

## **COSATU Political Discussion Document**

### **Possibilities for Fundamental Social Change**

#### **1 Introduction**

COSATU is preparing for its 9<sup>th</sup> National Congress in September guided by the theme '***Consolidating working class power - for intensification of the Jobs and Poverty campaign***'. This political paper reflects on the experience of the last twelve years. It is released to spark debate within COSATU and the broader democratic movement. We call upon all our structures to engage with this paper and voice their contributions in coming COSATU provincial congresses and their union structures. It is hoped that the paper will help enrich debates about the political strategy of the Federation in the forthcoming Congress. It should further be debated in provincial and affiliates' congresses, and ultimately feed into the resolutions of the National Congress.

The forthcoming congress is also a platform to reflect on progress in achieving the aims of the ***consolidating working class power for quality jobs towards 2015*** adopted at the Eighth National Congress three years ago. We need to ask ourselves whether we have achieved our aims or at least laid a firm foundation for their realisation.

The 2015 Plan set a number of political, organisational and economic objectives for COSATU. At the political level it seeks to build the power and voice of the working class through strengthening working class formations. The programme recognises that the economic demands of the working class for quality jobs can only be realised through a strong Tripartite Alliance. Accordingly the Plan aims to strengthen the components of the Alliance. In particular, the Plan recognised the importance of maintaining the bias of the ANC and the National Democratic Revolution toward the working class. It called on workers to swell the ranks of the ANC and to strengthen the SACP and other organs of people's power.

Organisationally, the 2015 Plan sets two important tasks – the recruitment campaign and organisational renewal. The aim again is to build strong organisation and maximise unity of the working class. Both of these are necessary for the working class to play a key role in the unfolding transformation.

At the international level the programme sought to strengthen the trade union movement. At the same time, it aimed to ensure effective coordination between unions, progressive civil society and progressive governments and political parties. This should lead to creation of a progressive platform around which these progressive forces could rally to change the global balance of power and build a better world.

COSATU's 9<sup>th</sup> National Congress will evaluate progress in taking forward the 2015 Plan. At the end of the discussion we must answer a number of questions. Among these is whether:

1. Sufficient progress has been made for us to claim that we are on course, and
2. The terrain changed in the past three years requiring a rethink of the basic tenets of our political strategies.

The paper starts by analysing the socio economic and political order in post-apartheid society. In this respect it builds on various COSATU documents and perspectives developed during the course of the transition. It attempts to add new insights as trends are becoming more apparent. It also draws lessons from other post-colonial societies in order to compare and contrast these experiences with our own.

The second part outlines key themes of a political strategy and the way forward. It is less detailed to allow for the organic development of the way forward as we debate the strategic implications of our analysis of the last twelve years of democratic rule.

## **2 Apartheid social and political order**

### **2.1 Characterising the post-apartheid socio-economic paradigm**

In her analysis of the Indian social order, Arundhati Roy uses the metaphor of a “truck’ to describe the contradictory process of development. This metaphor could easily be applied to the South African conditions. Roy points out that contemporary India is characterised by a kind of ‘schizophrenic’ progress:

“It is as though the people of India have been rounded up and loaded onto two convoys of trucks (a huge one and a tiny little one) that have set off resolutely in opposite directions. The tiny convoy is on its way to a glittering destination somewhere near the top of the world. The other convoy just melts into the darkness and disappears.” (Roy 2001, p 189)

South Africa is experiencing a sustained period of economic growth. It is, however, slower and lower than the growth required to create large-scale employment. Moreover, the growth path continues to entrench patterns of inequality. Profits are soaring on the back of high levels of productivity, combined with unprecedented, astronomically high pay packages for senior management. Democracy has also opened up opportunity for upward mobility for the black middle and upper classes, including the opportunity to amass wealth and accumulate luxuries. Levels of conspicuous consumption have rapidly increased if we only take into account sales of new vehicles and semi-durable consumer goods. The economy has shed jobs in some important sectors. But it is also creating jobs, although not anywhere close to what is needed to break the backbone of unemployment. Most of these new jobs are of poor quality. This growth in economic activity is what led President Mbeki to declare a “new era of hope.”

Contrast the optimistic picture of the South African economy punted by the mainstream media with the reality confronted by millions of poor South Africans.

Unemployment remains stubbornly high by both the strict and narrow definition. Some four million people, or about 27% of South African adults, are unemployed, using the narrow definition that counts as unemployed only those people who searched for a job in the week before the survey. The figure doubles to eight million or 41% if the expanded definition of unemployment is used. This definition counts as unemployed workers that have given up looking for work but who want a paid job. It is probably a better indicator of structural, long term unemployment.

Unemployment is highly racialised, gendered and unevenly distributed by region. Of the unemployed over 70% are under the age of 35. African women and rural areas fare worse in comparison to men and urban areas.

The quality of jobs is also declining as permanent secure employment is replaced by precarious and vulnerable forms of employment. On paper, workers have gained rights that in practice are being “hollowed out” as employers use various strategies to circumvent the labour law. At a micro-enterprise level the promise of democracy has been thwarted. The apartheid world order and discipline have been re-imposed in many South African workplaces. (See Bezuidenhout and Fakier 2006 and von Holdt and Webster 2005)

Income inequality is also high and worsened, at least in the late 1990s. (Gelb and Simkins) According to the UNDP Human Development Report (2003) the Gini coefficient was 0.596 in 1995 and rose to 0.635 in 2001 suggesting that income inequality was worsening.<sup>1</sup>

This is of concern not only from ethical perspective of the National Democratic Revolution that seeks to make society more equitable, but also from an economic perspective. Today, there is wide consensus that reducing inequality is necessary for sustainable economic growth.

The rising level of inequality can be seen in the decline in workers' share in the national income between 1994 and 2002, while the share of profits increased. This has important implications for our development path, since it indicates wage stagnation in the context of persistently high unemployment.

According to the Labour Force Survey figures, 17% of all officially employed people in South Africa earn less than R500 a month, 34% earn under R1000 a month and a total of 60% of all workers earn less than R2500 a month. An income of R2500 per month between five (two parents, two children, and a grandparent) translates into an income of about R30 a day per person. Access to employment is therefore in itself not a ladder out of poverty. The millions of workers who earn below subsistence level remain trapped in poverty and desperation.

Poverty has at best stabilised, but remains high. It is estimated that between 40% and 50% of the population live in poverty. There is a debate on whether poverty has decreased. The Peoples' Budget Campaign reviewed many studies and concluded that poverty probably increased between 1996 and 2001 but declined marginally thereafter.

HIV and AIDS ravage working class communities. Many die the painful death. Pharmaceutical companies won't let go of an opportunity to profit even at the face of this human tragedy. Government programmes are good on paper but they lack leadership at the top. Many of those who die should have been saved had the government moved more decisively and faster to roll out antiretrovirals.

In short, the *post-apartheid socio-economic order* can be characterised as one in which there is positive economic growth and opportunities for amassing wealth for a few. This growth is not equitably shared and does not trickle down much to the many that are desperately poor. While there is a formal break with the apartheid racial ordering of society, the dualistic development path continues, albeit with new features. Fundamentally the accumulation regime has not changed, so that development and under-development continues to coexist. Cheap labour is reproduced under different circumstances, including through sub-contracting and increased use of women labour and through exploitation of undocumented migrant workers, especially Zimbabweans.

This outcome was not inevitable. Of course no one can claim that it is possible to root out more than 300 years of colonial legacy in 12 years. Similarly, it cannot be argued that what is taking place in South Africa is entirely in line with the National Democratic Revolution, as historically conceived by the liberation movement.

The National Democratic Revolution is about thoroughgoing radical transformation of social and property relations. There have been numerous warnings against the danger

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<sup>1</sup> Gini coefficients measure the extent of income inequality in the country. If a Gini coefficient equals 0, there is perfect income equality. A coefficient of 1 is an indication of perfect income inequality.

of superficial change. Put another way, there is a danger of simply replacing a white ruling oligarchy with a black one, leaving the social and property relations essentially unchanged. The ANC's 1969 Morogoro Strategic Perspective in particular was scathing on this as an acceptable outcome for our National Democratic Revolution.

The Freedom Charter's economic vision, taken forward in the RDP, offers a radical programme for changing social and economic relations. With the adoption of GEAR this vision of economic transformation has not been taken forward. Economic reforms largely concentrate on making the economy internationally competitive.

