South African trade unions and
globalisation:
going for the ‘high road’, getting stuck on the ‘low road’

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ABSTRACT
In this paper, we assess the South African labour movement’s engagement with globalisation in the 1990s and its implications for labour politics in the following decade. Drawing on extensive archival research and interviews with key informants, we show that, although the labour movement had become committed to a ‘high road’, post-Keynesian restructuring vision by 1993, its representatives failed to pursue that vision consistently in the economic policy negotiations that preceded the historic 1994 democratic election. In fact, labour delegates actually agreed to several policy changes that were more in line with a ‘low road’, neo-liberal approach, with dramatic implications for workers in some sectors. The inability of labour’s engagement with globalisation to benefit the working class has led to a long search for a new basis for union strategy.

Introduction
In the 1980s and 1990s, unionists and researchers looked to South Africa for inspiration. Like workers’ movements in Brazil, South Korea and other industrialising economies with authoritarian governments, South Africa’s working class mobilised against incredible odds and was able to realise significant industrial and workplace gains while playing a pivotal role in broader processes of political change. In contrast to the decline in union density, membership and organisational strength experienced by unions elsewhere, South African unions grew in size, strength and political significance during the 1980s and early 1990s. Indeed, the Congress of South African Trade Unions (COSATU), the country’s largest labour federation, seemed to offer a way forward for working class politics in an era of globalisation that other movements around the world could look to for inspiration and guidance (Moody, 1997; Munck, 2002). Moreover, the election of a sympathetic government in the country’s first democratic election in 1994 seemed to promise that labour would retain considerable influence in reshaping the economy and society, compared to the more conservative transitions seen in countries like Brazil (Cardoso 2002).
Yet, precisely at the time when people were celebrating the breakthroughs of ‘social movement’ unionism in South Africa, the search for effective ways to operate on the new terrain where politics was being ‘normalised’ ran into roadblocks. As we shall see, COSATU steadily moved away from its social movement unionism approach and tried to use newly established tripartite forums to advance its worker-centred vision for socio-economic change – a vision that was increasingly shaped by the post-Keynesian ‘progressive competitiveness’ approach advocated by the labour-aligned Industrial Strategy Project (ISP). Although much has been written about the labour movement’s role in the transition and its subsequent political marginalisation in the post-apartheid period (Adler & Webster, 1995; Von Holdt, 2000; Webster & Buhlungu, 2004), few have examined how COSATU engaged with globalisation and the implications of its approach for the policy framework, the labour market, and labour’s ability to organise and represent those most negatively affected by economic restructuring. We argue that labour representatives interpreted globalisation as trade and investment liberalisation, and engaged with these challenges associated with global market integration in the early 1990s in a way that proved to be a major constraint on labour politics in the following decade, limiting the labour movement’s ability to deal with the impact of economic reforms in the post-apartheid period.

Three central claims are advanced. First, COSATU’s focus on social partnership to promote global competitiveness was fraught with problems and pitfalls. The strategy itself – what we have termed a ‘high road’ restructuring vision (based on a post-Keynesian approach) – was too narrow and inadvertently accepted the deepening of labour market segmentation. Even if this strategy had been successful, only a fraction of unionised workers would have benefited, and it would have been largely irrelevant, or even harmful, to workers in sectors that were vulnerable to foreign competition, those that were not unionised, and the marginally employed or unemployed. Second, the policy-making process was problematic and resulted in the labour movement accepting key compromises. As will be outlined below, labour representatives agreed to several policy changes that were more in line with the ‘low road’ neo-liberal approach they claimed to be counteracting with their post-Keynesian proposals, with dramatic implications for workers in vulnerable sectors. Third, COSATU’s involvement in tripartite forums under a social partnership framework limited the union movement’s ability to challenge globalisation and represent those most affected by economic restructuring. Its leaders’ eagerness to secure access to, and participate in, policy processes led them to prioritise technical approaches over continuing to build an engaged, broadly-based movement.

As we shall see, COSATU quickly became aware of the limitations of its strategy and began to develop different approaches and policies – some rooted in past practices of social movement unionism – but an alternative strategy has been slow to emerge. The last section of this paper will examine recent developments that suggest that COSATU is decisively moving away from its social partnership approach and focusing on rebuilding the labour movement in order to better challenge neo-liberal globalisation. These changes are significant in a context where new opportunities – but also new dangers – may be arising, associated with the government’s renewed proposals for a
developmental state that incorporates organised labour within its vision. Moreover, there are lessons for other unions and working class organisations as they, too, seek new strategies for progressive working class politics under globalisation. This is particularly the case in other industrialising societies, like Brazil and Argentina, where labour has also played a significant political role and where the possibility of joining a ‘developmental state’ project has been mooted in recent years under more sympathetic governments (Chibber, 2004; Etchemendy & Collier, 2007; Beynon & Ramalho, 2001). South African unions failed so dramatically because they focused on attempting to reach a consensus plan to co-manage capitalism with representatives of capital and the state, rather than taking the needs of their membership and the working class more broadly as their starting point. In future, unions in industrialising developing countries would be wise to recognise what South Africa’s unions have now accepted and ensure that they do not prioritise consensus, or economic growth, ahead of employment creation, good wages and working conditions, and the provision of basic public services to improve the living conditions of the majority.

