

International competitiveness

and the democratic development of capacities

Competitiveness as ideology

"Competitiveness" is more than a constraint facing those fighting for change. It is a powerful ideology.

During the first three decades after the second world war, capitalism in the developed countries reinforced its legitimacy by providing most of its citizens with steadily increasing living standards, a measure of security including the expectation that the next generation – our sons and daughters – would be better off, and a trend towards greater equality by way of social programmes and social services (the social wage).

This "social contract" (they deliver materially to us in exchange for our acceptance of their economic domination) changed radically over the following two decades. What was previously a common understanding of success was redefined as "barriers to progress". Rising wages, we were now told, were inflationary; security undermined workers' openness to workplace flexibility, equality damaged incentives. It is in this context – where the fruits of prosperity are (for workers) postponed to an indefinite future and restraint/concessions are demanded in the here and now – that "competitiveness" emerges as the ideology of the new era of capitalism.

What characterises competitiveness as an ideology is that it presents the development of the productive forces as having only one possible channel: the strengthening of the capitalist class and of individual companies.

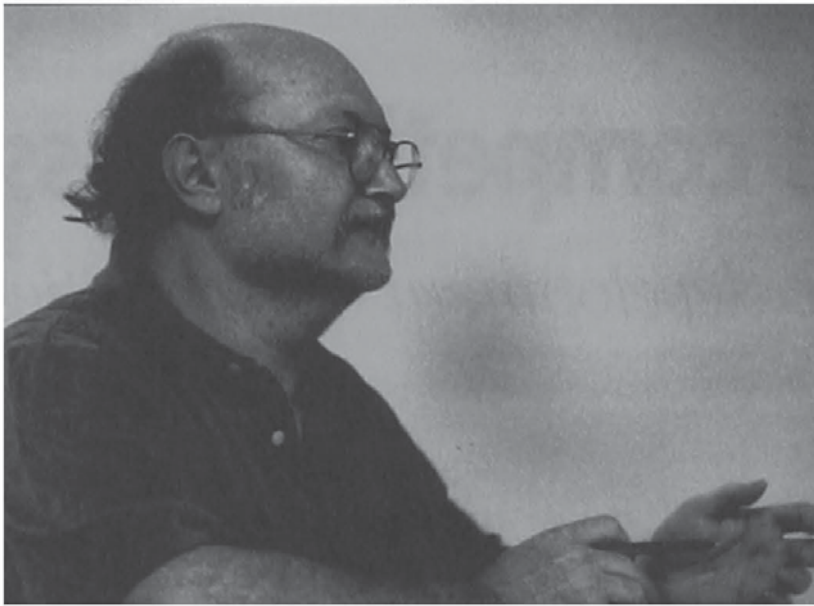
South Africa's integration into the world economy has heightened debate around "international competitiveness". Sam Gindin outlines the dangers of this ideology for labour and presents an alternative vision.

What makes it so powerful is that it is rooted in our dependence on capital. Because capitalism blocks the development of our capacity to democratically organise the economy and our lives, we find that whenever we do contemplate a challenge to it our options are in fact limited. And so threats of getting in line or experiencing a capital strike from an increasingly mobile capital are not just theoretical, but very real.

In the past, capitalist legitimisation included concessions to us. Now, via the ideology of competitiveness, it asserts that these past concessions went too far and must be recovered. Now, legitimisation is no longer about visions, and increasingly less about promises, but based on the negative instrument of fear: give in or else.

Competitiveness and South Africa

The move to more fully integrate South Africa into the world economy comes after



Sam Gindin addresses a NUMSA seminar.

progressive forces achieved a remarkable level of mobilisation and defeated formal apartheid. In the context of the current balance between labour and capital internationally, international capital is today very strong while international labour is relatively weak. South Africa's move towards international integration will shift the domestic balance of forces back towards business

The ideology of competitiveness, by virtue of its emphasis on the inevitability of such integration, both leads and reinforces this rebalancing of political power.

