

COSATU CEC Political Discussion Paper September 2010

The Alliance at a Crossroads- the battle against a predatory elite and political paralysis

1. Introduction

- 1.1 This political discussion paper takes stock of developments since the ANC's historic 52nd Conference at Polokwane. It concludes that while the perspectives advanced at Polokwane represented a major advance for the working class, battles which have unfolded since then represent a serious threat, not only to workers, but also to the future of the country as a whole.
- 1.2 It traces the roots of these developments to the policies and practices adopted by the previous leadership of the ANC and government, in concert with big business, particularly post 1996, which has led to a perversion of the culture of the movement into one of crass materialism, and self-interest. It argues that the Alliance, and indeed the country, is at a crossroads, and that if we fail to arrest the current trajectory, we face being plunged into a serious crisis.
- 1.3 This situation confronts COSATU, the Alliance, and progressive civil society, with some hard choices. One thing is clear - we cannot sit back and do nothing; and we cannot continue pursuing old strategies if they are not working. We have to act, and if necessary, act differently.
- 1.4 The question is, what is to be done? In answering this question we attempt a number of things: Firstly, to take stock of where the country is post-Polokwane, and conclude that, despite some important gains, we are far from achieving the bold vision set out by ANC Conference delegates. Indeed, we run the risk of moving even further away from that vision. Secondly, we diagnose the nature of the problem in the movement and the state, and conclude that, if we don't act decisively, we are heading rapidly in the direction of a full-blown predator state, in which a powerful corrupt elite increasingly controls the state as a vehicle for accumulation. Thirdly, the Alliance is facing political paralysis, which needs to be unblocked.
- 1.5 Fourthly, we consider the strategic options facing the country, and particularly organised workers, to arrest these developments, and move the country onto a trajectory of renewal, reconstruction and

development. Finally, we need moving forward to assess different scenarios, which depending on the actions we take, could either move us forward, or plunge us into disaster. To serve as the basis for this discussion, we reproduce the scenarios developed for the 2006 Congress, and those in the 1997 September Commission. After further discussion of these scenarios in our ranks, we will develop new and updated scenarios as a guide to action in the current period.

- 1.6 The issues we address in this paper are confronted honestly and directly. We believe that we are neither exaggerating the problems, nor being alarmist, as some will claim. History is replete with examples of movements and peoples who woke up too late, and found themselves in the clutches of a ruthless elite, who knew no limits to their greed and capacity to abuse power.
- 1.7 Africa itself, as well as revolutions elsewhere, has seen too many liberation movements with noble ideals, hijacked by corrupt individuals, predatory classes, and foreign interests, for us to close our eyes to that danger now. Our liberation movement, and our struggle, will never be up for sale. It is the working class, and the poorest of the poor, who always end up the worst victims of these failed revolutions. However, while the rich have more resources to cushion themselves, a predator state, will ultimately eat away, and consume the whole of society. No one is immune. But as we have seen in recent times, it is up to the organised working class to stand up, and mobilise society, against corruption, greed, and abuse of power and resources. This is what we propose to do.

2. Significance of Polokwane

- 2.1 The Polokwane Conference represented nothing short of a revolt by ANC delegates against practices, policies, and a leadership, which had deviated from the movement's historic policy perspectives, democratic organisational culture, and collective traditions. The outgoing leadership and organisational style was regarded as individualistic, and elitist; abusive of government power; and having imposed inappropriate policies, which had failed to take into account the views or needs of the people.
- 2.2 Organised workers, as ordinary members and leaders of ANC branches, played a leading role in this revolt. Delegates articulated views, which had long been advanced by COSATU, the Party, and many in the ANC, although these views had previously been suppressed, ridiculed, and vilified.

2.3 The decade before Polokwane was a painful one for workers, and leaders of the labour movement. The Polokwane revolt represented a rejection of the worst elements of this period.

2.4 At a **political level**, Polokwane was a basic battle against:

1. The closing of political space, and shifting of power from the ANC, to government leaders and bureaucrats, and marginalisation of the ANC in policy formulation
2. Sidelining of the Alliance, and suppression of the views of COSATU and the SACP
3. Parliament being used as a rubber stamp by the Executive
4. Disregarding the people, reducing them to voting cattle, and 'wheeling them out for the celebration of historic dates' (Fanon)
5. Abuse of state institutions to advance factional interests, and illegally pursue opponents of the power elite
6. Politics of fear and 'big brother'. Inability to have open discussions in meetings. Intrusion into people's privacy.
7. Corruption and nepotism, abusing positions of power for the accumulation of wealth, and distribution of patronage, especially through government tenders, blurring the lines between political leadership and business interests
8. Use of state power to appoint people without capacity to lead transformation; tolerance of mediocrity and sidelining of talented individuals for factional reasons.
9. Culture of using media (including SABC) to selectively leak information to sideline and publicly try opponents

2.5 At the **socio economic level**, Polokwane delegates sought to reverse the impact of:

1. Neo-liberal economic policies promoted by Gear, and an elite pact with big capital, which deliberately excluded labour and mass movements
2. The job loss bloodbath in the public and private sector
3. Narrow BEE politics which affirmed the elite, but left the masses as disempowered as before
4. Undermining of the state's role in the economy, and pursuance of the mantra of a slim state resulting in cutback in services, and personnel
5. Slow progress in addressing poverty
6. Deepening inequality and growing unemployment
7. Casualisation, and the worsening quality of employment.

8. Redistribution to the rich. We said the first decade of freedom was a decade which primarily benefited capital in economic terms
9. Aids denialism: 350 000 people had died whilst the head of state and the Minister of health adopted a denialist approach and sent mixed signals against the policies of the ANC on HIV/AIDS.

The key focus of Polokwane delegates was that economic policies must be centred around the creation of decent work and eradication of poverty.

2.6 On **International policy** there was unhappiness that

1. South Africa had not been taking a sufficiently principled stand on various issues, of both human rights, and economic justice
2. Our role in the region and Africa was problematic, and that we were attempting to export governments neo-liberal policies
3. We were being seen to be too closely aligned to the imperialist powers. Cf Bush's statement- 'Mbeki is our point man in Africa'

2.7 The Polokwane Resolutions sought to address a number of these issues, and the new leadership was given a mandate for change, under the banner of "*iANC ibuyile*" (ANC has returned to its members). Following Polokwane, the Elections Manifesto took up a number of key proposals, and prioritised 5 areas for focus by government:

1. Decent work as the basis for all economic policy
2. Rural development agrarian reform and food security
3. Universal, quality, affordable education
4. Health care for all through a National Health Insurance
5. Combating of corruption and crime

3. Has the spirit of Polokwane been taken forward?

3.1 We briefly assess progress in taking Polokwane forward. Various discussion documents of the Federation have undertaken a detailed assessment of different aspects of the current political economy, including: a detailed assessment of the state of our economy and society, in COSATU's proposal for a New Growth Path; a detailed analysis of economic policy contestation in government, and the extent to which Polokwane Resolutions have been implemented; and various CEC documents on the implementation of the manifesto priorities. A shortened and updated version of the analysis on economic policy contestation post-Polokwane is attached. We confine ourselves to summarising the salient points, to avoid repeating the detailed analysis we have undertaken elsewhere.

3.2 Briefly, our draft Growth Path document details the faultlines of the current economic epoch:

1. Unemployment among Africans, which was estimated to be 38% in 1995, stood at 45% in 2005, 48% of South Africans live below R322 a month per person, and 25% of the population now survives on state grants.
2. In 1995, the Gini coefficient stood at 0.64 but it increased to 0.68 in 2008, which has made South Africa now the country with the biggest inequalities in the world.
3. The top 20 paid directors in JSE-listed companies each earned on average 1728 times the average income of a South African worker in 2008, whilst state-owned enterprises paid CEO's 194 times an average worker's income.
4. Approximately 71% of African female-headed households earned less than R800 a month and 59% of these had no income. As we celebrate women's month, she would have to face the reality that income inequality is still racialised and gendered: an average African man earns in the region of R2 400 per month, whilst an average white man earns around R19 000 per month. Most white women earn in the region of R9 600 per month, whereas most African women earn on average R1 200 per month.
5. A recent survey of 326 companies by Phillip Theunissen showed that despite talk of recession, company CEOs were still able to double their annual earnings.
6. Bank CEO pay packages are obscene- Nedbank CEO Tom Boardman earned R43m last year, Standard Bank CEO Jacko Maree R18, 2m and Absa CEO Maria Ramos R13, 5m.
7. All the top 20 paid directors in JSE listed companies remain white males. In the private sector, top management is 60% white male, 14% white female, 9% African male and 4% African female¹. Coloured and Indian males account for 4% of top management in the country, whilst females account for 1.4%. In other words 74% of top management of the South African economy is drawn from 12% of the population.