Debating labour strategy under globalisation
The neo-liberal restructuring of the globalisation era has presented dilemmas for labour that have been widely recognised both in practice and in theory (Ross, 2000; Frege & Kelly, 2003; Therborn, 1984). The retreat of labour, whether measured in terms of union density, membership, capacity to organise new constituencies of workers or policy influence, has become a central theme in the literature on the industrialised countries. Increasingly, organised labour has been portrayed as a victim of the vicissitudes of global capital rather than as an agent with the potential to shape the nature of restructuring.

Despite the seeming disempowerment of workers under globalisation, some authors have posited labour strategy options that could improve the socio-economic outcomes for the working class. Two approaches are of particular interest. Some authors have advocated post-Keynesian policies as offering a way for states to reconcile high wages with global economic competitiveness – a high-tech, high-wage, high-road strategy. Direct and indirect state involvement in investment decisions, with labour unions on board (to secure their consent to limit income growth), has been the cornerstone of this approach (Arestis, 1996). The ‘high-road’, post-Keynesian, ‘progressive competitiveness’ policy framework has been roundly criticised, however, by some analysts as an inappropriate strategy for labour because its policy goals were not designed to further workers’ interests, but rather to improve the functioning of capitalism (Albo, 1994; Zuege, 1999; Panitch, 1994; Gindin, 1997).

While the ‘progressive competitiveness’ approach focused on effective policies to engage with globalisation, the alternative approach centred on union purposes, structures and practices. Both led to a general consensus: the re-building of the union movement was of pressing importance. Researchers and unions in Britain, Canada, Australia and other industrialised countries have now begun to focus on union renewal strategies (Fairbrother & Yates, 2003). Although some proposals have limited their focus to membership expansion, others have undertaken a more rigorous examination
of union strategies and purposes, and have called for a reorientation of union activity towards social movement unionism. Some unions and researchers have gone so far as to suggest not only that this type of unionism is more effective than the traditional ‘service model’, but that it is the only type able to counter the effects of neo-liberal globalisation on workers and their communities (Moody, 1997).

This focus on union renewal and social movement unionism has generated renewed interest in some of the highly mobilised labour movements of the global South, such as those in South Africa and Brazil. Gay Seidman’s work on social movement unionism has explored the similarities between these two geographically disparate movements. She defined social movement unionism as ‘an effort to raise the living standards of the working class as a whole, rather than to protect individually defined interests of union members’ (Seidman, 1994: 2). The concept of social movement unionism captures labour’s role as a social and political actor in struggles around housing, transportation and various municipal services, and the fusion between workplace and community-based struggles in apartheid South Africa.

The importance of this fusion between labour organising and broader social struggles and movements has been highlighted by Moody (1997) and Ronaldo Munck (2002). Moody emphasises the broader relevance of rejuvenating unionism world-wide in the face of the assaults of globalisation, claiming that ‘successful unionism in today’s integrated world must be social-movement unionism’ (1997: 205). Panitch (2000) concurs that it is more essential than ever for labour to focus on building a broadly based movement that focuses on developing the democratic capacities of the working class to demand radical changes instead of attempting to co-manage capitalist restructuring.

Curiously, before union renewal strategies in industrialised countries were launched, and before much of this scholarly material had been published, the political context in South Africa had already begun to change, affecting COSATU’s commitment to social movement unionism. The legalisation of the African National Congress (ANC) in 1990 and the introduction of other political reforms resulted in the ANC quickly moving to exert its leadership over the broad anti-apartheid movements. Though legalisation of the ANC and majority rule had been among the main objectives of the union movement, these developments also meant that they had to find a new approach suitable for the transitional and post-apartheid situation of labour. And, as will be discussed below, a range of other political reforms and substantial changes to the industrial relations system ran parallel to the legalisation of the ANC, offering organised labour a voice in policy-making.

In a dramatic departure for the federation, COSATU’s leadership turned in the direction of a so-called ‘high-road’, post-Keynesian, ‘progressive competitiveness’ approach, whereby labour’s new role would be to devise and negotiate new strategies for capitalist restructuring. At the time, this approach was perceived as enhancing COSATU’s influence in the rapidly changing policy environment (Habib, 1997). COSATU’s leadership and academic advisors were inspired by the Australian social-democratic experiment. Johann Maree (1993:46-47) argued that:

’The Australian Accord [between the Australian Labour Party and the Australian Confederation of Trade Unions] demonstrates to South African trade unions
what can be achieved by corporatist agreements under the appropriate conditions, but also some of the pitfalls to avoid. It shows that unions can enter into such arrangements as the senior partner with the state and that it does not imply a domination of labour by capital. The Australian unions also set examples of how to enter into co-operative relations with employers without compromising either their autonomy or rank and file participation. They have done so by developing their own industrial strategies by drawing on experts while, at the same time, ensuring extensive consultation with the rank and file to ensure that the experts remain both representative of and accountable to the rank and file of union membership.

Adler and Webster were among the leading academics in this debate, arguing that institutionalised policy negotiations and social movement unionism were at least potentially complementary, and, indeed, that concertation could push social movement unionism to a new level (Adler & Webster, 1995). Webster (1996:3) suggested that ‘the innovative part of South Africa’s response to neo-liberalism [has been] the crucial role of the [COSATU-SACP-ANC] Alliance in acting as a “left pressure” on the ANC. This dynamic, where labour is powerful both on the streets and in the centres of power, was described as a process where COSATU is both “inside and outside the state”.’

