

# Political Report to the COSATU 11<sup>th</sup> National Congress, 2012

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## Introduction

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- 1) This Secretariat Report to COSATU's 11<sup>th</sup> National Congress takes stock of developments since the last Congress in September 2009. It identifies the key political challenges facing the working class moving forward.
- 2) This report is our attempt to assess developments in relation to the three key mandates of the 2009 COSATU Congress:
  - Political transformation; particularly in relation to the Alliance, governance, and advancing a working class political agenda;
  - Building of working class consciousness and ideological cohesion; and
  - Building the organisational engines of COSATU and the working class.
- 3) We are introducing this report accounting for a complex and politically challenging period.
- 4) The last congress was held under conditions of the decisive victory – a honeymoon period and celebrations. As the congress warned we need not drop our guard and celebrate forever. Nelson Mandela who this year turned 94 years had this to say about his long journey: *“After climbing a great hill, one finds that there are many more hills to climb”*. This report talks about the many more hills we have to climb to a united, democratic, non racial, non sexist and prosperous South Africa.
- 5) Many of our members may find these reports too long and complex. This report is an attempt to summarise a very detailed, eventful three years. We urge members and activists to give themselves time to go through all the sections of the report so that they have a full view of the challenges our Federation is facing.
- 6) This is our moment - this is our burden - and this is our challenge. Franz Fanon put it better when he said *“Each generation must, out of relative obscurity, discover its mission, fulfil it, or betray it”* This is the task we have today as revolutionaries, to discover our mission – fulfil it or betray it.
- 7) The report is deliberately provocative and is intended to be a shock therapy. It presents a comprehensive political overview, including at the

international level, as well as outlining the organisational and socio economic conditions of the working class to its representatives.

- 8) It's a report that seeks to get us out of our comfort zones by forcefully presenting our situation to the worker leadership. It's a report that in its totality presents an argument that says we must change by adopting a new mindset or simply perish! We must recover the very purpose of why COSATU was formed 27 years ago!
- 9) Notwithstanding all of the challenges presented, we are returning to you an organisation that is intact. Challenging as this period has been, we are presenting back to the workers parliament a movement that will show battle scars on its forehead because we did not retreat, not once!
- 10) Our movement remains relatively united and have survived periods of difficulty only to continue to focus on the challenges at hand. We are a growing organisation that has continued to buck the trend in most parts of the world. We will report about a fighting and campaigning movement that has remained the voice of reason despite the many challenges we had to confront.
- 11) Precisely because of our importance we have attracted the attention of both friends and foes. Everyone would like to influence and be in the same corner as the Federation. The rightwing had sought to discredit us because it is concerned about our growing influence in society.
- 12) We have won many friends and admirers. Some of these friends are genuine and they want the best for the worker's movement. Others are opportunists who want to influence us for their narrow interests. Others are demagogues who as the former SACP General Secretary, comrade Charles Nqakula succinctly put it; "Demagogy is an attempt to stir up popular emotions in order to secure a bigger slice of the action for an elite." He went on to say, "Let me be perfectly clear, to voice the concerns of the poorest of the poor is not demagogy. To help marginalised communities organise themselves for transformation is not demagogy. To speak the truth, however awkward or unwelcome, is not demagogy. Demagogy is to lie to the people about what is possible and what is not. Demagogy is to foster dependency through patronage. Demagogy refuses collective responsibility and collective discipline. Sometimes demagogy masquerades as left militancy, but it is always, through and through, reactionary."
- 13) This quote attempts to analyse this extremely challenging and complex political environment we are accounting for. COSATU has not been referred to as the last hope by many for nothing. It was not be referred

to as the moral compass and fearless spokesperson of the most downtrodden for nothing. We have earned our stripes.

- 14) Our Congress is taking place at a time of major international upheaval, politically and economically, in particular in the wake of the global economic crisis. This new international situation creates huge opportunities, and challenges, which we need to analyse intelligently, and engage politically. We must draw inspiration from peoples and progressive governments who have seized the moment to chart a new course, and find ways to achieve similar advances in the context of our own realities.
- 15) Lastly and most importantly, this Congress takes place at a time where there is a consensus in the Alliance that we need to tackle the crisis at hand more aggressively and comprehensively. Finally, we have a government and ruling party who recognise that we are indeed facing a national crisis. This is a welcome move from the denialism of a few years ago, when we had to argue that there was a national crisis, against those who believed that the revolution was on course and that the benefits of economic growth supposedly produced by GEAR would soon be 'trickling down' to the poor and the workers.
- 16) We now know how false that argument was and the debate has now shifted from whether there is a national crisis to how we can solve it. This is the basis for the ANC's discussion paper on strategy and tactics.
- 17) This Congress must spend most of its time answering a critical question – what should be the content of the second phase? We have also reported in some detail about the Brazilian Lula da Silva moment in order to draw comparison if any. We argue that the working class is capable of, and needs to, engineer our own 'Lula moment' to ensure that we are indeed successful in taking forward a second, more radical phase of our transition.
- 18) The CEC agreed that the main Congress theme will be '*Strengthen COSATU for total emancipation*', with two subsidiary themes: '*Celebrating working class contribution to the liberation struggle: celebrating the ANC centenary*' and '*Deepening unity of the leading detachment of the working class and confronting the triple challenges*'.
- 19) A key discussion will also be about how we assess progress towards the implementation of the document "*Consolidating Working Class Power for Quality Jobs – Towards 2015*", popularly referred to as the

2015 Plan, which was adopted by the 8th COSATU National Congress in October 2003.

- 20) We have developed a programme to mobilise all our members on the issues that they are better prepared for to confront our challenges. We hope by the time the Congress is held that workers will be speaking through the delegates who will gather to take the worker's movement forward.

# **Part 1. Political Overview: Challenges and Possibilities**

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## **1. COSATU and the 2015 Plan**

*“The complex challenges facing the working class demand a longer- term vision to build a strong trade union movement and to assert working class leadership. The march to our longer- term vision demands patience, resilience; bold thinking foresighted and visionary leadership. We need a medium- term plan because it has become clear that only deep- seated transformation of our economy and the state can bring about the aims of the National Democratic Revolution (NDR). .. The overall thrust of our political strategy is to assert working class hegemony of society to counteract the entrenched power of capital. To that end, we seek to combine state and social power in a way that consistently tilts the balance of power in favour of the working class. Freedom must bring tangible and real benefits to the working class”*  
**COSATU 2015 Plan**

### **Part 2.**

#### **1.1. Introduction**

Over the last few years, COSATU has played an increasingly powerful role in shaping the politics of the country. Through its activities, mobilisation and strategic focus, it has assumed the role of leader of progressive civil society. Previously marginalised by those in power, now few key policies or national issues affecting workers are able to move forward without the Federations input. The organisations political impact is far reaching, both inside and outside the state.

These strategic political advances by the organisation nevertheless take place in the context of a political environment which is far from ideal:

- Heightened contestation for the soul of the movement, and control of the state, continues between the progressive forces, mobilised behind the Freedom Charter, on the one side, and remnants of the 1996 class project, and the new predator elite, on the other. This contestation takes place at all levels of the state and movement, from local to national, and from leadership to the bureaucracy.
- Contestation between these forces results in constant political zigzagging between different positions, both in the movement and state, leading to widespread and endemic instability and conflict, instead of a coherent political project. This is further complicated by declining political morality, and ideological cohesion, as well as growing nepotism, corruption, and abuse of the movement for selfish accumulation by people in positions of power.
- Given these dynamics, initial advances post-Polokwane in stabilising and consolidating the Alliance, are constantly undermined, and, the Alliance continues to lurch between excellent co-ordination and unity,

to dysfunctionality. The Alliance only sees the need to meet when there is a crisis: last time the Alliance Summit met was at beginning of last year. Now that we have agreement on a programme, the Alliance partners don't seem to see the necessity to take it forward.

- While important interventions have been made in the movement and the state in an attempt to respond to these developments, lack of consistency by the political leadership in arresting this situation has meant that we perpetually lurch from temporary advances to political crisis. Because leadership structures are so compromised by these negative features, and contestation by different forces, they appear unable to forge a principled and coherent platform to place our politics on a different trajectory. At best, political leadership are confined to *managing* the effects of this situation. At worst, the leadership continues to act to reproduce these negative features.

In this context, COSATU's political strategy, as set out in our 2015 plan, is at a crossroads: on the one hand, a multi-pronged political strategy of engagement on many fronts is effective in ensuring not only that organised workers have a coherent voice in society, but also that they play a key leadership role. At the same time, we continue to confront the severe limitations placed on this strategy by an untransformed state; and an ANC, and Alliance which appears unable, for reasons summarised above, to move the country forward. We therefore need to consider whether our current strategy is adequate, and what more, or different, can be done, to move the country onto a new political path.

### **Part 3.**

#### **1.1. Assessing the 2015 Plan**

1. It is nearly 10 years since COSATU adopted its landmark 2015 Plan at the 2003 Congress. 2015 itself will be a historic anniversary for COSATU, as it will mark 30 years since its founding. The 2015 Plan was aimed to be a medium-term plan to guide the Federation, strengthen the trade union movement, and ensure that the organised working class played a central role in shaping the political, socio-economic, and international trajectory in South Africa, the region, and beyond. It is therefore a good moment to stand back, reflect on progress made in implementing the Plan, honestly assess advances and setbacks, and take the necessary corrective steps to ensure more rapid advance by the time we report to the 2015 Congress.
2. The nine years since the 2015 Plan was adopted, has seen many achievements which the more than 2 million workers organised under COSATU can rightly be proud of. Some highlights of COSATU's achievements in the areas identified in the 2015 Plan include:

### **Organisational achievements:**

- A growth in COSATU membership of 25%, from 1 768 338 (or nearly 1.8 million) members in 2003 to 2 191 016 (or nearly 2.2 million) members today, an increase of over 422 000 members in 9 years, after a decrease in members from 2000 to 2006. This membership growth makes COSATU one of the fastest growing trade union Federations in the world. However this is short of the target we set ourselves.
- COSATU remains a vibrant, militant, democratic trade union movement, despite a number of challenges to this organisational culture, and has successfully mobilised its members, together with millions of other South Africans, around a series of important national, local, and workplace campaigns and struggles.
- Surveys reveal that organised workplaces continue to achieve the greatest improvement in working conditions, wages, and a range of benefits, although often off a very low base.

### **Achievements on the socio-economic front:**

- COSATU has played a central role in driving shifts in economic policies and programmes . Including shifts in industrial and trade policies, procurement, investment, infrastructure etc. as reflected in IPAP and the NGP. It also secured a commitment- still to be fully realised- to align all economic policies with the objective of creating decent work.
- It has campaigned for the improvement of labour laws to protect all workers, and seen some progress in this regard, while having to continue defending existing gains against those wanting to roll back worker rights.
- It has played an important role in campaigning for extension of social protection, the extension of grants to all vulnerable children, and income support for the unemployed; and the adoption of National Health Insurance as government policy.
- It has been a key force in defeating privatisation, defending the public sector, pushing for a developmental mandate for state enterprises, and expanding employment of those providing frontline public services.
- It was a key driver of the 2008 National Framework Agreement in response to the global financial crisis, which promotes many of the proposals in the 2015 Plan.

### **Political achievements:**

- COSATU was key in defeating attempts by a right wing clique in the movement to collapse the Alliance, and redirect the NDR into a narrow nationalist project focused on winning elections, while reducing the people to spectators in the theatre of struggle. It continues to combat

various forms of predatory practices, and fight attempts to abuse the NDR as a vehicle for private accumulation.

- It played a key role in the Polokwane breakthrough, and the progressive policy shifts adopted at the 2007 Conference.
- It was central in the progressive posture adopted in the 2009 elections, and the drafting of a pro-worker elections manifesto
- It has forged improved relations with the ANC and government, and used these improved relations to exercise a greater influence over policy, following previous marginalisation of the Federation
- It played an important role in winning acceptance of the need to shift to a more interventionist developmental state
- It has been a key player in society fighting against all forms of corruption
- COSATU has won widespread respect from broader society for its consistency in advancing a programme based on solid principles, solidarity and sacrifice.

#### **Achievements at the International level:**

- COSATU and its affiliates have played an important role in the international trade union movement, and the Global Union Federations
- The Federation has played a significant role in Africa, and particularly in the regional Southern African movement, despite many weaknesses
- It has been an important player in the International Labour Organisation, and has advanced the agenda of decent work both in the ILO and at home
- It has been an active participant in the struggles to advance a developmental trade agenda at the World Trade Organisation
- It has mobilised solidarity actions in support of workers, both in the region, as well as struggles in other parts of the world.

3. It is important to acknowledge and celebrate these, and other, achievements. At the same time, we need to avoid arrogance, complacency or triumphalism, since these only serve to mislead ourselves, rather than our adversaries. Despite these achievements, a careful and detailed assessment of the 2015 Plan reveals a very mixed picture of progress and setbacks, bold action to achieve the Plan's goals in some areas, and inaction or inadequate action, on other fronts. We briefly capture some of the more important advances and challenges below. Some of the greater detail is contained in other sections of the Secretariat report, including the socio-economic and organisational sections.

4. The 2015 Plan aimed to avoid what it called the *worst- case scenario*, which it defined as entailing among others:

- A rapid decline in membership to below 1 million by the 30th Anniversary of COSATU in 2015.
- The persistence of financial challenges, ultimately forcing a cutback in our roles on a range of issues.
- The coherence and unity of COSATU being undermined leading to splits.
- The collapse of the Alliance and in that context the ANC and the SACP also facing splits.
- A full- blown "skorokoro" scenario as painted by the September Commission Report.

5. How have we fared in relation to this worst-case scenario ? The context of the Plan is important here: COSATU had lost over 100 000 members from 2000-2003, and was facing significant financial challenges. The Alliance was in deep crisis, and attempts were being made to engineer splits in the Federation. As this report will reveal in more detail, points 1 and 2 (membership and financial decline) of this worst-case scenario seem to have been averted. More worrying in the current context however, are points 3-5 (dealing with divisions in COSATU, the Alliance, and society) . The trajectory described in this political report suggests that, while points 3 and 4 (splits in COSATU and collapse of the Alliance) have not yet materialised, if we don't act decisively to address a range of concerns, these elements of the scenario may indeed become a reality over the medium to long term. Furthermore, the *skorokoro* scenario painted by the September Commission already, in important respects describes the situation we are facing, particularly the zig-zagging and occasional political paralysis described in detail in this Political Report.

6. In relation to the ambitious targets and benchmarks set out in the 2015 Plan, the detailed assessment set out below is that while we have made some progress, we could have done far more. An analysis of the four main pillars of the plan- organisational, political, socio-economic, and international- suggests that many, but not all, the shortcomings in relation to the political and socio-economic pillars were as a result of external factors, some of which were largely beyond our control. On the organisational pillar, however, we have fallen far short of the targets set by the Plan, to a significant extent because of our own failure to implement agreed to plans and programmes, including our OD and recruitment drive frameworks. Part of the reason for this is an insufficient focus on the core business of the Federation, because of an overemphasis on political contestation. On the other hand, a number of the

breakthroughs we have made have *been the result of a shift in the political environment*. Therefore we need to make a careful assessment of the balance between these different elements of our work.

7. To drive transformation needs a stronger Federation and stronger unions. Back to basics means being focused on strategic workplace, social, economic and political issues, without being captured by palace politics. If we lose touch with our members concerns there is the danger of finding ourselves the new TUCSA, outflanked by the new independent unions which are emerging as a result of dissatisfaction from the shopfloor, just as it happened with the Durban Strikes 39 years ago. COSATU must rediscover its very purpose of existence if it wants to make an even greater impact.

## 1.2. Assessment on the Organisational Plan

8. The *recruitment programme and membership growth* is a key area where we have made significant advances, but not close to the targets set by the 2015 Plan. This is critical, because as the Plan points out, our ability to impact on society, depends on the strength and depth of our organisation. The impressive growth in COSATU's membership since 2003 (25%), is a result of a general membership increase, rather than a systematic, co-ordinated recruitment campaign. This membership increase is well below the target set by the 2015 Plan of a 10% membership increase per year. The CEC agreed to set targets to realise this objective, but this plan was undermined by lack of co-operation from many affiliates, who failed to report on recruitment strategies, targets, and gains achieved. We need to revive this strategy and ensure that all affiliates set clear targets per sector, with identification of which groups of workers we intend to recruit. We need to identify potential growth areas and set targets accordingly. A general target of 10% p/a may not be realistic for all unions, particularly in sectors where union density is particularly high, such as mining, the public sector and clothing. Conversely, certain sectors and groups of workers where union density is particularly low, such as retail, services, construction, agriculture, and domestic work, and are characterised by atypical and vulnerable work, require particular targeted strategies. The manufacturing sector may require a different approach. Best recruitment practices in these different types of sectors need to be analysed, and lessons drawn for the broader COSATU strategy. We need to ensure that both at a Federation level, and at the level of individual affiliates, there is a systematic strategy to realise our objectives. **This should be captured in an annual plan which is submitted to the CEC.** We need to look at

what extra capacity is needed in the Federation to better service affiliates.

9. The 2015 Plan also has a number of proposals which are aimed at improving the **quality** of our organisation, increased democratic participation, education and servicing and benefits to members etc. It calls for nothing short of a comprehensive programme of organisational renewal. We need to question whether the current reality on the ground reflects this proposed shift. There are pockets of organisational excellence in the Federation. However, there are some worrying trends emerging which need to be seriously examined and addressed, even if these are regarded by some as exceptions:

- Growing social distance between union leaders and the membership. Different lifestyles and material realities are creating a leadership which is not fully in tune with what members are facing. Crises faced by working class communities for example in the areas of dysfunctional hospitals, the textbooks saga, the winter electricity cut-offs, pre-paid water cut-offs etc do not appear to society to be taken up by our unions working in those sectors with the same vigour as if there had been a problem with wages. If they were, we could expect to have seen strikes, or at least high profile campaigns, erupt around some of these crises. There is work being done by our unions to take up a number of these issues. But we can do far more.
- Perceptions are setting in that some union leaders are reluctant to take up certain issues for fear of embarrassing the ANC. Through the way in which we conduct ourselves, we need to fight these perceptions, and assure our members and broader society, that there is no basis for them.
- Perceptions in the 2012 COSATU Workers' Survey amongst some workers of 'growing corruption' amongst union leaders, including the sense that union leaders are being co-opted, and selling them out. While a careful reading of the survey shows that only a small minority (just over 10%) of members had actually witnessed or were directly aware of corruption in the union, this number is still far too high, and worryingly, nearly 35% of members believed that there was some form of corruption or selling out of workers by the leadership, even if they hadn't witnessed it themselves. While these perceptions may be fed by rumour and misinformation up to a point, we need to take responsibility to ensure that we act decisively to arrest any practices which are feeding these perceptions amongst workers.
- COSATU interventions to assist unions, where they face disgruntled members or internal difficulties at times get resisted and is seen by some as an attempt to undermine affiliate leadership, instead of welcoming the fact that the Federation is playing its proper role.

COSATU leaders who persevere with these interventions are then targeted, in an attempt to discredit them. This underlines the need to appreciate the right of the Federation to intervene, but in a manner that will foster cooperation with affected unions. Worryingly, we are beginning to see the problems now leading to splits in unions. Old loyalties are no longer sufficient to prevent workers from deserting their organisation, if they feel their interests aren't being served. Some workers are being too easily misled by opportunistic splinter groups, raising questions about the level of political education and organisational democracy in these unions. Disgruntled leaders who have fallen foul of organisational discipline, are mobilising support, using populist tactics, and exploiting the weaknesses of our organisations. This can even lead to the launching of new organisations, as we have seen recently with NATAWU being set up by former SATAWU leaders in opposition to SATAWU. We have seen the potentially devastating impact of opportunistic splinter groups on the unity of workers, most graphically seen recently with the activities of AMCU, which was set up by a former NUM leader in opposition to NUM. Leaders are also getting drawn into narrow factional disputes. The COSATU leadership needs to be given a strengthened mandate to be able to act effectively to defend the unity and integrity of the Federation.

- Lack of proper attention to members concerns is leading to a proliferation of small independent unions springing up.
- Neglect by some unions of basic organisational controls and procedures is leading to some affiliates being deemed to be in violation of the LRA. Particularly disturbing are reports from the Department of Labour that a large number of affiliates have not complied with registration requirements.
- Focus on the traditional organisation-building culture of the Federation is diminishing- only one quarter of union members in the 2012 COSATU workers survey for example had participated in a union educational programme. Just over half had attended a union meeting in the past year.
- Distance of leaders from the membership is graphically illustrated in the Survey by the fact that only 6% of the members knew who their union General Secretary or President was.

10. We need to confront the fact that the labour movement is weakest where the working class has been most restructured, through casualisation, labour broking and so on. The 2015 plan calls for focused attention by unions to developing targeted strategies to address the needs of specific layers and sectors of workers, including youth, women, atypical workers, migrants, and the vulnerable unorganised workers. Some work has been done by affiliates e.g. in terms of focusing on young workers, workers

employed by labour brokers etc. But the Federation still needs to draft overall organising strategies, for these and other groupings of workers, drawing on the more successful approaches adopted by particular affiliates.

11. Other important organisational issues raised by the 2015 Plan which need serious attention from the Federation include:

- The need for a closer relationship between Locals and community structures, which can also assist in giving leadership to emerging community struggles- similar to the relationship which developed in the 1980's between COSATU Locals and the organs of peoples power.
- The ongoing question of trade union unity, the need to make progress in unifying the Federations, and the consolidation of unions into single industrial or sectoral structures.

### 1.3. Assessment on the Socio-economic Plan

12. On **socio-economic** matters, the analysis above highlights a number of issues raised in the 2015 Plan on which COSATU has made significant progress including: progressive shifts in industrial and trade policies; a commitment to align all economic policies with the objective of creating decent work; improvement of labour laws to protect all workers and defence of existing worker rights; partial extension of social protection; adoption of National Health Insurance ; defeating or rolling back privatisation, defending the public sector, pushing for a developmental mandate for state enterprises, and expanding employment of frontline public services; and driving the National Framework Agreement on the global financial crisis.

13. The 2015 Plan also emphasises the importance of **promoting social dialogue**, to institutionalise the voice of organised labour, as a complementary vehicle to engagement through political alliances and state institutions. COSATU has consolidated its voice in these forms of engagement since 2003, although shortcomings have been identified in the consistency, and seniority, of participation by affiliate leadership in the institutions where labour is represented, especially Nedlac. Nevertheless Nedlac, as the premier institution of social dialogue, remains an important forum where COSATU has been able to advance its views on policies, including those it disagrees with, such as e-tolling, and the youth wage subsidy, and to promote workers rights, such as through negotiation of the labour law amendments.

14. Despite reservations expressed about aspects of the **New Growth Path**, COSATU has registered a number of successes in the shifts promoted by the NGP engagements, including progressive agreements on local procurement, skills, green economy, and basic education. While these are a welcome step forward, they don't begin to address the structural nature of the economic problems. An overarching framework agreement remains an area where some of the more fundamental questions around macro economic matters needs to be negotiated. A gap exists between ourselves, employers and government on whether the traditional social accord approach is an appropriate vehicle to address South Africa's socio-economic challenges, and whether the need for a fundamental overhaul of the structure of the economy can be addressed through such a vehicle. Talks on this matter therefore remain at an exploratory phase. A question we need to address is whether this should be driven through a social partnership approach, or whether an Alliance Pact, or agreement, is needed as the basis for any such overarching agreement with employers.
  
15. An issue which requires focused attention is the question of **investment policy**, to deal with the crisis of unemployment, and to counter the ongoing investment strike by private capital. Recent figures suggest that the private sector is hoarding close on 1,2 trillion Rand (or 1200 billion Rand) in uninvested cash` (City Press 15 July 2012). This is social surplus which workers have produced, and which business are refusing to invest productively. Any national agreement needs to address the need for measures to harness and direct this capital, through fiscal regulation, incentives, prescribed assets etc. The public sector too is sitting on far too many assets which are not being productively utilised. There needs to be a national investment framework and strategy which deliberately harnesses all these assets for development.
  
16. The matter of **macro economic policy** remains at the heart of many disagreements on the economy, particularly questions relating to fiscal and taxation policy, monetary policy, exchange rate, financial sector and investment policies, and matters relating to the movement of capital. As we have seen in many countries around the world, pre and post the financial crisis, the ability of developmental states to regulate, lead and direct their economies, relates closely to the extent they have been prepared to exercise control over these economic levers, compared to states which have abandoned this control to market forces, as we have tended to do in South Africa. Key institutions of power in the state, namely Treasury, together with powerful sections of capital, particularly the financial sector, continue to pursue policies which limit the democratic governments access to these levers. Further the SA

Reserve Bank has been given a restrictive inflation targeting mandate, which entrenches contractionary monetary policy. Lack of alignment of macroeconomic policy with our developmental challenges, is fundamentally retarding efforts to build a developmental state, or to maximise the impact of progressive policies in areas such as trade and industrial policy , among others.

17. Central to the achievement of the 2015 Plan, therefore is progress in breaking the deadlock in the movement and the state on macro economic policy. COSATU has consistently advanced alternative perspectives in various engagements, including in the Alliance and Nedlac. However, **commitments in the Alliance to engage** on these matters, through the setting up of task teams etc, have repeatedly failed to be implemented. This is because macro economic policy has become a holy cow in the movement; and because of the deliberately fuelled paranoia that any radical shift in this area will lead to a collapse in 'investor confidence', and therefore an economic collapse. This perception is totally contrary to the experience post the financial crisis: i.e. only those states which have been prepared to effectively use these macro economic alternatives, have been most able to weather the storm. The ANC Policy Conference agreed to initiate a review of macro economic policies, for consideration at Mangaung. There is a danger that this proposal, like others which have gone before it, will be used to manage the issue, rather than confronting it properly. We need to demand, in line with commitments to a radical economic shift, that real alternatives are considered by this review, to avoid a re-churning of the conservative economic platitudes which have come to characterise ANC ETC documents on this matter.
  
18. An important area raised by the 2015 Plan is strategies towards **wages, collective bargaining and social protection** issues. The Plan proposes far greater co-ordination by the Federation around the area of wages and collective bargaining, and suggests that it develop a clear framework, or *model demands*, which would guide affiliates in their negotiations. This has not been implemented. In line with the Plan, the May 2012 CEC discussion paper addressed the need for a coherent policy framework on wages and collective bargaining, including proposals on the need for a national minimum wage, the need for government to adopt a national wage solidarity framework, the need for comprehensive collective bargaining arrangements, and a connection between these labour market policies, and the establishment of comprehensive social protection, particularly for the unemployed.
  
19. Within this conception of a coherent wages and collective bargaining strategy, it would be important to revive the notion

introduced in the 2015 Plan, of Federation-wide living wage model demands, which would guide affiliate negotiation strategies. This is aimed to promote greater convergence in standards across all industries, and could be a key instrument for closing the apartheid wage gap, and fighting for democratisation of the workplace. Naledi should be requested to draft a proposal, drawing on the international experience, and the CEC discussion paper, as to how such a wage strategy could be implemented. We also need to engage with government and the ANC on the need for a coherent wage and collective bargaining policy, since the current arrangements are failing to overcome the inherited inequities in our labour market.

20. The 2015 Plan calls for **comprehensive social protection**. Advances in improving old age pensions and extending child support grants have played an important role in combating the most extreme forms of poverty. However millions of unemployed continue to fall outside the social security net, and many have no regular source of income. To address this, COSATU has campaigned for a Basic Income Grant. Although this was supported by sections of government and the movement, the proposal has been blocked by Treasury. A ministerial task team on comprehensive social protection was supposed to address this matter, but again a Department of Social Development (DSD) proposal for a workseekers grant was opposed by Treasury, and the report has been held up for several years. The President has now announced that the ANC is considering a jobseekers grant for young people, linked to work search and training. We need to engage with this proposal, and determine whether all unemployed workseekers would qualify, since to limit it to those of a certain age would be discriminatory; further, whether conditions to be attached are reasonable, and would not lead to coercion of workseekers to accept unacceptable work; and finally, what the scale and duration of the benefits would be. On the face of it, if these matters are addressed satisfactorily, it appears to be a step forward towards comprehensive social protection. We need to prioritise engagement on this proposal.
  
21. The 2015 plan proposes that **Retirement Funds** direct investment into the productive sector. At a policy level, gradual progress is being made on this front, with ANC Policy documents, as well as the Economic Development Department (EDD), floating the possibility of some sort of prescribed asset requirements for investment of retirement funds, and promoting the desirability of a public investment vehicle, such as a development bond, through which workers can direct their savings. While some engagement has taken place at the level of trustees, particularly in the public sector, far more work needs to be done by COSATU and affiliates to

drive greater control by workers of their investments. This needs to be part of a broader strategy to leverage control of the economy. We also need to look at creative ways for workers to take greater control of their funds, including through the creation of an investment institution similar to the PIC, to invest private sector funds; a strategy to take forward the proposal for an administration company; measures to control the conduct of service providers; amendments to the Pension Funds Act; and the creation of a Workers Bank. However we have taken a number of resolutions along these lines before. Congress needs to ask why we are not succeeding in taking these forward. At another level, Treasury has attempted to delink discussion of retirement reform from the comprehensive social protection reform process. COSATU has strongly opposed this, including proposals from Treasury to unilaterally transform Provident funds, and force mandatory savings outside of the provision of broader social protection. This is something workers will never accept, and we have warned Treasury that they are playing with fire on this issue. We are confident that we will stop this proposal from going ahead in its current form.

22. The 2015 Plan calls on COSATU to implement gains we have achieved at the level of **legislative advances into coherent organisational strategies**. This laid the basis for our Walking Through the Open Doors project, which *inter alia* aims to draw on labour supporting intellectuals to leverage these gains more effectively. We aim to do this, and have begun to develop proposals to this end, in relation to industrial policy, retirement funds, labour legislation, collective bargaining and wages, as well as on broader economic issues. However far more needs to be done by the Federation to develop strategic implementation frameworks in all these areas. Further we need to revive the plan which was negotiated with the former Minister of Labour, to drive implementation of gains in the labour legislation, through a collaboration between the Department and unions. The Department has failed to follow through on this, partly it appears because of turnover of key officials, and partly as a function of the lack of capacity in this key Department. This is a matter of great concern, which needs to be addressed.
23. The 2015 Plan calls for an effective strategy to **lock capital into a national agenda,**' through incentives, regulation and discipline, in order to ensure higher investment'. There is indeed the need for discussion of a more coherent strategy towards capital, and an analysis of the different approaches being taken by the various business organisations, and different sectors of the economy. Finance capital continues to be the most reactionary grouping-ideologically driven in its opposition to labour, and without any commitment to the development of the productive sector. We have

seen however, that engagement with the manufacturing sector has yielded some areas of convergence over a number of economic policy questions, as reflected in our joint declarations with the Manufacturing Circle in May 2010, which called for a macroeconomic policy which promotes industrialisation, local procurement, lower interest rates, a more competitive currency etc. ; and the declaration in July 2012, which focused on the Buy Local campaign.

24. Linked to this, the 2015 Plan places strong emphasis on sectoral strategies to drive an industrial development agenda. It calls for a series of sectoral summits in the sectors prioritised by the GDS. Some of these summits were held, but the process was not as extensive as envisaged. The introduction of IPAP 1 and II introduced a new dimension with a far more proactive and worker-friendly industrial strategy than previously. COSATU and affiliates are now challenged to take this forward in a more coherent way. As part of this effort, we have negotiated an agreement with EDD to second sector specialists to targeted affiliates. COSATU and relevant affiliates need to seize this opportunity to develop capacity and strategies to take the IPAP forward in a way which advances our objectives. We also have an opportunity with the announcement of the massive infrastructure plan, geared towards a broad based industrialisation strategy. We need to engage with this plan and look at how we can take this forward, both in South Africa and the Region, while addressing concerns about potential problems with it.

#### 1.4. Assessment on the Political Plan

25. On the **political front**, we outlined above the considerable gains we have made since 2003, when the Alliance was in crisis, COSATU was marginalised, the ANC was a conveyor belt dominated by a top-down government culture, and government policy continued to be characterised in most areas by neo-liberal approaches. This relatively desperate political situation has been replaced by a new set of political challenges, which we discuss in detail in Part III below. We focus our discussion here only on the specific proposals contained in the 2015 Plan.
26. The 2015 Plan proposes "to combine state and social power in a way that consistently tilts the balance of power in favour of the working class". A key component of this strategy is to promote interventions which **transform the ANC and Alliance in favour of the working class**. The Plan made a call for the organised working class to be a factor in ANC 2007 conference, as well as the SACP Congress. It is clear now that Polokwane, despite all its

problems represented a revolt from below, and assertion of policies biased to the working class. The Plan also calls for active participation by COSATU in the elections campaign, and for it to help shape the ANC's Manifesto, both of which were effectively implemented. The problems detailed in Part III relate to what happened after the elections: the sense that the Alliance was being used as an election machine, and the continued failure of the ANC to assert control of the state's agenda would lead to non-implementation of important elements of the manifesto.

