

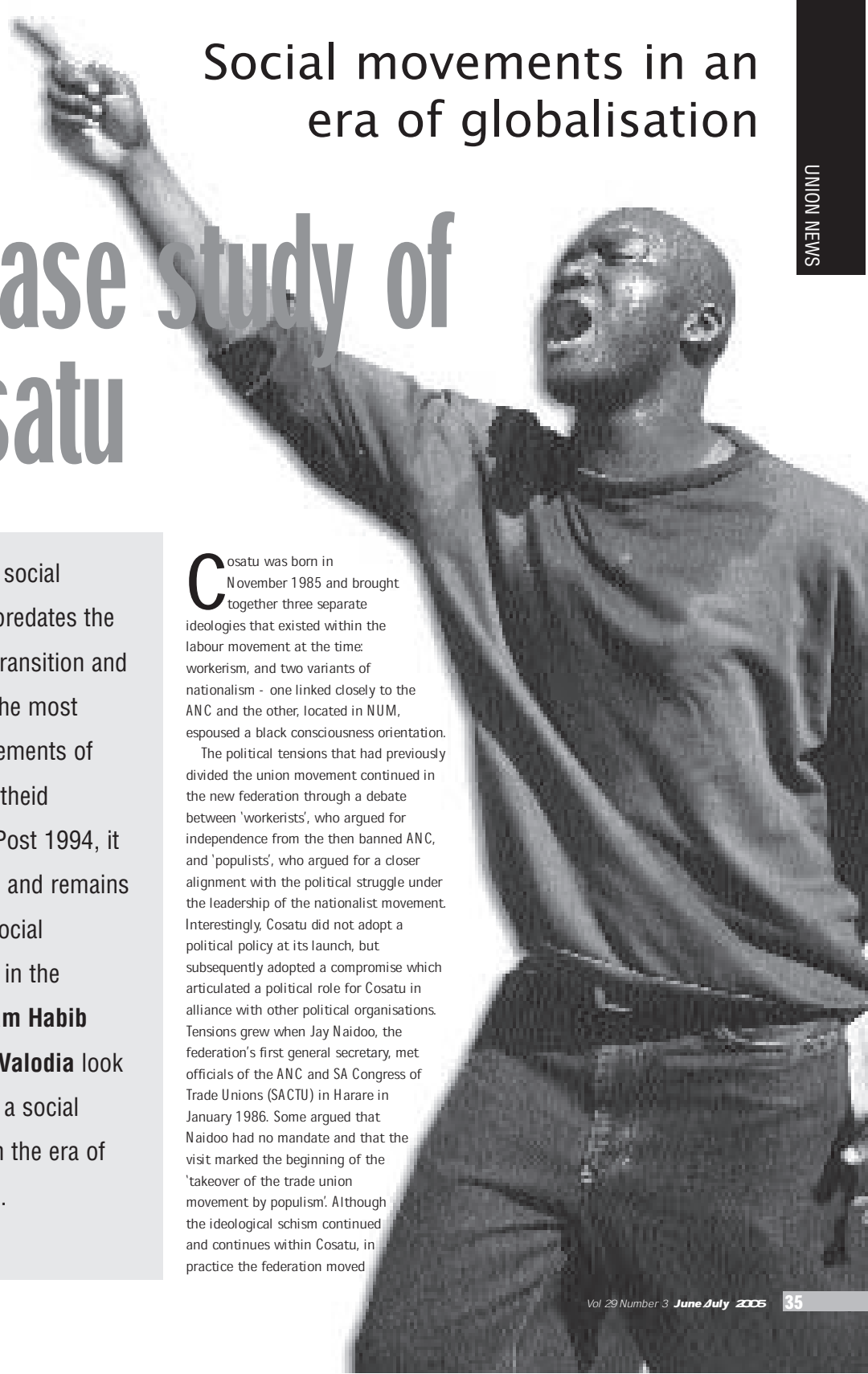
## Social movements in an era of globalisation

# A case study of Cosatu

Cosatu, as a social movement, predates the democratic transition and was one of the most important elements of the anti-apartheid movement. Post 1994, it has survived and remains the largest social organisation in the country. **Adam Habib** and **Imraan Valodia** look at Cosatu as a social movement in the era of globalisation.