Although Adler and Webster noted a growing gap between the leadership and the base in COSATU in the early 1990s, and anticipated that labour leaders would face pressure to prioritise economic development ahead of workers’ needs, they nonetheless remained optimistic that the progressive potential of the trade union movement would remain alive. As we show below, similar optimism played out among labour leaders themselves, at least at the national level, in the first half of the 1990s, until COSATU began to move away from the co-management strategy in 1996-97.

Several writers have argued that labour has been marginalised from the economic policy process (Buhlungu, 2005; 2002; Bassett, 2005). There is much evidence to support this claim, especially during the ANC’s first five years in power. However, we believe that this presents an incomplete picture of labour’s engagement with economic restructuring, especially the situation prior to 1994. To focus only on labour’s marginalisation in the policy processes misrepresents COSATU as a victim of neo-liberal globalisation, rather than an actor that participated in the restructuring decisions that soon affected workers. Certainly, in South Africa, as elsewhere, one of the main effects of neo-liberal globalisation has been a weakening of the organisational, economic and political effectiveness of unions. However, an analysis of labour’s participation in developing economic restructuring proposals reveals the complexities of labour’s struggle in a rapidly shifting political and economic environment.

The remainder of this paper focuses on these issues by uncovering the direct involvement of COSATU and other labour federations in several policy decisions centred on the tripartite National Economic Forum (NEF), where labour representatives put forward proposals for a post-Keynesian economic programme and where they participated in and supported key decisions that put South Africa firmly on the road to neo-liberal restructuring. The specifics of the policy process within the NEF have
received surprisingly little attention in the academic literature on the transition and that on labour politics. Here, we draw on extensive archival research on internal policy proposals, minutes and reports as well as interviews with some of the key participants to show that, early in the economic restructuring policy process, the labour delegates were not excluded from the key decisions by the state and capital – they were active agents and collaborators. We also utilised interviews with labour leaders and participant observation in the critical late 1990s period, as well as published materials, to document the growing disillusion among labour activists with the achievements of the economic policy negotiations and the search for new strategies to reassert working class politics, including some efforts to re-establish the tattered social movement unionism of the earlier era¹. Our conclusion reflects on the broader lessons not only for trade unionism under globalisation in South Africa, but also in similar industrialising economies such as Brazil and Argentina.

**Social dialogue, globalisation and the economic forums**

The non-racial trade unions seldom engaged in policy dialogue with the apartheid government before the late 1980s. Instead, these unions focused on building strong workplace structures while also taking up a range of broader social and economic issues facing the working class. This social movement unionism approach that had characterised the black trade union movement in the 1970s was maintained when COSATU was formally launched in 1985.

Although the federation remained committed to social movement unionism, COSATU began to change its approach to policy issues in 1988, when it mobilised against proposed amendments to the Labour Relations Act that would have undermined a decade of gains. The unions forced business and the government to involve them in developing a new legal framework for industrial relations. The agreement reached, and the process involved, were significant breakthroughs for the unions, beginning to shift policy formulation outside Parliament to bilateral and tripartite processes (du Toit et al., 1998:15).

The initiation of democratic negotiations in the early 1990s inspired further efforts to influence the economic programme by engaging with government and business

¹ Carolyn Bassett spent 1996 and 1997 undertaking dissertation research in Johannesburg. She viewed primary documents (especially minutes, policy proposals and position papers) from the NEF, NEDLAC and the member organisations at the NEDLAC offices, additional COSATU documents at the National Labour and Economic Development Institute (NALEDI) resource centre, and government documents in the government document repository at the University of the Witwatersrand library. She interviewed more than fifteen key participants in the process, including labour representatives (including Mark Bennett and Martin Nicol); academics who supported the labour delegation (Stephen Gelb and James Heinz); NEF and NEDLAC staff (Lael Bethlehem, Jayendra Naidoo and Shan Ramburuth) as well as engaging in dozens of informal discussions with people familiar with the processes. Marlea Clarke undertook fieldwork in South Africa (primarily Cape Town) for her dissertation as well as related research labour market research between 1997-2003. She also carried out archival research at NEDLAC and the COSATU NALEDI archives, and interviewed approximately 30 labour leaders and relevant government officials, including Neil Coleman and Kenneth Creamer of the COSATU Parliamentary Office; senior labour leaders Ebrahim Patel and Connie September, lawyer Paul Benjamin and NEDLAC staff Philip Dexter and Wendy Dobson. She also had the opportunity to learn (off the record) from numerous informal discussions with labour leaders and government officials. Both authors have remained in touch with contacts in South Africa and have made periodic short trips for research and conference purposes.
Unions turned their attention to economic and industrial policies and to broader issues of workplace and economic restructuring, which required them to 'engage' with globalisation in a new way. During protests against a new Value Added Tax (VAT) in 1991, COSATU demanded that the government establish a macro-economic policy-negotiating forum (SALB, 1991). Trade unionist Ebrahim Patel (1993) claimed that this forum would allow labour to help shape policies rather than just fighting their effects. After months of discussions, labour and business agreed to create the National Economic Forum (NEF) in March 1992, which would consider monetary, fiscal, trade and industrial policy. Government was invited to join, which it agreed to do by the year's end (Patel, 1993). The three member constituencies agreed that delegates would secure mandates from their constituencies before seeking consensus on policy issues. COSATU believed that it could use the NEF to forestall neo-liberal restructuring prior to majority rule and extend the arena of democratic decision-making and the power of the working class. Labour leaders thought that these new institutional spaces would regularise their interactions with the state and capital, and that capital would be forced to play by the same rules, which would limit and channel its power (Baskin, 1993).