At a meeting of management and labour at one of South Africa's auto companies, called to discuss "future relations", a top corporate official opened his overview by exuberantly recalling the "miracle of the election" and ended by calling on the workers to make their company "Number One!"

It was another of an overload of examples whereby management uses competitiveness as a theme to over-ride the excitement, momentum, and expectations of the struggle against apartheid. Past divisions have been reduced to being about legal apartheid and so are truly "passed". The present is now a warm "we": we in company X or we in South Africa competing against others. Not only

does this tend to demobilise the potential of the anti-apartheid movement but, via competitiveness, capital is already confidently mobilising opinion in quite a different direction

Competitive pressures are more pronounced in South Africa because of the legacy of apartheid (greater dependence by the black population on capital and greater development needs). It is therefore useful to look more specifically at the impact of freer markets and competitiveness on the mandate of the election to overcome the crimes of the past.

Undermining the RDP

If the ideology of competitiveness dominates public discourse on the "economic" side, it will surely weaken the prospects for the Reconstruction and Development Programme (RDP). That's because a meaningful RDP is not primarily a technical issue but a political one. A mobilisation in support of competitiveness – which means a mobilisation in favour of "realism", of limiting any diversion of resources to "non-productive" uses, maintaining "investor confidence", strengthening the role and judgement of "market forces", etc – will very concretely tend to weaken commitments to the RDP.

Furthermore, the argument for trade liberalisation can itself frustrate the intent of the RDP in two ways. First, if the spin-offs of successful community development (telephones, furniture, appliances, transportation, vehicles) are imported rather than locally produced, then jobs and economic development are stymied. Second, if free trade means a restructuring of jobs (new plants open but many others close), this uneven development will run counter to the sub-regional and community needs of the RDP (jobs need to be near the housing rather than concentrated according to "economic logic").

The point is that, for the RDP to be a sustainable success, the social planning needed to overcome the infrastructural underdevelopment caused by apartheid must include economic planning. But you cannot plan (even modestly) for the domestic economy if you do not plan (regulate) international trade.

One other aspect of the RDP and the economy needs attention. The degree of poverty and exclusion from the most basic services of millions of unemployed blacks means that they are not really participants in the labour market. They are not effectively part of the "reserve army of labour". To the extent that the RDP has any success, these formerly isolated blacks will receive support to essentially reproduce themselves as workers and enter the workforce (housing, minimum education, access to transportation and communications). Without a corresponding plan to massively increase job opportunities, the powderkeg created will, amongst other things, be used against the employed and organised workers

Competitiveness and the auto industry

Let's turn to the implications of competitive pressures on the South African auto industry. This industry is not, in many ways "typical". But its importance to domestic production and trade and its high profile and centrality to thinking about restructuring, labour and competitiveness, give it a significance that cannot be brushed aside by labelling it as "exceptional".

The South African motor industry is generally characterised as inefficient because protectionism limited competition. Workers in the industry are described as having relatively low skills levels because of both the production processes and the legacy of apartheid education and opportunities. This has reinforced arguments for particular kinds of work restructuring and the inevitability of

GATT-led (General Agreement on Trade and Tariffs) integration into the world industry. It is, however, crucial to be much clearer about precisely how the industry is "inefficient" and therefore the implications of reaching for "world-class" status by way of internationalisation.

Competition within the South African auto industry is in fact quite intense, with seven manufacturers competing for market share in a relatively small market. The development of the Japanese, South Korean and Mexican industries occurred with the most severe restrictions on imports and with less domestic and external competition, even the US industry experienced many of its most significant developments with virtually no imports and fewer internal competitors. Moreover, the existence of a strong labour movement – one that blocks competing with other workers by rejecting sweat-shop conditions or stagnant wages – translates into pressures on company profits that force them to increase efficiency via investment in machinery, more sensible work reorganisation, and (slowly) training.