3.3 On Housing: there has been progress in the provision of housing. 74% of South African households live in brick structures, flats and townhouses. Nevertheless 15% of households still live in shacks, which amount to 1.875 million households. A major challenge is the quality of human settlements: 46% of South African households live in dwellings with no more than 3 rooms, 17% of households live in 1-room dwellings. Among Africans 55% live in dwellings with less than 3 rooms and 21% live in 1-room dwellings, whereas at least 50% of White households lives in dwellings with no less than 4 rooms.

¹ See the Employment Equity Report (2008/2009).

- 3.4 Infrastructure: Households with no access to water infrastructure fell from 36% in 1994 to 4% in 2009. Access to sanitation also dramatically improved over the same period, from 50% to 77%. Access to electricity also improved, from 51% to 73%.
- 3.5 We acknowledge that the roots of these challenges predated the April 1994 breakthrough. Further we acknowledge that the current leadership has largely not been responsible for many of the challenges.
- 3.6 Without being overly critical, however, it is fair to say that there has been very little progress in achieving what was proposed at Polokwane and in the Manifesto, particularly in relation to the **five priority areas**:
- 3.7 **Priority one:** At the level of **health** care, the picture, as outlined in the CEC analyses tabled in the May and March 2010 CEC's, is very depressing. All the health care indicators are dire, including the frightening statistic that maternal mortality has increased from 230 mothers dying (per 100000) in 2000, to 400 in 2005, and over 500 today. While modest progress is being made in some areas, such as combating HIV/Aids, there is no apparent progress on the most important undertaking of Polokwane and the Manifesto- to implement a **National Health System**, funded through an NHI. Instead there is increasing reference to public private partnerships as the solution. All indications are that the state bureaucracy, particularly in Treasury, together with private sector vested interests, has stalled this project. Some in Treasury are now arguing that an NHI can only be introduced in 2025. The ANC doesn't appear to be taking this seriously-none of the papers for the September NGC raise this matter. The two tier health care system therefore remains in place with the rich appropriating most of the health resources and the majority still trapped in underfunded and under-resourced public health care.
- 3.8 The health profile of the population has deteriorated. In 2006, a black female South African was expected to live 12 years shorter than a white male, and an average male in Sweden expected to live 30 years more than an average black South African female². The life expectancy of South Africans was the highest in 1992, at 62 years. Ever since then life expectancy fell to 50 years in 2006³. Although we rank 79th globally in terms of GDP per capita, we rank 178th in terms of life expectancy, 130th in terms of infant mortality, and 119th in terms of doctors per 1000 people. The situation seems to have worsened since 2006. The life expectancy of a white South African now stands at 71 years and that of a black South African stands at 48 years, according to the South African Institute of Race Relations survey in 2009.

² World Development Report (2006): Equity and Development.

³ World Development Indicators, 2009.

3.9 **Priority 2:** At the level of **education**, our previous reports to the COSATU CEC outlined the state of our education system in detail. Again the picture is grim, with 80% of South Africa's schools being considered dysfunctional. While outcomes based education has now been abandoned, there is not the sense that the massive intervention required by the state to meet the outcomes proposed in Polokwane, and the Manifesto, has yet materialised. Polokwane resolutions committed to progressively introduce free education 'for the poor' until undergraduate level.

The Manifesto also committed us to work towards free and compulsory education for all children. As the immediate step it undertook to ensure that at least 60% of schools are no-fee schools. No clear plan has been outlined to implement the undertaking of free schooling, up to secondary level for all poor children, although the 2009 budget committed to ensuring that 60% of schools would be no-fee schools. The crisis in education persists and the quality of education is declining: 70% of matric exam passes are accounted for by just 11% of schools. Only 3% of the children who enter the schooling system eventually complete with higher-grade mathematics. Of the 1.4 million learners who entered the system in 2008, 24% were able to complete matric in the minimum of 12 years.

3.10 **Priority 3: On rural development agrarian reform & food security-** Some steps have been taken by the new Ministry of Rural Development to develop a comprehensive rural development strategy (CRDP). We need to engage carefully with the details of this proposal. However, it is clear that the strategy is still in its infancy, focusing on pilot projects in particular areas. Key questions are whether government will make available resources on the scale required to make the type of interventions envisaged in the Polokwane resolutions; the coherence and urgency of the approach to land and agrarian reform; and whether there is a coherent strategy for rural economic development, which goes beyond promotion of rural agriculture. An issue of concern is that within government, and among the technocrats, particularly in Presidency, there is still a huge amount of scepticism about the viability of the rural development strategy proposed by Polokwane. This is reflected in the Economic Transformation paper for the September NGC⁴, which in essence tries to resurrect the National Spatial Development Perspective (NSDP), the Presidency strategy which essentially questioned the viability of a major rural development thrust, and proposed instead to encourage people to move to 'viable

⁴ The ETC paper asks: "Is it possible to increase economic activity, employment and incomes in the former Bantustan regions? Alternative (sic), are these areas so overpopulated as a result of apartheid that substantial out-migration to existing economic centres is unavoidable?"

economic centres'. This despite the fact that Polokwane clearly rejected the NSDP approach.

3.11 On **food security**, there is little sign of progress, or intention to implement the Polokwane or Manifesto proposals. In particular, the Manifesto proposes a wide-ranging 'food for all' programme, which envisages government intervening to "procure and distribute basic foods at affordable prices to poor households and communities". There is no indication in government or ANC documents and proposals that there is a plan to take this forward. A substantial section on food security in the ANC Economic Transformation paper for the September NGC, fails to mention the Food for All proposals, as does the Presidency Outcomes document on sustainable rural communities.

3.12 **Priority 4: On the Economy and decent work:** the Manifesto and Polokwane clearly set out that economic policy needs to be realigned to the central objective of creating decent work and eradication of poverty. There were high hopes when a new Ministry of economic development was created to achieve this objective. However, far from creating more effective policy co-ordination, and aligning the programmes of all Departments around a coherent vision, the unfolding reality has been one of intense contestation, contradictory policy developments, zigzagging in government, and major resistance from old centres of economic power in the state. The result has been that economic policy realignment, where it has taken place at all, has been partial, and has had to coexist within the old macroeconomic policy framework. The result has been that at times of severe economic crisis, when over a million workers have lost their jobs (throwing over 5 million people deeper into poverty), government has dithered and failed to provide direction. A detailed picture has been provided to previous CEC's of the extent of the economic crisis, poverty, inequality and unemployment, and is summarised in COSATU'S growth path proposal as outlined above.

3.13 This economic policy contestation in government has seen:

- The blocking of agreement on a New Economic Growth Path (NGP) proposal. This document is intended to provide the framework for economic policy aligned to the objective of decent work, but. Despite the adoption of a framework for the NGP by the Economic and Employment Cluster in March this year, the July Cabinet Lekgotla was unable to reach agreement on it⁵. A real concern is that, given all the resistance to policy change, by the time the NGP emerges from this process, it will be so weakened and watered down, that it will have little impact;

⁵ see statement of 2 March 2010. Reports indicate that a NGP proposal was placed before the Cabinet Lekgotla in July, but was not adopted. It has been referred to a special cabinet meeting, on a date yet to be announced.

- Related to this, is the failure to clarify and legislate the mandate of the Economic Development Department, thus entrenching the *de facto* control of economic policy by Treasury, despite adoption of the EDD strategic plan, combined with attempts by the Minister for the NPC to usurp the function of economic planning;
- The half-hearted implementation by government departments of the far-reaching framework agreement in response to the economic crisis;
- The attempt by Treasury to develop a new macro economic policy*, and assert control over economic policy co-ordination;
- The failure to realign the Reserve Bank's mandate in line with the approach contained in the Manifesto⁶, despite the devastating impact of contractionary monetary policy on the economy;
- The promotion by Presidency of an outcomes approach containing conservative economic policy perspectives. Despite this there has been a failure to reach agreement on the economic outcomes⁷. ;
- The proposed introduction of a Regulatory Impact Assessment (RIA) process* which would vet all laws and policies based on the regulatory burden they place on business;
- The proposed introduction by Treasury of the wage subsidy proposals*, which, together with other proposed reforms, including exemptions from collective agreements, would further entrench the dual labour market;
- The welcome introduction of IPAP2, but concerns that inadequate resources were being released for it. Further, that it would not have the policy instruments it required to succeed, in the absence of the New Growth Path, an overarching developmental strategy, being adopted.

A more detailed discussion of this contestation of economic policy is attached.

