of the international labour movement. The policy will be incomplete if it does not articulate a clear strategy to utilise progressive movements like the ANC and parties like the SACP to build a strong coalition of international progressive forces.

### **1. The 1999 Elections and the Local Government Elections**

1. Against this background it is important to analyse the significance of the 1999 general elections. The second democratic election in June 1999 gave the ANC an overwhelming mandate to continue with social transformation. The massive electoral victory opened the space for implementation of a far-reaching transformation programme. Armed with an almost two-thirds majority, intense popularity among the electorate and international support for the struggles against apartheid, the ANC-led

government has considerable power to counterpoise to the opponents of the NDR.

2. The ANC's majority in Parliament has diminished the power of the opposition parties. The NP was decimated and replaced by the DP as the official opposition. No wonder it was easily consumed into the DP to form the Democratic Alliance. The IFP has been reduced into a regional party, and barely retained its power in KwaZulu Natal. Parties projected as alternatives to the ANC, such as the UDM, failed to have a significant impact on the ANC's electoral fortunes.
3. Factors behind the ANC victory include its popularity amongst a large section of the population, the sterling work by the entire Alliance to mobilise for the elections, and a fairly progressive manifesto that addresses people's basic concerns like unemployment and poverty.
4. All of this means that the opposition parties collectively do not pose a serious threat to the ANC but will continue to try to undermine it. The real threat is capital, which has demonstrated its ability to pressurise government. In addition, failure to address people's basic concerns will seriously undermine the ANC's power base. The fact that large parts of the election manifesto have been ignored by government is therefore of grave concern. One key weakness identified by the Alliance after the 1999 elections was the gap that developed between the leadership and their mass base.
5. The forthcoming local government elections provide an opportunity to reinforce the transformation process at the local level. The Special Congress adopted a resolution committing COSATU to support the ANC election campaign. This resolution is premised on the belief that the ANC is the only party capable of transforming local government into non-racial and integrated sphere of government. It also recognises that, despite serious capacity constraints, many ANC-controlled local governments have begun to provide services to their communities.
6. For COSATU to be able to mobilise its members, however, it is important that the political and labour problems that have plagued local government, and notably iGoli 2002, should be resolved. The Alliance must agree beforehand on a vision and role for local government, with a commitment to provide the necessary resources. Priority should also be given to addressing the backlogs inherited from apartheid and provision of services in an equitable manner. These commitments must be reflected in the elections manifesto, and a post-election process to implement the manifesto should be defined.

### **Policy proposals**

1. *Since 1997 COSATU has repeatedly called for an Alliance programme to implement the RDP on our new terrain. This proposal remains valid since without a common programme of transformation, there is no hope of resolving the ongoing tensions within the Alliance. The programme will deal with macroeconomic policy, trade and industrial policy; labour market policy; and social policy, including social security and a social wage. In addition, it will define in clear terms how the Alliance will function and how government will implement the programme. It must then be used as a basis to engage capital.*
2. *The process to conclude this programme should also be clearly defined by Congress. As a minimum, it must be agreed that the proposal will be tabled at an Alliance meeting. The Alliance should set up task teams to thrash out the details in each area within defined timeframes.*
3. *To support this process, the ANC's policy and organisational capacity must be strengthened. In addition, the ETC must develop a clear programme of action. In the coming months, its priority should be to operationalise the resolution of the National General Council of the ANC to review national economic policy in conjunction with the Alliance.*

# **COSATU**

**7<sup>TH</sup> NATIONAL CONGRESS**

**18 – 21 September 2000**

**SECRETARIAT REPORT**

**PART TWO: ORGANISATIONAL  
REPORT**



**Crush Poverty! Create Quality Jobs!**

# Secretarial Report to the 7<sup>th</sup> National Congress

## Part 2: Organisational Report

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## 1. State of the organisation

### 1.1 Overview and Role of COSATU

- 1. COSATU has strength that many trade unions and organisations in the

world can only dream about. Our power arises from our ability to mobilise members, as demonstrated in the 1999 election campaign, the Jobs and Poverty Campaign and the May Day 2000 rallies.

2. Despite the wave of retrenchments and job losses in recent years, COSATU has retained a high level of membership. This shows COSATU's appeal to workers across sectors and political inclinations. We counteracted the potential loss of members both through a recruitment campaign and by gaining members in new areas, in part by breaking down racial barriers or gaining more affiliates. Most of our affiliates have made great strides in realising our principle of non-racialism.
3. In the Sixth National Congress we developed a comprehensive organisational policy. In November 1998, the CEC translated these resolutions into a three- year programme of action. It identified COSATU's role in the new millennium as:
  - Acting as a political and administrative centre to provide strategic leadership for the trade union movement;
  - Co-ordination of affiliates;
  - Developing broad policies;
  - Ensuring that legislative gains translate into actual gains;
  - Capacity building, including education of workers; and
  - Mounting campaigns to benefit members and the working class as a whole.

The Special National Congress adopted resolutions on organisational renewal under the slogan: *Consolidation of COSATU to meet the challenges of the New Millennium.*

4. COSATU has adapted to the current phase of our struggle without sacrificing the principles and traditions bequeathed by our forebears. We have sustained the militancy of our membership in these new conditions. We still have a powerful shop steward movement that is highly politicised, with strong shop floor organisation and a clear understanding of the role that unions must play in South Africa's transformation. On that basis, we have combined mass mobilisation with engagement at the policy level. In the process, we have debunked the condescending notion that ordinary workers cannot comprehend complex policy issues.
5. The number of COSATU affiliates has increased as new affiliates joined, while others have merged to form stronger unions. The former leadership of CWIU and PPWAWU should be congratulated for joining to create CEPPWAWU, with a membership of 73 720. The newly formed SATAWU, which results from a merger between T&GWU and SARHWU/SATAWU, should be hailed as a realisation of our long-term vision of "one industry - one union." This new union has a membership of over 100 000.
6. We have retained the organisational strength associated with our proud history. Our traditions are reflected in our commitment to worker control and our culture of democracy, open debate, healthy criticism, comradeship and willingness to sacrifice and rise above selfish personal interests. Despite weaknesses in some areas, COSATU structures at affiliate, regional and local level remain intact.
7. When the need has arisen, our leadership has been able to give direction in an accountable manner. The dynamic interaction and engagement between leaders and members support a leadership style



that is not based on demigods, personality cults, careerism or disregard of members' interests. Our leaders are true servants of our members and the working class as a whole. That does not mean no one in COSATU uses the organisation for selfish reasons. But on balance, they are a small minority.

8. It is not a miracle that our leadership culture is what it is today. It is a product of an active and strong organisation that keeps leaders accountable.
9. COSATU continues to welcome a wide range of progressive ideologies and tendencies. Members from a range of political organisations have found their home in our ranks. This diverse membership is however fiercely protective of COSATU and acts in our structures as loyal and disciplined members. The co-existence of ideologies and political perspectives creates a culture of robust debate. Intensive discussions have given rise to better-defined political strategies.
10. COSATU has developed greater cohesion than at any other time in its history. The Executive acts together as a leadership that understands the challenges facing our movement and the country. Members of the Executive often make themselves available for the organisational and political work of the Federation, sometimes at the expense of their own affiliates. The task of reporting back to Regional Shop Steward Councils on EXCO and CEC decisions is therefore not confined to the COSATU National Office Bearers.
11. Despite these strengths, there are serious weaknesses in our organisation. The major shortcoming remains the uneven development of affiliates.
12. Many affiliates have the human and material resources they need to fulfil their functions. These strengths enable them to attract and retain skilled staff. Their resources mean they can train staff and leadership, and on that basis provide quality service to their members.
13. On the other hand, some affiliates are organisationally weak and lack resources. Weaknesses range from simply failing to fulfil tasks to internal tensions and divisions. Some of the reasons are beyond our control – for instance, where unions like SAAPAWU organise vulnerable workers with insecure jobs. Too often, however, energy and resources are diverted away from addressing weaknesses into internal strife, backstabbing, destructive cliques and criticism. The weaker unions spend little or no financial resources on developing leadership, staff and strong shop stewards. NEDCOM reports show that some unions do not budget for shop steward and leadership training. In addition, the internecine struggle for members through poaching causes conflict between COSATU affiliates.
14. In some cases, the gap between the grassroots and leadership at various levels is worrying. It appears in the growing gap between participation in COSATU constitutional structures by part-time and full-time office bearers. Elected full-time leaders dominate these structures, rather than elected worker office bearers. True, worker leaders generally lack the time to prepare for and attend meetings. Nonetheless, the dominance of officials and full-time office bearers is cause for concern. It poses the danger of diminishing worker control.
15. Taken together, these problems mean that in some affiliates, service to members has declined. Among others, this is demonstrated by complaints received by COSATU Head Office. Deteriorating service puts pressure on workers to find alternative sources of help. They may even cross the floor to more viable unions within or even outside

COSATU, compounding the demarcation problems.

16. The first part of this section reviews COSATU's structures and functions, and the state of the affiliates. The second part reviews progress toward building worker unity, and a third outlines major campaigns undertaken in the past three years. A final section looks at various other activities undertaken by the Federation.

## 1.2 Changes in Leadership

1. The national elections in 1999 brought about a substantial change in COSATU's leadership at national and provincial level. To replace office bearers elected into government, there was a Special National Congress on August 18- 20, 1999, and the affected regions held regional congresses.
2. Four of the six National Office Bearers were elected to national or provincial government in 1999: President John Gomomo, First Vice President Connie September, Treasurer Ronald Mofokeng and General Secretary Mbhazima Shilowa. In addition, from the regions, the secretaries from Wits, Free State/Northern Cape and KwaZulu-Natal, the chairpersons from the Eastern and Western Cape and the vice chair of the Western Transvaal won seats in Parliament.
3. To replace the National Office Bearers, the Special National Congress elected the following people:

President	Willie Madisha
First Vice President	Peter Malepe
Second Vice President	Joyce Phekane
Treasurer	Alina Rantsolase
General Secretary	Zwelinzima Vavi
Deputy General Secretary	Tony Ehrenreich

4. Comrade Peter Malepe later resigned following the misappropriation of COSATU funds. He was replaced by Joseph Nkosi, an NUM shop steward, National Education Committee chair and COSATU Mpumalanga regional chairperson.
5. Regrettably, for family reasons Comrade Tony Ehrenreich decided not to avail himself for re-election at Congress. He has since been elected as the regional secretary in the Western Cape.

## 1.3 Constitutional structures

1. Overall, the main constitutional structures functioned well in the past three years. Nonetheless, some areas of overlap and inefficiency have emerged, and for that reason it seems desirable to amend the constitution to reform the CEC and FINCOM.

### 1.3.1 CEC and EXCO

1. The Central Executive Committee (CEC) and the Executive Committee (EXCO) improved their functioning in 1994-'97. Both committees comprise representatives from all affiliates, but representation on the CEC is proportional to membership. The CEC is the policy structure and meets twice a year; EXCO meets every month except when either the CEC or another senior constitutional structure meets.
2. Discussions at the CEC and EXCO were generally lively, useful and well

informed. In the past three years, neither committee had to postpone a meeting because of poor participation, although most started late.

3. Despite the good performance of both structures, it does not seem logical to keep the CEC in its current form. Because the CEC meets only twice a year, it is no longer feasible to refer urgent policy issues only to it. As a result, EXCO, which was originally supposed to undertake administrative tasks and oversee negotiations forums, has ended up guiding policy issues and giving mandates to the National Office Bearers on administrative issues. The only unique responsibilities left to the CEC are the adoption of budgets and audited statements, and the creation of new staff positions. Even in these areas, the CEC often mandates EXCO.
4. Moreover, monthly EXCO meetings leave little time to implement decisions. This means that before the ink dries on the report and minutes of the previous EXCO, preparations for the next one must begin.
5. It therefore seems more efficient to eliminate EXCO, and increase the frequency of CEC meetings. Each union would have two delegates to the CEC. Delegations would have vote weights largely according to membership. Thus, unions with more than 100 000 members should be entitled to four votes.

#### *1.3.2 FINCOM*

1. FINCOM's success depends entirely on affiliates sending treasurers or their representatives to its meetings. In light of the failure of affiliates to take up this responsibility, the Secretariat proposes to replace FINCOM with a small standing CEC committee on finances. This recommendation was rejected in the last congress and affiliates undertook to improve their participation. This has not materialised.

#### *1.3.3 NEDCOM*

1. Overall, NEDCOM has performed well, with most affiliates and regions participating. It generated various planning and policy proposals, including the education programme, which were tabled in constitutional structures.
2. NEDCOM's weaknesses include the failure of both regions and affiliates to adhere to COSATU's policy on worker representation and control. Comrades also do not prepare carefully for the meetings, even where documents are sent to affiliates in good time. Finally, because affiliate educators do not devote enough time to NEDCOM, it does not provide sufficient strategic direction on union education issues. Since NEDCOM did not meet often, some of the work on education was taken on by Educators' Forums.

#### *1.3.4 International Relations Committee*

1. The International Relations Committee has not reached its full potential. For example, it has not improved coordination of the affiliates in the ITs and the Federation's international work. The Committee has not met since March 1999.

#### *1.3.5 National Gender Committee (NGC)*

1. The Committee has continued to improve its functioning despite the fact that for some months no one co-ordinated its activities full time

following the appointment of the Gender Coordinator as Administrative Secretary. It took the revolutionary example of NEHAWU to get us to prepare a successful gender conference in July 2000.

2. The main weakness of the structure is that it has not found a correct strategy to produce large numbers of women leaders. Its programmes are largely centred around the very few who are in the leadership of the women structures.

#### 1.4 Work with affiliates

1. COSATU now represents 1.8 million members in over 19 affiliates. This section first reviews trends in membership. It then outlines the role of COSATU in supporting coordination between affiliates, assisting individual unions with deep-seated leadership problems, dealing with demarcation difficulties, and legal challenges. The following section gives basic information on each affiliate.

##### 1.4.1 Membership

1. After substantial growth in 1991-'97, COSATU's membership remained virtually unchanged in the past three years. Given the large decline in formal employment, that was a massive achievement. As the following table shows, it reflected, above all, the continued growth in public service membership, which offset substantial declines in manufacturing and mining. Still, despite job losses, union density remains low in many areas, and not only in the difficult-to-organise sectors. In future, recruitment must be strategic to maintain and expand our organisation.

**Table 1. Membership of affiliates, 1991-2000**

Affiliate	1991	1994	1997	2000	% of COSATU members, 2000
NUM	269,622	310,596	310,596	290,070	16%
NEHAWU	18,110	63,835	162,530	234,607	13%
SADTU	n.a.	59,427	146,000	218,747	12%
NUMSA	273,241	169,598	220,000	200,000	11%
SACTWU	185,740	150,078	150,000	119,930	7%
SAMWU	60,304	100,406	116,524	119,792	7%
FAWU	129,480	121,435	139,810	119,302	7%
SATAWU	n.a.	n.a.	n.a.	103,218	6%
SACCAWU	96,628	102,234	102,234	102,234	6%
CEPPWAWU	n.a.	n.a.		73,720	4%
POPCRU	n.a.	n.a.	44,999	70,618	4%
SASBO	n.a.	n.a.	70,377	63,046	3%
CWU	21,467	23,081	40,000	35,008	2%
SAAPAWU	n.a.	n.a.	29,000	22,163	1%
SASAWU	n.a.	n.a.	n.a.	18,000	1%
SADNU	n.a.	n.a.	n.a.	8,128	0%
RAPWU	n.a.	n.a.	n.a.	3,500	0%
PAWE	n.a.	n.a.	n.a.	2,571	0%
CAWU	30,123	25,461	31,606	n.a.	n.a.
CWIU	45,147	41,462	45,000	n.a.	n.a.
PPWAWU	42,962	36,630	49,422	n.a.	n.a.
SADWU	16,462	25,149	n.a.	n.a.	n.a.
SAPSAWU	n.a.	n.a.	14,318	n.a.	n.a.

SARHWU	36,243	35,398	37,150	n.a.	n.a.
T&GWU	33,324	38,482	53,989	n.a.	n.a.
SAFPU	n.a.	n.a.	n.a.	400	0%
<b>Total</b>	<b>1,258,853</b>	<b>1,303,272</b>	<b>1,763,555</b>	<b>1,805,054</b>	<b>100%</b>

**Table 2. Change in membership, 1994-2000**

Affiliate	% change, 1994-1997	% change 1997-2000
POPCRU	n.a.	60%
SADTU	146%	50%
NEHAWU	155%	44%
SATAWU	123%	13%
SAMWU	16%	3%
SACCAWU	0%	0%
NUMSA	30%	-9%
SASBO	n.a.	-10%
CWU	73%	-13%
FAWU	15%	-15%
NUM	0%	-19%
SACTWU	0%	-20%
CEPPWAWU	21%	-22%
SAAPAWU	n.a.	-24%
<b>Total</b>	<b>35%</b>	<b>2.4%</b>

\* merged unions compared to previous individual affiliates. Excluding former CAWU members.

**Table 3. Membership by sector, 1991-2000**

Affiliate	1991	1994	1997	2000	% of total, 2000
public service	78,414	223,668	661,764	673,392	37%
manufacturing	676,570	519,203	512,952	512,952	28%
private services, communications & transport	204,124	224,344	318,105	306,077	18%
Mining	269,622	310,596	290,070	251,954	16%
Agriculture	n.a.	n.a.	22,163	22,163	1%
<b>Total</b>	<b>1,228,730</b>	<b>1,277,811</b>	<b>1,805,054</b>	<b>1,744,375</b>	<b>100%</b>

**Table 4. Changes in membership and density of membership by sector**

Affiliate	% change		total employment, 2000	COSATU members as % of total employment
	1991-97	1997-2000		
Agriculture	n.a.	-24%	935,000	2%
Mining	15%	-7%	420,502	69%
Manufacturing	-11%	-15%	1,278,452	40%
Private services,				

communications & transport	49%	5%	1,565,812	20%
public service	518%	37%	1,480,625	45%
<b>TOTAL</b>	<b>39%</b>	<b>6%</b>	<b>5,680,391</b>	<b>32%</b>
<b>Total except for agriculture</b>	<b>36%</b>	<b>7%</b>	<b>4,745,391</b>	<b>38%</b>

a. Includes self-employed. b. Includes former CAWU members. c. 1998 figures.

*1.4.2 Co-ordination of affiliates and establishment of sectors and cartels*

1. COSATU has improved its visibility in affiliates' struggles. Our support work is still not ideal, largely because of weaknesses in communication and coordination between affiliates and the Federation. The situation has been helped by moves to foster sectoral cartels, which have formed the basis for enhanced co-ordination particularly in the public sector.
2. Proposals for sectoral cartels derive largely from research conducted by the September Commission (see page 218 of its report). The process aims to strengthen solidarity and protect vulnerable workers while building strong, viable unions. Experience suggests that in most sectors in today's environment, unions with less than 100 000 members struggle. Growth can also bring problems - bureaucratisation, declining service and erosion of worker control and internal democracy. To control these potential weaknesses, we must rely on our own experience, set up appropriate structures and ensure accountability.
3. COSATU itself is largely the product of mergers. At the time of our launch, we had 33 affiliates, compared to over 19 today, largely due to mergers. Recent amalgamations led to the formation of CEPPWAWU and SATAWU.
4. The following table gives the cartels accepted by the Special CEC on September 14-15, 1999.

**Categories for Cartels**

**Manufacturing**

*Coordinated by the General Secretary and First Vice President*  
 CEPPWAWU  
 FAWU  
 NUMSA  
 SACTWU  
 SAAPAWU

**Mining, Energy and Construction**

*Coordinated by the General Secretary and Second Vice President*  
 NUM  
 CAWU

**Public Sector**

*Coordinated by the Deputy General Secretary and the President*  
 SAMWU  
 NEHAWU  
 SADTU  
 SAPSAWU  
 POPCRU

### **Private Sector Services**

*Coordinated by the Deputy General Secretary and the Treasurer.*

SATAWU  
SASBO  
SACCAWU

5. Although the cartels have not yet been institutionalised consistently or led to mergers, the process has fostered improved co-operation between affiliates. In the public sector, in particular, a co-ordinating committee of general secretaries and the Deputy General Secretary of COSATU met regularly from the end of 1999. It has been supported by a technical task team with representatives from each affiliate plus COSATU. This structure played a central role in developing a common perspective on the restructuring of the state. In July, the unions active in the electricity sector – NUM, NUMSA and SAMWU – agreed to develop a similar structure to co-ordinate work around restructuring of the electricity industry.
6. Still, the formalisation of cartels has not taken off as expected, and considerable resistance to mergers has emerged. Accelerating the process will require substantial political work.

#### *1.4.3 Interventions in Affiliates*

1. The Sixth National Congress passed a resolution permitting COSATU to assist with internal problems in affiliates. On this basis, COSATU has taken constructive action in a number of cases, either at the affiliate's request or on its own initiative. The main interventions related to difficulties in FAWU, SAAPAWU, CAWU and SASBO.
2. COSATU's Constitution defines the relationship between affiliates and the Federation, and clearly permits interventions of this kind. Still, to ensure consistency and avoid unnecessary conflict, guidelines for interventions must be developed in line with the directive of the Sixth National Congress.

#### *1.4.4 Demarcation*

1. Poaching of members – that is, recruiting affiliates outside of a union's scope, as demarcated by COSATU – is a significant cause of conflict. It weakens the ability of unions to ensure coherent organisation within industries and enterprises.
2. The Sixth National Congress condemned the practice of poaching and decided that affiliates must transfer poached members to the appropriate union within six months. Unfortunately, despite extensions in the deadline, no affiliates reported that they resolved the problem.
3. COSATU regions were instructed to compile information distinguishing genuine overlapping in the scope of affiliates from poaching. This information was submitted in April 1998. It revealed that poaching remained extensive.
4. When the extent and intensity of the poaching problem between SACCAWU and FAWU became clear, COSATU decided that this matter required intervention by the Federation. The same approach was adopted on the issue of energy workers mistakenly and traditionally organised by NUMSA. In line with the founding congress resolution and international trends, these members should belong to NUM. Progress in

this regard has been limited owing to resistance from NUMSA members on integrating into NUM.

5. Where there is a lot of poaching, a merger may be the logical and practical solution. Examples include FAWU and SACCAWU, SACCAWU and SACTWU, and NUM and NUMSA.
6. By the end of 1999, the National Office Bearers informed the CEC that since most affiliates were guilty of transgressions of policy, they were unable to recommend or take stern action. The matter is referred back to Congress for further direction.

#### *1.4.5 Legal Actions Against Unions*

1. The past two years have seen a substantial increase in legal claims against unions by employers, especially state-owned enterprise, and members. Some of the claims are so large that they could ruin the union. Moreover, some are a transparent effort to remove labour issues from their correct place in the CCMA and the Labour Court.
2. We must resist and condemn these attempts to use the law to bash unions. In addition, unions must take measures to minimise their legal risks.

##### *1.4.5.1 Cases by employers*

1. On February 25, 2000, Eskom claimed approximately R6 million from NUM for damages to Megawatt Park on July 15, 1998, during a strike. ESKOM argues NUM is vicariously liable for the unlawful acts committed by its members, had a duty to ensure its members did not damage ESKOM property, and breached a 1993 collective agreement. The NUM contends that the matter must go to the Labour Court. It will be argued in mid-September, 2000.
2. In a second case, Telkom is suing CWU for R260 000 in the Pretoria High Court for damages allegedly caused by members to its property during a protected lockout. Like NUM, CWU has objected that the action must be heard in the Labour Court. The case comes up in October.
3. COSATU published an open letter calling on government, Telkom and Eskom to withdraw these actions.
4. Finally, a third case has seen Consol suing CEPPWAWU in the Labour Court for about R900 000 for damages arising from a strike. The matter has not yet been set down.

##### *1.4.5.2 Cases by members*

1. The number of claims instituted by members against unions increased dramatically after a group won a claim against SAMWU in the Springs Magistrate's Court. The amount at stake in that case is about R5 million. The matter is presently on appeal.
2. SATAWU has been sued for almost R40 million by former members of SARHWU, and former members have threatened to sue SACTWU for about R16 million. The



Secretariat has also been informed that SAMWU, NEHAWU and NUMSA have received legal claims of up to R100 000.

3. Reasons given for the suits include:

- Loss of income because union officials allegedly incited illegal or unprotected strikes;
- The conclusion of collective agreements for which the union allegedly lacked a mandate;
- Unions' alleged failure to prosecute worker claims arising out of dismissals or other unfair labour practices in time; or a refusal to take forward claims because of lack of resources or because of disagreements with the member about the case.

4. Strategies to minimise this kind of case in future includes adopting appropriate policies and possibly exploring insurance for damages.

### 1.5 Overview of Affiliates

1. We here give basic information on each affiliate – leadership, membership, a brief history, and its main challenges. A final section reviews the events leading up to the disaffiliation of the IPS.

#### 1.5.1 CAWU

1. CAWU agreed to a merger with NUM in July. The leadership before the dissolution congress was:

President:	Fred Gona
Deputy President:	Elvis Nojoko
General Secretary:	Thabo Morale
Treasurer:	George Baloyi
Membership:	38 000

2. Before the merger with NUM, CAWU was in bad shape. Membership had not grown since 1991. Divisions amongst the National Office Bearers and in the NEC compounded the crisis. Reports indicated that the union was more than R2 million in the red.
3. COSATU has made countless interventions since the union was formed. At the centre of the union's woes was the lack of leadership capable of steering the union out of its abyss. Massive job losses and casualisation in the construction sector added to the problem. But there are still over half a million construction workers, so there is scope for growth.
4. In light of these problems, the February 2000 EXCO decided that the union should be integrated into NUM. COSATU facilitated discussion of this decision by the CAWU regions. A special congress on July 28-29, 2000, debated COSATU's proposal for almost a full day before voting. A clear majority supported the amalgamation of CAWU into NUM.
5. The former office bearers of CAWU, from national to branch level, have formed a task team to work with COSATU and NUM to conclude the integration process by the end of October. In the meantime, NUM will ensure representation of former CAWU members in its delegation at

regional congresses and in Congress.

### 1.5.2 CWU

President:	Joe Chauke
First Deputy President:	Karhi Pillay
Second Deputy President:	Machelin Reuben
General Secretary:	Seleboho Kiti
Deputy General Secretary:	Mike Seroba
Treasurer:	Charles Petersen
Membership:	35, 008

1. The union arose from the merger between POTWA, SAPTEA and PEASA, and held its first congress on July 28- 31, 1999. Comrade Thlalifang Sekano was elected as president in the inaugural congress. He has since left, but the departure does not seem to be causing problems.
2. The union faces challenges arising from the restructuring and transformation of state-owned enterprises, particularly Telkom and the Post Office. Already the communications parastatals have lost tens of thousands of jobs, mostly through natural attrition and voluntary retrenchment packages. Both Telkom and Post Office now threaten forced retrenchments, which could destroy over 10 000 jobs more.
3. A critical task for COSATU is to help CWU use the NFA in answering these threats. The union, working with the Federation, has secured a victory reversing management's decision to retrench thousands of workers.
4. The union has failed to organise or force mergers with unions organising journalists, in particular at the SABC. The Nigerian Labour Congress has suggested that this is a critical area for the union movement.

### 1.5.3 CEPPWAWU

President:	Pasco Dyani
First Vice President:	Welile Nolingolo
Second Vice President:	Joseph Thee
General Secretary:	Muzi Buthelezi
Deputy General Secretary:	Bengeza Mthombeni
Treasurer:	Absolom Ditshoke
Membership:	73,720

1. The union was established through the merger of PPWAWU and CWIU, two founding affiliates of COSATU. The merger took place on February 24-26, 1999.
2. The merger combined two strengths. From the former CWIU, the union inherited a small but tightly run union with an excellent record of service plus a strong tradition of worker control and internal democracy. From the former PPWAWU, the union gets a vigorous political tradition and activism.
3. The union is still plagued by the difficulties of merging two administrations. It has not yet jelled to reach its full potential. In membership terms, the union has still to reach the psychological 100 000 membership threshold needed for self-sufficiency and long-term

stability.

4. The key challenge to the union is the possibility of a decline in membership, due in large part to the sensitivity of the glass industry to current reductions in tariffs. The recent merger with the CWIU is therefore not an end point.

#### 1.5.4 FAWU

President:	Patrick Johnson
First Vice President:	Thomas Bason
Second Vice President:	Priscilla Kekana
General Secretary:	Derick Cele
Treasurer:	Chris Plaatjies
Membership:	119 302

1. The changes in membership tell the story of FAWU until last year. The union had 129 480 members in the 1991, 121 435 in 1994, 139 810 in 1997, but only 100 000 at the 1999 Special National Congress. This trend reflected a history of divisions. In its past three congresses, time that could have been used on strategies to build the organisation was wasted in destructive caucuses, cliques, backstabbing and jostling for leadership positions. The suspension and subsequent dismissal of the former General Secretary, Mandla Gxanyana, worsened this situation.
2. COSATU's intervention as well as a congress on July 26-30, 1999, seem to have returned the union to much-needed stability. A helpful role was also played by the ANC Secretary General, Kgalema Motlanthe, and the SACP General Secretary and Deputy General Secretary, Blade Nzimande and Jeremy Cronin. It does not appear that there are now major divisions. FAWU's leadership has expressed its appreciation of COSATU and the CEC for their leadership in this connection.
3. The union is in strong organisational condition in big national companies such as Coke and SA Breweries. A challenge now is to fight for centralised bargaining. However, according to management at Irvin and Johnson, a breakaway faction of FAWU by the name of SAFATU has become the majority union in Cape Town. This may reveal weaknesses in the services provided to membership. The destructive competition for membership between FAWU and SACCAWU is a further cause for concern. It led to the death of a member at Irvin and Johnson in Cape Town.