27. In terms of building the Alliance, the 2015 Plan proposes that COSATU engage on the need to assert the role of the **Alliance as a Political Centre and table the proposal for an Alliance Pact**. COSATU took both of these forward. However, despite us tabling these proposals, and agreement in the 2008 Alliance Summit on the one element- the Political Centre- this was subsequently reversed. This lack of agreement on these two critical issues- the Alliance's modus operandi, and the policy platform of the Alliance - led the Alliance to continuously zigzag between functionality and dysfunctionality. Little progress has been made on these fronts, and it remains a key outstanding task of the 2015 Plan. There is an agreed to 2011 Alliance programme on transformation, but even this has not been implemented. We make some proposals in this regard below. A more complex challenge which was not anticipated in the Plan, is the fact that the deeply entrenched culture of factionalism which emerged in this period has also infected COSATU, although in a less severe form.
28. The 2015 Plan calls for a campaign to ensure that the working class **swells the ranks of the ANC**, as part of the contestation for the soul of the movement, and to 'jealously defend the progressive and working class bias of the ANC' by calling on its members, shop stewards and leaders to join the ANC *en masse*. There is no doubt that many organised workers have joined the ANC since then, and COSATU members form a significant component of ANC membership. This would vary from area to area. In some mining towns for example NUM members would make up the majority of ANC branch membership. However, a more scientific study is needed to determine what proportion of ANC members are COSATU members. It may be useful for COSATU or the Alliance to commission such a study. What we do know is that the ANC's membership has grown over 300% since then, with membership rising from 416 846 members in 2002 to 1 270 053 in January 2012. The next audit will be done in August. Further, the 2012 COSATU workers survey reveals that over a quarter of COSATU members surveyed 'are active in their ANC branch'. This suggests that

around half of ANC members are also COSATU members<sup>1</sup>, given that a quarter of COSATU members nationally totals about 550 000. This is highly significant, if accurate, as it is the first survey, since the ANC's growth spurt which gives a clear sense of the overlap between COSATU and ANC membership<sup>2</sup>.

29. The question is what the *impact* of increased membership, and growing participation of workers has been, and what has driven this membership growth, with the possibility that at least a part of this growth is attributable to people seeing the ANC as a vehicle for either access to state resources, or as a career ladder leading to positions as public representatives or employees of the state. We also raise questions in the detailed political report below, as to whether organised workers have had the type of ideological effect on the ANC which the 2015 Plan envisaged. Indications are that ordinary branch members are not well positioned to change the policy direction of the organisation, *inter alia* because of the top-down character of policy processes, although they may be engaged in political and ideological contestation. Operation *ANC ibuyile* was supposed to return the ANC back to members, and hold leadership to account, both in the organisation and in government. However, indications are that members only make a significant impact at big policy gatherings, after which the organisation returns to old patterns. Further, there is little to suggest that organised workers are changing the character of ANC leadership. Therefore in reflecting on the 2015 strategy, it may be necessary to consider whether COSATU needs to be more active in giving guidance to workers in ANC branches, including on policy questions, and popularising its criteria for leadership-see below. In addition, we need to reflect on why, outside of election campaigns, it has been difficult to engage the ANC in joint campaigns and other programmes called for in the 2015 Plan.
30. At the level of **the SACP** too, there has been a significant growth in membership. In 2007 the Party reported a membership of 51 874, and this had increased to 154 220 members audited for its 13th Congress in July 2012. A significant trend however, is the reported concentration of SACP membership amongst the unemployed: 95 052 of these members stated they were unemployed, and only 22 921 indicated they were workers (plus over 7500 professionals). Although the Party suggests a significant underreporting by its employed membership, on the basis that workers don't want to

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<sup>1</sup> Assuming that yet other COSATU members are ANC members but not active in their branches

<sup>2</sup> The 2006 workers survey found that 35 percent of COSATU members belong to an ANC branch, and 14 percent to an SACP branch. In contrast, only 20 percent of members of other unions belonged to an ANC branch, and only 17 percent of non members.

have to pay the monthly dues, even a doubling of this figure would make a small minority of Party members who are workers. However, the 2012 COSATU workers survey casts doubt on the accuracy of these figures, and tends to support the claim that worker members of the Party are not reporting their status. The Survey reveals that 6% of COSATU members are active in the SACP, which translates to over 130 000 COSATU members being active in the Party (which would constitute nearly 90% of the Party's 2012 membership), way above the figures quoted by the SACP. However, the Survey figures should also be treated with caution, as it may not be accurate to generalise them to the national picture.

31. The 2015 Plan states that "the SACP is the vanguard of the working class, and we seek to build it into a strong, mass- based organisation that truly can be the bedrock for workers. To remain relevant, the SACP must strengthen its capacity for independent analysis and policy development from a working class perspective." The Plan calls for the Socialist Commission to develop a minimum platform of work, and to take forward the work of the Socialist Forums. Despite many discussions and bilaterals with the Party, the Commission has not yet been established. A key challenge facing us is that Party leaders in government are not available to drive this process. It also calls for us to encourage members to join on debit order, to encourage young workers to join the YCL, and to continue financial support to the Party. This has been done, but the question of financial self sufficiency remains an ongoing concern, not only as an organisational matter, but in terms of political independence. A more detailed analysis on COSATU's relations with the Party is dealt with below.
  
32. The 2015 Plan calls on COSATU to step up its work in terms of **ideological contestation and political education**. It calls for the building of the Chris Hani Institute into a "strong engine for ideological grounding and political education as well as the development of alternatives on a range of issues". It calls for the Federation to invest more resources on internal political education. The launch of a major political education programme has not been sustained- see Organisational report. Within the Federation, the lack of progress in developing our political education is a serious weakness which we need to address as a matter of urgent priority. The 2015 Plan further calls for collaboration with "the progressive intelligentsia to contest the intellectual and ideological space in society through public debates, use of media, and influencing centres of knowledge production such as universities, policy institutes, etc". The Chris Hani Institute has not played the role we envisaged. Challenges confronted include the loss of key people on the Board, and the failure to find a suitable Director to head it. We

are in the process of reviving the CHI, and appointing a new Director of the Institute.

33. On support for the **Mass Democratic Movement** (MDM) and social movements, the 2015 Plan proposes two elements: Firstly for COSATU to continue supporting MDM formations such as the student movements which need assistance, and to continue relations with the various coalitions, and our traditional allies. Secondly, it sets out six criteria for working with social movements. COSATU continues to maintain healthy relations with traditional MDM formations, coalitions, and progressive civil society. This is an area of work we continue to take forward and prioritise, despite tensions this has created with our Allies . Our relations with the 'new social movements' are more complex, as a few define themselves primarily in opposition to the ANC, and therefore indirectly to COSATU, because of the Alliance. The 2015 Plan makes it clear that it will be difficult to work with movements which define themselves in this way. However, more nuanced rights based social movements are beginning to emerge such as SECTION27 and Equal Education Campaign, which respect our independence, and are developing a healthy relationship with the Federation.
34. However our work with coalitions and progressive NGO's is not a substitute for our key task of working with, and helping to build the mass movement. The key challenge therefore is for COSATU, and our allies to act to rebuild our traditional mass based sectoral MDM formations, and organs of peoples power. The absence of street committees in most areas, the weaknesses of SANCO, and weakness or collapse of many MDM organisations, has left many communities leaderless, and without organisational structures, which can sustain and give progressive direction to their struggles. Organised workers need to play a more active role in rebuilding these structures. Without them, it becomes much easier for reactionary forces to isolate COSATU, undermine the Alliance, and drive wedges in our communities. ANC branches themselves must act as a social movement, not as appendages of local Councils.
35. Our work in convening civil society organisations has created tensions with the ANC, as we outline in more detail below. The Party unfortunately has also adopted in our view an unnecessarily hostile posture to some progressive civil society organisations and coalitions, painted a number of organisations with the same brush, and has tended to take the view that they are the product of external agendas. On the whole, mass formations, and progressive civil society remain in a weak state, and an approach to rebuilding the MDM requires greater strategic focus, as well as robust engagement in the Alliance on our understanding of the role of progressive civil society in this second phase of our transition.

36. At the same time, we have seen the upsurge of right wing political parties, and foundations. The DA, using right wing populist rhetoric, has openly targeted COSATU as its primary political adversary, in an attempt to occupy the political centre in the country, appropriate certain ANC programmes and symbols, and target in particular the unemployed youth as their entry into the African constituency. We are also seeing the re-emergence of FW De Klerk and his foundation, aligning with the DA, in an anti-majoritarian attack on the movement, in a last ditch attempt to entrench the minority privileges and socio-economic inequality, which they believe the constitutional negotiations blessed, and sanctified as a permanent feature of South African society.
37. On **democratising the state** the Plan calls for the Alliance to "assert its hegemony over the state and governance based on an agreed programme for change". Although we could not reach agreement on the Alliance Pact, the Alliance programme of action contains an agreement on the Political Centre which will be constituted by the Alliance NOB's. This Political Centre whilst it does not address the demands of the last congress for a Pact that will drive transformation based on tight agreements, it nevertheless can play a meaningful role if it was to function strategically. Regrettably the Alliance Political Centre has not been meeting and consequently does not drive any programme.
38. Alliance ideological and political contestation since 2007 has shifted the centre of political gravity in the state. Increasingly we have seen a move away from the pure Gear approach, with the abandonment of privatisation, or moves to cut back the state, a move away from market driven industrial and trade policies, amongst other encouraging shifts. A significantly different agenda emerged post-Polokwane, with an emerging focus on the need to build a developmental state, promote the decent work agenda, state-led industrial policy etc. While some of these shifts were, and remain highly contested, they reflect a far greater imprint of the working class on emerging policies, than pre-2007. The 2015 Plan's call for **greater engagement by COSATU in shaping policy** has been advanced in a number of areas. As indicated above, the key area of contestation, in which the old paradigm persists, is macro-economic policy. The decision however to set up the Ministry of Economic Development has created a counterweight to Treasury, which has already been evidenced, despite ongoing contradictions, eg through the emergence of new policies on procurement, beneficiation, broad based industrialisation linked to infrastructure development etc. The setting up of the Planning Commission, too, was a shift towards long range planning by a developmental state, a demand

which we had ourselves put on the agenda<sup>3</sup>. The content of the planning nevertheless remains highly contested.

39. The 2015 Plan, linked to the agenda of building a developmental state, also calls for the **defending and building of the public sector**. Important advances have been made in that regard and COSATU has been a key force in defeating or rolling back privatisation, defending the public sector, pushing for a developmental mandate for state enterprises, and expanding employment of public sector workers providing key public services. This is an ongoing challenge and priority for the organisation.
  
40. Other proposals of the 2015 Plan aimed at transforming the state include an Alliance **Deployment strategy for public representatives, and proposals for a mixed electoral system**, which would combine the PR and constituency based system. We have subsequently also called for a broader deployment strategy by the Alliance to deal with all strategic appointments into the state. Neither of these interventions, which are aimed at creating greater accountability by cadres deployed into state have been taken forward, and they remain issues which need consideration in the Alliance.
  
41. Finally the 2015 Plan proposes that we **monitor the performance** of Ministers and public representatives, and communicate our assessments to our members. This has only been done sporadically, and relates to the point above, that in the current electoral system, it is difficult to create accountability as there is no democratic mechanism of recall. Nevertheless closer bilateral relations, with Ministers and other deployed leaders, and greater openness in the movement to consultation over appointments, has created an improved environment for COSATU to input in this regard.
  
42. **The Way Forward** : The 2015 Plan calls for the CEC to develop plans and frameworks on all the identified issues. We need to develop the analysis in this report into a comprehensive audit, and a proposal to prioritise implementation of the key issues. We also should consider the need to update and realign the 2015 Plan to current realities, where appropriate.

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<sup>3</sup> However the proposal was originally part of a broader proposal for restructuring of the state, which included the proposal for a restructured Cabinet, in the form of a Council of State, which has not as yet been taken forward

## 2. The Movement and the Revolution at a Crossroads

*"...the issues of the developmental state or the defence of the revolution are no longer prominent on the agenda. This erodes the principle of unity, respect, collective leadership and adhering to policies that advance the revolution and its defence. When interests are at stake, the issue of leadership becomes a matter of "do or die". The issue is not how the organisation will or should be led, but how the interests of certain people must be protected... the money issue has become a big sickness in the organization. It is used to promote self-interest and that impacts on how the organisation is run. This affects not only the ANC but also the Alliance as a whole. This is a challenge that faces many liberation movements in the second decade of liberation... In some cases the organisations change and become something unrecognisable. We need to uproot this sickness so that our organisations whose interest is to defend the revolution can become instruments of the revolution rather than instruments of certain classes and certain people. ... If we do that we will restore respect, comradeship and dignity in the ANC and the Alliance. We will stop the situation where what should have been the healthy and constructive contradictions within the broader movement become antagonistic and turns comrades into enemies of one another. We will stop clique-ism and gossip and adhere to the revolutionary way of doing things. We will restore the character of the ANC. These tendencies must be fought by all who still call themselves revolutionaries."* **Comrade Jacob Zuma, address to the COSATU Central Committee, 27 June 2011**

1. The COSATU 11th National Congress is taking place at a profoundly important moment in South African politics. At one level this year is characterised by a number of significant gatherings in the political calendar of the country. 2012 sees events which, taken together, could have a defining impact on the direction of South African society, including:-
  - a) the ANC centenary
  - b) the COSATU 11th Congress in September, and affiliates Congresses
  - c) the SACP 13th Congress in July
  - d) the ANC Policy Conference in June, and 53rd National Conference in December
  
2. This highly charged political calendar coincides with growing realisation amongst all progressive forces that we have reached a turning point in our movement and broader society. Increasingly, there is recognition that:
  - The country faces a multiple crisis; and
  - Something radically different has to be done if we are to move forward.

3. The ANC's Policy Conference in June 2012 focused on some elements of this crisis, in particular the crisis of poverty, inequality, and unemployment, and the movements emerging organisational crisis; and called for the launching of a *second phase of our transition*, which should concentrate in particular on a radical shift in economic policies. This echoes, in important respects, the view of COSATU and other Alliance and MDM formations, that the policy trajectory of the last 18 years has failed to address key challenges of the NDR, and that a qualitative shift is required in the economy if we are to avoid the total derailing of the NDR. The assertion by the ANC that we cannot continue with business as usual in the light of these multiple challenges, is welcome. However, the movement needs to ensure that the language of a radical shift is matched by *radical content* in what is proposed. We need to see nothing less than systematic progress to implement the demands of the Freedom Charter. Critically, the movement needs to build capacity to implement, to deal with the crisis of non-implementation and the culture of mediocrity. This Congress of COSATU has to be about how we give content to this second phase, and how we create our own 'Lula moment'<sup>4</sup>, to assist our country in forging a new direction.
  
4. It is important that on the face of it there is an emerging convergence on the challenges confronting us. However, deeper analysis reveals that far more work needs to be done in reaching consensus in the Alliance on an:
  - Analysis of the character and extent of the crisis; and therefore on
  - What needs to be done.

## 2.1. The emerging Multiple Crisis

5. In our view, a **multiple crisis** is emerging in society, which, if not addressed, has the potential to result in an organisational implosion, and social explosion, which could reverse the gains of our democracy, and prevent us from advancing the core tasks of the NDR. This is a scenario which we cannot, and will not allow to happen. We need to be shaken out of our comfort zones, and develop a totally new mindset, if we are to appreciate the extent of this emerging crisis, and what measures are needed to address it.
 

**Key elements of this emerging multiple crisis include:**

  - An emerging **organisational** crisis, in which the ANC, in particular, is increasingly wracked by factionalism, patronage and corruption, and is unable to reassert the mission and strategic vision of the organisation. Struggles in the organisation are increasingly over control of the levers

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<sup>4</sup> The notion of a 'Lula moment' is explained in Section 4 below

of accumulation. Those challenging these abuses find their lives increasingly in danger. There is growing social distance between the leadership and the rank and file. This emerging crisis was clearly identified by the 2010 ANC NGC, and the organisational renewal paper to the 2012 Policy Conference. This crisis is *systemic* and relates to broader crises in the state and society. Because the ANC is the ruling party, and leader of the Alliance, and society, this situation also has profound implications for society more broadly, for governance from national to local levels, for all state institutions, and for progressive civil society, including the labour movement. Success in addressing this crisis is therefore critical in resolving other dimensions of the crisis. The ANC is embarking on an organisational renewal programme to fight these threats to the movement. We must do everything we can to assist this fight, and make sure that the ANC succeeds.

- A crisis in the **state**, in which years of neglect, fiscal cutbacks, and contracting out of state responsibilities (including through tenderisation and agentification<sup>5</sup>) - combined with endemic corruption, and a failure of political and bureaucratic leadership- together render elements of the state apparatus increasingly ineffective, or even dysfunctional. The most devastating indictment of this failure has come from the Auditor General: Only 3 out of 36 government departments received unqualified or clean audits in 2010/11, and only 13 out of 343 local governments in 2011/12! This institutional crisis in parts of the state is directly related to the **crisis of non-delivery** which confronts many working class communities. It is also linked to the legacy of economic policies, which commodified and privatised basic services, as well as running down and underfunding public services, and shifted the burden to the working class and the poor. Therefore inappropriate economic policies, and problematic funding and institutional frameworks form a *toxic combination*, which lead to the types of crises we have seen recently with electricity provision, housing, public transport, public health and public education. The role of Provinces has also been sharply raised by these crises. The textbook saga in Limpopo, which demonstrated an area of total state dysfunctionality, provides a serious wake-up call as to what may face us, on a larger scale, if these trends are not arrested and reversed through a set of deliberate interventions. These trends are part of a general pattern of failing to act decisively on a broad range of issues, as a result of divisions in the movement, and paralysis in the state. The areas of crisis are tending to overshadow important areas of advance in the democratic state, and drag down the morale of the public sector, and the entire society. A danger is that failure to act to arrest this trend will also lead to *defeatism* about the possibility of building a developmental state.

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<sup>5</sup> By *tenderisation* is meant the excessive reliance on tenders to the private sector to perform functions which the state could perform more efficiently and cost-effectively. By *agentification* is meant the unnecessary creation of independent or operationally autonomous agencies to perform functions which government departments should perform, thereby relinquishing effective control and accountability over critical functions.

- A crisis of **poverty, inequality, and unemployment** which is reproduced by the structural features of our economy. This systemic crisis has been analysed repeatedly by ourselves, as being a function not only of inherited economic relations, but also worsened by inappropriate neo-liberal policies, as well as policies focused on promoting elite economic empowerment. It is now widely accepted, including in our broad movement, and government, that even much higher rates of economic growth along this problematic growth path will not succeed in addressing the triple challenge, but will rather continue to reproduce the same structural problems which generate high levels of poverty, inequality, and unemployment. It has therefore been accepted that we need to embark on a different growth path, and it is now agreed that there is the need for a 'radical shift' in economic policies. However, despite the Resolutions from Polokwane providing clear support for this, contestation is continuing in the movement and the state as to what should constitute the policy shift. A powerful bloc in the political leadership and the bureaucracy (supported by capital) continue to strongly resist a change from conservative macro-economic policies. This has led to economic policy paralysis, and the failure to drive a coherent agenda, leading in turn to progressive elements of industrial and other policies failing to make a real impact in turning the situation around. There is also a failure to grasp the nettle that addressing this crisis requires a deliberate and systematic programme of income redistribution, social protection and wage policies, which can radically reduce poverty and inequality in the short term, as well as providing the economic stimulus, combined with appropriate economic interventions, to underpin a major recovery in employment. This is the lesson of Brazil, which we return to below.
- An emerging crisis of **political legitimacy and disillusionment**. These three sets of crises- in the movement, the state, and the economy- are laying the basis for growing disillusionment in society, and even questions about the legitimacy of the leadership in the movement and the state. Opinion polls, which should not simply be dismissed- even if we recognise their limitations- are increasingly showing worrying trends, particularly, but not only, amongst the youth, which suggest increasing political demobilisation and alienation of society. This includes suggestions that growing numbers of the electorate don't intend to vote in 2014, and increasingly negative perceptions of the leadership. Any programme of radical transformation, if it has any hope of succeeding, must rely on mobilisation of the people. Therefore this trend should not be taken lightly, or dismissed as a creation of the media. The hostile agenda of certain sections of society and the media can only be effectively countered by a credible leadership, which communicates effectively, and takes meaningful action to turn the situation around, including by taking drastic steps to improve the image of the movement. Opinion polls continue to show the worrying trend of people losing faith in the current leadership, and still focusing on Comrade Nelson Mandela as their saviour. In the context of growing

social distress, and desperation of the unemployed, alienation from the movement can easily be replaced by right wing populist alternatives, which aim to divide workers from the unemployed, South Africans from migrants, promote tribal divisions, and so on. Further, spontaneous protests about community problems are too easily dismissed as being the work of opportunist elements. As we outline below, South Africa is now the protest capital of the world. At the same time the local government elections showed an alarming trend for the ANC to lose support to the DA, including in traditional ANC areas. We need to wake up and smell the coffee! Despite these trends, we still have a huge reservoir of support and goodwill in the country, which we need to mobilise through acting decisively to reverse these negative trends, and implementing a programme which shows that we are serious about transforming peoples lives.

6. While avoiding narrow economism, we need to acknowledge that the value of a revolution is largely measured by the people in terms of material improvement in their lives. We pose the question in this report which we posed at the last Congress - who have been the main beneficiaries of our democratic revolution in the first 18 years? This report, particularly the Socio-economic section, shows that economically, the main beneficiaries have been capital, particularly white monopoly capital, and a small emerging elite. The report shows that while profits rise, workers are receiving a declining share of GDP, and that the combination of high unemployment, low wages, and limited social protection, mean that in real terms the income and living standards of many workers and their families have not improved. Socially, many of the initial gains made in terms of 'delivery' have not been sustained, because of commodification, and lack of accountability by state structures and public representatives, especially in poor communities. This report shows further that linked to a growing crisis of corruption and dysfunctionality in provincial and local governance, there is an emerging crisis in public delivery of services, particularly in the areas of education, health, transport, housing, and electricity. Further that redistribution of assets, including land has not taken place in any meaningful way. There is emerging agreement in the Alliance that this trajectory of the last 18 years therefore has to change.
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.

## 2.2. Impact of these crises on COSATU

*“COSATU has influence but on issues that has nothing to do with workers... like Polokwane and Mangaung, that’s where you’ll start to hear COSATU, but when it comes to worker issues on the ground and to influence government to change policies that affects workers you find it asking<sup>6</sup>”*

8. This multiple crisis will also have a direct and indirect effect on the cohesion of COSATU, and ultimately lead to a crisis in the organisation, if we don't handle things correctly. Most obviously, the deepening crisis facing the working class will put growing stress on workers and the Federation, particularly if it is not seen to be responding adequately to their most pressing challenges. Further, measures taken by capital to restructure the economy, and transform the nature of employment relations, puts new pressures on the organisation, as challenges of organising atypical and vulnerable workers grow increasingly difficult. But it is not only the economic situation which poses difficulties. Broader political challenges in the state and the movement also impact on the trade unions, for example in relation to the perception of leadership, and the challenge of corrupt and undemocratic practices. The 2012 COSATU workers survey indicate that while the labour movement remains vibrant and democratic, on the whole, some worrying trends are emerging. These suggest in some instances a growing distance between leaders and members, and a growth in negative perceptions amongst members about 'corruption' in the movement. Some of this appears to be not literally about corruption (in the sense of misappropriation etc), but about leaders with divided loyalties 'selling out' workers i.e. a decrease in trust and organisational accountability.
9. At a more macro political level, differences within the Federation about its political posture, and strategic and tactical approaches to challenges in the movement, the state and society, are placing growing pressure on the cohesion of COSATU's leadership collective, as we outline in some detail in this political report. Historical consensus which had emerged since the mid 90's on our strategic posture is increasingly being undermined, and political differences magnified. Therefore COSATU has a direct stake in the development of a more coherent political response to these

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<sup>6</sup> Workers focus group, Peddie Eastern Cape, June 2012

challenges by the movement as a whole. In addressing these challenges COSATU needs to defend its traditions of addressing matters robustly and honestly, promoting openness in debating the issues, and respect for organisational decisions. Importantly, the organisation needs to avoid:

- Factional politics taking root
- Denialism about the extent of the challenges; or
- Shirking responsibility for our role in addressing them

10. We analyse concerns relating to threats against COSATU's political cohesion in this Political Report, particularly those which have arisen over the last year. These concerns are serious, and their potential impact on the organisation should not be underplayed. At the same time, the organisation remains in a relatively good position to advance alternatives in response to the different dimensions of the emerging crisis: In relation to the *organisational crisis*, it remains a movement which is on the whole controlled by its members, and where the challenges of corruption and undemocratic practices are not dominant. In relation to the crisis in the *state*, our members are at the coalface of delivery, and conscious of the need to transform a range of practices and dynamics in the public sector. Our unions have embarked on a number of campaigns to improve and transform the public service, although far more needs to be done. Our members are key activists in the fight against corruption.

11. In relation to the *economic crisis*, and the triple challenge, COSATU and its affiliates have been at the forefront of promoting alternatives on issues such as employment creating industrial and trade policy, the need for alternative monetary and fiscal policies, transformation of the financial sector, and redistributive labour market and social protection policies. In relation to the *legitimacy crisis* of our broad movement in society, the Federation is relatively well placed. COSATU's credibility in society remains high, because of the organisations consistency in speaking honestly about the challenges facing the country, raising its concerns without fear or favour, and preparedness to be self-critical, where necessary. Most importantly its ability, and willingness, to mobilise its members and society to act in the interests of ordinary people. A recent survey, published in July 2012 showed that among a range of respondents, from workers to higher income groups, COSATU commands a great

deal of respect.<sup>7</sup> The organisation has managed to establish this degree of credibility despite ongoing attacks on it, around issues such as the wage subsidy, certain issues of economic policy etc. However, we need to avoid complacency, and recognise that our handling of certain matters could be improved. We must continue to find ways to engage the media and society in the battle of ideas, to ensure that at all times the perspectives of workers are properly and fairly reflected. Most importantly we need a shift in our mindset to recognise that the labour movement needs to renew itself, and re-establish its very purpose of existence, by placing much greater emphasis on issues which matter most to workers.

12. Failure to turn the situation around will be devastating for the progressive forces, and the left project as a whole. Ordinary people will rightly question why, having repeatedly been given an overwhelming mandate to lead transformation of society, our movement has continued to advance policies which in effect entrench the structures of power and privilege in society, with modifications aimed at incorporating a new elite; while the lives of poor communities and working people continue to be characterised by poverty, disease, ignorance and unemployment. If their movement continues to fail them, they will be forced to look for an alternative. And international experience shows that this alternative won't necessarily be a left alternative. In approaching these matters we need to avoid two extremes- being overoptimistic, by ignoring reality, and as a result losing credibility; or exaggerating the negatives, completely losing hope and demoralising our people. We approach the following scenarios in the spirit of avoiding either extreme.

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<sup>7</sup> COSATU General Secretary Zwelinzima Vavi was voted as the most trusted leader by 1 304 respondents surveyed nationally. People from Living Standards Measure 6 and up were surveyed. LSM 6 is the largest Living Standards Measure, and includes about 7 million workers earning over about R4000 p/m. The survey also included the middle and highest paid earners in the economy.

### 3. A low road scenario

1. Let us paint what seems to be an extreme scenario: The downward slide in the movement and the state continues. Delegates go to the ANC Conference in Mangaung focused on the leadership contest only, and policy questions fall by the wayside. A grinding machine in the Provinces and Regions sifts who gets to the Conference. You have to be part of this machinery to control the conference. Nearly everyone there has a material stake in the results. Principle is replaced by politics of power and patronage. The ANC leadership in most Provinces and regions are compromised, by the presence of tenderpreneurs in their ranks. The ANC Conference is an expression of pure slate politics, and good people from either side are excluded. Those who lose out form a camp of the disillusioned and disgruntled. Divisions are so deep, that talk of a second phase of the transition is mere lip service. The ANC is too weak and divided to drive a new agenda.
2. As a result, the ANC again loses part of the electorate in 2014. Many voters don't participate because of disillusionment. We increasingly move towards US-style politics, because of apathy, where a minority of the population participate in elections. Politics shift to the right, the DA further consolidating its hold on the minorities, and makes inroads into the majority vote. The non-racial and national project slips away. The working class project is marginalised, as is the gender project. Instead of asserting hegemony, the ANC becomes increasingly discredited in broader society, although a core still remain loyal to the ANC. Having placed all its eggs in the ANC basket, the left finds itself marginalised - because the ANC is seen as a discredited faction which has betrayed the people, and the Party and COSATU are perceived to have been part of that betrayal. The revolution has reached a dead end. People start searching for solutions elsewhere.
3. This scenario is not a fantasy, but a real possibility if we don't act decisively to arrest the disturbing trends described above. What are we capable of doing to respond to this situation? COSATU is in a difficult dilemma - it is seen as a hope by many, but it is also being attacked for being the hope- on the basis that it is creating an MDC alternative. We face a number of questions. Does COSATU allow itself to be blackmailed into silence, and swallowed by this trajectory? Or do we see the second phase of the transition as a window of opportunity which must be pursued? Can we do this without supporting factional battles? Is the ANC capable of emerging from the current morass? Is the Alliance still a viable vehicle?
4. Some come into this Congress positive and optimistic about the current situation. Others are very worried. Many fall somewhere in between. If we allow our perspectives on these matters to polarise into two extremes, there is the danger that we are laying the basis for the development of divisions, and ultimately splits, of the type

referred to in the 2011 Central Committee Discussion Paper on the international situation. This is the type of situation which confronted CUT in Brazil, which split three times over its relationship with the ruling Workers Party.

5. So it is essential that we confront the implications of these scenarios, negative and positive. We need to be robust and honest about the challenges which are being confronted; and bold in our responses to these challenges. If such an honest approach is taken, there is still hope that we can turn the situation around. This is true even in the most apparently hopeless of situations. As Comrade OR Tambo said, in the darkest days of exile 'the peoples project is never defeated'.
6. The working class must do whatever it takes to stop this low road scenario from materialising. It is not an option for us to allow a derailed revolution, or the emergence of a DA or other reactionary government in future.

#### **4. A high road scenario: Creating our Lula Moment?**

*Always bear in mind that the people are not fighting for ideas, for the things in anyone's head. They are fighting to win material benefits, to live better and in peace, to see their lives go forward, to guarantee the future of their children. Amilcar Cabral*

1. The ANC is proposing to launch a second, more radical, phase of the transition, which will coincide, with the second term of the ANC post-Polokwane. This raises interesting parallels with the Brazilian experience, where the first term of the Workers Party (PT), led by President Lula from 2002-6 was fraught with all sorts of difficulties. In President Lula's second term (2006-10) he engineered a dramatic turnaround, which saw a series of amazing achievements in terms of improvements of the living standards of the working people of Brazil. These achievements continue to this day, under the leadership of his successor, President Dilma. We refer to this turnaround as the 'Lula moment' and pose the question as to whether we are able to drive our own Lula Moment, given the challenges, and possibilities we have outlined under the low road scenario.

##### **4.1. What is happening in Brazil**

2. A revolution is taking place in peoples living standards in Brazil, and other parts of Latin America. Strides are being made in reducing poverty, creating decent work, and reducing inequality and unemployment, over a short period. At the heart of the gains in the labour market, is the consolidation of *national minimum wages and collective bargaining*, with a deliberate strategy driven by progressive governments, to substantially increase the real level of minimum wages, and address the plight of the working poor. The other key leg of this strategy to raise peoples incomes, is the introduction of *social protection measures* to ensure that all the poor, including the unemployed, have access to basic income.

These redistributive policies have been effectively combined with state-driven industrial and investment strategies. How have these achievements been driven politically in Brazil<sup>8</sup>?

3. In the first term of his government (2002-2006), President Lula was tainted both by the adoption of neo-liberal economic policies, as well as a serious problem of corruption in the Party and in government: "During Lula's first administration, conservative fiscal and monetary policies prevented any significant improvement of the country's social indicators, and wages and employment stagnated. To cap it all, in the run-up to the 2006 elections the administration was battered by a relentless succession of corruption scandals backed up by media and political hysteria which suggested that Lula might be impeached or, at the very least, defeated in his bid for re-election."
  