**C**osatu was born in November 1985 and brought together three separate ideologies that existed within the labour movement at the time: workerism, and two variants of nationalism - one linked closely to the ANC and the other, located in NUM, espoused a black consciousness orientation.

The political tensions that had previously divided the union movement continued in the new federation through a debate between 'workerists', who argued for independence from the then banned ANC, and 'populists', who argued for a closer alignment with the political struggle under the leadership of the nationalist movement. Interestingly, Cosatu did not adopt a political policy at its launch, but subsequently adopted a compromise which articulated a political role for Cosatu in alliance with other political organisations. Tensions grew when Jay Naidoo, the federation's first general secretary, met officials of the ANC and SA Congress of Trade Unions (SACTU) in Harare in January 1986. Some argued that Naidoo had no mandate and that the visit marked the beginning of the 'takeover of the trade union movement by populism'. Although the ideological schism continued and continues within Cosatu, in practice the federation moved





ever closer to the United Democratic Front (UDF) and ANC while, at the same time, it pursued struggles linked more closely to its activities on the shopfloor.

Its programme during this time focused on shopfloor struggles. In 1987 the Living Wage Campaign was launched, with centralised bargaining forming one of the key demands. In 1988 a Cosatu special congress was called to consider the banning and restriction of organisations and to develop a response to the new Labour Bill, which attempted to roll back the gains made by unions. The conference resolved to convene a broad anti-apartheid front to challenge the state's repressive tactics. This strategy was re-endorsed at the following year's congress. Cosatu led a number of mass stayaways - against municipal elections, and the proposed new Labour Relations Act (LRA). These campaigns culminated in the withdrawal of the 1988 LRA amendments by employers and the state. This success was largely the result of Cosatu's ability to mobilise and engage in mass action.

Two critical developments, one in the economy and the other in the political arena,

shaped the character and political strategy of Cosatu in the 1990s. Economic slowdown combined with a structural decline in key industries led to massive industrial and company restructuring. The unbanning of the ANC and the subsequent democratisation of South Africa facilitated a decisive shift from the politics of resistance to structural reforms, which also significantly shaped Cosatu's political programme.

#### **ECONOMIC LIBERALISATION AND LABOUR MARKET CHANGES**

Confronted with an economic crisis, the apartheid state began a process of trade liberalisation by 1987. This economic integration continued, and indeed gained further momentum when the ANC came to power. Believing the economy in terminal decline, the ANC sought to reinvent a national economic growth path through export-led industrialisation, which the ANC argued necessitated further trade liberalisation.

Even prior to taking power, the ANC, and indeed even the trade union movement, was party to South Africa's offer to the General

Agreement on Tariffs and Trade (GATT) in 1992, whereby the country undertook significantly to reform its tariff structure. On assuming power, the ANC government announced trade and financial liberalisation programmes. The fiscally conservative stance was aimed at achieving credibility in international markets. At the national level, the effects of import liberalisation was accentuated by the introduction of more stringent competition policy. The combined effect of these initiatives was the rapid transformation of the national economy.

All this affected Cosatu:

- Its massive growth in membership was stemmed by the failure of the economy to produce new entrants into the labour market.
- Its traditional membership, largely drawn from the ranks of the unskilled and semi-skilled workers, bore the brunt of the economic restructuring programme.
- As a result, the membership base of Cosatu was changed dramatically. Cosatu now represents a somewhat more established and institutionalised segment of the waged workers, whilst the majority

### Profit and Wage share of output as a percentage of GDP

	1985	1990	1995	2000	2002
Wages Employees' Remuneration	57.1	57.2	55.8	53.9	51.4
Profits Gross Operating Surplus	42.9	42.8	44.2	46.1	48.6

Source: South African Reserve Bank, Quarterly Bulletins

of the unemployed and those surviving in the informal economy remain outside of the formal union movement.

The changes in the economy, and their consequences for the labour market, have not only impacted on membership but the organisational culture of the federation. The political transition, and in particular, the movement of Cosatu officials into parliament as ANC representatives has taken a heavy toll on the federation and on its affiliates. Ironically, some within Cosatu have argued that this has had positive spinoffs in that its leadership is now much more representative of the working class. Neil Coleman, Cosatu's parliamentary officer, for instance, noted in a 2004 interview: 'I think the leadership of Cosatu has come of age ... Look at the Central Executive Committee now, it's basically made up of worker leaders who have come through the ranks. Take someone like Zweli. He was a mineworker and a shop steward on the mine. If you look at the leadership core in the manufacturing unions and in the public sector unions, they have all come through the ranks over a long period of time.'

