



The new world economy – *challenge by labour*

At their second joint seminar, Brazilian, Italian and South African labour leaders agreed to work for a new internationalism – to challenge neo-liberalism and “reshape the world economy”. Far-sighted realism – or wild fantasy? KARL VON HOLDT reports.

Worker organisation around the world has perhaps never faced such daunting challenges as it does now, towards the end of the twentieth century. The collapse of the communist bloc, and the rapid deregulation of national economies and their integration into the global market, have exposed workers everywhere to the full and icy blast of capitalist competition. As soon as workers in one company or country win decent wages or advanced union rights, they are faced with company relocation, job loss and capital flight.

And this icy blast is always accompanied by the chilly words of neo-liberal economic ideology, which argues that the only way to survive is to increase deregulation and competition even more. It is like advising someone without a home in a bitter Highveld winter that the only way to get warm is to take off all her or his clothes.

But there are signs of a series of new challenges to global capital and neo-liberal policies. One such sign was the recent seminar attended by the Italian General Confederation of Labour (CGIL), the United



Workers Centre of Brazil (CUT) and COSATU in Johannesburg. The delegations – led by CGIL general secretary Bruno Trentin, CUT president Jair Meneguelli and COSATU general secretary Jay Naidoo – agreed to work for a new form of labour internationalism which could challenge the global domination of capital by building an alternative to the neo-liberal project. Such an internationalism should be based on a pro-active or strategic unionism which engages in industrial and social restructuring in each country. At its centre is a project for democratisation and social justice.

Global trends

The meeting discussed a wide range of topics – from union organisation and workplace change, to industrial policy, to how labour can engage in constitutional change [see p75]. The delegates identified a number of global trends which together threaten organised labour with a severe

crisis:

- Globalisation – ie, the increasing international mobility of capital, technology, products and management, which undermines national sovereignty over the national economy.
- The resulting increase in competitive pressures for productivity, flexibility and quality.
- Management attempts to bypass unions and establish a direct relation with workers.
- Loss of jobs through companies closing, retrenching or re-locating to countries with low wages and no union rights.
- Governments adopting neo-liberal economic policies – ie, dropping tariff barriers, removing labour rights, privatising and cutting back on social services.
- The increasing fragmentation of the working class, nationally and internationally.

- In addition, the labour movements in SA, Italy and Brazil face the challenge of engaging with constitutional change and crisis.

The delegates from all three national centres agreed that it was inadequate for trade unions to respond to these changes with defensive strategies of resistance. COSATU general secretary Jay Naidoo described his federation's attempts to develop a "strategy of engagement".

This entails the labour movement developing economic, industrial and human resource policies, and fighting for their implementation.

CUT delegates described their response to economic crisis as "pro-active confrontation" – engaging in constitutional change, policy debates and broad social and political alliances with a view to developing an alternative to the neo-liberal agenda. CGIL took a similar approach.

Towards a new internationalism

It was the recognition that all three national centres are adopting similar strategies that led the delegates to define the possibility of a new kind of internationalism.

"Previous internationalism has been an internationalism of words, of union diplomacy. We need to exchange experience so that we can improve our work in each country," noted CGIL general secretary Bruno Trentin.

CUT international secretary Osvaldo Bargas argued that solidarity should be developed in a new way – going beyond financial and organisational assistance "to discuss policy and politics, to develop co-responsibility". The next joint seminar, he said, should be based on the results of prior research and policy work.

The new trends and problems facing labour are by their nature international, and cannot be challenged only within the framework of the nation-state. Thus a new internationalism would have to go beyond sharing national experiences and strategies, to develop an international agenda. For the Brazilian delegates, "The new paradigm for

industry that is developing internationally is not inevitable." The labour movement may adopt strategies either of resistance or of pro-active confrontation – but in both cases they are defensive in relation to globalisation.

"Is it possible to develop an offensive strategy – an alternative global strategy to the neo-liberal agenda?" they asked. They pointed to the paradox that, while on the one hand the working class experiences increasing fragmentation, on the other there is an internationalisation of workers' problems. "We need to find a way of intervening internationally."

COSATU's Alec Erwin posed the same question more concretely: "The challenge is to develop a programme for intervening effectively in international institutions. For example, we find we have nowhere to go when we seek a combined struggle against the auto companies." Erwin also referred to COSATU's participation in GATT negotiations, where "we had to make our own policy as we negotiated". He argued that the various national centres needed a "common working programme so that we can call on the experience of other unions immediately".