In addition, the ANC's parliamentary majority is almost unassailable and has increased in both the last general and local government elections. The ANC not only remains popular among the electorate. It also controls the national government, all provincial and most local governments. This places it in an advantageous position should it wish to drive a deeper transformation process. Its control of the state's resources gives it leverage to intervene in the economy in a manner that both redistributes resources and drive a new developmental strategy.

Of course the counter-argument is that our democracy exists in a fundamentally reshaped global order which limits space to manoeuvre. But globalisation does not dictate the details of all policies. Even more important, the international balance of forces is not static and has been changing. Societies that are far poorer than South Africa, notably in South America, are attempting an independent path, particularly by reclaiming their natural resources to use for the benefit of the people even in the context of globalisation.

How do we explain this contradictory socio-economic reality and what are the strategic implications for the democratic movement in general and the labour movement in particular? These are troubling questions as they sharply raise another vexing question: Has democracy failed workers and the poor? Have we reached a tipping point where the post-apartheid state could be defined as one that acts on behalf of the affluent in our society? How do we account for the sharp differences in perspectives about the economy and our society within the Alliance, as if we were coming from different planets? What is the weight of the working class politically in South Africa, and how has this allowed for the apparent pro-capitalist bias? What steps do we need to take to assert working class power that is proactive in determining a readjustment of resources in our society? Finally, what is the value of our democracy to the working class?

There are no easy answers, and the objective of the paper is to provoke debate so that by the time of the Congress we reach some form of consensus. To find answers to this question, it is important to analyse the changing nature of South African capital; the nature of the state and of the democratic movement; and global balance of forces.

## **2.2 The changing nature of capital**

The analysis of the changing nature of South African capital must be understood within the global context. The great transformation in the last thirty years has been the phenomenal growth of the power of capital and weakening of the mechanism of discipline by both the state and labour – a process popularly understood as globalisation. A powerful coalition of nation states, transnational corporation and international financial institutions is driving an agenda to expand the market by forcing developing countries to open their economies. This is underpinned by the ideology of neo-liberalism which has blind faith in markets.

In the South African context capital has also undergone a process of change in the last 30 years.

First, the distinction between English and Afrikaner capital virtually disappeared as Afrikaner capital matured in the late 1960s and early '70s. This also coincided with a break in the late 1970s between the apartheid regime and sections of capital. This break facilitated labour reforms.

Second, in the post-apartheid period elements of South African capital have 'transnationalised', amongst others by shifting their primary listing to New York and London and through direct investment in other countries. For these companies, South Africa is no longer the only, or sometimes even the primary, sphere of operation. They are expanding globally rather than locally. Examples in this regard include Old Mutual, SAB-Miller and Anglo-American.

The companies claim this process will benefit our society as they repatriate their profits to South Africa. In fact, it has meant large scale export of capital and jobs. We have also seen expansion of South African capital to the rest of the African continent in search of cheap labour and opportunities to maximise profits. For workers this cuts both ways: job losses in South Africa and growth of African economies driven by naked exploitation for workers in a manner that reinforces the same development path we see in South Africa.

Third, is the emergence of a tiny but influential black bourgeoisie, which should not be confused with the rise of the black middle strata. The rise of the black bourgeoisie is catalysed by unbundling as some of the white companies offload assets either to secure state tenders or to exit in order to refocus the companies. State intervention play a decisive role in promoting Black Economic Empowerment (BEE) processes using moral persuasion and the carrot of state tenders.

All this means that the black bourgeoisie is tied to and dependent on white capital and the state for its development. Does fostering a black bourgeoisie advance the National Democratic Revolution and concretely how does it contribute to transformation, notwithstanding their role as the new donors for the democratic movement?

Fourth, is the re-entry of foreign capital which has taken over some lucrative businesses in South Africa, including in pharmaceuticals, auto, steel and finance. The re-entry of foreign firms and reconnection of South Africa with the global market has exposed South African workers to global production systems and the agenda of multinational corporations.

This plays itself in various ways, including the perpetual threat of shifting production elsewhere. Workers and countries are now forced to compete with each other to attract or retain production and jobs. The liberalisation of the capital market has also meant that South Africa is now even more exposed to the circuits of speculative capital that wreaks havoc on national economies.

Despite all the changes South African capital is still predominantly white and highly concentrated. Capital's agenda, articulated by the financial sector and business think tanks, has been to check the power of the democratic state and weaken the labour movement. To that end, it has used combination of strategies ranging from cajolement to threats of capital flight and an unremitting ideological campaign.

In the arsenal of capital's ideological warfare are powerful myths about the South African capitalist economy that it promoted for decades but more assiduously on the eve of the transition to democracy. They are:

- *South Africa has a liberal capitalist economic system.* The economic system in South Africa is in fact one of colonial and racial capitalism which can neither be defined as a free market or as serving the interest of all South Africans. It is highly concentrated with unequal distribution of wealth, property and power often defined in racial and gender terms.
- *South Africa has a first world economy.* Viewed in isolation, some may regard the modern sector of the economy as having many of the characteristics of first world economies, although both the so-called first and second economies are deeply characterised by the apartheid legacy. But South Africa is not a first world country. It is a developing country. The large extremely underdeveloped sector results from systematic oppression and exploitation and has underpinned the growth of the 'advanced' sector.
- *Capitalism is a natural construct and its rules are akin to the rules of nature.* In reality capitalism has developed over five centuries and is supported and defined by human institutions and attitudes. That means it is a social construct that can be changed.
- *If the corporate sector is given the necessary power, freedom, and space in the framework of global capitalism, it will achieve a high growth rate that will in the foreseeable future lead to the creation of jobs and generally 'trickle down' in other beneficial ways to the poor.* Again this myth is not borne out by experience as our growth has been slow and unequally shared. Employment creation has been slow and much of the formal sector has shed employment. (See Terreblanche 2002)

These views by capital coincided with those of elements within the state and the democratic movement, who though aware of the harsh but failed medicine of neo-liberalism went ahead to impose it on society. Neo-liberalism by nature is contradictory and this played itself out in South Africa. It promotes both political pluralism and authoritarianism on questions of economic policy and management.

Put another way, neo-liberalism survives and thrives under conditions of low-intensity democracy and insulate political leaders from popular pressure so that they can drive unpopular economic policies. It is against this background that GEAR was imposed on society rather than negotiated as required by the Nedlac Act and the country's constitution.

In a nutshell, capital brought its power to bear on the democratic government. This does not mean to suggest that capital imposed its agenda on a meek government and that there was no agency on the part of both the ANC and the government. The 2002 COSATU paper (for the ANC/COSATU bilateral of 9-10 February 2002) traces a particular trend within the ANC that possibly negotiated a new economic path with capital well before the transition.

The project of steering the National Democratic Revolution away from its radical nature has been systematically and carefully driven through with military precision. In fact, conservative economic policy was part of the project driven in the state and its main trophy was the introduction of GEAR.

There were earlier attempts to mobilise and hoodwink COSATU and the SACP into supporting this project. We saw this attempt in arguments that the National Democratic Revolution can only produce a capitalist outcome and that the black bourgeoisie constitute a motive force surfacing within the movement. In a bilateral with the ANC during 2002 a paper was presented that openly stated that the role of COSATU must be

to explain to workers how the capitalist system works and why it is in the interest of workers not to rock the boat.

When this ideological brainwashing failed, COSATU and the SACP were brutally attacked as ultra-left, for example in the *Briefing Notes of 2001*. This was followed by a huge campaign to present COSATU and the SACP as spoilers who lack leadership to drive these formations to the acceptance of the new line. This was a move calculated to provoke a walk out by COSATU and the SACP. But this strategy backfired as ANC structures called upon the leadership to resolve the issues, strengthen the Tripartite Alliance and refused to endorse the line that COSATU and the SACP were a problem.

Emanating from the changing nature of capital a question emerges: what are the strategic implications for labour and the democratic movement? In what ways can labour and the working class countervail the power of capital? And do different elements of South African capital (big and small; finance and manufacturing; international and local; etc) have significantly different interests?

Has our 2015 programme succeeded in forcing capital to engage on the crisis of unemployment and eradication of poverty? To what extent have we engaged with capital to force them to engage and develop a more constructive approach to our development and economic challenges? Did we leave them off the hook to the extent that no possibility exists today to discipline them?