In December 1994, a few months after the ANC came to power, legislation created the National Economic Development and Labour Council (NEDLAC), which succeeded the NEF and the National Manpower Commission (responsible for labour market policy issues). The NEDLAC legislation gave the forum legal status, government funding, a permanent secretariat, and a mandate to consider all proposed labour legislation and all significant changes to social and economic policy (South Africa, 1994b). NEDLAC maintained the NEF's membership basis, adding a 'community' constituency to some of its policy deliberations. The establishment of NEDLAC meant that labour's direct participation in economic policy-making was institutionalised in the post-apartheid governing regime.

The election of the ANC created new opportunities and new challenges for labour in the forums. The opportunities resulted from their alliance with the government around a common restructuring vision. The Reconstruction and Development Programme (RDP), which had been developed by the ANC, the South African Communist Party, COSATU and allied organisations in 1993, became the ANC's electoral platform (ANC, 1994). Rhetorically, at least, the RDP remained a common programme in the post-election period. The legislation that established NEDLAC called on the institution to 'mobilise the entire South African society behind these objectives of the RDP' (South Africa, 1994a). The challenges were rooted in the ambivalence of the ANC to NEDLAC, which had been expressed as early as 1993, when ANC leaders raised objections to the scope of the NEF's powers (Friedman & Shaw, 2000), and in

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2 Labour market policy remained in the National Manpower Commission, a government advisory body that the non-racial labour federations joined in 1993.

3 The labour delegation was comprised of three non-racial trade union federations that together accounted for about half of the country's unionised workers. In addition to COSATU, the National Council of Trade Unions (NACTU) and the Federation of South African Labour (FEDSAL, also known as the Federation of Salaried Staff), which is now called the Federation of Unions of South Africa (FEDUSA) participated. About one half of unionised workers were either members of independent (non-federated) unions or of race-based unions, or both, and were therefore excluded from NEF/NEDLAC.
some of the weaknesses within the alliance around policy issues that began to surface in the years following the election. Further, liberalisation and other forms of neo-liberal restructuring had already been initiated by the previous regime and, to a certain extent, were endorsed by the ANC. The election of the ANC, therefore, did not guarantee that labour’s post-Keynesian vision of restructuring would be supported and advanced by the new government.

Labour’s ‘high road’ global restructuring vision
COSATU succeeded in creating the economic policy forum before it had fully developed the content of labour’s restructuring program. Once at the NEF, labour delegates proposed an economic restructuring vision that emphasised state-business-labour partnerships to make South African industries more globally competitive. As this section shows, this new, ‘high road’, post-Keynesian labour vision promised benefits only to a narrow section of the working class, who, by and large, were already relatively secure in their labour force positions, while reducing the employment security of a substantial segment of workers.

Traditionally, organised labour had emphasised job retention, job creation, better wages and workers’ rights. COSATU’s late-1980s Living Wage Campaign insisted that all workers should receive a reasonable living wage to cover basic food, housing, transportation and educational costs for themselves and their families (Baskin, 1991). The campaign also demanded job security, centralised bargaining, an end to privatisation and stronger labour market regulation, including an end to temporary and casual work and sub-contracting, and elimination of the racial wage gap. However, these kinds of demands were difficult to put forward in the forums – they were designed for public campaigns and grassroots mobilisation rather than for negotiation with business and state representatives.

COSATU began to develop economic restructuring proposals for the negotiations at a special conference in 1992, which recommended a two-tier approach to industrial restructuring: basic goods industries for the domestic market, and a ‘cutting edge,’ highly competitive export-oriented sector (COSATU, 1992). Domestic restructuring using training and investment – rather than wage cuts – to increase productivity and international competitiveness would be followed by trade liberalisation and export promotion. This approach embraced capitalism and global integration, but also good working conditions and social stability – a post-Keynesian approach. Patel (1994) described it as the ‘new unionism’, reflecting a shift from consumption issues to investment strategies and their implications for the labour market.

Growth and investment were further emphasised in the NEF. Seeking a suitable language and style of engagement, labour turned to sympathetic policy professionals in the Macro-Economic Research Group (MERG) and the Industrial Strategy Project (ISP), several of whom sat as labour delegates at the NEF. It was through these relationships that a handful of prominent senior COSATU unionists became champions of post-Keynesian industrial restructuring. Although COSATU remained opposed to deregulatory proposals from business for new labour legislation, labour’s
proposals were shaped by the ISP’s post-Keynesian assumptions that certain forms of flexibility were both acceptable and desirable. Many of labour’s policy recommendations at the NEF were derived directly from MERG and ISP documents, even when these conflicted with long-standing labour objectives.