4. Lula, together with his allies in the party, state, and the broader movement, acted decisively to turn this around, in his second term, moving to address these problems in policy and leadership, both in government and the party. Policies were implemented which radically increased the income of workers and the poor (see box below). Government and Party leadership was changed, and important policy shifts were engineered, regaining the support of worker and peasant organisations, and led to a huge increase in support from the masses. By the end of Lula's second term (2010), surveys put his support at 80%, making him the most popular leader in the world. An interview in November 2010 with Professor Alfredo Saad-Fihlo, a left critic of Lula's government who acknowledges the progressive impact of this turnaround, outlines how this was done, including:
  
5. "He recomposed his top team, decimated by the scandals. Heterodox<sup>9</sup> economists and nationalist diplomats aligned with the PT were appointed to head the Ministry of Finance, the Secretariat of Strategic Affairs and the National Bank for Economic and Social Development (BNDES), the largest development bank in the world... they have been able to implement activist and distributive fiscal and financial policies, and to moderate the Central Bank's orthodoxy.... The administration pushed up the minimum wage gradually and consistently, and embarked on a reasonably ambitious 'programme of growth acceleration' focusing on investments in infrastructure, transport and energy. In the higher education sector, 14 new federal universities were created, staffed by thousands of new academics, to cater for 210,000 new students."

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<sup>8</sup> The 2011 COSATU Central Committee discussion paper on the international situation (summarised in this report) reflects in more detail on the progressive Latin American experience. For the purposes of this section we focus mainly on Brazil.

<sup>9</sup> Economists who draw from various schools of thought, not just traditional conservative economics.

6. “The government’s social programmes were also expanded, especially ‘bolsa família’ (an income support programme for poor households). The buoyant economy created 14 million new formal sector jobs... the social benefits paid in the poorest regions supported local production, rather than fuelling purchases of imported durable goods. The strengthening of the domestic market, the expansion of production and careful banking regulation helped to shelter the Brazilian economy from the ravages of the global crisis: GDP is poised to grow by 7.5% in 2010. The minimum wage rose by 67 per cent between 2003 and 2010 ... the Gini coefficient fell from 0.57 in 1995 to 0.52 in 2008, and salaries rose from 58% of GDP in 2004 to 62% in 2009... Lula’s government has also played an important role in the political stabilisation of Latin America and, in particular, supporting the left-wing administrations ...None of these outcomes is revolutionary, but they are real enough. For these reasons ...Lula’s popularity among the poor, and in the poorest regions, is overwhelming. ..”<sup>10</sup>
7. These major advances in Brazil don't mean that it has solved its fundamental problems. It remains a capitalist society, with high levels of inequality, poverty, violence and landlessness. Even though it has begun to make huge strides in reducing some of the most negative features of Brazilian society, the Brazilian government continues to face criticism from the left *inter alia* for:
  - Environmentally destructive policies, including the destruction of important environmental systems, and displacing of communities, particularly through large agro industry, energy exploitation and infrastructural developments;
  - The absence of an agrarian reform programme, and a high concentration of land ownership;
  - While fiscal policies have become more progressive, and the Treasury given a developmental thrust, Central Bank monetary policies remain conservative, with high interest rates. This is countered by the use of state facilities which provide finance at very low interest rates;
  - Growing dependence on the export of primary commodities, despite its industrial policy;
  - Persistence of relatively high levels of corruption;
  - The transformation of society has tended to be driven from above, popular forces remain relatively fragmented, and there is an over-reliance on the state, unlike other Latin American countries like Venezuela and Bolivia, which have entrenched popular participation, and promoted the deepening of democracy.

Nevertheless the achievements of the last decade have been dramatic...

**Transforming peoples lives: how this was achieved**

<sup>10</sup> <http://www.lab.org.uk/index.php/news/57-focus/688-brazil->

**More pay and more jobs: How Brazil got both**<sup>11</sup> From 61.4 million people in 2003, the number living in poverty dropped to 41.5 million in 2008 (a decline from 34.3 per cent to 21.9 per cent of the total population). *The recovery in the purchasing power of the minimum wage has been crucial here. It really gained momentum from 2005 on, when the federal government made an explicit commitment to promoting it. Between 2003 and 2008, the minimum wage rose faster than inflation, providing workers at the base of the income pyramid with significant real gains (38.3 per cent).* There has also been an important, though smaller, increase in the real median wage. Its purchasing power rose by 23.5 per cent.

The **proportion of formal employment** in the whole economically active population (including the unemployed) aged 15 and above increased from 36.1 per cent in 2004 to 40.9 per cent in 2008. There was an especially significant increase in the formalization of jobs for youth. This is important, as formalization brings workers within the effective scope of labour law and social security provisions. Recent Brazilian experience **contradicts the assumption that a minimum wage will lead to net job losses** and inflationary pressures. One of Brazil's greatest successes since 2003 has been the **creation of 15.3 million formal jobs**, which has led to growing **formalization of the country's labour force**. Indeed, during the 2000s, formal job creation outpaced informal job growth by a three-to-one ratio. The **unemployment rate** when Lula took office in 2002 was 12,6%. By December 2011 it had been reduced to 4.7%<sup>12</sup>.

**The role of trade unions** Although it has seven recognized trade union centres and more than 1,600 unions, the Brazilian labour movement has been demonstrating greater unity in action in recent years. Even during the crisis of 2008–09, a large proportion of occupational categories bargained up the purchasing power of their wages. The negotiating climate has changed significantly since 2003. *Rights are no longer being bargained away in exchange for the maintenance of employment.* Recently, with the relaunch of the development agenda, increasingly the trade union movement's focus has shifted from simply defending jobs to winning back lost rights and broadening out its demands. Among the main issues around which the unions and the trade union centres are currently mobilizing are: i) reducing weekly working hours to 40; ii) regulation of subcontracting; iii) the minimum wage revaluation policy<sup>13</sup>; and iv) defending a development model that distributes income.

**ILO & G20 policy brief on Brazil, September 2011** During the 2000's Gini coefficient measure of inequality was reduced from 0.58 to 0.54. *Two-thirds of the fall in inequality is attributed to increases in wages, of which one-third stems from earnings equivalent to the minimum wage (between 2003 and 2010, the real value of the minimum wage increased by 81 per cent).* The remaining distributional gains stem from the social safety net, in particular the rural pension, which provides benefits equal to the minimum wage to 8.4 million rural workers; the Continued Benefit Provision, which provides social assistance pensions equal to the minimum wage to 3.5 million elderly poor and disabled; and the flagship *Bolsa Familia* conditional cash transfer programme, which provides modest benefits to a quarter of the population, at the low cost of 0.4 per cent of GDP.

The increase in incomes of the poor and middle classes has fuelled **domestic demand**. Because Brazil retains an important manufacturing base, the growth in consumer demand has benefited the economy and spurred job creation, particularly in manufacturing and distribution as well as among large retailers, where jobs are predominantly formal.

11 This is based on the paper by Paulo Baltar et al., *Moving towards Decent Work. Labour in the Lula government: Reflections on recent Brazilian experience*, GLU Working Paper No. 9, 2010

12 [en.wikipedia.org](http://en.wikipedia.org) It has subsequently increased slightly in 2012, with the economic downturn.

13 The policy according to which the minimum wage is increased at a level above inflation every year. Currently the increase is calculated as, inflation plus the combined GDP growth of the 2 previous years

Changes to **labour inspection** methods in Brazil have improved labour law compliance while contributing to increased formality.

The recent economic crisis did not halt the trend towards a greater share of formal employment in Brazil's labour force. When the international economic crisis hit the country in 2008, GDP contracted by 4.4 percentage points and GDP declined by 0.6 per cent in 2009. Yet in 2009, the country was able to generate 1.7 million formal jobs, an increase of 4.5 per cent over 2008. The strong labour market performance was due in large part to the Government's effective **response to the economic crisis**.

#### 4.2. Lessons from Brazil

8. These achievements are important, because they show that, with the necessary political will, and strong and capable leadership, a turnaround can be achieved, from an apparently desperate situation. It therefore contains important lessons for SA. We need to analyse how the progressive movement achieved this under President Lula's leadership, and whether, we can learn from that experience, even if we can't copy it.

9. A more detailed study is required of the Brazilian experience, but some initial lessons include:

- Decisive political leadership enabled the Brazilian leadership to navigate out of an emerging crisis, and use the need for change to chart a new path. They were not blackmailed by pressure from the conservative establishment, or problems in their own ranks, to abandon their programme of social transformation. Instead they became more focused and decisive.
- They put key people into strategic positions (Treasury, Industrial Development Bank- the BNDES etc) to drive the policy shifts they wanted to implement.
- They were not afraid to take on the markets where necessary, for example through implementing taxes on capital flows, or introducing more effective regulation of worker rights.
- The Brazilians were very practical in their approach, and avoided getting stuck at the level of political rhetoric. They focused on interventions which were high-impact and transformative in improving the material realities of the majority of people, particularly in relation to key challenges of poverty and inequality. They launched simple high-profile campaigns which would have a concrete impact, and everybody could relate to, such as the 'zero hunger' campaign.
- They asserted a central role for the state in the economy in terms of driving and financing development. They reversed privatisation, drove a state-led industrial strategy, with the involvement of key state corporations in strategic sectors, and provided affordable finance on a massive scale to promote industrial development, through the state bank.
- They defied conventional economic prescriptions, and instead advanced economic strategies which put redistribution of incomes and stimulating demand at the centre of their approach, especially through raising wage levels and social protection. This was deliberately linked to an industrial policy which promoted local procurement and production, and which fed off growing demand. Increased consumption was based on rising incomes, rather than credit.

- This national economic strategy was linked to a broader economic development strategy in the region which was aimed at asserting an independent development path.
- They set out to deliberately formalise the labour market, and demonstrated that increased worker rights, combating of atypical and unregulated work, rising wages and improved conditions of employment, are consistent with large-scale job creation. They took on employer lobbies who were opposed to such changes, but also put in place incentives for employers to comply, as well as acting firmly against those who violated legal protections.
- Strategic focus meant that they put in place the measures required to build state capacity to drive these changes, e.g. through strengthening their labour inspectorates, and massively increasing training in tertiary institutions to ensure sufficient qualified people were available to staff key state institutions.

10. These developments in Brazil are part of the resurgence of left alternatives throughout the continent, particularly over the last decade. Seven of the ten major Latin American countries<sup>14</sup> now have left or centre left governments: namely Venezuela, Brazil, Argentina, Bolivia, Uruguay, Ecuador, and Peru. Increasingly this bloc of progressive states (despite some differences between them) is characterised by: a rapidly expanding state role in the economy, with strategic ownership of key sectors; active promotion of social ownership, particularly through a huge increase in co-operatives; pursuit of expansionary macro economic approaches; and lastly, progressive interventions to transform the labour market, by formalising employment, combating atypical work, raising wage levels and promoting collective bargaining. In the case of the more left governments, such as Venezuela, Bolivia and Argentina, governments have actively promoted popular participation, and the growing assertiveness of the working class and peasantry. This has led to new forms of popular democracy.

11. At a regional level, these countries have pursued strategies to build the continent's independence from US domination, and are putting in place various regional institutions to strengthen their ability to achieve this. An innovative approach has emerged to create continental economic integration, using the creation of a new regional financial architecture, and by harnessing natural resources as economic leverage, and a springboard for development. Further detail on this emerging Latin American alternative are contained in the international section of this report.

12. What are the political lessons we can derive from this Brazilian and Latin American experience? In the next section we look at some of the interventions which could be pursued in South Africa, during this second phase of the transition, which could help us to create our own *Lula Moment*. This strategic path is not an option, but a

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<sup>14</sup> Down from 8 after the left leaning Paraguayan president was recently removed by a right wing congress.

*necessity* for the working class, if we are to play our role as the leading motive force, putting the NDR on track, and keeping it there.

## 5. The second phase of the transition: Opportunity for a radical break?

1. It is often said that a crisis represents both a threat and an opportunity. At the international level, the financial crisis has opened up a range of possibilities, particularly for the global South, to do things differently. Similarly, our domestic crises could, if approached correctly, create an opportunity for us to break with past practices, and approach things differently in the four identified areas: *Organisationally*, to take radical steps to reassert the values of sacrifice, selflessness, service to the people, democratic participation, harnessing of peoples power etc, including acting decisively to combat conflicts of interest in the movement. The ANC Organisational Renewal paper makes a call that the "Mangaung Centenary Conference should strive to be a watershed by addressing some of the persistent challenges that have plagued our movement since 1994". This will also contribute to narrowing social distance between leaders and the masses. At the level of the *state*, to take urgent measures in the short-term to arrest the downward slide, and implement strategies to systematically build an effective and capable developmental state, which leads social and economic transformation.
2. In terms of the triple challenge of *poverty, inequality and unemployment*, to develop and implement a coherent set of policy interventions, which, in reality and not just at the level of rhetoric, constitute a radical shift, putting the creation of decent work, and redistribution, at the centre of policy. Economically, this means a total break with orthodox neo-liberal policies, which have failed our country. Visible progress in these three areas will go a long way to combating the emerging alienation and *legitimacy crisis* of the movement, and renewing the confidence and involvement of our people in driving the revolutionary project. But we need to do far more to engage our people, dynamically interact with them in finding solutions to these challenges, and communicate far more effectively on this radical shift, if they are to appreciate what it is we are trying to achieve.
3. This political report analyses the patterns of political paralysis and zigzagging in the movement and the state, and some of the underlying reasons for this. If the notion of the second phase of the transition is to constitute a radical break with these patterns, a political reconfiguration and strategic shift will be required in relation to the democratic forces and the democratic state. This means that the structural features, which are inhibiting forward movement in the areas we have identified, need to be systematically addressed and transformed. The strategic interventions proposed by this Congress need to focus on transformation in the **3 key pillars** we have identified - **the movement, the state and the economy**:

4. In relation to **the ANC**, we need to ask what interventions are required to ensure a leadership which is uncompromised, and is primarily driven by its desire to address the needs of the people; an ANC which operates in a democratic and accountable manner, and takes responsibility for transformation; and an Alliance which is able to shape the strategic direction of the movement and the state. Failure to do this will mean that the organisation is constantly held hostage by different groupings who are using the movement as a vehicle for personal accumulation.
5. At the level of the **democratic state**, we need to spell out what needs to be done to take full control of the levers of governance; make the leadership and bureaucracy accountable to the democratic mandate; and answerable for their performance. Failure to do this will mean that powerful centres in government and the state continue to drive agendas which are contrary to that of the movement; and leaders and bureaucrats continue to abuse public resources with impunity.
6. At the level of **the economy**, we need to spell out what could constitute the 'radical economic shift' which would change the trajectory in terms of distribution of income, employment, access to assets etc. It would require a coherent package of economic policies which ensure that macro-economic policies, industrial policy, labour market policies, and social protection, are driven by the same agenda, unlike the current situation, where policies contradict each other, and are held hostage by key centres of economic power, particularly Treasury and the SA Reserve Bank, which needs a new mandate. It would also require a strategic set of interventions to harness the power of the state to redirect the economy. Failure to do these things would mean that we continue to pay lip service to economic shifts, while in reality the market, and power centres aligned to finance capital, or the new elite, continue to drive the agenda.
7. An understanding of the power dynamics summarised above is important to help appreciate why progressive resolutions, or stated policy shifts, aren't *in themselves* sufficient to change the trajectory of the country. Many progressive resolutions from Polokwane, the 2010 NGC, and the Alliance Summit remain unimplemented either because they threaten vested interests who continue to dominate the policy agenda; or because the ANC leadership remains deeply divided over certain decisions; or because the Alliance and the ANC don't have control over the policy agenda in government; and the mechanisms and institutions haven't been put in place to ensure accountability to the democratic mandate. This is worsened by a divided leadership collective which is unable to give direction, and a lack of consistent pressure from below, outside of Conferences. Therefore any decisive advance depends on a radical shift in power relations. This, amongst others, requires a focused leadership collective with the necessary political will, including to challenge

entrenched interests in the movement, state and capital. The outcome of Mangaung will indicate whether this is on the agenda.

8. COSATU's political strategy of mobilising social power combined with engagement in all forums and sites of struggle remains valid and correct. However, the analysis contained in this political report, as well as previous reports to Congress, reveal that in the absence of meaningful agreements to implement a programme at the level of the ruling party and the state, gains arising from this strategy are limited and difficult to sustain. The patterns of political paralysis and zigzagging, are also reflected in the outcomes of these various mobilisation and engagement processes, as we have seen eg in the battles around e-tolls and labour law amendments. On the other hand, clear agreements with the movement and government on issues such as public procurement and industrial policy, while continuing to be subject to class contestation, form a solid platform on which legislation, policy initiatives, resources and programmes can be processed, and can then be effectively advanced. This is of course provided that other aspects of policy e.g. fiscal policy, don't undermine such gains. Such instances provide examples of what a more comprehensive agreement could achieve.
9. COSATU can therefore contribute to this reconfiguration of power relations if we are able to advance a clear proposal on what needs to be done to achieve such a comprehensive agreement. This requires that the Federation itself is united on a minimum platform, or set of interventions which are required to break the political paralysis. If COSATU can agree on what should constitute such a platform, this will also help deal with emerging political divisions in the Federation, and harness the power of organised workers to such an agenda. This would in itself be a major contribution towards advancing a radical shift.
10. Clearly, however this will not by itself be sufficient. The ANC would need to share our view on the necessity for such a platform. The 2011 Alliance Summit agreed on an Alliance programme of action, which is a step forward in agreeing to take forward a programme on certain issues, but falls short of a comprehensive policy platform, which addresses the identified crisis areas. This Political Report outlines problems we have encountered in securing agreement on the strategic Political Centre, and need for an Alliance Pact, as mandated by COSATU Congress. However, conditions have changed in important respects, which suggest that prospects may have improved: There is now agreement in principle that we need to make substantial political changes in relation to the functioning of the movement and the state; and that a radical economic shift is required. Further, conditions described above (the multiple crisis) are putting huge pressure on the forces for change to put forward a united front on an alternative platform. The international situation has also created new policy space to promote progressive alternatives. Therefore there is objectively a greater basis for the Alliance to agree on a platform than there was in the past. It is less

important whether this is called a Pact, or an agreement. More important is the content of what is agreed, and the need to ensure that meaningful commitments are made on the critical issues.

11. **Elements of such an agreement** which should be considered include:

- 11.1. Measures to ensure representivity and integrity of the new leadership collective, at national provincial and local levels, and to combat social distance. Proposals are contained in this report in the section dealing with leadership.
- 11.2. Legislation to govern conflicts of interest in the state and the movement; policy to prevent those convicted of certain types of offenses from holding certain leadership positions; as well as a package of interventions to combat corruption. Proposals are contained in this report in the section dealing with corruption as well as the section on leadership.
- 11.3. A package of interventions to advance a radical economic shift, including specific commitments to align macro-economic policies, and all institutions of state, to the agenda of promoting decent work, agreed interventions to dramatically scale up the state's role in strategic sectors of the economy as proposed at the 2010 NGC; and a commitment that all appointments to strategic positions will be reviewed in line with the need to effect these changes in strategic Ministries, including Treasury, the SA Reserve Bank, and key SOEs and DFI's, and that their mandates be changed accordingly. A renewed and more focused mandate should also be given to the National Planning Commission to realign the planning process to reflect this radical shift.
- 11.4. Implementing proposals to promote a more effective, co-ordinated developmental state, including the Alliance agreed proposal to implement a Council of State, to ensure a more streamlined and effective Cabinet structure.
- 11.5. A coherent labour market, wages and incomes policy, including a legislated national minimum wage, linked to a minimum living level, and comprehensive collective bargaining; and social protection measures, including a grant for the unemployed. These policies should be explicitly aimed at redistributing income, radically raising incomes of the working poor, and reducing inequality.
- 11.6. Special intervention programmes to address crisis situations, in public health and education, and other identified areas of service delivery.
- 11.7. Agreement on a protocol on the Alliance and Governance to ensure effective implementation of ANC and Alliance policies, and co-ordination with the work of government. Further to create a regular co-ordinating mechanism between the President and COSATU, to ensure a structured forum for ongoing input into issues of governance.
- 11.8. Related to the above, an Alliance mechanism to receive reports, monitor and **ensure implementation** of identified strategic or priority Alliance decisions which seek to contribute to this radical shift e.g. the

proposals from the NGC on transformation of the mining sector, and state ownership in key sectors of economy, various Polokwane and Manifesto undertakings on the economy, corruption and state transformation etc.

12. Given the limitations of the existing Alliance POA, what do we do to achieve such a comprehensive Alliance agreement? Once the ANC Conference is over, there is the danger that the urgency for such an accord would be lost. Therefore, if the Alliance agreement, as set out above, were to have the necessary impact, its key elements would preferably need to be agreed before December, for endorsement at the Mangaung Conference. This should be a clearly spelled out agreement, not something with vague statements of intent. It should set out a clear sequence of practical commitments to advance each of the identified areas within reasonable time frames. To counter growing public scepticism that radical-sounding statements are merely hollow rhetoric, it would be important to embark on a set of concrete confidence-building steps, to re-establish the belief amongst people, and broader movement, that a real change is being advanced. Such concrete actions could be identified for each of the elements of the platform, in a way, which demonstrates that we are indeed embarking on a radical shift, rather than a business as usual posture.
  
13. One area which needs special emphasis is the urgency of *building capacity* to implement policy directives. Polokwane, the Manifestos, State of the Nation Addresses, ANC Conferences (including the NGC and recent Policy Conference) contain many positive and progressive announcements on what will be done, yet the sorry track record of non-implementation, has led to the disillusionment referred to in this report. One of the main reasons for this state of affairs is the organisational weakness we have referred to, as well as mediocrity, which is a by product of slate politics and divisions. We need to take responsibility for our failure to implement, and take corrective measures. While we don't agree that the liberal anti-majoritarian organisations are the main problem, there are a number of right wing organisations which are attempting to orchestrate a sense of crisis, and the impossibility of moving forward, using a range of tactics, including through the courts. However it would be a mistake to paint all critics, or those using the courts, with the same brush.
  
14. This Congress needs to address the risk of us repeating history, by basing our actions purely on trust. We have to mobilise the working class, and broader society, around the urgency for such a comprehensive set of interventions. We must avoid the danger that we reach an agreement, but post December, are unable to hold leaders to account in terms of meeting its conditions. We analyse in this political report how, in recent years, leaders have been pulled in many different directions by competing interests, and factions, and as a result have been unable to act decisively. How do we avoid this situation recurring? What will be different this time? We need to

ensure that we mobilise pressure from below. The current balance of forces in the movement suggests that a mobilised working class has the best opportunity in a long time to set clear conditions under which the new leadership will be given a mandate. We have the possibility of creating our own Lula Moment. We dare not fail!

## **Part 4. The International Balance of Forces post the Global Economic Crisis - implications for South Africa<sup>15</sup>**

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### **1. On the concept of the international balance of forces**

The international situation, and balance of forces, does not directly dictate the policy agenda, in any country, but rather creates the context within which various policy options can be taken, with greater or lesser ease, and impact. Just as policy choices have to be asserted against powerful interests in any domestic context, so too do states have to assert national policy choices within a contested international terrain. Even at the height of the neo-liberal agenda, although the policy space was more limited than it is now, certain states chose to, and were able to implement a very different policy agenda- including for example, on industrial policy and financial regulation- than the neo-liberal package which the dominant international institutions were attempting to impose. Therefore those states deciding to implement a neo-liberal policy package, as in South Africa, were making a *political choice*, albeit under greater pressure, rather than being forced to do so by international circumstances.

COSATU has always argued that the international balance of forces in which neo-liberalism was dominant, were not insurmountable and required intelligent strategy to manage rather than conceding without a fight. Unfortunately the decision of our government in 1996 to embark on a neo-liberal policy trajectory, in many respects tied the hands of the state, which then limited its ability to intervene, and ultimately it was only able to wield political authority devoid of economic content. The impact of this political dead-end underpins the debate which has now emerged about the need for a second, more radical phase of the transition.

Having said this, shifts in the international balance of forces, and the alignment of states around different policy trajectories, can greatly enhance the ability of peoples and states to forge a progressive policy agenda. Therefore the emergence of the international economic crisis, and the collapse of neo-liberalism as the dominant policy agenda, certainly creates greater possibilities for the assertion of progressive alternatives. However, as we shall argue below, even this new more favourable international balance of forces, is not without major challenges, as international capital attempts to reimpose key elements of this policy package.

### **2. The International Situation post the Global Economic Crisis**

#### **2.1. Overview of the crisis**

The global financial crisis which erupted in 2008, was a systemic crisis, which quickly developed into an all-round economic crisis, with its centre of gravity in the advanced capitalist countries, but with devastating impacts for countries of the South. Despite debate about the roots of the crisis, most agree that its impact, and large shifts in the international political economy, mean that the world post the global recession, will be very different than pre-2008. Its effects are still being felt, both economically, and in terms of social and political upheavals, in places as far apart as North Africa, China,

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<sup>15</sup> This analysis draws extensively on the Discussion Paper *The current international situation: implications for the left* drafted for the COSATU 5th Central Committee in June 2011

Europe, the US, and Latin America. Indeed, we are now facing a second round of the recession, known as the 'double dip'.

The **first phase** of the crisis suggested that the world was entering into a new *post* neo-liberal era, which would see huge Keynesian type demand stimulus interventions (particularly through government spending), extensive state involvement in ownership, through nationalisation, and much tighter regulation of capital, particularly in the financial sector. States in the North, and the G20 countries, appeared on the surface to recognise the need for a new approach. This phase was short lived, as resources were diverted into bailing out the banks (not the *victims of excess by the banks*), rather than social investment as the basis for a sustainable recovery. Governments and international institutions failed to take on the critically weakened financial sector, whose abuses gave rise to the financial meltdown. This allowed the financial sector to reassert their dominance, and re-establish the hegemony of their economic agenda.

The **second phase**, which is still unfolding, saw the *reassertion of neo-liberal policy interventions*, to secure the financial sector, in the face of massive debts run up by governments in the first phase. This neo-liberal resurgence is ironically concentrated in the North. The traditional structural adjustment packages of slashing the state, fiscal cutback, tight monetary policy, deregulation etc, is being imposed in Europe and the United States, leading to unprecedented resistance in those countries, most recently seen in the 'Occupy Wall Street' movement. A number of countries in Europe are being faced with the choice: succumb to the dictates of the financial institutions, or go the *Argentina route*, of defying them and asserting their economic sovereignty.

Now the centre of economic gravity has shifted to the South, particularly China. The North has **become increasingly dependent on the developing world** to stabilise its economies. While social devastation has been widespread, countries of the South, particularly in Asia and Latin America, have been better able to bounce back, than countries in the developed world. At the level of global governance, countries of the South are beginning to assert the need for a new economic and political architecture. Powerful new alliances of the South are emerging. It will be extremely difficult to return to the orthodoxy of the *status quo* which existed before the crisis.

Economic orthodoxy has been shattered, even amongst the proponents of capitalism. Global financial architecture, and economic governance, is now the subject of growing contestation. Sustainability of the economic growth model, is being questioned, in relation to:

- The environmental limits of uncontrolled, destructive growth
- The viability of a one-sided export led growth model, which depends on growing demand from the developed world, now in crisis
- The impact of growing inequality and poverty in creating systemic crises.

The terms on which this international economic crisis will be resolved, is now being determined. Will it lay the basis for a movement of peoples, in the South and North, and a new type of economic arrangement, and international architecture, aimed at resolving the crisis in favour of the mass of ordinary people? Or will unaccountable governments and financial institutions, continue to succeed in imposing arrangements which are primarily aimed at protecting the mighty financial sector, the large corporations, and the billionaires? The international realignment of economic forces, and the shift in the centre of economic gravity, is opening up possibilities for progressive forces internationally to chart a new course.

## 2.2. The Politics of the Crisis

New global realities suggest that forces for progress have potentially greater leverage to advance their agenda, than has been the case for many decades. At the same time, the deep crisis facing powerful elites and states, which command huge resources, and a massive repressive and military machine, raises concerns about a range of reactionary phenomena - neo-fascism; a resurgent imperialism; militarism; right-wing religious fundamentalism; and a concerted project to stamp out worker and human rights. Nor will the growing economic power of the South automatically be used for progressive ends.

The world is therefore confronted with the prospect of a scenario of unprecedented progress and hope vs. deepening human misery and conflict. There is plenty of evidence to suggest the possible emergence of either – or both- of these competing scenarios, including:

- The advance of progressive, left governments and peoples movements in Latin America, the democratic revolutions in North Africa and the Middle East (although these have many problems), and the resurgence of popular resistance in the countries of the developed North;
- The rising economic role of the South, its organisation into regional and international blocs, and its assertion of a new global agenda, with all its contradictions;
- The recent emergence of left or centre-left alternatives, in countries such as Greece and France;
- The growth of the green agenda as an integral part of the emerging international movement for economic and social transformation.

### *At the same time we are witnessing*

- The increasingly aggressive posture being taken in developed capitalist countries, including against their own people;
- The adoption of economic austerity<sup>16</sup> (severe spending cut-back) measures which threaten to plunge the world into an even deeper economic depression;
- The rise of right wing governments and ultra-right parties in the North
- The reversal, or endangerment of some of the democratic gains in Egypt and the Arab Spring, and international contestation for the direction of these revolutions
- The intensification of dangerous military adventures being undertaken in the pursuit of economic and geopolitical interests.

The realignment of forces emerging in the post crisis landscape therefore sets the stage for massive contestation over a new international economic and political architecture; and the emergence of radical new national and regional alternatives. While the rising power of the South, and popular movements, is a cause for optimism, this contains significant contradictions. Also, even if major Northern states are relatively speaking on the wane, their power, particularly the USA (which remains the major economic and military force in the world), should not be underestimated.

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<sup>16</sup> Wikipedia.org: In economics, **austerity** refers to a [policy](#) of [deficit](#)-cutting by lowering [spending](#) often via a reduction in the amount of [benefits](#) and [public services](#) provided

Nevertheless, the shift in economic power to the South, and the resurgence of left and democratic forces in key regions, *particularly Latin America*<sup>17</sup>, and the assertion of economic alternatives in Latin America and Asia, is cause for optimism; as is the emergence of significant progressive movements in Europe and the USA, challenging their governments economic policies, and international military adventures.

The rise of 'Southern' economic powers, particularly *China*, now the world's second largest economy, is beginning to change the rules of the game. Greater co-ordination by these countries is taking place in various fora, including BRICS. And progressive regional alternatives by Southern economies, particularly in Latin America, have begun to 'delink' themselves from the economic hegemony of the advanced capitalist countries.

The uprisings in North Africa and Middle East, known as the 'Arab Spring', were a significant development, on Europe's doorstep, with profound geo-political implications, including around oil, the Israel-Palestine question, and the role of the US and its allies in the region. It challenged the stranglehold of US backed dictators, and has broader ramifications for democracy in Africa. Because the Arab Spring threatens major interests, it has therefore led to extensive interference by the USA and Europe, who have attempted to direct the course of events in the region. While partly spontaneous, and often led by the youth, some revolts e.g. in Egypt, have also had significant participation by organised workers, and emerging left formations, but have lacked coherent political direction.

The massive Nato offensive in Libya; the brutal suppression of the uprising in Bahrain, by the US backed Saudi invasion; the brutal civil war in Syria; support for the tyrant in Yemen, and so on, all show that imperialist powers relate to these uprisings based, not on concern for the violation of human rights, but on their concrete interests, particularly in relation to securing control over oil, and geo-political calculations about regional power relations. It also shows how genuine popular resistance to tyrants can be hijacked, or frustrated, to serve these ends. Nevertheless, the ongoing uprisings show that the democratic genie is out of the bottle.

Despite these uprisings, Africa remains fragmented as a regional bloc, and politically stunted, in terms of the development of progressive formations. It will be important to see if the African left can harness international developments, to begin to articulate a new vision for the continent. The main organised progressive force on the continent is the African trade union movement, which needs to work with emerging social movements, to develop a strategic agenda for the continent. But the African labour movement itself is fragmented, and without a coherent alternative vision and voice.

Developments in *Latin America, and to a lesser extent North Africa*, potentially constitute a *tectonic political shift*<sup>18</sup>. This, combined with the *tectonic economic shift* in the balance of power to the global South, is a major opportunity for progressive forces. However, there will be contestation in the South, between countries, and by anti-worker forces, to shape the new agenda. Left forces need to develop a coherent strategy to take forward a progressive South-South platform.

The political situation in the *developed North* is fluid and unpredictable. Austerity measures (spending cuts) have been accompanied by reduction of real wages and

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17 Seven of the ten major Latin American countries (excluding Central America) now have left or centre left governments.