He added that it would be important to deepen international co-operation by encouraging meetings between affiliates in the same sector. This would facilitate exchanges of information and strategies on industrial policy and industrial restructuring. The metal affiliates of COSATU and CGIL are already working together, and that should extend to Brazil, he said.

COSATU's Jay Naidoo summed up this debate by calling for the three centres to develop coherent common policy positions. This would enable labour to impact on:

- international trade relations via GATT negotiations;
- multi-lateral institutions such as the IMF and the World Bank, so that structural adjustment programmes could be negotiated;
- regional co-operation within Latin America, Southern Africa and Asia.

He also advocated that the three federations develop a common approach to collective bargaining, plant level organisation and to labour legislation. In this way, labour could realise a strategic role in reshaping the world economy.

COSATU also proposed that the three centres implement a programme of exchanging leaders for six months or more, so that they could learn each other's languages and thoroughly understand each other's organisations. This idea was endorsed by the other two delegations. CUT added that a new approach to internationalism should also be taken into the ICFTU, to which it has recently affiliated.

Ambitious Ideas, tough questions

The ideas mapped out at the seminar are highly ambitious. In trying to put them into practice, the three centres will experience great obstacles – insufficient resources, the difficulty of developing clear alternative policies to neo-liberalism and, greatest of all, the difficulty of curbing the competitive forces of the global economy. The logic of

globalisation is to compel workers in different plants, different companies and different countries to compete with each other. One of the dangers facing unions which choose strategic engagement with industrial restructuring is that they may be subordinated to the logic of international competition.

For example, Italy, Brazil and SA are all steel producers. For Brazil and SA, the increased production of steel and steel products from their huge iron ore reserves offers strong opportunities to expand export earnings. If their trade unions get involved in developing competitive steel industries, how do they avoid competing with each other – and with Italian steel workers – on the world market? What happens then to the new internationalism?

Ambitious ideas, tough questions. But simply accepting the logic of global competition can only lead to worsening standards, lower wages and fewer rights for workers. Once the project of strategic unionism is adopted, it has to be extended into the international arena. It has to commit itself to the tough, ambitious fight for social regulation of the global economy. ☆

CGIL-COSATU-CUT seminar – *sharing problems, sharing strategies*

Strategic engagement in economic policy

COSATU started off this debate by presenting a paper on how and why it had committed itself to developing policies on industrial restructuring, and to fighting for their implementation.

“In addressing development, we have to address our industrial capacity. The globalisation of the world economy raises acute problems for developing countries – particularly those that have industrialised behind higher protective barriers. The neo-

liberal response to these pressures leads to growth for short periods but to no development. Union movements have to make a strategic choice on how they deal with this. Co-option into the neo-liberal project, or resistance without engagement, pose real dangers to the union movement. We need to be able to engage in order to restructure. This requires mobilising of the mass organisations of civil society to both resist unilateral restructuring and to engage in order to restructure.”

The CUT delegation responded that the similarities between Brazil and South Africa could not be exaggerated. Delegates explained that, in Brazil, the transition to democracy had a conservative character. It was accompanied by a rapid worsening of the economic situation, with the destruction of jobs and a high rate of inflation. This conservative transition ended with the election of Collor as President in 1989. Collor immediately implemented an aggressive and authoritarian neo-liberal agenda of privatisation, deregulation and liberalising foreign trade. There was no coherent national strategy of industrial restructuring. Instead restructuring took place at company level as each company tried to respond to economic crises and international competition. Only the strongest survived, becoming "islands of excellence" surrounded by the sea of a collapsing economy.

The CUT delegation told the seminar that the impeachment of Collor in 1992 was a strong defeat for the neo-liberal agenda, but "we were not able to build a social movement to sustain an alternative project". As a result, economic instability and the crisis of the state continued. They expressed strong hopes that the Workers Party would win next year's presidential elections, but pointed out that the "democratic project would start with an economy and a state that had been destroyed". This would impose serious constraints on building an alternative to the neo-liberal project.

The Brazilians explained that, like COSATU, CUT advocated a strategy of "pro-active confrontation" in challenging the policies of neo-liberalism and putting forward alternatives. They believed the key challenge in formulating an industrial strategy was to develop a policy of "selective protectionism". This would simultaneously protect developing economies and allow them to participate in the global economy and gain access to technology and knowledge.