3.14 This continued conservatism in government is mirrored in the ANC Economic Transformation discussion document for the September NGC, despite the clear mandate in the Manifesto, and from the Alliance Summit in November 2009. This discussion document, which appears to be the work of technocrats in government, and not the product of collective discussions in the ANC or Alliance, proposes a *de facto* growth path, within a conservative paradigm, without even engaging with what government is proposing as a New Growth Path. It therefore

⁶ The manifesto states: "Fiscal and monetary policy mandates, including management of interest rates and exchange rates, need to actively promote creation of decent employment, economic growth, broad-based industrialisation, reduced income inequality and other developmental imperatives. Economic policy will include measures to decisively address obstacles that limit the pace of employment creation and poverty eradication, and will intervene in favour of more sustainable and inclusive growth for all South Africans."

⁷ See the Presidency website for a summary of the outcomes and Ministerial performance agreements, which exclude the outcomes and agreements on the economy.

suggests that there are two parallel processes, neither of which is being subjected to Alliance scrutiny. This discussion document has as a central reference point, the need to reduce the costs for business in the economy, and the need to avoid 'unnecessary regulation' of business- suggesting that this is the key barrier to greater investment and employment creation. It also questions the IPAP2 strategy of focusing on broad based industrialisation, with manufacturing as the engine of the new growth path, preferring to focus more on services. A detailed critique of this document has been circulated separately to the COSATU CEC.

3.15 Central to the decent work agenda is the combating of casualisation and elimination of labour broking. The Minister of Labour outlined his approach to dealing with labour broking to the last CEC. However the approach he took doesn't correspond with the proposals being put forward by the Department of Labour. Therefore these discrepancies need to be resolved.

3.16 **Priority 5: On crime and corruption:** Important strides were made during the FIFA World Cup in jacking up *policing*. It remains to be seen whether this will be converted into a sustained strategy, which makes ordinary people and working class communities safe. We will be watching in particular to see if adequate numbers of extra police are employed and deployed appropriately; and whether the growing militarization of the police leads to worsening of human rights abuses, and increased violence against legitimate protest. While there has been a recent improvement on the policing front during the World Cup, it is of major concern that the socio-economic conditions, which feed crime, are not improving, as we outline in this paper. Addressing this needs to be the key priority.

3.17 Because of the frighteningly rapid emergence of a powerful predator elite, abusing access to the state to accumulate wealth, the question of tackling **corruption** has become a growing national priority, so we therefore deal with it at greater length⁸. Corruption threatens to get out of hand. It is seemingly now more endemic than in any other period. Even though some may argue that the media is full of stories on corruption because government is on its toes fighting and exposing corruption. There is some truth to this, but there is no doubt as well those workers' concerns about endemic and growing corruption reflects society concerns. The seriousness of the extent to which it has infected our organisations, our polity, and society is shown by:

- The emergence of death squads in several provinces, linked to corruption, and the murder of people who have taken a stand, or have whistleblown;

⁸ An extensive analysis of corruption, is contained in the COSATU submission to the ANC bilateral on 9 April 2010

- The open way in which prominent ‘business figures’, linked to top political leaders deepen perceptions that there is blatantly abuse of power to concoct illegitimate business deals worth billions of rands;
- The extent to which factions in organisations are increasingly not about ideology or political differences, but about access to tenders.

3.18 Notwithstanding the work of government, a danger exist that if the current trajectory continues, is that the entire state and society will be auctioned to the highest bidder. Given that state procurement is on a massive scale (over R800 billion for infrastructure over 3 years), failure to deal with endemic corruption would leave us with a huge challenge. Corruption covers a range of activities in society, but the most insidious and dangerous is the systematic abuse of access to state power and political contacts, to accumulate capital illegally. This includes abuse of political influence to corrupt state tenders and procurement processes, and illegitimately win contracts; and abuse of political access and manipulation of BEE provisions to manufacture illegitimate business ‘deals’ (e.g. Arcelor Mittal, AMSA, and ICT) etc.

3.19 All these practices have in common the *systemic creation of a network of patronage and corruption* which means that over time no-one will be able to do business with the state, without going through corrupt gatekeepers, who don’t merely demand bribes, but systematically leverage their power to control large chunks of the economy. Once this becomes the norm, we will have become a **predator state**. And there must be no illusions that mainstream business, with all their codes for corporate governance, will fight this predator elite, if they are their only route to state-controlled resources. AMSA were prepared to pay a premium of billions to get access to their mineral rights and apparently the necessary political influence. When key actors in this patronage network are close relatives or friends of people in power, the situation is particularly serious, since the likelihood of decisive action being taken to stop these practices becomes increasingly slim. So it becomes crucial to examine what steps are being taken to act against these practices, and implement the measures agreed at Polokwane. Further, we need to assess whether the measures proposed at Polokwane are still adequate to address the challenges being faced.

3.20 Polokwane and the Manifesto, proposed that to combat corruption:

- The NEC must develop a framework on post-tenure rules, including a cooling-off period during which public representatives and senior officials will be prohibited from accepting appointment to a board, employment or any other substantial benefit from a private sector organisation that has benefited from a contract, tender or partnership agreement with the public service/state in a process that the official has participated in. (Polokwane)

- Government will step up measures to ensure: politicians do not tamper with the adjudication of tenders; the process of the tendering system is transparent; as well as ensuring much stronger accountability of public servants involved in the tendering process. (Manifesto)

3.21 Neither of these commitments appears to have been followed up, by the NEC or government with the necessary urgency. Papers for the NGC on leadership, and organisational renewal, which deal with related matters cite these commitments on tackling corruption, but don't comment on the lack of progress, or make recommendations on how to take them forward.⁹ The Organisational Renewal NGC paper only proposes an internal mechanism to discipline members found guilty of corruption, but no measures to effectively combat the roots of corruption which has become so endemic, such as abuse of tenders, shady BEE deals linked to access to the state etc. While it is welcome that the paper proposes dismissal of "members found guilty of corruption and abuse of power" it doesn't suggest the necessary mechanisms to give either the state or the party real bite when it comes to acting against corruption.

3.22 The NGC paper's proposal for an internal ANC 'Integrity Committee' also doesn't adequately respond to the seriousness of the situation. The Committee "will manage the interests of those who hold office in the state and organisation and investigate any allegations of improper conduct." Whilst this responds to some of the issues we have raised and is therefore welcome, the emphasis appears to be more on protecting 'genuine' ANC business people than ruthlessly cracking down on corruption. The paper states: "This will protect ANC leaders from false accusations and ... misdemeanours by some in our ranks and in society who give a bad name to all genuine black businesspeople and entrepreneurs who have links with the ANC... As a matter of principle, all members of the ANC are free ... to engage in legitimate and clean business activities in the public and private sector..."

3.23 The Organisational Renewal paper only proposes an undefined 'protocol' which will address conflicts of interest: "Public representatives, public servants and serving members of the constitutional structures require organisational protocols that will [combat] conflict of interest and abuse of office for commercial gain. ..." Again this doesn't appear to address the seriousness of the challenge, nor confront the fact that

⁹ The NGC paper on leadership defines corruption as " *Corruption*: theft of public resources; abuse of position to extort bribes or kickbacks; services in exchange for bribes; **business and public office conflicts of interests.**" No measures are proposed to deal with this except a comment –see below- on party political funding.

almost 3 years after Polokwane, the NEC has still not produced the relevant guidelines.

- 3.24 The paper suggests that the root of corruption is the fact that access to political influence is for many members, the only way to improve their lives “... *too many ANC cadres and members cannot make a living independent of deployment by the movement. ...The movement needs to encourage its members... to invest in their own self-development... Members of the ANC should be encouraged to earn a decent living through their own legitimate initiatives...*” While this is important, it doesn’t adequately acknowledge that since corrupt networks provide the vehicle for untold wealth, it is only through cracking down ruthlessly on those networks, and creating a new political ethos, that such a ‘career path’ will be discouraged.
- 3.25 Another issue which surfaces in the NGC leadership paper is that secret party funding is used to exercise improper influence over the organisation, and secure various favours. Polokwane resolved that: “*The ANC should champion the introduction of a comprehensive system of public funding of representative political parties... [and] an effective regulatory architecture for private funding of political parties... The incoming NEC must urgently develop guidelines and policy on public and private funding...*” The NGC paper asks “*what about monies raised by candidates and lobby groups, with no accountability and disclosure about the sources (and legality) of such resources, nor how these monies are being used. Are we already in the trap of vested interests and those with money having more influence about the direction of the ANC than its membership? Our approach towards party financing will therefore have to be broader, so that it also deals with the “informal” party financing...*” This is an important point, but again nothing concrete is proposed, and the Polokwane resolution has not been implemented.
- 3.26 Until recently, Government’s approach to these matters has not inspired confidence, and has created the impression that government is helpless or directionless on the anti-corruption front. This impression is not countered by the very weak approach contained in the performance agreements on the Presidency website. The Outcome on corruption only states that: “This is a critical issue if we are to improve investor perception, trust and willingness to invest. We need a detailed plan on how we will aim to successfully convict 100 people by 2014 who have assets of more than R5 million restrained.” And the relevant Outcome on the public service states: “There must be an improvement in the corruption perception index from position 55 of 180 to 40 of 180. A target must be set for the number of payroll and tendering corruption related disciplinary cases and convictions that are successfully completed, and a plan developed and implemented for achieving this target. The number of South Africans approached for a bribe must be

reduced - a target must be set in this regard and plans put in place to meet the target.”