18 Tectonic: huge shifts, like movement in the earth's surface leading to the movement of continents

pensions, and attacks on unions. These attacks are not only in the 'bankrupt PIGS countries' Portugal, Ireland, Greece, and Spain, but in most of Europe and the USA. This has led to unprecedented political resistance, including general strikes and street occupations, in countries facing austerity packages (eg Greece and Spain), and in unexpected areas, like Wisconsin, USA, in response to attacks on trade union rights. People in the North are relating to the 'Arab Spring', and questioning the legitimacy of their economic and political systems. The "Occupy Wall Street" movement, first in the USA, then Europe, demands accountability by the 1% who prosper, while the crisis devastates the lives of the remaining 99%.

The ruling centre-left *social democratic parties (SDPs)* in Europe are in deep crisis: responsible for imposing austerity measures in the 'bankrupt PIGS states', they have committed political suicide. In most European countries, the *SDPs* had long been removed from government, because they failed to offer an alternative to neo-liberalism. Even before the latest crisis in Europe, centre right parties had taken power in the 'historic heartland of European social democracy' (Germany, Britain, France, Italy, Sweden, Holland). Progressive forces and trade unions are beginning to distance themselves from *SDPs*, and some left parties (such as *Die Linkse* in Germany, and *Syriza* in Greece) are becoming stronger.

However, European politics is increasingly fragmented. The working class is not only being drawn left, but to the centre-right and ultra-right, as neo-fascists capitalise on peoples material insecurities, fears, and prejudices. International financial institutions backed by the EU and Germany (the sub-imperialist European power), installed unelected technocrats to head various European governments, including Italy and Greece. Nevertheless the recent victory of Francois Hollande as French President, on an anti-austerity ticket, and the narrow failure of the left party *Syriza* to win elections in Greece, show that the new European neo-liberal wave is not going unchallenged.

While there are signs of hope, there is also the danger of an increasingly reactionary economic and military agenda by developed country governments, as their ruling classes grow more desperate. It is thus vital to ensure co-ordination between left forces in the North and South, to isolate these dangers, and bolster a more progressive agenda in the North.

The international trade union movement has a key role to play. It is the only well organised movement which has a presence in all these regions, and shares an agenda, at least on some major social issues. It should develop a joint platform to address policy differences between labour in the North and South. The material basis for such a platform has now improved, as labour in the developed North becomes more politicised, and austerity policies undermine the project of dividing a 'labour aristocracy' in the North, from workers in the South.

### 2.3. The social impact of the crisis

At the end of 2010 the ITUC General Secretary summarised the global effects of the economic crisis<sup>19</sup>:

- world unemployment stands at 210 million - **the highest recorded** level of unemployment in history;
- **64 million more people** have been pushed into extreme poverty;
- the ILO estimates there are **34 million more people unemployed** as a result of the crisis;

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<sup>19</sup> Sharan Burrow, Ituc GS *Address to DGB 2<sup>nd</sup> congress on capitalism*, Berlin 7 October 2010

- **23 million more people** would be without a job, if not for the stimulus packages adopted to confront the crisis – programmes which are now being phased out rapidly;
- the “decent work deficit” can only worsen in the coming years. A record number of young people are entering the labour force – **45 million new job seekers** each year, many increasingly desperate for opportunity;
- estimates of 210 million unemployed people underestimates its true depth. Millions of people seek work in the informal economy as they give up hope of secure, formal jobs.

### 3. Responses to the Financial Crisis

#### 3.1. The Bail-outs

When the financial crisis hit in 2008, the US and European governments had two options:

- bail-out people whose homes and other assets were being repossessed by banks, as a result of irresponsible lending practices; and intervene to ensure credit was available, including by taking over the commanding heights of the financial sector; or
- bail-out the banks.

They chose the latter: “What happened in the US was that 8 men gave us a 3 page document which ... said ‘give us \$700 billion or else’. This was like a financial coup, against the government and the population of the US...”<sup>20</sup> Stiglitz states that if the US had used the R700 billion to create a new bank, the resources “could have been used to generate all the lending capacity required, including loans for small businesses and to maintain enterprises. The profits from the new bank would have paid back the Government. Instead, it was decided to spend the money in ways that protect some existing vested interests...the US Government has provided most of the capital for several of the major banks, but it does not have control of decision making in these banks.”<sup>21</sup>

#### 3.2. Stimulus Packages or cutbacks?

Much of the economic stimulus package in the North went to the exercise of rescuing the financial sector. While it pumped some stimulus into the economy, there was a huge cost. It has left governments with massive debts, which have laid the basis for the ‘austerity backlash’, which inevitably followed this short period of stimulus.

The opposite approach was followed in China, which introduced a \$600 billion stimulus package, to generate domestic demand. The package included social assistance and retirement income transfers. The stimulus was largely focused on infrastructure development to foster construction and related industries, and generate employment. Measures were included to provide employment for laid-off migrant workers (20 million internal migrants lost their jobs, as a result of the crisis) and university graduates. The stimulus was also used for rural infrastructure, environmental protection, and capital injections in 10 industries, to further technological innovation. The stimulus package was accompanied by a rapid increase in bank lending, and reduction of interest rates.

<sup>20</sup> David Harvey *Is this really the end of neo-liberalism?* Counterpunch 13 March 2009

<sup>21</sup> Joseph Stiglitz *The global crisis, social protection and jobs*, International Labour Review Vol 148, 2009

In contrast, however, by 2010, the advanced capitalist countries had begun cutting back on their stimulus packages, and were moving into full austerity mode, with massive cutbacks of budgets, public services and employment.

### **3.3. International multilateral interventions**

In the wake of the crisis, international multilateral bodies seemed to be changing direction. To differing degrees, institutions such as the IMF, World Bank, UNCTAD, and the ILO appeared to accept that existing economic orthodoxies needed to take responsibility for the economic and social disaster that was unfolding, and that economic policies needed overhauling. The advanced capitalist countries were also forced to concede that, having created the economic crisis, they could not unilaterally determine how the world was going to exit from the crisis. Particularly because they were increasingly relying on developing economies to drive economic recovery.

Bodies like the G20, which include leading developing nations, began to displace the historic role of the G8 developed nations club. This was an advance. However, the question is what the various G20 summits achieved. They agreed on the need for tough action on tax havens, hedge fund transparency and top salaries in financial corporations, but weren't able to achieve anything concrete. Nevertheless, developing countries have potentially far greater leverage to drive an alternative development agenda through the UN agencies and other multilateral institutions. For example, at the insistence of labour, supported by Latin American and African governments at the ILO Conference this year, it was resolved that the ILO should offer support to governments wanting to devise alternative macro-economic strategies.

### **3.4. Alliances in the South**

The South-South agenda is making an impact at various levels: alliances in the WTO have put demands for a developmental multilateral trade regime. Political alliances in the South are also expressed through the G77+China cooperation in global climate change negotiations. Proposals have been made on global climate change mitigation through the substantial reduction of greenhouse gas emissions by the industrialised countries; with demands for financial and technical commitments by the richest countries, to assist developing countries in their adaptation to the effects of climate change. There are also practical cooperation initiatives within rapidly expanding South-South trade, joint production and infrastructural investment, technological and scientific, health and educational cooperation. "Which countries benefit the most from such relations will depend fundamentally on the ...conditions for such South-South cooperation. The cooperation between Cuba, Venezuela, Bolivia, Ecuador and other countries in Latin America ...are illustrative of the different modes of South-South relations that are possible."<sup>22</sup>

### **3.5. The attack on labour in Europe and USA- the race to the bottom**

Some commentators argue that the crisis is being used by the powerful, particularly in the North, to engineer a process of 'creative destruction', to re-establish conditions of profitability for the owners of capital, by imposing economic restructuring on the working class. The living standards of the populace in developed capitalist economies is being attacked on a number of fronts:

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<sup>22</sup> Dot Keet, 'the crisis' and the crises of capitalism, March 2010

- Massive cutbacks in public sector services and jobs
- Attacks on social protection, unemployment benefits, pensions etc
- Attacks on collective bargaining and other union rights
- Attacks on income and wages.

A left commentator calls this a race to the bottom: “rulers in the US, EU, and other debt-burdened countries know exactly what they are doing: ...to take advantage of the crushing recession in order to extract “enough” concessions from the working people until welfare states are dismantled and labour costs in the more developed capitalist countries are made competitive with those of the less-developed countries. This explains why despite new signs of further global economic contraction, the reigning governments in these countries... are continuing their brutal spending cuts on health, education, wages, pensions, and the like. This is not to say that these governments do not want to have economic growth or job-creation—they do—but want them on their own terms, that is, through Neoliberal policies that would create jobs that would pay wages on a par with those of workers in less-developed countries...”<sup>23</sup>

### **3.5.1. The struggle in Europe**

This attack on workers in Europe, has led to an upsurge in mass struggle. There has been growing mobilisation in a number of countries, with workers leading some of the largest demonstrations since World War II. There are four structural factors underlying this upsurge: Firstly, rising unemployment. Secondly, growing social and income inequality, reflected in declining labour income as a percentage of GDP since the late 1970's, (from 68% of GDP in 1975 to 57% in 2005). Thirdly, public expenditure on social protection has declined. Fourthly, a decline in labour and social rights. This situation for Europe's working class “was in stark contrast to the exuberant profits for employers. From 1999 to 2006, profits increased 33.2% in the EU. Labor costs, however, increased only 18.2%...”

Defeat of governing Social Democratic Parties throughout Europe resulted in “the E.U. countries today (being) governed by right-wing parties that have only worsened the situation by strengthening their anti-labour policies with budget cuts in welfare states and nasty austerity policies... A response to these policies has been strikes and demonstrations throughout the E.U.” One of the last social democratic governments, in Spain, has introduced labour market reforms aimed at making employers' firing of workers easier, a freeze of public pensions, a 5% cut in civil servants' salaries, and a proposal to delay the age of retirement from 65 to 67 years.<sup>24</sup>

### **3.5.2. USA - the assault on collective bargaining**

In February this year a union-bashing Bill aimed at ending collective bargaining was introduced in the state of Wisconsin, as a prelude to a United States wide Republican offensive against the unions. According to one analyst a coordinated plan was initiated across the USA to 'knee-cap the unions, erase collective

<sup>23</sup> *Putting the Brakes on Neoliberal Economics*, Ismael Hossein-Zadeh, Counterpunch August 30,2010

<sup>24</sup> *Whats happening in Europe?* Vincent Navarro, November 2 2010, Counterpunch

bargaining, undo women's rights and environmental regulations'. After February, Republicans in Ohio, Iowa, Idaho, Alaska, Tennessee and Indiana introduced union-bashing measures nearly identical to this Bill. More than 20 state legislatures suddenly rolled out bills radically attacking collective bargaining rights for public workers.<sup>25</sup>

The attack in Wisconsin triggered a major battle, demonstrations reportedly growing to 180 000 strong. The strategy backfired, mobilising workers into a level of militancy not seen for a long time: "pro-labour demonstrations the likes of which have not been seen in the U.S. since the 1930s... igniting a populist protest that is spreading far beyond Wisconsin... emboldened by the far-off Arab Spring. We are witnessing ... an energized youth movement, the mobilizing power of the social media, a labour revival.... An unprecedented coalition has emerged that might just channel populist anger and defiance into an invigorated national movement sufficient to quell the Republican corporate surge."<sup>26</sup>

However the campaign to recall the Wisconsin governor, failed to secure majority support from the working class, and he was re-elected. Therefore the legacy of a 'depoliticised' working class in the US, which remains partially attached to right wing politics, and the failure of the left to articulate a viable alternative, continues to be a major barrier to progress. Nevertheless the dramatic emergence of the Occupy Wall Street movement suggests that traditional corporate backed politics in the US may increasingly be facing a challenge, if popular opposition can be channelled into an alternative political movement.

#### **4. Global Alternatives to neo-liberalism**

Progressive states and global unions are beginning to advance practical alternatives to the neo-liberal response, including through engagement in international institutions. These include promoting global economic stimulus, and advancing redistribution, fair labour standards and social protection; reforming international financial architecture; promoting international wage bargaining; developing forms of regional economic organisation delinking countries in the South from current patterns of domination; and interventions to promote a green economy.

While these proposals are not socialist, and can best be described as 'radical reforms', taken together they could support transition to a different type of international order, movement away from the current dangerous threats of economic implosion (as well as military aggression), on an even larger scale, and promote economic democratisation. This could tilt the international balance of forces decisively away from the current patterns of domination, and lay the basis for progressive new international economic and political arrangements. This would constitute a qualitative break from the current international order.

##### **4.1. Global Jobs Pact**

In 2009, The ILO's Labour Conference adopted a *Global Jobs Pact*. There are significant similarities to the *Framework for South Africa's response to the Global Economic Crisis*, adopted in February 2009. The ILO Global Jobs Pact proposes fairly far-reaching interventions to respond to the crisis, with a heavy emphasis on

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<sup>25</sup> Others argue that there are also a series of, more subtle, attacks in Democrat controlled states.

<sup>26</sup> *Which Way Wisconsin?* Anne McClintock May 13 2011 Counterpunch

macro-economic stimulus, decent work, redistribution, social dialogue and social protection.

The ITUC, in supporting the idea of a Global Jobs Pact, argues that a new model which ensures employment is central to macro-economic policy, must include the following elements:

- First, we need a coordinated fiscal stimulus, jobs centred growth with a plan for jobs, and active labour market intervention to keep and create employment;
- Secondly, we need Labour Market Justice;
- Third, we need Quality Public Services, and the establishment of a universal social protection floor;
- Fourth, we need balanced world development. Governments must stand by the commitments they have given – particularly the UN Millennium Development Goals;
- Fifth – we need far-reaching investments to begin to change the energy intensity of all economic processes, to begin to move the world towards the low carbon economy. This must be a “just transition” that respects workers’ interests and promotes decent work;
- Sixth, implementation of the unfulfilled commitments to regulate the financial sector so that the financial economy is returned to its role of providing resources to service the productive economy. And, to block speculators, and generate resources needed for the public investments, progressive taxation, and an effective financial transactions tax;
- Seventh, we need reforms to global governance to address gaps in the multilateral system that contributed to the crisis. We need a world governance structure that can prevent future crises and would be sustainable for the 21st century.<sup>27</sup>

The ILO Jobs Pact supports the notion of a *wage led economic recovery*. This is significant because it acknowledges that redistribution is essential if economic recovery is to happen. The notion of a wage led economic recovery accepts that: growing inequality, and poverty is an underlying cause of the crisis; serious redistribution is needed to redress this imbalance; and attacks on wages worsen the crisis by reducing economic demand. Therefore measures are needed to protect and improve workers real wages.

The ILO Global Jobs Pact proposes the following ‘to avoid deflationary wage spirals’:

- social dialogue;
- collective bargaining;
- statutory or negotiated minimum wages.

“Across-the-board wage moderation carries the high risk of a competitive race to the bottom, with hugely negative impacts on demand and overall price levels...The measures endorsed by the *Global Jobs Pact* – a minimum wage, stronger collective bargaining institutions, comprehensive social security provisions and labour clauses

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<sup>27</sup> Sharan Burrow, Ituc GS Address to DGB 2<sup>nd</sup> congress on capitalism, Berlin 7 October 2010

in public procurement, public investment and public employment – are important policy tools for reversing the wage slide.”<sup>28</sup>

Acceptance that improving wages is a key response to the crisis, is significant. But this will only be achieved if workers mobilise into strong unions, wage struggles for a living wage, and achieve protection against conditions which lead to precarious work, and undermine collective bargaining. Alliances with progressive governments and international institutions, committed to promoting decent work, will also assist unions’ ability to do this.

#### **4.2. International collective bargaining**

If there is an international battle taking place with forces committed to restoring the reign of neo-liberalism by attacking workers and their organisations; there needs to be alternative strategies and centres of power to counterbalance and outmanoeuvre them. One such important intervention would be to develop institutions which build the power of worker solidarity, to begin to reduce the power of corporations to divide and undermine workers. A key element of this would be to find ways to develop international institutions of collective bargaining. A commentator argues that this would require both international collective agreements, as well as transformation of unions into international structures.<sup>29</sup> Some Global Union Federations, and unions organised in global corporations, have begun to advance Global Framework Agreements, which could constitute a step towards new institutions of international collective bargaining. An example of this is the agreement negotiated at Lukoil, Russia's second largest oil company, spearheaded by the Russian trade union movement<sup>30</sup>, binding on all its international operations.

#### **4.3. New financial architecture**

The imposition in 2011 of a new IMF MD (Christine Lagarde) by Europe, and a new World Bank President (Jim Yong Kim<sup>31</sup>) in 2012 by the USA, illustrates the need for drastic restructuring of the international financial institutions, particularly the IMF and World Bank. Despite being nominally UN institutions, these institutions remain the preserve of the advanced capitalist countries. In essence, US and European powers have used them to assert their hegemony over the world economy. Recently, minor modifications have been made to accommodate the role of China. Shifts in the centre of economic gravity to the South have placed the restructuring of these institutions high on the international agenda. While some argue that these institutions cannot be reformed, others assert we will need transformed institutions to manage the change in the international financial architecture which is required.

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<sup>28</sup> *Don't waste the crisis*, Executive summary, ILO 2011

<sup>29</sup> *Putting the Brakes on Neoliberal Economics*, Ismael Hossein-Zadeh, Counter punch August 30,2010

<sup>30</sup> See the agreement for 2012-2014 at [www.ioe-emp.org/fileadmin/user\\_upload/documents\\_pdf/ifas/Lukoil\\_-\\_ICEM.pdf](http://www.ioe-emp.org/fileadmin/user_upload/documents_pdf/ifas/Lukoil_-_ICEM.pdf)

<sup>31</sup> Although interestingly it is claimed that he is a socialist, time will tell whether he introduces a new policy orientation at the Bank

Transforming the financial sector is a central challenge, since it probably constitutes the major obstacle to a new international development path. The ETUC identifies five priority areas for policy action, and makes some important proposals, including :

1. *The financial sector needs to be democratised and diversified.* There should be a wider range of providers in the sector than private banking, including cooperative banking, public financial services and other community-based providers. Private banking should be restructured to protect retail and commercial banking from volatile and risky investment banking.
2. *Regulatory gaps must be plugged.* Derivatives markets must fall under publicly accountable supervisory authorities. Private equity houses should be subject to greater accountability and transparency requirements. Offshore financial centres that fuel regulatory evasion, must be countered by increased international co-operation, and improvement in the capacity of the tax and supervisory authorities in developing countries.
3. *Fair taxation* is needed to strengthen financial stability and accountability. Policy needs to be internationally coordinated to avoid tax evasion. A financial transactions tax would reduce the incentives for speculation, and allow for the provision of global public goods (environmental protection and development aid).
4. *Financial supervision must be 'hands-on'.* Supervisory authorities should have powers to implement an orderly winding up of failed institutions before they reach crisis point, to limit taxpayers' exposure to the risk that bail outs will be required in the future. Banks and other institutions should be subject to 'disciplining rules' whereby public authorities can intervene to prevent irresponsible risk taking, remove directors and enforce group restructuring.
5. There must be *effective international supervision and global governance.* Global finance needs global regulators. Allowing policy to continue on its current trajectory won't give international institutions the legitimacy, power and resources to prevent another global crisis such as 2008. More ambition and radicalism are needed.<sup>32</sup>

We need to look at these, and other, ideas in the South African context; and how to fight these battles internationally, including on the IMF and World Bank, given the failure of the G20 to make progress. What role can the international labour movement play in this regard?

#### **4.4. Regional economic alternatives**

Post the crisis, export-led strategies of developing countries are in question, since they can no longer expect that industrialized countries will absorb the additional supply. This is helping promote a reorientation of progressive development strategies towards more investment in regional and local development. The shift in economic power to the South, creates the possibility for a more assertive regional economic strategy, which de-links countries in the South from economic domination by advanced capitalist states, and large multinationals. This lays the basis for greater control over natural resources, their beneficiation, and prices, thereby undermining a

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<sup>32</sup> "Exiting from the crisis: towards a model of more equitable and sustainable growth" Etuc 2011

key cornerstone of colonial, and neo-colonial domination. Latin America is the key region which has begun to show the potential power of this model. China too is moving towards greater emphasis on domestic demand, and rising living standards, and away from its cheap labour model.

The Latin American model is placing emphasis on the more autonomous development of the region, making it less dependent on the economies, and fluctuating demands of the North. This shift to regional trade does not necessarily *decrease trade*, but places greater emphasis on trade *within* the region. In Africa a mere 10% of trade is between fellow countries on the continent (compared to 80% in Europe). Changing the trade balance promotes greater regional self-sufficiency, and is also environmentally progressive, reducing the carbon intensity of economies, given the dramatic reduction in the *transportation* of traded goods.

The Latin American approach to regional economic integration focuses on two key elements

- **use of natural resources** as economic leverage, and for mutual benefit; and
- creation of a new **regional financial architecture**, to sever dependence on the dollar.

Latin America is using *natural resources*, particularly gas and oil, to bolster self-sufficiency. Led by *Venezuela*, it has adopted a deliberate policy of harnessing its oil resources to advance regional development. One of Chávez's first acts was to revitalise the oil producers' organisation Opec and force the oil price to record levels. At the same time he reduced the price of oil for the poorest countries in the region, and used Venezuela's new wealth to pay off debt, notably Argentina's, in effect, expelling the IMF from the continent. Further, Venezuela supplied Cuba with oil at preferential rates, assisted in developing a Cuban oil refinery, and joint oil exploration. Cuba in turn supplied Venezuela with 40000 medical officials and teachers. The oil imports allowed Cuba to double the minimum wage for 1.6 million workers, raise pensions for the elderly, and deliver cooking appliances to the poor.

Venezuela has been involved in other co-operative arrangements relating to oil in the region including: agreements on oil and exploration projects with Argentina, and Brazil; investment in Bolivia's oil and gas sector, and supplying preferentially priced diesel, in exchange for food and services. Because of high world oil prices, Chavez has been able to extend assistance programmes throughout South America, eg providing millions in aid to Uruguay and Bolivia. Venezuela now offers more direct state funding to Latin America and the Caribbean than the USA. Venezuela is developing a common front of all countries which possess natural resources. Chavez also proposes uniting S America's oil companies in a joint venture, Petrosur. Mercosur, the trade bloc<sup>33</sup>, is also being used as a vehicle to co-ordinate energy strategies.

Secondly, this regional alternative aims to create a *new regional financial architecture*: Brazil, Argentina, Paraguay, Uruguay, Bolivia, Ecuador and Venezuela have initiated a Banco del Sur (the *Southern Development Bank*). The Bank rests on 3 pillars. Firstly, to be a development bank for projects in the region going beyond the national characteristics of an institution such as the Brazilian BNDES. The Banco del Sur will not make funding dependent on implementation of neo-liberal policies required by the World Bank or the IMF. The 2<sup>nd</sup> pillar is designed to *protect currencies against speculative attack*, by using rising commodity prices to build up

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33 Mercosur consists of [Argentina](#), [Brazil](#), [Paraguay](#), [Uruguay](#), and [Venezuela](#)

foreign exchange reserves. The Banco del Sur could act as a lender of last resort to those member countries experiencing balance of payments difficulties. Third, the Banco del Sur will be able to facilitate trade in *regional currencies rather than US dollars*. The ETUC argues 'the potential for this alternative approach is enormous'.

These progressive regional economic alternatives, aim at forging a regional development strategy. They are different from the traditional concept of "regional integration", which aims to impose a 'one size fits all' approach in various regions, by forcing countries to adopt IMF-compliant macroeconomic targets. The Free Trade Agreements (FTA's) which the US imposed in central America is a classic example. Our own SADC agreements, and Nepad, went some way down this road of requiring adherence to macro-economic orthodoxy; as did the Maastricht agreement in Europe.

#### **4.5. The African regional development challenge**

Can Africa use its access to strategic minerals to implement an alternative regional development plan, and as a launch pad for a broad based industrialisation strategy? To do this, needs a critical mass of progressive governments, with the political will to harness resources for the benefit of our people, rather than external interests, as the basis for a new type of integration. Only then could the recently launched *African Free Trade Area* (FTA) be moved in this direction. Leaders of 26 African countries, launched negotiations in June 2011 to establish a free trade area pulling together 3 regional economic areas: the Common Market for East & Southern Africa, the East African Community, and SADC, with a combined GDP of US\$860-billion, and population of 590-million. The 1<sup>st</sup> phase of setting up the FTA<sup>34</sup> comes into effect in 2 years. The next step aims to include West African countries in free trade negotiations. It is hoped that the appointment of Cde Nkosazana Dlamini Zuma to head the AU Commission, will assist in revitalisation of the continental body and the emergence of a coherent vision.

Currently, there are few visible signs of a continental development vision being articulated by African regional structures. South Africa is beginning to articulate notions of a broad based industrial development strategy for the continent, linked to infrastructure development, and minerals beneficiation. Our government is also attempting to leverage its trade relationships, including with China, to require greater investment in these value chains. However, Africa continues to be characterised by the rush for its raw materials, by China India etc, on the one side, and Europe and the USA on the other. With the massive demand for minerals from the large developing countries, the European Union has formulated a Raw Materials Initiative aimed at securing supplies from the African continent.

In a document we drafted for the ITUC Africa Congress in November 2011 we pointed out that the failure of Africa to respond as effectively as other developing regions, to the opportunities and challenges posed by the global economic crisis "is not an accident of history, but comes on the back of the deep structural challenges which Africa has inherited: its dependency on a particular – colonial - growth path, and the role of past policies in entrenching these realities. If we are to take advantage of the space which has opened up, we need to properly understand the roots of Africa's ongoing crisis, and what needs to be done to change Africa's trajectory."

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34 An FTA is a trading zone whose member countries have signed a free trade agreement, which eliminates tariffs, import quotas and preferences on goods and services traded between them.

We argued that a fresh strategic vision needs to be based on a scientific analysis of Africa's political economy, to identify the required building blocks for a new growth and development path.

We observed that "dominant features of the African political economy include:

- The deliberate entrenching by the former colonial powers, multinationals and comprador African rulers, of colonial economic patterns of extraction of Africa's minerals, raw materials, and agricultural products, (based on abundant supplies of cheap labour); and reliance of Africa on importation of intermediate and finished goods from other regions, leading to economic stagnation, underemployment and chronic economic dependence;
- Related to this, the failure to develop a diversified industrial base, and therefore the relatively small size, with a couple of exceptions, of a developed industrial proletariat;
- The perseverance of pre-capitalist relations of production, and semi-feudal social relations, combined with the destruction of traditional forms of production, and the emergence of a large landless or semi-landless peasantry, with a tenuous hold on the countryside;
- The reliance by the majority of Africa's working people, together with semi-subsistence agriculture, on informal employment, self-employment, and atypical forms of work, most of them underemployed, and struggling to survive;
- Combined with the resultant narrow fiscal base, the lack of a developed physical, social, and human development infrastructure, which in turn acts as a fetter on economic development. Physical infrastructure, including roads, port and other transport nodes, remain focused on servicing colonial hubs, rather than internal development or trade in the region;
- In the absence of the expanded reproduction of society's economic base, the middle class, and emerging capitalists, rely disproportionately on accumulation via the state apparatus, leading to the emergence of predator, or semi-predator states at worst, or comprador bureaucratic elites at best, with all the worst consequences in terms of corruption, nepotism, abuse of human rights etc. Where genuine fighters for African peoples have emerged, many have been destabilised, frustrated, and if necessary assassinated, and replaced with compliant leaders and despots to serve corrupt foreign interests, and their African comprador allies."

Is the much talked-about 'boom' in Africa likely to change these patterns (an over 5% average growth rate in the 5 years to 2008, and a recovery again to 4.9% in 2010, after growth declined in 2009)? The rosy picture trumpeted by international financial institutions, as representing the emergence of the 'African Lions', masks the deep structural problems which African economies continue to face. Even the commodities boom hasn't shifted Africa into trade surplus- in 2009 Africa registered a \$21 billion trade deficit. Although Africa's growth picture may not reflect a change in Africa's development path, however, it may be an *opportunity* to drive a change in its trajectory.

Africa's recent growth, is based on the *commodities boom*, which despite the economic crisis, reflects mainly on surging demand from India and China. The challenge is to invest the dividends from this resource boom, and channel them into

a strategy to finance broad based economic development, as has been done in numerous resource rich countries over the decades. If, however, Africa's leaders don't act differently, to the way they have acted in the past, this commodities boom will turn into a 'resource curse' which will further deepen the features outlined above. If the dividends are not invested, the boom will simply deepen Africa's vulnerability to commodity price fluctuations; make other exports uncompetitive as the currencies appreciate; and constitute a major squandering of irreplaceable assets. Further, failure to assert real ownership of Africa's resources, will in all likelihood continue the pattern of super-profits from mining companies which don't benefit the people, and massive looting by corrupt leaders.<sup>35</sup>

While these features of the African political economy pose a serious challenge, they are not necessarily all impossible to overcome, or counter, even in the short to medium term, and should not lead us to succumb to Afro Pessimism. For example, some of these features, particularly in terms of economic structure are shared by the less industrialised Latin American countries, such as Bolivia and Ecuador. Latin America has shown that dynamic regional development strategies, and the pooling of the strengths and resources of both the less developed states, while harnessing the capacities of the relatively industrialised nations, such as Brazil and Argentina, is able to achieve good results. Can we attempt a similar strategy in Africa?

#### **4.6. The Rise of BRICS**

Brazil, Russia, India, China and South Africa have constituted themselves into an alternative economic bloc, BRICS, who use their unity to contest space in multilateral institutions. These BRICS countries are expected to contribute one third of the world's GDP increment in 2015, by which time their total economy will surpass America. Estimated on the basis of current market exchange rates, the BRICS grouping would make up about 22 per cent of the world economy<sup>36</sup>.

South Africa's BRICS allies are both the fastest growing and largest emerging market economies. They account for almost three billion people, or just under half of the total population of the world. BRICS countries account for almost 20% of global manufacturing production, which is equivalent to the share of US manufacturing production. These countries are engaged in sophisticated manufacturing exports and produce a range of products, from capital goods to consumer goods, especially electrical and electronic equipment, clothing and textiles.

Between 1990—2009, gross fixed capital formation in China grew by 766%, India grew by 352% and Brazil grew by 78%. The advanced capitalist economies performed significantly lower than this. In the US, gross fixed capital formation over the same period grew by 56% and in the Euro-Area, it grew by 21%. This indicates the extent to which industrial capital accumulation has geographically shifted on the global scale. These countries have become the largest trading partners with the African continent.

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<sup>35</sup> For example, the World Bank estimates that as much as \$200 billion of the \$600 billion earned in oil revenue by the Nigerian government since 1956, may have been stolen by successive governments. See *Class Struggle and Resistance in Africa*, Leo Zelig p3.

<sup>36</sup> The Annual Report of Social-Economic Development (2011) on BRICS, a blue book released on April 2011 by the Social Sciences Academic Press of China.

China, Brazil and India, but not Russia, tend to follow unconventional policies to support national development, and are well-known for their interventionist states. They have state-owned central banks, state banks that operate at the same level as ordinary commercial banks and use trade and industrial policy instruments that would ordinarily be rejected out of hand in South Africa. Although, like any other country, they claim to be concerned about inflation, this is not their overriding concern. In short, when it comes to policy tools, these countries embody much of what South Africa economic policy makers rejected. Despite this, these BRICS countries are expected to grow at a higher rate and to maintain single-digit unemployment rates, in the face of the ongoing crisis. Although this is not limited to BRICS countries, their model of accumulation tends to defy mainstream prescriptions.

South Africa's entry to this group must signal a shift in our model of accumulation. While BRICS countries have strong trade links among themselves, each country reserves the right to determine its path of development. Within the BRICS there are contradictions which at this stage remain non-antagonistic. For example, there are strong concerns about China's dominance and its tendency to import unprocessed raw minerals from BRICS partners. This has led Brazil to reform the way it manages its natural resources, including putting in place export taxes on unprocessed minerals, with a view to support increased value-addition, job-creation and domestic mineral-processing.

A model of accumulation that is consistent with the fast-growing BRICS countries is characterized by a strong state-driven industrial sector that is dynamically linked to a competitive industrial private-sector. In this arrangement the state directs development through a number of policy levers and interventions. Public ownership of strategic sectors, in part and in whole, such as banking and the mineral sectors, is complemented with a flexible and developmental approach to macroeconomic management, regulatory interventions to guide industrial capital accumulation, skills development and training and building technological capabilities and innovations. Therefore our involvement in BRICS offer a powerful development model for us to pursue during, and beyond, the current global economic crisis.