But the transformation has had organisational costs. The political transition and Cosatu's engagement in formal institutions have depoliticised the trade union movement, and forced it to operate like a normal social institution. This has resulted in Cosatu's activities shifting away from marginalised communities.

Many of the federation's officials would recognise some truth in this but most would argue that it goes too far to suggest that Cosatu is now dislocated from its original base. The concerns of marginalised working class communities, they maintain, still informs the federation's agenda. Moreover, they insist that these communities have experienced a net gain in their circumstances in particular through how

Cosatu managed the economic and political challenges of the 1990s.

As Oupa Bodiye, strategic manager in the federation's secretariat, argued in an interview: 'The establishment of institutions of social dialogue such as the National, Economic and Labour Development Council (Nedlac) and the parliamentary processes were a huge gain for workers. I mean, even with the Growth, Employment and Redistribution Strategy (Gear) you still had a commitment to providing the social wage which was important to our members. The fact that the state was providing this was quite important for our constituency, which was low paid working class communities. Of course the working class had to pay certain costs in terms of growth and employment. The strong push for cost recovery policies undermine the universal access to basic services. But I think so far the benefits have sort of outweighed the costs.'

But the view amongst the leadership of the more radical social movements is that poor marginalised communities have experienced a net economic loss in this period. Perhaps the effectiveness of Cosatu's management of the political and economic challenges spawned by the period, is best assessed by examining its ability to improve the lives of its members. The table above, which shows the distribution of GDP between profits (returns to capital) and wages (returns to workers), provides an indicator of the difficulty that Cosatu has experienced since the political transition at shifting resources to the advantage of its members. Although not conclusive, the table does demonstrate that the wage share of national output has been falling while the share of profits has been increasing.

How did this happen? What was Cosatu's strategy in managing the challenges of transition? And, what were its consequences?

### THE RISE AND FALL OF SOCIAL MOVEMENT UNIONISM

Cosatu, its leadership and officials, were refreshingly aware of the dilemmas spawned by transition. Through the first few years, they groped their way to a new strategic vision that the federation's September Commission formally labelled social unionism. The September Commission's mandate was to form a strategy for Cosatu in the face of the economic and political challenges. The Commission used three scenarios:

- Scenario one was defined as involving no economic growth, the abandonment of the Reconstruction and Development Programme (RDP) by the ANC, high levels of political instability, and increasing industrial strife.
- Economic growth and modest delivery distinguished scenario two. In this option racial divisions continue, but the black middle class is empowered.
- Scenario three was defined by massive growth and development with significant job creation and delivery as per the RDP. Unions were imagined in this option as engaging in joint decision-making.

The Commission viewed a combination of the second and third scenarios as most likely and argued for a programme of social unionism so as to increase the trade union movement's influence. In the words of the Commission, social unionism is, 'the strategy which will enable Cosatu to proactively contest the transition. The aim is to harness the organised power of Cosatu, its capacity to mobilise, its socioeconomic programmes and policies and its participation in political and social alliances to make important contributions to national, economic and social development.'

It was hoped through this strategic orientation 'to increase the influence of the working class so that labour can move to co-owning the transformation project'.

The strategic vision had its roots in three related exercises:

- First, there was the attempt by a number of senior unionists and some labour sociologists to legitimise Cosatu's increasing involvement in tripartite

forums that also involved representatives of both the business community and the state.

- Secondly, there was the initiative of a number of economists associated with the Economic Trends Group (ETG) and the Industrial Strategy Project (ISP) who were contracted on behalf of Cosatu to investigate an alternative, more labour friendly industrialisation strategy. Their research also generated a fair amount of controversy since their recommendations were premised on the view that South Africa's economic growth depended significantly upon whether or not the country became internationally competitive in its manufacturing sector. Their formal recommendations included industrial beneficiation, the creation and development of South Africa's manufacturing exports, and ultimately South Africa's integration into the global economy.
- Finally, ironically, the least controversy was generated by Cosatu's decision to enter into a strategic alliance with the ANC for the 1994 elections. To be fair the controversy in this regard had taken place some years earlier, when Cosatu entered an alliance with the UDF. In any case, Cosatu's electoral pact with the ANC came with preconditions, which the federation codified in a reconstruction accord, commonly known as the Reconstruction and Development Programme (RDP) that the ANC adopted as its electoral platform.