### **2.3 The post-apartheid state**

Marxist theory defines the state as an instrument of class rule in all class societies. That is, the state acts to defend the interest of the ruling class. While the state acts to defend the interest of the class in power it is not homogenous and is a site of intense class contestation. Recent examples, particularly the increase of corporate power, have shown that the state can be “hollowed” and its power weakened, especially the power to regulate capital, and to set and drive a development agenda.

How do we characterise the post-apartheid state which exists in a capitalist social system? In the context of fierce contestation over the direction of the state, has the pendulum shifted to a point where it can be argued that the transitional state has veered towards the agenda of capital?

In transitional periods, there exists a time in which political and economic power diverges as was the case in South Africa. In the South African context, we elected an ANC-led movement into government while economic power resides with a white minority. The ANC wields political power but has not yet asserted full control of the state machinery based on an agreed agenda of transformation.

Even though substantial progress has been made to transform the state machinery it is still peppered with remnants from the previous regime. The judiciary, police force and the army have not been fully transformed. However, the ANC controls the legislative branch of the state at national and provincial levels. It also controls a majority of local governments. Furthermore, the National Democratic Revolution is a working-class-led coalition of democratic forces whose interests should be hegemonic in the state.

The characterisation of the post-apartheid state is an issue that requires further debates but there are certain features that are beginning to take shape. The Alliance is also not the political centre that drives transformation and deployment of cadres.

First, the South African Constitution gives the President the prerogative of appointing the Deputy President and Cabinet Ministers. Above this the ANC internal processes,

including the deployment policy, gives the Presidency the power to appoint Director Generals and Premiers. Further the ANC deployment committee centralised the power to appoint metropolitan and strategic municipal Mayors.

All these decisions combined increase the power of the Presidency. They point to a highly centralised position, and explains why the price of the Presidency, and its potential for extended patronage, is so very high.

At the same time, the state is weak in deliberately driving a development agenda and has no central institution with such a mandate. Prior to the creation of the Policy Advisory Service and Cabinet clusters, government was incoherent and compartmentalised. It is, however, committed to driving a neo-liberal economic programme concerned primarily with stabilisation rather than transformation.

By default, Treasury exercised the power to determine developmental priorities and policy within the logic of reducing the deficit. Early policy developments were debated in an atmosphere of enshrining Constitutional rights. Under the direction of the Treasury, this shifted to a highly technocratic and exclusive approach dominated by local and international 'experts'. To date South Africa does not have a coherent economic planning mechanism and development has been subordinated to economic stabilisation and liberalisation.

Second, the state often mediates between workers and capital during intense class battles. Increasingly, however, the state seems to be intervening more in the favour of business, using law and order as an instrument.

Third, in the absence of a coherent development strategy directed toward changing apartheid accumulation patterns, restoring profitability of South African capitalism and fostering BEE have become the overriding imperatives. This is manifested in for example the drive to reduce the cost of business; a set of supply-side interventions; corporate welfare in the form of tax concessions; and legislation and codes to promote BEE. In addition, increasing numbers of people holding political office have private business interests, affecting their critique of capitalism and in some situations leading them to act to protect such business interests.

Fourth, the state has redistributed from whites to blacks through a combination of social grants and extension of basic services. These interventions play an important role in social development and constitute a barrier between a decent life and destitution. However, poverty eradication is conceived more as a deduction from growth than a central part of economic development.

ASGISA does not define poverty as a key constraint to growth and it continues to perpetuate the idea of poverty eradication as a trickle down from growth under the new terminology of "leverage of the second economy by the first economy." The whole social development agenda is dependant on growth with the inherent risk that the model will collapse if growth falters. Moreover, there is no structural change to ownership or distribution of growth or development.

Fifth, public sector restructuring has resulted in power shifting to managers. Managerialism limits interference by politicians and collectivism in the name of achieving efficiency. In this context who wields power between elected political leadership and managers becomes a highly contested issue.

Sixth, democratic processes are either by-passed or totally ignored. Parliament has largely been subordinated to the executive and NEDLAC is being weakened. Some

major policies are no longer referred to NEDLAC. If this trend continues NEDLAC itself will be reduced to a spectator.

Against this background we can see that the state is driving a contradictory agenda which on the one hand aims to meet the needs of the ANC's historical constituency, while at the same time restoring the profitability of South African capital and promoting narrow black economic empowerment. Have we reached the tipping point? That is, can we characterise the post-apartheid government as a capitalist-BEE state or rather as a highly contested state in transition?

South Africa remains a fairly democratic society that allows for open contest for power, the separation of power between the executive and the judiciary; and is governed on the basis of a democratic constitution. However, this is mediated by unequal access to power and resources as the rich have an unfair advantage over the less resourced.

It is also important to caution against a set of developments that if not addressed will diminish and ultimately erode democracy. If allegations that some in the executive manipulates independent institutions such as the NPA and SABC are true, then we are on the slide to dictatorship. What is clear is that NPA does collaborate with elements in the media to launch media trials and assassinate the character of targeted individuals.

The perception also exists that NIA and other state organs get deployed in the factional fights. If these institutions are manipulated and used in a manner that settles political scores or interfere with free expression, then we are in trouble.

Of equal concern has been how sections and elements in the print media in particular have been manipulated through a strategy of wining and dining so that they form part of the factional fights in the democratic movement.

It is regrettable that the Constitutional Court has found the floor crossing legislation to be lawful. Floor crossing subverts the political process and undermines the will of the people. It fosters a new culture where individuals position themselves to curry favour with individuals instead of serving the people. While we understand the reasoning behind the policy – which was to accommodate the creation and later dissolution of the DA – we are not convinced that it ought to be a permanent feature of our democracy.

To deepen democracy and ensure that public representatives are closer to the people, COSATU supports the call for a strong constituency element to be introduced in the electoral process at national and provincial level. This will promote more dynamic contact between the people and public representatives, holds the possibility of peoples' views being heard, and could introduce the element of constituents more directly determining candidates.

The current system of proportional representation (PR) also undermines independent thought as individual careers depend on those in the party leadership and the deployment committee. COSATU's Eighth National Congress called for the introduction of the mixed electoral system - a system that would combine constituency based and PR representation. This was not achieved and remains a challenge. Unless we can achieve it soon, the movement towards sycophancy is inevitable.

Political party funding is another threat to democracy if it is not subjected to public scrutiny. Chequebook politics can subvert the will of the people exercised through the right to vote, as we have seen in other countries like the United States. The resolution of the ANC's National General Council (NGC) that the ANC should proactively disclose its

donors is welcome and should be implemented. It must be backed by reforms of the entire system to make it more transparent.

Lastly the ANC, outside periodic influence of the deployment of cadres and the infrequent national conferences, national general councils and policy conference, is itself largely sidelined. Most important policy decisions arise within the state and the conservative economics from the universities, research institutes and business. ASGISA is a typical example of this. The ANC has no “independent” instrument to monitor compliance of government with policy the directives of its constitutional meetings or to assess general progress toward its aims. This has led to a situation where those in the executive basically monitor their own performance and defend their shifts.

### **The international balance of forces**

The collapse of the Soviet bloc in the late 1980s changed the international balance of forces in favour of the imperialist bloc. Globalisation has resulted in increased interconnectedness of the world economy and has been characterised by the following.

- **Technological transformation:** The 1990s have witnessed rapid technological innovation and diffusion of new information and communication technologies (ICT). This transforms the means of production, distribution and exchange. This is driving a massive reconfiguration of world production and distribution, as well as management systems of enterprises and public agencies. Due to new technologies transport costs have been reduced and stimulate the global integration of production system by facilitating just-in-time delivery systems.
- **Trade liberalisation:** Progressive easing of barriers to world trade has encouraged a surge in export and imports in world GDP. This has created markets and sources of competition. Trade liberalisation has been transformed into a major weapon in the hands of the imperialist block to basically re-colonise the south. The current round of WTO negotiations if settled within the bounds of the current demands of the developed nations on NAMA and trade in services would kill any chance of the developing nations to develop. The South would be reduced into exporters of raw materials and a destination for rich tourists.
- **Capital has increased its power over elected government and people.** Taxes that play a key role in the redistribution strategy have tumbled. Other forms of disciplining capital have all collapsed. The multinational corporations have forced a race to the bottom setting workers against each other, government against another government and people against people all in the name of competition and need to attract investment. Mobility of capital has multiplied, as shown by the crisis of Asia and Brazil in 1997.