#### 1.5.5 NEHAWU

President:	Vusi Nhlapo
1 <sup>ST</sup> Deputy President:	Lulamile Sotaka
2 <sup>nd</sup> Deputy President:	Noluthando Sibiyi
General Secretary:	Fikile Majola
Deputy General Secretary:	David Makhura
Treasurer:	Lindelwa Dujwa
Membership:	234 607

1. In 13 years of existence, the union has grown from the smallest union in COSATU to the second biggest. In 1987, it hardly had 17 000 members; it now has more than ten times as many.
2. NEHAWU's phenomenal growth largely reflects the liberation of the public service from the oppression of the apartheid regime, as well as its

tradition of militancy. The turning point was the national congress held in 1992, which elected a very strong leadership.

3. The union has enjoyed great stability. Its focus on organisational development and the training of shop stewards and officials has helped in this regard.
4. The key challenge for the union is the threat of massive retrenchments of blue-collar public servants, especially in the Eastern Cape and Northern Province. It also has to help drive the transformation process in the public service while still meeting the needs of membership. A further challenge is to increase its presence amongst white-collar workers in the public service, who have traditionally been organised in reactionary staff associations.

#### 1.5.6 NUM

President:	Senzeni Zokwana
Vice President:	Crosby Moni
General Secretary:	Gwede Mantashe
Deputy general Secretary:	Archie Palane
Treasurer:	Derrick Elbrecht
Membership:	290 070

1. The union's resilience in the face of massive retrenchments is totally unquestionable. Mining has shed 138 000 jobs between 1997 and 2000, and yet the union has remained COSATU's largest throughout its history. This year, the membership of the union was increased by 38 000 construction workers from CAWU.
2. Because of its strength, the union has attracted the attention of counter revolutionary forces bent on destabilising it. In its weakest moment, in 1993, NUM was subjected to attacks by "Mouthpiece." Mouthpiece capitalised on members' frustrations at the crisis engulfing the gold industry - the core of NUM's membership - apparently by rejecting a wage deal linked to productivity by members.
3. The union has since dealt with these weaknesses, and membership has developed confidence in itself. They are in a fighting mood. For the first time in the history of the Federation, the mineworkers led a COSATU campaign - our ongoing jobs and poverty campaign.
4. Financially, the union is one of the most stable. It is the only union that has extended services to its former members through the Mineworkers Development Agency (MDA). The MDA has projects not only in South Africa but in Lesotho and Mozambique. We pay tribute to NUM's leadership for this work.
5. The union is facing the massive challenge of continuing job losses in the gold and coal industry. It must continue to penetrate and increase its presence in the platinum mines, and consolidate its presence in the energy sector. And it must now establish itself in the construction and building industry.

#### 1.5.7 NUMSA

President:	Mthuthuzeli Tom
First Vice President:	Vincent Mabuyakhulu
Second Vice President:	Vacant
General Secretary:	Vacant
Deputy general Secretary:	Vacant
Treasurer:	Omar Gire
Membership:	200 000

1. Undoubtedly the most reliable COSATU affiliate since COSATU inception. NUMSA groomed many leaders who were active in COSATU's local, regional and national leadership structures.
2. In recent years, two tragedies befell the union. First, the industry was subject to the destruction of the workforce through massive retrenchment, casualisation and subcontracting. Second, the premature departure of the General Secretary, Enoch Godongwana, and the sudden death of his successor, Mbuyiselo Ngwenda, left the union in an unfortunate situation.
3. The union suddenly had a huge deficit, and could no longer play its historical role of providing leadership to COSATU. This is hopefully a temporary setback. We cannot even contemplate a COSATU without "*insimbi ayigobi*" of the 1980s and '90s.
4. At the time of writing, the union was to hold its congress on August 20-24, 2000, in Mafikeng. In light of the history recounted here, we have a keen interest in the results of the congress.
5. The new leadership and the union in general will confront several key challenges. They include continuing retrenchments, organising temporary and casualised labour, deepening political education amongst its shop stewards and officials, and gradually reclaiming its role as one of the most reliable affiliates of the Federation. Last, the union should merge or move into a cartel with other manufacturing unions. The overlap between the union and the NUM reveal another interesting dimension, which means we cannot rule out a merger between them.

#### 1.5.8 POPCRU

President:	Zizamele Cebekhulu
Deputy President:	Meshack Mpemva
Vice President:	B Mojetsi
General Secretary:	Abbey Witbooi
Deputy general Secretary:	Themba Mzondi
Treasurer:	Themba Matsane
Membership:	70 618

1. The union joined COSATU toward the 1997 Congress, having been established in the height of our people's onslaught against apartheid in 1989. Still, the union was still young when it joined. The police and prison sectors had no tradition of organisation. Like all unions in their first ten years, POPCRU was still struggling. It was plagued by divisions, and changed leadership so frequently that it lost many leaders with potential to be the best.
2. Since its National Congress on June 1-5, 1998, the union seems to have weathered the storm of divisions. It has grown fast, in particular between

1997 and 1999. Despite this growth, it has still to entrench itself fully in the police sector, where SAPU officially remains in the majority.

3. In December 1997, the union initiated an anti-crime campaign that was excellent in terms of mobilising public support. The challenge is to sustain this campaign, with POPCRU leading the Federation.
4. The main challenge confronting the union is political and trade union education for all members; massive recruitment; development of a sophisticated collective bargaining strategy and skills; helping to drive transformation in the police and corrections; and continuous integration of police in particular with the communities they serve, in order to help reduce crime levels.

#### 1.5.9 SAAPAWU

President:	Phoebe Kitchin
Deputy President:	J. Nkondo
General Secretary:	Sipho Khumalo
Deputy general Secretary:	Thamsanqa Myeza
Treasurer:	George Ramaphabana
Membership:	22 163

1. Given about a million farm workers, the union has not even started to move towards realising its potential. The union does not have a national competitor.
2. The union organises one of the most difficult sectors. In many cases, labour relations in the agricultural sector are still virtually feudal. Workers are poorly paid, generally intimidated and subjected to the worst form of exploitation and abuse.
3. SAAPAWU has faced continual financial and leadership problems. To assist in solving them, COSATU intervened in 1999. A new leadership was subsequently elected at a conference in Bloemfontein on November 25-26, 1999. Since then, the union has made progress in addressing its financial difficulties. It has begun to pay affiliation fees, but has asked that COSATU waive the fees incurred earlier and not met.

#### 1.5.10 SACCAWU

President:	Amos Mothapo
First Vice President:	Louise Thipe
Second Vice President:	Jan Khaile
General Secretary:	Bones Skulu
Deputy general Secretary:	Mduduzi Mbonge
Treasurer:	Allois Gumede
Membership:	103 296

1. The membership figures tell the story: at 97 000 in the 1991 congress, 102 000 in 1994 and the same in 1997. Membership cannot stay unchanged for three years unless something is wrong. The stagnation is a function of both inadequate service and the difficulties of organising in the sector.
2. The union organises in a difficult sector, with thousands of small employers and high levels of casualisation. In some sub-sectors, it is

virtually impossible to have collective bargaining, let alone centralised negotiations. As a result of this situation, the union bargains virtually throughout the year. There is no time to assess, to rethink, to monitor implementation of the last agreement. This situation may cause a failure to intervene strategically in other areas.

3. The service sector has a highly exploitative culture. It is the only industry with growing employment, but expansion has come with massive casualisation, subcontracting, and the use of temporary and foreign labour, in some cases including illegal immigrants. The service sector employs many women, whom capital thinks it can force to accept flexibility more easily because of their economic and social position. To organise this sector is therefore a huge challenge.
4. The two main challenges facing the union are to win centralised bargaining and find better strategies to organise casualised and subcontracted workers.

#### 1.5.11 SACTWU

President:	Amon Ntuli
First Vice President:	John Zikhali
Second Vice President:	Faith Modise
General Secretary:	Ebrahim Patel
Deputy general Secretary:	Patrick Shabalala
Treasurer:	Carment Jaftha
Membership:	119 930

1. SACTWU's membership depicts the decline of the manufacturing sector. In 1991, it was 186 000; now it stands at around 120 000. The union has been pounded by job losses and casualisation in the industry, including a shift to home work. The change is largely due to accelerated tariff reform and the lack of an industrial strategy to counter the resulting decline in employment.
2. Despite these challenges, the union is one of the stable unions of the Federation, with long spells of unity. Its membership is diverse and largely women. The union has been able to keep this membership in place and has taken good advantage of new areas that opened up in 1994.
3. The union leadership plays a critical role in the work of the Federation. Understanding the challenge, the union has not at once complained that we are overly using its general secretary, as an example, even though at times this may have disadvantaged the union. This is in essence a tribute not only to SACTWU but to most COSATU affiliates. We thank SACTWU for this contribution.
4. In addition to finding ways to organise casual and home workers, the union faces a number of other challenges. To counteract the steady decline in membership, it must hasten the move towards a single manufacturing union, or at least merge with other affiliates. The union must also let go of retail workers it organises, which fall outside its scope. Lastly, the union still has to drive political education for its members in the Western Cape and KwaZulu Natal to vote ANC.

#### 1.5.12 SADTU

President:	Willie Madisha
Deputy President:	Edwin Pillay
General Secretary:	Thulas Nxesi
Deputy general Secretary:	Solly Mabusela
Treasurer:	Mongwena Maluleke
Membership:	218 747

1. The union joined us in the run up to the 1994 election after COSATU played a pivotal role in the unity talks that led to its formation. SADTU brings into the Federation traditionally non-unionised professionals. When it joined our ranks, it helped change COSATU's profile as a blue-collar union movement. Since then, it has taken its rightful place amongst our family and plays in many respects a critical role.
2. Most of SADTU's current youthful leadership is a product of student politics with a rich militant and activist tradition. It is one of the most stable unions in COSATU and enjoys unity throughout its ranks. It appears that the problems around Soweto branches, who appeared to be at constant loggerheads with head office on a number of occasions, has been resolved.
3. The union has grown phenomenally since it joined the Federation. When it affiliated, it had 60 000 members. Today it has 218 747 members, easily replacing the traditional staff associations as the main spokesperson for teachers. The reason for SADTU's growth is similar to other public sector unions.
4. Together with our other public sector affiliates, the union faces the challenge of defending the public sector as the preferred mechanism to deliver services to our people. At the same time, it has to support the transformation of the public service, which can impose considerable costs on members. Moreover, it is confronted with the challenge of organising all workers in the education sector.

#### 1.5.13 SAMWU

President:	Petrus Mashishi
First Vice President:	Xolile Nxu
Second Vice President:	Desiree Thloale
General Secretary:	Mncedisi Nontsele
Deputy general Secretary:	Tom Ngobeni
Treasurer:	Reggie Mabogoane
Membership:	119 792

1. Another product of many mergers, the union has steadily increased its membership over many years. Its main growth was between its merger congress and 1994, with membership rising from 60 000 at the 1991 congress and to 100 000 in 1994. Since then its membership has not grown as fast as the rest of the public sector unions, indicating that it is close to reaching the ceiling for its sector.
2. The union has also outgrown its post-merger fever and is currently enjoying long spells of stability. Next to the former CWIU, SAMWU can be given an award for providing good service to members, although obviously some weaknesses still exist. And SAMWU achieves its successes despite operating in both small, rural towns and big cities. The union also retains a strong tradition of militancy, worker control and internal democracy.



3. SAMWU's main challenge is to ensure centralised bargaining in the sector. At the time of writing this report, the process of registering the bargaining council was in the pipeline.
4. The transformation of the local government has also thrown up immeasurable challenges. Some municipalities cannot afford to pay workers' salaries, and many are trying to contract out and cut back on services. SAMWU is confronted by the challenge of defending municipal services and by extension its membership. The campaigns around iGoli 2002 are symptomatic of the kind of problems and challenges confronting SAMWU.
5. It is in the best interest of the union to merge with other public sector unions into a cartel that retains key sectors such as municipal workers, police and correctional services, teachers, health workers, and so on.

#### 1.5.14 SASAWU

President:	Mtobeli Gaca
First Vice President:	Josiah Motsetse
Second Vice President:	George Madala
General Secretary:	Mzomhle Gazi
Deputy general Secretary:	Tuletu Tonjeni
Treasurer:	Sehuraro Matsobane
Membership:	18 000

1. The union is a product of a merger between SAPSAWU, IPS and SAHPSWU. The unions that form SASAWU were relatively new in the Federation, having joined in the run up to the 1997 National Congress.
2. Unlike the other public sector unions, the new union is essentially a regional formation based in the Eastern Cape. A concern is its failure to integrate into the structures of the Federation at the regional level. It seems, however, to have improved its participation since the merger.
3. With only 18 000 members and relatively slow growth, the union's future surely lies in a merger with other public service unions.

#### 1.5.15 SASBO

President:	George Selebi
Deputy President:	Beryl Daff
General Secretary:	Graeme Rowan (resigning)
Deputy general Secretary:	Ben Venter
Treasurer:	Robert Hamer
Membership:	63 046

1. The union joined COSATU in the run up to the 1997 National Congress. It was established around 1915 and clearly comes from a completely different tradition to most COSATU affiliates. For many years, its industry was lily white. It has no history of struggle and tends to be conservative.
2. SASBO's coming to COSATU was hailed as the beginning of the unity of the working class across racial and historical divides. As a union of largely white-collar workers, it helped to change the profile of COSATU. But the union has not made strides to integrate itself into COSATU. It

does not participate in most of our regions, or take part even in normal union activities if they involve any degree of militancy. It was completely absent in the recent and ongoing campaign against job losses, and it did not participate in the May Day activities.

3. The union seemed to be developing signs of militancy around two events – a management-endorsed campaign against bank robberies, and job losses when Nedcor threatened to take over Stanbic. Except in these cases, the union depends on petitions and similar methods to highlight member's grievances.
4. SASBO's reluctance to integrate into COSATU structures has produced a level of discomfort within the Federation. The situation has been tolerated in order to maintain workers' unity. However, strong action is required to ensure that the union assumes its rightful role.
5. We intervened in SASBO as a result of the suspension of SASBO delegates who attended the COSATU Special National Congress. The intervention was a partial success. The intervention was not meant to deal with the anomaly that SASBO behaves like an associate member, but it did lay the basis for future meaningful interventions.
6. The main challenge the union faces is basic integration into COSATU activities. Retrenchment and further job cuts in the financial sector form a further challenge.

#### 1.5.16 SATAWU

President:	Ezrom Mabyana
First Vice President:	Xola Phakathi
Second Vice President:	June Dube
General Secretary:	Randall Howard
Deputy general Secretary:	Johnson Gamede
Treasurer:	Ephraim Mothlake
Membership:	103 218

1. The union was born as we prepared for Congress. COSATU's founding resolution on transport union mergers was finally implemented on May 18-20, 2000. We congratulate SARHWU and T&GWU leadership for leading their unions onto this strategic path.
2. The new union must build on the strengths of its predecessors. SARHWU had a tradition of militancy, whilst T&GWU had the same tradition as well as sophistication in collective bargaining that delivered concrete benefits to members.
3. Both unions must consolidate their current membership and give them hope that lack of good service will belong to the past. COSATU must still resolve the fact that in this new transport union there are thousands of cleaning and security workers who might belong to the new private service sector cartel.

#### 1.5.17 PAWE

President:	R Makhene
Vice President:	D Robertse
General Secretary:	J Mthembu
Executive Secretary:	N Rebelo
Treasurer:	F Ramsay
Membership:	2600

The union has just joined the Federation, and it is still too early to provide an account of its strengths and weaknesses. Its long term survival clearly depends on a merger with the private sector services unions or cartel.

**1.5.18 SADNU**

President:	J Mduli
Vice President:	Nomsa Zulu
Treasurer:	Thandi Qinga
National Chair:	S Hampempe
Deputy Chair:	N Mokotjo
General Secretary:	Freddy Mohai
Deputy general Secretary:	Mike Segoapa
Membership:	8100

This nurses' union has just joined the Federation and it is not possible to give a comprehensive account. Its long-term survival clearly depends on a merger with the rest of the public sector workers.

**1.5.19 Unions that just joined COSATU**

The following unions joined the Federation so recently that we cannot comment on them in detail. All are so small that their long-run survival depends on mergers within the relevant sector.

- **RAPWU** – public sector farm and manufacturing workers; 3500 members.
- **SAFPU** – with 400 members made up of soccer players.

**1.6 COSATU Regions**

1. We here provide a general analysis of the issues facing our regions, and then some detail on each REC's activities, focusing on the past year. At the end of the section, tables indicate the leadership of each region and the state of locals.

**Membership of regions**

Region	Membership	Largest union
Wits	386,000	NUMSA: 86 000
Northern Transvaal	306,000	NUM : 70 000

KwaZulu Natal	261,000	SACTWU: 39 000
Western Cape	231,000	SACTWU: 44 000
Eastern Cape	223,000	SADTU: 53 000
Western Transvaal	178,000	NUM: 71 000
Mpumalanga	165,000	NUM: 47 000
Free State/Northern Cape	159,000	NUM: 49 333

### 1.6.1 Challenges facing the regions

1. COSATU's regions are critical both for organisational work and depth of leadership. Despite some weaknesses, they have provided critical support for policy initiatives, affiliates' struggles, and COSATU campaigns. They have also participated actively in the Alliance in provinces, where it often functions better than at the national level. And they have become a key training ground for leadership.
2. For most COSATU campaigns in the past three years – notably around the BCEA, elections and the jobs crisis - regional leadership performed well. Regional support for the job crisis campaign was outstanding, providing a critical impetus for the general strike on May 10. The only campaign that did not receive sufficient support was the 1999 recruitment effort.
3. Important regional initiatives in recent years have included engagements with iGoli 2002; taxi violence, child abuse and racism in the Western Cape; and participation in the peace campaign in KwaZulu Natal.
4. Generally, RECs are strongest where they receive consistent support from affiliates. The main difficulty facing our regions remains the huge workload, which often leaves them overstretched, and the fact that the national Secretariat has not been able to ensure systematic accountability or support.
5. Regions report that the REC, Regional Congress and Regional Shop Steward Councils have generally met on schedule, although in a few affiliates fail to participate. As a rule, meaningful discussions have only taken place at the REC, due to the logistics of distance and lack of resources. Both Regional Congresses and Shop Steward Councils were used as key platforms to brief the shop steward movement on campaigns. These meetings never have time to reflect on all the issues of the agenda, as delegates' from far outlying areas arrive late and leave early.
6. In contrast, with some exceptions, educators', organisers' and gender forums are weak. Education and organisational programmes are hindered by the fact that one official acts as both educator and organiser, and by the lack of consistent affiliate support.
7. Most regions effectively concentrate on a few locals in large centres, while more remote areas remain neglected and often survive only in name. The RECs generally have to improve the manner in which they service and monitor locals. Key challenges are to differentiate the role

of LECs from LSSCs more clearly, and, even more, to ensure LECs get the necessary training.

8. The establishment and training of LECs, Socialist/Activist forums and gender forums should be the flagship for our 2000 programme. It should be taken up in the context of our Jobs and Poverty and municipal election campaigns, as well as in the provincial Alliance programme. Regions should allocate REC delegates or regional secretaries of affiliates to locals or cluster of locals, with clearly defined responsibilities. When deploying these officials, we must take into account their knowledge and ability to deal with local dynamics.
9. The regions face particular capacity problems in engaging with provincial policy and economic development structures, both inside and outside of government. The shortcoming is worst where COSATU regions incorporate more than one province, which hinders engagement with provincial policy and Alliance processes.
10. Outside of some metro areas, the regions have not interacted consistently with the local government transformation process. The Municipal Systems Bill, the demarcation process, municipal finance and the public-private partnership debate are issues around which we have not yet generated action. Similarly, the regions have not as a rule engaged heavily with provincial policy processes, including economic development strategies and annual budgets.
11. To enhance capacity to deal with these problems, the regions need increased and more effective support from the Policy Unit and the Parliamentary Office.

#### *1.6.2 Summary of regional activities in 2000*

1. The **Eastern Cape** is one of the most consistent and vibrant regions. COSATU structures and the labour movement as a whole demonstrate great coherence and focus. The region is consistent in pursuing organisational programmes, and has demonstrated its ability to co-ordinate the activities of the various spheres and centres of deployment. It is the most reliable region in taking forward campaigns. The leadership has a major influence on the politics and life of the region. The work of the Alliance in the province is a model for the rest of the country.

**1.1** Most affiliates in the region do not have fulltime co-ordinators, relying on overstretched worker educators. The employment of an educator has failed to turn the situation around.

**1.2** The organising sub-committee has also been inconsistent. Although it has dealt with some important issues, it has spent too much time trying to distinguish its role from that of the campaigns committee.

2. Until 1999, the **Free State/Northern Cape** could not attract dynamic leadership. That made it unreliable in supporting locals and campaigns. In 2000 the new leadership appeared to be turning this situation around. The region was effective in recent campaigns, and has been taken increasingly seriously by the Alliance.

**2.1** The region recently appointed a new educator and established an education programme, which should help in ensuring a more consistent programme. The region elected an interim gender structure in September 1999. After some difficulties in convening, it held its first forum in May 2000,

focusing on abuse, child-care, HIV/AIDS and children's rights.

**2.2** Interaction with the Alliance has been fairly good in the Northern Cape. It was weak in the Free State, however, until an Alliance summit in 2000 developed a programme of action. In both provinces, the Alliance secretariat and officials meet regularly.

# **COSATU**

## **7<sup>TH</sup> NATIONAL CONGRESS**

**18 – 21 September 2000**

### **SECRETARIAT REPORT**

#### **PART THREE: INTERNATIONAL RELATIONS REPORT**



**COSATU**  
7th National  
Congress

**Crush Poverty! Create Quality Jobs!**

## Secretarial Report to the 7<sup>th</sup> National Congress

### Part 3: International Relations

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#### 1. Overview

1. At the Sixth National Congress we developed a set of international priorities for COSATU. We defined the role that we should play as a full global player in the trade union movement. We endorsed the recommendation for affiliation to the ICFTU and



decided on measures to make this participation meaningful. We also decided to strengthen our region, the continent, the South and the international trade union movement as a whole. Finally, we pledged solidarity with sister federations and their people who suffer repression and oppression.

2. It is an honour that, soon after affiliating to world bodies, COSATU has been asked to host their conferences. In 1998 we hosted the Fifth Congress of the Southern African Trade Union Coordinating Council (SATUCC); in 1999 we hosted the Seventh Conference of the Organisation of African Trade Union Unity (OATUU); in 1999 we hosted the inaugural conference of the Southern Initiative on Globalisation and Trade Union Rights (SIGTUR) and the Commonwealth Trade Union Council (CTUC) that took place side by side with the Commonwealth Heads of Governments. In 2000 we hosted the 17 Conference of International Confederation of Free Trade Unions (ICFTU). In all the bodies to which we are affiliated, we are represented in the most important policy structure.
3. This experience demonstrates the high esteem and confidence in which the international union movement holds COSATU. Our labour movement forms a critical catalyst in shaping the world landscape. At the ICFTU conference in Durban, which was only the first such congress we attended, we were able to lead wide-ranging debates on issues like the millennium review, trade unionism in the 21<sup>st</sup> century, gender issues, the future of young workers, and so on.
4. The main weakness in our international policy remains the relatively poorly developed relationship with labour in African unions compared to those in Europe. We therefore have a deliberate programme to build relationships with genuinely independent African unions, whose rich traditions are consistent with ours. We need to copy the experience we had with Nigeria, where a high-powered delegation including our National Office Bearers held a bilateral to share experiences, exchange of policies, and hatch ideas for our common good.

## 2. International Confederations

1. COSATU decided to affiliate to the ICFTU in 1997. We aimed to work with other progressive forces to transform the confederation to fight for a new world system based on solidarity and equity, with worker and human rights as the cornerstone.
2. We had the honour of hosting the 17 World Congress of the ICFTU, which took place in Durban on April 3-7, 2000. The congress was a huge success. The leadership as well as individual affiliates of the ICFTU praised us on the practical arrangements. We used the congress to network and consolidate bilateral relations with a number of our long-time friends as well as building new relationships. Since many delegates were there, we will not give a detailed report here.
3. The Congress resolutions are progressive and reflect the continuing and deepening shift in the ICFTU, as well as the general mood amongst working people globally. A strategic issue is to define our input into the millennium debate that was launched at the congress.
4. The COSATU General Secretary was elected as substitute for Feckson Shamenda, the new President of the ICFTU; to the Executive Board; and as a titular member of the Steering Committee and the Economic and Social Committee of the ICFTU. COSATU is the first substitute to the women committee and the youth committee, and a member of the millennium review committee.
5. In spite of the success of the Congress, it will clearly take longer to influence the ideological orientation, established cultures and manner of doing things in the ICFTU.
6. At the same time, the influence of the World Federation of Trade Unions (WFTU) has continued to weaken. Although we are uncomfortable with the type of affiliate the WFTU now attracts, it remains progressive. COSATU must strengthen linkages with the WFTU whilst working towards closer working relations and eventual unity.

amongst all international labour federations.

### 3. The African labour movement

#### 3.1 OATUU

1. Our participation in OATUU has not improved since the Sixth Congress. We still relate to it essentially by attending structural meetings. Joyce Phekane, our Second Vice President, is Vice President of OATUU.
2. We hosted the Seventh OATUU congress in Johannesburg in October 1999. A number of very important resolutions were passed by the Congress. COSATU played a central role in ensuring that one of these captured the key challenges facing the union movement in the continent, and spelling out its role in Africa's renewal. A resolution was taken that all African workers should demonstrate against the continued existence of military juntas in a number of countries. We had a limited demonstration of support for this call between April 10-12, 2000.
3. We also participated in the Labour and Social Affairs Commission. Our interventions are not always strategic, however, as we have not consistently prioritised our aims or ensured continuity.
4. Unfortunately, OATUU remains extremely weak. At the congress held in South Africa not more than 15 of the affiliated national centres had paid their fees. Amongst those that do pay, about half are subsidised by their governments. At the recent general council only five affiliates were paid up. As a result, OATUU has no resources to coordinate its activities. It relies on governments, some of which have questionable records on workers' and human rights.
5. The OATUU leadership is still at odds with our position on the incorporation of fundamental worker rights into the world trading system. At the Third Ministerial Conference of the WTO in Seattle last year, OATUU, together with some African NGOs, publicly distanced itself from our position on worker rights. This caused us considerable embarrassment and resentment.
6. The co-existence of ICFTU-AFRO and OATUU is an issue that unions on the continent must resolve. Both forums involve largely the same unions. Can we afford two organisations that serve the same constituency? The organisations themselves must take bold resolves; in addition, COSATU must provide leadership to ensure that unity becomes a reality.
7. At the same time, because OATUU has a strategic position, including in the OAU, we need to find ways to strengthen it. A primary task is to build its regional structures so that programmes filter down to member organisations. Other weaknesses affect the organising, administration and education programmes. Only SATUCC is functioning reasonably well.

#### 3.1.1 *The African Regional Organisation (AFRO) of the ICFTU*

1. We are now members of African Regional Organisation – AFRO-ICFTU. We participate in its activities, including seminars and workshops. We have influenced the quality of debates and helped strengthen ICFTU-affiliated unions in the continent. Since the overwhelming majority of national centres in Africa now belong to the ICFTU, there is now very little difference in attendance of OATUU and AFRO.

### 3.1.2 SATUCC

1. Our participation in SATUCC activities has improved. This is the African labour confederation where, because of both geographical and historical links, real worker-to-worker solidarity is strongest. For example, in 1997, COSATU and OTM of Mozambique blockaded the borders of the repressive Swazi regime for a whole day. We hosted SATUCC's Congress in November 1998, in which COSATU and its General Secretary were elected president.
2. Like OATUU, SATUCC needs to reduce its dependence on donors. To secure its future, we must help develop programmes toward self-sufficiency. In addition, SATUCC has to find ways to influence the process of regional integration. Exchange programmes to strengthen organising, administration and education will be critical in building strong unions in Southern Africa.

## 4. Other South-South initiatives

1. We are among the founders of SIGTUR. We are now trying to consolidate this south-south initiative both in Southern Africa and Latin America.
2. COSATU hosted the last SIGTUR conference in 1999. The conference developed a programme to strengthen regional structures. It agreed to a minimum programme, and we will evaluate implementation in Korea at the end of 2000.
3. The ICFTU Congress was used to bring on board some of the ITSs as well as more unions that share SIGTUR interests. It helped us bring on board Brazil's CUT. At the same time, it helps us identify and work with unions with a similar position on the ICFTU.
4. COSATU also participates in a trilateral with CUT and the Korean union federation. These relationships provide a platform for debate and principled agreement, especially in multilateral forums such as the ILO, the campaign against multinationals, and so on.
5. The issue of whether we should extend this co-operation to the Nigerian Labour Congress, the Canadian Labour Congress and FNV has emerged. There has also been discussion on the role of the FES (DGB).