According to the ISP’s analysis, South Africa’s deficiencies could be traced to the decline of the manufacturing sector under the import substitution industrialisation programme of the apartheid regime. Therefore, the ISP (1994) proposed a managed trade and industrial strategy with specialised manufacturing in ‘higher value-added’ areas, utilising selective temporary protection while sectors with long-term competitive potential built up their capacity. They also recommended training, improved work organisation, and enhanced technological capacity to improve productivity, with lower wages in some sectors (Joffe, Kaplan, Kaplinsky & Lewis, 1995). A consistent theme in labour’s ISP-based recommendations was that capitalism functioned inefficiently in South Africa, so the goal of economic reform was to make firms more competitive in national and international markets. This implied that successful economic transformation should be judged by market criteria, not social criteria.

Job creation had been central to COSATU’s vision, but when the ISP found that employment creation was incompatible with manufacturing competitiveness, jobs were sacrificed (ISP 1994). Even though employment creation was usually mentioned in the introduction to labour’s proposals, which were based on the ISP approach, there was seldom any further reference to the employment implications (NEF, 1992; 1993b; 1994). The ISP dropped the goal of building basic needs industries for the domestic market, saying that liberalising this sector would benefit low-wage consumers more, a position that had negative implications for job quality and quantity.

The strategy labour put forward at the NEF, which emphasised the ‘high-road’ vision of managed competitiveness and abandoned the commitment to social protection and manufacturing for the local market, would benefit only a portion of COSATU’s own membership and the broader working class. Although COSATU did not acknowledge this, the strategy was destined to reinforce a segmented labour market benefiting that small group of unionised workers in core sectors of the economy that were likely to become globally competitive, while reinforcing the marginalisation of the informal, temporary and casual workforce. Unionised male workers in the most secure and competitive industries were in the best position to benefit from enhanced international competitiveness and training to improve their productivity, while other unionised workers, especially black women workers in vulnerable manufacturing

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4 The post-Keynesian vision was designed to benefit those manufacturing workers employed in sectors that would be amenable to productivity improvements associated with higher levels of training and technology, in order to become more competitive in terms of price and quality on international markets. Only a small portion of the workers represented by COSATU – and in the South African labour force more generally – met these criteria. By their nature, service sector workers, ranging from retail to the public sector, were not included in the vision. Nor were workers in clothing, textiles and footwear, sectors that would realise few productivity improvements through training and new technologies, likely to benefit. Moreover, the main impact of new technologies and training on sectors like mining, food, beverage and other natural resource-based sectors would be job loss. Even acknowledging that there would be some workers who would benefit from post-Keynesian restructuring who were not represented by COSATU, we can conclude from this analysis that the number of workers who would benefit would be a relatively small portion of the total labour force and would be those workers who were already in a relatively privileged position.
sectors, would face unemployment and were seldom candidates for training because their industries were the least likely to become globally competitive. By allowing South Africa’s international competitiveness to become the main goal, labour abdicated its social justice and transformation agenda. Although reading the ISP program alongside traditional labour programmes like the Living Wage Campaign and the recommendations arising from COSATU’s 1992 labour policy convention demonstrates that the ISP’s recommendations contradicted many traditional labour objectives, their proposals nevertheless shaped labour’s recommendations at the NEF and NEDLAC for several years.

The tendency to rely on experts at the NEF coincided with a breakdown in the mandating and report-back processes within COSATU. Researchers Chris Lloyd and Stephen Rix (1995) found that a core group made decisions without proper debate within the movement, at times committing COSATU to policies whose orientation was precisely the opposite of the wishes of the membership. An internal study conducted in 1993 found that worker-leaders, women and local organisers were not participating sufficiently in policy development, which negated democratic decision-making and mandating and led to a weakening of campaign structures (Patel, 1993). Not surprisingly, COSATU members, and working people more generally, never fully accepted the trade-offs the labour delegation had made at the NEF in anticipation of developing a new growth model, particularly when the *quid pro quo* of training and new jobs did not come to fruition. Job creation and retention remained a strong priority with many unions and workers.

**The failure of the vision**

Although COSATU helped to create the NEF in pursuit of a post-Keynesian vision, the labour delegation failed to insist on this approach in the policy negotiations. Instead, they allowed the government to set the agenda in a number of areas, winding up merely negotiating details, which led them to agree to policies that virtually foreclosed their high-road vision. This meant that, in practice, labour promoted a form of neo-liberal global integration that placed even greater segments of the working class in a highly precarious situation.

Perhaps the most significant example of labour’s concessions in policy negotiations was the government’s 1993 proposal to liberalise tariffs. The government wanted trade liberalisation to become the core of an overall industrial restructuring strategy (DTI, 1993; Naudé, 1992). The position of the labour delegation, strongly influenced by the ISP, generally supported the rationalised tariff structure. Their industrial policy submission recommended exposing domestic producers to international competition because they ‘recognise[d] the high-powered, productivity-enhancing incentives that flow from market relations’ (NEF, 1993b). COSATU explained:

> ‘We have to address the challenge of restructuring our industrial economy. We cannot resort to high levels of protectionism since in an increasingly integrated world economy the co-existence of large disparities between domestic and international prices creates a political economy that is not viable and is inimical to the interests of the working class.’ (COSATU, 1993)
Instead of simply liberalising tariffs, the unions wanted to develop an active industrial strategy in which industrial restructuring support measures preceded tariff liberalisation.