This path has not gone uncontested. Workers and the poor have on occasions formed potent alliances with the environmentalists, students and other segments of the society to resist the power of capital. Through this resistance the democratic forces forced a zigzag and fuelled outsourcing to the havens of exploitation such as China.

Politically the US has emerged as a hegemonic force that will do anything to pursue its interest. US imperial strategy has shifted from using proxies to direct intervention to secure its interest. The invasion of Afghanistan and Iraq marked a shift from the low-intensity war strategy used after Vietnam to naked aggression and defiance of multilateralism. US allies like Israel are also given free reign in their own spheres to bully and undermine UN resolutions. The US agenda, masked as fighting terrorism, is securing to itself the oil fields in the Middle East, expand its political power and deal with

any challenge to its political and military power. This is seen for example in its strategy to intimidate Iran to stop its nuclear programme, contradicted by the US refusal to sign the Nuclear Non-Proliferation Treaty as well as its support for Israel government to keep nuclear.

US hegemony does not go unchallenged, however. Within the imperialist camp there are secondary contradictions and competition for hegemony by Germany leading the European Union and Japan in the Far East. The emergence of China as a powerful political, military and economic force has added another dimension in geo-politics. The question is whether China will use its new status to serve as a buffer for developing countries or whether it will, in pursuit of its own narrow economic interests, become a new imperialist block. More importantly, as demonstrated in the current WTO talks, these secondary contradictions do not always translate to tilting of the balance in favour of global change. In fact competition between these blocks further marginalises the South and further condemns it to the margins.

On the African continent we have also witnessed some welcome development championed by the South African government. Democratisation has opened political space for contestation and peace prospects create space for the reconstruction of the continent. However, democratisation has not coincided with rapid improvement in the development of Africa. Actually, the situation appears to be worse than during the 1960s as most government rammed through structural adjustment programmes throughout the 1980s and 1990s leading to the current socio-economic crisis. NEPAD's over-reliance on market solutions may actually serve to deepen, rather than solve Africa's development challenge.

In Latin America there is a massive shift away from liberal and dictatorial regimes to left-wing and progressive governments. The US is completely surrounded by the sea of left-wing governments who have completely rejected its liberal formulae in favour of major state intervention to discipline capital and advance poor people interests. More studies must be conducted to understand the developments in this region in particular to understand the role of the trade union movement. One point is however very clear - that the real *era of hope* exist in Latin America.

Realignment of international balance of forces has both positive and negative implications for our project. GEAR was justified on the grounds that international balance of forces dictates a one-size fits all approach on matters of economic management. Yet, after the 1997 crisis a new possibility to chart a different course as proven by Malaysia and later countries in South America emerged. We are poised on a historic moment in which the Washington consensus is at its weakest. What measures are required at the domestic and international level to exploit this situation?

### **Ideological hegemony**

In the realm of ideas we have been bombarded by several messages that are beginning to define consensus among the elites in this country. The first one supported by most political parties, business and mainstream media is that macro-stabilisation is not only necessary but must be a permanent feature of economic policy. Anyone who questions this notion and points to its self-destructive tendencies is attacked as being out of step and is labelled populist.

The notion of 'a rigid labour market' is gaining currency and the elite is united in attacking workers' rights and unions. Unions are painted as a destructive force that strikes at the slightest provocation and that disturb harmony. This is a troubling

development and displays an arrogant indifference to the plight of the exploited and the poor.

It is also disturbing to note that the black elite has quickly bought into neo-liberalism, despite the fact that this ideology and its application in South Africa is to the detriment of the poor. The current path is not even leading to the changes in ownership patterns and in reality the new BEE tycoons remain in the margins of the white dominated economy. But the mere promise of access makes them loyal to the status quo.

The principles of solidarity that defined the liberation movement are under threat by crass materialism and conspicuous consumerism that now define the new black elite. This stratum has become indifferent to the plight of the poor.

Community solidarity has also been undermined by neo-liberalism as the cost of social reproduction is displaced onto households. Commodification of basic needs is creating a situation of people not willing to share because the cost of living has become high. Anecdotal evidence point to weakening solidarity among residents in areas where prepaid meters have been installed. People are less willing to share for fear that their services would be terminated if they over consume water, electricity, and so forth. Are we therefore not witnessing the imposition of capitalist values displacing African people notions of Ubuntu-Botho and working class principle of solidarity?

### **State of the democratic movement**

The liberation struggle produced the most organised liberation movement led by the Tripartite Alliance. Apart from the ANC, SACP and COSATU a broad range of movements emerged ranging from community organisations, faith-based organisations, youth and student movement, and so forth. This movement was united in the struggle against apartheid and has produced thousands of cadres and leaders that play diverse roles in our new democracy. In this section we analyse the effects of democracy on the democratic movement and highlights key developments affecting the broad movement and focus more attention on the Tripartite Alliance, ANC, COSATU the SACP and broader democratic movement. The biggest change after the ANC assumed political office was the mass demobilisation and fragmentation of the mass democratic movement.

This is linked with a disjuncture between the state and social power, resulting in the masses reduced to spectators of an unfolding transformation process. There is no real popular participation in democracy. Mass mobilisation seems to be relegated to periods of celebrations and elections. The ANC is virtually absent in, and lacks a strategy for, mass mobilisation. Its branches hardly mobilise communities around their grievances opening space for issue-based social movements to occupy.

Hence it was unable to handle and respond to mass protests before the elections, including protest that arose from the demarcation process in Khutsong and elsewhere. The Alliance attempt at mass mobilisation during the World Summit on Sustainable Development was very poor. Equally the attempts to mobilise solidarity for Palestine and Cuba and for peace during the invasion of Iraqi did not resemble the movement that mastered mass mobilisation a few years ago.

The Alliance has been systematically marginalised from policy process and has to compete with other 'stakeholders' to voice its concerns. Some of the traditional formations of the mass democratic movement like civics, the student and youth movement are relatively weak. The Imbizos, important as they are in terms of getting the leadership to know community burning issues, are more like a business executive

meeting its clients. Masses raise their concerns and leaders will decide what to take forward.

Nature does not allow a vacuum and re-mobilisation took place outside the Alliance. New social movements emerged to contest the neo-liberal ideology as the effects of privatisation and commodification of basic services was beginning to be felt in our communities. COSATU has itself led many campaigns including the Jobs and Poverty Campaign, the Basic Income Grant and the People's Budget. Some of the social movement have been antagonistic toward the Alliance and COSATU has found it difficult to work with them. If a popular movement for transformation is to be built then what is the role of the social movements and how should the Alliance relate to them? How should this movement relate to the ANC government?

### **The ANC**

The ANC for 94 years has mobilised and united our people behind a demand for a united, democratic, non sexist and prosperous South Africa. It transformed itself from an organisation of conservative chiefs and intellectuals to a mass working-class-led movement that analysed society contradictions from the class perspective. Until today, any larger gathering of the ANC, in particular its policy conferences, NGC and National Conference, emerged with progressive policies with very few exceptions. The key problem as we point out in the state section has been the inability to enforce and monitor compliance with the ANC policies.

The ANC itself has been affected by ascendancy to political office in several ways.

First, it operates more as an adjunct to, rather than a driver of, the state. This is a function of the uneven translation of ANC policies into government policies and policy being generated in the state and not vice versa. In these circumstances, the ANC is seen by others as a ladder to power and resources, sparking intense contest for positions and control of organisational structures.

Second, internal democracy is constantly being undermined as resolutions of the democratic process are openly undermined or not implemented. This is combined with fears of systematic sidelining of comrades and state institutions being used in a factional fashion. The ANC has a strong legacy of robust internal debate. However, there is a tendency to be intolerant of views that are not part of the official view (particularly from government).

To that end, we have seen the spectre of the whole movement being set on a witch-hunt against counter-revolutionaries and ultra-lefts based on trumped up charges. If this situation continues unchallenged, it will lead to a culture of yes-men and women in the democratic movement that Nelson Mandela warned about in his speech as the outgoing President of the ANC. The mobilisation around the Jacob Zuma matter and the NGC grass-roots rebellion symbolises a growing rejection of the manner in which the movement is managed that result in restriction of internal democratic space.