Important projects undertaken by the BRICS countries, in conjunction with allies in the G20, include initiatives to transform the IMF and World Bank, and transform international financial regulation. The BRICS Summit in Delhi this year agreed to investigate setting up a BRICS development bank, an initiative which South Africa has reportedly offered to drive<sup>37</sup>. COSATU needs to engage with these and other multilateral initiatives, together with trade union counterparts in member countries, to explore how we could help shape them.

## **5. Lessons from the International Situation**

There are a number of major implications of this changed international situation for the South African revolution. Challenges and lessons arising from this brief analysis include:

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<sup>37</sup> The 2012 Delhi declaration states: " We have considered the possibility of setting up a new Development Bank for mobilizing resources for infrastructure and sustainable development projects in BRICS and other emerging economies and developing countries, to supplement the existing efforts of multilateral and regional financial institutions for global growth and development. We direct our Finance Ministers to examine the feasibility and viability of such an initiative, set up a joint working group for further study, and report back to us by the next Summit."

1. The need for COSATU and the Alliance as a whole to make a strategic assessment of the possibilities opened up by the shift in the international balance of forces, implications for the international labour movement, and progressive forces as a whole, as well as lessons for the transformation project in South Africa. It may be important for the Alliance to develop a joint document on how this dynamic international situation can be harnessed to intensify efforts to implement a second, more radical phase of the transition.
2. We need a focused series of engagements aimed at drawing on relevant experiences of other countries who have advanced an alternative agenda, particularly in Latin America; as well as engagement with our government and relevant multilateral institutions, to explore how the labour movement can play a more active role in the unfolding realignment of international affairs. In particular we should share lessons and experiences with our allies in BRICS, the G20, and regional institutions in Latin America and Africa.
3. We need to explore how countries are carving out a new economic policy agenda, in the light of the growing economic policy space which has emerged in this period. To further examine policy instruments being used by countries in critical areas such as monetary policy, financial regulation, industrial policy, as well as questions of strategic state ownership and control of the economy. To also focus on ways in which labour market, wage and income policies have been used, not to promote wage restraint, but to abolish working poverty, reduce inequality, increase social protection, and promote the growth of formal decent employment. Finally, to examine progressive responses to the challenge of incorporating youth into the mainstream economy, and combat youth unemployment.

4. Political lessons from the international situation which are drawn by the 2011 CC Discussion Paper, include<sup>38</sup>:

- Movements need to offer a coherent alternative to people in situations of crisis, as opposed to rehashing conservative socio-economic prescriptions. Otherwise people, including workers will look for alternatives, including from the right wing;
- Parties and governments which mobilise people around concrete interventions which make a real improvement in their lives have a greater impact. Political rhetoric without action leads to cynicism and demobilisation.
- You need to incorporate youth and other economically marginalised constituencies into a left national project. Spontaneous eruptions of political energy tend not to have a coherent strategic direction, and run out of steam or get hijacked by opportunistic elements.
- Bad alliances with parties which compromise workers will lead to unions eventually losing members. Further, mishandling of politics leads to splits in unions.
- Workers and unions need a strong progressive civil society, combined with a left government, to sustain a left project.

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<sup>38</sup> A detailed analysis of the political lessons from the international situation is contained in the 2011 CC discussion paper, Part 4.

- New conditions need new organisational strategies by unions.
- The international trade union movement has a key role to play in forging a strategy to respond to the new international situation. Radicalisation of workers in the global North creates an opportunity to close the gaps which have existed with workers in the South. Progressive unions need to develop a strategy to build a joint platform for the international labour movement to respond to the new situation.

## **Part 5. THE COMPLEX POLITICAL ENVIRONMENT POST-POLOKWANE**

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*“Philosophers have interpreted the world. The point, however is to change it.” Marx*

### **1. Challenges of Political Transformation**

This political report covers the period from December 2007 to July 2012. It has probably been the most dynamic and volatile 4<sup>1/2</sup> years in South African politics since the democratic breakthrough nearly 18 years ago.

This period has seen a popular political revolt in the ANC in December 2007, followed by:

- The adoption of a progressive new policy agenda, and the breakaway of part of the previous leadership into a splinter party;
- The removal of a President;
- The inauguration of a new administration;
- A fight-back by conservatives in the State, and massive contestation over economic policy;
- Challenges by demagogues to the new leadership in the ANC;
- The emergence of a powerful, corrupt, predatory elite, combined with a conservative populist agenda to harness the ANC to advance their interests;
- The development of political paralysis in the State and the Alliance;
- Deepening of social distress and mobilisation of communities;
- Massive international and domestic economic shocks as a result of the economic crisis;
- Resurgence of the progressive centre in the ANC at the 2010 NGC and ANC NEC Lekgotla;
- A difficult but successful 2011 Alliance Summit;
- Attempts by progressive elements within government to assert a developmental agenda, and resistance by the old guard bureaucracy and conservatives in Cabinet;
- Growing challenges of mismanagement and corruption in government, and the dismissal and reshuffling of cabinet members twice by the President in Nov 2011 and June 2012;
- Difficult national and provincial elections in 2009 and an even more difficult local government elections in 2011 where we have witnessed a decline in the support of the democratic forces;
- A successful but strained COSATU Central Committee in June 2011, followed by growing contestation in COSATU around its political direction;
- A mixed ANC policy conference in June 2012, with pressure from the ground for a more radical policy agenda, countered by resistance from some of the ANC leadership.

In other words we have seen intensification of ongoing contestation within the Alliance, the ANC and the State, unfolding and deepening contradictions, and wild zigzagging in the political direction of the country. Although covering a relatively short period, this report deals with an almost bewildering array of political developments. To adopt the saying that “a week is a long time in politics”; this 4 ½ years seems like several political lifetimes!

Given the complexity of these political dynamics, and the speed with which they are changing, it is therefore important that we analyse these matters as objectively as possible, without allowing political sentiment, rhetoric, or wishful thinking to obscure the true character of the unfolding situation, and the choices available to workers to transform it.

## 2. Significance of Polokwane

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 failed to take into account the views or needs of the people.

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.

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 pursues 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.

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 and AIDS.

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

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 we were attempting to export government's neo-liberal policies.
3. We were seen as too closely aligned to the imperialist powers. Cf Bush's statement- 'Mbeki is our point man in Africa'.

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

We need to recognise that the run-up to Polokwane, and the period beyond, *also saw some negative features* which were both a function of the destructive politics which went before it, and were to lay the basis for some new problems in the movement. These included:

- the growth of indiscipline, a culture of disrespect, and the entrenchment of slate politics;
- the phenomenon of the 'walking wounded', which united those who had in some way fallen foul of the previous leadership, including those who themselves had conducted politics in a problematic way, as well as those who had genuine objections to the way in which the

movement was being misled. This resulted in a coalition not bound by shared principles, which inevitably would fracture as the different agendas of its components emerged.

- The lack of a coherent programme to renew the movement, and address the destructive legacy of previous years. This meant that some of the problematic practices which the Polokwane revolt was aiming to overcome continued to characterise the movement.

### 3. The Complex Political Environment post-Polokwane

**We need to ask whether our defences were down at the 2009 Congress. In the aftermath of the post-Polokwane euphoria, the removal of the Mbeki administration, the improvement of Alliance relations, and the election of a new government on a progressive manifesto, it seemed to many that the challenges of the previous period had been overcome, and that we were moving into a new era. Clearly, this was to misjudge the extent of contestation, and different agendas, both within the ANC and the State.**

It soon became apparent that matters were not going according to plan. Operation *ANC ibuyile* was supposed to return the ANC back to members, and hold leadership to account, both in the organisation and in government. Did this happen? There was indeed some improvement, but overall the ANC continued to operate as before, with government largely leading processes.

Instead of returning policy formulation to its members, policy continued to be driven by technocrats, and dominated by those in government. Further, the ANC was not driving a clear programme on the ground.

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 ANC is not on top of processes in government, and 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 in this Report<sup>39</sup> weren't debated in the structures of the ANC, let alone broader society, before being adopted. It had become apparent that elements of the *pre-Polokwane order* in the state and the ANC, together with their allies amongst monopoly capital, were continuing to advance their agenda; and at the same time, the *new predatory elite*, together with their allies in the state and the movement, were attempting to take control - both these powerful, and overlapping groupings, were therefore contesting progressive forces in the ANC, COSATU, Alliance and government genuinely trying to advance the Polokwane mandate.

This made for a highly contested and unstable political environment, in which our politics zigzagged wildly, depending on which forces had the upper hand at a given moment, or depending on the issue. Because there is no stable, agreed Alliance platform from which to proceed, this political environment has been particularly difficult for COSATU to navigate. We have had to embrace and encourage positive initiatives, no matter how limited they may sometimes be, *at the same time* as opposing a whole host of problematic agendas and practices, emerging from the state and the movement. Therefore it has been particularly important, to appreciate from a working class standpoint, the character of these different agendas, positive

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<sup>39</sup> Such as the outcomes process, the new growth path etc.

and negative, and how to position the working class at any point on key questions which affects their interests, and those of broader society.

At another level, COSATU's challenge of *internal political cohesion* has in large part arisen from this complex terrain the organisation has had to navigate, in correctly managing our relationship with government, the ANC, as well as the SACP. The ongoing challenge this posed was the source of tactical and strategic tensions which began to emerge in the Federation. While the Federation remains a powerful political actor in society, we ignore this challenge to our internal cohesion, at our peril.

It is therefore critical that we evaluate these relationships, in the context of dynamic developments in the state, the ANC and the Party, and the major political challenges facing society in the immediate period ahead. Given the enormity of 2012, from a political perspective, COSATU cannot afford to confront this watershed year, from a position of organisational and ideological incoherence. Indeed this would be a disaster for broader society, and in particular the working class, given the historical role COSATU has played, and continues to play.

What then is the nature of this political environment which developed after Polokwane?

An analysis of the state of affairs as it has unfolded over the last five years reveals the wildly zigzagging nature of the political situation we confront. The August 2010 COSATU CEC Discussion document on *Alliance at a crossroads - battle against a Predatory elite and political paralysis*, correctly painted a very gloomy picture of a fraught political environment, in which the predatory elite, and the emergence of other negative tendencies was paralysing both government and the Alliance from taking forward the Polokwane mandate; and in which areas of progress were constantly being frustrated by this ongoing scenario of contestation.

The 2010 CEC discussion paper in assessing where the country is post-Polokwane arrives at a number of conclusions: Firstly 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 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.

It argued that there had been three phases between Polokwane and when the paper was written in 2010: the initial honeymoon period; then a mixed bag of contestation and zigzagging; followed by a period of limbo, leading to paralysis of the Alliance, and certain processes in government.

It further argued that if we were to address this political paralysis, we needed to look beyond the symptoms e.g. the 'problem of spats' in the Alliance. We needed "to look at the underlying contradictions, and the root of the contestation, in the Alliance and in government." From a class analysis, "we are sitting with a paradigm of continuity, and change", in relation to elements of the current, state pursuing an agenda that is hostile to the working class:

*"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... This class project depended on low intensity democracy and brutal suppression of alternative views within the movement and in society. It represents the politics of labelling and closing down of the democratic space. The

agenda of the 1996 class project still remains firmly entrenched within powerful State institutions, including the National Treasury"

"*Change*, in that the relative prominence of a predator class, which relies on access to state levers for accumulation ... is growing by the day, in the most frightening way, with the Mittal deal and ICT consortium being the most prominent example of this. This could foreshadow 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. There are pro-capital elements and institutions in the State who would see this comprador elite as being a threat to the stability of the accumulation project of big capital, and therefore would be hostile to their attempt to colonise the State for their own parasitic agenda."

The CEC paper argued that the impact of these forces had a profound influence on the way our Alliance partners managed the political situation: the ANC leadership is "afraid of losing positions in 2012, and therefore don't want to alienate any powerful group. So ... 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."

The CEC Paper further argued that failure to break this political stalemate would strengthen the predatory elite, as they would exploit the weakness of the Alliance, to strengthen their hold over the ANC as their vehicle for accumulation. The Paper therefore issued a warning: "If this stalemate persists, we will either continue with this unstable status quo... 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."

In the nearly 2 years since that discussion document described this environment, the picture has changed many times, positively and negatively, and often presents a mixed story. In April 2012 the CEC discussion paper *Navigating a complex political terrain*, updated this analysis, and argued that this unstable political environment remains a major challenge for COSATU in advancing its agenda.

It mentions among others at *an Alliance level*, on the positive side, an important ANC NGC in September 2010; and the constructive Alliance Summit in February 2011. During the same period negative elements include the ANC and SACP backlash against the COSATU-led civil society conference in October 2010; difficult Local government elections in May 2011; a degree of mishandling of local government candidate selection; and a number of other issues.

At the *level of government*, some economic policy shifts took place, with the announcement of an important infrastructure development plan this year. We also saw some action against corruption and the predatory elite, although limited. But there were some problematic developments in government, including the release of a conservative NDP; ongoing conservative policies from Treasury; a number of problematic initiatives such as e-tolling, Protection of State Information Bill, some of the proposed amendments to the Labour Laws, etc. COSATU addressed these developments on their own merits: welcoming the positives, and opposing the negative interventions, particularly those with implications for our broad constituency.

COSATU's actions and active engagement on a number of these issues played a key role in shifting the external political terrain in positive directions, despite the ongoing contestation. However, COSATU's actions not only made powerful forces in

society uncomfortable; but also had an impact on internal cohesion in the Federation. Congress needs to analyse this phenomenon. Further, we need to consider how we continue to consolidate our impact on the broad political terrain, *at the same time* as consolidating our own organizational cohesion.

Before turning to this analysis of how COSATU has navigated this complex political environment, we will briefly outline the main political phases which have unfolded post Polokwane, and therefore help to identify the main political challenges the Federation has had to confront.

#### **4. Key Political Phases post Polokwane: A Summary**

To assist in analysing the bewildering array of developments, which have taken place since Polokwane, it is helpful to break this period up into various, overlapping, phases. In taking stock of each of these periods, we draw from key documents of the Federation, and assess where we stand in relation to each of the critical issues. We outline six overlapping phases, which are useful for the purpose of political analysis. We only highlight the key features in point form, as it is not possible to accommodate a full analysis within the space of this report:

##### **Phase 1. Polokwane and the end of the Mbeki Era, the emergence of dual power: September 2007- September 2008.**

Key elements of this phase include progressive momentum from the September 2007 COSATU Central Committee; the ANC Policy Conference in June 2007, which proposed major policy shifts; the political revolt at the ANC National Conference in December 2007, and the overhaul of leadership and policy; the 'dual power' situation from January 2008 to September 2008, with the Mbeki leadership controlling government, and the new leadership under President Zuma controlling the ANC; and the removal of President Mbeki from office in September 2008. Nevertheless most of the old cabinet remained in place until May 2009.

##### **Phase 2. The Alliance honeymoon: December 2007 to mid 2009.**

The shift in policy and leadership lays the basis for what appears to be a new era of Alliance relations, following the Polokwane Conference outcome, in which COSATU and the SACP played a key role. Important elements of this included: significant policy convergence between the Alliance partners; better and more regular functioning of Alliance structures, including an Alliance Summit on the 09-10 May 2008, and an Alliance Economic Summit on the 03-04 October 2009; negotiation of a progressive national framework agreement, in late 2008, to respond to the international economic crisis; inclusion of the Alliance partners in a greater range of processes, including an Alliance Transition Team planning for the transition to a new and restructured ANC administration; joint formulation of a progressive elections manifesto, and close co-ordination of the April 2009 elections campaign; consultation on the appointment of the new Cabinet appointed in May 2009; reconfiguration of government, including a new Ministry to co-ordinate economic policy; and an apparent translation of much, but not all, of the manifesto into government's overarching programme, the medium term strategic framework (MTSF); nevertheless there are signs that conservatives in the ANC, and the bureaucracy aim to derail the new agenda.

##### **Phase 3. Fight back and contestation: mid 2009 to 2010.**

**In Government:** Conservative bureaucrats, particularly in the Presidency and Treasury drive old policies and block new ones, supported by some leaders in Cabinet; Treasury continues to use control of the fiscus to assert conservative

economic policies, and thwart the mandate of the Economic Development Department (EDD) to align economic policies towards the objectives of the Manifesto; attempts are made to position the Minister for 'National Planning' (Commission) as a centre to assert overall control of government policy, as proposed in the Planning Green Paper; bureaucrats in the Presidency, in the Monitoring and Evaluation Department, also drive a conservative policy agenda, under the cover of technocratic outcomes and performance agreements; progressive Ministers struggle to assert the new Industrial Policy Action Plan (IPAP2), Growth Path, rural development agenda, National Health Insurance (NHI) etc., in the face of this.

**In the Alliance:** Elements within the ANCYL and tenderpreneurs linked to the movement, work to undermine ANC leadership, and oppose closer Alliance relations; attempts are made to isolate the ANC Secretary General, and launch attacks on left/ 'communists' in the Alliance; the Alliance Summit in November 2009 reverses agreements on the Alliance Political Centre resulting in a failure to adopt a programme for transformation to take forward the ANC Manifesto commitments. Even the compromise proposed by ANC Deputy President that both the ANC and ANC led Alliance are the strategic political centre is resisted by this grouping; progressive resolutions of the 2008 Economic summit on macroeconomic policy are blocked; COSATU steps up a programme of mass mobilisation.

The emergence of a new tendency in the movement is not an aberration; it reflects the changing class basis of the State and the ruling party. At the same time elements of the movement and state cement an old alliance with finance capital.

#### **Phase 4. Political paralysis: January to September 2010**

**In Government:** Neither the National Planning Commission (NPC) nor the EDD can assert its role as economic planning centres in government. A 'Prime Ministerial' role for a Minister in the NPC is blocked. EDD still awaits definition of its role and powers; Proposals for the New Growth Path (NGP) are not processed at the January 2010 Cabinet Lekgotla, or adopted by the July Cabinet Lekgotla - the proposed NGP is bitterly resisted by Treasury. Key people, including DG's, leave the Presidency and Departments. There is the appointment of key new people, but no clear political agenda, or direction; there appears to be a lack of decisiveness among leadership to resolve key stalemates.

**In the Alliance:** An engagement with the ANC in the April 2010 Bilateral with COSATU reveals that the ANC is deeply divided. Attacks by the right in ANC have made progressives excessively cautious; the ANC is unable to engage on substantive policy issues, and the Alliance Summit is repeatedly postponed. There are signs of closing down of engagement in the ANC e.g. COSATU's exclusion from the ANC Economic Transformation Committee (ETC) preparing for the National General Council; issues are reduced more to a discussion of symptoms, such as the problem of 'public spats', while fundamental differences aren't addressed; Major mobilisation of workers in a public service strike.

Progressive forces wield a degree of social power, particularly through organised labour. They also have a greater presence in the State post-May 2009, but are not strong enough to dislodge the 1996 class project, and the new predatory elite.

#### **Phase 5. New development strategy and political 'defeat' of the predatory elite: September 2010 to February 2011.**

**In Government:** Various measures are introduced to crack down on corruption; the New Growth Path (NGP) is released in November 2010 championed by the President as governments overarching development strategy, signalling a shift in the centre of power within government. The conservative bureaucracy remains powerful but cannot block it entirely. COSATU welcomes aspects of

the NGP, but also has serious concerns with framework; the President's 2011 State of Nation Address strongly asserts the new agenda, and dismisses opposition of conservatives to the NGP, and particularly to the decent work agenda, but we retain differences on macroeconomic policy; 2011 Budget remains overcautious, and Treasury continues to drive dual labour market strategy. But Treasury forced to submit youth wage subsidy proposal to Nedlac. Concerns remain about predatory elite using access to the State to drive their accumulation agenda.

**In the Alliance:** The September ANC National General Council (NGC) sees a 'defeat' of conservatives, demagogues, and tenderpreneurs in society and in the ANC, with the President and working class delegates playing a decisive role; the NGC takes a powerful stand against ill-discipline and corruption in the movement and the State; the Polokwane policy agenda on the five priority areas is consolidated and advanced by the NGC, although contestation remains on aspects of economic policy; the NGC reasserts the importance of the Alliance, but insists on the one-sided formulation of the ANC as the Political Centre; the ANC 2011 January 8<sup>th</sup> statement and the 2011 ANC NEC Lekgotla takes forward the progressive elements of the NGC, and the latter commits to an engagement on areas where COSATU has raised concerns in relation to the NGP, including on macroeconomic policy (an engagement which doesn't materialise); a stronger agenda by ANC to drive policy in the State, in some areas, rather than using the ANC fora as rubberstamps for government policy. However, worrying signs in preparation for 24 February Alliance Summit emerged, and conservative, tenderpreneur elements in the ANC want to continue to hold the ANC hostage and reverse progress made in the 2008 Alliance Summit, Alliance Economic Summit, MDM Summits, NGC and Lekgotla. The main battle in the Summit was to stop the conservatives from derailing the Summit. In the end an accommodation was reached that the Alliance Secretariat must still finalise the Alliance. Since then all components of the Alliance adopted the Alliance programme for fundamental transformation of society even though its implementation remains a challenge.

#### **Phase 6. The Movement at a Crossroads: March 2011 to July 2012**

**In Government:** Allegations of corruption and mismanagement at the highest level become rampant. As a result the President reshuffles his Cabinet twice, once in November 2011 and once in June 2012, and replaces the Commissioner of Police. A crisis of state structures emerges with only 3 government departments getting clean audits, and only 13 out of 343 local governments in 2011/12. Government places a number of Provincial Departments under administration in several Provinces. The Limpopo text book saga dramatises the crisis in Education, and growing reports indicate a crisis in the public health system. This means that all 5 of the Polokwane priorities are facing serious challenges, if not crises- i.e. in education, health (despite the welcome introduction of NHI pilots), the crises in the Police and with corruption, the crisis in the economy and with jobs, and the ongoing crises in the rural areas, and lack of land reform. The Arms Deal inquiry is announced in September 2011.

Government provokes a conflict situation with the labour movement and civil society on a number of fronts including: some problematic labour law amendments; the introduction of e-tolls; proposed introduction of the wage subsidy; the introduction of the Protection of State Information Bill and the Traditional Courts Bill. The first two led to a massive national strike in March 2012. Zigzagging in the state continues with progressive interventions on issues relating to the NGP, including- infrastructure, procurement, BEE, etc. and a suggestion of some shifts on economic policy; but at the same time, introduction of a conservative National Development Plan in

November 2011, and continued problematic interventions by Treasury e.g. on retirement, social protection, macroeconomic policies etc. Good interventions to combat the impact of Walmart's role in South Africa are taken by EDD, Agriculture and dti, but are contradicted by the Presidency. COSATU stages a number of protest marches against corruption and launches a Corruption Watch in January 2012.

**In the Alliance** - The movement is at a crossroads. Interventions by the NGC have still not overcome the organisational crisis in the movement. This is seen e.g. in the run-up to the local government elections in May 2011, and the controversies which erupt with candidate selection, which is inter alia manipulated in some cases by those wanting to control tender processes. Community protests erupt, and intensify in this period and beyond. The results of elections also see the ANC lose ground in every Province except KZN, and inroads by the DA, including small inroads in African communities. Corruption linked assassinations increase, and dirty politics become common in internal ANC battles in provinces and at local level. The COSATU Central Committee sees tactical differences emerging in COSATU over how to navigate the political terrain. These tactical differences persist over the following year. The Federation attempts in a series of difficult bilaterals with the ANC and SACP, from 2011-2012 to negotiate various issues relating to political relationships, and to issues of policy. Some progress is made, although differences remain. ANC internal differences and leadership contestation continue to spill over into Alliance partners. A change of focus from driving the five priorities to palace politics happen with a number of ANC provinces announcing their preferred leadership in Mangaung despite this being not allowed until October 2012. The dismissal of the ANCYL President and suspension of the other leaders of the ANCYL leads to the creation of "friends of the ANC Youth League" who launches a campaign for the removal of the current leadership.

The June 2012 Policy Conference reflects a growing militancy, and demand for change in policies coming from the ground but also articulated by the Presidency. But the manner in which leadership manages this, further divides the ANC and Alliance. Lack of critical self-reflection at the Party July 2012 Congress also raises questions whether the Party is ready to seriously confront the challenges, which have emerged over last three years.

## **5. Analysing the six phases**

**Both the Alliance and the State are now highly contested. It has become clear that a major difference in the *pattern of the political trajectory* between the pre- and post- Polokwane era, is that of political zig zagging, and lurching between different political postures, whereas there was a much firmer (although reactionary) trajectory imposed from above by the previous leadership, at least in the State. This recent pattern of zigzagging characterises not only the Alliance, as during the Mbeki era, but also characterises developments in the State. It is apparent that the class basis and character of the State are undergoing rapid transformation, and that the working class is fighting a fierce battle for the soul of the ANC and the State. The progress registered at Polokwane, the NGC, and in the State on the five priorities, among others, will never be sustained unless the working class is able to exercise its hegemony in the ANC, the Alliance and the State.**

**We must not confuse the 1996 class project with the new tendency. The former were clear about their class agenda and followed this agenda with military precision. The difference is that with the current clique such ideological clarity is absent. The new tendency largely depends on demagogue zigzag political**

rhetoric in the most spectacular and unprincipled fashion and is hell bent on material gain, corruption and looting.

Politically, therefore the main task is to defend the ANC against attempts by these various interests to capture its soul; advance the resolutions that emerged in Polokwane; and support the leadership in taking this project forward. A failure to defend and advance this project, and the implosion of the ANC as a result of the machinations of the predatory elite, could be used by the liberal-right and capital in the country, not only to drive their agenda through the State, but also to mobilise more effectively for a change in the ruling party and reversal of those policies which are pro working class. Such a disastrous scenario will not be as much a *failure of left policies*, but rather a failure of the left to politically deal with and defeat the contestation by these various class forces for the soul of the ANC and the State.

Further, the ANC leadership have committed a number of mistakes, which have undermined COSATU's ability to effectively mobilise support of workers for the movement. Some actions by the ANC leadership have tended to discredit the movement, and have unnecessarily placed themselves in opposition to COSATU. Such errors have ranged from failures to take forward ANC and Alliance resolutions at the level of government; failure to decisively respond to issues effecting workers at local and national government level; refusal to consider COSATU views on important policies such as the militarisation of the police, and others; failure to respond effectively to calls by communities to ensure proper service delivery; and an insistence on retaining old, discredited economic policies.

On some occasions, the leadership have attacked the Federation without provocation. This has been worsened in certain instances, by inappropriate conduct, which has undermined the battle against ill discipline and corruption. All this conduct has given oxygen to the new class project to deepen and exploit divisions in the ANC and the Alliance. On the other hand, the type of decisive leadership demonstrated at the ANC NGC, showed how appropriate interventions can make it far more difficult for these class forces to manoeuvre.

***Discussion point: What must COSATU do to defend the ANC and the working class against these class forces, and ensure that the leadership of the ANC advances the Polokwane mandate, and succeeds in its implementation? What can the ANC do to help COSATU promote these objectives?***

### *Political Zigzagging since the 10th COSATU Congress*

The April 2012 CEC discussion paper *Navigating a complex political terrain* documents key features of this period. The table below, adapted from that document, traces key political discussions in COSATU since 2009 in one column, and carries next to it a column which shows the zigzagging character of political developments in the Alliance and government during this period.

**Key COSATU political documents/ discussions 2009- 2012**

**1. August 2010 CEC discussion paper** *The Alliance at a crossroads-battle against a Predatory elite* focusing on the emergence of a predatory elite, and political paralysis in the Alliance and the State

**2. Central committee June 2011** *Political report and resolutions* on the NDR and Socio-economic matters

**3. August 2011 CEC Discussion on allegations of division**

**4. Nov 2011 CEC discussion document** *Building Political Unity in the Federation.*

**5. CEC Feb 2012 Political Report and Political resolution** following up on the Nov 2011 CEC discussion

**6. April 2012 Special CEC Political discussion document** *Navigating a Complex Political Terrain*

**7. May- June 2012** Drafting of COSATU responses to ANC Policy Conference Documents

**Zig-Zagging political developments include**

Disastrous **ANC-COSATU bilateral** April 2010 Lowest point in relations post Polokwane

**Public sector strike** August 2010

**ANC NGC** September 2010 very positive

September 2010 **COSATU Growth Path** for full employment launched

**Civil society conference** October 2010 followed by ANC and SACP backlash

Launch of government **New Growth Path** November 2010 - mixed bag

Constructive **Alliance summit** February 2011

May 2011 difficult **Local government elections**

During 2011 - negotiations on the **Labour Bills**. Tabling of **Protection of State Information** Bill. Announcement on **e-tolling**.

Nov 2011 launch of conservative **National Development Plan**

Launch of **Corruption Watch** January 2012

February 2012 SONA announcement of major **infrastructure plan**. Welcomed.

Successful March 7 2012 **general strike** on labour brokers and e-tolling, despite some challenges.

Difficult **Bilaterals with ANC** (26 March 12), on labour brokers, e-tolling, public posture

Difficult **Bilaterals with SACP** (2 April 2012) on a wide range of issues

Highly contested ANC Policy Conference June 2012



## *Further points on Zig-zagging post-2011 Central Committee*

1. Labour Law Amendments (Mixture of advances and serious attacks on trade unions)
2. Problematic court decisions e.g. on violence in strikes & costs (But also positive decisions e.g. November 2011, rejection of attempts to collapse engineering BC; Supreme Court upholding decisions that dismissal is not always justifiable in the case of unprotected strikes June 2012)
3. Battle around labour brokers
4. Attacks on Centralised Bargaining in clothing, engineering etc.
5. Wage subsidy debates, engagements on youth unemployment and DA march (15 May 2012)
6. E-tolling introduction and eruption of social protest.
7. Strike on labour broking and e-tolling- postponement of 5 October 2011 action. Success of March 7, 2012 General strike
8. Protection of State Information Bill and contestation around this
9. Walmart battle and Competition Court rulings
10. November 2011 launch of conservative National Development Plan
11. Series of corruption allegations, and corruption linked assassinations
12. Launch of Corruption Watch (Jan 2012)

### **Positive interventions by government**

1. Reshuffles of cabinet linked to corruption allegations (24/10/11 and 12/6/12); and dismissal of Police Commissioner Bheki Cele.
2. Arms deal inquiry announced (2/09/11)
3. Government intervention to take over Departments in Limpopo and others (Dec 2011); but fiasco around Limpopo textbooks (June 2012)
4. New empowerment laws criminalising fronting.(2012)
5. Designation of products for local procurement (Dec 2011)
6. Major infrastructure programme announcement State of the Nation Address (Feb 2012)
7. Actions by EDD, Agriculture and DTI to intervene in Walmart matter (but contradicted by Deputy President Nov 2011)
8. Plans and actions to revamp public health system; and NHI pilots

**6.**

## **7. The Poisoned environment and the Predatory Elite**

Attempts by the new tendency, and other corrupt elements, to seize control of the movement and the state, as levers for personal accumulation have thrown the peoples project into a crisis, given that the democratic state and the movement are the key vehicles we have to improve people's lives, and transform society. These elements are associated with the most backward, reactionary, and opportunistic politics, and will seize on any opportunity to advance their selfish accumulation agenda. They follow in the worst traditions of those who have betrayed the people throughout history.

This includes using naked racism or tribalism, or radical sounding political rhetoric, whatever serves their cause best at a particular moment in time. And given that some of these elements come from our ranks, they are fully aware of the weaknesses of the movement, how to foster divisions, and how to whip up popular sentiment. They associate their agenda with a particular political slate, to give it the veneer of respectability. They lack any conscience about the fact that they are betraying their movement, and their communities; or that they are responsible for denying services, social grants, medicines, school books, etc to our people. This makes them in many ways a far more difficult and dangerous enemy than our historical adversaries in the state and capital. They are literally willing to kill to achieve their criminal ends. They are poisoning the political environment.

### **7.1. The poisoned environment**

At a national political level, politics of principle are being replaced by a politics based on narrow ambition and accumulation. There is a poisoned atmosphere of divisions and fast-forming cliques and cabals, pigeonholing of unsuspecting individuals, innuendos, gossip, backstabbing, character-assassination, political and even physical assassinations. Increasingly everybody is looking to beef up personal security, not because comrades fear to be assassinated by the right wing but because of the seeds of mistrust that are now blossoming amongst us as comrades.

This is the moment of slate politics and the winner takes all philosophy, of sidelining talented individuals in favour of the weakest just because they are on the 'correct slate and so called progressive camp'. These divisions have made us extremely tolerant of mediocrity and we celebrate the lowering of standards, a time where double-speak and double standards reign supreme!