However, COSATU’s post-Keynesian approach was hijacked by the ‘emergency’ nature of the negotiations leading to the revision of South Africa’s GATT offer. The labour delegation allowed the government to set the agenda, timetable and terms for discussion. The basis for discussion was the government’s 1990 offer to the Uruguay Round of GATT, and the GATT’s response to the offer, which demanded substantial tariff reductions and the elimination of extensive quantitative restrictions and export subsidies (Hartridge, 1993). The government insisted that business and labour should make their comments on the GATT proposal within five weeks of bringing it to the NEF (DTI, 1993). The perceived urgency prevented consideration of how to support domestic firms, industries and workers in adjusting to the liberalised tariff regime by promoting industrial restructuring, job creation and job retention. It also limited the extent to which forum delegates could consult with their constituencies. The government must have known, at least for several months, about the impending GATT deadline, but chose not to place the proposals on the agenda sooner, thus limiting both the policy discussion and participation in that discussion.

Securing agreement on the GATT offer strengthened the hand of certain actors within the state and the private sector (especially the mining, mineral and related companies) to promote industrial restructuring via trade liberalisation rather than a state-guided process. Yet there was no outcry from the trade unions: negotiator Ebrahim Patel accepted that the urgency of the GATT offer prevented broader consultations (NEF, 1993a). Labour’s willingness to expedite the deal meant that trade liberalisation went ahead before any accompanying industrial restructuring program – on which there was little consensus – was in place.

In contrast with its inability to shape trade and industrial policy in the ways it had initially envisioned, COSATU had far more success in realising its demands for labour law reforms. The ANC met the labour movement’s insistence that new labour legislation should create a more co-operative industrial relations system with an increased role for organised labour, while also promoting economic growth and international competitiveness. New laws marked a major advance for organised labour. COSATU played a critical role in shaping the new regulatory framework and was a strong force in the newly established tripartite labour institutions.

Despite labour’s success in advancing its demands in new labour laws – especially in comparison with its ability to defend workers’ interests in trade policy and other areas of economic reform – the resulting regulatory framework still had significant loopholes and weaknesses, largely due to the government’s concessions to pressures from the national and international business community for increased labour market flexibility.

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5 The new Labour Relations Act (LRA) formalised and codified organisational rights, laid a basis for worker participation in the workplace, granted workers a meaningful right to strike (without fear of dismissal), introduced a new dispute resolution system, provided strong support for collective bargaining and extended coverage to most workers. The new Basic Conditions of Employment Act (BCEA) improved employment conditions for many workers and extended rights and protections to some workers who had previously been excluded from legislative protection.
A key weakness in the framework was that protection was limited to those workers in 'standard employment' (full-time, permanent work with one employer) (Clarke, 2004; 2006). Self-employed workers such as homeworkers and owner-drivers (self-employed truck drivers), task-based workers and all informal workers fell outside the definition of 'employee' in the new laws and were therefore not protected. Furthermore, even though the Basic Conditions of Employment Act formally included most casual workers, many temporary and fixed-term contract workers were effectively excluded since benefits were structured on the basis of a model of full-time, continuous employment (Clarke, 2004; 2006). Indeed, even Paul Benjamin, one of the drafters of the new statutes, has acknowledged that these laws have failed to protect the most vulnerable workers: the informal, temporary and casual workers (interview, July 23, 2003). These weaknesses, plus extensive flexibility provisions in the laws, have proven to be especially significant for vulnerable workers when combined with other aspects of economic restructuring that have increasingly encouraged employers to favour unprotected and unregulated forms of employment, such as informal, temporary and casual work (Clarke, 2006). The rise in unemployment and various forms of casual and temporary work has meant that a large and growing percentage of the workforce falls outside regulatory protection and union organising.

Faced with this growth in unemployment, informalisation and casualisation, it soon became apparent that support for trade liberalisation did not extend very deep within the labour movement. Few of the broader membership knew that labour delegates had committed to the GATT offer on their behalf, and many were actively opposed to it, calling for South Africa not to 'join' or 'sign' GATT (Lloyd & Rix, 1995). This was particularly the case for workers and union leaders within the manufacturing sectors that were most vulnerable to competition from imports, such as clothing, textiles and 'white goods.' Protests against the tariff reduction process grew when trade liberalisation accelerated in the absence of effective industrial support measures, resulting in more job losses in vulnerable sectors after 1994. It was an embarrassing moment for COSATU when the trade minister revealed that labour representatives at the NEF had consented to the GATT deal less than two years earlier.