Third, the ANC is not immune from the class formation taking place in society. Many leaders' social status has changed. Most of the NEC members have direct and family links to business and their lifestyles have evolved dramatically. Under these circumstances, it is not surprising to hear views that justify rampant wealth accumulation on the grounds that "we did not struggle to be poor". This promotes the values of acquisition and conspicuous consumption and can actually promote corruption and subordinate the organisation to individual agendas.

All of the above also implies an implicit ideological shift in the ANC. ANC resolutions and policies subscribe to a form of radical social transformation but the dominant discourse in the past few years has veered to the “**centre left.**” This is combined with attempts to further centralise power at the top under the guise of “modernisation.” Modernisation is justified by the need to deal with problematic developments in the movement and to clarify certain grey areas.

It is not driven from the notion to open more space for mass participation in policy development and for the movement to retain its vibrancy and culture of robust debates which if not re-cultivated will lead to the death of the ANC. It aims to reinforce technocratic process and to further consolidate the power of the leadership.

Some of the proposals, rightly rejected by the NGC, would have the effect of further muzzling the democratic space and fragment the movement, for instance the proposal to give the NWC more power and to create special branches, for example for professionals and business people.

A disturbing culture is also developing. Leadership hardly respects the decisions of the majority. The NGC rejected the modernisation proposal yet a new paper has surfaced raising almost the same issues under a new guise and with different motivation. Some argue that the “Native Club” and the “Business Forum” are all attempts to circumvent the decisions of the NGC.

The use of the media in factional squabbles has become entrenched. The ANC hardly discusses any matter confidentially without factions leaking and twisting facts in the media as part of pursuing their agenda.

There is also a growing culture to deliberately misrepresent the decisions of the ANC in public. Recently the ANC had to issue a statement to correct a huge sophisticated campaign to use the media to impose a decision that was never taken. The national chairperson of the ANC and others speaking on conditions of anonymity claimed that a decision was taken that Jacob Zuma should answer certain statement he made during his trial. This was not happening for the first time and is certainly not an isolated incident.

As we approach the ANC policy and national conference it is important for COSATU and SACP to define what type of ANC they would like to relate to. If the cumulative impact of the last 12 years is an ANC that has shifted to the “centre left” despite its progressive national conference resolutions, how does this sit with COSATU and SACP belief in radical transformation and socialism? In this context, what measures should be adopted to win back the ANC to its radical transformation stance? If this fails, what should be the working class counter strategy?

Seen in a historical context, the ANC has gone through various phases influenced by internal and external developments and shifts in the balance of forces. Roughly these phases can be divided into the following:

- 1912-1949: formation of the movement and struggles for civil liberties for African people. During this period the ANC was guided by a less progressive African nationalism and was anti-communist.
- 1949-1994: the formation of the ANC Youth League introduced a new element of mass activism in the ANC’s politics. Even though hostility to communism remained for a while, the ANC was beginning to collaborate with other organisations under the banner of the Congress Alliance. It was during this period that the ANC adopted a more radical African nationalism that understood the linkage between class and

national oppression. The ANC was more and more using Marxist tools of analysis to analyse the South African situation and to shape its strategic response. The highpoint was the adoption of the Freedom Charter and the Morogoro Strategic Perspective that was to guide the movement for over 30 years.

- 1994-to present: This was the period wherein new elements of the strategic perspective were being articulated as manifested in the strategic perspective tabled at the Congress. This was the insertion of the patriotic/black bourgeoisie as a motive force. It was during this period when others began to argue openly that the ANC never sought to introduce socialism but a market economy. We were told that the National Democratic Revolution can only give birth to capitalism and that the challenge now is for private accumulation as the precondition for the creation of socialism, which may take more than 100 years to achieve, suggesting that the struggle for socialism must be suspended for 100 years.

It was during this period that Marxist rhetoric was deployed to hoodwink the masses to accept neo-liberalism. The drivers of this path formed a devastating alliance with the mainstream media to impose neo-liberal formulae to address our economic and social challenges. As we have said, those who resisted would be labelled dangerous populists, ultra-left and even counter-revolutionaries. The SACP would be told that it “is not the party of Moses Kotane” and that it is not giving a proper political guide to COSATU. On occasions it would be told that it is tailing COSATU instead of playing leadership and vanguard role.

Yet despite this sophisticated strategy to drive a new centre left project, the ANC as we have argued earlier remains progressive in particular when space is open for mass participation. No ANC National Conference, NGC, or Policy Conference has ever taken a position openly hostile to the working class. That’s not possible because people gathering in these structures are the working class themselves. The same cannot be said of the NWC and other smaller technical committees.

The question is whether on balance and despite its working class base the ANC has shifted towards articulating the class interest of the black bourgeoisie or is this still highly contested. Has development congealed to a point where we can declare an ideological shift in the ANC?

### **The SACP**

The SACP has released a political paper which provides a succinct account of its history and strategic perspectives and the point is not to repeat that here or to respond to all the issues.

The SACP has played an important role in sharpening the strategic perspective of our struggle and placing socialism on the national agenda. It remains a trusted ally in struggles against capital and the neo-liberal agenda. The Communist Party invested materially to build the ANC over many years, and many of its members played an active role in all dimensions of the liberation struggle. The democratic trade union movement would have not grown to the current levels had it not the role played by communists. Society owes a huge but unacknowledged debt to the SACP for its contribution including material support to the ANC during the darkest periods of our country.

The SACP has not been immune to the weaknesses facing other components of the Tripartite Alliance. At the beginning of the new era the SACP was at sea. It did not know what role it should play and how it should relate to the reality of its historic ally being in government with some of the state institutions led by its leaders articulating policies

contrary to those of the SACP. It zigzagged from shouting empty socialist rhetoric without linking it to material conditions facing the working class to uncritical support of the government policies. In fact the SACP's first reaction to GEAR was to embrace it.

Faced with the contradiction between uncritical support of the ANC government and its socialist ideals, the SACP repositioned itself in the late 1990s and throughout the past six years. Through its Red October campaigns it launched a number of mass campaigns around many challenges facing the working class.

The most successful of these campaigns was the demand for the transformation of the banks. In this process the party was forced to work with and lead coalitions that reconnected it to the social movements and nongovernmental organisations. The SACP sometimes found itself invited as part of the civil society constituency of NEDLAC.

But the SACP is no social movement; it is not an NGO. It is the vanguard of the working class and a political formation committed to its long term goal of creating a socialist South Africa. The paper recently released by the SACP is a welcome contribution to clarify the role of a vanguard in the context of the complex political transition we are having.

The SACP moved from being a docile party following the death of its General Secretary in 1993 to an engaging and mobilising SACP from the mid 1990s.

During this period a large pool of young cadres was created to lead the SACP. The SACP has not escaped some of the challenges articulated in more detail in the section on COSATU. With the SACP one of the turns it took is creation of a new breed of business communists. We must hurry to add that most of the SACP just like the other components of the Tripartite Alliance are honest men and women of integrity committed to the ideals that the SACP stands for. But this phenomenon of business communists cannot go unchallenged. It is the most dangerous turn of events! It is completely unrealistic for anyone, no matter how he/she masters the game of double standards, to serve two masters - the poor which is marginalised by the system of capitalism, and the wealthy who can only explain their wealth from the poverty of the poor.

This grouping in the SACP confuses young cadres with empty Marxist rhetoric and praises the SACP of Moses Kotane, which it uses as code for an SACP that would tolerate its business interests and to discipline the working class to be docile conveyor belts. This grouping want a SACP that would tolerate the culture of consumerism and that would explain to the masses why leaders must be so wealthy in the midst of the suffering of the masses and why fundamental transformation is not possible.

It is encouraging that the SACP is grappling with its legacy around its relations to the ANC and the demands of the struggle to build socialism in the current era. Its discussion document raises sharply the question about our understanding of the link between socialism and the National Democratic Revolution, and the role of the democratic movement. We here attempt a response to some of the issues that the Party has raised.