Low volume production

It is the producers' low volumes per model, rather than internal inefficiencies, that account for the relatively lower output per worker. But that low volume also has other implications vital to the issue of economic development. Consider three such issues.

- First, the workers are in many ways as skilled or more skilled than workers in "world-class" plants. For example, in mass-volume plants, an inspector examines one model coming off the line. In South Africa, that inspector may need the more complex skills for examining, in quick order, a luxury car, a compact, a van, and a pickup. In mass-volume plants, control panels are assembled on an assembly line, each worker being responsible for a minute part of a routinised operation. In

South Africa, the low volume means that one worker does the more complex work of assembling an entire instrumental panel (and there is a wider variety of panels because there are more models per plant).

- Second, a large variety of vehicles combined with the large number of different components per vehicle confronts the component makers with an especially difficult low-volume problem. But it also means that these companies have, of necessity, developed a range of flexible capacities that can potentially be diversified into job creation in other sectors. That is, a weakness in terms of global competitiveness may also represent a strength in the development project of sharing and spreading the accumulated assets and skills of first-world South Africa into third-world South Africa. South Africa is unique among countries with third world development problems as it has certain deep and sophisticated first-world structures.
- Third, although the South African industry is not globally integrated, this does not mean that it is isolated from global developments in technology and management techniques. It has access to global efficiency developments by way of its relationship to the companies that license its product, international study tours to the facilities of these companies, consultants and conferences. (Sometimes the exaggeration of global management fads, and the downplaying of the "flexible-specialisation" that South African industry practices, does a disservice to even corporate interests.)

Costly solutions

The point is that the primary efficiency problems in South Africa are not so much a matter of in-plant organisation of production as the overall structure of the industry. As a result, the attempt to resolve structural problems will be extremely costly – they are

unlikely to be solved in a way that is "win-win" for workers and communities. Structural problems can only be "corrected" by closing some assembly plants and consolidating production in others and by importing cheaper components rather than producing such a wide range within the country (something the assemblers are aggressively pursuing). Even if "successful", such a model would have to be rejected by South African workers and communities because:

- It will mean radically fewer jobs in the assembly plants since the whole point is to end up needing many fewer workers per vehicle (without a corresponding growth in the market).
- If success means attracting new investment in the form of another assembly plant, this additional capacity would lead to the destruction of a number of existing plants.
- It will mean the loss of both large numbers of jobs and vital skills and production capacities in the components sector.
- It will mean a dislocation and shift of jobs that will destroy certain communities (if the Mercedes plant in East London was closed and a plant elsewhere expanded, what do we say to the workers in East London about "economic development"?).

There is one final problem. Since the mechanism for a forced restructuring is opening up to global competition, the restructuring will not even work in the above sense of internal shifts in the industry. It will only destroy large parts of the industry and jobs, dramatically weakening (or at least taming) the union in the process. That is because the South African industry, for reasons now beyond its control, could simply not compete in global free-market terms. To put this point in perspective, consider the scale of the difference between the Chrysler Minivan plant in Windsor, Canada, and the South African industry (the data is not strictly comparable because of different degrees of



BMW plant, Pretoria.

vertical integration, etc, but that should not detract from the point being made) The South African industry assembles some 300 000 vehicles with 25 000 workers, primarily on single-shift operations. These vehicles include the wide range expected in any country: some luxury cars, a choice amongst the family cars and compacts, different kinds of vans, pick-ups, heavy-duty trucks. The Windsor plant alone assembles as many vehicles (320 000 vans per year) with some 4 000 workers in a three-shift operation sharing expensive tooling and equipment across the shifts and having all the efficiency, quality, supplier, and marketing advantages of specialising in one model.

More generally, the South African industry could not survive open competition because:

- It is competitively disadvantaged in terms of geographic access to the large markets (compare South Korea re Asia, Australia re Japan, Mexico re the United States, Hungary re Germany)
- It has the structural limit of having no independent research and development capacity and is dependent on foreign companies – in fact, competitors-to-be – for future models and designs.