## 5. Bilaterals in Southern Africa and Africa

1. Without exception, we continue to enjoy good relations with all unions in the region. This relationship is mainly through our work in SATUCC. We must do more to build worker-to-worker bilateral relationships in our region as a major priority.
2. We continue to enjoy good bilateral relations with the SFTU of Swaziland, the ZCTU of Zambia and of Zimbabwe, BFTU of Botswana, OTM of Mozambique, MLC of Malawi and NUNW in Namibia.
3. We must still consolidate relationships with the Mauritius Labour Congress, UNTA in Angola, the Ghana TUC, the Tunisian UCTT, and unions in the Democratic Republic of Congo.

## 6. Other bilateral relations

1. Since the last Congress, we have sought a coherent approach to our relationship with Cuba's CTC. We subsequently organised a bilateral with the Cuban delegation to

South Africa in which the affiliates were actively involved. These bilaterals expected to take place on an annual basis. In 1999, because of the national elections and the Special Congress, we could not organise the return leg in Cuba. We have started planning for a bilateral in November 2000.

2. The **Nigerian Labour Congress (NLC)** is proving to be an extremely important ally in our vision of a stronger African union movement. In August 1999, its president addressed our Special National Congress. We sent a senior delegation to Nigeria to consolidate this relationship in January 2000. A second delegation from the NLC visited us in May.
3. Since the election of the current **U.S. AFL-CIO** leadership, our relationship has grown by leaps and bounds. At the WTO's Third Ministerial Conference, the AFL-CIO mobilised thousands of workers to demand amongst other things the inclusion of worker's rights in the multilateral trading system. They also organised a very successful demonstration for cancellation of the debt of the developing countries during the annual meetings of the IMF and the World Bank.
4. COSATU and the AFL-CIO have organised conferences to share information on a range of issues, including HIV/Aids education, multinational corporations and the debt trap of the South countries. We also used the ICFTU congress to solidify our friendship.
5. We have maintained our relation with the **Italian CISL**. This federation helped us set up the CDC. Since the CDC must now become self-sustaining, we are currently engaged in an exercise to define its future. At the ICFTU Congress, we were able to discuss this issue. We also maintain a link with the **CGIL**, and managed to re-establish contact with the **UIL** at the ICFTU Congress.
6. We do not have structured co-operation with the **French CGT**. We do, however communicate regularly and exchange information, and see it as a key organisation for future work. We also plan to strengthen links with the **CFDT** and the **FO**.
7. The **Nordic labour movement** has provided unwavering support to COSATU since our founding. The strength of our relations has grown from the time of the anti-apartheid struggle to that of reconstruction. We have several joint programs, including on women and gender development, HIV/Aids, etc.
8. We have a similarly strong relationship with the **Dutch FNV**. In March/April, a delegation led by its president visited many of our structures and assessed the potential for new co-operative work.
9. We have strengthened our links with the **Canadian Labour Congress (CLC)** over the last few years, with the CLC becoming an important partner in the NLC/COSATU bilateral. We plan to regularise the relationship we have with the NLC and the CLC so as to improve co-ordination. At our recent trilateral in Durban, we proposed obtaining funds to strengthen our co-operation and build trade unionism in Africa in the years ahead.
10. We have maintained our co-operation with the **Australian Council of Trade Unions (ACTU)**, and are now entering into a co-operation agreement on HIV/Aids. Actu has always been at the cutting edge of strengthening the South-South union relationship. We regularly exchange data and take up campaigns against multinationals like Rio Tinto. They continue to be a valuable and reachable partner.
11. Finally, we are trying to strengthen relationships with the German DGB; the Indian All India Federation of Trade Unions; Austria's OGB; Nepal's GEFONT; Portugal's CGTP-IN; the British TUC; and the Filipino KMU.

## 7. Solidarity

1. In the post-apartheid period, a task for our union movement is to reciprocate solidarity to other oppressed people of the world, particularly in Africa. Military dictatorships and feudal oligarchies are trampling the rights of millions of people, including freedom of expression, movement and association and other fundamental union and human rights.
2. In Africa, military dictatorships are pervasive, undermining our initiative and efforts to build strong unions. They are growing despite the call for social, economic and political renewal of Africa. Amongst the countries ruled by military dictators are Comoros, Guinea, Guinea- Bissau, Congo- Brazzaville, Democratic Republic of Congo, Togo, Ethiopia, Ivory Coast, Niger, Burundi, Gambia, Chad, Rwanda, Sudan, and Burkina Faso.
3. We have launched a campaign for the restoration of democracy as a practical contribution to the African renaissance. Ours is not boardroom and intellectual gymnastics. We want to see the working class in the driving seat of the Renaissance movement.
4. Swaziland has been our major focus, although our campaign has not transcended periodic marches and blockades. We should find ways of building an international platform of overarching solidarity, rather than doing it alone. The last Congress laid a basis for using combined international labour action. To succeed, we need to lobby for the programme in international trade union forums.
5. The bilateral between the Cuban CTC and COSATU must still come to fruition by forging a concrete solidarity programme against imperialism and the blockade against Cuba. Here, too, we need to transcend periodic protests against the U.S. embassy. We will work closely with the Friends of Cuba Society (FOCUS) in order to add impetus to its programme.

## 8. International Labour Organisation

1. Over the last three years, COSATU has significantly strengthened its overall participation in the ILO, whose work has taken on new energy and relevance. The global economic crisis of 1996 created doubts about the policies of deregulation and liberalisation, and the ILO has been able to occupy this space to advance the social justice agenda. The campaign for a link between trade and labour standards has focussed attention on core worker rights in the global economy.

### 8.1 Protection of worker rights

#### 8.1.1 Declaration on core rights

1. In 1998, the ILO adopted a Declaration on Fundamental Principles and Rights at Work, which set out four core areas of worker's rights that should apply to all countries, irrespective of whether they have ratified ILO Conventions or their level of economic development. These rights are:

- freedom of association and the right to effective collective bargaining;
- no forced labour;
- no child labour;
- no discrimination in employment and occupation.

2. The follow-up machinery, however, was weak: an annual discussion at the June Conference of the ILO, based on a survey of one core area of right, with a regular report on the observance of all the core rights. Still, the declaration will give the fundamental rights a much higher global profile. Furthermore, the declaration was passed without any votes against, despite some abstentions. It can thus be promoted as a universally agreed set of rights.
3. At this stage, these processes have not led to action against countries in flagrant and consistent violation of core rights. In fact, the Declaration itself says that it should not reduce the comparative advantage enjoyed by developing countries. That could imply that if a country's comparative advantage derives from suppression of union rights, it should not be challenged. The Workers Group obviously does not favour this interpretation.
4. Our strategy needs to be twofold: first, at the WTO, to intensify the campaign for a link between trade and labour rights, and second, at the ILO, to use the Declaration's commitments to expose gross violations of core rights.

#### *8.1.2 Recent Conventions*

1. In 1999, the ILO adopted a Convention on the Worst Forms of Child Labour, which prohibits child prostitution and unsafe work performed by children.
2. In 2000, it adopted a new Convention on Maternity Leave, which provides for maternity leave at two thirds of pay for 14 weeks. The Convention also covers some forms of atypical and informal work. The vote on this convention was 304 for, 22 against, with 116 abstentions; the South African government abstained.
3. In June 2000, discussions started on a Convention on Safety and Health in Agriculture, with the goal of concluding in June 2001.

#### *8.1.3 Burma/Myanmar*

1. In 1996, the worker delegation at the ILO presented a complaint under article 26 of the ILO Constitution against the government of Myanmar (Burma) for non-observance of the Forced Labour Convention. The ILO set up a Commission of Inquiry in March 1997, which reported in November 1998.
2. The Commission found evidence of systematic use of forced labour in infrastructure construction, agriculture and logging, military camps and public areas, and portage for the military. Resistance is met with physical abuse, extortion, beatings, torture, rape and murder. Forced labour is widely performed by women, children and the elderly. Porters are often sent ahead in dangerous situations like minefields, and many are killed or injured. In short, it is clear the Myanmar government instigates and tolerates forced labour.
3. The Commission of Inquiry recommended that the Myanmar legislation that permits forced labour be brought in line with the Forced Labour Convention, which Myanmar has ratified; the practice of forced labour by the military and civilians be stopped immediately; and those responsible for violation of human rights be investigated, prosecuted and punished.

4. In 1999, the ILO gave Burma a further opportunity to implement the findings of the Commission of Enquiry. The Burmese government responded with arrogant disregard. In June 2000, the ILO finally decided to invoke article 33 of its constitution, which says, "the Governing Body may recommend to the Conference such action as it may deem wise and expedient to secure compliance therewith."
5. This decision is suspended until November 2000, when the ILO Governing Body will look at progress and if necessary implement the resolution. This is the first time in the history of the ILO that article 33 has been invoked.
6. Cosatu should campaign for the South African government to apply sanctions against Myanmar.

#### 8.1.4 Colombia

1. Colombia is a lawless society, where the government has engaged in or allowed brutal anti-labour activities. Since 1987, over 2000 trade union members and officials have been murdered there. In 1997 alone, 156 trade unionists were murdered, nine were targets of attempted murder, nine were kidnapped, 342 were removed against their will, and ten disappeared. Torture is widespread. Government colluded with or ignores these criminal acts, and its labour legislation contravenes ILO Conventions on freedom of association and collective bargaining.
2. In the words of the Workers Group, Columbia has "a long history of impunity and contempt of the ILO." The ILO has had discussions, resolutions and decisions on Colombia since 1987. In 1998, a prominent labour lawyer, Eduardo Umaña Mendoz, was murdered at his home, and the president of the Human Rights Committee of Medellin was murdered in his office. On May 16, in an attack by paramilitary forces at the oil centre of Barrancabermeja, 12 people were massacred and 34 people disappeared. A strike by oil workers in response received wide support. Thereafter, the Workers Group filed an article 26 complaint with the ILO, which provides for a Commission of Inquiry that could lead to sanctions.

#### 8.2 New leadership and focus

1. In 1999, Juan Somavia of Chile was appointed as the new DG of the ILO. He became the first DG from the South. At the ILO's June Conference in 1999, he tabled a report, *Decent Work*, which set the basis for the organisation's work in the next few years. Its four strategic objectives are:
  - To promote and realise fundamental principles and rights at work;
  - To create greater opportunities for women and men to secure decent employment and income;
  - To enhance the coverage and effectiveness of social protection for all;
  - To strengthen tripartism and social dialogue.
2. The concept of "decent work" attempts to recast the debate on employment. It responds to the call by neo-liberal economists for more

jobs instead of better jobs. "Decent work" means we must focus on both increases in employment and improvements in standards. It follows the same principle as COSATU's call for quality jobs.

3. In June 1999, the Sactwu General Secretary was elected to the Governing Body of the ILO, nominated by Cosatu and the ICFTU. He had previously served as a replacement for the late comrade Dorothy Mokgalo. He is the worker spokesperson on Multinational Corporations at the ILO.

### **8.3 Other developments**

1. Cosatu was given the opportunity to lead the global negotiations on human resource development and training. These resulted in conclusions on macro-economic policy, the call for a new financial and social architecture for the global economy, trade union education as part of vocational training, recognition of prior learning, and the need to spread information and communication technologies - including computers - to workers, in order to avoid a "digital divide" in society.

## **9. REGIONAL TRIPARTITE STRUCTURES**

### **9.1 Employment and Labour Sector in SADC**

1. The employment and labour sector is the most important engagement forum in SADC. Over a number of years, we have tried to use it to make all member states accept collective bargaining. As a critical role player in SATUCC, we are also engaging in a regional integration agreement. But our voice is weakened by the shortcomings of union organisation in the southern Africa.
2. It is imperative for SATUCC and the ITSs in the region to develop a relationship as the basis for a structured engagement. Workers could then have a unified perspective on the implications of regional integration, especially in the economy.
3. This process is clearly connected to the international campaign for the creation of quality jobs. Employers want the integration process to accelerate casualisation, contracting out and privatisation. They will use cheap blackmail to say that if workers raise legitimate demands, multinational corporations will transfer their assets to where wages are lower. We need strong worker solidarity, co-operation and intervention to block this strategy.
4. Because of contention between the social partners, the Employment and Labour Sector could not adopt the draft social charter of fundamental rights. This was a major setback after many years of intense discussion. However, employers refuse despite our efforts. They insisted that a lockout clause should match the right to strike.
5. In addition, some governments object to the cost of bringing tripartite delegations to the forums. They argue that participants to this body should meet their own expenses. We rejected this as an excuse to minimise the voices in social dialogue. If we let this succeed, other partners - especially unions and business - may not come to engagement forums. That would undermine the future of social dialogue and set a dangerous precedent of survival of the fittest.

### **9.2 OAU Labour and Social Affairs Commission**

1. We participate in the OAU's Labour and Social Affairs Commission. We



have not, however, always had a strategic or consistent approach.

2. The commission has set itself the task, amongst others, of improving living conditions in Africa. In this connection, we need to pursue issues in the context of an international platform for continental benefit, that is, the ILC. Projects like Jobs for Africa, which aims to maximise attempts to create employment across Africa, need to find concrete expression in our programme of action. Another important strategy relates to job creation through education and training that skill our people to perform new roles in the economy. The commission supports a world solidarity fund for alleviation of poverty, and research into the causes of and solutions for poverty on the continent.
3. The commission has also looked at ways to reverse the mass exodus of African nationals. That requires peace and security, democracy and good governance, and minimum social guarantees.
4. It was agreed that OATUU should intensify its human resource development programme in order to increase African workers' contribution to economic development. The issue of social dialogue was highlighted as a pressing issue at all levels - nationally, regionally and continentally. The Pan-African Employers Confederation (PEC) should continue to demand tripartism across the continent.
5. The commission has also looked at issues around women and work, child labour, HIV/AIDS and drugs and arms traffic.

## 10. WORLD TRADE ORGANISATION

1. The General Secretaries of COSATU and SACTWU were part of the South African Government's delegation to the Third Ministerial meeting of the World Trade Organisation (WTO) held in December in Seattle in the United States of America.
2. The COSATU delegation participated in a number of activities. The COSATU General Secretary addressed an AFL-CIO rally that culminated in a march. He was the only unionist who participated in a WTO panel discussion on trade and development as well as fringe activities on the WTO Secretariat and ICFTU core labour standards and development. Before the conference, the ICFTU held a meeting on core labour standards and the WTO, but we were unable to attend because it clashed with our CEC.
3. COSATU was the only union with access to the "green room" process discussion on core labour rights. As a result, we acted as the informal link between governments and the ICFTU, and briefed the ICFTU leadership. We also played a critical role in shaping a tactical fallback position for the ICFTU on this issue. The ICFTU General Secretary wrote a letter praising and thanking COSATU for its role.
4. COSATU and the ICFTU have campaigned on core labour standards for many years now. Although we did not win, we managed to keep the matter on the table for the next WTO meeting. Positions on the issue ranged from Egypt and India, which led a group with complete hostility against labour standards, to pragmatic support combined with extreme sensitivity to those opposed, to defence of the official U.S. and European Union position.
5. Other issues also divided governments at the WTO. The developing countries led by South Africa, Brazil, Chile and others wanted a new "developmental round" to address the imbalances between developed and underdeveloped and developing countries on trade issues.
6. Tariff picks caused a huge fight. These measures occur when a government has low average tariffs, but imposes very high tariffs on sensitive sectors in order to protect

- jobs and build competitive advantage. The U.S. government uses this strategy to protect its steel industry, and the developing countries wanted it to stop. COSATU supports tariff picks in principle, but condemns the U.S. for demanding that all other countries should cut tariffs.
7. A second fight centred on bringing agriculture into the fold of the WTO. It was pushed by the agriculture-exporting countries as well as the developing countries as a whole. Their target was European governments that still subsidise agriculture heavily – again, to protect both jobs and otherwise non-competitive agriculture in general.
  8. A further issue related to liberalisation of services, including financial services. Currently trade liberalisation is limited to goods. A discussion also arose as to whether the multilateral agreement on investment and procurement policies should form part of the new round.
  9. The Third World Network, which includes OATUU, lobbied to prevent discussion of new issues. This position would have further side-lined the inclusion of core labour standards in trade agreements. We have sent a strong protest letter to OATUU informing them that they were not acting in the interest of workers of Africa or developing countries by associating themselves with this unrepresentative group.
  10. No agreement was reached on any of these contentious issues. A face-saving statement was issued in the last minutes of the final day.
  11. A number of lessons are worth noting.
  12. First, the thousands of workers and other groups occupying the streets in the headquarters of capitalism - essentially condemning corporate greed - sent a clear message that the days of government and capital talk shop above the heads of ordinary people are coming to the end. It is worth noting that multilateral meetings are increasingly characterised by massive protests by ordinary people in demand of equity, with an end to poverty and the debt of the poor countries. This has been the case at G8 meetings as well as the recent World Economic Forum held in Davos, Switzerland. In this context, it is worth noting that the South African government has been asked to consider hosting the next Ministerial Conference.
  13. Second, the inconclusive end to the Ministerial Conference reflected a shift in the balance of forces. In the past, the U.S. and developed countries would have got everything they wanted on the first day. This time around, a number of developing countries co-ordinated effectively to block this kind of unilateralism.
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## RECOMMENDATIONS

### 1. Counter the international dominance of capital

1. The work of COSATU inside the ICFTU, SIGTUR, OATUU and other bilateral and multilateral trade unions forums should be based on a strategy to roll back the dominance of capital in the world affairs today.
2. COSATU must work to intensify the unity of the progressive forces in the union movement as well in social, non-governmental and political formations.
3. Our work with the SACP at the social commission as well in the Alliance should have an international leg. It should aim at consolidation of all progressive forces to develop an alternative to the Washington consensus and create a new world order based on solidarity, justice,

equity, globalisation of human and trade union rights and respect for the environment, with the necessary focus on people centred development.

4. In line with this vision, the United Nations and its agencies, as well as the IMF and the World Bank, should be restructured
  - a. to allow more influence by the developing countries and
  - b. to ensure that the focus in the 21st Century is on equitable distribution of the world's resources to benefit all, with respect for national economic and development policies.

## **2. Build a single continental organisation**

1. There is only one European trade union centre. Yet in Africa, with fewer resources, we have two continental centres, the regional structure of the ICFTU – AFRO - and indigenous OATUU.
2. Maintaining the two continental organisations is costly in all respects. Most unions in Africa are now affiliated to the ICFTU and therefore AFRO. In the past there has been a destructive competition between AFRO and OATUU.
3. COSATU should work towards establishment of a single continental organisation in Africa. The details of the mechanisms and time frames for this process will depend on discussions with the progressive African national centres.

## **3. Support the inclusion of the core ILO labour rights in the WTO**

1. COSATU reiterates its call for the inclusion of the core ILO labour rights to the multilateral trade system. We note the small gains made in Seattle in this regard.
2. We are displeased that our government, as part of the G77 countries, rejected this proposal. We regard this as a setback and call on the government to desist from sacrificing human and labour rights in the name of equity in the world economic system. Worker and human rights are integral to the goals of equity. No world economic system is sustainable without taking into account human and trade union rights and the environment.

## **4. Millennium Review**

1. Cosatu should influence the direction of the international trade union movement participating in the icftu's Millennium Review Committee. In the main, we should address the failure to develop and co-ordinate an international workers' programme.

## **5. Africa**

1. Cosatu and its affiliates must no longer pay a lip service to the need to build unity at the home front, that is at the regional and continental level. We must build stronger bilateral relationships with African unions and find ways to express solidarity with those trapped in military juntas or general denial of workers' rights.

# **COSATU**

## **7<sup>TH</sup> NATIONAL CONGRESS**

**18 – 21 September 2000**

### **SECRETARIAT REPORT**

#### **PART FOUR: SOCIO-ECONOMIC REPORT**



**COSATU**  
7th National  
Congress

**Crush Poverty! Create Quality Jobs!**

## Secretarial Report to the 7<sup>th</sup> National Congress

### Part 4: Socio Economic Report

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### 1. Overview

1. This section considers the socio-economic context and national policy initiatives undertaken by COSATU in recent years.
2. The first section reviews economic developments in the past three years. The data

suggest worsening unemployment and poverty and slower growth since the Sixth National Congress.

3. The next part reviews labour laws. It outlines progress since 1997 and the amendments proposed by government in August 2000; training and grading; and occupational health and safety.
4. The third section reviews government policies on the main components of the social wage, including labour laws, education and training, health, housing and infrastructure and social security. In all these areas, major initiatives have addressed the legacy of apartheid, although they have not always matched our claims. Since 1997, however, budget cuts have generally counteracted the gains made through improved government policies.
5. Socio-economic developments are strongly affected by government strategies to restructure the public sector, which are discussed in the section on campaigns in the organisational report

## 2. Overview of the economy

1. 1996 marked a distinct turn for the worse in the economy compared to the first few years after the democratic elections. Both economic growth rates and investment fell, and in just four years the formal sector lost 10% of its jobs. The slowdown was not nearly as severe as the recession of 1989-'93. Still, it meant that output per person declined in the past four years. The worsening employment situation and cuts in government spending aggravated income inequalities.
2. The economic slowdown resulted, in part, from international financial crises in 1997 and 1998, which led to a substantial outflow of capital. But it also reflects policy failures. As a strategy, GEAR explicitly aimed to stabilise the economy in response to the world financial crisis in 1997. While South Africa weathered the 1998 crisis fairly well, the last four years have not brought adequate growth or greater equity.
3. Analysts are currently predicting an upturn in the economy, with growth over 3%. That would mean real growth in per-capita income. Government argues that manufacturing has now adjusted to lower protection and subsidies, so that it can now compete internationally and attract investment. But government has not articulated pro-active policies to ensure that economic expansion translates into large-scale employment or greater equality in incomes and wealth scale. To this day, government has failed to produce an industrial policy, despite requests by Nedlac, and the Alliance. Moreover, restrictive fiscal and monetary policies seem likely to cut into the expected boom, in part by causing more job losses in the public sector.

### 2.1 Employment

1. Since 1997, one in ten workers in the formal sector outside of agriculture has lost their job. The biggest losses took place in mining, construction and transport, with growth only in wholesale and retail trade. The available evidence suggests some increase in informal-sector employment to compensate for the job losses, but obviously these activities are worse paid, less secure and more dangerous than formal work.
2. As Table 1 shows, since 1990 employment losses have gone through three distinct phases, with substantial downsizing in 1990-'93, stabilisation in the next four years, and then renewed job losses in the past three years. As a result, almost 20% of formal jobs have disappeared since 1990. The stabilisation phase after 1994 may reflect a statistical anomaly, since until then national statistics did not include workers in the former TBVC.

Table 1. Changes in formal employment, 1990-2000

Sector	Employment in 2000	% of private formal employment in 2000	Change, 1997-2000		Average annual change			% of formal job losses	
			Number	Per cent	1990-'93	1993-'97	1997-2000	1993-'97	1997-2000
Mining & quarrying	421 000	Calculate the %	-138 000	-25%	-7%	0%	-9%	36%	33%
Manufacturing	1 278 000	23%	-117 000	-8%	-1%	0%	-3%	18%	28%
Construction	224 000	4%	-90 000	-29%	-4%	-4%	-11%	28%	21%
Transport, storage & communication	222 000	4%	-54 000	-19%	-6%	-2%	-7%	23%	13%
Financial institutions	196 000	3%	-21 000	-10%	1%	3%	-3%	-9%	5%
Electricity, gas, water	40 000	1%	1 000	1%	-6%	-2%	0%	3%	0%
Subtotal	2 382 000	42%	-419 000	-15%	-3%	-1%	-5%	100%	100%
Wholesale/retail trade	883 000	16%	119 000	16%	-2%	0%	5%	13%	-28% <sup>b</sup>
Public service	1 100 000	19%	-78 000	-7%	n.a.	-4% <sup>c</sup>	-2%	46%	19%

a. excluding wholesale and retail trade, retail and the public service. b. that is, the increase in jobs in this sector compensated for 28% of job losses in the rest of the private formal sector. c. figures for 1995 to 1997 only. Sources: For the private sector, Labour Statistics: Survey of Total Employment and Earnings, March 2000 Statistical Release, P071, 27 June 2000; Labour Statistics: Employment and salaries and wages (Summary), Statistical Release P0200, for June of other years; agricultural employment from 1990 to 1996 provided by SSA on the basis of Agricultural Surveys, Report no. 11-01-01; for 1998, from OHS 1998; for the public service, PERSAL.

- Since 1990, cuts in mining have consistently driven job losses, accounting for about a third of downsizing by the private sector. But after 1997, manufacturing shed over 100 000 jobs, or about a quarter of the vanished positions. In manufacturing, metal and machinery production outside auto suffered the biggest losses, with employment contracting by a third. (Table 2) In contrast, wholesale and retail trade gained 120 000 jobs. As a result, it rose from 11% of private formal employment to 16%.

Table 2. Job losses within manufacturing, 1994-2000

Industry	Employment in March 2000	% of manufacturing employment, March 2000	Change, 1996-2000		average annual % change		% of job losses, 1996-2000
			numbers	per cent	1994-'96	1996-2000	
Basic metals, metal products and machinery	222 000	17%	-54 000	-19%	2%	-5%	35%
Textiles, clothing, leather	220 000	17%	-40 000	-15%	7%	-4%	26%
Electrical machinery	71 000	6%	-33 000	-31%	-3%	-9%	21%

Non-metallic mineral products	46 000	4%	-30 000	-39%	-2%	-12%	19%
Food, beverages, tobacco	196 000	15%	-12 000	-6%	-1%	-2%	8%
Transport equipment	84 000	7%	-11 000	-11%	5%	-3%	7%
Furniture, manufacturing and recycling	62 000	5%	-10 000	-14%	3%	-4%	7%
Coke oven products, petroleum refineries, etc.	174 000	14%	-3 000	-2%	1%	0%	2%
Professional equipment	22 000	2%	15 000	190%	-7%	30%	-9%
Wood, paper, printing, publishing	181 000	14%	24 000	15%	-3%	4%	-15%
<i>Total manufacturing</i>	<i>1 278 000</i>	<i>100%</i>	<i>-155 000</i>	<i>-11%</i>	<i>1%</i>	<i>-3%</i>	<i>100%</i>
<i>Machinery except auto</i>	<i>316 000</i>	<i>25%</i>	<i>-72 000</i>	<i>-19%</i>	<i>0%</i>	<i>-5%</i>	<i>46%</i>

A negative figure means employment grew. Includes basic metals, metal products and machinery; electrical machinery; professional equipment. *Sources:* For the private sector, Statistics South Africa, *Labour Statistics: Survey of Total Employment and Earnings*, March 2000 Statistical Release, P071, 27 June 2000; *Labour Statistics: Employment and salaries and wages (Summary)*, Statistical Research P0200, for June of other years.

4. In the public sector, cuts in the budget ultimately require cuts in employment. The public service lost 78 000 jobs in this period, with a total loss from 1995 to 2000 of around 170 000 or 13%. In real terms, since 1996 personnel spending in the public service has fallen almost as fast as the budget as a whole. State-owned enterprise and local government have also faced pressure to downsize in order to permit cuts in state subsidies.
5. Data on informal, agricultural and domestic employment come from periodic surveys. They suggest that employment in these sectors grew in the past few years at least as rapidly as the formal sector shrank. But these figures include any income-generating activity, including parking cars on the street and hawking vegetables. These activities do not provide a livelihood or raise productivity. They are survival strategies, sometimes only disguised unemployment, that do not address the economic and social consequences of job losses and poverty.
6. Unfortunately, the latest data on employment outside the formal sector appear highly unreliable. The 1999 October Household Survey shows a substantial rise in overall employment in 1998-'9, with a small decline in the unemployment rate – from 37,5 to 36,2% under the expanded definition, and from 25,2 to 23,3% under the narrow definition that counts only those actively seeking work.
7. These data are, however, hard to fit in with other trends in the economy. They suggest employment increased by 10% in 1998-'99, even as the economy grew only 0,8%. That would mean a massive reverse in the trend toward declining labour absorption with economic growth over the past two decades.
8. Sectoral figures are even more problematic. The bulk of the jobs supposedly created – some 770 000 – are in the informal sector. That would mean the sector grew at the extraordinary rate of 50% in 1998-'9. The survey found a 19-per-cent gain (or 280 000 jobs) in parts of the tourist trade and the financial sector. Yet these activities *lost* over 300 000 jobs in the previous three years, and the financial, business services, trade and accommodation sectors as a whole grew only 3% last year. Similarly, the data show growth of 17,5% in agricultural



employment, while output rose only 4% in that year. The survey admits the change may reflect the fact that, for some undisclosed reason, subsistence and informal producers in the rural areas this year classified themselves as employed, where in the past they were classed as unemployed or economically inactive.