In Rustenburg three comrades appeared in court for allegedly killing another comrade, Moss Phakoe. On the same day, in Durban someone is suspected of killing the eThekweni Regional Secretary of the ANC, Sbu Sibiya. In addition to Sbu Sibiya, Wiseman Mshibe, Wandile Mkhize and Nhlakanipho Shabane have been murdered in KZN.

At least fourteen comrades have been killed in Mpumalanga. They are:

1. Johan Ndlovu = ANC Ehlanzeni Region Chief Whip= gunned down in January 2011
2. Bomber Ntshangase = SACP leader = gunned down in March 2010
3. Gabriel Mkhumbane = PUDEMO Deputy President = gunned down in 2009
4. Jimmy Mhlala = Speaker at the Mbombela municipality = gunned down in 2009 for investigating corruption surrounding the building of the Mbombela stadium.

5. Sammy Mpatlanyane = Spokes person for the Department of culture. = gunned down in 2010 for investigating corruption in the department.
6. James Nkambule = Former ANCYL leader in Mpumalanga= died of suspected poisoning in 2010
7. Thandi Mtshweni = Deputy Mayor Govan Mbeki Municipality = gunned down in 2007 while investigating corruption in that municipality.
8. Joshua Tsuhle = CFO Govan Mbeki disappeared in 2006 and his car was found in Malawi.
9. Soul Mkhwebane = PA former Mayor Govan Mbeki died mysteriously in 2002
10. Soul Shabangu = ANC leader in Nkomazi municipality = died mysteriously in 1998
11. Hebron Mayisela = Councillor in Ligwa Municipality =gunned down in 2002 allegedly to cover up on corruption.
12. Sydney Delange = Councillor at the Ligwa Municipality = gunned down in 2002 allegedly to cover up on corruption.
13. Moution Mashile = Principal at Grinvalle School in Bushbuckridge= gunned down in 2003 allegedly to prevent him from contesting an ANC Regional position.
14. Jeffrey Mathebula = HITMAN = alleged assassin of Mr Moution Mashile gunned down in 2003 because he promise the police that he was prepared to spill the beans on who have hired him to kill Mr Mashile.

In most of these cases *ukufa kusembizeni*. Intolerance thrives and there is no one is who listens to the other. It is time for nit picking and analysing of every statement so that every statement is misrepresented and individuals are allocated to existing factions. Many of these killings are directly associated with whistle blowing against corruption.

Something is going wrong! It reflects a crisis in the movement. The people we hate most today are not the enemy or white monopoly capital but one another. The people we spend more time talking ill about are not our class enemies or those opposed to our revolution but another comrade perceived to be on another slate and in another clique. We use labels to shut each other up in an attempt to discredit those who hold a different view.

Unless we stand up we shall continue to go to funerals to bury comrades where the person suspected of engineering the killing is the very one delivering the keynote address in the funeral. We shall continue to count comrades who fall by the wayside after sustained campaigns to assassinate their character have succeeded in demobilising them, and in the process rob our revolution of yet another cadre who should be making a contribution to building a better life for all.

## 7.2. The Demon of Tribalism

In addition to this poisonous mix, an issue rearing its ugly head is the *demon of tribalism*. Tribalism is the enemy of working class solidarity and unity. Trade unionism has been one of the most powerful vehicles to combat tribalism, and build a working class identity which transcends tribal and racial divisions. Nevertheless the promotion of tribalism was a cornerstone of colonialism and apartheid, and has

persisted into the new era. Like xenophobia, tribalism is also fuelled by conditions of economic stress and poverty. Nevertheless, COSATU, and the movement more broadly has been relatively successful in combating it as a major feature of our politics.

The resurgence of tribalism, in our national politics, and in the labour movement, is a major cause for concern.

The toxic combination of primitive accumulation through abuse of state resources, tribalism, regionalism, and xenophobia, will destroy the liberation movement and the labour movement, if left unchecked.

### **7.3. Corruption and the Predatory Elite**

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. Corruption threatens to get out of hand. It is seemingly now more endemic than in any other period. Some 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 that 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 whistle blown;
- The open way in which prominent 'business figures', linked to top political leaders deepen perceptions that there is blatant 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.

Suggestions have been made that COSATU's motives for raising the issue of corruption is part of a campaign to target political opponents. This is untrue. The fight against corruption has to target culprits regardless of their political affiliations or ideologies. COSATU has tackled every person facing allegations of corruption without any due regard to the factions they may belong to.

Most members of the Alliance just like all South Africans are deeply concerned that corruption, particularly the abuse of public office for private enrichment, is a cancer, threatening the foundations of our democracy. The overwhelming majority wants us to defeat the '*get rich quick schemes*' and the '*grab what you can whilst you can*' mentality.

Corruption is tantamount to stealing from the poor. It must be fought wherever it occurs, in the public and private sectors. Not just as a moral crusade, but also an important political struggle to defend and deepen our democracy in the interests of workers and the poor. The majority of public representatives and senior officials are honest, dedicated servants of the public and are not involved in any form of corruption. But for as long as a minority can get away with corrupt and fraudulent activities, it will undermine public confidence in all officials and the whole democratic system.

The politics of patronage have destroyed the self-sacrificing and service ethic that characterised the movement for decades. It is a cancer eating slowly at all components of the mass democratic movement, from branch to national level.

Notwithstanding the work of government, a danger exists that if the current trajectory continues, 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 or immorally (with a thin line often separating the two). 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.

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 predatory elite, if that elite is their only route to state-controlled resources. Arcelor Mittal SA was prepared to pay a premium of billions to get access to 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. We have welcomed the strong stance the ANC has taken against corruption. But the key issue is the need to act with urgency to implement our undertakings on this front. We deal with this further in Part IV.

## 8. Contestation in the State

This Report argues that intense contestation has developed in the state post Polokwane, and that this is an important reason for the political zigzagging, which has emerged during this period. The core focus of the contestation taking place is around economic policy. This is an area in which conservative orthodoxy had previously exercised a stronghold, driven by Treasury, as its institutional centre in the state. Now with the opening up of policy space, and the political reconfiguration which had taken place in the executive post-Polokwane, combined with the political realignment outside of the state, the possibility had opened up to progressive forces for the first time to engineer an economic policy shift, based on a new economic mandate. Pitted against this, as we have seen, was the 'fight back' launched by the conservative elements of the bureaucracy, and certain elements of the political leadership. An understanding of this contestation is essential if we are to make sense of the apparently random and incoherent zigzagging in economic policy.

As we have argued in the international section above, the global economic crisis has seen 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 has created greater policy space for countries, and has important

implications for our domestic agenda, particularly in relation to implementing the economic and social resolutions of Polokwane.

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. 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 appeared to dither and fail to provide direction.

The main advances which have been made in socio-economic policy consist of areas which take forward, or extend gains which we had largely registered prior to Polokwane: these include an agreement to extend the Child Support Grant from 15-18 years, reduce the Old Age Pension from 65 to 60 for men; and the introduction of a progressive industrial strategy in the form of IPAP2. In addition, despite some resistance, progressive forces achieved acceptance of the need for a New Growth Path, which would guide economic policy, at least in principle; and the post-Polokwane period saw far greater consultation in some areas, including around cabinet appointments.

But these gains were countered by a range of problematic agendas, particularly on economic policy, outlined below. Looking at the overall picture, while some gains have been made, there is doubt as to how far we have progressed in reversing the 1996 class project. In part, this is because of much of this contestation was contained in the state, where the progressive forces were relatively weak, and therefore kept at a distance from progressive forces outside the state, which are stronger.

**The remnants of the 1996 class project in the leadership and the state have focused on defending and entrenching existing conservative macroeconomic policy. This was in the face of the 2009 ANC Manifesto, which makes a clear statement on this matter:** *“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.”* These shifts envisaged by the Manifesto never materialised. The ANC continues to avoid dealing with this matter, and has allowed a conservative macroeconomic policy agenda to continue being dictated from within the State.

In late 2010 COSATU conducted an audit of economic policy developments post Polokwane. We summarise the conclusions below, updated to reflect more recent developments.

#### **Economic policy contestation in government has seen *inter alia*:**

- Initial blocking of agreement on a New Growth Path proposal. Despite the adoption of a framework for the NGP by the Economic and Employment Cluster in March 2010, the July Cabinet Lekgotla was unable to reach agreement on it. We expressed concern that, given all the resistance to policy change, by the time the NGP emerged from this process, it would be weakened and watered down, and unable to fundamentally shift the existing

economic framework. Subsequent release of the NGP at the end of 2010 confirmed the correctness of this analysis;

- The failure to clarify and legislate the mandate of the Economic Development Department, thus entrenching the *de facto* control of economic policy by Treasury. Nevertheless the NGP is an important vehicle to begin to assert significant shifts in certain areas of policy, including infrastructure development, procurement, BEE etc;
- Attempts by the Minister for the National Planning Commission to usurp the function of economic planning, and as a centre to assert overall control of government policy, as proposed in the Planning Green Paper- these are thwarted both by COSATU's opposition, as well as opposition within the state. Nevertheless a conservative draft NDP is released in November 2011, and an even more problematic final NDP in August 2012;
- 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 macroeconomic policy, and assert control over economic policy co-ordination, including through controlling allocation of resources to new policy areas;
- The failure to realign the Reserve Bank's mandate in line with the approach contained in the 2009 ANC Elections Manifesto- see above - despite the devastating impact of contradictory monetary policy on the economy;
- The promotion by Presidency of an outcomes approach containing conservative economic policy perspectives. The degree of contestation around economic policy was reflected in the long delay in reaching agreement on the economic outcomes, which were finalised many weeks after all the other outcomes<sup>40</sup>;
- 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 introduction by Treasury of the wage subsidy proposals, which, together with other reforms proposed by Treasury, including exemptions from collective agreements, would further entrench the dual labour market, if accepted;
- Progressive Ministers struggle to assert the new Industrial Policy Action Plan (IPAP2), New Growth Path, rural development agenda, National Health Insurance (NHI), social protection policies etc., in the face of Treasury's obstructionism
- 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 an overarching shift in the macro economic framework.

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40 See the Presidency website for a summary of the outcomes and Ministerial performance agreements.

## Part 6. HOW COSATU HAS DEALT WITH THESE POLITICAL CHALLENGES

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### 1. Our Political Framework

The 2011 Central Committee and August 2011 CEC, adopted an **overarching political framework** for the Federation. The resolution on the NDR stated:

*“Our task in the current conjuncture is to defend the ANC 52<sup>nd</sup> National Conference progressive resolutions and ensure that we embark on a series of campaigns to ensure their effective implementation. The political task of the working class in this conjuncture is to defend the leadership collective elected in this conference against those who have from inception launched campaigns to put this leadership on the back foot and who have undermined their authority.*

*“Our task is to work with government to realise the common objectives summarised in the ANC elections manifesto of 2009, and ensure that the programme of decent work is taken forward. We want the government to succeed on its five priorities because we know their failure will spell disaster for the working class.*

*“We will do so not by becoming uncritical supporters of both the ANC and government leadership. We shall at all times engage strategically with the ANC to ensure that it builds capacity and has the necessary confidence to act decisively to lead the Alliance and society. At the same time, when the leadership allows paralysis and lack of confidence in our movement, we shall, in a principled fashion, speak out and embark on campaigns to ensure that the revolution stays on track. We shall at all times engage the ANC leadership on our concerns so that they may appreciate why we have chosen to embark on such campaigns.”*

Therefore the political mandate contains the following **six elements of consensus**:

1. We need to defend the Polokwane progressive policy framework, and the Manifesto undertakings, and build on these as a basis to make further advances;
2. In engaging with the ANC leadership on this political platform, we need to be constructive but critical, and refuse to allow political paralysis. We need to ensure that they help us to help them;
3. The new tendency of tenderpreneurs, represent a serious threat to the revolution, and must be isolated and exposed;
4. We need to defend the ANC’s leadership collective elected at Polokwane, against the new tendency which is attempting to destabilise it and put it on the back foot;
5. It is premature to engage in succession debates, as this distracts us from the primary political tasks of taking forward our transformation mandate. We will encourage our members to assess the leadership of all Alliance formations, at the right time;
6. We need to continue to engage from a working class perspective, unapologetically pursue our class struggle, and continue to analyse our political challenges based on the material realities which confront us, rather than a narrow commitment to this or that grouping or leader.

We conducted a detailed assessment of the 6 elements of this mandate in the November 2011 CEC paper on *Building Political Unity in the Federation*. The paper, having discussed and assessed each element in turn, shows how tension has emerged around different interpretations, and asserts the importance of looking at

this package in a balanced and comprehensive manner, rather than picking and choosing only certain elements, thereby leading to different, or even opposite interpretations of the mandate:

"While this mandate is clear, there is potential tension between its elements... For example, a narrow and one sided focus on ....defending the ANC leadership collective in isolation from the other elements, could result in a hyper-cautious approach to engagement and struggle by the labour movement, as everything is interpreted in terms of whether it challenges that collective, either in relation to the ANC or government.

On the other hand, a one sided focus on ...pursuing the class struggle, could be interpreted as a blank cheque to launch an offensive regardless of its impact on the other elements of the package. It could also lead to problematic alliances with elements that *appear* to support our class perspectives, but are actually part of the grouping who are undermining the mandate we seek to enforce."

In looking at the six elements of the package, the November 2011 CEC Discussion Paper argues that differences in interpretation of the mandate sometimes relate to a *tactical* assessment of how best to manage political relations, given the complexity of the political environment; and at other times suggest a more fundamental *strategic* difference on what our political posture should be. We summarise here our main analysis on the six elements of the political mandate:

***Mandate 1: We need to defend the Polokwane progressive policy framework, and the Manifesto undertakings, and build on these as a basis to make further advances:***

This is in general not controversial. There is a broad consensus in COSATU that while some advances have been made in taking forward Polokwane, there is actually a mixed picture - elements of the Polokwane mandate are under attack from the right in the movement and government, and therefore mobilisation is required to keep things on track.

Beyond the mainstream consensus there are however comrades in the Federation who believe that the NDR is absolutely on track and that pushing too hard could destabilise progress. There are others who believe it is completely off track, and that recent interventions such as IPAP and the NGP are nothing new. However, since all comrades believe that Polokwane marked a significant breakthrough, as long as these different viewpoints are rationally and objectively debated there should be no difficulty on the issue of defending the Polokwane progressive framework going forward.

***Mandate 2: In engaging with the ANC leadership on this political platform, we need to be constructive but critical, and refuse to allow political paralysis. We need to ensure that they help us to help them:***

Following the August 2010 CEC discussion paper, on the *Predatory elite and Political Paralysis*, the Federation agreed that we needed to act decisively to unlock the political paralysis which had emerged, as a result of conditions analysed in the paper. This meant engaging critically, but constructively with the ANC leadership, to ensure that crucial decisions were taken to move our revolution forward. Examples of the importance of sustained pressure, and its effectiveness in producing results, abound, including decisions around the sacking of two Ministers, the arms deal inquiry, suspension of the e-tolls etc.

On the issue of COSATU's criticism of the appointment of Chief Justice Mogoeng Mogoeng based on key principles of the Federation, there was some internal dissent.

However the tactical approach of principled but constructive engagement, and assessment of the current situation as requiring sustained mobilisation to take forward Polokwane, represents the mainstream consensus in the Federation. At no point has an argument been put forward in COSATU Constitutional structures that the Federation has been too extreme in its criticism of the ANC leadership or government. COSATU's long standing position of resisting becoming a lapdog of government has been sustained.

***Mandate 3- the new tendency of tenderpreneurs represent a serious threat to the revolution, and must be isolated and exposed:***

*"Demagogues are the worst enemies of the working class" - Lenin<sup>41</sup>*

The 5th Central Committee and August 2011 CEC analysed this at some length: "Periods of capitalist crisis are also typically characterised by various forms of right wing demagogic populist mobilisation acting on behalf of various capitalist strata in crisis, but often masked behind a pseudo-left rhetoric. The same phenomenon is apparent in South Africa, finding a potential mass base amongst tens of thousands of unemployed and alienated youth in particular. Behind this populism are often well-resourced business-people and politicians seeking to plunder public resources. We resolved to close ranks and to expose the true agenda of these tendencies and their connections to corruption and predatory behaviour in the state, while at the same time addressing the socio-economic structural realities that give rise to this phenomenon.

"The primary goal of the new tendency is not a total emancipation of our people but to use rhetoric to cover its aims of primitive accumulation. Failure to dislodge this tendency will mean that our revolution would be hijacked to be an instrument for self-enrichment programmes that will sideline the aspirations of our people."

"The new tendency of tenderpreneurs (are) not genuine entrepreneurs... but who instead use political connections and political power, often in the most corrupt way, to win tenders in government for primitive and parasitic accumulation... We shall continue to expose their agenda... In particular we shall ensure that they do not succeed to highjack the ANC at its 53<sup>rd</sup> National Conference in order to achieve their goals." **Extracts from COSATU Central Committee resolution as adopted by the August 2011 CEC**

This is something on which the overwhelming majority agree. COSATU, in its affiliates and in the provinces, is extremely active, in combating corruption and various nefarious practices by these elements. In fact, our leadership at various levels are coming under fire, literally and figuratively, for the principled stance they have taken.

We have had one incident of tactical differences over how to isolate and expose tenderpreneurs. At the time of the ANCYL's march for economic freedom two different approaches emerged – one that argued that we should keep a distance from the ANCYL as a whole because elements of the leadership had exposed themselves as tenderpreneurs, and the other that argued that regardless of the tendencies of a minority within the ANCYL leadership we should support the demands of their campaign so that the mass of the ANCYL do not regard organised working class as an enemy but a an ally.

Things got worse when the ANCYL President going through a disciplinary pitched up uninvited to the COSATU led march in Johannesburg during the strike and marches against e-tolls and labour brokering.

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41 VI Lenin, *What is to be done*

The differences led to the embarrassing situation of COSATU NOBs, as well as affiliates, taking different positions in public.

The tactical differences that emerged over the ANCYL march for economic freedom should not detract from the solid consensus that remains on the question of tenderpreneurs and corruption.

***Mandate 4: We need to defend the ANC's leadership collective elected at Polokwane, against the new tendency which is attempting to destabilise it and put it on the back foot:***

This mandate needs to be read with mandate 2 above, i.e. being 'constructive but critical', as well as mandate 5 below i.e. it being premature to engage in ANC succession debates.

It has always been understood that our support for any leadership, is not unconditional, but premised on them acting to take forward an agreed programme. Our position derives from the material conditions of the working class. It will be a major ideological error to take positions not on the basis of these material conditions but on who is the head of the state, the movement or the Party. The challenge we face in these trying times is to remain faithful to the aspirations of the working class and articulate their conditions of existence with a view to changing them, but this will require *ideological clarity* and *ideological struggle*. Only genuine improvement of their material conditions, will determine whether the working class will continue to vest its confidence in the ANC in the 2014 elections and beyond.

Raising questions whether the current leadership is able to lead fundamental transformation cannot be equated with disloyalty, or undermining of leadership, or for that matter with throwing our weight behind the ANCYL's challenge to the ANC's leadership. This dangerous 'you are either with us or against us' mentality is closing space for engagement. It risks being allowed to fester over time and develop into the atmosphere of mistrust and formation of cliques.

***Mandate 5: It is premature to engage in ANC succession debates, as this distracts us from the primary political tasks of taking forward our transformation mandate. We will encourage our members to assess the leadership of all Alliance formations, at the right time***

We have said COSATU openly discussed the ANC leadership and published its preferences in the run-up to Polokwane because the environment left us with no choice. We have said we will not do so in the future. Meaning that we will not debate who our preferred candidates are going to be in the Mangaung conference unless in our assessment things have falling back to the pre Polokwane situation.

This sentiment was captured in a resolution of the CEC: "We condemn the efforts by some elements within our ranks to divert our attention from the goals of our revolution - including the need to ensure we effectively take forward the five priorities of the 2009-2014 elections manifesto - through embarking on a premature succession debate using wrong platforms such as the media. This will lead to a serious backlash as more and more of the people come to a conclusion that we cannot unite them behind our revolutionary goals... We shall not allow ourselves to be manipulated by any faction, for narrow factional goals. When it is the right time, we expect the members of all Alliance components to assess the performance of the current leadership" Extracts **from COSATU 5<sup>th</sup> Central Committee resolution adopted by the August 2011 CEC**

Despite our CC resolution, the national obsession with the question of succession has infected our movement. Some comrades are relating to political challenges, not

primarily in terms of COSATU policies and our mandate, but more in terms of what impact our approach will have on the struggle for leadership of the ANC. In this context, some comrades have come to see criticism of the current leadership as a sign of disrespect or as undermining the chances of re-election.

The situation is not being helped by the fact that the ANC NEC's own ruling on no campaigning until nominations open in October is being defied within the ANC and other allies.

We must decide what we are going to do with these debates, also considering what we ourselves have said, and assurances we have given to the ANC and other allies. Even if we decide that we can't as a Federation support individuals, we can outline criteria for the type of leadership collective we would like to see. In the run-up to Mangaung we could *publicise these criteria as a recommendation to delegates*, rather than proposing the names of individuals.

At 2007 CC we developed a five point criteria according to which leadership should be assessed –

1. **Commitment to a radical NDR and thoroughgoing transformation;**
2. **Proven commitment to the Alliance;**
3. **Commitment to make this decade truly a decade of workers and the poor;**
4. **Commitment to the unity of the ANC and the democratic movement; and**
5. **Internationalism.**

To the five criteria outlined above, we should add a proven track record of clean governance, integrity, and high levels of morality in exercise of leadership.

***Mandate 6: We need to continue to engage from a working class perspective, unapologetically pursue our class struggle, and analyse our political challenges based on the material realities which confront us, rather than a narrow commitment to this or that grouping or leader.***

COSATU continues to pursue its programme of advancing its member's interests, and that of the working class more broadly.

The most high profile and successful example of our efforts at implementing the mandate to pursue our class struggle was our historic mass mobilisation against labour brokers and e-tolls on 7<sup>th</sup> March 2012, when we lead the biggest national strike in our history. (For further details see the campaigns chapter of the Organisational Section of the Secretariat Report.) The number of workers that came out, as well as the broad public support that we were able to mobilise, should convince us that we have no need to be apologetic about our working class perspective.

If we can pursue our various other priority campaigns, including jobs and anti-poverty, public transport, anti-corruption, quality education, and international solidarity, with the same class oriented vigour, then we will be making great progress in meeting what is surely our most important mandate.

## **2. Political Posture of the Federation**

*"We want the government to succeed on its five priorities because we know their failure will spell disaster for the working class. We will do so not by becoming uncritical supporters of both the ANC and government leadership. We shall at all*

*times engage strategically with the ANC to ensure that it builds capacity and has the necessary confidence to act decisively to lead the Alliance and society. At the same time, when the leadership allows paralysis and lack of confidence in our movement, we shall, in a principled fashion, speak out and embark on campaigns to ensure that the revolution stays on track...*

*Articulation of COSATU positions in opposition to the government or even other components of the Alliance policy positions should not be seen as public spats. It also does not take away the right and responsibility of comrades to engage robustly on any political question as they try to find answers to the burning questions of our society. This articulation should happen in a manner that seeks to build consensus and unity of the Alliance and should not degenerate into name calling and labelling.”*  
**Extracts from COSATU CC resolution adopted by the CEC in August 2011**

The political posture of COSATU has aimed to reflect its political mandate, and organisational traditions: steadfastly advancing a progressive agenda, together with, and in support of its Alliance partners; through engagement with government, and other sites of power; outspoken and firm on issues of principle; flexible in terms of using a range of instruments and approaches to advance workers interests, including through social dialogue, building social coalitions, court battles, etc; militantly mobilising its members to defend their interests; constructive, yet critical and independent; accountable to its membership.

COSATU's approach of mobilisation and engagement has clearly had an impact on certain issues. It has played a key role in helping to break the political paralysis, both on policy questions, including aspects of economic policy, NHI etc, and combating corrupt elements, and tenderpreneurs, in the movement and the state.

This combination of approaches, however, has also ruffled feathers amongst the right, the ultra left, business, government, elements in the Alliance, and amongst some within our own ranks. Principled and militant pursuit of one's policies can obviously put you on a collision course with your allies. The criticism has been made, in particular by some in the ANC, but also others in the Alliance, that our posture is too **oppositional**, and negative. This criticism revolves around our stance towards government, and the ANC. Further, concern has been raised about our *public posture*, with a sense that we should be raising these issues internally.

An examination of the record of COSATU'S engagement with government and the ANC doesn't bear out the criticism that COSATU has been oppositional in its stance. Both at a public level, and in terms of our internal engagements, we have pursued the approach of both support and criticism. The posture of the Federation *in relation to the ANC* over the last 5 years has been to:

- **reinforce Polokwane:** we can demonstrate that we have consistently supported the ANC where it is taking forward this mandate, and criticising it where it is failing to do so;
- support the **combating of tenderpreneurs and corruption:** together with the Alliance leadership we have identified this as a serious problem ;
- Advance a **progressive agenda** on issues of principle, such as corruption, decent work and economic policy, fighting inequality, etc.

On these and other issues the critics of COSATU need to say what more or different should the Federation be doing.

Similarly the posture of the Federation *in relation to government* has been to reinforce it, on the same issues outlined above in relation to the ANC; but to criticise it, and if necessary mobilise our members, where government is diverting from its

mandate. However, we need to acknowledge that a more central part of our work should be to occupy and advance the emerging space in the government and other state institutions, post-2009, to take forward a pro- worker agenda. This could in turn help to shift the dynamic with government as we assist sympathetic forces in the state to drive a more progressive agenda.

There are a range of issues in the public service, and in various state institutions, where we could be doing this. We need to be interacting more dynamically with programmes such as IPAP, the New Growth Path, and the SETAs etc. This is partly about capacity, but it is also about greater strategic focus and about coordination. Some issues are being effectively engaged on and driven at an affiliate level, but how much more effective and powerful these interventions could be if we were to act across the Federation. A problem we need to confront is the reluctance of the affiliate leadership to help drive engagements at these levels, as well as at Nedlac.

Having said this, the onus is also on government and the ANC to approach us in a more constructive way; and to deal with those in the state and the movement undermining and sabotaging the ANC's agenda. The pre-2009 legacy of tension and suspicion between the state and COSATU remains, not only because of the persistence of negative attitudes, but also because centres of power, such as Treasury, continue to systematically drive a different mandate. Therefore a transformation of these relationships is a two way street, which requires clear political leadership by the ANC and government.

It is sobering to consider, what critics of COSATU's allegedly 'oppositional' political stance would want COSATU to do, and what would the *opposite of oppositional* be? Would they expect COSATU to passively toe the line of the leader of the Alliance, as we were told to do under President Mbeki? This is a recipe for a sycophantic, or lapdog, Federation, which would discredit itself amongst workers.

In our bilateral with the ANC in March 2012, the COSATU memo turned the issue on its head, and asked whether it was not elements in the ANC and government who were being 'oppositional' in their posture, since they were opposing the popular mandate. "What worries us as COSATU is that the policy content of the ANC-led government is actually oppositional to some of the historic demands of the NDR. Many of the contentious policies that COSATU so vehemently opposes are actually taken from the DA!"

### **3. Tactics and strategies**

There is a clear *relationship* between the ongoing political challenges facing the Federation, and the internal challenge of organisational cohesion it is facing.

Emerging differences on strategy and tactics appear to arise, to a greater or lesser extent, from different perspectives on:

1. The character of, and dynamics in, the current government, the ANC, and the SACP, and how COSATU should relate to these;
2. What tone and posture COSATU should adopt in its political engagements, both at the public level, and internally, with our allies;
3. The character and role of a revolutionary trade union movement in the current period, and its relationship to the liberation movement and working class party;
4. What social forces constitute our strategic opponents, and our strategic allies;

#### 5. The role of coalition politics in building working class hegemony in society.

Debates raised by our allies, as well as within the Federation, about the *posture* the Federation takes, precisely relates to this strategic and tactical assessment of what should be the appropriate response, on the many and complex issues the Federation has to deal with.

This is why it would make no sense for COSATU to *either* adopt a purely oppositional stance or for that matter an uncritically supportive approach to government, or the ANC. We obviously need to engage with key issues on their own merits. This is where sometimes, tactical and strategic judgement calls may differ, depending on comrades' interpretation of the implications of one issue or the other. This is also why it is so crucial for the leadership collective to thoroughly debate its assessment, on the merits of any issue, of the stance we need to adopt, but then stick to the decisions we take, no matter how politically uncomfortable it may make some of our allies in government, and the movement feel. It also means that our analysis needs to be ongoing and dynamic as, given the fluidity of our politics, the situation is constantly changing.

### 4. Building unity in COSATU

The 2011 CEC discussion paper *Building Political Unity in the Federation* discussed the challenges to internal unity in COSATU in detail. While the February 2012 CEC stated that there have been some improvements since then, serious challenges remain. Some of the challenges relate to genuine political differences on strategy and tactics, as discussed above. However, we are also seeing deliberate undermining of organisational processes. The April 2012 CEC discussion paper *Navigating a complex political terrain* argued that if such conduct is not arrested, it could lead to divisions, and ultimately splits in the organisation.

While we are far from this point, there is no room for complacency. As our political paper to the 2005 CC argued, based on international examples, to avoid splits we have to open the space for debates and let comrades confront each other politically.

Respect for democratic processes of the organisation is a non-negotiable. In order to deepen our culture of respect for worker democracy which is so central to the character of COSATU, there needs to be ongoing political engagement on organisational processes, aimed at ensuring that:

1. When constitutional structures take decisions, there is clarity on the implications of those decisions, particularly in relation to controversial questions of their national political implications;
2. There is an understanding that all are bound to defend and adhere to such democratically taken decisions, regardless of the position they took in the debate;
3. No external organisational mandates or influences, whether open or hidden, should be used to undermine internal democratic processes. We derive our mandate from our members. Engagement with our allies, and other forces, must primarily be through formal engagements;
4. Organisational procedures, and ultimately sanctions are put in place, to deal with those violating our democratic processes.

The media itself, and our relationship to it, have also played a critical role in our difficulties.

Leadership of both Federation and affiliates need to check carefully what they say in their public statements including interviews. It has become increasingly difficult to defend us from the headlines that seek to present us as a divided house. All reports link these divisions to different relationships with the ANC and SACP leadership. There is exaggeration in some of these reports, but there is also a level of reality, substantiated not least of all by statements of some of the affiliates themselves, some of which are issued prior to any internal engagement.

It is easy for political temperatures to get out of control in such circumstances. We need to keep cool heads in dealing with these, and related matters; otherwise we may end up deepening the problem, and playing into the hands of those who want to divide COSATU. The COSATU leadership needs to play a key role in addressing this, and especially in leading by example. This Report has tried to outline some of the underlying political and organisational dynamics, both inside and outside the Federation, which are contributing to this state of affairs.

The CEC and the NOB's agreed on strategies to navigate the complex political terrain and build consensus around the political issues, which are undermining unity, including by:

1. Restoring integrity to the leadership collective, through building trust and a collective approach to resolution of challenges, and repairing personal relationships which have been damaged by these challenges;
2. Finding ways to deal with misconduct, acts of indiscipline and undermining of organisational democracy.

The COSATU leadership, namely the NOBs leadership collective, and in particular the President and General Secretary, have a special responsibility to address these challenges. It is critical at all levels of the Federation, including within affiliates, to build respectful leadership collectives which can debate, differ, and then unite. No space should be created for personalised attacks on individuals by outside interests who are in essence opposed to our organisation and what it stands for.

The November 2011 CEC discussion paper on *Building unity* raised the need for **an organisational protocol** to promote greater democratic discourse, and discipline, in the organisation. Among issues which it suggested could be addressed in such a protocol, are:

1. How to encourage expression of a diversity of views, and openness and honesty in discussions. Specifically, to encourage articulation of strategic and tactical differences;
2. How to combat practices undermining tolerance of diverse views, such as pigeonholing and caricaturing comrades holding different positions;
3. How to allow comrades the space to confront suspicions about hidden agendas, without promoting factional or destructive conduct;
4. How to discourage demagoguery of whatever variety;
5. How to combat tribalism, factionalism, slate politics and other backward practices, which substitute gutter politics for the politics of principle.

## **5. Leadership contestation in COSATU Congress 2006 and 2009**

Affiliates went to the Tenth Congress in 2009 determined to avoid leadership contests that would reopen the healing wounds left by the bitter 2006 Ninth Congress. Unions managed their disagreements on tactical and strategic matters, as

well as on the election of national office bearers with a high degree of maturity. Unlike in 2006 we did not use tribal and regional mobilisation, posters, divisive songs, negative posturing, or affiliate blocks. The Congress delegates and the CEC must be commended for this. This is what is called a matured dynamism.