- 3.27 COSATU has welcomed the recent announcements that government will conduct a series of investigations into seven identified government departments, including the SAPs; the Department of Human Settlements has launched investigations into dodgy housing contracts; and Public Works Department has frozen certain leases subject to investigations. The Department of Mineral Resources has acted to suspend granting of mining rights pending an investigation into abuses, following the Arcelor Mittal scandal. The SA Revenue Services is also conducting selective lifestyle audits, a measure strongly supported by COSATU. This is all welcome. However, these all constitute investigations after the fact, despite their importance. What is needed is a much stronger legislative framework, and enforcement strategy, which deals with corruption forcefully, and efficiently. The measures proposed by the ANC Manifesto, and Polokwane-see above- need to be implemented. But we need to go beyond these, with measures specially designed to address all the types of tender fraud, and other forms of corruption, identified by the AG and other agencies of government. We also need to push for investigation of allegations that certain Ministers have been interfering with tenders.
- 3.28 **Democratisation of the ANC and the State:** as indicated above, operation *ANC ibuyile* was supposed to return the ANC back to members, and hold leadership to account, both in the organisation and in government. Has this happened? The expectation post-Polokwane was that the ANC would return policy formulation to its members. But there has been little progress in that direction. Policy continues to be driven by technocrats, and dominated by those in government. Further, the ANC is not driving a clear programme on the ground,
- 3.29 At the level of governance, the call at Polokwane was for the ANC, together with the Alliance, to reassert leadership of all processes of governance. But where does the power lie today? Luthuli House? Presidency? Treasury? The Executive? Parliament? Alliance? The reality again is that the ANC is not on top of processes in government, and that policy decisions continue to be made in an untransparent way, without the meaningful participation of the ANC, or Alliance. For example, some of the key policy debates referred to above, such as the outcomes process, the new growth path etc., haven't been debated in the structures of the ANC, let alone broader society. Even though there has been an improvement, the ANC continues, in the overall, to operate as before, with government largely leading processes.
- 3.30 At the November 2009 Alliance Summit the ANC contested a previous agreement that the Alliance should be the political centre. The irony of the resistance by some ANC leaders to take forward the agreement

that the Alliance should be the *strategic political centre*, is that the ANC *itself* is not acting as a strategic centre, and that resistance comes particularly from ANC leaders who are in government, who don't want government to be held accountable by the ANC or the Alliance. Further, the statement that the ANC is the leader of the Alliance is interpreted by some to mean that it is the sole political centre, in a way, which marginalises the SACP and COSATU as the General Secretary of the SACP, recently pointed out.

- 3.31 At the same time, there is a more openness in the relationship between government and parliament. President Zuma made an important speech to MP's, shortly after elections, calling on them to hold the Executive accountable. Parliament does seem to have been more robust than previously, although there are signs of certain Ministers returning to bad old habits, of trying to bully Parliament.
- 3.32 Polokwane was also a revolt against the abuse of state institutions for narrow factional reasons. Is there progress in this regard? We can still smell manipulation of institutions by individuals for personal gain; and appointment of dodgy people into key positions. The jury is still out therefore as to whether we run the risk of returning to the pre-Polokwane politics in this regard.
- 3.33 **In summary:** the post-Polokwane period has been highly contested. On paper, Polokwane promised key advances in its commitment to an economic policy based on decent work, proposals for a new growth path, a new high impact industrial policy, national health insurance, comprehensive social protection, comprehensive rural development strategy etc. But progress on these areas has been very mixed, and on the whole disappointing. The centrepiece of the new economic policy, the Growth path document couldn't be adopted at the July Cabinet Lekgotla, and has been referred to a Cabinet Committee. There are no time frames set for this process suggesting that it may hang in there forever.
- 3.34 There was a Honeymoon period post-Polokwane, particularly in the Alliance, but the emergence of a 'new tendency' focused on using access to the state for a selfish accumulation agenda, disrupted the emerging unity of purpose.
- 3.35 The 'new tendency' strategy has been to put the current leadership on the back foot all the time. Public statements that 'ANC has been hijacked by communists' were made as part of the assault on the long held principle of dual membership.

- 3.36 The main advances which were registered was an agreement to extend the Child Support Grant from 15-18 years, reduce the Old Age Pension from 65 to 60 for men; the introduction of a progressive industrial strategy in the form of IPAP2; the acceptance, at least in principle for the adoption of a new growth path, which would guide economic policy; and the extensive consultation around cabinet appointments. But these gains were countered by a range of problematic agendas, particularly on economic policy, outlined above. There is some doubt as to how far we have progressed in reversing the 1996 class project.
- 3.37 Nationally and provincially, there is no clear evidence of a fundamental reprioritisation in budgets to reflect the central importance of the five priorities. Failure to adopt the Alliance programme for fundamental transformation led to a failure to mobilise our base to strongly back a campaign for example to make our schools function. At this moment, with policy formulation drifting back to cabinet and state bureaucrats, there is no role played by the grass root structures except during elections and when celebrating historic dates.
- 3.38 We haven't delivered *concretely*. The main areas of progress have been on policy **processes**, including the rural development strategy, the new growth path to a certain extent etc. IPAP2 is the one major concrete advance, but will likely be frustrated by inappropriate macro economic policy, and lack of resources, and will in any case take some time to bite.
- 3.39 The concrete impact, post-Polokwane, for working people has been far from encouraging. Admittedly in the midst of the international economic crisis, the loss of 1,1 million jobs - has led to deepening poverty. In the short term, there is no likely major recovery to job creation. Inequalities continue to deepen, and we continue to see a growing level of profits and benefits to the capitalist class, which celebrates an increasing share of profits and a declining share of wages in the GDP. Nevertheless, capitalism faces a crisis of reproduction and sustainability, in the context of the international as well as local situation. Therefore elements of capital are looking for new answers. Some elements of capital have entered into tactical alliances with labour on specific issues such as a campaign against high interests rates, calling for a weaker and competitive currency, as well as supporting the local procurement campaign. Others are calling for a social accord between business, government and labour. Amongst our constituency there is a degree of despondency, and people are beginning to question our strategies. There is the danger that again, the 2nd decade of freedom will belong to capital.
- 3.40 Briefly, the new international situation holds both enormous challenges for the movement, as well as opening up significant new possibilities. The devastating impact of the crisis on workers has been outlined

above. At the same time, the international economic crisis is witnessing the rapid reconfiguration of international economic relations, with a new role emerging for countries of the South. We are also seeing the collapse of the old international economic consensus, and a greater acceptance of the central role of the state in economic development, as well as the importance of tighter regulation of capital. This opens up policy space, and has important implications for our domestic agenda, particularly in relation to implementing the economic and social resolutions of Polokwane.

4. Paralysis in the Alliance and Government

4.1 We are facing *political paralysis on two key fronts*:

1. In Government, the old bureaucrats and conservatives in Cabinet continue to block the Polokwane mandate. They are driving old policies, while ‘debates’ are deliberately prolonged. The New Growth Path couldn’t be discussed or adopted at either January or July Cabinet Lekgotla. But key policy initiatives are being rapidly driven forward e.g. by the Presidency through the Ministerial performance agreements / outcomes approach.
2. In the ANC and Alliance – the fragmentation and fragile state of the ANC, means there is no space for robust policy debate. The Alliance Summit has been indefinitely postponed, because of a fear of implosion, if the Summit went ahead. However, the fear may not be so much about implosion of the ANC, as about a serious contestation, around key issues, such as economic policy, and the debate around the political centre. COSATU has recently been excluded from participating in a meeting of the NEC Economic Transformation Committee¹⁰, which may open the way for our wholesale exclusion in all other NEC sub-committees.

4.2 A key reason behind this paralysis, as we have said above, is that the predatory elite has subjected the leadership to so much beating, and blackmail tactics. It was hardly a year into their term when the predatory elite started making statements that some in particular the Secretary General and now increasingly the President will be replaced. Before the Deputy President was insulted in public after being smeared through a media campaign. This has put the leadership in an invidious position, making them vulnerable, and in the overall led to them losing confidence, resulting in indecision on many critical questions.

