

## *The 'South' is no model*

**I**n his reply to my intervention, "Dancing with dictators" (*SA Labour Bulletin*, Vol 22 No 1, February 1998) Minister for Trade and Industry, Alec Erwin, raises issues of substance. These need to be properly debated within the appropriate structures of government, COSATU and other progressive forces. Such debate is critical if the ANC government is to develop a trade strategy that does indeed advance democracy and social development.

Absence of this political commitment further promotes global labour exploitation, thereby undermining South African jobs. Before taking up certain key issues in this regard, a pertinent issue needs to be clarified.

At the outset, the minister states that it is legitimate for "Lambert and activists like him" to raise justice issues. However, how the ANC government should respond was complex. I would like to clarify that I engage in this critical debate in terms of my organisational responsibilities, not as an 'activist' free to adopt moral stances unavailable to those burdened with wide ranging responsibilities like the minister.

I am the international officer for the Western Australian Branch of the Australian Council of Trade Unions. I am also the regional co-ordinator of the Indian Ocean Trade Union Initiative, an organisation representing the interests of democratic unions in 12 countries in the region. My initial intervention grew out of pressure

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*by Rob Lambert*

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from union leaders inside Indonesia who were deeply dismayed by the nature of the ANC government's relationship with the Suharto regime.

The debate should therefore be constructed in terms of the relationship between the South African state and the union movement in the region. Movements in the region are struggling for their very existence in much the same manner as their South African counterparts did during the 1970s. Alec Erwin played a key role in those developments, hence our organisation believes that he can be constructively engaged on these issues. Traditionally, trade ministers only represent business interests abroad. A progressive trade department would adopt a broader perspective. Let me now turn to the key issues that the minister has raised.

### **Alliances**

The minister's economic argument rests on a particular understanding of the rapid growth of the Asian economies, the positive gains of globalization, the potential sophisticated production systems and the changing international division of labour. Not only is his understanding of global change flawed, but Erwin's argument contains major factual errors:

□ The "heyday of export processing zones" was not in the 1960s and 1970s. Recent research reveals that EPZs were quite marginal in the Asian region until around 1986. In 1986, there were only four zones in the entire region. By 1996, there were 183. There is strong evidence that the zones are the driving force of international investment in these nations of the South. They are the policy instrument through which Asian governments attract foreign investment. They have become the principle form of global competition between nations. Were the Minister to visit these zones, their extent and the range of foreign companies taking advantage of the special incentives being offered would stagger him. The main incentives are the denial of trade union rights and massive tax breaks. The EPZs have further advanced the globalization of consumer goods industries such as textiles, clothing, footwear, metal products, home appliances and motor vehicle assembly and component manufacturing. They also include more complex processes, such as chemicals.

The problem underlying this shift in manufacturing is that it is uneven. The global shift has devastated communities in nations with secure labour rights. Were this shift to have markedly improved the situation of the majority, there would at least be some gain to offset the dislocation. What is actually happening is that manufacturers are relocating from the United States and Australia, where union rights and conditions are given some recognition, to Mexico and Asia, where their workforce labours under conditions very close to slavery.

Child labour (compliant, teenage women workers), below subsistence

wages and extreme working hours characterise these zones. Corporate tax rates are minimal. The main beneficiaries are the business elites, who have entered into joint-venture arrangements with foreign companies, and state bureaucrats and politicians who secure the bribe payments. This is the social strata engaging with South African business and trade representatives.

□ India is not "the largest supplier of software in the world". In 1995, Indian companies produced less than a half a percent of all software produced in the world. Multi-national corporations, dominate this sector. Twelve of the 20 largest companies are foreign, multi-national corporations. At present, most of the work that is done is relatively unsophisticated. The majority of the work done in Bangalore, the centre of the Indian software industry, is in the maintenance of software systems for major US corporations, which are taking advantage of India's low labour costs.

The current economic catastrophe in East and South East Asia re-emphasises the fact that this region is little more than a cheap labour haven for global capital. The manufacturing base is extremely fragile, because capital is so mobile. The social extremes that this form of development has produced have heightened the instability and deepened the crisis.

This does not mean that business leaders from the region have not succeeded in advancing their own interests. A new bourgeoisie has emerged. There are a number of large conglomerates which are powerful forces within national economies. However, the dominant EPZ form of development has rendered these economies vulnerable. They cannot

serve as a model for securing the "relative autonomy" that the minister speaks of.

## The role of government

Erwin is clear that the development of long-term economic relations requires that "our peoples start to develop relations". The worst possible way to develop relations with 'the people' of Indonesia, is to honour and fawn over a ruthless military dictator with blood on his hands.

As the May events reveal, Suharto is much hated, not just by the working class and the peasants. He became loathed by large sections of the middle class for his extreme corruption and brutality.

In the harsh realities of the world of trade and economics, governments have to engage with other governments, even when dictators like Suharto head those governments. The relationship should, however, be a pragmatic one, born of necessity and in full awareness of 'the people' unrepresented by the dictatorship. Every opportunity should be taken to promote the critical link between democracy and genuine social development.

## Positive action

Diplomatic and trade relations are, of course, complicated and constrained. Erwin's reaffirmation of the ANC's role as a liberation movement concerned about democracy and freedom does, thankfully, open the way to some creative initiatives.

Those of us who are engaged in trying to contribute to the international labour movement in this difficult age of globalization hope that positive advances will derive from these reflections. We hope that the ANC government and COSATU, which took a principled stand on the Suharto visit, can create the space to translate the minister's suggestions regarding the role of NGOs into a concrete, organisational advance.

No civilised government, particularly one with the moral authority of the ANC, can stand idly by in the face of ruthless repression. Governments that sanction the murder of workers in the name of order and stability should be warned that such actions will jeopardise future trade and other relations with South Africa.

Yes, there is a cost to such a stand. This was the argument Thatcher used in refusing to support the ANC campaign against the apartheid regime. Discrimination against workers struggling for justice transcends race. Our consciences should not be freed simply because the racial dimension is not present in the violent act.

Yes, the government is not an NGO. However, the government *can* explore different forms of struggle to advance the cause of freedom and democracy. High standards are expected of the ANC government and its ministers precisely because of the proud tradition of struggle that they represent. Many, including the Minister of Trade and Industry, sacrificed the best years of their lives for this cause, now being fought on the streets of Indonesia.

The ANC can play a leadership role in the countries of the South, not by fettering dictators, but by a genuine and enduring commitment to working people. The sufferings of the ordinary working men and women drove the liberation struggle in South Africa. This same sensitivity should be incorporated into trade strategy.

The development of a sophisticated response to this blight on our century could be a beacon of hope and a lasting legacy. COSATU is already leading the way. We look forward to the further development of COSATU's alliance with the ANC on this trade and rights issue in Asia. ★

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