

The livelihoods sector

opportunities for unions

For the past three years, I have been thinking, writing and arguing about suitable forms of intervention in the area of livelihoods initiatives, hoping that it has some coordinated impact on society. During this time, the core questions were: How can the trade union movement take a lead in this process? What forms of social alliances are possible?

The demise of the state

By the end of the 1980s, the collapse of the heyday of interventionist, directive statism left the international trade union movement in a predicament. Increasingly, the actions of the International Monetary Fund (IMF) and the World Bank weakened the regulatory state regimes.

The withering of the state coincided with new power arrangements and the unrestricted movement of goods, people, information and economic transactions. Such flows, rooted in the networks of transnational corporations and global financial systems, became accountable only to shareholder objectives and the 'market'. Through this a new world of wealth creation has invaded our lives.

The impact on South Africa

It is in this context that South Africa gained some sovereignty. The ANC-led government attempted a transition that combined two essentials of governance: firstly, to respond pro-actively to global

By looking at the situation in Durban, Ari Sitas explores what the trade union movement can do in the area of livelihood initiatives.

pressures, whilst creating new mechanisms to destroy the apartheid state. This effort translated into a tight *fiscal* regime. Secondly, the government attempted to create a responsible and regulated openness to the 'global' based on a moral charter of individual and socioeconomic rights. These rights were given life by a constitution, and labour and gender rights.

In the shadow of this, there were a number of compromises that made the transition possible. One was a partnership model to regulate major socioeconomic decisions. However, this regulation was never substantively debated. The result has been that South Africa opened up to the impact of global flows with only one difference: an effort to change the economy so that a black bourgeoisie and bureaucracy could wrest chunks away from white privilege.

This caused a deep socioeconomic shock that is threatening the redistributive ambitions of our new democracy. It means tripartite institutions are unable to deliver

anything more than crisis management and civil society has turned into an unregulated power play of competing interests. Together, the process has managed an increase in the working poor; the loss of formal jobs; and an extreme vulnerability experienced by workers, communities and their livelihoods strategies.

The informalisation of labour

By implication, South Africa's trade union movement, spearheaded by COSATU, finds itself at a crucial point in time. Its choice for a strategic unionism and therefore its involvement in the neo-corporatist framework cannot shield it from vulnerability. The level of job losses in the core mining and manufacturing sectors is hardly compensated by the growth in white-collar unionism. Capitalist strategies for global competitiveness have led to the widespread informalisation of labour, large-scale retrenchments and a narrowing of labour's organisational power.

Unions are also suffering at regional and local level because of our unregulated openness to the global. In KwaZulu-Natal this openness means that areas of economic activity and areas attractive to tourism such as Richards Bay and Durban are booming. However, areas such as Mooi River and the Coal Rim cluster around Dundee, Glencoe and Dannhauser have experienced large-scale shocks. Mandini, once a hive of cheap labour manufacturing, is declining fast.

One way for organised labour to address informalisation and take a lead in the livelihoods sector is by building social alliances in the sector. But if we are serious about considering social alliances we have to understand the character and experiences of the sector. In Durban the livelihoods sector can be found in the increased economic activity in the city,

around SMME initiatives, and in non-waged labour in the townships.

'Durban: where fun never sets'

Let us focus on Durban. The city was seriously affected by political strife in the townships. About one in every five people had to relocate because of the violence; about one in three is unemployed, about one in seven is HIV positive, about two in every three youths have never had formal employment.

New economic activity

The transition to an open economy has not been kind to Durban's productive and economic base. Instead of job creation, we have witnessed the growth of vulnerable, casual and *subcasual* jobs.

The first effect of this openness was that most industries moved towards downsizing and retrenching labour. It was especially the case for the vulnerable industries, like clothing, textile and leather that were unable to compete against cheaper imports. This pushed many more workers (especially women) into unemployment. At the same time, the jobless growth has meant that more and more youths, especially black youths, were unemployed.