- It is entering this race at a time when competitiveness is most intense and opportunities most limited. Global excess capacity in the industry is, by some estimates, close to ten million units and countries like South Korea and Mexico have already staked out the “low-wage option”. Free trade is not a development strategy for the South African industry. It will guarantee the destruction of major parts of the industry and, even where “successful”, this will only come at an unacceptable price in terms of regional dislocation and inevitable pressures to destroy the union.

Democratic development of capacities

In the search for an effective counter-ideology to competitiveness, three points stand out. First, the overwhelming power of competitiveness as an ideology means that we do not just need an “alternative” but a truly independent alternative. Trying to modify or qualify competitiveness (progressive competitiveness, competitiveness-with-a-human-face) will inevitably fail and fail dangerously. We must base any challenge to competitiveness on a clearly different set of assumptions and principles

Second, our challenge must be rich enough to go beyond the moral level and lead to directions on policies, structures, tactics, union organisation, etc. Third, the challenge must be especially able to address the development of our productive capacities. Its framework must lead to effectively engaging competitiveness around economic issues.

The two central characteristics of capitalism are that of a class monopoly of the means of production and the competition within that class over the shares each capitalist gets of the overall profits (surplus) created in society.

The control by a minority of productive assets immediately raises, especially in South Africa, the issue of unemployment: the exclusion of so many from access to the tools, equipment and resources necessary to use and develop their skills. Those who do get access do so by surrendering control over their labour power – ie their potential – to others. And so others control how that labour is used, how it is developed, and, in the application of the surplus created by labour, the future direction and potential of the larger community.

The competition amongst those who own the means of production to determine their relative shares of the overall surplus translates into pressures for a parallel competition amongst workers, fragmenting workers and tying them to "their" capital.

A democratic project

The goal of retrieving our potential so we can ourselves control the development of our individual and collective skills is inherently a democratic project in three senses. First, it addresses "people's power" (from the Greek words "demos" meaning people and "kratos" meaning power) by emphasising that a minimum measure of democracy is some control over our own individual potentials. Second, it requires universalising that potential: society must be structured so that we can still develop our potentials. Third, it

necessitates challenging the monopoly control over society's productive assets. This challenge, given both the social nature of production and the power of those who control it, must be collective and political.

Linking democracy, development and capacities begins to lead us to approaching the development of society's productive forces on a basis that is quite different to that of competitiveness. In some cases, they overlap. For example, both approaches might emphasise training. But even here there is a difference between a training structure geared to becoming competitive and a structure geared to providing everyone with the right to literacy and numeracy, whether or not that helps competitiveness. Let me briefly cite some examples of the differences between starting with competitiveness or starting with "the democratic development of our capacities" (DDOC).

The unit of analysis is different

Competitiveness focuses on companies; DDOC begins with workers, their communities, and activities. So, for example, in considering an auto strategy, the former asks how to strengthen companies so they can challenge other companies. DDOC asks how we develop capacities within our community so we can use our skills, produce necessary products, and develop capacities to deal with change.

The DDOC approach leads to recommending research and development centres that study how we might replace imports of auto parts, or convert component plants as part of a restructuring plan, or diversify certain facilities into other sectors. These centres might be linked to community institutions (like universities with management and labour input). In some cases, they might organise collaboration between a number of companies in a community to develop new strengths that they did not have individually.

Rather than merely subsidising companies – since they could reject the strategy or, at some future point, simply leave with our research – the point would be to build institutions that are ours: are rooted in the community, address broad productive needs, and are based on criteria that do not start and end with company needs and goals

The definition of productive and productivity is challenged

Suppose that either by law or through negotiations, workers established a system combining work and training that meant that on any day of the week, 20% of the workers were in training (ie everybody gets one day a week in training).

From the perspective of companies and capital, this would represent an excess of training (even companies supporting training are not talking about training on such a scale) It would significantly increase the number of workers providing a given level of output and so productivity would correspondingly shrink. In fact, the level of training and understanding that workers would get might raise their expectations and increase their challenge to capital, making them even less “productive”.