9. Very large differences emerge by race and gender. Unemployment remains highest for Africans, especially women, although fewer women are "economically active" – that is, fewer have paid employment or are looking for it. Unemployment for Africans runs at 38%, compared to 14% for others. Only half of women are economically active, compared to two thirds for men – but unemployment for women runs at 45%, compared to 31% for men. Over half of African women in the labour force are unemployed.

**Table 3. Employment and unemployment, 1998**

	total population aged 15 to 65 years	not economically active	Unemployment rate*
Total population	25,710	42%	37%
• Total women	13,397	49%	45%
• Total men	12,312	34%	31%
Total African	19 427	44%	46%
• African women	10 176	50%	55%
• African men	9 252	36%	38%

\*Expanded rate. *Source: Statistics South Africa, October Household Survey, 1998*

10. After 1994, women and black people obtained more higher-level positions. Still, because of cuts in elementary jobs, their total employment fell. The most important source of jobs for women remains domestic labour, although substantial numbers work as nurses and teachers.
11. Employment levels also vary by province. In the provinces that incorporated substantial areas from the former homelands, unemployment runs as high as 50%. In contrast, in the relatively industrialised provinces of Gauteng and the Western Cape, unemployment lies at around 30%.

## 2.2 Incomes

1. Overall, the decline in employment went hand in hand with a fall in the share of labour in the national income. By implication, in the aggregate the rise in employee incomes lagged behind the growth in productivity. Moreover, the loss of quality jobs increased income inequalities.
2. The relative drop in labour incomes continued a trend that lasted from 1992 until 1998. In 1992, labour received 57,1% of the national income. Its share dropped to 54,8% in 1997, then stabilised at 55,7% in 1998 and 1999.
3. South Africa has amongst the worst income distribution in the world. In 1996, according to latest Census data, the richest 10% of the population received 57% of the national income, while the poorest 40% got 3%. Income distribution had worsened since 1991. The poorest 40% of black

households saw a drop of 20% in income between 1991 and 1996.

- The continued loss of formal jobs means income inequality deteriorated further after 1996. No aggregate figures exist for income distribution after 1996. But after 1997, household consumption of food, beverages and tobacco – which constitute at least half of purchases by low-income houses – grew slower than either total or luxury consumption, as Table 4 indicates.

**Table 4. Household expenditure, 1994 to 1999**

Category of consumption	Total consumption, 1999, in R bns	Average annual change	
		1994-1997	1997-1999
Recreational and entertainment	68 000	3.4%	2.4%
Not classifiable by income group	306 000	5.1%	1.1%
Food, beverages and tobacco	155 000	3.2%	0.4%
<i>Total</i>	<i>530 000</i>	<i>4.4%</i>	<i>1.0%</i>

Source: SARB, *Quarterly Economic Review*, June 2000

- Incomes are highly unequal by province. As the following table shows, household income in the Eastern Cape, which accounts for about 15% of the population, remains less than half that of Gauteng and the Western Cape.

**Table 5. Incomes and unemployment by province**

	Population, 1996	Average monthly household income, 1995	% of population in lowest income quintile, 1995*	Unemployment rate, 1996	% urban, 1996
Eastern Cape	6,300,000	2,000	32%	49%	37%
Free State	2,600,000	2,080	31%	30%	67%
Mpumalanga	2,800,000	2,500	17%	33%	39%
North West	3,400,000	2,500	24%	38%	35%
Northern Cape	800,000	2,580	23%	29%	70%
Northern Province	4,900,000	2,580	26%	46%	11%
KwaZulu Natal	8,400,000	3,080	12%	39%	43%
Western Cape	4,000,000	4,420	6%	18%	89%
Gauteng	7,300,000	5,920	5%	28%	97%

\*That is, the percentage of the provincial population that falls in the lowest quintile of households, by income, in the country as a whole. Source: Statistics South Africa

### 2.3 Wages

- Between 1996 and 1999, nominal wage settlements ranged from just above 7% to slightly more than 11%. In many cases, the increase was higher at the minimum. For the first six months of 1999, the average wage settlement was 8.2%, compared with 9.2% for the same period in 1998. Typically, wages vary according to sector, skill level, region, occupation, education, unionisation, gender and race.
- As the following table shows, all unions for which data is available won real wage increases (that is, raises above inflation) in 1996-'99. While pay hikes varied considerably year on year, the average real increase remained over inflation, although as inflation dropped the nominal increase did too. In 1997, the average increase over inflation came to

1,2%. In 1999, it was 2,6%. In that year, the public service got virtually no real improvement, but NUM, the largest single affiliate, won a substantial raise.

**Salary increases won by unions, 1996 – 1999**

	Nominal increase				average annual increase	
	1996	1997	1998	1999*	Nominal	Real
Inflation rate	7.4%	8.6%	6.9%	6.4%	7.3%	0.0%
SASBO	n.a.	11.2%	9.2%	9.5%	10.0%	2.7%
FAWU	10.8%	9.8%	8.4%	7.7%	9.2%	2.6%
TGWU	11.2%	10.0%	9.7%	7.9%	9.7%	2.4%
SACCAWU	10.7%	10.1%	8.5%	9.0%	9.6%	2.2%
NUM	10.0%	9.6%	8.6%	8.7%	9.2%	1.9%
CWIU	9.8%	10.0%	8.7%	8.0%	9.1%	1.8%
NUMSA	9.8%	9.8%	8.9%	7.9%	9.1%	1.8%
CAWU	9.7%	8.7%	9.5%	0.0%	9.3%	1.7%
PPWAWU	9.8%	8.3%	9.0%	8.4%	8.9%	1.5%
SAMWU	8.2%	10.0%	7.2%	8.5%	8.5%	1.1%
SACTWU	9.0%	9.2%	7.9%	n.a.	8.7%	1.1%
Public service	n.a.	9.5%	6.6%	6.3%	7.5%	0.1%

Source: Calculated from, Andrew Levy & Associates (various), except for the public service unions, where the national agreement is used.

\*Average inflation for the first 9 months of 1999. CPI is used as the measure for inflation. The 1999 figure of 6.4% is an average for the first 9 month of 1999.

3. The table below shows average negotiated minimum wages in 1998 and 1999, based on a sample of agreements in each sector. They may vary from actual wages paid to workers.

**Minimum wages for selected sectors, 1998 and 1999**

Sector	1998	1999	real change	% of Supplemented Living Level for a family of five
Paper, Paper Products & Packaging	2,240	2,409	0.2%	124%
Food	1,974	2,156	1.9%	111%
Metal & Engineering	1,660	1,950	10.2%	100%
Public Service	1,750	1,872	-0.3%	96%
Local Government	1,550	1,835	11.1%	94%
Glass Sector	1,515	1,820	12.8%	93%
Automobile Industry	1,560	1,677	0.2%	86%
Transport	1,408	1,563	3.7%	80%
Mining	1,262	1,373	1.5%	70%
Wood	1,157	1,250	0.7%	64%
Contract Cleaning	1,022	1,194	9.5%	61%
Building and Construction	1,041	1,150	3.1%	59%

*Source:* On minimum wages, LRS except for the public service; these figures should be treated with caution as they are only based on a relatively small sample of agreements. For the public service, PERSAL.

4. Wage differentials in South Africa remain large by international standards. According to the ILO, the gap in pay between engineers and labourers was higher in South Africa than in 20 other countries for which data was available. The ratio between a typical manufacturing employee and a Chief Executive Officer was 1 to 25. This compares to a ratio of 1 to 8 in South Korea, 1 to 10.5 in Germany, 1 to 24 in the United States, 1 to 48 in Brazil and 1 to 43 in Mexico.
5. Studies show that economies with greater equality enjoy higher levels of economic growth. The struggle for a living wage and closure of the apartheid wage gap therefore contribute to building a stronger economy, as well as ensuring that all workers have an adequate living standard.

#### 2.4 Economic Growth

1. In the decade leading up to the democratic elections, the South African economy experienced a long-term economic downturn, principally due to capital flight as a result of conflicts around apartheid and stagnation in gold mining. The transition to democracy brought a growth spurt, with the economy growing an average of 3% a year between 1994 and 1996.
2. After 1996, as Table 6 shows, economic growth fell back below 1%. With the population growing at over 2% a year, that means production per person declined by over 1% a year. The levelling out in the overall growth rate largely reflected:
  - World financial crises in 1997 and 1998, with the associated outflows of foreign capital from South Africa,
  - Continued stagnation in mining and agriculture,
  - Declines in manufacturing due to increased foreign competition and fall-out from the difficulties in mining, and
  - Cuts in the budget, causing government's contribution to the GDP to shrink.
3. Between 1996 and 1999, only transport, communications and business services grew substantially, while production actually fell in mining, manufacturing and government. Together, the declining sectors accounted for almost two thirds of all formal employment.

**Table 6. GDP and gross value added by sector**

	Value in R bns.		% of total gross value added		Average annual % change	
	1999	1994	1999	1994-'97	1997-'99	
<b>GDP at market prices</b>	<b>801</b>	<b>110%</b>	<b>110%</b>	<b>3.0%</b>	<b>0.8%</b>	
<b>Gross value added</b>						
<i>Primary sector</i>	74	12%	10%	-0.2%	-0.2%	
Agriculture, forestry and fishing	27	5%	4%	0.5%	0.5%	

Mining and quarrying	47	7%	6%	-0.8%	-0.7%
<i>Secondary sector</i>	177	28%	24%	3.4%	-0.5%
Manufacturing	133	21%	18%	3.4%	-0.8%
Electricity, gas and water	24	4%	3%	4.0%	0.7%
Construction (contractors)	21	3%	3%	2.8%	-0.2%
<i>Tertiary sector</i>	477	60%	66%	3.8%	1.9%
Wholesale and retail trade, catering and accommodation	95	14%	13%	3.3%	-0.7%
Transport, storage and communication	73	9%	10%	8.1%	7.3%
Financial intermediation, insurance, real estate and business services	141	16%	19%	4.8%	3.3%
Community, social and personal services	168	22%	23%	1.5%	0.0%
General government services	124	16%	17%	1.1%	-0.6%
Other services	22	3%	3%	4.0%	2.1%
Other producers	22	3%	3%	1.5%	1.0%
<b>Gross value added at basic prices</b>	<b>728</b>	<b>100%</b>	<b>100%</b>	<b>3.2%</b>	<b>1.0%</b>

Source: Calculated from, SARB, *Quarterly Economic Review*, June 2000

## 2.5 Investment and capital flows

1. A capital strike, with falling investment, emerged especially after 1998. To sustain rapid growth, investment should take up between 20 and 25% of the economy. In the event, in the past two decades it has been well below 20%. While private investment expanded rapidly between 1993 and 1995, its growth began to slow in the following years. Since 1997, the value of investment has actually declined. As a result, although investment rose from 14% of the GDP in 1992 to 18% in 1995, it dropped back to 15% in 1999.

**Table 7. Overall trends in investment, 1994 to 1999**

	General government	State-owned enterprise	Private enterprise	total
Investment in 1999 (billions of rand)	17 900	19 000	83 000	120 000
% of total investment	14.9%	16.1%	69.0%	100.0%
% change				
• 1994-1997				
• 1997-1999	16.5% -3.0%	40.4% 25.5%	24.7% -7.1%	25.2% -2.4%
Percent of GDP				
• 1994				
• 1997				
• 1999	2.4% 2.4% 2.2%	1.7% 2.0% 2.4%	11.0% 11.8% 10.3%	15.2% 16.3% 14.9%

Source: Calculated from, SARB, *Quarterly Economic Review*, June 2000

- Private investment, which accounts for about two thirds of total domestic investment, fell over 7% between 1997 and 1999. Public-sector investment rose 25% in 1998, mostly because of investment by state-owned enterprise. In 1999, however, dropped 12%.

**Table 8. Investment by sector, 1991 to 1999**

Sector	R bns., 1999	% of total, 1999	% change 1997-99	average change p.a		
				1991- '94	1994- '97	1997- '99
Financial intermediation, insurance, real estate and business services	28,1	23%	-5%	2%	8%	-3%
Manufacturing	26,9	23%	-8%	2%	10%	-4%
Transport, storage and communication	18,6	16%	27%	6%	12%	13%
Community, social and personal services	15,8	13%	1%	-1%	3%	1%
Mining and quarrying	10,6	9%	0%	-10%	6%	0%
Wholesale and retail trade, catering and	7,5	6%	3%	2%	5%	2%
Electricity, gas and water	7,3	6%	-25%	1%	10%	-13%
Agriculture, forestry and fishing	3,6	3%	-25%	6%	3%	-13%
Construction (contractors)	1,1	1%	-5%	-8%	4%	-2%
<i>Total fixed capital formation</i>	<i>119,7</i>	<i>100%</i>	<i>-2%</i>	<i>1%</i>	<i>8%</i>	<i>-1%</i>

Source: Calculated from, SARB, *Quarterly Economic Review*, June 2000

- Foreign investment has increased steadily relative to domestic investment. Between 1997 and 1999, it came to over half of total investment.
- About three quarters of foreign investment took the form of portfolio

investment, mostly in stocks and bonds. Portfolio holdings are associated with destabilising fluctuations, with substantial capital outflows during the world financial crises of 1996 and 1998.

5. Foreign direct investment grew steadily but relatively slowly, reaching 7% of total investment in 1999. It appeared, however, that almost two thirds took the form of mergers and acquisitions, largely based on the privatisation of state assets.
6. Investment overseas by South Africans grew even more rapidly, and considerably more steadily. In 1997-'99, its value equalled about two thirds that of investment into South Africa, compared to under half in 1994-'96.

**Table 9. Foreign investment into and from South Africa, 1991 to 1999**

	1999, in R bns.	Totals over period, in nominal R bns.			Nominal change, 1994-'99
		1991-'93	1994-'96	1997-'99	
Foreign investment into South Africa	71.5	0.7	71.5	199.4	608%
<i>Of which:</i> Foreign direct investment into SA	8.4	0.7	9.4	29.1	524%
Investment abroad by South Africans	-46.4	-10.4	-33.9	-129.7	709%
Net investment (outflows plus inflows)	25.1	-9.7	37.5	69.8	477%
Investment income paid to foreigners					
Investment income earned by South Africans	23.8	17.9	38.3	64.0	
	8.1	4.4	11.3	20.5	138%
Net investment income earned	-15.7	-13.5	-27.0	-43.5	156%
Net inflows (investment + earnings)	9.4	-20.6	10.5	26.3	
Total fixed capital formation	119.7	177.8	259.5	353.1	64%
<i>As a percentage of total fixed capital formation:</i>					
Net inflows	8%	-12%	4%	7%	
Total inflows	60%	0%	28%	56%	
Inflows of foreign direct investment	7%	0%	4%	8%	

*Source:* Calculated from, SARB, *Quarterly Economic Bulletin*, June 2000

7. Low levels of investment plagued South Africa after capital flight started in earnest in the mid-'80s. After that, private investment only picked up when the public sector initiated major projects. From this standpoint, the budget cuts of the past few years, which stalled infrastructure spending, probably constitute a significant cause of the decline in private-sector investment. The Medium-Term Expenditure Framework (MTEF), which projects government spending for the next three years, suggests that in real terms infrastructure will decline 2,5% a year between now and 2003.
8. The fall in investment has generated considerable concern in government. Although no policies have been finalised or even proposed publicly, discussions at the ANC's National General Council indicated three general strategies could emerge:

**8.1.** A campaign to raise savings. It is unlikely that such a strategy could achieve much, given high-income inequalities and the associated mass poverty. The main obstacle to company savings is the lack of attractive investment opportunities, not unrestrained consumption.

**8.2.** Measures to direct investment by pension funds, insurance companies and other financial institutions. It is not clear how much compulsion government is prepared to exercise, and what requirements it might impose. In the past, prescribed assets required companies to invest in government bonds, reducing interest costs for the state. New measures seem more likely to impose specific types of investment, for instance in small enterprise or infrastructure development. They might include community reinvestment requirements that specify that the banks must extend credit for low-income housing and infrastructure in black communities, and fund small producers.

**8.3.** Attempts to restructure the budget to increase government investment and leverage private funding of infrastructure. Given the refusal to increase spending significantly, higher state investment would require deep cuts in personnel spending, which in turn could succeed only through a virtual freeze on real wages or downsizing in the social services. The push to raise investment in infrastructure through "public-private partnerships" seems unlikely to yield substantial results, as discussed in more detail in the section on the public sector in the organisational report.

## **2.6 Foreign trade**

1. Foreign trade picked up rapidly after 1994, with export earnings growing twice as fast as in the previous four years. Export volume grew 40% between 1994 and 2000, and merchandise exports – that is, excluding gold – grew 60%. Imports grew 47%, but their value still lagged behind exports. Exports climbed to 22% of the GDP, from a low of 18% in the late 1980s.
2. The structure of exports reflects rapid growth in manufactured exports – especially in the auto industry – and a decline in the volume of gold exports. Gold fell from 38% of exports in 1992 to 16% in 2000. Manufactures have always made up the bulk of imports, but there was particularly rapid growth in imports of televisions, radios and similar equipment.
3. The increase in competition appears to lie behind the decline in employment in equipment and clothing manufacturing. Weak enforcement of customs has further reduced protection for South African producers.
4. The Department of Trade and Industry (DTI) argues that the export push can only succeed if South Africa cuts tariffs for its trading partners, both to obtain access to their markets and to compel industry to become more competitive. It signed a free-trade agreement with the European Union in 1999, and argues strongly that SADC should develop a customs union.

## **2.7 Fiscal policy**

1. The adoption of the GEAR in 1996 brought a decisive shift in fiscal policy. It reversed the increase in government spending that took place after 1994. As Table 10 shows, in real terms total government spending fell 1,3% a year between 1994 and 1999. The declines were largest for infrastructure, while the main social services – health, education, welfare, police and corrections – essentially remained unchanged. Since the population grew about 7% in this period, spending per person dropped rapidly.



**Table 10. Real growth in budgets, 1996/7 to 1999/2000**

	1999/2000 – billions of rand	% of total expenditure	Real change, 1997/8- 1999/2000
Education	47,800	20%	-9.0%
Health	29,900	12%	-3.4%
Welfare	19,700	8%	-2.0%
Police	14,800	6%	0.8%
Total budget	243,400	100%	3.8%
Budget less defence	213,500	88%	-3.2%
Population growth			7.1%

*Source:* Calculated from, Department of Finance, *Budget Review 2000*; real growth calculated using CPI.

2. The 1999/2000 budget brought a slight increase in spending, but the gains went mostly to buy arms. The MTEF indicates that this pattern will continue for the next three years, with, in real terms,
  - Virtually no increase in the main social services,
  - A real decline for infrastructure, and
  - A 10-per-cent annual increase in military spending.
3. This pattern of expenditure contrasts strongly with government's repeated claims that it has reprioritised spending toward the main social services.
4. A major cost for government remains its contribution to the Government Employees' Pension Fund (GEPF) of R10 billion a year, or about 16,5% of salaries. This represents a very inefficient way of paying for public servants' retirement funds. The funding level of the GEPF climbed very rapidly after 1994, from around 60% to over 95% by 1998. Currently, the GEPF holds R150 billion in government bonds, accounting for about a third of the national debt. Reducing the employer contribution or the funding level of the GEPF would substantially increase the funds available for other purposes, but would not affect workers' pensions.

## 2.8 Monetary policy

1. Inflation has fallen rapidly since 1990, with a particularly sharp downturn from 1996. CPI now stands at around 5,5%, compared to 15% around 1990, and 10% in 1995. The fall in inflation reflects both tight monetary policy, resulting in high interest rates, and the world-wide decline in inflation through the 1990s.
2. In this context, South Africa continued to have extraordinarily high real interest rates. Since 1997, at least, interest rates have been 10% above CPI, compared to international norms of 2 to 3% over inflation. These high rates result from the combination of conservative monetary policies with a highly concentrated financial sector.
3. In part, government supported high real interest rates to attract portfolio investment from abroad. In this argument, to attract foreign investors, South Africa needs a higher rate of return than other countries. In addition, high interest rates are supposed to reduce inflation by cutting

demand, since they make it more expensive to borrow money for investment or to buy goods on time.

- In 2000, the government introduced a policy of targeting inflation rates. It has set a rate of between 3% and 6% for 2003 for CPIX, which is the normal inflation rate (CPI) taking out the cost of interest. The CPIX currently stands at over 8%, so achieving this target will require a substantial fall in inflation. The danger is that, in order to achieve its target, government will insist on raising interest rates again. That would dim prospects of increased growth in the next few years.

### 2.9 Success relative to the GEAR targets

- 1997 projected economic targets and outcomes for three years. The following table compares the targets and outcomes with actual results over the period. It suggests that government policy was even more rigorous than GEAR required in cutting deficits and tariffs. On the outcome side, growth was substantially lower than predicted, interest rates were higher and the increase in private investment much lower. Where GEAR predicted substantial increases in formal employment, on average over 100 000 jobs have disappeared every year since it was adopted.

**Table 11. GEAR projections and actual achievements, 1996-'99**

	Annual average, 1996-'99	
	Projected in GEAR	Actual
<b>Projections</b>		
Fiscal deficit as percentage of GDP	3.7%	3.1%
Real government consumption as % of GDP	19.0%	19.6%
Average tariff as % of imports	7.6%	4.4%
Real bank rate <sup>a</sup>	4.4%	12.3%
Real private sector investment growth	11.7%	1.2%
Real non-gold export growth <sup>b</sup>	8.4%	6.7%
<b>Outcomes</b>		
GDP growth	4.2%	2.4%
Inflation (CPI)	8.2%	6.6%
Annual change in formal, non-agricultural employment <sup>c</sup>	270,000	-125,200

Sources: South African Reserve Bank, *Quarterly Bulletin*, June 2000; Department of Finance, *Budget Review 2000*; Department of Trade and Industry, Economics Database.

Notes: a. for actuals, residential bond rate less CPI. b. for actuals, real non-mining export growth. c. figures for 1996 to 2000.

## 3. Labour policy

- We here look at progress in labour legislation since 1996, and the amendments proposed by government in August 2000. We then analyse progress around training and grading, and occupational health and safety.

### 3.1 Labour legislation

- In 1995, the Labour Relations Act set the basis for a fundamental transformation of the apartheid labour system. Since then, the process has been taken forward by key new laws. Unfortunately, in August 2000 government proposed amendments that undermine the logic of the

labour market transformation programme.

2. To understand the debates about labour legislation, we have to place them in the context of our history. Apartheid arose largely from efforts to control black labour. In most of the economy, especially in agriculture, mining, the public sector and domestic labour, the colonial past shaped labour relations until the end of the apartheid era. In these industries, employers could hire and fire workers at will, force them to work long hours and on weekends, and provide them with neither training nor benefits. Even in higher-level jobs, discrimination based on race and gender was common.
3. The lack of labour rights proved devastating for our people. In many white households, domestic workers, by law, could not have their families stay with them, and had just half a day off in the middle of the week. Farmers could require unlimited labour from farm workers, attack them physically with little fear of legal penalties, evict them after decades of service, and make their children work in the fields without a chance to go to school. Miners had to live in overcrowded single-sex hostels, working underground for almost the whole week, with extraordinarily high accident rates, no formal lunch breaks, pitifully few holidays and no chance of training or advancement.
4. This system was counter-productive for all concerned. Obviously, it was extraordinarily oppressive for many workers. But it also led to massive labour unrest and conflict, and a workforce largely denied the skills needed in a modern economy.
5. The struggle for democracy therefore largely centred on the struggle for labour rights. After 1994, the government made the elimination of apartheid in the workplace a key priority. It aimed at establishing a more productive, better skilled and better-paid labour force. To achieve this end, it systematically introduced new labour laws.

**5.1.** In 1995, the LRA extended basic labour rights to all workers; strengthened centralised bargaining to ensure more orderly negotiations; and established an alternative dispute-settlement system.

**5.2.** In 1998, the BCEA introduced a floor of rights conditions for all workers. Amongst other things, it shortened the normal working week to 45 hours, requiring the payment of overtime for hours above that; gave all workers annual, family, maternity and sick leave; and required extra pay for Sunday work.

**5.3.** Also in 1998, the Employment Equity Act began to compel employers to eliminate discrimination on the basis of race, gender and disability from the workplace. To some extent, it provides a mechanism to address the apartheid wage gap.

**5.4.** In 1999, the Skills Development Act set up an institutional framework to ensure more targeted and broad-based training. It requires that employers use 1% of their salary bill for training.

6. These laws meant we were finding our way to a balance: with respect for labour rights, effective dispute settlement and improved training, over time a more productive labour force would emerge based on higher standards for all workers.
7. We expected employers to adapt grudgingly to the new laws, which are in line with international norms. Unfortunately, instead of finding new management practices, others employers, particularly in the historically

most backward sectors, preferred to complain continuously. All too often, they did not even bother to find out what the new laws actually required. And many – especially in agriculture and the public service – reacted to the new rights enjoyed by unskilled African workers by trying to dismiss them wholesale.

8. Unfortunately, the Department of Labour recently announced that it wants to introduce amendments which will substantially weaken the protections provided workers under the new labour laws. Its proposals effectively retract key sections of the agreements reached in hard negotiations over labour legislation. We summarise below the key attacks on workers contained from these amendments.

### *3.1.1 Variation model in the BCEA*

1. In terms of the BCEA, a critical agreement related to the variation model, which defines when parties may diverge from BCEA standards. The Department of Labour did not implement in full the variation model agreed at the Alliance level. The Alliance agreed that variation will be allowed only if on aggregate workers' conditions will not be less favourable than the provisions of the BCEA. Nevertheless, the law does establish a floor of rights not subject solely to power relationships between workers and the employers. These rights were "ring fenced" so that no agreement or government regulation may vary them downwards. The protected rights include the length of the working week, night work, and prohibitions on child and forced labour.
2. The proposed amendments ignore the Alliance agreement and weaken the already unacceptable variation model. The protection the BCEA provides of fundamental rights through ring fencing is removed and their protection to lobbying and power relations. The public service provides a good example of how employers lobby for variations even when it makes no sense. Vulnerable workers – those on the farms, in domestic labour and the informal sector, and in non-unionised workplaces - could have all their rights varied by the Minister on application from employers. To these workers, the BCEA would become a shell that looks good, but gives them no real relief.
3. Because variation would be up to the Minister, even high level of unionisation is not a guarantee that labour would win. Removing this protection represents a fundamental shift against the tenets and logic of the BCEA.

### *3.1.2 Refusal to require negotiations on retrenchment*

1. A shortcoming of the LRA is the relatively weak protection against retrenchment. Essentially, it requires only consultation with unions – and too often, that means employers inform their workers, then implement irrespective of alternative proposals or objections proceed with the plans to retrench. But workers may not strike against retrenchment. Instead, they must go to the labour court. They may wait years for a decision. Moreover, the courts have decided they cannot pass judgement on the economic reasons given for retrenchment. They will rule only if there are problems with the procedures followed.
2. In short, because workers cannot use their most important source of protection – the right to strike - the current provisions tilt the balance of power excessively toward management. For this reason, in the jobs and poverty campaign, COSATU demanded that retrenchment be made negotiable.
3. Despite the existence of an Alliance agreement on the matter, the

directive of the 1999 election manifesto and the fact that millions of workers and their families mobilised around this for the jobs and poverty campaign, government's proposals are sorely inadequate.

4. Instead of addressing our demand, the amendments government is proposing on retrenchment will only aggravate this situation. They would bring in a facilitator for consultation and therefore for retrenchments of over 500 people, which would simply grease the wheels for job losses. Oddly enough, not even business had the gall to ask to make retrenchment easier; this proposal appears to be government's very own inspiration.

### *3.1.3 Centralised Bargaining under the LRA*

1. The government has proposed that agreements reached by bargaining councils should not be extended to industries if any individual employer objects or claims that he or she was not consulted. Weakening the ability to extend agreements fatally reduces the incentives for business to take part in bargaining councils or centralised bargaining. Moreover, it would permit any individual business to stay out of the negotiations, then sabotage a majority agreement by protesting against its extension on the basis that they have not been consulted.
2. In the event, studies show that bargaining councils exempt more than 80% of applicants from the provisions of negotiated agreements. Again, this is yet another indication that the existing laws are sufficiently flexible.

### *3.1.4 Sunday Work Premiums under the BCEA*

1. In the BCEA negotiations, government and business also agreed to encourage a common day of rest by requiring a premium for work on that day. Under this agreement, Sunday should be kept free for families, social, civic and union meetings, recreation, etc. Government also set a 40-hour week as a long-term goal, to be phased in over three years.
2. The premiums were meant to serve as a disincentive to employers, who otherwise will pressure workers to take a seven-day week. Removing them is not just inconsistent with agreements reached in 1997, but makes the situation worse than under apartheid.
3. In sum, the proposed amendments are harmful to workers without particularly improving the business environment. We can only assume that government introduced them as a gesture to big business and foreign investors. This shows a distressing ignorance of the realities. Virtually all studies demonstrate that foreign direct investment targets countries with rapid economic growth. But to achieve rapid growth in South Africa will require both stability in labour relations and a vast improvement in skills levels. Retreating to the position where employers compete on low pay and long hours is only going to make it harder to achieve those goals.