The Italian delegation also noted the dangers of resistance and co-option. In the

early 1980s, the metal unions had opposed the introduction of new technology and automation at Fiat. They were crushingly defeated and, as a result, were unable to influence the restructuring of work. On the other hand, the Italians explained that they had also experienced co-option through participating in tripartite forums without concrete alternative programmes.

The CGIL delegates agreed with the Brazilians that the choice is not whether to open up the economy, but how to do it so as to enhance the national capacity for development. They argued that it is crucial to base sound competitive restructuring on a policy of managing technological change so that the whole economy can develop.

They also warned that neo-liberal policy meant a weakened state, together with social restructuring and company restructuring. "The trade union movement must be present at all three levels and be able to respond to the restructuring at each level – it cannot only choose one."

Workplace organisation

The Italian delegation introduced this discussion with an account of the new collective bargaining system which is to be implemented after negotiations between the major trade union federations, employers and the government this year. The new system establishes collective bargaining on two co-ordinated but independent levels – the national sectoral level and the company level. The significance of the new system, according to the Italian unionists, is that for the first time it acknowledges the role of unions in the company. "For ten years we have fought to gain the right to plant level negotiations. The employers have sought rigid centralised bargaining with no initiatives at the plant or local level," according to CGIL general secretary Bruno Trentin. Employers wanted full freedom to introduce flexibility and restructuring at company level without facing a union challenge in the workplace.

Employers entered this year's negotiations over reforming the labour laws

with the position that there should only be one level of collective bargaining – either national or sectoral or company level. So the agreement to establish bargaining rights at two levels was a major victory for labour.

In Italy, there are three major trade union federations as well as a number of smaller unaffiliated trade unions. About 45% of the workforce are members of one of the three federations, and a large proportion of workers are unorganised. It is this reality that led the federations to propose that the law be reformed to recognise one unitary structure in the workplace rather than a range of different trade union structures. This proposal was eventually accepted. The new collective bargaining law will recognise the right of all workers in the workplace – whether they are members of a trade union or not – to participate in elections for this workplace council.

Each union which has a presence in the workplace can put up its own list of candidates for the workplace council. Each union wins a number of seats on the council according to the proportion of the votes it won in the election. The council then has the right to negotiate legally binding collective agreements with management, which cover all workers in the company. The trade union would assist their delegates on the workplace council.

The delegates from Brazil said that their thinking was very similar to that of the Italians, but they explained that they have



CUT president Jaire Meneguelli

very little workplace organisation in their trade unions. Brazilian labour law does not grant trade unions any legal rights in the workplace at all (see 'The Brazilian labour movement: proposing alternatives' in *SA Labour Bulletin* Vol 16 No 8). They said one of the major challenges facing CUT was to fight for workplace organisation rights. This was crucial in order to:

- continue fighting for workers' demands;
- establish a daily confrontation with company restructuring and develop concrete alternatives;
- democratise union life and establish the participation of members from the workplace upwards.

"There are different projects in the workplace – we need organisation to make the workers' project possible," noted the Brazilians. CUT is now using all opportunities – participation in accident prevention committees, wage campaigns, agreement with employers, and seeking change to the labour legislation – in order to establish a base in the workplace. Ultimately, CUT is seeking a collective bargaining system with national, industrial and workplace bargaining.



COSATU assistant general secretary Zwelinzima Vavi

COSATU delegates responded with a range of points. They noted their own struggle for centralised collective bargaining, and argued that plant level bargaining should not undermine the ability of centralised bargaining forums to establish a framework

of conditions, wages and principles within which plant level negotiations should take place. The South Africans also expressed their reservations about a unitary structure which entrenches trade union pluralism in each workplace. They noted their experience – that, as soon as there is more than one union in the plant, union struggles are weakened. “We are suspicious of non-union structures in the workplace because of the history of liaison committees established by the bosses,” said one.

The South Africans also pointed out that while plant structures and organisation are the backbone of the union, it was often extremely difficult for shopstewards to deal with the complexity of company restructuring. They argued that the union needs to develop a complete and detailed policy package at national level, which could then be used by shopstewards in their struggles and negotiations in each plant.



CGIL general secretary Bruno Trentin

The Italian unionists endorsed COSATU's emphasis on the importance of centralised bargaining. “The national agreement is very important. It is the moment of class solidarity, where workers can intervene in the economy, in income policy, in inflation, tariffs etc.” But, in Italy, they already had centralised bargaining rights and it was important to conquer workplace rights as well.