From the perspective of DDOC, the conclusions are radically different. The capacity of the existing workforce to understand their industries and their companies, and to think about a more meaningful degree of worker input into production and even a measure of worker control would increase. Rather than some workers being given a great deal of training while others get none, training access (access to their own potential) would be equal and general. Other workers formerly excluded from production would have to fill in for those being trained, thereby creating more job openings (these new workers would in turn also share in training). Rather than training to become “Number One” at the

expense of workers elsewhere, this would be part of building and reinforcing worker solidarity – building the collective political capacity of workers

Industrial strategy turns inward

While competitiveness assumes that we must be successful on the “level playing fields” of the “free” flow of goods and capital internally and across borders, the different notion of freedom in DDOC (our freedom rather than the freedom of markets and the power of capital they reflect) leads us towards regulating markets and investment

This does not mean rejecting all trade, but trying to fit it to domestic needs (if GATT tells us that three auto assembly plants must be closed we do not say, “Too bad, that’s the rules”, but “No! With almost half the population unemployed, it would be criminal to remove any productive capacity and destroy the productive base of communities.”)



There should be equal access to training.

It likewise means that we must regulate investment so it fits with our priorities and needs. (If capital threatens to leave, it is a risk we must take and consider more dramatic steps, like nationalising the financial system, to limit that threat.)

It re-orientates the union role

Unions captured by competitiveness (whatever humanistic qualifications are added to it) are pushed towards corporatist deals with capital which more systematically link wages to skill competency, incentives, profit-sharing and productivity deals. This leads directly to demobilisation since it rests to an increasing extent on technical relationships and undermines rank-and-file resistance that threatens such deals. In the name of "reality" it assumes that there is not much that can be done about the internationalisation and so reinforces taking it as a given. In the course of this, it creates illusions about negotiated partnerships that, because they so directly involve the union itself, will backfire on the unions and weaken them.

The alternative raised here leads in a different direction on workplace change, training, industrial policy, trade policy, investment controls and the prevailing ideology of competitiveness. As such, it requires a different kind of labour movement and the capacities it most needs are those that address mobilising and strengthening union members, for example:

- Local education that challenges competitiveness and explains the limits of plant-level work organisation in solving competitive pressures,
- Countering company demands for lean production with union demands for structures and resources to deal with health and safety, ergonomics and technology;
- Demanding resources from the state, as part of the RDP goal of strengthening civil society, to allow unions to participate in sectoral forums with an independent

research base;

- Linking training and work-time to open more jobs to the community and strengthen community links;
- Engaging in a campaign for auto content legislation, allowing some imports if offset by exports

Confronting the crisis

There is a crisis on the left internationally and a crucial dimension of that crisis is ideological. I am certainly not arguing that simply presenting an ideological alternative to "competitiveness" overcomes that crisis. But I am convinced that we must not underestimate the power of competitiveness as an ideology and desperately need to find an independent alternative starting point. Having such an alternative will not prevent the need for compromises and retreats, but it is the crucial element in keeping certain ideas alive and providing, if not blueprints, then at least creative directions for the left.

As uncomfortable as it is to acknowledge, the fact is that we are not about to transform society. But we should be paralysed by the absence of blueprints. After all, the carefully constructed alternative of the right offers absolutely no solutions to our problems. The only criterion that now matters is how does any perspective or set of directions help us build so that one day we truly can challenge the status quo in a fundamental way? Sometimes building merely means winning an economic victory so that the confidence of workers and communities in their organisations is strengthened. Sometimes building emerges out of defeats that teach new lessons. The reality facing those of us on the left is that we are at a point, in South Africa and elsewhere, where building is everything. ★

Sam Gludin is assistant to the president of the Canadian Auto Workers' Union. This article is based on a talk he gave at a NUMSA seminar on competitiveness in November 1991.