¹⁰ Convened to discuss the draft economic transformation document for the September ANC NGC

- 4.3 Recently leadership failed to protect some in the ANCYL seen to be victims of a wave of intolerance and victimisation of those not endorsing problematic positions, such as the premature opening of succession debates, despite this being called to order by the ANC NEC. When these groupings appealed for intervention, little was done and yet when they approached the Courts for remedy they were told those who did this would have dismissed themselves automatically. Today the balance has been shifted in favour of '*mabaphume singene*' (let them vacate we want to lead) grouping who have not hesitated to launch a public assault on their targets for 2012.
- 4.4 The indecisiveness on the issues mentioned above constitutes a political crisis, in which avenues for serious engagement on taking forward the Polokwane mandate are being closed off. We need to analyse what the role is of various forces, including the predatory elite, in blocking movement forward, in the state, and the Alliance. We must analyse the class basis of the contestation currently paralysing the ANC and its formations, including the ANCYL, and the extent to which it is a function of factions attempting to lay their hands on the levers of state as a basis for accumulation, and to what extent factions are attempting to defend the organisation from this onslaught.
- 4.5 What underpins the ANC's fear of engagement? The notion has been raised that if we engage at the level of Alliance, the ANC could be 'taken over by hostile forces', because the leadership is facing serious difficulties [is this 'paralysis' real, or is it exaggerated perhaps as a way to neutralise Alliance partners, and stop them from pushing too hard?] Yet the cooling of contact, itself breeds conditions for growing mistrust within the Alliance.
- 4.6 ANC leadership is afraid of losing positions in 2012, and therefore don't want to alienate any powerful group. So, as a result of internal ANC dynamics, the Alliance is now in limbo. If this 'unstable equilibrium' in the ANC is accepted at face value, it means among other things, that the ANC is now not capable of negotiating a binding agreement or pact. Alternatively there needs to be consideration of how to tilt the balance of forces away from the predatory elite in the movement, to enable the ANC to play its rightful leadership role.
- 4.7 A case in point is the way in which the movement has chosen to respond to the attempted marginalisation of the ANC Secretary General, in the face of this onslaught by the predatory elite. Attempts have been made to distance him from the left, and for him to play a more 'neutral' role. However this merely hamstringing him and other progressives in the movement, and deepens confusion amongst the membership, as to where the leadership wants to take the organisation.

- 4.8 To complicate this, while the SACP's membership has grown to a significant 109 000, it has challenges in reaching its full potential. Increasingly the SACP is unable to play its proper role. It is in danger of becoming more and more invisible, given the full-time role of its office bearers in government and in the ANC. This equally makes it difficult for the Federation to take forward its Congress Resolution on Socialism, as its key partner is hobbled. Further, the SACP's cautious approach has in some cases been seen as a move towards conservatism and defensiveness. Its initial approach to the nationalisation debate has emboldened demagogues in the ANCYL to use radical populist rhetoric, to disguise a right wing agenda of accumulation, and anti working class politics. The SACP needs to re-establish its focus, and ensure that it has full time leadership whose primary commitment is to driving the organisation forward, at national and provincial level. It needs to ensure capacity, visibility, and ideological clarity.
- 4.9 COSATU is aware of the link between the situation facing many in the SACP leadership and the unavailability of resources to pay full time elected office bearers. The organised working class has not adequately played their role in supporting a viable and truly independent working class party capable of being a vanguard for a struggle for socialism.
- 4.10 We therefore have seen three phases post Polokwane: the initial honeymoon period; then a mixed bag of contestation and zigzagging; and now a period of limbo, leading to paralysis of the Alliance, and of certain processes in government:

The post Polokwane Era December 2007 to 2010 – The Key Phases

Note- this is a broad indicator. The periods actually overlap

PHASE I- 'Honeymoon' December 2007 to mid 2009

1. Post-Mbeki transition.
2. Alliance transitional management team manages process to elections.
3. Progressive Manifesto.
4. Successful elections.
5. Reconfiguration of government, including new Ministry to co-ordinate economic policy.
6. Consultation on the appointment of the new Cabinet
7. Successful Alliance Economic Summit 2008, and May 2009 Alliance Summit.
8. Nevertheless clear signs that old bureaucracy and leaders of the 96-class project continue to contest the agenda, in ANC and government.

What were real gains? This phase is about reorganisation and stabilisation
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PHASE II 'Fight back' and contestation mid 2009 to 2010

Government

1. Conservative bureaucrats, particularly in Presidency and Treasury drive old policies and block new ones, supported by some leaders in Cabinet.
2. Treasury continues to use control of fiscus, to assert conservative economic policies, and thwart the mandate of EDD to align economic policies towards objectives of Manifesto.
3. Attempt to use NPC as centre to assert overall control of government policy. This was later defeated and confined to a more limited agenda.
4. Bureaucrats in Presidency, in Monitoring and Evaluation department, also drive a policy agenda, under cover of technocratic outcomes and performance agreements.
5. Progressive Ministers struggle to assert new IPAP2, Growth Path, rural development agenda, NHI etc., in face of this.

ANC

1. Role of elements within the ANCYL and tenderpreneurs linked to the movement, in undermining ANC leadership, and opposing closer Alliance

relations including through making wild claims that the communists have hijacked the ANC.

2. Attempt to isolate ANC Secretary General, and attack on left/ 'communists' in Alliance.
3. Alliance Summit Nov 2009 effectively reversed agreement on the Alliance political centre resulting in a failure to adopt a programme for transformation to take forward Manifesto commitments. Even the compromise proposed by the ANC Deputy President that both the ANC and ANC led Alliance are the strategic political center does not appear to be winning ground.
4. Blocking of progressive resolutions of 2008 Economic summit on macroeconomic policy.
5. COSATU continues programme of mass mobilisation.

Emergence of new tendency in movement is not an aberration it reflects changing class basis of state and ruling party and old alliance with finance capital.

PHASE III Political Paralysis Jan- August 2010

Government

1. Neither NPC nor EDD can assert role as economic planning centre in government.
2. Failure to discuss New Growth Path at January Cabinet Lekgotla, or to adopt it in the July Cabinet Lekgotla.
3. Key people leave Presidency and Departments. Removal of some Director General's but no clear political agenda, or direction.
4. Lack of decisiveness in leadership to resolve key stalemates.

ANC/ Alliance

Engagement with the ANC in April 2010 Bilateral, reveals that the ANC is deeply divided.

1. Unable to engage on substantive policy issues, and Alliance Summit repeatedly postponed. Top leadership fearful of broader discussions.
2. Signs of closing down of engagement in ANC e.g. exclusion from ANC ETC.
3. Issues reduced more to discussion of symptoms, such as problem of 'public spats'.

Progressive forces wield a degree of social power, particularly through organised labour. Also have a greater presence in state, post-May 2009. But not strong enough to dislodge 1996 class project, and new predatory elite.

- 4.11 If we are to address this political paralysis, we need to look beyond the symptoms e.g. the 'problem of spats' in the Alliance. We need to look at the underlying contradictions, and the root of the contestation, in the Alliance and in government.
- 4.12 From the perspective of class analysis, we sit both with a paradigm of continuity, and change, in relation to the current state:
- *Continuity* in that the 1996 class project was a long-term project, which has rooted itself, with concrete class interests in the state and society. It represented an alliance with big capital, particularly finance capital, and the creation of a black capitalist class. It laid the basis for the politics of crass materialism, as a replacement for the politics of service and solidarity. This new culture in turn laid the basis for corruption at all levels of society;
 - *Change*, in that the relative prominence of a predator class, which relies on access to state levers for accumulation, vis. a vis. big capital (which was arguably more prominent until recently), is growing by the day, in the most frightening way, with the Mittal deal and ICT consortium being the latest most obscene example of this. This presages a form of accommodation between these two centres of capital. However, this accommodation comes at a big price to established capital, which would pursue a different path, if this were open to them.
- 4.13 A political stalemate, particularly in the Alliance, is to the advantage of the predatory elite, as they occupy the vacuum, which is created, and want to use the ANC as their primary vehicle for accumulation. If this stalemate persists, we will either continue with this unstable status quo, with all its weaknesses, or the political hyenas will take over completely in 2012 not only to accelerate movement towards a predator state but also to put the whole country up for sale to the highest bidder. Such a scenario will unleash widespread resistance. This raises the spectre of massively increased abuse of human rights, and even the introduction of large scale repression, if this scenario is not averted.
- 4.14 The question needs to be asked in particular of the ANC leadership, as to why they appear unable to break this impasse. Is the ANC simply too compromised by developments, and are the leadership unable to appeal to that same membership who ejected undemocratic elements at Polokwane? Progressive forces in the ANC and the Alliance need to look at how to break this paralysis, and assert a progressive hegemony at the September NGC. The question however is: do the working class have the power to enforce the Polokwane resolutions, defend the current leadership collective, and assert a progressive platform?