The CGIL delegates also argued that it

was essential to recognise trade union pluralism. The Italian trade union movement, they said, has to face the problem of unity among the different trade union organisations at a time when worker interests are tending to fragment, and when competition between the organisations is increasing. “The differences are both objective and subjective. Italy is witnessing trends of differentiation and competition among groups of workers on the basis of professional qualifications, employment in particular companies, and between different regions and ethnic groups. At the same time, in many sectors, the trade unions affiliated to the federations are losing support and membership to independent trade unions, or groups of workers organised in rank and file committees.”

In such a situation, according to Trentin, it is very important that the new system will allow “all workers to elect, to participate, to be consulted – not only the organised workers. It also eliminates competition in negotiating agreements. The challenge is to reconcile the increasing diversity among the working people and to mediate conflicting interests within the working class. This poses new questions for unions.”

He expressed the view that, while the political question in SA and Brazil might be so important that workers are united by it at the moment, as soon as this issue was resolved, they would face similar issues of fragmentation of the working class.

Unions and democratic political institutions

CUT introduced this debate by outlining the history of their involvement in the struggle for democracy and the simultaneous struggle for workers' demands in the workplace. At the broader political level, the trade union movement was actively involved in the social movement for direct presidential elections in 1984 as well as in constitutional reform in 1988. This culminated in their involvement in the campaign for Lula, the Workers Party presidential candidate in the 1989 elections. At a trade union level, the

new trade unions developed a culture of "defensive and demanding practices" during the 1980s.

The defeat of Lula in the 1989 elections and the victory of the neo-liberals have, three years later, produced an economic, social and democratic crisis in Brazil. This suggests that a total reconstruction of the economy, politics and society is necessary. "As a result, the trade union movement no longer bases its demands simply on questioning the legitimacy of the government in power while supporting popular campaigns and demands. Although the workers may still question the real fundamentals of the government's legitimacy, they are called to intervene in a debate on options for national development. Brazilian workers are increasingly forced to carve out a new policy through pro-active confrontation with the neo-liberal project, to fight the crisis and resume development. This is currently the greatest challenge facing the trade union movement during the 90s," according to the CUT delegates.

The most important issue being discussed in the trade unions was whether they should adopt a comprehensive project of modernisation, or whether they should simply act locally against neo-liberal business and state initiatives. "It is no longer appropriate for a trade union movement to simply make demands and leave political parties to make policies."

The constitution adopted in 1988 is due to be revised this year and CUT believes that some of the fundamental rights of individuals, as well as collective social rights supported by the 1988 constitution, are threatened by this revision. CUT is challenging the legitimacy of the current national assembly to carry out this revision. The current assembly was elected shortly after the Collor government came to power. It does not reflect the political changes which have resulted from the victorious campaign to impeach Collor, as well as the municipal elections last year.

CUT is therefore mobilising against the current revision, on the one hand, while

preparing to engage in the process of constitutional revision if it cannot be prevented.

The CUT paper led to a discussion about the relationship of trade unions to political parties. Having attended COSATU's Special Congress which selected twenty leaders to go on to ANC election list, the Italian and Brazilian delegates were aware of the new challenges facing COSATU on this issue.

The Italians argued that it is impossible to engage in restructuring without a positive relationship with the political parties. "But," they asked, "what kind of relationship? We have a long history of mistakes in Italy."

CGIL has developed the view that the trade union movement needs to develop its own programme and challenge a range of political parties with this programme. This allows the labour movement to combine political autonomy with a positive relationship with political parties. But, they warned, the relationship with a governing party is even more difficult and would bring new problems. A government would compromise with the dominant interests in society and with international pressure, while the trade union should retain its capacity to mobilise and fight.

The delegates from CUT also reflected on some of the problems they had encountered. Twenty five of the thirty five Workers Party deputies in Brazil's national assembly actually came from the ranks of CUT, in much the same way as COSATU's twenty delegates. "But we have been unable to establish an ongoing link between those deputies and CUT."

CUT also has the problem that the Workers Party and the union centre are often seen as arms of each other. CUT now encompasses a wider range of political trends within itself and needs to establish a different relationship to the Workers Party, they said. CUT should establish a broader alliance with a range of left political parties and try to negotiate a common platform, they argued. ☆