### *3.1.5 Political Implications*

1. These proposals, far from being a technical fine-tuning of labour legislation, threaten to plunge the country into a major political crisis. They represent the most serious attack on hard-won workers rights and gains since the 1988 attempt of P.W. Botha's regime to roll back workers' rights. This is the "unintended consequence" of the proposed amendments, which will create both political and labour instability if allowed to go forward.

2. COSATU has been upbeat about gains workers have made since 1994 following the transformation of the labour market, and mobilised workers for the ANC 1999 elections victory partly on this achievement. Today we don't know what to think. The political crisis is particularly serious because it raises fundamental questions about the integrity of agreements reached in Nedlac, with the government, and in the Alliance.
3. As first prize, we are seeking a political solution to this political problem. A meeting with the Deputy President has been held. In August, a meeting of the Alliance ten- a- side, where the matter was to be discussed, was postponed. It will hopefully take place before Congress. A bilateral with the Ministry of Labour has been held. Bilateral discussions with the employers are also taking place. An updated report will be provided at the congress.

### 3.2 Training

1. Apartheid left many workers with inadequate skills. Even when they had skills, many could not obtain the qualifications to prove it. To address these problems, COSATU has long demanded
  - Accelerated implementation of the National Qualifications Framework (NQF), which provides for a system of qualifications and assessment at all levels of competency outside of the formal school system,
  - Training programmes that provide qualifications and meet sectoral needs, not just the requirements of individual companies, and
  - A substantial expansion in training and education, including Adult Basic Education and Training (ABET).

#### 3.2.1 *The National Qualifications Framework (NQF) and the Skills Development Act*

1. The 1998 Skills Act was a major step toward achieving these goals. It established Sectoral Education and Training Authorities (SETAs), which are responsible for sectoral skills plans, approval of workplace skills plans and the development of learnerships. The law requires that SETAs have labour participation. A related Act requires that private employers pay a levy equal to 1% of their salary bill for training, and that government departments budget the same amount for training.
2. The Department of Labour has set up 25 SETAs, although two may be reviewed if they prove to be financially weak. Unions have been deeply involved in the SETAs.
3. The levy scheme should substantially expand training, although we still demand that the levy be increased from 1% of salaries to at least 4%. We must also campaign for the adoption of ILO Convention 140 on paid leave for education and training, when it is finalised in mid-2000.
4. The NQF requires the establishment of qualifications and standards for different levels of skill. COSATU has played an active role in this process. Many major sectors have established Standard Generating Bodies (SGBs) for this purpose. COSATU affiliates are also represented on all 12 National Standard Setting Bodies, which lets us ensure that the qualifications and standards meet our needs.

5. Overall, a national system where workers can get recognition for their skills is on track. Still, problems remain.
6. COSATU needs to take control over the process of developing qualifications for shop stewards.
7. More broadly, defining qualifications has been a contested process, especially because many employers and academics do not understand the need to establish qualifications for workers who do not have matric.
8. ABET remains a further area of contention. Employers often resist providing ABET, although some affiliates have managed to negotiate programmes. We need to ensure that workplace and sectoral skills plans set targets and provide resources for ABET. We must also support the Ministry of Education's campaign to enhance literacy training. This campaign must enable people to attain their General Education and Training Certificate.
9. A further critical area is to ensure that assessment procedures include recognition of prior learning (RPL). We have developed comprehensive guidelines about RPL and how it should be run in the workplace. Some affiliates have negotiated adoption of these guidelines, which have also been submitted as a COSATU input on the development of national assessment policies.
10. We have also made strides into the development of learning programmes that are more flexible and meet the needs of workers. The Further Education and Training Act, in which COSATU made a number of interventions, acknowledges that education and training providers must meet the needs of workers and the pre-employed. The Skills Development Act takes this further by providing for learnerships and skills programmes. COSATU has also begun to play a more active role in institutional councils at the Further and Higher Education and Training Level, which should advance our work to transform institutions of learning.

### 3.2.2 Organisational capacity

1. COSATU has played an important role in national processes around education and training. We have active representation in the key forums, including the National Skills Authority, South African Qualifications Authority and its sub-structures, and the advisory bodies on ABET, FET and CHE. Despite some shortcomings, in the main we have participated effectively.
2. It is increasingly critical that we improve co-ordination through the education and training committee (the former PRU). All affiliates must participate actively in the committee. We also need to ensure the regions are able both to drive provincial policy processes and to support shop stewards in implementation work.
3. The Central Committee resolved that affiliates must improve capacity in this area, with COSATU's support. To this end COSATU ran workshops for affiliates. It is developing a programme with Ditsela that affiliates can replicate. COSATU has also taken responsibility for developing booklets that explain our position on the National Qualifications Framework, the Skills Development Act, recognition for prior learning, and skills plans. They should be used by shop stewards and officials in negotiations on training.
4. The majority of COSATU's affiliates are participating actively in shaping

the SETAs. Still, some affiliates do not have people responsible for this area of work. In these cases, employers have dominated processes. It remains a priority for all affiliates to have a cadre responsible for training.

### 3.3 Grading

1. We have not made significant progress in developing better grading systems. Above all, we have not yet negotiated a framework to bring together education, training, grading and wages. Such a framework should outline the type of workplace we would like to see. It should also give guidance on employment equity plans, and their relationship to skills plans. That should help ensure that our work in this area includes a gender perspective.
2. Although many affiliates have implemented COSATU resolutions on skills-based grading, implementation still poses problems. These stem in part from our lack of shared vision on workplace transformation. Naledi has a project that should assist COSATU in this area. In addition, COSATU has begun to run training programmes for affiliates on workplace transformation and restructuring.

### 3.4 Occupational health and safety, and the environment

1. Apartheid left a legacy of poor environmental health and safety, and great disregard for the environment. South Africa had the highest rate of accidents on the mines. Even in 1997, three quarters of the occupational accidents reported to the Compensation Commissioner resulted, at least in part, because employers adopted unsafe practices.
2. The lack of a holistic national policy and implementation strategy undercuts efforts to improve health and safety on the job. Historically, responsibility for health, safety and the environment was fragmented across governmental departments. That leads to under-reporting and under-regulation of problems, meaning we do not have a clear picture of the state of occupational health and safety in the country.
3. Occupational diseases pose an on-going problem. Few doctors are trained in this field, and general practitioners may not see the link between an illness and a worker's job. Furthermore, employers do not co-operate in reporting these problems, since they get a rebate if they do not send claims.
4. Domestic workers in households are still excluded from occupational health and safety legislation. As a result, they cannot claim compensation if they suffer an accident or disease, for instance from burns, chemicals, long hours or heavy loads. Enforcement in many other sectors, for instance for informal and farm workers, remains weak.
5. COSATU's central aim around occupational health and safety and the environment is to empower workers to protect themselves from illegal or risky actions by employers. That requires:
  - Capacity building for workers so that they know their rights and responsibilities under new legislation,
  - Ensuring the state protects all workers, including domestic and informal employees,
  - Consolidating and expanding the inspectorates,



- Strengthening legislation on occupational diseases and the environment, and
- Developing a common understanding of how to manage trade offs between environmental protection and jobs.

#### *3.4.1 Changes in legislation*

1. Since 1994, COSATU has made substantial progress toward ensuring the rights of workers under the law. Above all, occupational safety and health legislation now provides for worker committees to oversee workplace safety. Moreover, the National Environmental Management Act, 1998, secures the right of workers to refuse work that is harmful to human health or the environment.
2. Some shortcomings remain. The Compensation of Occupational Injuries and Disease Act still does not cover domestic workers. Moreover, before 1977, racist legislation deprived many workers of adequate compensation for major permanent disabilities, and this must be redressed. Finally, giving employers a rebate for good safety records may have an unintended consequences in that employers will avoid reporting injuries.
3. More broadly, COSATU must ensure adequate compensation levels. The occupational compensation system imposes a trade off: workers give up the right to sue for civil damages in return for compensation for work-related health problems irrespective of fault. Under the Constitution, this trade off is acceptable as long as the range and level of statutory compensation benefits as a whole roughly equal what workers would get in damages. That requires a review of compensation in general, and in particular a change in the way permanent disability benefits are calculated.

#### *3.4.2 Integration of inspectorates*

1. Government recently agreed to integrate the inspectorates of the Departments of Labour, Health and Mining and Energy – a move long called for by labour. Integration of the inspectorates must ensure that there is no loss in capacity, and indeed capacity must be expanded.
2. After some initial difficulties, the Department of Labour has established a process that permits considerable input from labour. NEDLAC will help manage the integration process and set the terms of reference, and labour has two seats on the oversight committee.

#### *3.4.3 The October campaign on health and safety*

1. The Central Committee resolved that each October would see a campaign around health and safety. In the last three years, only NUM has participated vigorously. We need to move toward a more structured programme that covers more sectors, based on participation by all affiliates. It must bring pressure to extend health and safety legislation to domestic workers. It must also fight for enforcement of safety laws for all workers, including in the informal sector. The policy co-ordinator will hold a workshop to plan for the campaign this year.

## **4. The social wage**

1. The government services – education, health, policing, infrastructure and housing –

are critical for workers and their families, and form the basis for equitable development. Together, they constitute a social wage that should protect all South Africans from poverty. They should ensure that social solidarity, and not capitalist markets, shape important aspects of our lives and communities.

2. Unfortunately, the legacy of apartheid in this area remains formidable. It has resulted in enormous inequalities between historically black and white areas in both staffing and infrastructure.
3. This section covers COSATU's interventions in the key areas of socio-economic policy, namely labour policy, health, social security, housing, infrastructure, land, and education and training.

#### **4.1 The education system**

1. The largest government service, in terms of budget and employment, remains education. SACTU has played a leading role in supporting the transformation of the curriculum and facilitating the equalisation of staffing. It even initiated its own programme to help train educators in the new curriculum. Its support for teacher redeployment was critical to ensure more equitable staffing between schools.
2. The Ministry of Education's policy framework takes us forward, although there are still some concerns. The real problems, however, lie in the area of implementation.
3. Generally, budget cuts and differences in how provinces budget for education have made it harder to ensure quality, equitable education and overcome backlogs in school buildings and supplies. In these circumstances, the decision to levy fees has entrenched differences between schools, permitted rich schools to hire teachers outside the public service, and sometimes let racist practices persist. COSATU needs a strategy to address these problems.
4. In addition, efforts at curriculum redress remain weak. As a result, historically African schools have relatively little access to mathematics, science, arts and culture teachers. Yet these skills are particularly important for obtaining employment in the modern economy.
5. A further problem is the exclusion from compulsory education of the reception year (Grade R) for children six years of age. As a result, most children will not enter school until they are seven. This is undesirable from a developmental standpoint, and means that working class children will be at a disadvantage compared to richer children, who generally start at age six.
6. On the other end of the system, new regulations requires young people to leave school at the age of 19. That means many young people must leave school without completing their matric certificate, leaving them with limited options.

#### **4.2 Health**

1. The apartheid legacy continues to be starkly reflected in the health sector, with access to health care severely skewed in race, gender, class, and regional terms. Some 80% of health expenditure and health care personnel are concentrated in the private health sector despite the fact that it serves less than 20% of the population.
2. The health system is also characterised-by:

- A bias towards hospital-based, doctor-centred curative care, rather than preventive measures; and
  - A history of racial discrimination in access to health services, with systematic under-funding health infrastructure and staff in poorer communities.
3. COSATU has fought for a stronger public health system, greater equality in access and care, and better regulation of medical schemes, especially to ensure they serve ordinary workers. It has also called for a mass campaign on HIV/AIDS, which is discussed in Part 2, in the section on campaigns.
  4. On balance, the Departments of Health have taken a progressive and courageous stance in transforming the health sector and delivery of services to the working class. Their efforts to reduce the cost of medicine, improve regulation of medical aids and expand free health care have been particularly important.
  5. In these efforts, the Departments of Health have faced massive opposition from vested commercial interests and their voices in the opposition parties. They have also had to deal with substantial budget cuts. The inappropriate sequencing of reforms, poor co-ordination and weak change management have also caused difficulties.
  6. The regulation of medical aids schemes has seen fundamental reforms. COSATU supported key elements of government's approach, notably the introduction of a community rating system to facilitate cross-subsidisation; the requirement that all medical aids provide a package of benefits accessible to lower-income workers; and improvements in consumer protection. We still need to fight for better coverage for workers who leave their job and for support for medical aids established by bargaining councils.
  7. COSATU has long demanded a comprehensive National Health Insurance (NHI), which would provide cover for workers and their families and inject resources into the public health system. Despite a commitment in the White Paper on Health, the government has not moved to introduce the NHI because of differences within government and private-sector opposition.

#### **4.3 Social security**

1. COSATU has a long-standing demand for a stronger social security system. Currently, social security relies excessively on old-age pensions, which form the largest transfer of income to the poor. In contrast, a comprehensive social security system would give more balanced and appropriate assistance to all South Africans in need. It would play a critical role in supporting development by ensuring stability and greater equality, which in turn would form the foundation for economic and social progress.
2. A basic income grant would be a critical element in a comprehensive social security system. It would mean giving a grant every month to every adult, with costs recovered through taxes on the better off. As a result, every household would have at least a minimal income, which could supplement other earnings.
3. Because of COSATU's demands, the Presidential Job Summit agreed that government should consider a basic income grant. An inter-

departmental task team on comprehensive social security measures will report on this issue later this year.

4. COSATU has also pushed for the extension of the UIF. A Ministerial Task Team at the Department of Labour made progressive proposals on this issue, including widening the UIF's coverage and increasing the progressivity of benefits. In the subsequent negotiations at NEDLAC early this year, we have tried to ensure these proposals are incorporated in amendments to the UIF Act. We achieved some progress here, including a commitment to extend the UIF gradually to domestic and migrant workers.

#### **4.4 Retirement Funds**

1. The retirement industry has an active membership of approximately 4 million, with 2,4 million in the private sector. It is a major source of capital, with assets of about R7000 billion.
2. COSATU's aims around the retirement funds are:
  - To ensure comprehensive coverage and rationalise retirement funds on an industrial and national basis,
  - To strengthen union control, and
  - To redirect retirement fund investments toward more productive uses, especially into infrastructure and employment creation.
  - To ensure that employers do not take over pension fund surpluses,
3. To ensure greater consistency in addressing challenges in this area, COSATU appointed a Retirement Fund Policy Co-ordinator in 2000. The Co-ordinator will monitor developments within the industry; co-ordinate interventions at a number of institutions and bodies including the Retirement Fund Policy Forum, Nedlac, Financial Service Board and Parliament; and build capacity for affiliates and trustees.

##### *4.4.1 Workers' trustees*

1. In 1996, as a result of COSATU's intervention, amendments to the Pension Funds Act provided that members elect half the trustees. This was a major gain for COSATU and workers, since in the past employers appointed the trustees to most defined-benefit funds leaving worker with no say in the investment of their retirement funds.
2. COSATU and the labour movement in general must now meet the challenges of electing worker trustees, ensuring they have the necessary skills, and mobilising them around a strategy to redirect investments toward more productive ends. To achieve these aims, we must develop a data base of trustees.
3. It is critical that training not be left to companies in the retirement industry, which are generally conservative and often use training to market particular investments. In July 2000, Ditsela introduced an introductory course for new trustees. COSATU's Retirement Fund Co-ordinator assisted with the course.

##### *4.4.2 Pension surpluses*



1. In the early 1980s, most defined-benefit funds were changed to defined-contribution funds, but in the transfer members generally received less than they should have. In particular, they did not receive a proportional share of investment reserves in addition to the actuarial value of their benefits. Because of mass transfers, this situation led to the accumulation of billions of rands in surpluses in the defined benefit structures that were left behind. The surpluses are not, however, as much as the R80 billion initially reported.
2. The pension-surplus issue is being negotiated in NEDLAC's Public Finance and Monetary Chamber. We have reached an in-principle agreement with government that if members transfer from a defined-benefit to a defined-contribution fund or are retrenched, or if their pensions are outsourced, they are entitled to actuarial benefits plus a share in the investment reserve.
3. Disagreements centre on surpluses already accumulated. In principle, COSATU demands that these funds must benefit members, on the grounds that retirement funds ultimately reflect deferred wages. In contrast, employers want to claim the funds for their own use. Business South Africa does not accept that surpluses result from underpayments in the past.

#### 4.4.3 *Compulsory provision*

1. The Pension Fund Act does not compel employers or workers to provide for retirement. In some sectors, such as sales and catering, workers are labelled casual and receive no benefits. Congress should demand that the law end these practices.
2. Congress must also demand measures to ensure the maintenance of pensions for people who are retrenched or resign. When a member withdraws from a fund, for instance because they are retrenched or resign, they withdraw their benefits. Typically, this means the worker has to build up their pension from scratch if they find alternative employment. Between 1996 and 1998, retirement funds paid R46 billion to people who withdrew. Over the period, withdrawals from private funds, which make up the most withdrawals, climbed from R10 billion to R17 billion.

#### 4.5 **Housing and infrastructure**

1. The provision of housing and infrastructure by the state is a way to build up wealth in working class communities as well as improving living standards. The RDP expected these measures to provide a significant stimulus to the economy. Some progress has been made, especially around the extension of electrification and water and the construction of houses on a large scale.
2. Faced with fiscal restrictions, however, infrastructure agencies have increasingly tried to bring in private capital. Too often, the result is that the poor do not receive the services they need.

##### 4.5.1 *Housing*

1. The government has come fairly close to meeting the RDP target of a million houses in its first term. But various problems have emerged in the housing policy.
2. Government funded only a small proportion of the total housing cost,

looking to private bonds to cover the rest. The financial sector has, however, largely refused to finance low-income housing. As a result, very low-income people could not really take advantage of the government subsidy. Furthermore, the over-reliance on the market meant that the hoped-for employment creation has lagged, and the quality and size of the housing built is often poor.

3. This strategy led to the construction of housing estates far from urban centres and places of work. In effect, then, it perpetuated apartheid urban sprawl, adding to workers' transport costs, making it harder to find work, and generally hindering community development.
4. COSATU has long opposed the overemphasis on providing private housing, often far from work opportunities, instead of rental units nearer to town that would serve working people better. To meet this end, we have tabled detailed proposals for the establishment of a housing parastatal.
5. Since the Presidential Job Summit, there are indications of some reforms in the housing policy, although no basic change has occurred. The Summit agreed on a pilot project to provide between 50 000 and 150 000 rental housing units aimed at low-income households. It was also agreed to put mechanisms in place to improve the national housing subsidy scheme and improve access to credit for low-income housing through Project Gateway.
6. The ANC Elections Manifesto committed government to focus on building housing in ways that would overcome apartheid settlement patterns; to expand rental stock; and to promote more effective ways of financing housing. The Ministry of Housing has recently initiated pilot projects to build rental housing. The Rental Housing Act, 1999, introduces a new focus on rental housing, although it will not drive the construction of public rental housing on a large scale.
7. As noted in the sections on the economy and on the retirement industry, various proposals have emerged to increase investment in infrastructure and housing by institutional investors, including pension and provident funds. Since unions now have trustees on the boards of retirement funds, COSATU needs to take a clear position to support these moves.

#### 4.5.2 Infrastructure

1. The massive rollout of infrastructure since 1994, especially water and electricity, has improved the quality of life for millions of working people. Still, many people, especially in rural areas, lack adequate services. Moreover, critical issues remain about how to fund, maintain and improve the quality of infrastructure in poor communities.
2. The main challenge remains that apartheid deprived poor communities of infrastructure that was built up over decades in richer neighbourhoods. As a result, South Africa must make expensive investments in new networks for water, electricity and so on for households that cannot initially afford to pay for the services. That is why infrastructure provision is a critical form of redistribution.
3. Furthermore, since 1985 the country has seen inadequate investment in economic infrastructure, especially transport and telecommunications, needed for industrial growth.
4. Infrastructure is essentially provided by state-owned enterprise and local government, with relatively little supplied directly by national government. As discussed in the section on the public sector in the

organisational report, many of the disputes on restructuring municipalities and parastatals therefore hinge on whether the private sector should or can provide adequate services to the poor.

#### 4.5.2.1 Water

1. Local government is essentially responsible for urban water and sanitation, although the national government has played a central role in expanding the supply to communities, especially in rural areas. Largely thanks to COSATU's representations, the Water Services Act regulates minimum standards of water supply and provides that local government can only contract private suppliers after considering all known public sector suppliers.
2. In addition, COSATU supported SAMWU in calling for more progressive rates on water, specifically to provide a free lifeline service and then progressive increases depending on the amount used. This approach ensures the poor always have access to some water while encouraging conservation. In 2000, it was adopted by the Ministry of Water Affairs.
3. In the past two years or so, the public sector bias in the Water Services Act has come under attack. Local governments sometimes aim to privatise water provision, a practice that has typically led to lower services and worse quality for the poor. Foreign transnationals have actively lobbied for privatisation. This approach is also fostered by the support the Department of Finance has given for public-private partnerships.

#### 4.5.2.2 Electricity

1. Electrification has been a major success of the democratic government. Today, three quarters of urban dwellers and half of rural households have electricity.
2. Unfortunately, the restructuring of the electricity industry under the White Paper on Energy seems driven more by an ideal of introducing competition than by broader social aims. Thus, analysts suggest that current proposals could raise the cost to consumers by 50%, placing a heavy burden on working-class households.
3. Under the current proposals, government will permit competition in generation and for large-scale users, which could reduce the scope for cross-subsidisation from industry to communities. Moreover, it proposes a rapid transition to regional distribution of electricity, which may not adequately take into account capacity problems. Finally, it wants to replace the current system of municipal distribution with larger scale distributors. While this will likely lead to more efficient provision of electricity, it could cost jobs at the municipal level.
4. COSATU and the affiliates affected – NUM, NUMSA and SAMWU – are working together to develop a practical response to these proposals.

#### 4.5.2.3 Telecommunications



1. In terms of communications, the main policy initiatives by government have been around postal policy, telecommunication and broadcasting. COSATU managed to effect improvements in the Green Paper issued by the Department for Post, Telecommunication and Broadcasting, notably the extension of street delivery and expansion of service and the retention of the Post Office in state hands; the retention of the Post Bank as a subsidiary of the Post Office for the time being; and the principle of subsidy funding was endorsed in the Postal Service Act.
2. COSATU supported the introduction of a broad policy and legislative framework for transforming broadcasting, and emphasised the need for a strong, representative, publicly funded broadcaster. Not all of our proposals were accepted, and the transformation and reorientation of broadcasting remains a significant challenge for the working class.
3. In telecommunications, the Telecommunication Amendment Act passed in 1996 facilitated the opening up of the industry to the private sector and laid the basis for roping in a strategic equity partner for Telkom. The government plans to end the state monopoly on telecommunications in 2002. This seems likely to make it even more difficult to ensure adequate telephone services in poor areas. Moreover, it will likely lead to further increases in the cost of local telephone calls. Furthermore, government has agreed that Telkom should list its shares on the stock exchange in the coming year, which has led to substantial pressure to downsize employment. Our response is discussed under the Jobs and Poverty Campaign section of the organisational report.

#### 4.5.2.4 Transport

1. Transport is one of the areas which saw the greatest setbacks for the working class during the past three years, with significant privatisation and fragmentation of the transport system. The recently passed National Land Transport Transitional Act, while taking on board some of unions' concerns, opens the way to advance privatisation and the breaking up of municipal transport. It will be imperative for the Federation to halt any further privatisation and to promote a shift in the direction of an accessible and efficient public transport system.

#### 4.5.3 Public Works

1. Progress around public works includes increased delivery by the Community- Based Public Works Programme (CBPWP) and government's commitments on these projects at the Job Summit. The development of a register of projects and changes in procurement policy offers opportunities for monitoring the use of labour-intensive methods.
2. Still, there is no defined framework or monitoring structure to ensure that projects contribute as much as possible to employment creation and skills development. Furthermore, government has not implemented the funding options earlier proposed by COSATU to expand public works projects.

#### 4.6 Land

1. Land distribution remains extremely inequitable and profoundly skewed along racial and gender lines. Stronger approaches to land ownership and use are required in order to bring about a more egalitarian distribution.
  2. COSATU made a submission on the Extension of Security of Tenure Act. In part as a result, the Bill was improved during the Parliamentary process by extending the notice for eviction and giving greater protection to women and children and providing for an appeal of Magistrate Court decisions to the Land Court. Parliament also accepted a proposal to forbid eviction of occupiers of indefinite tenure unless alternative accommodation was available.
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### Recommendations

#### 1. Economic policy

1. The government's macro economic policy has failed to deliver on its promises of growth, employment and redistribution. Rising unemployment, high interest rates and cuts in the budget for social services and infrastructure threaten to reverse working class gains since 1994. We therefore reiterate our rejection of current fiscal, monetary and trade policies.
2. We reaffirm our demand that economic and social policies must take forward the NDR. Critical steps are fulfilment of the demands arising out of the jobs and poverty campaign for sector summits to generate an industrial policy, which would guide trade policies; increased investment in infrastructure and housing; and increased resourcing of government programmes.

#### 2. Training and grading

1. COSATU must drive the implementation of the Skills Development Act and related legislation, especially through:
  - 1.1. Active participation in the SETAs and related bodies,
  - 1.2. Ensuring all SGBs set standards for less skilled workers,
  - 1.3. Ensuring all skills plans include ABET, and supporting the Department of Education's campaign for ABET.
2. Affiliates must participate actively in the Education and Training Committee.
3. COSATU should demand that Grade R form part of compulsory schooling, and that there be no upper age limit for attending secondary school.
4. COSATU must demand that public works projects are monitored in terms of the agreed-on guidelines to ensure that they generate the greatest possible number of jobs as well as providing adequate education and training.

### 3. Health, safety and the environment

1. The Federation and affiliates must inform workers in all workplaces about their role in health and safety committees, and give them skills to intervene decisively where necessary to protect workers.
2. Affiliates must dedicate more capacity to health and safety issues, and ensure vigorous participation in the Health and Safety Committee.
3. The CEC must review existing legislation and its implementation, and develop a strategic approach to health, safety and environmental issues, including ways to ensure a more effective October campaign this year.
4. Health, safety and compensation legislation must be extended to domestic workers, and enforcement must be improved in all industries, including the informal sector.
5. Ensuring that workers use their new legal rights effectively requires a consistent campaign of information and capacity building. The COSATU education Department should develop material to assist in this process.

### Abbreviations

ABET	Adult Basic Education and Training
AFRO-ICFTU	African Regional Organisation of the ICFTU
BCEA	Basic Conditions of Employment Act
CC	Central Committee
CEC	Central Executive Committee
CPI	Consumer Price Index
CPIX	Consumer Price Index except for inflation
DTI	Department of Trade and Industry
EXCO	Executive Committee
GDP	Gross Domestic Product
GEAR	Growth, Employment and Redistribution Strategy
HIV/AIDS	Human Immuno-deficiency Virus/Acquired Immune Deficiency Syndrome
ICFTU	International Confederation of Free Trade Unions
ILO	International Labour Organisation
LRA	Labour Relations Act
MLC	Millennium Labour Council
NDR	National Democratic Revolution
NEDLAC	National Economic, Development and Labour Council
NGC	National Gender Committee
NGO	Non-Governmental Organisation
NQF	National Qualifications Framework
OATUU	Organisation of African Trade Union Unity
RDP	Reconstruction and Development Programme
RPL	Recognition of Prior Learning
SETA	Sectoral Education and Training Authority
SIGTUR	Southern Initiative on Globalisation and Trade Union Rights
TAC	Treatment Action Campaign
WTO	World Trade Organisation

**COSATU**

**7<sup>TH</sup> NATIONAL CONGRESS**

**18 – 21 September 2000**

**DRAFT COSATU GENDER  
POLICY**



**COSATU**  
7th National  
Congress

**Crush Poverty! Create Quality Jobs!**

# **Draft COSATU Gender Policy**

## **Report of COSATU National Gender Conference**

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### **1. Introduction**

The Gender policy draws together existing COSATU resolutions into a coherent document, while further enriching these resolutions. This document aims to combine the vision and principles that we aspire towards, with practical relations in the working workplace and economy, in trade unions and in broader society.

The issue of gender equality has been on our agenda since the formation of COSATU. However, we require a policy framework to guide our struggles to transform gender relations in the current period. It is therefore important that we reflect on progress in taking forward the vision and programmes adopted on several Congresses since COSATU inception. In broad terms, progress to realise these resolutions has been uneven and varies between affiliates.

COSATU and its affiliates are guided by a vision of a society free of sexism, racism, class exploitation, and other forms of oppression. We envisage a future where women participate equally in the economy and society without barriers, and where women are emancipated from all forms of oppression in the household, the workplace and in broader society. We have a vision of a trade union movement as a home for women workers.

This policy document was debated and adopted and the National Gender Conference (held on 5-7 July 2000). It is tabled at Congress for discussion and adoption. Once it has been adopted by the Congress all affiliates will have to give expression to this broad framework in their own policies.