First, we concur that for many years there was a shared perspective that the National Democratic Revolution is the shortest route to socialism. This shared perspective became dominant in the 1950s and was crystallised in the Freedom Charter, the SACP 1961 Programme and the ANC 1969 Morogoro Strategic Perspective. This agreement defined the relationship between the SACP and the ANC and guided the liberation movement thereafter. We must recall that the relationship between communists and nationalist has come a long way and was forged through years of struggle. The convergence between the SACP and ANC in the 1950s also marked a qualitative shift in

nationalist politics from the narrow Africanism to radical nationalism that linked national, class and gender oppression.

Second, we support most of the Party's characterisation of the post-1994 era, including its characterisation of the state and the democratic movement. It raises important questions which echo a number of positions taken by COSATU that require discussion in the movement as a whole.

Third, we welcome the discussion about the working class and power and how that should be shaped to build the momentum for socialism. These are no small issues. But they must be confronted fully through a democratic debate involving every member of our movement so that the end product is owned by all of us.

### **COSATU and democracy**

COSATU through the creation of the September Commission at the dawn of democracy and the Organisational Review processes of the past five years has prepared well for democracy. It has adapted fairly well to the democratic dispensation but faces new challenges. It retains its vision of transformative unionism and has played an active role to shape the democratic dispensation. It also retains a high degree of militancy which it has deployed against employers and elements of state policy.

More important, despite new challenges articulated below, COSATU is perhaps the most united mass formation today. It retains a high degree of organisational and political cohesion. It has also retained its culture of robust internal debates and remains vibrant. It also remains independent from the undue influence of capital and the state.

COSATU has also proven to be far sighted and at strategic moments has grasped the opportunity to sharpen its perspective on the current challenges. It has used a combination of strategies to represent the interest of its members, including mass mobilisation, engagement in parliament and NEDLAC, as well as international solidarity.

In a nutshell, COSATU has defied the sceptic's predictions. Those criticising COSATU from its left had predicted that COSATU would become a conveyor belt of the ANC government whose role would change from championing the interests of workers and the poor to explaining the constraints facing government. The rightwing had thought they would use some workers' legitimate demands to fracture the ANC and the democratic movement in a manner that would eventually split the Alliance, fragment the democratic movement and eventually defeat the revolution. This has not happened.

COSATU has however attracted criticism from both from its right and the left for its active role in our society. The right wing is in principle opposed to unions, seeing them as distorting the free operation of the market by making the labour market 'rigid'. It is from this principled stance that the right lament the strength of the labour movement.

Right-wing elements within the alliance are uncomfortable with COSATU's public role. Some go as far as claiming that it is reckless and has a penchant for going public on issues that should be resolved internally, yet they are the leading force in terms of closing that internal space by refusing to subject policy to internal Alliance process.

A campaign to blackmail COSATU to be a narrow workplace organisation also failed. Equal failure met attempts to label every political statement as a sign that COSATU was positioning itself to be a homebrew version of the MDC or the Zambian unions' political role.

From its left COSATU has been accused of being too close to the Alliance and for subordinating workers to the Alliance. As such, COSATU is accused of being a 'disciplining force' curtailing rather than aiding workers' independent action. Even in instances where it mobilises workers, this is seen as a cynical ploy to switch workers on and off. These force argued that instead of these 'periodic strikes', COSATU should call for a permanent strike and storm the Bastille. To those on the left of COSATU, the Alliance is an evil that must be broken.

Independent surveys of COSATU members in 1994, 1998 and 2004 have confirmed that the overwhelming majority of COSATU members support COSATU's approach of strategic engagement from within the Alliance.

These issues should be debated by members. The question is not so much whether the criticisms are correct, but rather what should be COSATU's role in a democratic dispensation?

Having said this we should turn attention to some of the glaring weaknesses of the organisation. First is the inability to break the two million membership mark set as a target in the Eighth National Congress in 2003. Second is the failure to ensure broader trade union unity. The creation of CONSAWU and now a unity process involving NACTU, FEDUSA and CONSAWU is an indictment of COSATU and the democratic movement as a whole.

Linked is a freighting culture that has developed where leaders take decisions with much ease at the CEC and National Congress then fail or sometimes even refuse to implement them. There are countless examples that the secretariat report to the congress will give to demonstrate this. This threatens to destroy organisational cohesion and reduce the federation into a debating society. In this scenario the debating society's decisions are ignored by the very same members who took them and the society has no mechanisms to enforce its decisions.

COSATU recorded phenomenal growth in the 1990s, but it seems to have reached a plateau. Even though at the Ninth National Congress we will report that we are now again seeing growth in the overall membership, growth remains slow and far from the target set it the recruitment campaign. Obviously job losses have played a decisive role, but the scope for growth is big as a large proportion of the work force is not unionised. The recruitment campaign that forms a corner-stone of the 2015 programme was not taken seriously by most affiliates.

COSATU and its affiliates are failing to effectively organise atypical workers and to make large enough inroads into sections of the unorganised and vulnerable. Organising atypical workers poses a challenge to unions internationally. It must be pointed out that COSATU unions are trying to grapple with these issues but on aggregate the movement is not succeeding.

This means in effect that COSATU has not succeeded to unify the working class behind the 2015 Plan. Internally we have failed to consolidate our strength because of the failure to form strong cartels and merge unions as envisaged by the previous congresses and 2015 programme.

This situation is dangerous and may prove to be the soft underbelly of COSATU. If COSATU represents a shrinking pool of workers with permanent jobs surrounded by a sea of poorly paid and temporary workers, it will be vulnerable to attacks by employers and conservatives. The gains it makes for its members will be eroded.

A clarion call to organise all workers, particularly workers who face brutal exploitation, must be issued and answered. Otherwise the movement will shrink and eventually perish. COSATU is facing many rivals including from the right who may exploit these failures.

The flipside of the above is that the movement is not adequately recruiting and representing young and women workers, who are predominantly in precarious jobs. Even where women workers are active in the movement, their issues are not systematically taken forward and are subsumed under other preoccupations of the movement. Estimates suggest that women constitute almost half of COSATU's membership, but are grossly under-represented in the agenda and leadership structures of the Federation.

COSATU has also retreated from the workplace as a site of contestation and mass activism. In the 1980s COSATU successfully began to challenge the prerogative of management, but bosses have begun to recapture this space post-1994. An unintended consequence of focusing on macro issues may be the abandonment of the work place. Outside of wage struggles, there is no coherent strategy to challenge management prerogatives and to democratise the workplace. COSATU has rejected the workplace forums but has not necessarily used other strategies to challenge 'management prerogative'. Workers have been reduced to spectators and a reserve army waiting for mobilisation. In this regard, we expose our members to harassment by employers. It is time to fashion a comprehensive strategy for the workplace.

We are not suggesting a romanticised approach to the 1980s, but rather want to underline internal weakness in defining an agenda for the workplace. Indeed, the workplace is our source of power and the basic school of trade union activism. Shop floor activism is not only important to change capital at the site of production it is also a source of organisational renewal and leadership development. Current leaders were moulded in the fierce battles that took place in the 1970s and '80s. Where will the next crop come from if shop floor activism is declining?

Unions have also failed to assert themselves relative to their investment companies. Outside of few exceptions, union investment companies are a law unto themselves. They are also not pursuing the strategic aims to transform the economy as espoused in the Central Committee. Governance of these companies in some cases leaves a lot to be desired. If we fail, to assert control over these assets, we will live to regret this. Signs are showing that union investment are beginning to sow divisions within the organisation – which tells you what happens when an initiative detracts from its original aims and when there is poor worker control.

Directly linked to this is the challenge to maintain COSATU as the vibrant and dynamic organisation of workers independent from the employers and political parties manipulation. The unity of COSATU has come under strain on a number of occasions in the recent past. At the Third Central Committee held in August 2005, we spent considerable time to confront this challenge. We warned that union movement with close relations with political formations hardly escapes the impact of divisions within those political formations.

This is linked to naked attempts to lobby and recruit individual leaders by some in the liberation movement to be their shop stewards in COSATU. This has on occasions undermined our cohesion. COSATU CEC itself leaks almost like the ANC's NEC. Increasingly it is becoming difficult to have a sensitive leadership debate without it

appearing in the *Mail and Guardian* and other newspapers. Even at a very high level, this situation pertains.

This is a new and dangerous culture that is informed by charlatanism and dishonesty that has taken hold. Clearly some leaders have no guts to articulate their personal opinions within the structures for a range of reasons including that their opinions are not consistent with the positions of the constituencies they represent in the constitutional structures. They use the media to dissociate themselves from decisions of the federation and present themselves as the rational group in an organisation presented by the media and the conservatives as a madhouse.