It is hoped and assumed that the same level of maturity will be displayed in the 11<sup>th</sup> National Congress.

## **6. COSATU and the balance between politics, organisation and economics**

“The CEC had a frank and open debate about the weaknesses of COSATU and its affiliated unions, notwithstanding their overwhelming strengths... Central to this self-criticism is the centrality of our 2015 Plan ... In our hard-hitting analysis we concluded that we are not systematically taking forward our recruitment drive. We criticised ourselves for not prioritising the work of the Federation and ensuring that members are serviced and that we mobilise effectively against the labour brokers. Failure to take forward our campaigns has meant that we are not driving our own basic education campaign to adopt dysfunctional schools, mass education campaign to increase class conscious of our members, etc. There was however full agreement that “without the active and conscious involvement of our members, our resolutions and declarations are nothing but hot air balloons, which will eventually burst.” **CEC statement February 2012**

COSATU faces a dilemma and a serious political challenge in navigating this complex political terrain: if we become too inward focused, our role in broader society will suffer. At the same time, unless we defend and consolidate our internal unity, COSATU will be immensely weakened, and the power of our broader contribution seriously undermined. Our Congress needs to ensure that we maintain the dialectical balance between internal renewal, and refocusing our role in society.

There is no debate to be had about the need for COSATU to be involved in politics. It is in the DNA of the Federation, as a revolutionary trade union movement. However there is a case to be made for the argument that too much of the Federation's energy and time is being absorbed in politics, and particularly in ‘palace politics’, around ANC leadership contestation. This has a number of consequences:

1. The central work of COSATU on socio-economic, industry and workplace issues tends to suffer;
2. This in turn undermines the organisational base and focus of the organisation on its core functions of addressing workers bread and butter needs, and weakens our ability to deliver real sustainable benefits to workers on the scale we should be doing;
3. The issues dividing the organisation tend to be around issues of political contestation, and therefore a one-sided focus weakens the power of the organisation;
4. Narrow political struggles also tend to obscure the Federations broader political strategy.

So ultimately this imbalance actually weakens the Federation politically. Anyone doubting that this imbalance exists needs to examine the *relative* time energy and resources our structures spend on political issues. We always seem to find time to focus on political debates, but other issues often slip down the agenda. This is true whether one looks at Congresses, the Central Committee, or the CEC itself. The recent *living wage* Central Committee is a case in point, where there was insufficient

focus on our strategy for a living wage. At the last CC the political commission was overflowing with over representation from most unions whilst all other commissions in particular organisational commissions were simply not attended by most unions. The CEC Political Commission has sat many times. The Socio-economic commission has never sat except recently when the CEC had a workshop to prepare for the ANC Policy Conference.

We battle to get leadership to focus on critical engagements on economic and labour market issues, such as the recent negotiations around the labour law amendments; many socio-economic issues being debated in various Nedlac structures; the crisis in collective bargaining; wage strategies; critical challenges facing the retirement funds etc, etc. We are giving some attention to a number of these issues. But are we giving them the attention they deserve?

This is not to say that bread and butter issues are being neglected at affiliate level. While there are some weaknesses which are identified in the Organisational Section of the Secretariat Report, affiliates do focus most of their resources and energies on sector specific socio-economic issues. This is not enough however. We will not advance our socio-economic interests on a national level if we do not coordinate and develop national strategies to guide our work at a sectoral/affiliate level.

Clearly there is no Chinese wall between politics and economics. Gains on many socio-economic issues *cannot be advanced outside our broader political strategy* of engagement and struggle. This is not a matter for debate. Any strategy which seeks to depoliticise the organisation, or to turn it into a narrow trade union movement, would be damaging to the organisation and its constituency in the long term. Therefore, we need to deal with this matter in a dialectical manner, to ensure a *balance* between political challenges and key socio-economic and organisational tasks. Dialectical also means that we need to consciously develop a clear *connection* between our political tasks and socio-economic challenges.

We also need to acknowledge that the balance in government is slowly tilting, in good measure because of our own efforts, in favour of working class priorities on a number of issues we have been pushing for. We have said that we must walk through the doors we open. But this needs much more consistent engagement by us to strengthen the progressive forces in Cabinet. We must avoid making general statements in responding to government, and ensure that at all times we engage with concrete proposals, where they are of major concern to the working class. For example since November 2011 we have been placing on the table the need to develop clear strategies to implement the four major NGP agreements (Accords) we negotiated in 2011. One of the greatest weaknesses of the Federation is our inability to get a stronger commitment from the CEC to drive our engagement strategy. Too often we leave things to too few comrades and or head office officials.

**Questions for discussion: do we agree with the assessment that there is currently an imbalance in our work? If so, how do we concretely address this imbalance?**

## **7. The organisational and ideological character of COSATU**

*“A trade union is the prime mass organisation of the working class. To fulfil its purpose, it must be as broad as possible and fight to maintain its legal status. It must attempt, in the first place, to unite, on an industrial basis, all workers (at whatever level of political consciousness) who understand the elementary need to come together and defend and advance their economic conditions. It cannot demand more as a condition of membership. But because the state and its political and repressive apparatus is an instrument of the dominant economic classes, it is impossible for trade unions in any part of the world to keep out of the broader political conflict.”*

***(Joe Slovo, The South African Working Class and the National Democratic Revolution, 1988)***

Just because workers are experiencing frustrations with political movements does not mean that it would be appropriate to transform the Federation into a vanguard working class organisation or party. Classics of Marxism are clear on the fact that a trade union has a distinct character, which separates it from workers parties. One cannot substitute for the other. This also applies to a revolutionary Federation, which is highly politicised, but nevertheless constrained by the inherent characteristics of a trade union, which limit its ability to be a tight political formation.

As the April 2012 CEC discussion document on *Navigating a complex political terrain* pointed out, trade unions, by their nature, contain both the most advanced elements of the working class, as well as less politically conscious strata. We seek to unite the broadest possible layers of workers through our programmes and activities. We need to promote a culture of open democratic debate, tolerance for different views, and respect for the decisions of the majority. The trade unions are not parties, and therefore cannot constitute a political vanguard. Revolutionary trade unions are, however, a cauldron of working class democracy, and a key vehicle for workers to begin to develop consciousness of what Marx called 'a class for itself'. Revolutionary trade unions, working with working class parties, and national liberation movements, are therefore the bedrock of a social movement to emancipate the working class from all forms of oppression and exploitation, without seeking to substitute for the role of other working class organs.

*Worker consciousness and party political support*

A brief look at the 2012 COSATU Workers' Survey reveals the uneven state of political consciousness amongst workers, including COSATU members. Support for political parties amongst workers, shows that support for the ANC is still relatively high amongst COSATU members, when compared to other workers surveyed: two thirds of COSATU members (compared to 60% in 2006) would 'vote ANC if elections were held next week' compared to just over 40% of other union members.

But almost a tenth of COSATU members would vote for the DA, and over 20% won't vote, won't answer, or don't know. Although still a small number, support for the DA had grown faster amongst both COSATU and non-COSATU members, than for the ANC. In 2006 fewer than 10% of worker surveyed said they would support the DA. In 2012, the figure had risen to around 15%. Nevertheless this is still significantly below the DA's national share of the vote. Racial and income stratification of the working class impacts on the political preferences of union members: more workers from the 'minority communities'(Coloured Indian and White) intended to vote for the DA (over 30%) than the ANC (less than 30%). However, a significantly higher proportion of COSATU members from minorities supported the ANC, than workers from minorities outside of COSATU, showing that political education and mobilisation in COSATU does have an impact on the consciousness of workers from more conservative communities. Further, support for the DA is much greater among higher-income workers than lower income workers.

Equally significant is the growth in support for the ANC among workers post-Polokwane and the reasons given by workers for this support. In 2006 over 40% of workers surveyed said they would vote for the ANC because "my family and I have always supported it", and less than 20% said it was because the ANC "has the best policies for workers and the poor". This was reversed in the 2012 survey: nearly 40% supported the ANC because it has the "best policies", and less than 10% because of the "history of struggle". This suggests that workers are becoming much more

focused on the post-Polokwane policy stance of the ANC, and have high expectations that the movement will deliver on its mandate. Historical political allegiances, and COSATU's long standing alliance with the ANC are becoming less significant in determining workers political attitudes. Interestingly, less than 2% of workers supporting the ANC, did so because of "COSATU/Alliance recommendation", indicating that workers, contrary to some perceptions, are not prepared to act as political voting fodder.

On the other hand, there is a growing number of COSATU members arguing that COSATU should leave the Alliance: whereas only 14% of members in 2006 argued that we should leave the Alliance, in 2012 the number had grown to 23%. While 20% of members answered 'don't know' to this question in 2006, only 6% of members gave this answer in 2012. Further, warning lights are flashing for the ANC in the fact that nearly 30% of workers supporting the ANC indicated that this was because there was "no alternative" (up from about 7% in 2006), suggesting that if there was one, they may consider switching support.

However, only 0,4% of members suggested that COSATU should leave the Alliance and ally with the SACP, compared to 6% who felt that COSATU should start its own political party, and 16% who felt that COSATU should stay independent of political parties. Again post-Polokwane, there appears to be greater expectation that the ANC can deliver on pro-worker policies, whereas prior to Polokwane there was growing emphasis on the need for the SACP to independently advance the working class agenda: in the 2006 COSATU workers survey over 20% of workers believed that the SACP should run for elections on its own.

Comrades in the SACP have raised questions around various formulations in recent COSATU resolutions, which they believe suggest that COSATU is attempting to become a vanguard organisation. This is not actually the case. The resolutions focus on developing greater *ideological clarity*, using Marxist/Leninist tools of analysis; as opposed to attempting to turn the Federation into a Marxist/Leninist formation.

*If we do not unite all workers at whatever level of political consciousness we run the risk of narrowing our support base.*

The absence of worker unity could also lay the basis for splits in the organisation, as workers with *economistic consciousness* become increasingly alienated and/ or workers with different ideologies decide to form their own federations along ideological lines, thus undermining the unifying character of the movement. This has happened both in Europe, where many Federations are aligned to different political parties or religious groupings, as well countries like Brazil, where Federations have split along ideological lines. This is a disaster both for working class solidarity and unity, as well as the development of working class consciousness.

There is nothing wrong with COSATU harnessing Marxist/Leninist tools of analysis to better understand the reality facing workers, and to help to change that reality. But this is very different from becoming a Marxist/Leninist formation.

**Question for discussion:** how do we combine the development of working class consciousness and ideology, with the inherent open and diverse, character of trade unions, in a way, which promotes workers unity, but also more advanced working class consciousness?

## 8. The Battle against Corruption and the Predatory Elite

COSATU has been pushing consistently for decisive steps to be taken, particularly by our allies and government, to act against various corrupt practices, and to implement the measures agreed at Polokwane. We have also argued that additional measures to those proposed at Polokwane should be considered to address the scale of the challenge the country is facing.

Polokwane and the ANC Manifesto proposed that in order 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)

We have argued that neither of these commitments has been followed up by the ANC NEC or government with the necessary urgency. Papers for the 2010 ANC NGC on leadership, and organisational renewal, cite these commitments on tackling corruption, but don't comment on the lack of progress, or make recommendations on how to take them forward. The Organisational Renewal NGC resolution 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 resolution 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.

The NGC resolution'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 2012 ANC Policy conference commission on legislatures and governance states:

- ANC comrades need to be the champions in the anti-corruption campaigns.
  - The ANC should take tougher action against corruption.
  - Systems to detect and act against corruption should be strengthened.
  - There should be greater cooperation across the spheres of government in dealing with corruption.
  - People who engage in corrupt activities should be punished as well.
- 1.** These are steps in the right direction, but the measures are not concrete enough.

Our biggest concern is that some government leaders are also business leaders. Further, family links to business also create a conflict of interests. Even if they are not benefiting directly from government tenders, the danger always exists that in taking decisions and in formulating policy, they will be guided by the impact this will have on their businesses rather than the broader public interest. It is the biggest threat to our efforts to establish a transparent and corrupt free government.

Declarations of financial interests by Ministers and public officials are not enough. The fact that they are in business to make money creates an inevitable conflict of interest when they are taking decisions in the Executive, or legislating in parliament, a provincial legislature or municipal council.

The Department of Public Service's guidelines for a one year cooling-off period after a public servant leaves the public service to work in the same sector in the private sector is not adequate. COSATU's counter proposal is a five-year cooling off period.

All public representatives including trade union and civil society leaders must be forced to choose whether they are servants of the public or in business to make profits. They cannot be both at the same time.

Where leaders have their families involved in business, they should avoid a conflict of interest. This means they should not allow families to do business with the state or the trade unions they lead.

This our policy framework agreed to in the 10<sup>th</sup> National Congress. We must work hard however to get the Mangaung conference to go beyond the policy conference and address the conflict of interest.

The succession of corruption scandals and the spread of the capitalist culture of greed and self-enrichment are threatening to unravel the fabric of society and to undermine all the great progress we have made.

We are happy that the Receiver of Revenue is conducting targeted lifestyle audits on those suspected of dodging their tax responsibilities. Powers exist to enable the Asset Forfeiture Unit to use similar methods to combat serious crime. They can both investigate the lifestyles of those they suspect of accumulating wealth illegally, and also freeze their assets even before securing a conviction.

Another issue, which surfaced in the 2010 NGC and the 2012 Policy Conference, 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..."* This resolution was reiterated by the 2012 Policy Conference. The Policy Conference paper also addresses the issue of informal party financing and 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?"* This is an important point, but nothing concrete is proposed, and the Polokwane resolution has not been implemented.

The August 2010 CEC decided on the following focus around corruption:

- Massive intensification of the **anti-corruption campaign**. We need to go beyond moral condemnation, and deal with the systemic issues, which are reproducing corruption. To do this we need a far-reaching programme to fight this cancer. 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. 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 problem<sup>42</sup>. Action against corruption must be incorporated into our Section 77 demands at Nedlac.

- 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. This decision has since been implemented, through the launch of Corruption Watch in 2012 (See the campaigns chapter of the Organisational Section of the Secretariat Report for further details).

A coalition of civil society organisations, responding to COSATU's invitation to engage with us in the run-up to Congress, have requested that we take the matter of party funding forward. They request that we propose at the ANC National Conference the importance of "expediting the comprehensive regulation of transparent and democratically accountable party political funding... (and) the establishment early in the first term of the 2013 Parliamentary session of a multi-party Parliamentary committee to consider public submissions on a comprehensive regulatory framework that enhances and protects democratic participation, transparency and accountability in political party funding". We propose that Congress should consider supporting this proposal.

## 9. Engaging with Government Departments

In line with our overall strategy of not putting all our eggs in the Alliance basket, we have ensured that we build stronger and privileged relationships with Ministers and Departments that will play a critical role in transformation, and in particular the decent work agenda.

**There is no doubt that the relationship with government departments have improved as a result of the 2007 change of political scenery. We have scaled up our interaction and engagement with various government departments. We have also used the platform of the CEC to open up space for a more detailed interaction between the government departments, and COSATU and her affiliates.**

**COSATU has identified at least 16 strategic departments, which are important for the Federation to engage with on an ongoing basis. This engagement is aimed at ensuring COSATU systematically advances government programmes, which are aimed at taking forward the Polokwane mandate.**

**Following are some of the key engagements we have had:**

- 1. Minister of Trade and Industry, Dr Rob Davies on the government Industrial Action Plan (IPAP2) – this relationship has been sustained and involves getting COSATU affiliates to provide support and to ensuring effective implementation of IPAP2.**
- 2. Minister for Basic Education, Angie Motshekga and COSATU have interacted on the 10 point plan of the department and have**

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<sup>42</sup> 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.

developed a framework for a joint campaign to ensure our schools function with more effective support from the department, parents, teachers and students.

3. **Minister of Health, Dr Aaron Motsoeledi, has addressed the CEC three times, as well as the Central Committee. We have developed a conceptual campaign to support in particular the department 10-point plan, but we must move beyond conceptual support to effective support on the ground if we are to succeed to turn our health crisis around.**
4. **Minister of Higher Education, Dr Blade Nzimande – we have engaged him and his Department among others on taking forward the Skills Accord. This relationship must be sustained to ensure that workers' re-skilling and training continues to receive top priority.**
5. **Minister responsible for Performance and Evaluation, Collins Chabane – we have an outstanding engagement on the performance agreements between Ministers and the President**
6. **Minister of Labour, Mildred Oliphant. This interaction is continuing based on the current labour law amendments debates.**
7. **Minister of Economic Development, Ebrahim Patel. Engagements continue to take place on a range of issues relating to the New Growth Path, including the infrastructure plan, the four NGP accords, and the overall framework discussions.**
8. **Minister of Police, Nathi Mthethwa. We must still ensure that our support for crime prevention goes beyond statements but includes setting up street committees in the working class residential areas to combat crime. POPCRU was mandated by the CEC to take up militarisation of the police with the Minister.**
9. **Minister of Home Affairs, Dr Nkosazana Dlamini-Zuma. We have developed this relationship further through joint workshops but we must still get an active campaign to change work ethos of our members in the home affairs department.**
10. **Minister for State Security, Siyabonga Cwele mainly on the Protection of State Information Bill.**
11. **Ministers for Public Administration, Richard Baloyi, the late Roy Padayachee, and now Lindiwe Sisulu. We have produced a document on a campaign to take forward the congress resolutions on mobilising our members and public servants to change the culture and develop a new ethos based on understanding that the public sector services the poor and the working class who don't have resources to source private services including on health, education, safety, etc. [ADD?]**
12. **Minister of Agriculture, Tina Joemat Petersen. We have convened farm workers summits in all provinces as well as nationally. But we still have to systematically implement a programme of organising farm workers and improving government capacity to protect them.**
13. **Minister for Rural Development, Gugile Nkwinti, on the rural development green paper.**

- 14. Minister of Finance, Pravin Gordhan, on budget issues.**
- 15. Minister for Water and Environment, Edna Molewa mainly on the preparations for the COP 17 meeting**
- 16. Minister of Cooperative Governance and Traditional Affairs, the late Sicelo Shiceka, and now Richard Baloyi, on the challenge of transforming local government. We did not sustain this interaction with the Ministry.**
- 17. Minister in the office of the President responsible for National Planning Commission on the NPC diagnosis report**

**Outstanding departments we must still interact with include Minerals, Human Settlements, Energy, Transport, Justice and Constitutional Development, Social Development, and Women, Youth, Children and People with Disabilities.**

**Space does not permit a detailed qualitative analysis of the above interactions, but the overall assessment is that the engagements have been more numerous and more productive than in previous periods.**

## Part 7. PART V COSATU AND THE ALLIANCE

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### Part 8.

#### 1. The Battle to Institutionalise Working Class Power

COSATU discussions on the political situation have repeated similar themes over the years:

- It is in the interests of workers to make our Alliance effective;
- However, the Alliance is not succeeding adequately in advancing a progressive agenda, because of obstacles being placed in its way;
- A conservative clique in the movement and government has sidelined the ANC and the Alliance and used its access to power to advance a particular agenda;
- Therefore we need a combination of approaches, including the contestation of multiple sites of power and mobilisation of the working class, but ultimately we have to achieve a reconfiguration of the Alliance and its relationship to governance (the 'political centre'); negotiation of an Alliance Pact; an accountable and representative leadership; and strategic deployment into key institutions of the State and society.

The Congress should make an assessment of current developments in these areas, and decide on the way forward. The discussion that follows attempts to capture some of the key questions confronting us in relation to the four areas listed above.

The ANC and the Alliance has been systematically marginalised from decision making in relation to key policy questions, particularly since 1996, leading to unaccountable governance in the hands of technocrats and a conservative political clique. All Alliance partners agree this needs to change fundamentally. Our demand for reconfigured Alliance relations and assertion that the Alliance should be a strategic political centre, seeks to ensure that the revolutionary Alliance indeed drives transformation, not only in theory. This was in essence agreed at the Alliance Summit in May 2008.

However, this agreement was subsequently reversed in the November 2009 Alliance Summit, after which the CEC concluded that "It is clear that there is a body in the ANC that is no longer comfortable with the Alliance being a strategic political centre" The irony of this 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 adequately acting as a strategic centre, holding government accountable.

If the political centre is the *mechanism* or vehicle to take forward policy positions of the Alliance, the *Alliance Pact* that COSATU's 2007 CC formally proposed would constitutes the content of what the Alliance agrees to take forward. However the ANC has rejected this proposal point blank, either as attempting to micro-manage governance; as suggesting distrust of the ANC; or over formalising a relationship between independent organisations. The reality is that without such an agreement, it has been easy for Alliance agreements on policy to be ignored. However it is also true that until the relationship between the ANC and government is changed, even such a pact

would not succeed - witness the selective implementation of the ANC Manifesto, and the blatant defiance by government of some of its important elements. Nor is the informal mechanism of adopting an Alliance Programme of Action by itself a solution- as this has tended to be on softer, albeit important issues, such as elections, or mobilising communities against HIV.

The post-Polokwane situation *has* seen real *change* in some respects, particularly in terms of policy shifts at the level of the ANC. There has also been some improvement, at the level of governance, to consult and take the Federation's leadership into confidence on some important issues such as cabinet deployments and to a degree the introduction of the New Growth Path. Having said that, there have been recent developments which suggest that the culture of government unilateralism remains alive, which led the February 2011 CEC to raise serious concerns about the continuing trend to marginalise the Federation and its affiliates.

The CEC cited as examples of signs that we may be returning back to unilateralism include a range of unilateral appointments and decisions, amongst others:

1. Appointment of the SAA and Transnet Boards and CEO's, as well as the Telkom CEO and chairperson, without any reference to the ANC deployment committee, let alone COSATU
2. Announcement that hundreds of billions will be spent on speed trains between Durban and Johannesburg whilst workers have no reliable, cheap and accessible public
3. Installation of electronic toll gates all over Gauteng which in time will be the case everywhere in the country
4. The state mining company was recently launched without informing the Federation and the NUM

**The reality we face is that in state institutions, outside cabinet appointments, the working class has had little influence. We are therefore seeing:**

- **Governance continuing to be inadequately accountable to the ANC and the Alliance (although it is now subject to greater contestation, within the State);**
- **A grouping in the ANC continuing to block transformation of the Alliance and its relationship to the ANC and governance**

A key theme in all the discussion documents of the Federation is how to address the challenge of institutionalising the power of the working class through a structured relationship between the Alliance and government, and within the Alliance itself. In the absence of this institutionalised relationship, the relationship of the organised working class to the ANC and government has lurched from periods of crisis, to temporary honeymoon periods, only to lurch back into crisis again. This pattern of crisis-'agreement'-crisis- will continue to repeat itself, until a fundamentally new relationship is institutionalised.

Complicating this further, is the fact that with the shift in the class basis of the ANC and the State, we have seen the rise of a grouping which is opposed, as a matter of self-interest, to the creation of such a reconfigured relationship of political power, in which the working class plays a key leadership role, in the ANC, and the State. The dominance of unaccountable technocrats allows such class forces to entrench policies, which run counter to those of the movement, policies which are often closer to those of the opposition.

## 2. Taking forward our Congress mandate on the Alliance

The mandate of COSATU's 4<sup>th</sup> Central Committee, and 10<sup>th</sup> National Congress, on the Alliance and governance is clear:

1. The Alliance should function as a strategic political centre, to drive governance and social transformation.
2. The political and policy programme of the movement and government should be based on a formally agreed Alliance Pact.
3. Mechanisms should be put in place to ensure a representative and progressive leadership.
4. Mechanisms should be agreed to ensure that the Alliance strategically deploys suitable cadres into key institutions of state and society.

Our departure point in assessing this mandate, must be that some progress has been made over the last 5 years, in *certain respects* in taking forward COSATU's agenda: the Polokwane breakthrough; the adoption of a pro-worker policy agenda in the Manifesto; some advances in the state including acceptance of the need for a new development strategy, and tabling of the NGP and IPAP2; some advances on the agenda to tackle the 5 priority areas of health, education, rural development, crime and corruption, and decent work, despite many problem areas.

If there were progress on the political centre and an agreed protocol on the Alliance and governance, this would have the potential to unlock a number of the current problems in the Alliance. If this was achieved, there may be sufficient agreement on the policy priorities (given the range of issues on which we already agree), to ensure that the Alliance drives a progressive policy agenda, and ensure that government is held accountable to this agenda. While not ideal, the achievement of the political centre/ protocol may mean that the failure to secure a Pact is not fatal for the Alliance. A key problem, which needs to be resolved, is continuing disagreement on *macroeconomic policy*. As we indicated above the progressive statement made by the 2009 ANC Manifesto on this matter has been effectively ignored by government, which continues to drive a conservative macroeconomic policy agenda. This is a matter, which requires political resolution. Advance on the protocol could assist this, because it would require answers as to why ANC and Alliance mandates are not being implemented by government.

If we continue to fail to advance on all four mandates outlined above, it will be impossible to make sustained progress, and the Alliance will be plunged into perpetual crisis management mode. We need to develop practical strategic alternatives to deal with the deadlock. We need to examine where COSATU has the most power to unlock progress, and use COSATU's leverage strategically.

***Discussion Point: We have not won the demand that the Alliance be a political centre or the demand that the Alliance must develop a strategic Pact that will institutionalise working class power. The 2011 agreement on the programme of action has not sufficiently transformed the relationships to meet our demands. We continue to experience the problem of agreed ANC and Alliance positions not being implemented by government. Our Alliance Pact document proposed the need for a Protocol to govern the Alliance's interaction with government. It also mooted the creation of a COSATU- Presidency channel (as in Norway), which would meet on a regular basis. How do we break this deadlock?***

## 2.1. Deployment

The Alliance is agreed in principle on the need for strategic deployments into key institutions of the State and society. Deployment has become a talking point in society for all the wrong reasons - either because of abuse, or because the wrong people are being deployed to positions, or because of the lack of intervention to ensure that key positions are occupied by people who are able to drive the necessary transformation. There is also the lack of an effective framework, and mechanism, to ensure accountability and performance of deployed cadres, despite repeated commitments to do so. On paper, the Alliance partners have been included in deployment processes (even though at the national level the deployment committee has not been convened since after the 2009 elections). However, this is ineffective in practice. Either partners are not consulted on key deployment decisions, or the ANC itself is not on top of key deployments, or rubberstamps proposals from the bureaucracy. The February 2011 COSATU CEC raised its concern that neither COSATU nor affiliates had been consulted on key appointments. During the transition before the elections in 2009, attempts by the Alliance transition team to engage on appointments were ignored, and the outgoing Cabinet, despite the commitment made to consult, unilaterally made key appointments, including that of DG's.

*Discussion point: Should COSATU propose a framework for deployment, possibly as part of the governance protocol, for adoption by the Alliance, to combat abuse, identify key strategic posts, which require attention, and mechanisms to ensure accountability of deployees?*

## 3. Unblocking paralysis: the question of leadership

In this year of the Mangaung Conference, there is naturally a major focus on questions relating to leadership in the ANC. For COSATU, this has **three major elements**:

1. What role, if any, COSATU leaders should play in the ANC NEC and other leadership structures;
2. Discussion on the ANC leadership composition and criteria for assessment of leaders;
3. Whether COSATU should support or propose candidates for the top 6 and/or NEC

The agenda of conservative bureaucracies in government, and elements in Cabinet, representing various types of capital in the state, can only be countered by a progressive collective leadership committed to a strong Alliance, progressive ANC and mobilised working class. Reliance on the President, or any other leader, to resolve this contestation in the State in favour of the working class ends up in unfairly and unwisely placing too much responsibility, and too much faith in one individual, who is himself subject to all types of contradictory pulls. The same applies to relying too much on individual Ministers.

An important question then, is how to deal with the failure of the current leadership to comprehensively take forward the Polokwane mandate, or to

exercise real political oversight over the democratic state. This cannot be explained simply as a failure of political will, or political neglect. COSATU and the SACP, and indeed the ANC's own major gatherings, such as the 2010 NGC, have put forward clear proposals as to how these key policy positions can be taken forward. But active opposition to this policy direction by a critical mass of leadership in the ANC, both in the NWC and the NEC, has at times paralysed the progressive core in the ANC leadership from moving forward.

Without crudely reducing everything to class, and material interests, a key reason for this occasional political paralysis must essentially be found in the class composition of many of the current ANC leadership, and the interests they are defending. Previous analyses by the Federation have shown that too many of the ANC leadership are either full time business people, or have significant business interests.

This did not fundamentally change after the 52<sup>nd</sup> national conference. The balance is largely comrades who are in government, or have recently been in government. While this is not in itself a problem, too many (but certainly not all) rely not only on remuneration from the State, but also have commercial interests. There are literally one or two working class or civil society leaders, who don't fall into one of these categories outlined above. Even though there many are people of integrity in the ANC leadership in all these three categories, this completely distorted leadership composition is a devastating situation for the movement.

At the same time the post-Polokwane movement to give 'power back to the branches'- while important, is not meaningful if key debates in key committees, continue to be dominated by technocrats and leaders who are biased against the interests of the working class. Otherwise what happens is that the branches dictate policy direction in large conferences, such as Polokwane and the NGC, but the detailed policy decisions, in the ANC and government, are taken elsewhere. A glaring current example of this is the attempt to impose the youth wage subsidy, a policy rejected by the ANC's policy conference in 2007.

In this context, the need for a representative, and accountable, leadership becomes critical. The principle of representivity and working class leadership should not be controversial. However, it may be too optimistic to expect the current ANC leadership to support a framework for more representative leadership. The ANC NEC decision to co-opt individuals shows there is some sensitivity to the problem of representivity. However, without some structured mechanism, this approach tends to be ad hoc, and purely rely on the generosity of the movement. For example, the recognition that workers are inadequately represented on the NEC, led the ANC to co-opt Cde Salome Sithole, the Vice President of SADTU. But when she was deployed elsewhere by the ANC, and her leadership position in SADTU lapsed, she remained on the NEC, and her position wasn't filled by another worker leader.

COSATU's proposals on leadership outlined below have far-reaching implications for the current leadership collective. It would be important for the Federation to re-raise this matter in the run-up to the 2012 Conference, given our experience since Polokwane, and to put a formal proposal on the table. The argument that this is interference in the internal affairs of an Alliance partner doesn't bear scrutiny. As the leader of the Alliance, and the NDR, the ANC has the responsibility to ensure that its own leadership is broadly representative of the constituency it represents, to ensure responsiveness, and legitimacy, particularly in the light of common perceptions about social

distance of the leadership, and the view that its current composition is distorted far too strongly in favour of business people, and those in government.

COSATU will continue to raise this question as a matter of principle. However, the only organisational guarantee is to implement the 2015 programme for working class leadership of the NDR, by ensuring that workers take ownership of the democratic process.

*Proposals to improve representivity of ANC leadership and criteria for assessment of leaders:*

The *Discussion paper on the Leadership Challenge* tabled at the 4<sup>th</sup> COSATU Central Committee in 2007, proposed a package of measures aimed at ensuring a more balanced ANC leadership collective, with progressive orientation, and greater working class representation. **It proposed a framework to ensure working class leadership**; and a limit on the representation of certain interest groups, particularly cabinet members and big business. It also contained criteria by which leaders should be assessed.

It makes the important statement that "Before we can even begin to think about individuals, workers should go back to lead the ANC. Before emotions take their toll on all of us and before we get trapped into pro this and anti that caucus, we must agree on the framework and criteria for electing leadership." This statement remains as valid today as it was then.

The COSATU leadership document proposes:

1. Five criteria according to which leadership should be assessed- **Commitment to a radical NDR and thoroughgoing transformation; Proven commitment to the Alliance; Commitment to make this decade truly a decade of workers and the poor; Commitment to the unity of the ANC and the democratic movement; and Internationalism.**
2. The need for measures to ensure greater working class leadership in ANC structures, **given that** "the working class has been displaced in the leading structures of the ANC", which also proposes extending the quota to ensure that the demographics and class composition of the membership is broadly reflected in leadership structures;
3. The need for measures to limit the over representation of business people, bureaucrats and government ministers in these structures. Will the proposal to reduce the size of the NEC unintentionally worsen this problem?
4. Other alternatives were to have a bloc of seats allocated to COSATU leadership; or
5. To have the entire ANC leadership collective election process subjected to rigorous criteria to ensure representivity, as is currently done with gender requirements.