## 2. Understanding Gender

"Woman's fate is bound up with that of the exploited male. This is a fact. However, this solidarity, arising from the exploitation that both men and women suffer and that binds them together historically, must not cause us to lose sight of the specific reality of the woman's situation. The conditions of her life are determined by more than economic factors, and they that she is a victim of the a specific oppression... It is true that both she and the male worker are condemned to silence by their exploitation. But under the current economic system, the worker's wife is also condemned to silence by her worker-husband. In other words, in addition to the class exploitation common to both of them, women must confront a particular set of relations that exist between them and men" Thomas Sankara.

It is important that we clarify our understanding of gender relations. This is imperative in order to understand gender oppression and develop strategies to eradicate this form of oppression. Too, often, the concept of gender and sex are used interchangeably while in essence they are quite different. The most common misunderstanding of concept of gender is that it simply means addressing men and women's concerns equally. This effectively ignores unequal power gender power relations, and undermines the central objective, which is the emancipation of women.

Sex refers to biological difference between men and women. Gender on the other hand refers to socially constructed and culturally defined differences between men and women. It is therefore not natural but created through socialisation using institutions such as the family, the church, religion education and schools, the state and the economy. In addition gender relations refers to the unequal power relationship between men and women.

Gender role exist in all spheres of society with the gender division of labour in the family. Gender roles are expectations of how men and women should behave in particular socially defined ways. For example men are supposed to be natural leaders, decision makers and providers; women are expected to be caregivers, supporters and followers of men.

While gender relations are defined at particular moment in the history of human kind, we are concerned with gender relations under capitalist-patriarchy. We use the concept of capitalist –patriarchy deliberately to underline the mutually reinforcing relationship between capitalism and patriarchy. Although patriarchy predates capitalism – in the current context the two systems reinforces each other, which means patriarchy cannot be resolved without also addressing capitalist relations.

Patriarchy refers to the system of male domination and control at all level of society. Capitalist-patriarchy has a material basis in the sexual division of labour, exploitation of women's unpaid labour and their subordination in the household. It is supported by the patriarchal ideology that sees women as inferior to men. In terms of this sexual hierarchy men and women are accorded different roles. For instance, women role is conceived as being a nurturer and caregiver, while men are entrusted with decision-making. Patriarchy manifests itself in all aspects of society including the economy, political institutions and ideologies, the legal system, religion, social and cultural institutions, such as the family, the media, education systems and so forth. The nature of patriarchal relations varies from society to society. At the same time women's oppression takes various forms depending on race, class, religion, marital status and age.

Capitalism is a mode of production based on private property where one class – the bourgeoisie – own and control the means of production and the working class own nothing

but its labour power. Capitalism benefits from the oppression of women under patriarchy, by virtue of the fact that employers pay low wages to women because of patriarchal ideology, which sees men as the breadwinner. Capitalists benefit through the separation of unpaid labour in the home from waged work, as it means that the labour force is reproduced at no cost to the employers, but at a tremendous cost to women.

Furthermore, the capitalist state also avoids its responsibility of providing for the reproduction of society (through infrastructure and child care) because of the patriarchal system, which makes this a private responsibility. Against this background the gender division of labour and patriarchal ideology are the focal issues in combating women's subordination under capitalism. For this reason a clear understanding needs to be developed of the oppressive nature of the gender division of labour, and the associating ideology and concepts perpetuating its, such as the concepts of work and skill.

Under apartheid, race, gender and class oppression were combined intricate system of oppression. The racial and gender form of colonial domination masks its underlying economic logic – the exploitation of the black working class. Race and gender oppression are not about mere prejudice, but ultimately about using power and control in the interest of capital. Apartheid capitalism also benefited from women's oppression in that large numbers of African women worked as domestic workers and cleaners under extremely exploitative conditions. Furthermore, women's unpaid labour in the rural areas enabled bosses to pay extremely low wages to migrant workers.

Apartheid laws set out limited and impoverished roles for African women. In particular, as they enforced migrant labour, they defined the role of African women in society and the economy. At the same time, the colonial system in South Africa, as throughout the continent, intensified the gender oppression found in pre-colonial systems. The combination of colonial and customary oppression denied women basic social and economic rights in the family and the community. Many women were barred from living in cities, owning land, family planning, inheriting, borrowing money or participating in political and social struggles. The system led to widespread abuse of women, both inside and outside the family. African women were confronted by triple oppression – oppression on the basis of their, race, gender and class. Black working class women bore the brunt of apartheid, capitalist and patriarchal oppression.

Women's emancipation is therefore a central feature of the struggle against apartheid and capitalism. As Samora Machel stated that women's emancipation is "not an act of charity but a precondition for the liberation of society". Our society cannot be free if half the population is still oppressed.

Therefore the NDR seeks to address gender, race and class oppression not sequentially, but simultaneously. It is important that this struggle be led by the bulk of the oppressed – women. Women should be empowered to challenge the system of patriarchy. While it is important to recognise that men have an important role in the struggle for gender equality, the leading role of women should always be emphasised – this however, should not be confused with making gender issues a 'women's issue'.

In order to consciously combat sexism and gender oppression in our organisational policies and strategies and in broader society these must be infused with a **gender consciousness**. A 'gendered perspective' aims to mainstream and integrate gender struggles, rather than seeing these struggles as women issue, that are treated in a separate and isolated way. A gendered perspective has the strategic objective of the fundamental transformation of society and unequal power relations. It also means a gender analysis is applied at all levels with regard to policies, programmes, planning strategy and evaluation. However, a gendered perspective still recognise the central role of women's leadership.

It is also important to emphasise the fact that the struggle to transform gender relations will benefit both men and women by creating an enabling environment for all to realise their full human potential. Gender equality will also bring visible benefits to society by drawing in half of the population into productive activity. Gender equality however, cannot be realised without conscious strategies to redress unequal power relations between men and women in organisations and in the broader society. As emphasised above, the NDR aims to bring an end to this form of oppression.



### **3. Assessing the Current Situation**

The ushering in of a new democratic dispensation and the adoption of a progressive Constitution, have brought visible changes for the majority of the formerly oppressed. The Constitution outlaws discrimination of women and calls for measures to redress past imbalances in terms of race, sex and disability and other prohibited grounds of discrimination. The adoption of the Employment Equity Act will go a long way in overcoming discrimination and inequality within the workplace. In addition, the Promotion of Equality and Prohibition of Discrimination Act will also contribute towards gender equity in all spheres of society. Thus legislative measures are now in place to address all forms of discrimination and inequality. Linked to this, the provision of basic service such as water and health care has brought visible relief for millions of people, especially women in the rural areas.

Yet despite, these advances gender inequality remains entrenched in our society. To understand this, it is important to analyse gender relations in the labour market and within the organisation. It is also important to analyse the impact of economic and social policies on gender relations in contemporary South Africa. In general, access to basic service is still skewed in racial, gender and geographic terms. Further, the majority of the poor are women particularly African women. Women tend to be vulnerable to the HIV/AIDS pandemic and job losses. The unpaid labour continues unabated.

#### **3.1. State of Gender Relations in the Labour Market**

The labour market is still segmented in terms of race and gender. It is characterised by a sexual division of labour in which women are largely associated with domesticity and servicing, while men are associated with machinery and technology. Women, particularly black women are concentrated in low paid- jobs, the service sector and face wage discrimination. They tend to be concentrated in vulnerable sectors such as domestic work and the farms as well as in survivalist activities in the informal sector.

Males particularly white males dominate the upper echelons of the labour market. As a result of inherited wage inequities and the fact that women are concentrated in low paid jobs, women's share of income is substantially lower than men. Discrimination also takes the form of differences in the valuing of men and women's jobs translating in wage disparity. The majority of the unemployed are women particularly black women.

Women also face hardship in accessing and sustaining their participation in the labour market. The majority of women have to juggle careers and domestic responsibility such as cooking and taking care of children. The shortage of childcare facilities and the sexual division of labour in the home impose serious burdens on women. Maternity leave and pay provision are also inadequate, and in some cases even the legislated minimum is not complied with.

#### **3.2 Gender Relations within the Union Movement**

While women constitute about 37% of COSATU members, leadership structure are predominantly male from shop floor to national levels. In addition, employment patterns in the unions reproduce the sexual division of labour in society. As shown in the table below most influential positions, such as educators, organisers and regional/general secretaries are overwhelmingly male-dominated, while the majority of women employed in unions are in administrative positions.

Position	Male	Female
Administration	6%	94%
Organisers	78%	12%
Branch & Regional Secretaries	89%	11%
General Secretary	100%	0%
Research/legal/media officers	75%	25%
Education officers	90%	10%

Sakhela Buhlungu, 1997.

Women are confronted by barriers, which impact on their participation in the union, which partly explain the lower representation of women in union leadership structures. The sexual division of labour in the home impose a double burden on women. Shop steward and union meetings are often held after working hours making difficult for women to participate. The language and jargon used in meetings are often alienating to women. Union members and leadership (and broader society) often have fixed attitudes about women's roles. Stereotypes about "a woman's place" often contribute to discouragement and discrimination directed at women in unions.

Male-dominated image and culture of trade unions sometimes take the form of women not being taken seriously, and translate into a glib, lip service commitment to gender issues, and a general lack of sensitivity to women's particular organisational needs. Further, women are confronted with resistance at home and experience discouragement and abuse from their partners who feel threatened by the fact that their wives/partners are activist and becoming more assertive, and would like to see them remaining in the home. Some of these attitudes are perpetuated by males in the unions.

The role of sexual harassment in discouraging participation cannot be discounted. Many women are completely discouraged from union activity since they are immediately "approached" by male comrades and feel that they are not treated as comrades but as sex objects.

Other organisational problems are expressed in the lack of progress to organise the most vulnerable and marginalized sectors dominated by women. A common concern is that collective bargaining demands are often not gender-sensitive. Where demands are taken up as they easily compromised in negotiations. The lack of women organisers and the lack of gender sensitivity on the part of male organisers contribute to these problems. Nevertheless, some affiliates have made good progress in taking up collective bargaining campaigns, particularly on parental rights.

The appointment of gender co-ordinators and structures is uneven between affiliates. Only 8 affiliates have full-time co-ordinators currently. The role of gender co-ordinators is limited if they are not represented on constitutional structures of the union and if no separate budget has been allocated. Some affiliates do not have structures. NALEDI research on assessing gender structures highlighted the fact that gender structures often do not have a clear programme or vision of their role and objectives. Overall, not sufficient resources to implement programmes are allocated. Further gender education on its own has not led to an increase in the number of women leaders in the federation and affiliates.

#### 4. Policy Statement

This Gender Policy moves from the premise that gender inequality will not disappear on its own accord. There is a need for conscious strategies to eliminate gender inequality within the organisation and broader society. This will take the form of specific measures to promote women leadership and plans to address inequality in the workplace. The development and empowerment of women workers and the elimination of discrimination and stereotyping are central goals in building gender equality. The measure of gender equality is women's full and equal participation at all levels of trade union organisation.

#### **4.1 Promoting Gender Equality in union structures and staffing**

##### **4.1.1 Building Women Leadership**

To increase women's representation in leadership structures, unions should use the following guidelines:

1. Additional ex-officio position on constitutional structures.
2. Portfolio positions.
3. Reserved seat for women.
4. Quota system including fixed and proportional representation.
5. Representation of sector co-ordinators on constitutional structures.

All unions must strive to achieve the following targets. These targets aims to take forward the 7<sup>th</sup> Congress Resolutions on measurable targets to improve women's representation within the union movement. Table 1 below make use of Statistics South Africa October Household Survey 1998 data of the gender breakdown of industries and trade union membership (COSATU and non-COSATU) in order to develop targets for affiliates, in the absence of a gender breakdown of COSATU affiliated union membership. While this cannot be substituted for accurate membership figures it still gives a broad picture gender breakdown. In future affiliates must keep a proper record of their membership profile including in terms of gender.

**Table 1: Proposed Targets for COSATU Affiliates based on a Gender Breakdown of Industries and Leadership Figures for 1998/1999**

SECTOR	% women by sector	% women union members (includes non-COSATU)	1998/99 % ROB's COSATU Affiliate	1998/99 % NOB's COSATU Affiliate	Target for shop-stewards	Target for LOB'
Construction	9%	11%	13%	0%	15%	15%
Chemical, paper, printing & wood	26%	16%	14%	0%	30%	30%
Communication	36%	34%	3%	0%	30%	30%
Food and Fishing	27%	22%	24%	0%	30%	30%

<b>Government (Admin, Health, etc)</b>	65%	58%	34%	33%	50%	50%
<b>Educators</b>	64%	64%	7%	0%	50%	50%
<b>Mining and Energy</b>	6%	4%	2%	0%	5%	5%
<b>Metal and Auto</b>	18%	16%	6%	0%	20%	20%
<b>Police &amp; Correctional Services</b>	24%	18%	0%	0%	20%	20%
<b>Agriculture</b>	28%	31%	28%	17%	30%	30%
<b>Retail, Catering and Hotels</b>	49%	47%	16%	33%	60%	60%
<b>Clothing and Textile</b>	72%	74%	30%	33%	65%	65%
<b>Local Authority</b>	23%	21%	14%	17%	30%	30%
<b>Banking</b>	61%	55%	71%	14%	65%	65%
<b>Transport</b>	15%	10%	17%	0%	20%	20%
<b>TOTAL (COSATU)</b>	<b>34%</b>	<b>30%</b>	<b>25%</b>	<b>33%</b>	<b>30%</b>	<b>30%</b>

*Please Note:*

*(1) The leadership figures will be updated*

*(2) Statistics were not available for cleaning and security, therefore only the transport sector of SATAWU's constituency is covered.*

These mechanisms must be combined with mentorship and empowerment programmes as well as conscious strategies to eliminate barriers to women's participation in unions. A supportive environment is crucial to avoid frustration and to sustain participation. As part of the way forward all unions should identify particular barriers in their own structures and contexts. Historically, a number of resolutions were adopted by the federation and affiliates to systematically remove barriers to women's participation. It is now time to vigorously implement these resolutions. Among others the mechanisms include:

1. Childcare, transport at meetings and timing of meetings.
2. Challenging stereotypes about women as leaders.
3. Developing mentorship programmes.
4. Creating a supportive and encouraging environment.
5. Implementing a Sexual Harassment Policy.
6. Education on gender issues.
7. Leadership training.

8. Promoting the sharing of home and family responsibility between men and women.

#### ***Electing women as shop stewards***

The federation and affiliates should ensure that conditions under which shop steward elections take place are conducive to electing women shop stewards. Unions should draw up a list of women available for election as shop stewards to assist in a campaign for women leaders at the workplace. Union organisers should be at the forefront in encouraging workers to elect women shop stewards. Where women are not elected as shop stewards, they should be elected as alternates with a mentoring programme in place. Unions should raise awareness around gender stereotyping as part of their annual shop steward elections campaigns. Unions should be vigilant in preventing employers from undermining women shop stewards. Unions should ensure that they actively discourage and discipline organisers that sexually harass new women shop stewards.

Linked to this, workplace gender activities and campaign programmes should be developed both to empower women and to challenges gender inequality in the workplace. Unions, in their programmes should design such programmes and the gender co-ordinators must monitor these programmes consistently as well as providing overall support to workplace gender structures.

#### ***4.1.2 Building Gender Structures***

Affiliates must establish gender structures simultaneously with constitutional structures at all levels, inclusive of the workplace. Local gender committees and regional gender forums must also be strengthened as resolved by the 1997 Resolution. Gender structures and gender co-ordinators should be represented in all constitutional structures. These structures should be built up as dynamic forums for gender activism, women's empowerment and consciousness-raising. There is still a need to create space for women to strategise in separate forums – this is not in contradiction with the gender perspective, but forms an important part of women's empowerment and unity.

In addition the appointment of Gender Co-ordinators should be accelerated. The NGC will take overall responsibility to ensure that this actually happens. Gender departments should be accorded the same status as other departments. All departments must integrate gender issues in their work and the gender department will monitor the extent to which this is taking place.

There must be a separate budget allocation specifically for gender activities. The NGC should develop a clear programme with guidelines, time frames and a budget allocation. There should be a focused and co-ordinated campaign around gender issues that relate to the workplace and collective bargaining and can be integrated in education and other union activities (for example, child care or sexual harassment).

#### ***4.1.3 Eliminating the Gender Division of Labour in Trade Unions***

COSATU and affiliates must implement employment equity legislation, conducting audits and developing and implementing employment equity plans with full consultation of staff. The principle of equal pay for work of equal value should be applied in the union context. This must be driven by the NGC and the National Office Bearers of COSATU and the affiliates.

Administrators must be seen as part of the organisation – we should promote the valuing of their work and contribution and ensure that they are drawn into the activities of the trade unions and federation. They should attend constitutional meetings. Administrators should have access to political education and capacity building training – the impact and

effectiveness of this should be continuously evaluated.

#### **4.1.4 Education and Empowerment**

Gender education and training programmes run by COSATU and affiliates should be carefully monitored and evaluated to assess their impact and make improvements where necessary. Gender education programmes must be adequately financed and resourced to be effective. COSATU should ensure that local and shop steward levels are also targeted. Education run by COSATU and affiliates should focus on the following issues:

1. supporting and deepening a gender agenda for the workplace and collective bargaining.
2. supporting a programme of affirmative action for the workplace and unions.
3. deepening the understanding of women's oppression in society, and the struggle to challenge this, with a view to building a broader women's movement.
4. drawing upon women's struggles against oppression internationally.
5. encouraging debate and analysis on the barriers and obstacles women face in the labour movement and how these may be overcome.
6. popularising COSATU gender policies, in particular the sexual harassment code.

COSATU and affiliates must implement a proportional quota system for education programmes to ensure that increasing numbers of women have access to mainstream union education, not only gender education.

#### **4.1.5 Sexual Harassment**

The COSATU Code of Conduct on Sexual Harassment must be popularised and implemented throughout the federation. This includes education and awareness raising, training of sexual harassment officers and the development of proper procedures.

A strategy and campaign should be developed to implement the NEDLAC Code of Good Practice on Sexual Harassment. Unions should ensure that shop stewards are being trained in the workplace and that organisers are also informed and able to support members in taking up cases of sexual harassment. Unions should place sexual harassment on the collective bargaining agenda and negotiate agreements. The NEDLAC Code provides the space and framework to negotiate agreements in the workplace.

#### **4.1.6 Organising Women Workers**

COSATU has committed itself to the strategic objective of organising vulnerable sectors and vulnerable layers of workers, which are predominantly women. This requires a shift in mindset, organising style and approach, and has implications for changing the culture of the federation. There will be a need to develop new organising strategies, to employ more women as organisers and to train existing organisers. Organising strategies will need to take into account the specific conditions of women workers, and particularly women workers in vulnerable sectors. Important target groups include domestic workers, informal sector workers, casual workers and farm workers. The framework paper on organising the informal sector and other forms of workers should be used as a basis to elaborate a clear strategy in this regard.

#### **4.1.7 Building the National Women's Movement**

While there have been significant legislative and constitutional victories in the struggle for gender equality, there is increasing fragmentation of women's organisations and activism, despite the tremendous poverty and abuse faced by women in our country. Building the women's movement requires the building of issue-based and campaign-linked networks of women in political organisations, trade unions, NGO's and other civil society formations. COSATU should be in the forefront in ensuring a working class-led national women's movement. Potential campaigns include violence against women, basic needs and infrastructure, eradication of poverty, parental rights and employment creation for women. The important step is to resuscitate the alliance initiative to build the women's movement.

#### **4.2 Gender Equality in the Labour Market**

In the main, policy proposals in this regard seek to ensure that we take up women struggles in collective bargaining strategies and issues. The following issues need to be vigorously taken up in collective bargaining: parental rights, equity in the workplace including payment, sexual harassment, health and safety and participation of women in collective bargaining, and fighting all forms of discrimination including on the basis of sexual orientation.

##### **4.2.1 Parental Rights and Childcare**

COSATU and affiliates should negotiate and establish parental rights in all sectors of the economy. Parental rights must entail a full package of provisions, and should not be seen as only negotiating some maternity and paternity leave. The aim of the parental rights campaign is to enable women and men in waged work to combine a career with a full family life, while infants are given all the care and attention required. The benefits of such a campaign are that it will deliver concrete benefits for working women, it will play an important role in challenging and addressing women's oppression, it will contribute towards the proper care and early childhood development of infants and children, and it will enable women to be more active as unionists. Such a campaign should be linked to broader issues of social services such as the child maintenance grant. The objectives of the campaign include highlighting the responsibility of both employers and the state in the provision of childcare.

The following are the core demands:

- Paid maternity leave.
- Paid and unpaid parental leave.
- Childcare leave.
- Flexible working time.
- Provision of childcare.
- Breaks and facilities for breastfeeding mothers.
- Job security and health and safety for pregnant women.

Adequate support must be given to negotiators and organisers in conducting this campaign. This includes education programmes, research backup and a parental rights negotiators manual. The campaign should be conducted at a political and ideological level.

#### **4.2.2 Equal pay for equal work and work of equal value**

COSATU and affiliates, together with the NGC should continue to press for more progress in securing equal pay for work of equal value. Emphasis should be placed on the following:

- Skills acquired by women on the job and within the family must be more highly valued and reflected in remuneration.
- Promoting and securing legislation on equal pay for equal work and work of equal value.
- Incorporating equal pay principle in collective bargaining for all full-time workers and for part-time workers (proportional to their employment).
- All casual workers, whatever their employment contract, to be covered by collective bargaining so that the above principle is respected.
- Upgrading of low wages and salary categories where women traditionally work.
- Eliminating barriers that prohibit women from entering jobs traditionally held by men.
- Deepening the understanding of this issue amongst membership and leadership.
- Developing specific campaigns to promote equal pay.

#### **4.2.3 Employment Equity Agreements**

Employment Equity legislation can contribute to transforming occupational segregation in the workplace if effectively implemented. The gender dimension to employment equity needs to be integrated in the approach of unions and the promotion of black women should be emphasised. Furthermore, trade unions can exploit the provisions for the elimination of barriers to women's employment as a space to push for advances for women workers. Plans should be developed with specific reference to women in the following key areas:

- Remuneration and promotion.
- Equal pay for equal work and work of equal value.
- Sexual harassment.
- Parental rights and childcare facilities.
- Violence against women.

#### **4.2.4 Health and Safety**

There is a need to address reproductive health demands of women in the workplace. For example, access to pap smears, providing safe working conditions that do not affect the reproductive health of women, and conducive working conditions for women that are



pregnant and breastfeeding. In order for these issues to be addressed, women should be part of health and safety committees at the workplace.

#### ***4.2.5 Participation of women in collective bargaining***

The following are key to ensuring the participation of women in collective bargaining:

- Inclusion of women in bargaining teams.
- Developing the role of gender co-ordinators and structures in collective bargaining.
- Developing a strategy to ensure the involvement of women in collecting collective bargaining demands.

#### ***4.2.6 Fighting Discrimination on the Basis Sexual Orientation***

The Constitution, the Employment Equity and the Promotion of Equality and Prevention of Unfair Discrimination Acts prohibit unfair discrimination on several grounds including on sexual orientation. Yet gay and lesbians workers and others face discrimination in law and in fact. For this reason, COSATU must add its weight and voice to combat this form of unfair discrimination. In addition, the environment within the organisation should also be made conducive for the participation of gay and lesbian workers. Congress must discuss concrete measures to realise both objectives.

#### ***4.2.7. Gender Equity in Broader Society***

Fighting gender inequality within the workplace must be linked to fighting inequality in broader society. Pre-labour market inequalities reinforce intra labour market inequality. For instance, unequal access to education reinforces labour market inequality in terms of skill. Access to basic services such as transport, health care, childcare, and water are critical both for quality of life and productivity.

For this reason it is important it is important to ensure that economic and social policies are gender sensitive and gender biased. It is within this context that we should place campaigns for a social wage and social security including a basic income grant.

### **5. Implementation Framework**

It is important to clearly delineate responsibility between all constitutional structures and the gender structures.

In developing strategies and institutional mechanisms for the implementation, monitoring and evaluation of the gender policy in COSATU and affiliates, our starting point is that gender equality is a trade union issue. Secondly, trade unions are agents of change in society and should be in the forefront of the struggle for gender equality. COSATU and its affiliates are thus important agents of change for the rest of society.

COSATU's strategies for implementation are informed by the overall goal and vision to mainstream gender. Mainstreaming of gender is to develop systematic methods for the integration and implementation of a gender perspective. Given the importance of COSATU and its affiliates the successful implementation of policies is not only a success for the

organisation (women members) but also for the entire society (women workers). Successful implementation requires systematic monitoring and evaluation.

### **5.1 Institutional Mechanisms**

Institutional mechanisms refer to the structures that are responsible directly or indirectly for the development and implementation of a plan of action that would lead to the promotion and attainment of gender equality.

### **5.2 Constitutional Structures**

The structures that are overall responsible (supervise or co-ordinate) for the implementation and monitoring are the constitutional structures of COSATU, from National to local level. The role of the National structures such as Central Executive Committee and Executive Committee should be one of giving political direction on implementation of resolutions through the plan of action. The role of constitutional structures should be to:

- supervise the implementation of the gender policy.
- monitor the implementation of resolutions and the gender policy, through detailed reports provided by affiliates (by General Secretaries).
- ensure the affiliates abide by the policy and implement the plan of action, by providing the following support where required; advice, setting of targets, provision of financial and human assistance including deployment of staff.
- integrate the Gender Plan of Action into the (main) COSATU Plan of Action.
- ensure an adequate budget for Gender activities is allocated that would lead to the successful implementation of the gender plan of action according to the priorities and targets determined by the National Gender Committee.
- encourage the mainstreaming of gender into the work of all COSATU Departments.
- incorporate the gender report into the secretariat report.
- encourage the participation leadership in male gender sensitive training through leading by example.

### **5.3 Designated Office Bearers**

The Deputy President and Deputy General Secretary as part of their portfolios have the task of supervising/co- coordinating Gender issues. The two National Office Bearers (and regional/local office bearers) shall:

- play a leading and strategic role in the planning of the implementation, monitoring and evaluation of policies.
- ensure that adequate funding is available for the implementation of policies and programmes.

- represent the Federation on gender issues at a public level.
- assist affiliates with the implementation of policies by attending and participating in affiliates gender/women forums and other activities.
- play an interventionist role in affiliates that require assistance.
- ensuring when planning Federation activities inclusive of meetings that gender is a component part of the agenda of such activity.
- play an advisory role to the COSATU NGC and the constitutional structures.

#### **5.4 COSATU National Gender Committee (NGC)**

The National Gender Committee is a sub-committee of the CEC and is the catalyst for change. The National Gender Committee should be regarded as the driving force in developing strategies for implementation. The NGC should take a hands-on approach, and should therefore:

- have the power to take initiatives and should have a direct input into decision-making.
- co-ordinate the development of further policies (where there are gaps).
- co-ordinate the implementation of policies through a gender analysis approach.
- monitor and evaluate progress with regard to the implementation of plan of action in the promotion of gender equality.
- serve as an educational forum.
- develop priorities and targets which are to be incorporated into the Gender Plan of Action.
- ensure that the Plan of Action should also incorporate a monitoring and evaluation component.
- serve as an advocacy group for the successful implementation of policies.
- submit through the National Gender Co-ordinator reports on progress to constitutional structures, NOB's designate and affiliates to ensure proper monitoring and evaluation.
- assess plan of action and take corrective measures.

#### **5.5 Other Structures**

Other structures linked to the NGC that play a key role in the development of the implementation, monitoring and evaluation of policies, are the Co-ordinating Committee of the NGC and the Strategizing Committee (which consists of all affiliate gender co-ordinators and COSATU regional co-ordinators). Their responsibilities are to:

- further develop a detailed implementation of the plan of action for implementation.

- develop the practical strategies for implementation.
- allocate human resources to implement various activities.
- deal with urgent issues.
- do routine monitoring and evaluation.

These structures should be convened strategically as part of the Year Planner and should be budgeted for.

### **5.6 COSATU National Gender Co-ordinator**

The Co-ordinator plays a central role in implementation of policy and plan of action. The role of the National Gender Co-ordinator is to:

- Ensure the implementation of COSATU Women/Gender Resolutions through a day-to-day process.
- Liase with other COSATU Departments and Structures to ensure that Gender is mainstreamed.
- Ensure that adequate funding is secured that would ensure the implementation of the Plan of Action.
- Monitoring through continuous follow up of the operational activities of the priority areas.
- Develop the Gender Plan of Action by using a gender planning and analysis.
- Framework.
- Set realistic targets for practical and strategic gender needs.
- Ensure that gender training is provided for staff members as a means of ensuring that a gender perspective develops in the work of the Federation.
- Establish and maintain links with Labour Service Organisations and Women's Organisations as a strategy to accomplish practical and strategic gender needs.
- Develop evaluation reports with the Naledi Woman and Work Researcher on the implementation of the plan of action.
- Ensuring that continuous research is done about the position of women.

In developing a Plan of Action for the implementation for gender policies, the following could be used as framework or guideline.

### **5.7 Priorities and Setting of Targets**

A Plan of Action should be developed after the Policy Document has been approved by Congress with clear priorities, timeframes and budgets. This should then be integrated into the overall organisation three-year plan and budget. It is important that we priorities activities and allocate adequate resources to achieve our broad aims. The plan must also determine capacity building mechanisms including partnerships with Labour Service Organisations and/or Women's Organisations to achieve targets.