There is a phenomenon that we must also openly confront. The culture of leaking information basically undermines confidence leaders should have on one another. It kills trust and leads to witch hunts. Eventually it will kill internal democracy as leadership feel justified in failing to report finer details to the constituency in fear that the charlatans would then leak the information and embarrass the organisation.

Unlike the established European and American trade union movement, COSATU is relatively a very young movement led by young activists who cut their teeth in the resistance movement of the 1980s and 1990s. We have developed a culture that leadership does not stay in their position for too long. Many of the leaders do not see serving trade unions as a life time commitment. This is a big strength of our federation. Our dynamism and innovative thinking is drawn from this culture. But it may also be a major weakness. This approach places leadership under pressure to make sure that they do not rock the boat since they are interested in pursuing careers in politics or business. The combination of individual lobbying of trade union leaders by elements within the liberation movement and even capital combined with the rampant culture of careerism and consumerism is proving to be a threat to the unity and cohesion of COSATU. We have seen the effects of this throughout the transition.

Linked to the above paragraph, the syndrome of some leaders negotiating with their CVs under their armpits must be confronted before it is too late. In this case positions in the unions are used to cultivate chances to advance personal careers in both government and in the private sector. Positions are held not to serve but to act as the instrument to distribute patronage to factions within the movement. This happens more so as leaders sit in interviewing panels or influencing employment practises of government and private firms. Nepotism and downright corruption on occasions are reported, leading to huge divisions.

In this situation a leadership with eyes on the horizon, and looking for opportunities after serving their terms, begins to be inconsistent in its articulation of the trade union movement's positions, blowing hot and cold.

At a strategic level COSATU has focused its energies, correctly, on the state. The downside of this approach is that capital has been left relatively unscathed. COSATU has sought to use the might of the state to discipline capital but never developed a Plan B in case the strategy failed.

COSATU is also not immune to the changes taking place in our society. The Organisational Review Report and other independent surveys provide a comprehensive analysis and the aim is not to repeat it here. It is however important to highlight some of the key features:

- *The membership profile is changing:* COSATU seems to be representing mostly workers in permanent occupations; older than 35 years; predominantly African

males; growing number of semi-skilled and skilled; and more and more in the public sector.

- *The membership is largely new with little organisational memory.* The SWOP survey conducted in 2004 revealed 80% of current COSATU members joined after its creation in 1985. Further 35% joined the federation after 1991 and 13% joined over the past two years. This means only 20% have the pre 1985 experience and even lesser number were part of the great revival of the democratic movement sparked by the 1973 Durban strikes.
- *The education levels of COSATU members have improved.* The same SWOP survey indicates that 64% have matric and forms of formal education qualifications. Some 7% of COSATU members have a university degree, a further 13% have a technikon diploma, 38% have matric and 6% have post school qualification. This means COSATU membership on average has a better education level than the average working class.
- *Class formation:* Many former leaders and members have moved up the social hierarchy into middle class positions. In this context, the movement can be used as a ladder if new members perceive it to be the route to gain promotion in the work place or deployment to senior political positions.
- *COSATU as site of contestation:* Like all the formations of the democratic movement and because of its role COSATU is highly contested. Employers and capital wish to soften its militant stance and use a variety of instruments to that end. Service providers see COSATU as a lever to gain contracts like medical aids and other workers benefits. The state also has a stake in shaping and moulding COSATU to pursue its interests. Others in the democratic movement want to limit COSATU's role to the work place.

These issues require further study as reliable information is still sparse. It is for this reason that Congress will discuss a report on the state of COSATU, which hopefully will surface some of these issues.

### **The Tripartite Alliance**

The biggest improvement in the operation of the Alliance has been its consistency in convening meetings of the Alliance Secretariat. The benefit of this is that we have learnt to understand the internal intricacies of each component leading to better management of internal and public debates. Were it not for the role played by the Alliance Secretariat, the divisions and the public debates more so around the Jacob Zuma matter would have been more divisive and would have created a split within each component of the Alliance.

Beyond that little has changed since the last COSATU National Congress. Whilst the Ekurhuleni 2 Summit declaration was a refreshingly progressive policy statement, its resolutions were largely not carried forward. After all most of them require a state action where there is no alliance but government. This failure to translate Alliance consensus to be the government programmes remain the main frustration.

Outside the national and local government elections mobilisation, no campaigns are jointly driven by the Alliance. Even in areas where we all have mutually reinforcing policy positions such as support for people of Palestine, Cuba and for development of the African continent and support of peace efforts the Alliance has not be a centre for coordination. In reality mass action are driven by COSATU or the SACP that support one

another. For some reason, the ANC have developed a frightening culture to shy away from mass mobilisation. Even on areas that it fully agrees with such the land campaign it has hardly come to the party.

SANCO has been invited to all activities and meetings of the Alliance. The Ekurhuleni 2 agreed that SANCO will form part of the Alliance. COSATU has not taken this position officially that there is no more a Tripartite Alliance but just an Alliance which involves SANCO. What is the view of the COSATU on this?

In a nutshell, the Alliance remain marginalised and not on a driving seat of transformation.

### **Lessons from post colonial societies**

Each society's experience is a unique historical process that must be analysed and explained as such. Nevertheless, a comparative study can be extremely valuable. This can help us ask fruitful questions about present and possible future trajectories, and to recognise similarities and differences and to appreciate the process under examination. In addition, social change does not follow prescribed laws of nature and we should not infer from the analysis that these developments are inevitable. We hereby offer general observations drawn from divergent experiences and in future it may be worthwhile to conduct a thorough analysis. This is also not an exhaustive list of lessons.

### **Transformation of Political Movements**

As if by some law of nature, political movements tend to change character at the point where they assume political office. The first such change, which in some cases happens over time, is the conversion of the liberation movement into a political party. In this situation the broad liberation movement tends to fragment into different constituent elements and certain new elements come to play a dominant role.

This is accompanied by mass demobilisation of the revolutionary forces. The masses role as agents of change is transformed and masses become spectators that are called upon during national elections and to celebrate national days. (See Fanon). Former revolutionaries are preoccupied with survival as individuals and tend to focus less on common project for change. In this situation the Party become dependent on the state machinery and less on its mass base. The Sandinistas lost the elections not only because the masses were war-weary but also because for long periods after the victory of the revolution the mass base was demobilised. Of course there are examples that paint a different picture including the Cuban experience.

Another tendency was to blur the distinction between the State and the Party. While it is necessary to deploy a trusted cadreship into the state machinery, often this is done at the expense of the party. Under these circumstances the party becomes the ladder for economic opportunities and the line is determined increasingly in state institutions rather than party structures. Under these circumstances state institutions are used to settle political scores in the party and patronage deployed to weaken internal vibrancy of a movement. Further, factionalism rears its ugly head as people contest to control the organisation.

### **Decolonising the Economy**

There are two options available to de-colonise the economy: either by opening space for participation by the formerly oppressed groups in the current structure or by changing the colonial structure of the economy. Many African societies and India have opted for the route of fostering a local bourgeoisie through creating opportunities for the

historically disadvantaged groups into the colonial economy. (See Williams 1977) The development of a national bourgeoisie is either depended on the state or foreign capital. The dependent character of the bourgeoisie restricts them to competing among themselves for the limited resources available within a neo-colonial political economy.

Unlike East Asian societies like South Korea, societies that failed to transform the colonial economy continue to face massive income inequalities and poverty. This has been worsened by commodity dependency and failure to diversify their economies. Zimbabwe's economic crisis is partly explained by the failure to fully diversify the economy and continued reliance on export of raw materials. When prices for these commodities were high, the state could afford to finance their human development programme but faced a crisis when the situation turned around. Hence there was a dramatic increase in public debt to sustain the development programme. Structural adjustment programmes worsen this situation and actually reverse some of the human development achievements of many of the post colonial societies in Africa.

In these circumstances extreme poverty coexists with wealth and new strata of owners emerge to replace the departing colonial masters. The model will tick along for as long as opportunities to amass wealth exist and a layer of consumers absorb some of the products that are in place. India is a classic example of such a model.