Social movement unionism is thus defined by three elements. First, it involves a corporatist strategy with the labour movement participating in tripartite forums and entering into social pacts with the state and the business community. Second, it involves an assumption that integration into the global economy is inevitable and that a strategic economic compromise between capital and labour is necessary. Finally, social movement unionism requires Cosatu to politically align itself with the ANC. Such an alliance is legitimised through the conceptual banner of the national democratic revolution, implying that the immediate outcome is a democracy with a

representative political system and a Keynesian-type economic strategy.

Social movement unionism's highpoint is without doubt the period between 1994 and 1996. Labour recorded significant successes in these years. Nedlac was established in February 1995, and the Labour Relations Act, which greatly enhanced organised workers' bargaining position, was agreed to by the social partners, subsequently passed in the national legislature, and promulgated by the president. A number of other pieces of legislation, like the Skills Development Act, which benefited workers in a variety of ways also originated in this period even if it was only passed in subsequent years. The final draft of the constitution that was promulgated in 1996 addressed many of the concerns raised by labour and enshrined socioeconomic rights. For a while it did seem as if South Africa was going to defy the odds and that social movement unionism would, without question, succeed.

But this was not to last. The symbolic turning point came with the emergence of Gear which violated all three of the central tenets of social unionism. It bypassed the corporatist structures and was imposed by cabinet without any discussion with the social partners. Its economic strategy violated the compromise ethos, which is the hallmark of social movement unionism. And, finally, its passage suggested that the alliance was not an effective mechanism to ensure Cosatu's influence on the ANC. Indeed, the passage of Gear suggested that Cosatu's influence was waning.

If there remained any doubt of this, this was put to rest with what in effect was Deputy President Thabo Mbeki's 'State and Social Transformation' document. This document, released in 1996, explicitly identified the high government debt, the mobility of capital, and a changing global environment as inhibiting features that limited the abilities of the government to implement democratic transformation on its own. On the basis of this, Mbeki argued that the ANC needed to transcend its previous antipathy to the business community, abandon its wish for '... the total defeat and suppression of the national and class forces responsible for apartheid', and focus on the

establishment of a democratic state, which would involve 'a dialectical relationship with private capital as a social partner for development and social progress'. This call for a strategic alliance between the state and capital was a milestone, because it signalled a significant departure from the ANC's traditional approach to alliances, which tended to prioritise labour and other marginalised sectors within the black population.

The consequences were dramatic. Cosatu's relationship with the ANC deteriorated badly and the trade union federation has since then embarked on a series of high profile public stayaways against one or other aspect of government policy. These public protests outraged the ANC leadership who on a number of occasions explicitly challenged the federation to leave the alliance. Increasingly left leaning activists within the ANC have also been pressurised to publicly tow the leadership's line, a process that graphically culminated in the public humiliation of Jeremy Cronin by some members of the ANC's National Executive Committee (NEC) in 2002. The heady optimism of social unionism advocates dissipated and their assessments on the prospects of a worker friendly political dispensation became more sober and realistic.

The other noteworthy consequence of the crisis of social unionism was that it emboldened the marginalised activists and critics of the mid-1990s. These activists, many of whom were in the leadership of the new social movements, regained their confidence, and even though their organisations were far smaller than the labour federation, they became politically assertive. More significantly, a coherent conceptual strategic alternative to social unionism emerged on the political horizon.

Although social movement activists articulated the options in stark terms - revolution versus reform - measured critical assessments tended to present the debate in an increasingly nuanced form. Essentially this view suggests that a human-centred development programme is dependent on the emergence of substantive uncertainty in South Africa's political system because this

enables government to be held accountable to its citizenry. But, like in many other Third Wave of democracies, substantive uncertainty is the missing political ingredient in South Africa. As a result, one witnessed the erosion of the significance of the vote, the one leverage held by citizens over their government. A consequence was that political and state elites tended to find in favour of corporate interests (whose leverage is investment) when the latter's interests clashed with those of economically marginalised citizens. The solution advocated was the reintroduction of substantive uncertainty through an abandonment of participation in corporatist institutions and a break in the Tripartite Alliance. Without such measures, these assessments held that Cosatu would not be able to realise its own social democratic agenda.