Since 1994 three types of economic activity in Durban have increased firstly, new hunter-gatherer type societies among the urban poor. They accumulate anything that can be accumulated from waste products to gadgets and sell it for their survival. Many members of these societies are homeless. Secondly, new forms of servitude, of dependent labour, are growing. If casual labour refers to occasional labour activity to do formal jobs, these activities are *subcasual*. These people are at the beck and call of individuals who demand chores, duties, sexual favours and services. Thirdly, the most visible form of work relates to the

growth of street traders and hawkers. They sell basic commodities to the black poor, memorabilia to tourists, and food to urban workers.

SMMEs

Can the SMME sector be the answer to the growing problem of job loss? Our research shows that job losses are not translating themselves into SMME activity, the basis of the government's labour absorption strategy. The result is hand-to-mouth survivalist activities.

The SMME sector in Durban is highly diverse with four main kinds of initiatives.

- by community conscious non-governmental organisations (NGOs) and community-based organisations (CBOs);
- through outsourcing;
- through tendering and public funds; and
- by changing survivalist activities to SMMEs.

I will focus on the first two.

NGO and CBO initiatives

Our research shows that of the 36 NGOs and CBOs interviewed, 29 stressed that they saw the success of the Reconstruction and Development Programme (RDP) as a central preoccupation of their work. Twenty-five of them shifted towards encouraging SMME formation in the light of government and donor priorities.

This is understandable, as three processes have been affecting the NGO and CBO sector since 1996: firstly, the prospect of delivery through the RDP brought about a mushrooming of development forums and youth councils. Secondly, the emphasis of international funding agencies on the 'training of trainers' shifted their work towards the training field. At the same time, the withdrawal of funders from South Africa after 1994 left these organisations to

become self-funding micro-enterprises needing to earn for their survival. Thirdly, the government transferred information gathering and research, the lifeblood of many NGOs and CBOs, to government structures and commissions.

As a result, many NGOs and CBOs chose training as their income-generating activity. At the same time the private and public sectors supported the growth of training for SMMEs and entrepreneurial activity. The result has been 'an uncoordinated mass movement' and 'mindless training for further unemployment'.

Most worrying though was that job creation has not been a natural consequence of training initiatives. The training providers could account for only 5% of those trained as being employed. Some results were evident in the training of people already involved in economic activity, be it street traders or successful SMMEs.

In short, all the organisations agreed that their expectations of growth and development were frustrated because of the economic climate. Furthermore, despite the training and emphasis on individual entrepreneurship, the more successful SMMEs in the black community were ones based on the mobilisation of clan and kinship networks.

Outsourcing initiatives

By far the largest number of SMMEs has been created through outsourcing. These SMMEs relied heavily on their mother company's orders. They provided parts for production processes, provided services or provided maintenance.

- Producing an aspect of the production process:* For example, clothing and shoe manufacturers have outsourced part of their sewing and stitching to SMMEs. This process, described by the employers interviewed as a relatively successful one, has lowered labour

costs and created a dependence on the mother company. It has also led to competition from other small units that promise even cheaper rates.

- *Providing services:* Most outsourcing seems to be occurring in this area. Large organisations outsource their catering, cleaning and security services and their seasonal labour demands. Whereas this starts as a favourable relationship with the mother company, of the 60 examples we have had described, 40 collapsed after a year because of competition.
- *Providing maintenance:* Many of the skilled aspects of the work process have been outsourced. This includes electronic, computer, craft and engineering support for the maintenance of equipment. Such SMMEs seem, from our research, to be fairing better, although they experience periods of intense work and periods of inactivity. Much of their corporate benefits have disappeared and their hours of work during peak times have increased. These SMME activities must be seen in the context of pre-existing small firms, owned by people of white and Indian descent. During the 1970s and 1980s they accounted for 20 to 24% of Durban's economic activity.

Although all these SMMEs were created through outsourcing, after the first period of their existence, they are beginning to feel the competitive strains of the small business sector as a whole.