- 4.15 The President in particular needs to be called on to play a more decisive role in addressing the stalemates, which have emerged in the Alliance and in government. For example he needs to act to unblock the impasse around the responsibility for economic coordination within government; and he needs to assert the importance of taking forward the agreement that the Alliance needs to act as a strategic political centre, and that this is not incompatible with the ANC fulfilling its leadership role.
- 4.16 Further, the ANC top 6 needs to play their leadership role as a collective, and to complete their term of office in 2012. COSATU will however carefully consider its continued support for this NEC leadership collective, in the next term, based on their performance in addressing the key Polokwane mandate issues outlined in this discussion document. The battle now, however, is to correct weaknesses in the movement, not to unleash a regime change debate, that will defocus and undermine the unity of the ANC.
- 4.17 We need to respond politically to the attacks on COSATU and the SACP by elements in the ANCYL. This needs to be done calmly and maturely, to avoid the trap of reacting to provocation, in a manner which unnecessarily escalates conflict, and diverts the energies of our movement from the priority issues facing our people..
- 4.18 A concern is that, instead of addressing the above urgent challenges, focus will be shifted now by local government elections, the ANC 2012 National Conference etc.; and that the unresolved questions will continue to fester, until they burst into the open in uncontrolled and unpredictable ways. Urgent bilaterals are required with the ANC to address these matters.

5. What is the way forward for COSATU?

- 5.1 We face a serious crisis of legitimacy amongst workers if we can't demonstrate concrete gains in terms of worker rights and socio-economic progress ahead of local government elections. Not only COSATU but also the Alliance as a whole will be in serious trouble. Further, a shift towards the opposition in local government elections could be used as a platform to make gains on a national level in 2014.
- 5.2 The paradox is that despite these pressures, and this looming crisis, COSATU is nevertheless an organisation, which is admired by more South Africans, than at any time in our history. We have earned a special place as a conscience of our democracy and a fearless spokesperson of the most downtrodden. This gives us a degree of leverage and power in society. We wield considerable moral authority

amongst the working class and middle strata, increasingly even in the capitalist class, and some opposition parties, albeit for opportunistic reasons at times. But we can't rely on moral authority alone, otherwise we will gain influence but lose power. This influence is society needs to be bolstered both by our own organisational power, as well as forms of broader organisational coalitions which address the challenges outlined in this paper.

- 5.3 While we wield moral authority, this is not uncontested. The media is full of negative propaganda about the role of trade unions in marginalising the unemployed, making unrealistic demands, blocking the wage subsidy etc., etc., No doubt, the tempo of these attacks will increase as always with the public sector strike. We need to systematically make our case for new economic policies, the importance of living wages to address poverty and inequality, the fact that our proposals are aimed at addressing the needs of the most marginalised in society etc. We need to use the launch of our growth path document to popularise this broad policy platform.
- 5.4 But in terms of asserting our influence in society, it is critical that we build a strong and focused organisation. We are currently undertaking an assessment of COSATU, which reveals significant weaknesses, including the lack of internal capacity to drive a systematic Organisational Development strategy in affiliates; and the fact that many manufacturing unions are unable to breach the 40% ceiling of membership as a basis to consolidate into one federation.
- 5.5 A key test for us is going to be to launch a dynamic 'mother of all living wage campaigns', which will capture the imagination of the country on an unprecedented scale. The shape and structure of income, wages, and inequality must look completely different once this campaign has taken effect.
- 5.6 On the other hand, we are going to come under pressure from growing sentiment in government that employers and workers (through their organs) must sign a *social accord* - a social contract on wages and prices, as is often the case in societies facing economic crisis. This proposal for a social accord was in fact a central plank of the Gear package. This raises some key issues which suggest that such an agreement would be a non-starter:
 - Who would we sign with? Labour is relatively organised. But who sits on the other side? Business is too fragmented. The MLC can't cut a deal and force it on all in business to deliver. BUSA doesn't seem to hold weight. BLSA is seen by some as a clique of Anglo American.
 - Business will however fragmented as they may be, make us deliver on wages, and abuse labour broking to drive wages down further

once we give a signal that suggests we are willing to look at a wage freeze, or that workers salaries are too high. But business won't be able to deliver on prices - given the extent of collusion in the economy. Any deal on wages, suppressing wages to the level of inflation, will constitute class peace; and entrench the current wage structure, existing inequalities and massive wage gaps. We won't be able to reverse that trend, if we abandon our battle to fight it now.

- If we did sign such an agreement, five years down the line, workers would create a new Federation, once they see the impact a wage freeze has had on their lives.
- How does the ANC or government hope to drive a social accord, when they are unable to negotiate a pact in the Alliance?
- How would we relate such an agreement to our intention to launch the 'mother of all living wage campaigns' next year? If we signed a wage deal, how would we maintain the capacity to fight for a living wage?

5.7 Even if we are clear that such a proposal is a non-starter, we need to be able to clearly explain our objections, and propose a coherent alternative. This means *inter alia* that we need to be able to put forward a comprehensive proposal for the reorganisation of wages and incomes, within the parameters of an alternative macro economic framework, and development strategy. Those elements of our growth path proposal addressing these matters should therefore be developed further.

5.8 In terms of our political strategy, we are in a 'rather hard place'. If our 2015 strategy has not worked for us, do we have other tools to take us forward? In the run up to 2011, we must avoid being too predictable: articulating our criticisms, and mobilising the masses around our campaigns, but then calling on members to vote i.e. business as usual. We need an alternative approach. But what is that alternative approach?

5.9 We must look at what is the combination of levers we can use to engage, but how we can do this differently. We require a strategy which combines our tried and tested approach of engaging in all the different sites of power, and mobilising our mass base, with a much more assertive drive to build powerful social coalitions, which mobilise constituencies which are our natural allies, but have been relatively dormant for various reasons. This must be linked to an engagement with our strategic allies.

5.10 Our strategy to tilt the balance of forces, should focus on:

1. Assessment and refining of our **Swelling of the ranks/ 2015 strategy**, which remains important, but over-reliance on this

strategy hasn't worked. At one level COSATU members haven't joined the ANC in large enough numbers. However, even members of the ANC play a minimal role in defining strategy, and therefore swelling the ranks alone may be ineffective. NEC sub-committees and technocrats can still draft strategy documents without taking account of member's views. Discussions on policy don't take place at branch level. Workers participation at branch level in some branches is also often frustrated by hostile attitudes from the leadership of branches. We still need to continue swelling the ranks, but need to combine this with a campaign for democratic control. If we contested the ANC today on a class basis, could we secure a progressive working class oriented leadership and programme? Analysis of what is happening in provinces suggests that the organised working class is not the motive force in the ANC at this point.

2. Massive intensification of the **anti-corruption campaign**. [Is the cancer already too advanced, to stem?] We need to go beyond moral condemnation. We must deal with the systemic issues, which are reproducing corruption. To do this we need a far-reaching programme to fight this cancer. What are the institutional, legal, political, economic changes, which are required to lead society out of this malaise? Fighting the scourge of corruption requires clear leadership. We must develop a programme with civil society and our allies, and host a Summit with a broad range of society. (Invite the President, Attorney General, Minister of Finance, SARS, etc. to address the Summit). We need to put the predatory elite on back foot. We need to strike a strategic blow against the elite- e.g. by reversing, or taking legal action against the Mittal deal. We need to commission serious research on the nature of the problem¹¹. Action against corruption must be incorporated into our Section 77 demands at Nedlac.
3. Building a powerful **anti-corruption institution of civil society** – a *corruption watch*, with the capacity - including a team of lawyers, accountants, auditors, etc to conduct preliminary investigations, and process these with the relevant authorities.
4. We need to build a **coalition on human rights and worker rights** issues, as part of the effort to isolate the agenda of the predatory elite. This means that we need to mobilise opposition against attempts to militarise our society, manufacture securocratic paranoia, or anything, which creates the climate for repressive measures against people organising to advance their rights. This includes opposition to: attempts to stifle access to information, or to suppress a vigorous media; moves to remilitarise the police; repressive activities against worker and community demonstrations; deunionisation of the defence force; and attempts to deny organisational rights to large sections of the public sector by defining them across the board as “essential services”. Such

¹¹ We should commission research on the size and character of this new elite; their connections to the state; their relationship to different factions in the ANC; their relationship to elements of big capital; and their relationship to foreign business and governments.

measures move us in the direction of autocracy, and are only in the interests of the new elite, and not the working class, or society as a whole. Failure to oppose these developments could ultimately see the introduction of outright repression to deal with those opposing the agenda of the predator elite.