Soon after this, the ANC government confirmed its commitment to neo-liberal global integration (and its rejection both of interventionist, post-Keynesian approaches and of growth through redistribution) with the announcement of its economic restructuring program, Growth, Employment and Redistribution (GEAR). One of GEAR’s primary aims was to attract foreign investment, which the government saw as key to reviving growth. Therefore the emphasis on state-led development and redistribution in the RDP was replaced with a focus on trade and market liberalisation, debt reduction, spending cuts, and the privatisation of state assets and public utilities – including water, electricity and waste management at the municipal level. GEAR ushered in a period of heightened tensions between COSATU and the ANC (Webster, 2001; Buhlungu, 2005; Bassett & Clarke, 2008). By now it was apparent that labour’s earlier promotion of 'high road', post-Keynesian-inspired global competitiveness had permitted the introduction of the very neo-liberal approach that they had attempted to forestall. As we shall see in the next section, the impact on workers has been severe.
South African workers and globalisation

Global integration and economic liberalisation have contributed to the ‘job crisis’ in the country, and created a distinct set of ‘winners’ and ‘losers’ in the post-apartheid labour market. Unionised black workers in full-time, permanent employment in core sectors of the economy are amongst the ‘winners’, due to improved labour and social rights, collective bargaining protections and contractual benefits. Training processes put in place by new labour legislation and strengthened collective bargaining in some sectors have meant that many full-time unionised workers in skilled occupations within the public and industrial sectors have had their skills upgraded, earned real wage increases and realised significant improvements in a range of employment benefits.

The strong auto industry provides one example. Vehicle exports grew nine-fold between 1994 and 2004. By 2005, the automotive industry – including the manufacture, distribution and servicing of vehicles and components – was the third-largest sector in the economy, accounting for nearly 7% of exports and contributing 7% to GDP (DTI, 2005). Rising production and improved collective bargaining agreements resulted in secure, stable employment with rising wages and benefits for many auto workers, with skilled workers benefiting especially. A three-year agreement signed in 2004 between the National Union of Metalworkers of South Africa (NUMSA) and the Automobile Manufacturers Employers Organisation (AMEO) provided for secure, stable employment with rising wages as well as benefits that included new study assistance schemes and full wages for four months’ maternity leave. However, such ‘winners’ in global economic restructuring were far outnumbered by the unskilled and semi-skilled workers who saw their wages and working conditions decline or under threat (Woolard & Woolard, 2005).

Tariff reform, public sector restructuring (largely through privatisation), and workplace reorganisation put downward pressure on wages and working conditions in many sectors (Clarke, 2006; Godfrey et al, 2003; Kenny, 2003). For example, public sector restructuring through privatisation, outsourcing and subcontracting pushed many workers into poorly-protected jobs in the private sector. In agriculture, marketing boards and price stabilisation measures were abolished to increase competitive pressures on the sector, while new labour standards were extended to farm workers without effective protection of their jobs, resulting in retrenchments and the growth of poorly paid and unprotected casual and temporary employment (du Toit & Alley, 2001; Ewert & Hamman, 1996).

Within manufacturing, tariff reduction had a particularly dramatic impact on the clothing and textile industries. Intensive tariff liberalisation in the mid 1990s led clothing manufacturers to rely increasingly on imported cloth, and domestic textile industries suffered. Clothing firms responded to the more competitive environment by outsourcing and sub-contracting more of their production to unregistered (informal) factories and to small home-based operations. Retailers, meanwhile, began sourcing clothing directly from small, informal clothing producers as well as taking advantage of the lower tariffs to increase clothing imports from China and other low-wage regions. Overall, formal employment in the clothing, textile and footwear sectors declined by an estimated 64,000 jobs between January 2003 and June 2006 (Kriel, 2006). These job losses were only partially compensated by a rise in informal, home-based work. In all, the sector saw a decline in both employment quality and quantity.
The impact of liberalisation and flexibilisation has been devastating for many workers and communities, leading to rising inequalities, pervasive poverty, and a deepening jobs crisis. Job insecurity is rife and the gains initially won by labour are now being eroded, with mounting employer offensives cutting into union membership and power. Some of the country’s mainstream economists have recently acknowledged the negative impact of liberalisation on many sectors, evident in the spread of unemployment and unregulated and unprotected employment to 38.3% of total employment (Bhorat & Hinks, 2006:9). It was found in 2004 that only 40% of the economically active population (and approximately one-third of economically active Africans) were employed in full-time occupations (Barchiesi, 2004). From this perspective, the growth of casualised, flexible work has been a central aspect of liberalisation and globalisation, not a reflection of the failure to incorporate a large segment of the population into globalisation.

This outcome was not unprecedented, but labour’s embrace of globalisation as a strategy to improve the material situation of workers was destined to reinforce segmentation because it protected and benefited a declining core of relatively skilled workers, while accelerating downward pressure on the wages and working conditions of many other workers and reinforcing the marginalisation of informal, temporary and other precarious workers. Rising unemployment, and the expansion of various forms of precarious employment, has affected the labour movement itself, both in terms of declining membership levels and in highlighting the need for new strategies to organise and represent an increasingly fragmented working class.