### **5.8 Monitoring and Evaluation**

Monitoring and Evaluation are measures that are very often forgotten in terms of implementing plans of actions. Effective monitoring and evaluation serves as the basis for assessing progress or lack of progress and as such could determine corrective measures in time. Monitoring consists of continuous follow up through setting gender sensitive indicators. Gender Sensitive indicators will depend on the context and the plan of action. This role of monitoring should be the task of the National Gender Co-ordinator and the Co-ordinating Committee.

Evaluation can take the form of questionnaires, survey, verbal, or written reports and should be tabled at the NGC and constitutional structures. A comprehensive evaluation report should be tabled at the National Congress. For purposes of evaluation, the following play an important component:

- Naledi Women and work researcher should play a leading role in compiling gender specific data. This data should be continuously updated.
- All Federation reports should have a disaggregated gender data. This will enable the Federation to keep scientific track of progress or lack of progress.
- Regular routine reports must be compiled by affiliates.

In measuring progress it is important that the following should be considered when doing evaluation:

- Whether sufficient human and financial resources were allocated to the specific gender activity.
- Whether specific targets/quotas were set.
- Did the implementation plan include a gender analysis
- Were the time limits sufficient?
- What were the internal and external constraints?

### **6. Conclusion**

It is hoped that this gender policy will assist COSATU and affiliates to achieve gender equality in the trade unions, workplace, home and the rest of society in the pursuit of socialism.

# **COSATU**

## **7<sup>TH</sup> NATIONAL CONGRESS**

**18 – 21 September 2000**

### **DRAFT JOB CREATION FRAMEWORK**



**COSATU**  
7th National  
Congress

**Crush Poverty! Create Quality Jobs!**

## 7<sup>th</sup> National Congress Draft Job Creation Framework

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### 1. Introduction

Unemployment constitutes a national crisis. According to the latest Statistics SA figures, in 1999, using the expanded definition that counts as unemployed every adult who wanted and would take a job immediately, some 36 per cent of South Africans were unemployed, compared to 32 per cent in 1994. By the narrower official definition, which takes into account only those still actively seeking work, unemployment was still very high, at 23 per cent in 1999.

In the last three years alone, between 1997 and 2000, one in ten formal jobs disappeared. According to the Reserve Bank, in 1999 formal employment in South Africa was at "a level broadly similar to that of the late 1970s." (SARB, Quarterly

Economic Review, March 2000) The million jobs lost in the past fifteen years had wiped out all the gains in employment creation over the decade before that. Even when the economy grew, as in the mid-'90s and the past year, the formal sector continued to lose jobs.

SECTOR	Employment in 2000		Change: 1997 - 2000		Average annual change			% of formal job losses (a)	
	Number	% of private formal employment	Number	Percent	1990 - 1993	1993 - 1997	1997 - 2000	1993 - 1997	1997 - 2000
Mining & Quarrying	421 000	7%	- 138 000	-25%	-7%	0%	-9%	36%	33
Manufacturing	1 278 000	23%	- 117 000	-8%	-1%	0%	-3%	18%	28
Construction	224 000	4%	- 90 000	-29%	-4%	-4%	-11%	28%	21
Transport, Storage & Communication	222 000	4%	- 54 000	-19%	-6%	-2%	-7%	23%	13
Financial Institutions	196 000	3%	- 21 000	-10%	1%	3%	-3%	-9%	5
Electricity, Gas and Water	40 000	1%	- 1 000	1%	-6%	-2%	0%	3%	0
<b>Sub-total</b>	<b>2 382 000</b>	<b>42%</b>	<b>- 419 000</b>	<b>-15%</b>	<b>-3%</b>	<b>-1%</b>	<b>-5%</b>	<b>100%</b>	<b>100</b>
Wholesale & Retail Trade	883 000	16%	119 000	-16%	-2%	0%	5%	13%	-28
Public Service	1 100 000	19%	- 78 000	-7%	n a	-4% (c)	-2%	46%	19

a. Excludes wholesale and retail trade, retail and the public service.

b. The increase in jobs in this sector is compensated for 28 per cent of job losses in the rest of the private formal sector.

c. Figures for 1995 to 1997 only.

*Sources:* For the private sector, Labour Statistics: Survey of Total Employment and Earnings, March 2000 Statistical Release, P071, 27 June 2000; Labour Statistics: Employment and salaries and wages (Summary), Statistical Release P0200, for June of other years; agricultural employment from 1990 to 1996 provide by SSA on the basis of Agricultural Surveys, Report no. 11-01-01; for 1998, from OHS 1998; for the public service, PERSAL.

The 1999 October Household Survey suggested that the employment situation improved in 1998-'99. Unfortunately, as Box 1 indicates, these data display worrying inconsistencies. Even at face value, they show that informal jobs continued to replace formal ones. The survey counts any income-earning activity, no matter how poverty stricken or unstable, as informal employment. Most of the jobs created will not sustain longer-term development, in the sense of providing an income high enough to support a family, the acquisition of skills or rising productivity. From this standpoint, they are rather a form of concealed unemployment.

Labour put forward a set of proposals to the Presidential Job Summit. Those proposals are still supported. This document essentially aims to summarise the broad strategy underlying those proposals. Where appropriate, it suggests how to make



them more effective.

Our core concerns are:

- o To improve the quality of existing employment.
- o To promote job security and stem the job loss in the economy.
- o To provide an income for those who remain unemployed and poor.
- o To create new employment both in the short term and long term.

Organised labour believes that large-scale structural interventions are needed to put us on a job-creating trajectory, which will also bring the majority into the economic mainstream, and through redistribution of assets and resources lay the basis for a new growth path.

This requires a national, integrated and mutually reinforcing package of proposals, which kickstart both a short and longer-term dynamic of employment creation, and achieves the required balance. We want to avoid either extreme of concentrating in a one-sided way on:

1. short-term projects that create some temporary jobs, but in an overall job destroying development trajectory; or
2. proposals that only have a long-term impact, ignoring the need for urgent measures to address our unemployment crisis.

We can summarise the strategy in terms of four dimensions:

1. Short-term measures to create and protect jobs, and to provide income support to the Jobless
2. Longer-term job creation through
  - More equitable distribution of assets, in large part by extending infrastructure and housing and through land reform,
  - Development of sectoral employment strategies based on sector summits, and
  - Restructuring the public sector.
3. Changes to the economic environment based on measures to encourage investment and increase demand, and a large-scale skills development strategy. Critical factors here include a less restrictive fiscal and monetary environment, and trade policies geared to sectoral growth requirements.
4. Longer-term restructuring would be facilitated by a pact on equity and productivity' which would centre on co-operation to develop sectoral strategies, re-organise work, accelerate skills development and improve income equality.

**Box 1. Employment in the 1999 October Household Survey**

The 1999 October Household Survey has just been released by Statistics South Africa (SSA). It shows a very substantial rise in overall employment. As a result, it claims a small decline in the unemployment rate- from 37,5 to 36,2 per cent under the expanded definition, and from 25,2 to 23,3 per cent under the narrow definition that counts only those actively seeking work.

These data are, however, hard to fit in with other trends in the economy.

1. The figures suggest that employment increased by 10 per cent in 1998-'99, even as the economy grew only 0,8 per cent. That would mean a massive reverse in the trend toward declining labour absorption with economic growth over the past two decades.
2. SSA's surveys of employers in mining, manufacturing, banking and insurance, state-owned enterprises, construction, the public service and local government, hotels, and trade, suggest sectors lost 100 000 jobs in the past year alone.
3. SSA argues parts of the tourist trade and the financial sector gained 280 000 jobs, or 19 per cent - having lost over 300 000 jobs in the previous three years, and with growth of under 3 per cent in value added by the financial, other business services trade and accommodation sectors last year.
4. Figures for the other sectors are equally implausible. The data show a growth of 17,5 per cent in agricultural employment - although agriculture grew only 4 per cent in that year. The document does admit that this change may reflect the fact that, for some undisclosed reason, subsistence and informal producers in the rural areas this year classified themselves as employed, where in the past they were classed as unemployed or economically inactive.
5. The bulk of the jobs supposedly created - some 770 000 - are in the informal sector. That would mean 45 per cent more jobs in this sector. But the definition of informal employment is very broad, including virtually any income-generating activity, even if the income is low and unstable. Thus, the survey includes as informal labour parking cars on the street.
6. The data show a 7 per cent increase in domestic labour, also unexplained. Yet neither household incomes nor social norms changed that significantly in 1998-'99.

**Data from the 1999 October Household Survey on employment**

	('000s)			Change ('000s)		% Change p a	
	1996	1998	1999	1996- 1998	1998- 1999	1996- 1998	1998- 1999
<b>Total employed</b>	9 287	9 390	10 369	103	979	0,6%	7,4%
<b>Of which:</b>	5 242	4 945	4 840	- 297	- 105	- 2,9%	- 2,1%
Employed in the formal sector STEE survey (excludes agriculture & some formal activities)							

Employed in agriculture *	759	935	1 099	176	164	11,0%	17,5%
Employed in formal sector activities not covered in STEE	1 550	1 445	1 724	- 105	279	- 3,4%	19,3%
Employed in the informal sector	996	1 316	1 907	320	591	14,9%	44,9%
Employed in domestic service	740	749	799	9	50	0,6%	6,7%
Total unemployed (expanded definition)	4 566	5 634	5 882	1 068	248	11,1%	4,4%
Total unemployed (official definition)	2 224	3 163	3 158	939	- 5	19,3%	-0,2%
Total aged 15 - 65 years	24 657	25 710	26 280	1 053	570	2,1%	2,2%
Expanded unemployment rate	33,0%	37,5%	36,2%				
Official unemployment rate	19,3%	25,2%	23,3%				

*Statistics by industry should be treated with caution, since sample size and distribution varied in different years. The OHS 1999 notes that: "The slight decrease in unemployment rates in urban areas, using the official definition, is in most cases not significant, and can be possibly attributed to sampling error... In non-urban areas, however, the changes were appreciable... [The] difference cannot be attributed only to sampling error. It may indicate that higher proportions of people in non-urban areas than previously were classifying themselves as subsistence or small-scale farmers, and as informal sector workers."*

## 2. Factors behind the employment crisis

Clearly, the causes of jobless growth in the past twenty years are complex, and arise essentially from structural changes in the economy. The question becomes how to redirect structural change to establish an employment generating growth path.

The immediate cause of job losses are

- o the massive decline in employment in mining and agriculture, due to fundamental shifts in those sectors;
- o job shedding by the public sector, in the name of modernisation; and
- o the loss of employment in manufacturing with the opening of the economy after 1994.

A strategy to counter these trends has to address broader obstacles to job creation and investment. Blockages include massive inequalities in income and wealth, which reduce domestic demand, innovation and social stability. These inequalities are linked to poor government services for the majority, which undermines social productivity. A second critical problem remains low skill levels as a result of apartheid. In themselves, job losses in the formal sector aggravate both these problems by worsening income inequalities.

In the past three years, relatively restrictive fiscal and monetary policies have emerged as a critical hindrance to a more productive response. As the following table shows, these strategies are associated with cuts in government spending real terms and high interest rates. While they attracted fairly substantial - although highly unstable - sums of foreign portfolio investment, they discouraged domestic and foreign direct investment. Moreover, they limited the capacity of government to implement strong measures to redirect economic restructuring, transform education and training, and extend services to the poor. Comparison of CPI, interest on housing bonds and growth in budget for services and infrastructure, 1997 to 2000

### **3. Strategies toward employment creation**

#### **1. Short-term interventions**

The short-term interventions centre on public works programmes, measures to reduce job losses, and income support for the unemployed. They are designed to support longer-term development by equalising incomes and supporting investment in infrastructure. Proposals include:

1. Public works programmes on a large scale, designed to provide basic infrastructure in historically disadvantaged communities, while creating jobs and improving skills.
2. Measures to stem the loss of formal jobs, including:
  - changes in the LRA to make retrenchment negotiable,
  - changes in the insolvency act to minimise job losses due to bankruptcies by letting workers challenge applications,
  - a commitment from business and, in its role as a major employer, from government to ensure that restructuring of any kind minimises job losses and overall creates employment, a review of supply-side measures, tariff policies and the efficacy of customs, to ensure that they will ultimately create employment and even in the short run minimise job losses,
  - a restructuring of government procurement policies to maximise the impact on employment creation,
  - measures to end retrenchment and evictions of farm workers, and
  - systems to track and publicise job losses and creation by larger employers.
3. A reduction in working time to 40 hours a week, to encourage employers to hire more workers rather than pay fewer people overtime.
4. A "buy South African campaign" to help expand domestic demand for South African goods.
5. Income support for the unemployed and poor, including
  - a basic income grant for all adults at R100 a month, recouped

from higher income households through the tax system,

- improvement and extension of relief from the Unemployment Insurance Fund,
- Concessions for unemployed people where possible, for instance in transport and housing, to reduce their living costs, and
- Support for collective productive activities by the unemployed.

## **2. Measures to restructure the economy**

Labour's proposals for restructuring the economy essentially aim to ensure more equitable distribution of wealth and incomes, as the basis for a more dynamic economy, combined with sectoral strategies based on tripartite cooperation. The proposals for a pact on productivity and equity, discussed separately, would facilitate the design and implementation of these strategies.

### **1. Expansion of public housing and infrastructure**

A substantial expansion in government programmes to provide housing and infrastructure would both boost employment in construction and contribute to economic and social development. They form an important part of any integrated development strategy.

It is critical, however, that infrastructure and housing form a coherent part of broader development plans. Providing housing only far from employment opportunities can undermine long-term employment. Moreover, services must be provided at a level high enough to raise the productivity of households and enterprises. That means reviewing current standards for water, electricity and housing. For instance, the current process of electrification frequently does not provide enough power for cooking or productive activities, which means that it cannot contribute as hoped to employment creation. Finally, pricing systems must be redesigned to ensure lifeline services for all.

In contrast to this proposal the current medium-term expenditure framework plans to reduce real spending on infrastructure by over 2 per cent a year in the next three years. It appears that government expects the difference to be made up by private investors. Since in the short run, extending quality infrastructure and public housing for the poor is inherently unprofitable, this strategy seems unlikely to advance the proposed development strategy.

### **2. Sectoral strategies**

The Presidential Job Summit agreed that industries should hold sector summits to develop strategies to maximise employment and growth. Labour sees these summits as critical in order to redirect restructuring to maximise social and economic benefits.

The sectoral summits should

- Save jobs in the short term,
- Create jobs in the short and medium term,
- Improve the quality of employment, and

- Contribute to development of an industry policy.

They should form part of a longer-term process, rather than being seen as once-off interventions.

At the broadest level, the sectoral summit process should give rise to a new economic development policy that is oriented toward the preservation and creation of quality jobs. The industrial policy should include sectoral and spatial strategies, and avoid fragmentation and contradictions between industries. It should have support from all the social partners.

Box 2 gives some requirements for the sector summit process.

### **Box 2. Requirements for sector summits**

The key tasks leading up to the sectoral summit are:

1. Defining the relevant sectors.
2. Obtaining agreement between the social partners in the sector on the need for and timing of a sectoral summit, and establishing a body to manage the preparations.
3. Establishing tripartite committees to generate and as far as possible negotiate strategies in the key areas defined.

We propose that NEDLAC assist in the management of sector summits amongst others by identifying appropriate representatives of employers and government for the different sectors.

The mining, clothing, telecommunications and public-service summits have happened or are underway.

Other possible sectors include:

- Agriculture and food processing.
- Tourism.
- Transport.
- Machinery and equipment, which has lost 30 per cent of its jobs in the past three years. The summit could cover the entire sector, or focus on household appliances and/or engineering - since the rest of the sector (automobile and professional equipment) does not seem to face major job losses.
- Retail trade (the only sector that has shown substantial job growth since 1997),
- Water,
- Telecommunications and IT,
- Energy,

- Basic metals and fabrication (which has lost a very large number of jobs since 1997),
- Construction materials,
- Chemicals,
- Forestry, paper and publishing.

We propose the following general phases as a broad guideline. Obvious sectoral peculiarities determine specific processes and timing.

Phase	Activities
Phase 1 (to September 1)	Identify sectors for engagement <ol style="list-style-type: none"> <li>1. Identify representative roleplayers (employers, labour, and government agencies)</li> </ol>
Phase 2 (September 1 to October 1)	<ol style="list-style-type: none"> <li>2. Identify problem areas and objectives (not too many, to avoid stretching capacity)</li> <li>3. Define processes to come up with solutions for each problem area</li> </ol>
Phase 3 (October 1 to February/March)	<ul style="list-style-type: none"> <li>• Implement processes as planned</li> <li>• Negotiations and research</li> </ul>
Phase 4 February / March (2001)	Sectoral Summit
Phase 5 (After summit)	Implementation and monitoring (preferably through Bargaining Council)

### 3. Restructuring the public sector

The current initiatives for restructuring the public sector, including the public service, state-owned assets and local government, centre largely on ways to reduce expenditure by cutting jobs or, through outsourcing, salaries. Restructuring in this way will only aggravate the unemployment problem.

To a large extent, this type of restructuring aims to eliminate less skilled jobs, mostly filled by Africans. This approach appears to reflect, in large part, an inappropriate response by management to the improvement in conditions and job security for these workers over the past six years. Typically, it ignores the transitional costs of restructuring through downsizing and outsourcing, in terms of the impact of workers, their families and communities. A more constructive approach would seek to improve productivity through training or work reorganisation. In line with our commitment to a developmental state, labour proposes that the public sector should:

- Increase employment to expand services to historically

disadvantaged communities and to develop more efficient infrastructure for business, guided by a systematic audit of social and economic needs, and

- Rely on redeployment and retraining to implement restructuring, rather than voluntary or involuntary retrenchment.

This strategy implies that government must review aspects of fiscal policy, especially the commitment to cut personnel costs as well as reductions in overall expenditure in real terms.

### **3. The economic environment**

In addition to sectoral factors behind job losses, a comprehensive employment strategy must address some cross-cutting issues. The critical aspects relate to financial intermediation, government spending, monetary and trade policies.

#### **1. Stimulating investment**

Investment currently lies at around 16 per cent of GDP, which is too low to achieve substantial growth. Moreover, private investment dropped 7 per cent in the past two years. High interest rates and declining government spending discourage investment. In South Africa, econometric studies demonstrate that investment is related inversely to interest rates and positively to government spending. In addition, for a variety of historical and cultural reasons, financial institutions appear to lack understanding of the potential of small-scale entrepreneurs, low-income home-buyers, and innovative development projects.

To direct resources in the retirement industry and the long-term insurers toward productive investment, labour proposes a limited prescribed asset requirement. All retirement funds, the life assurance industry, and the assets of the Public Investment Commissioner, should be required by legislation to invest at least 10 per cent of their asset base in government bonds dedicated to social investment and employment creation. There should be a bias towards investments in activities that have high employment multipliers in order to maximise the Job-creation impact.

This prescribed investment requirement is far smaller than that imposed by the previous government. Nevertheless, this modest requirement could leverage at least R50 billion for social investment, since the asset of these institutions is well over R500 billion.

#### **2. Increasing government resources**

Two problems currently make it difficult or impossible to carry out the package of proposals put forward by labour. They are:

- Substantial inefficiencies in the use of government resources, and
- Persistent cuts in government expenditure.

Inefficiencies emerge in large rollovers, especially where new programmes require that government fund private organisations, for instance with the poverty relief programmes, DTI subsidies, and much of public works. They also appear in inefficient delivery systems and the failure rigorously to redirect spending in line with government priorities. At the same time, the big social services face cuts that make it difficult



for them to develop more efficient systems and maintain services. Still, even if efficiency were optimised, the current levels of expenditure are inadequate to bring about the substantial changes required substantially to expand employment creation.

Relaxing fiscal policy and restructuring the government pension fund would generate more resources for government services, public works and income protection. Three strategies could help achieve this end, with the final mix depending on the amount of funds required.

- **Raising deficit targets.** Increasing the target to, say, around 5 per cent would increase the funds available by over R10 billion. Since greater government spending would stimulate economic activity, such a measure would in the medium term lead to a more rapid decline in the deficit.
- **Reducing the employer contribution to and the funding level of the Government Employees Pension Fund (GEPF).** The aim would not be to establish a fully pay-as-you-go system, but rather to find the most efficient combination of investment and budgetary funding for public servants' pensions.

Currently, the GEPF has over R150 billion in assets, mostly in the form of government bonds. The funding level was around 95 per cent in 1998, up from 72 per cent just two years earlier. That represents an extraordinarily rapid increase in the funding level.

The GEPF's holdings of government bonds account for around a third of the national debt. Rough estimates suggest that shifting to a fully pay-as-you-go system would lead to a net savings on interest payments, even after pension costs, of over R10 billion a year. A shift to hybrid funding could thus free up substantial funds. For instance, if the employer contribution on salaries, including the annual bonus, were reduced to 13 per cent, the GEPF's funding level would still increase slowly, but the budget would have R2 billion a year more to spend on social services and infrastructure.

- **Letting tax revenue rise as a percentage of GDP.** The tax cuts last year returned R10 billion, with disproportionate gains for high-income taxpayers. Judging the past two years, an increase in revenues will result from improved efficiency in collection, without any need to raise tax rates.

A combination of these measures could raise the budget, in nominal terms, by well over 10 per cent, without radical shifts in policy or negative effects on macro-economic stability. For the first time since 1996, that would mean a substantial real increase in spending per person. In addition to boosting the economy directly, it would give government the capacity it needs to lay the foundations for social and economic development.

### 3. Avoiding overly restrictive monetary targets

It seems the Reserve Bank will effectively aim for the lower boundary of the inflation target. Inflation targets should be therefore set to stabilise inflation, even if the economy expands, rather than cutting it. This approach would give more leeway for economic growth and supply shocks.

### 4. Slowing tariff cuts and improving customs collections

These proposals are noted above. In essence, they require a shift in trade policy to give sectors more time to adapt, minimising job losses.

#### 5. Improving skills levels

The establishment of sectoral training, with a substantial improvement in public education, must be accelerated. That means:

- The Skills Development Act must be rigorously implemented. Moreover, the public service must commit to spending all the budgeted amounts on training. To achieve this aim, if a department does not spend the budgeted amount it should be required to transfer the remaining funds to its Sectoral Education and Training Authority (SETA).
- In education, budget cuts must be reversed; curriculum redress must be vigorously pursued, to ensure that historically African schools can provide competencies in critical employment areas of mathematics, science, arts and culture; curriculum development and in-service training must be accelerated; and the debilitating infrastructure backlogs in historically African schools must be addressed.

#### 4. Pact on productivity and equity

An agreement on productivity and equity would be negotiated through NEDLAC. It would support initiatives to improve the efficiency and productivity of companies, and to harness this increased productivity for job creation and social equity. It would essentially ensure greater co-operation between the social partners at all levels in order to achieve national aims, based on agreement to identify and address the real causes of low productivity. Specifically, the agreement should recognise that labour productivity has grown in real terms each year for at least the last five years. Real unit labour costs decreased over this period, and the share of national income received by labour declined.

Key sources of inadequate productivity include:

- Low skills levels associated with historic weaknesses in training and education,
- Low economic growth leading to low capacity utilisation,
- Low levels of investment,
- Weaknesses in the managerial layer, especially in middle management and supervision,
- The residential policies of the past, which require workers to spend long periods travelling to and from work,
- An inadequate health system,
- Disrupted communities due to inadequate government services such as policing education, municipal services and welfare.

Any productivity and equity agreement should include at least three

fundamental requirements:

1. A guarantee that no jobs would be lost as a result of productivity improvements. That would ensure productivity gains translate into job growth, not job displacement or job loss. A portion of the gains from productivity would have to be reinvested to create new jobs.
2. Closing of the wage gap, so that the benefits of rising productivity are spread increasingly equitably.
3. Recommitment to improving skills development. As noted above, substantial delays have emerged in the establishment of the national qualifications framework. The agreement must define ways to accelerate this process.

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**COSATU**

**7<sup>TH</sup> NATIONAL CONGRESS**

**18 – 21 September 2000**

**DRAFT STRATEGY TO  
ORGANISE THE INFORMAL AND  
ATYPICAL WORKERS**



**COSATU**  
7th National  
Congress

**Crush Poverty! Create Quality Jobs!**

# **Draft Strategy to Organise the Informal Sector and Atypical Workers**

**Report to COSATU 7th National Congress**

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*PUBLIC SECTOR* \*

*AGRICULTURE* \*

*COMMUNICATION* \*

## 1. Introduction

1. Recent labour market data depicts a disturbing picture of 'informalisation' and casualisation. Data on informal, Agricultural and domestic employment come from

periodic surveys. They suggest that employment in these sectors grew in the past few years at least as rapidly as the formal sector shrank. But these figures include any income-generating activity, including parking cars on the street and hawking vegetables. These activities do not provide a livelihood or raise productivity. They are survival strategies, sometimes only disguised unemployment, that does not address the economic and social consequences of job losses and poverty. Linked to this is the growth of atypical forms of work such as homework; casual and temporary work; and the exponential growth of independent contractors.

1. Generally, these workers are intensely exploited and their vulnerability is used by the employers to intensify exploitation or as a bargaining chip against regular workers. Due to lack of job-security casual and temporary workers tends to be pliable as a result. It is for this reason that these workers should be drawn into the union movement to cement workers' unity and to provide these workers with protection against unscrupulous employers. The record in this regard is disappointing since most of our unions have failed to develop clear programmes for drawing casual and temporary workers, albeit with exceptions. Nonetheless the challenges confronting us are formidable. For instance, the informal sector by its nature is very difficult to organize and have no history of strong organization.
  
1. Against this background a framework to organize the informal sector and workers in atypical forms of employment is necessary. This paper, provides a framework to be discussed at congress and provides a set of recommendations to organize the informal sector. The concept of the 'informal sector' must be approached with circumspection, particularly in the South Africa context. It is for this reason that we begin with a conceptual framework to clearly define what we mean. A two-pronged strategy is necessary to separate sections that can be formalized such as the taxi industry and those that cannot. One-size fits all approach will not assist us in this regard.

## 2. Conceptual Framework

### 2.1 Features of the Informal Sector

1. In most developing countries the informal sector is vast, heterogeneous in terms of activities and occupations, and expanding rapidly. At times the sector is characterized as innovative, dynamic and a provider of opportunity for those with entrepreneurial spirit. Yet working conditions in the sector are normally oppressive and often unsafe; incomes of unregulated wage earners and the self-employed are usually at or below the poverty line; access to state-provided social protection, training, and social services is severely restricted; exploitation and infringement of workers' rights are common. For the vast majority of dependent and own-account workers the informal sector is not a stepping-stone to improvement or the path to formal employment, but a means of survival.
  
1. Initiatives have been taken in various parts of the world, including by the ILO who has been researching and proposing policies on the informal sector for almost 30 years. The general policy approach traditionally advocated by the ILO has been a compromise that attempts to preserve the income generating and employment generating potential of the sector, while removing exploitation and gradually raising employment standards. Over the years the international trade union movement has kept abreast of this research and actively participated in tripartite discussions regarding this sector.



1. The search for consensus between the interests of employers, trade unions and governments in debates about the sector have resulted in endorsement of the compromise mentioned above at the level of the ILO, which aims at the gradual integration of the informal sector into the modern economy. The term "informal sector" originates from the International Labour Office (ILO). It was used for the first time in the reports on Ghana and Kenya prepared under the World Employment Programme at the beginning of the 1970s.

1. One of the conclusions highlighted in these reports was that the principal social problem in countries such as Ghana and Kenya was not unemployment but the existence of a large population of "working poor", struggling to produce goods and services without their activities being recognized, registered or protected by public authorities.

1. In the ILO literature, the term "informal sector" has since been used to cover a multitude of characteristics that are specific to the urban "non-modern sector" of developing economies. In the Report of the Director-General to the International Labour Conference in 1991 (ILO, 1991) the term referred to:

"...very small-scale units producing and distributing goods and services, and consisting largely of independent, self-employed producers in urban areas of developing countries, some of whom also employ family labour and/or a few hired workers or apprentices; which operate with very little capital, or none at all; which utilize a low level of technology and skills; which therefore operate at a low level of productivity; and which generally provide very low and irregular incomes and highly unstable employment to those who work in it."

1. They are informal in the sense that they are for the most part unregistered and unrecorded in official statistics; they tend to have little or no access to organized markets, to credit institutions, to formal education and training institutions, or to many public services and amenities; they are not recognized, supported or regulated by the government; they are often compelled by circumstances to operate outside the framework of the law, and even when they are registered and respect certain aspects of the law they are almost invariably beyond the pale of social protection, labour legislation and protective measures at the workplace.

1. For the same reason, the term "informal sector" is not to be used to encompass criminal and socially undesirable activities such as drug trafficking. Despite the vast amount of research on the subject, the term "informal sector" still lends itself to different interpretations. For example, outside the ILO the term is increasingly used to describe a process of general informalisation of the modern economy that is taking place in both developing and industrialized countries, and involves the growth of casual, part-time, contract and other forms of precarious work which is undertaken by workers for enterprises operating in and outside the formal economy.