5. The **COSATU post World Cup Declaration** is gaining broad support. We need to create a bigger profile for this, and convene a platform of organisations to focus on the issues raised in the Declaration. We can use this to unite South Africa around a positive campaign of social renewal?
6. **COSATU Living Wage Conference.** We must link this to our growth path proposal, and call on civil society to input. We must use the LWC as a platform to launch discussion in society on the economic crisis facing ordinary people, and proposed solutions. Key issues include inequalities, jobs, and poverty. We must consider the possibility of our Living Wage Campaign culminating in a S77 notice/ mass action.
7. We must mobilise for the immediate introduction of the **National Health Insurance**. We shall join forces with civil society and alliance to demand addressing of the current two-tier health system – (one for the rich and the powerful who enjoy first class services in the private clinics and hospitals and the other for the overwhelming majority who must face the humiliating and worse than third-coach conditions in the public hospitals).
8. Build a platform on the **struggle for socialism**. We must clarify theoretically what this means, and take forward the discussion document on the NDR and Socialism, which we debated at the 2007 COSATU Central Committee. Our response can't be the same as that of the ultra left that says forget about conditions today – “storm the Bastille”. In our last congress we theorised the relationship between the NDR and the struggle for socialism. In brief we believe that the NDR is the most direct route to socialism, meaning that a successful NDR holds the possibility for a socialist future. Our assessment is that the NDR is at a crossroads itself, and therefore all socialists need to contest the direction of this NDR, if we are to advance the prospects for socialism. But we need a coherent programme to take the connections between these two struggles forward. The current trajectory of the NDR is moving us further away from socialism, not closer.
9. **Where to for the Alliance?** The Congress mandate is for an Alliance Pact now, and we need to continue to insist on the importance of the Pact. But we have reached a stalemate on the Pact, and the issue of the Alliance as strategic political centre. Without an agreement on the Pact and worse without the alliance programme for fundamental transformation we will be back to the marginalisation of the Alliance. Conditions are different from 2001, when the dominant centre in the ANC was trying to force the left out of the Alliance. But, the one common feature with that period is that the Alliance is again dysfunctional: the centre cannot hold, and

Alliance Summits are no longer possible. What is the way out of this? Do we need a radical reconfiguration of the Alliance?

10. Why for 16 years since democracy have we not moved closer towards the ideal which COSATU resolutions speak to? Do we have the wrong conception of our Alliance – is our insistence on an Alliance programme that will allow all components to drive transformation as a political center under the leadership of the ANC a pipe dream? To what extent are these high COSATU expectations on how the Alliance should function leading to deep frustrations on our part? Are these expectations on the part of COSATU unrealistic – do we need another type of Alliance which perhaps will only be limited to COSATU backing the ANC during elections but not insisting on driving a transformation programme together? The other option would be for COSATU to align itself with a left party or pro poor/ pro working class party and relate to the ANC on ad hoc basis, through e.g. governing coalitions. We need to develop these scenarios further.
11. We need to analyse the outcomes of the ANC NGC, and the implications these hold for the Alliance, moving forward. There is real concern, that the current politics of patronage, and deep factionalism in the movement, will make it unlikely that the NGC will have the coherent and deep political discussion, so desperately needed by the movement at this stage. Yet we need the NGC to make a contribution to the breaking of this deadlock. Our members are called upon again to discuss this state of affairs, including strategies to unblock the stalemate. We shall hold special meetings of COSATU locals, socialist forums and provincial shop stewards councils throughout the month of September to discuss these challenges.
12. All discussions will culminate in the Central Committee of COSATU at the end of March 2011 as part of the mid term assessment and preparation for the 11th National Congress in September 2012. We have been given a mandate by both the 9th and 10th National Congresses of the federation - we therefore do not need a special National Congress.
13. The COSATU CEC in August reaffirmed its support for the ANC in the 2011 local government elections but acknowledged that there will be major problems in some of our poorer communities to convince voters to stay with the ANC. The CEC adopted a programme of action to mobilise our membership. It was agreed however that we would not give the ANC a blank cheque and would refuse to campaign or support candidates known to be corrupt or lazy, just because they succeed in manipulating the ANC and even alliance internal processes, and who enjoy no support in the communities. We would support candidates who have integrity and who can advance a programme of action to address the real concerns facing working class communities.
14. Lastly and most importantly, we must continue to build the engines of the federation more systematically and coherently, and ruthlessly

examine our own weaknesses. Despite 10 years of conducting debates on Organisational Development (OD) we still have to address the unequal development of COSATU affiliated unions. We must develop the capacity to implement our OD policies, and be use best practices across all unions. This requires that we create capacity in the Secretariat to drive implementation of Organisational Development across the federation.

Appendix I: SCENARIOS

The 2006 Congress discussion document and 1997 September Commission looked at possible scenarios, and we reproduce below the relevant extracts. It is important that we develop new scenarios, which address the unfolding realities:

1. 2006 Congress Discussion Document '*Possibilities for fundamental social change*'

Strategic Options for COSATU

The political tasks facing us are outlined in our 2015 Plan to build working class power through quality jobs and building a strong organisation. COSATU also declared that the new decade should belong to the working class. We are now two years into the second decade and the analysis above show that many challenges remain. Based on the analysis above the question to pose is whether all that has been lost to the working class? We here sketch five scenarios:

Scenario 1:	Continue without change i.e. the current situation continues. No consensus within the Alliance on what interventions are required to change the accumulation regime. Alliance is marginalised from driving the agenda for change and its role restricted to mobilisation during the election. Substantially, there is no Alliance as conceived by COSATU, the ANC continue to zigzag from one political crisis to the other.
Scenario 2:	Change the laissez-faire attitude of the COSATU leadership at all levels and vigorously drives aggressively the 2015 programme. In this scenario COSATU membership grows to four million in line with recruitment policy framework and creates a conscious and politicised proletariat out of these ordinary workers. These trained cadres swell the ranks of the ANC and redirect it into the framework of the 1969 Morogoro conference's strategy and tactics. In this scenario the ANC led by workers at all levels is not hostile to socialism and manages internal contradictions towards fundamental transformation of society as envisaged in the Freedom Charter and Morogoro.
Scenario 3:	Introduce change: this may entail signing an enforceable Pact within the Alliance. The Pact will stipulate how the Alliance should operate and the development agenda that should guide government. The working class also begin to contest power in the manner that the SACP is beginning to propose.
Scenario 4:	Walk out of the Alliance and call on the SACP to contest political power or start a new working class Party that would unite labour, SACP, social movements, civil society formations and the leftwing political formations committed to the radical transformation and socialism. Under this scenario COSATU acts with others to challenge the ANC in power

	directly.
Scenario 5:	The Alliance disintegrates with no clear direction. Under this scenario the ANC stops being a broad church but is hijacked to drive a narrow bourgeoisie's class agenda whilst purging those calling for fundamental change. COSATU and the SACP splits in the middle along ideological lines and loyalty to personalities in the Alliance.

These scenarios are not *predictions*; they are tools to help us debate the strategic options for the labour movement and the working class in general. In addition, we did not sketch what the drivers are of each scenario. In addition, we do not define the pros and cons of each scenario to allow for discussion.

SEPTEMBER COMMISSION SCENARIOS (extract from September Commission into future of the unions, 1997)

We have identified the following as the key uncertainties facing COSATU:

- The extent and nature of economic development
- The nature of the labour market, i.e., what kind of workplaces and jobs will we be organising in 2005? How many workers will be unemployed?
- The vision and programme of the ANC
- The nature and strategies of the capitalist class
- The degree of coherence or fragmentation of social values in South Africa (i.e., whether people share the same basic values and attitudes to justice, fairness, the state, etc.)
- The prospects for socialism.

It is impossible to predict the future. The September Commission has drawn up three scenarios to explore these uncertainties and provoke discussion within the federation about the future of labour. The three scenarios are called **the desert, Skorokoro and Pap, vleis and gravy.**

The scenarios are stories about the future. The scenarios are not stories about the strategies of COSATU. They are stories about the forces and factors outside COSATU, beyond COSATU's control. Each story is designed to highlight critical challenges we may face in the future, and provoke debate about the strategic responses which COSATU could choose. There are other stories that could be told about the future, but we believe these highlights the most important issues for COSATU.

1.1.1 The desert

In this scenario there is no economic development, no RDP delivery, and a high level of class conflict. South Africa finds itself in the desert instead of the promised land of the RDP. Could socialism provide the way out of the desert and towards the Promised Land?