The net effect of all these lessons is well captured by this quote from Gorbachev cited in the recent African Communist:

“Government and the Party Leadership gradually became alienated from the ordinary working people; they formed elite that ignored the opinions and needs of ordinary people. From the side of the leadership, came the propaganda of success, notions of everything going according to plan, while on the side of the working people there was passivity and disbelief in the slogans being proclaimed ... the leadership organised pompous campaigns and the celebration of numerous anniversaries. Political life became a move from one anniversary celebration to another.”

The leadership also becomes intolerant of criticism and masks failure by promoting conspiracies of imperialist plots to subvert the revolution and encourage a general siege mentality. Anyone who dare criticise the leadership is labelled a counter-revolutionary and their integrity questioned.

Paranoia and use of state agents to cook thick conspiracy theories and plots becomes the order to the day. As this is happening liberal institutions run a huge onslaught to impose a neo liberal hegemony praising the 'pragmatist' and bold leadership whilst condemning those pointing to alternative development path as naïve and dangerous populists. Their opinion polls get run every second month from the bourgeoisie's institutions to inform the masses trapped in poverty and unemployment that the majority of them are very happy. This is what happened in Zimbabwe.

### **Changing balance of power and possibilities for change**

#### **Summary of post-apartheid social order and implications for COSATU**

In summary, we have pointed out that South Africa has changed in the last twelve years of our democracy. Institutionalised racism has been replaced by a democratic order governed by a progressive Constitution. The ANC has assumed political office and now controls the national government, and the majority of local provincial administrations. It

remains a popular movement among our people, in particular amongst the working class, as proven by the recent municipal elections and the 2004 general elections.

Workers have gained substantially from democracy in the form of an open political system, new rights at work; and from extension of basic services and social grants. Workers are now free to form and belong to trade unions and their basic rights are protected in labour laws.

Yet, even with these changes the conditions of the working class is in some cases deteriorating. Capital has found new ways of extracting cheap labour by bypassing labour laws through sub-contracting and increasing reliance on contract labour. Workers' share in the national income has dropped simultaneously as the share of profits has risen. Unemployment remains stubbornly high and the quality of jobs has dropped. Modest improvements brought about by the democratic government have not reduced poverty levels and inequality and South Africa remains one of the most unequal societies in this world. An opportunity for upward mobility and to amass wealth coexists with mass poverty meaning the gulf between the rich and poor is widening.

It is for this reason that COSATU and the SACP argues that in economic terms capital has gained more from democracy. We explain this situation by analysing changes in the structure of capital and changing nature of the state. Principally, we argue that the adoption of neo-liberalism in South Africa is a product of intense lobbying by capital in as much as it was the product of changed global realities. Within the democratic movement, there are those who believe that there was no alternative but to pursue the GEAR. Views on this matter are divergent as one group believes this was a detour brought about by dramatic changes in global realities. Another group argue that there is an unbreakable line from the Freedom Charter, RDP to GEAR. All these groups however, share the view that we are better off today because of GEAR and therefore are in a better position to pursue our goals more vigorously.

Obviously, COSATU adopted a different view supported by the SACP and other mass formations, including a significant current of thought in the ANC. The starting point was that the balance of forces did not dictate that altogether the movement must succumb, completely. That it was possible even within the international balance of forces to drive an alternative development and macro-economic strategy. This does not suggests that it was possible to completely resolve the national, class and gender contradictions. Choices were available that were ignored and the leadership of the government doggedly pursued one option.

We also highlighted some of the developments that impact on the democratic movement. The broader ANC led alliance and mass democratic movement has undergone change. The biggest of these changes is fragmentation and demobilisation. Outside of elections campaigns and ceremonies to mark the national days, there is no alliance programme for mass mobilisation. Events like Imbizo welcome as they are do not constitute the type of mass programme that will keep the entire movement active.

### **Shifts in Balance of Forces**

New developments on the international and domestic front give us hope that a new world is indeed possible. We give a rough sketch of some of these developments.

First, is the ideological crisis of neo-liberalism and the "crisis of capitalism" and its failure to resolve fundament problems of humanity. Neo-liberalism has been discredited and has suffered major setbacks in the aftermath of the 1997 financial crisis. The World Bank and IMF have been forced to modify their approach to incorporate some of the

criticisms against their policies. Globalisation, contrary to the prediction of its sponsors has widened the gap between rich and the poor within and between countries.

Unlike the early 1990s neo-liberalism is not only under attack we have also witnessed increased mobilisation across the globe whether against the war or WTO. Developing countries have also begun to flex their muscles and challenge the agenda of developed countries in the WTO. The most exciting development is the installation of progressive left governments in Latin America – Brazil, Bolivia, Chile, Venezuela to mention a few. Imperialism is being challenged in its backyard and what is encouraging is that these governments especially in Bolivia and Venezuela are wresting control of their natural resources to use for the benefit of their people.

A new form of internationalism may be emerging in the form of the World Social Forum, which has the potential to unify divergent perspectives towards a set of objectives. The international trade union movement is on the verge of unity and the challenge is to ensure that unity is not restricted to merging the organisation.

In the South African context the failure of market led economic strategy saw an important shift in government policy. The elements of the shift include a slight relaxation in fiscal conservatism coupled with increased investment by the state. After denying the role of the state in employment creation, government has now set a target to half unemployment and poverty by 2014. More importantly, these shifts happened against the backdrop of a very successful election campaign in 2004 that was characterised by dynamic contact with the people and high level of cohesion and unity in the alliance.

The changes we are seeing are not automatic but results from mass pressure against the failed neo-liberal policies. In the South African context, COSATU led a mass mobilisation for job creation and poverty eradication which attracted communists, ordinary people, and other movements. The SACP mobilisation and campaign against the banks also played an important role in tilting the balance of forces. Mobilisation by social movements and spontaneous protest by our people all formed part of a wave of social protest against neo-liberalism.

Of course, the changes brought about by this mass mobilisation are still tentative and subject to contestation, and may actually be reversed. It is in this context, that we should consolidate and deepen these shifts but more importantly ensure that they make a material difference in the lives of our people.

### **Strategic Options for COSATU**

The political tasks facing us are outlined in our 2015 Plan to build working class power through quality jobs and building a strong organisation. COSATU also declared that the new decade should belong to the working class. We are now two years into the second decade and the analysis above show that many challenges remain. Based on the analysis above the question to pose is whether the working class have lost altogether to necessitate a change of direction. To facilitate a discussion we here sketch the scenarios:

<b>Scenario 1:</b>	Continue without change i.e. the current situation continues and ignores the 2015 programme or pretend that the historic Eight National Congress did not take place. In this scenario we will continue with no consensus within the Alliance on what interventions are required to change the accumulation regime. Alliance is marginalised from driving
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	the agenda for change and its role restricted to mobilisation during the election. Substantially, there is no alliance as conceived by COSATU and we continue to zigzag from one political crisis to the other.
<b>Scenario 2:</b>	In this scenario we change the COSATU leadership mindset and abandon the largely laissez-faire attitude. We vigorously drive the 2015 programme and indeed build the working class power. In this scenario COSATU membership grows to four million inline with recruitment policy framework and creates a conscious and politicised proletariat out of these ordinary workers. These trained cadres swell the ranks of the ANC and redirect it into the framework of the 1969 Morogoro conference's strategy and tactics. In this scenario the ANC led by working class at all levels is not hostile to socialism and manages internal contradictions of the broad church towards fundamental transformation of society as envisaged in the Freedom Charter and Morogoro.
<b>Scenario 3:</b>	Introduce some change: this may entail signing an enforceable Pact within the alliance. The Pact will stipulate how the alliance should operate and the development agenda that should guide government. The working class also begin to contest power in the manner that the SACP is beginning to propose.
<b>Scenario 4:</b>	Walk out of the Alliance and call on the SACP to contest political power or start a new working class Party that would unite labour, SACP, social movements, civil society formations and the leftwing political formations committed to the radical transformation and socialism. Under this scenario COSATU acts with others to challenge the ANC in power directly.
<b>Scenario 5:</b>	The alliance disintegrates with no clear direction. Under this scenario the ANC stops being a broad church but is hijacked to drive a narrow bourgeoisie's class agenda whilst purging those calling for fundamental change. COSATU and the SACP splits in the middle along ideological lines and loyalty to personalities in the ANC.

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