## **2.2 Advantages for Employers**

1. This type of employment has not come about only by chance or the lack of alternative employment opportunities, powerful vested interest have collaborated both domestically and globally to drive down the conditions that protect the rights of workers and minimize exploitation. Maximize profits at all cost is the mantra of the

new employer.

1. Many casual, temporary and contract workers receive lower wages and benefits than regular full-time workers. They may work longer hours on shorter notice, and under dangerous and dirty conditions. They have little employment security and less likelihood of access to training, with limited career prospects. Undocumented migrants in particular face all these conditions, under even more precarious circumstances, given both their illegal status and their lack of effective rights. These conditions exert downward pressure on the wages and conditions of regular workers.
  
1. In the context of heightened competitive pressures resulting from trade liberalisation, deregulation, and past conditions of recession, employers have reverted increasingly to casual, temporary and contract labour to reduce labour costs, achieve greater flexibility and to exert greater levels of control over labour. This allows the de-politicisation of hiring and firing and makes it easier to avoid labour legislation and the rights won by trade unions. This process often exerts downward pressure on wages and conditions for regular workers, disciplining their demands and labour action. Considerable social costs are displaced onto workers and the state as employers attempt to maintain or increase their profitability.

#### ***Lower costs***

1. Commenting on the results of a survey in manufacturing, Crankshaw an economist interprets from employer responses that cost factors are the primary determinant for the use of temporary/casual labour, giving the lower wages and benefits paid as further support for this. Many temporary workers do not receive paid holiday leave, sick leave, maternity leave, medical aid, retirement funding, severance pay, or bonuses, displacing the burden of these costs onto workers themselves or the state. Nor is it likely that these employers contribute to UIF.

#### ***Avoiding unions and established worker rights***

1. The expansion of worker rights during the 1980s made it more difficult for employers to hire and fire, the employment of contract labour allowed employers to avoid this, and de-politicise this process. Its use also avoids potential union disruption and productivity losses associated with a retrenchment process. And many companies attempt to avoid "militant unionism" through the use of more casualised forms of labour.

#### ***Greater flexibility and control***

1. Whilst there are different circumstances, casual, temporary and contract labour allow employers to achieve employment, wage and functional (task and skill) flexibility. This has allowed for a rapid adjustment of labour costs in response to changing demand (auto components or structural engineering) or changes in the costs of non-labour factor inputs (material costs in construction), providing a buffer to profitability when economic circumstances change.

#### ***Productivity and job insecurity***

1. There are claims that the use of casual, temporary and contract labour increases productivity. If correct it is these relate to high levels of job insecurity, with workers exerting themselves beyond any regard for matters affecting health and safety, simply to ensure continued employment. In some sectors productivity gains result from a combination of long hours and low wages, in many cases through piece or task rates. These dubious productivity improvements really only translates into short-term profit improvements subsidised by S.A. workers, with no consideration for broader developmental issues.

### 3. Legislative considerations to improve environment for atypical workers

1. One of the ways in which these new areas of work is being promoted is due to the absence of legislative protection, and employers exploit these provisions to ensure that the way in which they structure the employment relationship is such that it allows minimal protection to workers.
1. It is apparent that there are categories of workers who appear to be excluded from the protections provided by the employment relationship and the law governing the employment relationship, but who in fact carry out their work within the framework of concealed or disguised employment relationships. In line with discussions internationally about this matter, there seem to be two broad developments that are necessary:
  1. the broadening of the scope of persons covered by labour legislation to include workers whose employment relationship is disguised as that of an independent contractor; and
  1. specifying basic protections for atypical workers.

#### 3.1 Broadening the scope of the persons covered by labour legislation

- i. At present labour legislation covers "employees" and excludes the "independent contractor". The test as to whether a person is an employee or independent contractor is complicated and obscure. The test should be specified in legislation. We need to specify the conditions that could be present so that a person falls within the category of employee.
- i. It may also be worthwhile trying to define which service-providing relationships should be regarded as employment relationships, and give the Minister of Labour the power to determine others by way of regulation.

#### **Definitions**

1. **Casual workers** are employees who have separate fixed-term contracts normally for a day at a time. They are offered employment on an intermittent basis. They are sometimes referred to as "Stand-by workers". **Temporary employees** are those who are employed for a specific period. The reason for their employment is usually a short-term need. The contracts of employment are fixed-term contracts. **Part-time employees** are those employed on a continuous basis although not on a full-time basis. The contracts of employment are indefinite but for a shorter period than a full-

time contract.

***Possible protections for atypical workers to be campaigned for***

**Minimum number of hours of work**

1. Employees who work less than 24 hours in one month for an employer are excluded from the ambit of the BCEA. This should be reduced to say 20 hours over 3 months. More workers, especially those that work from home, will then fall under the ambit of the BCEA. Similar amendments to other labour related legislation is also necessary. This will broaden the ambit to protect more atypical workers.

**Casual or Standby-worker**

1. These workers are called in to work for a few hours per week. Each time they are called in they have a new contract of employment. They therefore have a series of short fixed term contracts. They also do not know how many times they will be called in and for how many hours they will be required to work.
1. A stand-by worker should be guaranteed a minimum amount of pay for each time he or she is called in (e.g. a minimum of 5 hours wages each time he or she is called to work) even if he or she is called in for less. Stand-by workers are not paid when there is no work. But after using an employee in this capacity for more than 3 months the employer should pay the employee a basic minimum irrespective of whether they are utilised or not. The basic minimum should be stipulated in legislation (e.g. a sectoral determination). Such workers should be entitled to be paid for any period that they would have worked but could not because they were sick. Such workers should be entitled to UIF benefits.

**Probationary period for fixed term contracts**

1. Probationary periods should be no longer than 3 months and in the case of fixed-term contracts of not longer than 2 years, no longer than one month. Probationary periods should not be able to be extended more than twice.

### **Temporary workers**

1. If an employer enters into a number of consecutive temporary employment contracts then it should automatically covert itself into a permanent contract. If the employee had a reasonable expectation of continued employment the failure to renew the contract should still constitute a dismissal. This is already contained in section 186 of the LRA.

### **Labour Brokers (i.e. providers of temporary employment services)**

1. The same as stated above should apply even where the employee is provided by way of a labour broker i.e. the employment becomes a permanent one with the employer using a labour broker once it has been renewed a number of times or endured for more than 26 weeks (i.e. 6 months). Specific rules should apply to labour brokers:
  1. Labour brokers should be outlawed from charging temporary workers for giving them work;
  1. Labour brokers should not be allowed to send temporary workers to workplaces where there is a strike or lock-out;
  1. Labour brokers or the employer must pay temporary workers in accordance with any collective agreement for the industry covering the employer;
  1. Labour brokers and the contractor should be jointly and severally liable for performing the obligations of the employer.

### **Subcontractors**

1. Where a business has been subcontracted out the subcontracted business should still fall into the scope of the industry of the primary contractor and workers working for the subcontractor should get the benefits that are given to workers in the industry of the primary business.

### **3.2 Monitoring and Enforcement Mechanisms**

Proper monitoring mechanisms to monitor compliance with the above. The benefits that accrue to these vulnerable workers should be monitored and enforced through the courts or the CCMA in non-expensive dispute resolving procedures. Organising strategies will need to address the following:

1. Without becoming benefit societies, unions need to provide both tangible non-traditional services in addition to the normal services provided by unions.
1. COSATU needs to investigate and challenge the legislative space in order to create organising space.
1. The way in which bargaining councils operate and function may need to be overhauled in some sectors for example, clothing and construction.
1. Health and safety issues could form a focus for campaigning and ensuring compliance from employers.
1. Educating worker about their rights could be a key starting point and form a basis for campaigning.
1. Forming alliances with organisation that are involved in informal sector issues and who are sympathetic with trade union issues.
1. Learning from international programmes/strategies used in organising informal sector workers.
1. Demand legislation that would bring these workers into the legal protection
1. The recruitment campaign for 2001 should be directed at organising the informal sector into unions and other relevant organisations .
1. Sector strategies should be developed by unions working in the different areas of industry
1. Unions should employ dedicated resources to focus on organising these category of workers.

### **3.3 Summary of Recommendations**

1. A definition should be adopted that covers all section of workers, and the best description could be workers employed or working in precarious, vulnerable and marginal forms of work that has no or very little protection. COSATU should adopt a dual strategy to organise informal / home workers. A legal approach should be combined with the union strategy. The campaign could be roughly divided into four stages.
  1. In the first phase the aim should be to reach informal workers, find out their pay and conditions and publicise the results. Part of the aim should be to win public support, both nationally and within the communities concerned for legal protection of the informal workers.
  1. In the second phase cases should be taken forward as new regulation on informal work could be established through legal precedents.
  1. In the third phase the union should be trying to win new legal rights for informal workers and be working closely with a tripartite working party made up of union, government and employers.
  1. In the fourth phase the emphasis should be on ensuring that the new provisions were implemented. Claims should be taken up by the union on behalf of informal workers as a way to recruit them into the union.

## **4. Organising the Unemployed**

1. The unemployed now make up 37% of eligible workers, this accounts for 4.5 million workers, beside the fact that this category of workers largely depend on employed workers for any income through some form of remittance, there interest are disregarded in the broader social agenda and need to continue to be prioritized through campaigns .as COSATU continues to establish its hegemony in society the alliance with the unemployed is essential. COSATU has revived its old resolution on organising the unemployed.
  
1. COSATU locals to organise and build unity with unemployed workers to counter divisions developing between employed and unemployed. Deal with unemployed through job creation trust and job creation forums. Set aside funds and set up help desk for unemployed. COSATU should lead a process towards the building of a progressive and autonomous unemployed movement. Such a movement could include the "under-employed" or the self-employed organisations. We must learn from past attempts to organise in this sector and ensure that there is effective organisation and a clear role in terms of advice and assistance to unemployed people and practical job creation projects.
  
1. We have seen attempts to incorporate these sections of the working class into the neo-liberal project and, for example, use unemployment as a weapon to divide the COSATU and the unemployed (e.g. the case of Malamulele). We have also seen an increase in Xenophobia amongst these and the dangers of such developments to the work of the federation are very great. Organising and influencing workers who are employed in co-ops, Non Governmental Organisations, the informal sector and self-employed are important if we are to engage with some of the difficult social issues that confront us.
  
1. The report that follows gives an indication of what unions replied to the telephonic survey conducted by Naledi and is an important reflection of the work that has been done thus far.

## 5. Conclusion

1. The most popular forms of employment are casualisation and sub-contracting. Atypical workers are excluded from some parts of the Basic Conditions of Employment Act, which makes it easier and very attractive to the employers, including the governments who should be a model employer. From the table above, it is clear that most atypical workers do not have fixed regular hours and benefits, they are not entitled to taking leave and are paid very low wages. There is a need for legislation that will cover these vulnerable workers in all sectors.
  
1. The unions need to set a minimum wage to make sure that workers are not exploited and these workers need to be organised to be able to bargain for other benefits, wage increment and job security. Unions that are already organising atypical workers need

to be encouraged to continue and those that are not need to be encouraged and helped to do the same. Unions that are not organising these workers because they do not fall under their scope can contact the relevant unions to ensure that these workers are unionised.

1. The most important thing that unions may start with is to secure workers' jobs, to ensure that membership is stable and to make it easier for unions to manage their finances. Unions may follow on the ideology that a worker should not be a casual for more than three months. Companies should not use casual workers to perform continuous services (e.g. a cashier in a wholesale); they should employ people permanently.
  
1. Further steps should be taken to avoid, stop or reduce the rate of retrenchments in this country. Workers need to be trained to equip them with the necessary skills before retrenchments, to ensure that they do have something to rely on for survival. Most of these workers do ultimately join the informal sector and need to be trained to equip them with entrepreneurial skills.
  
1. Some unions have experienced problems in servicing atypical workers; this matter need immediate attendance to make sure that organised workers are not discouraged by this while pushing away those that are not organised. This needs to be solved before other unions attempt to organise these workers to prevent them from experiencing the same antagonism. Some of the casual workers complained of the misrepresentation by SACCAWU. Unions need to make sure that they bargain for all workers including atypical ones.
  
1. Some unions like SATAWU have very good organising strategies that had overwhelming results in other countries. The strategy used by this union was used in India, Philippine and Kenya. This is very useful because self-employed people do not need the support needed by employees. In Philippine, people within co-operatives were encouraged to help each other by means of loans, post-production services, affordable consumer goods, insurance and other mutual benefits.<sup>4</sup>
  
1. SACTWU has a good starting point, but it might be difficult and very costly to reach most of the home workers in the whole country. They can follow on Australian method and use the media to educate home workers about the union. The other method that SACTWU can use is to help these workers form co-operatives.
  
1. Some unionists thought that it would be easier to use big businesses to get through to the informal sector workers. It should be remembered that most of the informal sector workers do not have linkages with big businesses; therefore, there might be a need for different strategic approaches to the informal sector, those with linkages to big businesses (usually in the cities), the ones in the countryside and the self-employed.
  
1. The question is no longer whether we organise a- typical forms of work but rather when and how we do this, the attack is an attack on all workers, so the slogan an injury to one is an injury to all is more relevant than ever.



### Appendix 1: What have the unions done thus far in COSATU?

1. From an initial observation the following appears to be the developments in the unions in the federation.

#### NUMSA

1. Many workers in this industry now work from their homes in the informal sector, and repair cars in all the different disciplines from body work to the mechanics
1. Already these workers would fall under the discipline of the Bargaining councils and the advantage of being organised is that they would be able to access the training in the industry, and formalise the skills that they presently possess. The only area lacking is the political will in the organisation to pursue these areas.

#### NUM

1. A number of areas in this industry have been outsourced from blasting to the maintenance functions in the engineering and other sectors.
1. The National Union of Mineworkers has organised these workers and represent them matters related to their employment conditions

#### SACTWU

1. The increasing informalisation of work has created new challenges for social policy, and for trade unions. With the growth of commercial production, the homework sector became part of the flexible supply chain, being used by manufacturers to fill orders during peaks in the seasonal production cycle of the industry.
1. More recently, as a result of the lowering of trade barriers in South Africa, the informal production and distribution sector has become more visible. Increasingly, retailers are sourcing directly from the homework sector, and from unregulated micro-enterprises housed in large outbuildings in the backyards of entrepreneurs in the informal sector.
1. Workers in the sector are primarily women, and because of the low unionisation rate, and the lack of effective regulation, workers are vulnerable and unprotected.
1. As work flows into unregulated sectors, either through 'home-production' or informal sector work, our organisation should follow the work, and organise. As a first step, we should maintain a membership among members who are retrenched, and offer a service of job placement for them. SACTWU should revisit its benefits structure, and offer a set of carefully selected benefits to people in the informal clothing sector, covering housing, bursaries, access to clinics and death benefits. This can be the start of developing a national register of workers in the informal sector.

1. This should be followed up with an agreement with employers to sub-contract CMT work only to people on the union's national register. Retailers should similarly be approached. The SETA-linked training institutions should provide training to workers and entrepreneurs on the national register..
1. As a medium-term objective we should negotiate the rates applicable in the home and informal sectors. At the level of union strategy, we must focus on ways of reducing the unit cost differential between the formal and informal sector, to avoid a huge commercial incentive developing for companies to contract work out to the informal sector. We should use our access to policy-making forums to obtain funds and support for efforts to modernise the operations of companies in the informal sector as part of the overall objective of formalising their activities."

#### **PUBLIC SECTOR UNIONS**

1. This sector is an example of how the state is in effect reducing its role in a whole range of areas related to social services, and contracting out many of its historical functions, partly as a result of the neo-liberal agenda. Various initiatives to organise this new areas of employment, but a whole lot more work needs to be done.

#### **SACCAWU**

1. The retail industry has been reduced to a situation where the majority of workers are casual or piece workers, and it is also the one area where we have seen relative increases in the number of jobs. The union had done extensive research in the area of organising this new trend in employment relationships in this industry.

#### **Appendix 2: Changing work patterns amongst COSATU affiliates**

Below we record the results of a survey that was done amongst the unions in the Federation as to what the changing nature of work in their industries are. The unions were asked the following questions:

1. What forms of employment exist in the sectors you serve?

1. What kinds of work do people do?
1. How are the working conditions like and what kind of support do they need?
1. Are you organising workers employed and working under those conditions?
1. If yes, how?

### **Forms of Employment**

#### **CONSTRUCTION**

CAWU

Fulltime workers are retrenched and re-employed by their former employers on a contract basis, including independent contracting. The use of casual labour is also widespread in this sector.

#### **MINING**

NUM

Use of casual and sub-contracted labour is widespread and has been on the increase since 1995. Sub-contracted, casual and temporary workers make up 25% of the workforce most of the permanent workers are highly skilled machine operators.

#### **CHEMICAL INDUSTRY**

CEPPWAWU

Outsourcing and temporary workers are commonly used in the pulp and paper sector. Casual labour is quite common in the glass sector, especially in recycling.

### ***METAL***

NUMSA

Non-core functions are usually outsourced to private companies. Companies make extensive use of casual workers.

### ***CLOTHING AND TEXTILE***

SACTWU

Employers use home workers. This is a way of maximising profit and they also know that it is not only the 'employed people' who will part-take in the production process but the whole family, hence speeding the process up.

### ***TRANSPORT***

SATAWU

There are four industries within the transport sector; they are aviation, maritime, rail and road industry. The forms of employment differ in these four industries.

Sub contracting is commonly used in **aviation**, while casualisation and outsourcing are common in **maritime**. In the **rail sector** sub-contracting and casualisation are widespread. Employers feel that their responsibility is to provide transport and therefore outsource non-core functions. In the **road sector**, drivers are retrenched and re-employed by their former employers as independent contractors. Employers also make extensive use of casual workers.

### ***RETAIL***

SACCAWU

The use of subcontracted labour is extensive in this sector. Due to lack of formal employment many people who join the job market end up in the informal sector.

### ***PUBLIC SECTOR***

#### SAPSAWU

Local government structure makes extensive use of casual workers.

#### SAMWU

The use of casual labour is widespread. Services are outsourced to private companies.

#### POPCRU

In 1994, just after the elections, 300 people were employed as constables on a contract of 6 years; the contract expired in March 2000.

#### SADTU

The majority of people are employed on a fulltime basis; the informal employment is mostly limited to pre-schools. Schools in rich areas have hired teachers and other workers outside of the public service, sometimes on worse conditions. These teachers make up about 5 per cent of all teachers.

#### NEHAWU

The government is making extensive use of casual labour, these people work on short-term contract basis. Tertiary institutions are retrenching workers and outsource services to subcontractors.

### **AGRICULTURE**

#### SAAPAWU

Employers are moving away from full-time employment to casual, part-time and seasonal employment. Use of migrant labour is also common in this industry. In forestry employers are making extensive use of sub-contracted labour.

### **COMMUNICATION**

#### CWU

Telkom retrenched workers and outsourced services they were providing to private companies. Often students are employed as casuals to substitute the retrenched. Some companies are privatised and this leads to the loss of employment.

### **TYPES OF WORK**

#### **CONSTRUCTION**

CAWU

Most of the sub-contractors were bricklayers, plasters, or carpenters before; they are re-employed by their former employers as independent building contractors.

#### **MINING**

NUM

Cleaning, catering, security and some core mining activities are outsourced.

Building contractors are also used to build walls underground

#### **CHEMICAL**

CEPPWAWU

In pulp and paper, outsourced activities include non-core functions, which are transportation and warehousing. In the glass industry cleaning, security and catering are outsourced. Casual workers are used to collect used glass and to recycle it.

#### **METAL**

NUMSA

Mostly catering, cleaning, gardening and information technology activities are outsourced, some boilermakers and welders work as casuals and subcontractors. In the motor industry,

petrol stations use sub-contracted labour. Casual workers are commonly used in small companies employing less than 150 people. However subcontracting is not limited to non-core functions, for example, Daimler Chrysler relies on independent contractors to fit on tyres

### **CLOTHING AND TEXTILE**

SACTWU

Workers are primarily involved in cut and trim activities

### **TRANSPORT**

SATAWU

In aviation, outsourced services include cleaning, security, transportation of workers and catering. In maritime outsourced services are responsible for loading and offloading trucks. In rail non-core functions include cleaning and security. In road sector casual workers and sub-contractors are cleaners, gardeners, security guards and drivers. Companies usually retrench drivers. They choose them because they are more labour costly than the above and after restructuring, vehicle maintenance will not be the company's responsibility anymore, but the driver's.

### **RATAIL**

SACCAWU

All companies except Shoprite-Checkers outsource cleaning and security. Most casual workers are cashiers and sales personnel; others are administration officer's assistants. Employers do not use sub-contractors in these fields because they might lose control over workers, which they can retain if they use casual labour, they need total control over these workers because customer care is very crucial to them.<sup>1</sup>

### **PUBLIC SECTOR**

SAPSAWU

Most of these workers are building contractors and cleaners. Casual workers who have completed metric are sometimes commissioned to help with administration work.

SAMWU

Casual workers are refuse removers.

SADTU

Most of these workers are women, they are pre-school teachers.

NEHAWU

Casual workers do a variety of services, these include services provided by the local government, tertiary institutions and private health and welfare. Workers are involved in many projects run by the government. In agriculture some of these casual workers are involved in research looking at animal diseases and farming analyses. Some are involved in other projects like prevention of soil erosion. In forestry they are used in building dams.

### **AGRICULTURE**

SAAPAWU

Casual and temporary workers are performing a variety of services; they are classified as general workers. Migrant labour is mostly used in farming, while seasonal workers and sub-contractors are used in harvesting.

### **COMMUNICATION**

CWU

Sub-contractors do electrical work like cabling, some are cleaners. Other types of work outsourced are security services, marketing and catering

### **WORKING CONDITIONS**

### **CONSTRUCTION**

CAWU

Workers have very little job security as contracts are short-term, lasting less than three months. Sub-contractors are no longer entitled to any forms of benefits. Employers use migrant labour to cheapen labour costs. Because of their status, migrant labourers offer little resistance and work very long hours.



### **MINING**

NUM

Sub-contracted workers receive no benefits as they are only entitled to overtime payments. These workers are paid on an hourly basis and receive low wages. In some cases employers do not comply with LRA.

### **CHEMICAL INDUSTRY**

CEPPWAWU

Casuals do not have job security at all; they are employed with no contracts. Sub-contracted workers receive no benefits nor fixed salaries, their job security is limited.

### ***Metal Industry***

NUMSA

Casual and sub-contracted employees receive no benefits. In the motor industry workers do not get paid overtime, especially watchmen.

### ***Clothing***

SACTWU

Workers are paid on a piece rate, and receive no benefits and their income is low and infrequent.

### **TRANSPORT**

SATAWU

In **aviation** salaries are very low and workers are receiving half of what they used to earn. They no longer receive housing subsidy or travel allowance. They do have provident fund. In **maritime** sub-contracted workers still receive their benefits as they are still working within Transnet. In the **rail** sector These workers no longer receive benefits; some cleaners earn as

low as R700 per month. Employers do not comply with Labour Relations Act. **Road** these independent contract drivers no longer receive benefits. Casual workers do not receive benefits.

### **RETAIL**

#### **SACCAWU**

Casual workers are divided into two, the 'just in time' casuals and permanent casuals. The 'just in time' casuals do not have regular hours. All casual workers do not receive benefits except for those working in Pick & Pay and Edgars. Casual workers do not have job security at all; they feel very insecure especially during times of retrenchments because the union usually suggests that they be the first to loose their jobs. At Pick & Pay one interviewee told NALEDI that shop stewards tell them that they are just doing them a favour by representing them.<sup>2</sup>

### **PUBLIC SECTOR**

#### **SAPSAWU**

Permanent casuals have pension funds but do not have other benefits. Casual workers do not enjoy salary increases; their salaries are stable. Even if others do administration work, they are not paid as administration officer's assistants, but are still paid as cleaners.

#### **SAMWU**

They are employed on a very short-term basis; sometimes there are no contracts at all. Street cleaners are paid very low wages, \*as little as R3 per bag of refuse collected, they receive no benefits. Health and safety conditions are very bad; this is because workers do not have proper equipment to do the job.

#### **POPCRU**

They were not on the pay roll and did not receive benefits. These constables' salaries were part of the RDP budget.

SADTU

The union does not have reliable information about atypical employees because they have never tried to identify them nor tried to find out their working conditions. The union can only guess that these workers may not have benefits.

NEHAWU

Workers do not receive benefits and are not entitled to take leave. The Basic Conditions of Employment Act are not applied. The union complained that these people are not covered by any legislation. Casual workers are employed on long-term contract basis that last for three to four years or until the project is completed.

**AGRICULTURE**

SAAPAWU

Workers earn very low wages. There is no protection from hazardous weather, insects and, sometimes, wild animals. They do not receive benefits. Some workers do not have proper places to stay and have to travel long distances to their places of work. In forestry sub-contractors are paid as little as R15 a day, which is half of what they were earning before. Other workers are paid as little as R20 per week. Migrant labourers do not earn a salary; they get provision of food and accommodation.

**COMMUNICATION**

CWU

Employers have shifted away from permanent employment to sub-contracting and casualisation to minimise costs. Workers employed under these conditions do not receive benefits. Salaries are fairly low; they are often paid less than half of what permanent employees are earning.

**ORGANISING**

**CONSTRUCTION**

#### CAWU

The union argues that because independent contractors regard themselves as their 'own bosses', they are no longer interested in belonging to a union. The union follows the policy that says every worker has the right to join a union, it is therefore organising casual workers. The union has a policy that says a worker cannot work as a casual for more than three months, it bargains for such workers to be employed on fulltime basis.

Currently the union is working with lawyers to investigate the practice of transforming fulltime workers into independent contractors. It is hoped that this will lead to legislation changes. Employers use the illegal status of the migrants to prevent them from getting union organisation and union recognition.

#### **MINING**

#### NUM

The trade union and the chamber of mines struck an agreement that the union should be consulted before employing temporary workers or sub-contractors so as to ensure that employers comply with LRA. NUM is currently organising these workers, but it is difficult to service them as workers get moved from one mine to another.

#### **CHEMICAL**

#### CEPPWAWU

The union is against long-term use of casual labour. Long-term use of casual labour shows that the company needs permanent workers, so it should employ people on permanent basis. The union is currently not organising contract labourers since they do not fall under their scope.

#### **METAL**

#### NUMSA

The union is against outsourcing without the creation of jobs; if a company outsources some of its services, it should also 'insource', that is, it should also create jobs. This union is organising atypical workers.

### **CLOTHING AND TEXTILE**

SACTWU

The union used fieldworkers to identify home workers. Fieldworkers will educate these workers on their rights and the trade union with the intention of recruiting them into the union. The Western Cape has been identified as a pilot case.

### **TRANSPORT**

SATAWU

The union is negotiating with companies to convert casual jobs to permanent regular ones. The union believes that if outsourcing occurs, the new employer should employ the former employees. However the union has to start from the beginning to negotiate benefits for these workers. In **aviation** the union never encountered any problems in organising atypical workers, the difficulty comes when they have to deliver services; they have to start negotiations from scratch. This is difficult because employers retrenched these workers so as to run away from benefits to lower labour costs; it is very difficult for them to welcome union's demands as this will mean restructuring will not have brought about any changes.

In **maritime** the union has not experienced problems as the workers remain in the union even after restructuring. In **rail** the union has not faced any difficulty in organising these people because the workers are vulnerable and need representation. In **road** the union organises casuals during peak seasons. The union is against the replacement of permanent employees by atypical workers. It wants casual and temporary workers to be employed on fulltime basis.

### **RETAIL**

SACCAWU

Financial support is needed by the self- employed and there is a need for collective buying. Even though the union is organising casual workers, it does not seem to be doing enough to satisfy these workers needs, some workers complained about under-representation by SACCAWU and said that they are only remembered during times of struggle, they said that their demands are dropped in the long run after strikes.<sup>3</sup>

### **PUBLIC SECTOR**

#### **SAPSAWU**

The union is against the use of casual labour for a period longer than three months. It educates workers around union and workers rights before organising them. They have to do this because some workers are highly illiterate and are not aware of such issues.

#### **SAMWU**

The union is trying to negotiate that casuals be employed on permanent basis. Its big achievement was when it won a one-year contract for casual workers in Soweto in 1999.

#### **POPCRU**

All other workers are employed on fulltime basis and most are organised.

#### **SADTU**

The union is not organising these workers, despite this, they do have a few members who approached the union voluntarily. This shows how vulnerable and desperate these workers are, the union needs to take action and initiatives in organising these workers.

#### **NEHAWU**

The union is organising casual workers, however it has never tried to organise sub-contracted labour because in most cases they do not fall under their scope. It claims that it will be difficult to service workers who fall under another scope.

### **AGRICULTURE**

#### **SAAPAWU**

SAAPAWU have gone to the countryside to identify the informal sector. It is helping people in this sector to form co-operatives. They do not recruit workers in this sector per se, but encourages them to work together. The union would like to provide support to these people but lacks finance to carry on with the project. It does organise atypical workers. The most important thing that the union would like to do is to secure jobs for these workers.

### **COMMUNICATION**

CWU

The union is negotiating with companies to equip workers with IT skills (computer literacy) so that they can enter the job market with the most demanded skills.

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