In 1996 the ANC government announces its new macro-economic policy. In the following few years the economy stagnates. There is very little RDP delivery as the government focuses on reducing state expenditure. There are retrenchments across the economy. Only the informal sector seems to be growing.

There is growing conflict between employers and unions in collective bargaining and at NEDLAC. In 1998 the employers table a demand that labour agree to wage restraint and industrial peace. Labour rejects this. Employers stage a walkout. Government closes NEDLAC down.

Centralised bargaining collapses as employers pull out of bargaining councils. Although workers are militant, unions tend to lose strikes because of the poor economic situation.

The ANC moves further to the right and signs an austerity package with the IMF. There are massive demonstrations against the worsening conditions of the masses. Placards are seen asking, "Where is the RDP? Where is the promised land?" and, "We the masses are in the desert - where is our Moses?"

Powerful organisations of the unemployed, the youth and the communities emerge. The government detains a number of leaders. Government leaders promise to look into the people's legitimate grievances, but warn against false prophets who mislead the people. The SACP splits, with half its leadership remaining in the ANC, and the others joining an alliance of Left organisations for building a workers' party.

Should COSATU remain in alliance with the ANC and campaign for it in elections, or should it ally itself with the new workers' party and the growing popular alliance against ANC government policies? This is the major question being debated in the federation as it prepares for its congress in September 2003.

1.1.1.1 Threats to COSATU:

- COSATU could lose the gains it made in the years before and after 1990.
- COSATU could become weaker as it become more difficult to win strikes and improve wages and conditions because of the deteriorating economy.
- COSATU could become narrowly focused on militant wage bargaining and lose sight of broader working class issues.

1.1.1.2 Opportunities for COSATU:

- COSATU could become stronger by drawing on its militant tradition to organise the resistance of workers.
- COSATU could broaden its perspective to take up living conditions and political issues as well as wages.
- COSATU could play a central role in forging a new popular alliance, and in building a new socialist movement in opposition to government.

1.1.2 Skorokoro

In this scenario there is some economic growth and modest delivery. The main features are, on the one hand, increasing social fragmentation and conflict, and on the other hand, the rapid self-empowerment of black business and the black middle-class. South Africa is a skorokoro zigzagging from problem to problem.

By 1999 the growth in GDP has been 4% per year, 300 000 houses have been built and 400 000 new jobs have been created. However, unemployment is still at 30%. Despite these problems, there has been a rapid emergence of black business in these years, and the expansion of a black middle-class. Newspapers are filled with reports of new millionaires, new corporate deals and high salaries of government officials and consultants.

Ethnicity, racism, provincialism and regionalism become very powerful as a result of lack of delivery and conflict over resources. This makes it even more difficult to deliver. Patronage and corruption become the order of the day in government and in civil society.

Trade unions face ongoing problems like the "five madoda" at Rustenburg Platinum, like the Turning Wheel, like violence on the mines. There is increasing competition between affiliates for members. Union activists

continue seeking greener pastures elsewhere. Provincial governments in KwaZulu-Natal and the Eastern Cape establish EPZs to attract foreign investment. The government stops extending bargaining council agreements to non-parties.

Organisations have clear racial identities - the NP is coloured and white, the ANC and COSATU are African. The NP succeeds in organising "responsible" coloured unions in the Western Cape and undermining SACTWU and SAMWU in that region.

On the ground there is a lack of cooperation or violent conflict in communities and on the shop floor. The rainbow nation does not exist. In 1998 it is announced that Cape Town has failed in its bid to host the Olympic games.

The ANC zigzags from policy to policy. It announces privatisation, but backs down when workers take mass action. It announces a crackdown on corruption and crime, but takes no firm steps. It proposes a new tax on the wealthy, but changes its mind when they protest that this will discourage foreign investors. It regularly announces new measures to transform the public service, but keeps changing its policies under pressure from various constituencies.

There are repeated calls by business, other political parties and the press for the Tripartite Alliance to end. While many leaders in the ANC think this would be a good idea, the dominant view is that breaking the Alliance would undermine support for the ANC and worsen the divisions in society.

In their secretariat report to the COSATU congress at the end of 2003, the federation's leadership states that there is a social crisis in South Africa: "The government lacks a vision of where we are going. There is no leadership in civil society. We are rapidly becoming a skorokoro society, and we face the danger of becoming a skorokoro union movement as well."

1.1.2.1 Threats to COSATU:

- COSATU could be weakened by the many divisions and conflicts in society.
- The culture of self-enrichment and the growth of a black middle-class could undermine the unions' culture of solidarity.
- COSATU could become a reactive trade union movement, responding to initiatives of others but unable to take initiatives of its own.
- The ANC could move further to the right.

1.1.2.2 Opportunities for COSATU:

- COSATU could develop strategies for unifying workers and overcoming divisions in the workplace.
- COSATU could win wide public support by developing policies for more effective delivery by the public service, and for exposing mismanagement and corruption.
- COSATU could provide leadership to society and the ANC by putting forward a vision based on clear economic and social policies.

1.1.3 Pap 'n vleis and gravy

In this scenario there is massive economic growth and development. Jobs are created and the RDP delivers. There is pap and vleis for most people. The unions are involved in deal making, joint decision-making and co-determination at all levels of society. But are they getting caught in the gravy?

From 1996 on, productivity agreements are signed in many sectors. In 1998, after 18 months of negotiation, a breakthrough social accord is negotiated at NEDLAC.

Over the next six years there is tremendous growth in all sectors. All kinds of small and medium companies flourish. There is an increase in sub-contracting, part-time and temporary work.

This means that there is a wide range of new jobs and new workers: part-time, casual, seasonal and sub-contracted workers; hotel and restaurant workers; clerical, service and financial workers; public sector workers; skilled workers, scientists and technicians; and people working in music, film and advertising studios. There are big differences in wages and conditions of all these different workers. Many women are employed in low-paid and vulnerable sectors - for example, seasonal workers in the tourist industry. Millions of people are still unemployed and many work in the informal sector.

Companies are under tremendous competitive pressures. Managers put pressure on workers and their unions to assist in improving productivity and quality, and to work harder, faster and smarter. There is also continual pressure for wage moderation in the private and the public sectors.

After 2002 there seems to be some decline in investment and growth figures, and government calls for new negotiation around wage moderation, flexibility and industrial peace. After lengthy meetings of the Tripartite Alliance behind closed doors, and further tough negotiations at NEDLAC, labour agrees on wage moderation in exchange for greater investment by business and government in training. The following week, the minister of finance and the president of COSATU are prominent in the grandstands, cheering the amabokke-bokke to victory against the All Blacks.

At the same time, a new militant federation emerges. Although it is still small, it attacks the national agreement struck at NEDLAC as a sell-out. Unions should fight for higher wages for their members, not get involved in solving management's problems, it argues. This federation also argues against unions getting involved in politics or political alliances.

Informal sector organisations, such as the Hawkers and Vendors Organisation, apply to affiliate to COSATU. New unions and professional associations appear among the more skilled and professional workers. They do not affiliate to COSATU, saying that it does not offer them anything.

Over the years RDP delivery increases. Millions of houses are built, but there are still huge shack settlements.

Despite tremendous progress, the successes of the new South Africa seem shaky. There are questions over the political direction of the ANC government, and over the prospects for continued economic growth. Will there still be pap 'n vleis for most people? Who will get the gravy? What about those who have still not benefited from growth or the RDP?

"We need to encourage open debate about our role and future direction. There is no sign of such debate in our structures or among our members," says the general secretary of COSATU in his address to the federation's congress in 2003.

1.1.3.1 Threats to COSATU:

- COSATU may be unable to develop the strategies for organising the many new kinds of workers and workplaces created by economic growth, and so lose out to other unions.
- Involvement in so many forums of joint decision-making could co-opt and weaken COSATU, making it dependent on the state.
- COSATU may lack the expertise, information and capacity to enter into such complex negotiations and participation.
- Agreements on productivity and wage moderation may alienate the members from the leadership, making the COSATU vulnerable to competition from more militant unions.
- COSATU may become a TUCSA of the 1990s - complacent, with no clear strategies, and with no vision of socialism.

1.1.3.2 Opportunities for COSATU:

- COSATU could increase its membership both in traditional sectors and in new sectors, and build big strong organisation.
- COSATU could make use of its access to tripartite institutions and state resources to build its organisational capacity.
- COSATU could democratise the workplace, extend worker participation in economic decision-making, and influence society at all levels.
- COSATU could make significant advances, over the medium term, for workers in terms of job opportunities, wages, working conditions, training and careers, the improvement of the social wage, etc.
- COSATU could develop a programme of achieving socialism through reforms, which democratise institutions and extend social regulation of the economy.