Non-waged labour

Over and above casual and *subcasual* work, black communities in Durban have witnessed the growth of non-waged labour forms. In recent development literature from Latin America, this sector is lauded as the future agency for equality: a give-and-take, caring, non-wage sector

whose priority is people-centred development.

There are four areas of non-waged labour that have flourished. Besides the homestead-based labour of women ensuring the reproduction of households, unpaid labour provides:

- social and welfare services performed by young unemployed women who look after the sick and aged;
- support for marginal economic activities by young people in exchange for food or accommodation;
- social labour in exchange for other labour, and
- voluntary cultural and organising activities.

These last two forms of labour enhance the organisational capacity of communities and are undertaken by unemployed young men. The cultural and sports life of the townships would have been impossible without these forms of labour.

Although clan and kinship relations are a source of economic energy, and pretend to be a source of care, they are also a source of exploitation of children, of young kin from the countryside and of elders. This happens especially if such networks are involved in illicit activities.

The impact on labour

The issue therefore remains: how does the most powerful constituency in South Africa's civil society relate to these livelihoods-based experiences?

There is a multiplicity of livelihoods initiatives in Durban, none of which could be seen as more representative than others, each competing and struggling for survival. It includes the civics who have established a Development Forum, the Self Employed Women's Union (SEWU) who organises in the city and province; CBO networks, the youth's productive

networks; the criminal sector around the small entrepreneurs in the townships; and the churches and NGOs involved with development projects. This makes it difficult for organised labour to decide with whom to form partnerships. In short, every area of livelihood activity is mobilised and fragmented with none being able to pull itself together.

On the one hand, trade unionism is undermined by many of these initiatives. They provide cheap labour and services that threaten the job security of employed workers. Many of the people are mobilised by labour brokers to do exactly that. On the other hand, trade unions have to create principled and substantive relationships with these initiatives.

We have a defensive restlessness on the shopfloors, trying to prevent more job losses and negotiate better wages from a position of weakness. We also have livelihood strategies based on survivalist activities, trying to accumulate on the basis of multiple incomes.

These informal workers still depend for the core of their income on wage labour. Yet in their efforts to attract incomes they often undermine organised labour. Organised labour feels the pressure so it struggles harder for redistribution. Organised labour is vulnerable because of a mass of people hurting to get its jobs, individually at the factory gates, collectively through labour brokers and collectively too through communities demanding outsourcing and subcontracting.

Not the high road

It is obvious to people not blinded by pronouncements of vision and development that the economy is not performing as it was supposed to. It is neither moving towards the high road - high and stable wages, world-class competitive production and efficiency -

nor is it growing as suggested by Gear. For the optimists among employers interviewed this is a short-term hiccup because of our swift globalisation. For the pessimists, it is the beginning of a new pattern of inequality and impoverishment.

What is happening is a shift away from a system of high and stable wages to one with unregulated flexibility and sub-contracting, despite trade union protests. Durban cannot afford any further deterioration of stable incomes, or the effects on the poor will be devastating. The challenge is enormous. The way the economy is moving demands urgent care. Either our openness to the global gets renegotiated or the terms of the partnership over economic redistribution are revisited. In either case, trade unions have to examine carefully the possible alliances around livelihoods. Trade unions also have to explore new ways of organising workers in a context where wage work as we used to know it is shrinking fast. ★

Note

I undertook the research with the assistance of Sibusiso Xaba, Monique Marks and TURP under the auspices of the Job Creation Network, the Metro Council's Economic Development Department and the Industrial, Organisational and Labour Studies Programme (IOLSP) of the University of Natal. The Urban Strategy report is based on commissioned research conducted by Mankdata in 1998

References

- Obregon, A (1998) 'The future of wage labour in Latin America', World Congress of Sociology, Montreal
- Issues, S 'The consultancy sector in South Africa', Sitas, A (1998) 'Organising the poor', SA Labour Bulletin, 22 (5)

Ari Sitas is the course coordinator of the IOLSP of the University of Natal and a member of the Bulletin editorial board