Cosatu thus entered the new millennium on decidedly disadvantageous terms: its strategic orientation was in disarray, its relations with the ANC were bad and getting worse, it was increasingly confronted by assertive critics, and an organisational alternative was emerging onto the political scene. The labour federation was in need of a new strategic path.

### IN SEARCH OF A STRATEGIC PATH

Three scenarios are on the table:

- Cosatu could act merely as a trade union. In this sense, it would behave in a politically neutral fashion, like the other union federations, Fedusa and Nactu. But it is not feasible. The Cosatu leadership recognises that to behave in a politically neutral fashion would leave the federation merely reactive.
- The second strategic path argues that the ANC should not be handed over to conservative or bourgeois interests. There needs to be a struggle for the soul of the ANC. Advocates of the social movement unionism view suggest that it is in the long-term interests of workers for Cosatu to remain in the alliance because this enables the federation to influence policy. Coleman, for instance, suggests that government's moderate shift to the left, manifested in its retreat on privatisation, and its current focus on

employment, is something that Cosatu can justifiably claim credit for. There is significant support for this strategy among the membership of the federation. There are of course weaknesses associated with this strategic path. Left-leaning critics of Cosatu would argue that as a result of this strategy over the last few years, labour has experienced a net loss in benefits and influence. In particular, they would point to statistical data that suggest that unemployment has increased to 41,8% of the workforce, and poverty to between 45% and 55% of the population.

- The third strategic option confronting Cosatu is abandoning the alliance and charting a political path independent of the ANC. Such a decision would of course fundamentally alter the political system in South Africa and plunge Cosatu into uncharted territory. Advocates of this strategy suggest that this is necessary for it would reintroduce the missing element of substantive uncertainty into the political system. This, it is maintained, is necessary for political elites to take the interests of workers and ordinary citizens more seriously. Critics argue to the contrary, that there are great dangers if the labour movement were to go down this path. They point to the danger that the labour movement could fracture thereby threatening order and stability. Jeremy Cronin, deputy general secretary of the SACP, puts it most evocatively in two separate interviews: the first being the now notorious one with Irish academic Helena Sheehan for which he was rapped over the knuckles by the ANC leadership, and the second with Adam Habib and Imraan Valodia very soon after the ANC received its overwhelming electoral mandate in the 2004 elections. In the former interview, Cronin explicitly states, 'what people don't realise is that breaking the alliance means splitting all three organisations. You are talking of 2-million Cosatu members, more than 80% of whom are ANC members.'

For this reason, Cronin argues, it is imperative to remain within the alliance, not only to ensure that the ANC is not handed over to the neoliberals, but also because it is

increasingly becoming possible to win political victories as the shine of the Washington consensus policies begin to erode. This optimism carries through to the more recent interview, where once again Cronin highlights the political possibilities that arise as a result of the contemporary crisis of the global economy. He concludes: 'The strategic priority of the day in South Africa is to have a significant political majority capable of spearheading fundamental transformation', which he maintains has the greatest likelihood of being realised through the ANC.

For now, Cosatu seems to have made its decision in this regard. In the build-up to the 2004 elections, Cosatu threw its political weight behind the ANC. But the ANC has reciprocated. The budgets of the last two years have announced significant increases in social expenditure, including infrastructural investment, public works programmes and social welfare, policy planks closer to what Cosatu has been advocating for a number of years.

Which strategy is right is a matter of speculation for now. What is without doubt is should the Cosatu leadership's gamble not pay off, the union federation will be all the weaker for it, with adverse consequences for workers and the marginalised sectors of our society. Also, an important opportunity to consolidate a movement independent of the ANC would have been missed. If it succeeds, Cosatu will not only advance the interests of its members and their social allies, but it will also establish a new strategic trajectory that will probably be emulated by unions across the developing world.

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*This is an edited version of an article drawn from a larger paper on Cosatu written for a joint research project of the Centre for Civil Society (CCS) and the School of Development Studies, University of KwaZulu-Natal. The project, directed by Habib and Valodia, explores the role of social movements in contemporary South Africa.*

*The project researched 17 social movements in South Africa. The research results are available on the CCS website ([www.ukzn.ac.za/ccs](http://www.ukzn.ac.za/ccs)) and will be published in a book later this year.*