Signs of a new response from labour
Beginning in 1996, labour’s policy proposals began to turn away from advocating global economic competitiveness and towards demands for higher levels of social protection. However, as already indicated, this gradual shift in union policy had little impact on government policies and the processes of economic restructuring that were under way. And, although COSATU attempted to develop a more independent trade union position in cooperation with other labour organisations, the first new initiative reasserted labour’s priorities within a post-Keynesian model:

‘First, we need a series of active industrial policy measures to improve efficiencies and the performance of companies. Then, we need a pragmatic programme which lowers tariffs carefully, and not faster than required under the terms of the General Agreement on Tariffs and Trade. Simultaneously – not afterwards – we need to put into place a set of social adjustment programmes which will absorb, retrain and then place into new jobs those workers who are displaced by restructuring. … The trade union movement accepts the need to open our economy, but we require a process that is carefully managed and sequenced in order to avoid job losses.’ (COSATU, NACTU & FEDUSA, 1996)

Labour remained in NEDLAC, but began using this forum to assert policies that would defend workers against the ravages of liberalisation, in conjunction with campaigns and strategies that reflect a much more defensive perspective on jobs and globalisation than in the 1993-1996 period. This new approach has contributed to the marginalisation of NEDLAC, but the government had effectively abandoned the forum as a policy-making
institutions by 1996 in any case (Bassett, 2004). Strikes and protest actions against casualisation and job losses have been on the rise in recent years, punctuated by a general strike in 2006, a further sign that labour has begun to challenge the global restructuring agenda rather than attempting to engage with it. One of the specific initiatives to protect their members’ positions, especially workers in the clothing and textile industries, has been the Proudly South African campaign, which marks a shift in union responses to globalisation away from the push for a post-Keynesian strategy to a more protectionist and defensive approach.

More recently, COSATU has begun to re-think its orientation, strategies and approach. Although the union movement has continued to embrace the social partnership model, despite its failure and the waning influence of unions on both government and business, the last several years have seen a slow move back towards linking labour with community struggles. Alongside this shift, labour’s policy proposals have moved more into line with traditional worker demands. For example, the People’s Budget campaign, developed by COSATU in conjunction with the South African Council of Churches and the South African NGO Coalition, focused on redirecting government spending towards addressing poverty directly with policies that meet basic needs, create quality jobs, help the majority to acquire assets and skills, support democratic, participatory governance, and protect the environment (PBC, 2005). The call for a Basic Income Grant (BIG) similarly emphasised reducing poverty by providing a small monthly grant to all citizens (COSATU 2003b). The federation’s Toward 2015 programme identified job creation, better pay and reduced inequality as labour’s most important economic policy goals (COSATU 2003a).

In addition, the federation has started re-focusing on organising and mobilising vulnerable workers and has initiated new campaigns to challenge directly the restructuring linked to neo-liberal globalisation. As in union renewal initiatives elsewhere, COSATU has begun to examine its structures, strategies and purpose with the aim of strengthening and rebuilding the union movement. For example, for the first time since COSATU was formed, organisational reforms became a key focus of debate at the federation’s sixth national congress in 1997. Virtually all the recommendations on strengthening the federation’s structures put forward by a union-appointed research committee, the ‘September Commission’, were adopted. The congress also adopted recommendations regarding the launching of an organisational renewal campaign, including proposals to organise casual workers. Two years later, the federation launched its Jobs and Poverty campaign as one way to challenge the ongoing job losses, high levels of poverty and growing inequality associated with restructuring. This campaign remains in place, with the federation outlining new actions in May, 2006.

Accompanying their reconsideration of the benefits of globalisation for workers, and resulting revisions to their policy framework, unions are beginning to shift their attention away from ‘high politics’ back to community issues that respond to the impacts of restructuring at a local level in working class communities, resulting in new forms of organising around the country. One indication of this shift is the federation’s increased attention to rebuilding its relationship with other civil society organisations, especially the new community-based groups that began organising around a range
of socio-economic issues in the late 1990s. The renewed focus on working with social movements to address unemployment, poverty and inequality culminated in a Jobs and Poverty Conference in 2007. These moves suggest that COSATU is, perhaps, finally and decisively moving away from the framework of engaging globalisation by trying to transform economic processes and policies from ‘within’, and instead shifting back towards a more defensive, community-based approach characteristic of social movement unionism.

Conclusion
In this paper, we have examined the bumpy road COSATU and other labour federations have followed in seeking to engage with globalisation. At first entranced with the idea that globalisation could be shaped to the benefit of South African workers, the federation failed to pursue this path consistently and instead made policy concessions that rendered its approach unfeasible. The results were soon apparent – though some workers benefited, many experienced the impact of globalisation in the form of informalisation, casualisation, unemployment, dislocation and poverty. But the significance of this case study relates to more than poor policy choices – it is about the reorientation of a union movement around a social partnership model that failed to deliver, and the slow process of rebuilding towards the social movement unionism that once was. The South African case demonstrates what theorists of labour strategy like Leo Panitch (2000) have argued: that trade union politics must be rooted in the needs of the working class (however seemingly unfeasible) rather than a desire to co-manage capitalism, especially based on a consensus with capital. The unprecedented challenges that globalisation presents for workers should not obscure longstanding trade union dilemmas associated with building a movement that genuinely represents and empowers workers and seeks to incorporate the working class as a whole into its political project. The temptation to be drawn into co-management schemes may be stronger in industrialising societies because the need for economic growth convinces labour leaders that they must prioritise economic development over specific worker demands, but in most cases the risks of doing so are actually higher because they exacerbate trends towards income polarisation and casualised work – precisely the building blocks for neo-liberal global integration. The question of how to develop an effective trade union response to globalisation cannot easily be answered, but the experiences of South Africa’s unions should nonetheless serve as a cautionary tale to other labour movements in similar economies.

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