No significant advances have been registered in realising COSATU's 2007 package of proposals on leadership. The ANC 2012 *Organisational renewal document*, following on from the 2010 ANC NGC<sup>43</sup>, focuses mainly on arresting problematic

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<sup>43</sup> The NGC called for a renewed determination, resolve and tenacity to cultivate and restore the core values and principles of the movement – unity, selfless and steadfast commit to serve the people, sacrifice, collective leadership, democratic centralism, humility, honesty, self-discipline and mutual respect, hard work, internal debate, self-criticism and constructive criticism. The NGC agreed that for renewal to succeed, it requires significant mobilisation and leadership – leadership that is resilient, courageous, principled and decisive; a committed and conscious cadreship; and an active civil society and mobilised population.

practices such as the use of election slates, vote - buying etc, and how to combat abuses. It doesn't address the question of improving the representivity of leadership structures, although the NEC has used its powers of co-option in this past term to address the obvious weaknesses in this regard. However, this is an ad hoc mechanism which can be deployed at will. *A clear policy framework is still required. We should consider engaging in a discussion on this matter at the Alliance Political Council, before the ANC Conference takes place.*

**Role of COSATU leaders in the ANC NEC:** This year the ANC President made a strong call for COSATU leaders to make themselves available to sit in the ANC leadership structures. This call is perfectly in line with the COSATU policy. The reason why the call made news is that it was personalised around the COSATU General Secretary who had refused to stand for positions of both the ANC and the SACP in the past, but also who had declined to serve in the Cabinet. But generally the motivation for the call is that if worker leaders don't participate in the NEC, they won't have the opportunity to influence its direction.

This is true and that is why COSATU has long been urging its members and leaders alike to swell the ranks of the ANC and the SACP. Further, this will help to redress the current imbalance, where very few working class leaders sit in the NEC. On the other hand, an equally strong case has been made that if COSATU leaders, particularly National Office Bearers, but also other members of the CEC, sit on the NEC, the lines of accountability and mandates will be compromised, particularly when the two organisations leadership collectives decide on different policy approaches. This could cause serious confusion and undermine the legitimacy of those leaders amongst workers.

Therefore we need to debate policy options, which seek to maximise the benefit of COSATU leaders participation in the NEC; but minimise the problems of confusion of mandates. The **quota option**, which has been floated by the *September Commission* and the COSATU 2007 paper on the *Leadership Challenge*, as well as the *Political Committee of the ANC* in 2006, could achieve these twin objectives. In this option, NOBs of COSATU would not make themselves available for elections to the NEC, as ordinary members. Rather a quota (a number of *at least four* had been suggested by the ANC political committee) would be set aside for direct representation of COSATU leadership<sup>44</sup>. COSATU would need to determine who its representatives are. They would then sit *ex officio* on the NEC, and would be subject to recall by the COSATU CEC. This would not prevent other trade unionists being elected to the NEC through normal ANC processes. The ANC Political Committee suggested that a similar approach could be followed in Provinces, and at REC level.

COSATU's September Commission considered the quota idea as a proposition arising from the ANC Lekgotla in 1997, and responded positively to it. The September Commission stated "These measures will enable COSATU to participate in ANC deliberations before they are concluded, rather than being consulted after decisions have been made. This would allow the ANC to understand and consider COSATU's viewpoints in the process of making decisions", and would remove any ambiguity about who the COSATU designated members of the ANC NEC represented. For example, if the COSATU President occupied a seat on the ANC NEC as a representative of COSATU and found himself in a situation where, based on a COSATU mandate he differed fundamentally from a majority decision of the

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<sup>44</sup> A similar quota system was used by the British Labour Party, to ensure participation of trade union leaders in their executive

NEC, this could then be made known. This option of reserving *ex officio* seats for COSATU leaders on ANC structures would not prevent COSATU and affiliate leaders who are not Office Bearers from also being directly elected onto ANC structures in their own right.

**Points for discussion:**

1. *Should the Congress support the introduction of a formal proposal to promote*

- *The quota approach of setting aside seats for COSATU in the NEC, PEC, etc*
- *A proposal for a leadership framework to the Alliance*

2. *How should we approach the 2012 ANC Conference, and promote a NEC, which is progressive in content, and representative in composition?*

3. *Should we endorse the decision not to support specific candidates?*

#### 4. Swelling of the ranks

COSATU policy is to encourage its leaders and members to swell the ranks of the ANC and SACP in line with its 2015 Plan. How do we assess the impact of COSATU member's participation in the ANC and SACP over the last nine years, since the plan was adopted? Both the ANC (over 1 million members) and the SACP (150 000) have grown significantly recently. We need more of an accurate sense as to how many of these members are also COSATU members, as discussed above in the political overview. We also need to analyse the extent to which workers are rising up the ranks into various leadership positions, and their age, gender, and occupational profiles. Based on this analysis, we need to look at how we can encourage workers, and target particular groupings, to make this campaign more effective.

The above deals with the quantitative question of how many COSATU members have swelled the ranks. We also need to look at the *qualitative* issue, as to whether members are influencing the course of political and policy direction of our allies. The *Alliance at a Crossroads* August 2010 document states: "Assessment and refining of our **Swelling of the ranks/ 2015 strategy**, 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." We need to assess whether this analysis remains correct, and what can be done to promote greater democratic participation.

**Effectively implementing the 2015 plan requires us to develop a programme for clear working class leadership, and political consciousness amongst workers as to what this means. Otherwise we will continue to experience the problem of unrepresentative leadership collectives, and worker activists being consumed by opportunistic and self-serving politics. It requires a psychological shift to understand that 'swelling the ranks' not only requires the majority of ANC members to be workers, as is currently the case, but also for workers to swell the ranks of leadership, and to rightfully earn and take up leadership positions at all levels of the organisation.**

**As COSATU's post-Congress assessment in November 2009 stated: We must** "not make a mistake of swelling the ranks with workers who have low political consciousness and who are generally politically unreliable. We have countless examples of worker leaders who once they join the ANC and government spend the rest of their lives not advancing the working class cause but trying to prove to all that they no longer have any connection with workers."

#### DISCUSSION POINT

How do we succeed in this strategy in light of our experiences to date? More importantly how could we ensure an effective implementation and monitoring of the strategy moving forward?

## 5. Developments in the Alliance since the 10th COSATU Congress

### 5.1. Convergence in the Alliance 2008 to mid 2009: the Alliance honeymoon

The report to the 2009 COSATU Congress contained an optimistic account of progress in the Alliance, based on progressive resolutions from the Alliance Summit in May 2008, and the Alliance Economic Summit in October 2008. This reflected the political situation, in the immediate post-Polokwane period, where the ANC and the Alliance were clearly separated from, and in some respects, ranged against the leadership in government, with the new ANC leadership relying heavily on support from its Alliance partners. The new leadership, which contained many different strands, had not clearly gelled into a coherent ideological force. Under these circumstances, and given the progressive policy boost from Polokwane, the right in the ANC and in government found it difficult to oppose a new Alliance agenda. We focus in this report on the *post September 2009* developments, since the pre Congress situation was reported in detail to the 10<sup>th</sup> National Congress.

#### Part 9.

##### 1.1. Contestation in the Alliance Post Polokwane

By the September 2009 COSATU Congress, it was becoming clear that the political honeymoon was nearing an end, as a number of problems emerged. An assessment by COSATU Office Bearers, following the November 2009 CEC, made some sobering observations, anticipating the ascendancy of the predatory elite, and the fierce contestation, which would emerge in the Alliance, particularly in 2010. We quote an extract from this assessment:

*“The tenth Congress, whilst acknowledging and celebrating this progress (of Polokwane), cautioned... that we cannot afford to celebrate forever. The reality is that despite the tremendous progress we made in closing the policy gaps in the Alliance, there is a contest on the policies with some pretending that some policy matters have not been resolved in Polokwane ... The congress affirmed that whilst it is true that we have dislodged the 1996 class project, the ideology and practises have not been altogether wiped out.*

*Since the 2007 52<sup>nd</sup> ANC national conference we have identified the task of defending the working class gains achieved in Polokwane as the primary political goal of the working class. We acknowledge that when we were involved in a titanic battle to defeat the 1996 class project we formed part of a broad coalition of forces who demanded change. We acknowledged that there was no unifying ideology or politics between those who imposed change in Polokwane except dissatisfaction with the previous leadership.*

*Every day it is becoming clear that the working class has a daunting task of defending the space created in Polokwane.... It is now clear that there is a realignment of forces in the National Executive Committee of the ANC with a new tendency emerging. There is a growing tendency to use the rooi gevaar and the usual anti-COSATU anti-union rhetoric. . All frustrations with the unhelpful culture of lack of service in the public service are blamed on unions that are randomly accused of being obstructionist and of not being revolutionary.*

*Society is confronted with a major challenge of crass materialism and corruption. No organisation or institution is not challenged by this new phenomenon. Many ANC members and leaders want an end to the politics of patronage, backstabbing,*

*careerism and crass materialism... We must defeat this tendency of this tiny minority of leaders who believe that they are above the organisation and their word must be taken as policy.*

*All these developments should not demoralise our forces. The reality is that we remain strong politically and organisationally. The anti communist and anti-COSATU forces cannot openly advance their agenda and do not represent the views of a majority in the ANC. They have to resort to codes and misinformation to gain ascendancy. COSATU has to a large degree managed to get a critical mass of its shop stewards to participate in the branches of the ANC. ...A further challenge though is whether we have swelled the ranks of both the ANC and SACP with the most conscious and advanced cadres of our movement..."*

**In our view this description of the political challenges facing the working class remains in essence as correct today as it was yesterday.**

## **Part 10.**

### **1.1. Alliance Summit November 2009**

In terms of policy, the Alliance summit maintained a progressive stance on all the policy areas it had engaged with in the past. We made fresh gains on the macro-economic policy debates. We set ourselves the objective of ensuring that the Alliance task team on macro-economic policy was established and that the Minister of Finance drove through the consensus areas in preparation for the 2010 budget. Neither of these materialised.

It became clear at the Summit that there is a body in the ANC that is no longer comfortable with the Alliance being a strategic political centre, meaning that progressive policies on paper couldn't be taken forward in practice if Alliance policies were not binding on government, and they chose to ignore these policies. As stated earlier in the report, the summit reinforced our view that we have relied too much on the top six of the ANC to sway things in our favour, and that it is a mistake to place all our eggs in the one basket, i.e. in the top six. "Signs are emerging that there is a new grouping of conservatives and materialists who may attempt to establish a new power block outside the top six and isolate it."<sup>45</sup>

An emerging concern was that the new ANC leadership collective was increasingly withdrawing from ANC processes: the ANC was not well represented in either the Alliance Summit neither on 13-15 November, nor on the important bilateral preceding it.

### **1.2. Alliance Summit February 2011**

**The Alliance Summit took place on the 24 and 25 February 2011. In general, preparation for the Alliance Summit was far better, following months of meetings wherein a joint draft programme of action was prepared. The programme had been circulated to all components of the Alliance prior to the Summit, with each one taking time to identify gaps and weaknesses.**

**We mainly sought to develop a programme that could help the Alliance mobilise the base to take forward the five manifesto priorities and other programmes by engaging the masses pro actively. In addition we sought to clarify a number of conceptual areas that in the past have caused uneasiness and difficulties.**

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<sup>45</sup> Overview of the political situation post the COSATU 10<sup>th</sup> National Congress, November 2009

**These conceptual areas included clarifying the nature of the national democratic revolution; what it seeks to achieve, the nature of the Alliance we have, the structures for coordination, its principles and a morality platform, among other issues.**

**Better preparations and greater earlier involvement of all components set the stage for a more conducive but robust debate on all these issues. At the end we adopted an Alliance programme of action that every component could live with.**

**In summary, the Alliance programme contains the following elements:**

- 1. All components of the Alliance are mandated to build a strong vibrant Alliance that pursues the national democratic revolution that seeks to liberate black people in general and African people in particular. The NDR seeks to address three contradictions: oppression of the black majority, super exploitation of the working class and the triple oppression faced by women. The NDR seeks to build a non-racial, non-sexist, democratic and prosperous South Africa guided by the demands of the Freedom Charter.**
- 2. The Alliance is a strategic and not a tactical Alliance. It's an alliance of three independent organisations. It is a multi class alliance that seeks to unite the broadest possible sections of society behind the goals of the NDR. The Alliance is led by the ANC, which is the centre of power from which government programmes shall emerge. However, there is still no agreement on the fact that this strategic alliance is also a strategic political centre who's agreed programmes and policy should inform government.**
- 3. The coordinating structures agreed to in Ekurhuleni II and I were re-endorsed but will be realigned to today's reality.**
- 4. Our revolutionary morality amongst others are a steadfast adherence to the interests of the people, unity, selflessness, sacrifice, collective leadership, humility, honesty, discipline, hard work, internal debate, constructive criticism and self-criticism and mutual respect.**
- 5. A commitment to fight corruption together and expose all those involved irrespective of their positions.**
- 6. We affirmed that "since 1994 the balance of forces has shifted in favour of the forces of change." The balance of forces continues to shift depending on the conscious action by the advanced sections of society. Globalisation imposes challenges and constraints on the democratic movement, including limiting the sovereignty of state. But these are not insurmountable and require intelligent strategy to manage rather than conceding without a fight. Neo-liberalism has suffered a major crisis of legitimacy since the 1997 Asian Crisis.**
- 7. The programme will include building our organisations, mobilising our base around the five manifesto priorities and other programmes to advance our strategic objectives including leading international solidarity campaigns.**

**There was a lively, robust but constructive engagement on the issue of the Alliance being a strategic political centre. The ANC insists that there can be no two centres of power and that only the ANC is a centre of power. COSATU insists it is contradictory to say the Alliance is a strategic alliance but is not a**

centre of political power. It was agreed that the Alliance Secretariat should take forward the discussion based on answering the question on what each component means. What does the ANC mean when it says it is the centre of power and what does it fear in agreeing that the Alliance as a whole is a strategic political centre? Equally COSATU must explain what it means and what it fears.

## Part 11.

### 1.1. The Alliance Post the 2011 COSATU Central Committee

Although the Alliance Secretariat sat consistently up to the point where it adopted its programme of Action in the 2011 Alliance Summit, we have not systematically taken forward the implementation of this Programme of Action. Critical resolutions of the Alliance Economic Summit have also not been taken forward.

Secondly, we could not convene an Alliance Summit in 2012 nor convene the meeting of the Alliance Political Council to reflect on the trajectory of the National Democratic Revolution. A Political Centre meeting is planned for the latter part of August. We will update the report where necessary.

We had noted that there were challenges with getting the Alliance to function properly at the sub-national level and we targeted certain provinces based on the intensity of the challenges per province. In this regard we held the joint Alliance Secretariat with the Eastern Cape Province and in Mpumalanga. In both cases there is relative progress in getting comrades to work together on a common programme.

### 1.2. The ANC NGC and Bilaterals with the ANC in 2010 and 2011

A full bilateral with the ANC was held in April 2010 followed by a bilateral of NOBs in September of the same year. In addition COSATU was invited to participate in the ANC National General Council in September 2010 and the ANC NEC Lekgotla in January 2011.

**The April 2010 bilateral was difficult, with the ANC responding to COSATU's submissions by accusing the Federation of being oppositionist, generally problematic, and not loyal to the ANC. COSATU was characterised as presenting itself as the sole representative of the poor against the ANC government, and of elevating itself into being the vanguard of the revolution. The details are contained in the Secretariat Report to the 2011 Central Committee.**

This view on the part of the ANC was repeated in the organisational report to the 2010 NGC, the September 2010 NOBs bilateral and then again in the response of the ANC to the Civil Society Conference.

The September 2010 NOBs bilateral marked a low point in relations with the ANC, but the NGC, which followed shortly thereafter, marked a positive turning point.

The ANC NGC in September 2010 was a success, both in terms of addressing internal ANC challenges, and in beginning to improve Alliance relations. The members of the ANC took the opportunity to assess progress in the implementation of the ANC 52<sup>nd</sup> National Conference resolutions and took a number of progressive resolutions including the following:

1. It reaffirmed all the resolutions of Polokwane as summarised in the five ANC manifesto priorities. It adopted the framework for the New Growth Path, which emphasised the need for the transformation of the economy to achieve the goal of creating decent work and the eradication of poverty.

2. Further, the Declaration reaffirmed “the ANC’s approach that the transformation of the South African economy should always be holistic and comprehensive, covering all sectors of the economy. In this regard, the ANC should ensure greater State involvement and control of strategic sectors of the economy, such as mining, energy, the financial sector and others.”
3. The NGC moved decisively to state that “the implementation of NHI should be fast-tracked... The ANC must lead the implementation of the NHI and its promotion amongst the general populace” adding, “the involvement and support of the Alliance is crucial.”
4. The NGC categorically stated that it must go down in history as “the gathering that marked a decisive turning point in tackling, arresting and reversing the negative tendencies that have eroded and threaten to erode the political integrity and moral standing of the ANC among our people”. The NGC “went beyond condemning sins of incumbency and other misbehaviour such as ill-discipline and factionalism” and promised that decisive action will be taken “against any tendency to erode the character, principles, core values and culture of the ANC.”

In assessing the NGC the Federation was guided by the August 2010 CEC discussion paper and the key questions posed then, including: Have we conquered the political paralysis? Has the NGC put the Alliance back on track? Did we defend and consolidate the Polokwane gains and space? Has unity returned and did we succeed to isolate and expose the new tendency? Has the contestation on economic policy that has paralysed the government and the ANC ended?

In its assessment of the NGC, the COSATU CEC:

- Observed that the ‘new tendency’ of tenderpreneurs was isolated and exposed and their programme disrupted. The meeting also warned that just like the 1996 class project it did not mean that they have been defeated. It will however take blunders and a series of own goals by the leadership to allow a return to the pre-2010 NGC political environment.
- Asserted that the NGC on the whole constituted not only a defence of Polokwane but significant pro-worker pro-poor advances, even though there remain some worrying elements. The overriding lesson from the past is that it will all depend on consistent and decisive leadership to take forward the clear pro-poor and pro-working class policies that emerged from the NGC. The challenge is to use a combination of strategies to continue to push for fundamental transformation.
- Overall the framework emerging from the NGC appeared to end the paralysis, embolden the leadership, and bring the Alliance formations closer to one another.

**Following the President’s release of a progressive January 8<sup>th</sup> statement for 2011, COSATU was invited to attend the ANC NEC Lekgotla from the 13-14 January, to feed into the government’s annual planning Lekgotla, taking place the following week. At a policy level, the Lekgotla largely took forward the approach of the NGC on most issues, although the economic transformation debate focused mainly on the New Growth Path (which had not been released by the time of the NGC).**

**On the issue of jobs, the NEC Lekgotla identified a number of practical interventions which government needed to make, particularly relating to shifts in government policies, legislation and regulations, which could play an important role in leveraging greater employment creation, and decent work.**

### 1.3. ANC and COSATU Bilaterals 26 March 2012 and 26 April 2012: Labour Laws and E-tolls

The context of the bilaterals included the fact that on the 7<sup>th</sup> March 2012 COSATU embarked on a national strike against labour broking and e-tolling of the Gauteng freeways. Two bilaterals held on the 26<sup>th</sup> March and 26 April 2012 addressed the sticking points on both e-tolls and the labour law amendments, including labour brokers. The details of the sticking points are recorded in the Socio-Economic Section of the Secretariat Report, but some of the issues were:

**Labour Brokers:** The ANC insisted on the 6 month period in which a worker can be under the control of the labour broker. We stood for a total ban on labour

**Essential Services:** Government had proposed a new definition of Essential Services which referred to all those who does work on behalf of the state to be essential services. It was agreed to have this matter removed from the labour law amendment proposals and have it dealt with by Essential Services Committees under the relevant Bargaining councils.

**Violence during Strike Action:** It was agreed to have this proposal removed from the proposed labour law amendments and have it discussed under the Public Gatherings Act

**Balloting before Strike Action:** It was agreed to have this proposal removed from the proposed amendments.

**E-tolls** It was agreed to postpone the implementation of the e-toll collection system by a month in order to give an Alliance Task Team that had been established more time to explore alternative funding mechanisms. In a parallel process the courts had already ruled that etolling should be subject to a judicial review. Subsequently a further parallel process was embarked upon by Cabinet when it set up a consultative process under the auspices of Deputy President Motlanthe. At the time of writing there was still not agreement between COSATU and the ANC on the matter of e-tolling.

### 1.4. ANC Policy Conference, June 2012

At the time of writing the report, the CEC and NOB's collective had not had the opportunity to fully assess the ANC Policy Conference, held at the end of June 2012. These are therefore initial comments.

The June 2012 Policy Conference reflected two things. Firstly, the major organisational challenges the ANC is facing, and the extent to which its Provincial leadership is divided and compromised. But secondly the growing radicalism and militancy of the ANC membership, and the demand for a change in policies coming from the ground.

This radicalism dovetailed with the discussion on the need for a second phase of the transition, which required a radical policy shift, particularly in the area of economic policy. The Commissions on Strategy and Tactics (S&T) raised fundamental questions about the discussion document tabled at the Conference, with some making a strong push at the Conference for its redrafting, as well as the need for a new strategy and tactics document to replace the 2007 S&T, which was a pre-Polokwane document which contains many problems. While the media (and the ANC leadership) focused heavily on the debate around the 'second transition' vs. the 'second phase of the transition', this was only part of a much broader discussion about deepening and consolidating the NDR. The S&T Resolution made the important statement that "this second phase of the transition should be characterised by more radical policies and decisive action to effect thorough-going socio-economic

and continued democratic transformation, as well as the renewal of the ANC, the Alliance and the broad democratic forces".

Unfortunately, however, the S&T Resolution didn't do justice to the discussion, concluding that the Conference endorsed the thrust of the Second Transition document, and problematically stated that it affirms "the strategic thrust of *Strategy and Tactics of the ANC, Building a National Democratic Society* as adopted by the 52<sup>nd</sup> National Conference in Polokwane in 2007. In particular, it reaffirms the characterisation of the National Democratic Revolution, the features of a National Democratic Society, the identification of the motive forces and the Character of the ANC as defined in *Strategy and Tactics 2007*." Both the content of much of the Second Transition document, as well as many of these formulations referred to in the above sections of the 2007 S&T have been challenged, including at the Policy Conference, as highly problematic, and this matter needs to be reraised in the run-up to the Mangaung National Conference.

On the economic policy debate, at one level there was a repetition of the narrow mining nationalisation debate, which dominated the 2010 NGC. At another level, the Commissions managed to go beyond this, and COSATU played a significant role in crafting a resolution in the one ETC commission, which captured the need for decisive state intervention in the economy as a whole, including ownership and strategic nationalisation, but also a set of comprehensive policy interventions which addressed questions of a developmental macro-economic policy, a wages policy to address poverty and inequality, a far more decisive and well-resourced industrial policy etc. This was reinforced by some very good, far-reaching resolutions from Provinces and NGC's addressing the need for a comprehensive shift in economic policy, particularly the resolutions from the Eastern Cape.

While the President was clear in calling for a radical economic policy shift, however, it seems that the ANC leadership was nervous about the implications of the Resolutions which came from the Commissions. The obsession with the old scarecrow of 'investor confidence' led them to interfere with the outcome of discussions, and redrafts by government and ANC technocrats in the drafting team aimed to water down the decisions, thereby attempting to manipulate the outcomes of the commissions. Attempts were made first in the formulation, and then in the processing of the resolution, to water down or remove the references in the COSATU proposal to strategic nationalisation, as well as a more developmental macro-economic policy, and references to a wage policy aimed at addressing inequalities and poverty, was twisted in an attempt to make it mean something totally different i.e. to imply wage moderation.

The sensitive discussion on economic policy was also cynically squeezed in at the end, and delegates (including COSATU) were denied a meaningful opportunity to input in plenary, or to correct the drafting. Equally worryingly, the table sought in the plenary debate to drive wedges between delegates and the leadership of provinces, allowing provincial leaders to speak after delegates, to renounce and undermine their views. Despite majority support for the Commissions proposal for "strategic nationalisation on the balance of evidence", the leadership chose to publicly deny that such a decision was reached. After categorically stating to the media that the Conference had not supported nationalisation, the Deputy Chair of the ETC, Enoch Godongwana conceded, when challenged, that "after counting the provinces (he) realised there was an agreement in principle" (Sunday Times July 1, 2012). This controversial manner in which the economic policy resolution was managed, is reflected in the fact that the resolution has not yet been publicly released.

The ANC leadership's problematic management of the debate led to a lot of anger from delegates, and threatens to further demoralise and divide the organisation, and

the Alliance. It poses a real concern about what will happen in Mangaung, and in the run-up to the National Conference, if this conduct is not arrested.

## 2. COSATU and the SACP

We need to work with the SACP to build a platform on the struggle for Socialism. We must clarify both theoretically and programmatically what this means and take forward the discussion document on the NDR and Socialism, which we debated at the 2007 COSATU Central Committee as well as in the 10<sup>th</sup> National Congress in 2009.

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. But is the current trajectory of the NDR moving us further away from Socialism, or closer? Our assessment is that the NDR itself is at a crossroads, 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. In order for this to happen effectively, the SACP needs to occupy its leadership role in the struggle for Socialism.

**The post-Polokwane situation, and in particular the period since the May 2009 elections has thrown up particular challenges for the SACP, which threaten to undermine the Party's effectiveness, in particular the deployment of its leading office bearers into government. The September 2010 CEC Discussion document "The Alliance at a crossroads", clearly spells out the problem:**

*"...while the SACP's membership has grown ... 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... It needs to ensure capacity, visibility, and ideological clarity."*

One of the key areas debated in the August 2010 CEC is the SACP's seemingly increasing conservative approach on challenges facing society. This was informed *inter alia* by the SACP response to the 2010 State of the Nation address, the 2010/11-budget speech as well as its initial mixed signals before pulling its weight behind struggles against e-toll. The SACP has mainly welcomed and supported almost everything coming from the State.

Contradictory approaches have been taken by COSATU and the SACP on relations with civil society, including on the SABC, where we have worked closely with the Save SABC coalition. The SACP has also chosen to publicly criticise COSATU's role in convening the civil society conference in October 2010, on the basis that COSATU is playing into a conservative agenda, as well as rejecting COSATU's criticisms of the New Growth Path.

Concerns raised by COSATU about this situation have led to some tensions with our ally. The November 2010 CEC in considering this issue stated:

*“It would be an exaggeration to suggest that all our problems that have caused uneasiness have been resolved. Both COSATU and the SACP have the responsibility to act decisively to close the gaps and ensure that maximum unity exist ... The biggest loser in the deterioration of the relationship between COSATU and the SACP is going to be the working class and the struggle for socialism.”*

In the past the CEC has expressed the view that the SACP General Secretary must return to the SACP Head Quarters and lead the party on a full time basis so that it can confront the challenges facing the working class. The CEC reiterated that view. It was emphasised that this was a plea and not a command!

Organisationally, reports from provinces suggest that the SACP is facing serious problems, that the concerns about their relationship with governance are real, and that challenges are beginning to emerge which needs to be given serious attention. We need to continue raising our concerns with the Party leadership in a comradely but open way.

Regrettably all of these differences feed into a view that COSATU and the SACP leadership no longer enjoy a close relationship, and differ on increasing number of critical areas of transformation. In the recent period, these organisational differences have been reduced to the persons of the two General Secretaries. The differences are not personal but organisational involve important principles. Both COSATU and the SACP have the responsibility to act against any escalation of this situation.

Historically the SACP has played an important leadership and unifying role in relation to the trade union movement. It is worrying therefore that differences are beginning to emerge in COSATU around the role of the SACP. COSATU has taken a view that it wants to see the SACP playing a far more active role, and that it is hamstrung by the absorption of its leading cadre into government. While the Federation has raised this concern out of a genuine desire to strengthen the Party, the SACP felt that the matter should have been raised in private discussions and not in public. The SACP has reacted defensively, and as a result there is the fear that they are wanting to isolate certain leaders, based on the mistaken perception that some COSATU leaders are driving this agenda, because of hostility to the Party, or because they were positioning themselves to lead the SACP by contesting leadership positions in the Party Congress.

While no-one would dispute the importance of the SACP contesting the state, and exercising leadership positions at various level, we must objectively analyse whether a proper balance is being achieved between leading and mobilising social power from below of the working class, with participation in the state machinery. Failure to transform power relations in society at large, will lead us to continue to be captured by those same power relations in the state. We should remember that it was Lenin who said that *“A democratic republic is the best possible political shell for capitalism, and, therefore, **once capital has gained possession of this very best shell, it establishes its power so securely, so firmly, that no change of persons, institutions or parties in the bourgeois-democratic republic can shake it.**”*<sup>46</sup>

In the course of this contestation, a suggestion has emerged that COSATU cannot claim independence from the Party, because the SACP is the working class vanguard. It is argued that there would need to be a common approach with the SACP on major political issues, before COSATU pronounces its view. This view, if

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<sup>46</sup> Lenin, V I, The State and Revolution, 1917.

accepted, would lead to paralysis of the organisation, and a loss of independence, and internal democracy. We have already seen, with the ANC, that a mechanical interpretation of the ANC being *leader of the Alliance* was used by the right wing before Polokwane in an attempt to subordinate COSATU. If COSATU was subordinate to the Party as the working class vanguard, and to the ANC as the leader of the Alliance, it may as well surrender its role as an independent voice of organised workers, since it would become a conveyor belt of other organisations.

There must be a dialectical relationship between organised workers as a leading detachment of the working class, and the role of the working class vanguard. This relationship can only be forged in struggle. For the Party, it must mean being where the working class are, and taking up their issues. A vanguard role must be earned on an ongoing basis. It can't merely be asserted. But there is a view that the party has been too aloof on many issues which workers are confronting, and that it is increasingly playing the role of defending the ANC and government, rather than advancing a working class perspective on issues.

A troubling development in COSATU / SACP relations is the perception that the Party is acting to divide the CEC on consensus decisions that it has taken. There have been a number of issues in recent times where the CEC has resolved matters without dissent. But once the Party meets, and pronounces differently, the CEC cohesion takes a strain.

A further problem is differences in our interpretation of the current political situation. The Party interprets the victory of Cde Zuma and the appointment of its leaders in Cabinet as a major breakthrough, which must be defended uncritically at all costs.

This threatens to bring the pendulum back to the domination of the SACP by government, which characterised the situation in 1994, after the loss of Cde Chris Hani, when the Party was dominated by a conservative cabinet. Who can forget the SACP that was beholden to the state, defending GEAR and driving a host of anti worker programmes such as privatisation during the period between 1994 and 1998?

This was before 2008 where the current General Secretary turned the party into a fighting party with the adoption of various campaigns such as Red October, the campaign on banks, the land question etc.

We hope that the party will not be sucked too deeply into government and lose its dynamism. The presence of its top leaders in the executive is a tricky situation in particular when the executive adopts policy positions that are hostile to the working class such as the proposed amendments to the labour laws. The anti worker proposals contained in the draft Bill purporting to be addressing violence during strikes and the proposals on essential services, initially went through Cabinet. So is the decision to go ahead with the e-tolling despite the ongoing engagement between the ANC and COSATU on alternative funding on the issue and despite a huge public outcry. The SACP is well alive to this danger.

We cannot overemphasize the need for COSATU to keep the relationship with the SACP strong and vibrant. The SACP is the long-term political insurance of workers. But it would be a mistake to take this relationship for granted. It needs to be serviced. We must continue to support the SACP politically, and it must rely on organised workers for material assistance.

From this successful bilateral the CEC agreed on a detailed programme to build a joint platform with the Party. This would include the following:

- a) Develop terms of reference for a programme towards Socialism,
- b) Develop a brief document reflecting on theoretical discussions between the two organisations.

- c) Convene a meeting of the Socialist bloc in South Africa and in Africa
- d) Ensure synergy between our programmes including taking forward the process of a daily newspaper and mass political education programme targeting the youth/ young workers.
- e) Develop a plan towards a joint Organisational Development programme whose outcome will lay down a clear process of assessment and evaluation of our programmes.
- f) Provide an outline of the resources that will be required to support the SACP and a plan to mobilize those resources.
- g) Develop an approach on how we should defend the progressive strand in ANC policy and its continued bias towards the working class.
- h) Consciously build the unity of the Alliance on the ground around the vision of the Freedom Charter and a programme to drive the five priorities.
- i) Articulate a vision that will attract the broadest section of people. The vision should demonstrate that there is a common cause between the working class and the black middle strata to fight for the radical transformation of our society.
- j) This can take the form of campaigns like the financial sector campaign, agrarian reforms and breaking the stranglehold of white monopoly capital.
- k) Ensure that the SACP-COSATU bilateral meetings are also convened at a provincial level to pursue working class driven programmes.

We must however ensure that post our respective congresses we take this agreement forward.

Lastly, COSATU in the forthcoming Congress must confront the issue of resources. The SACP is struggling and requires an intervention by those who believe in it playing a vanguard role for the struggle for Socialism. COSATU affiliates must look at different formulae to address this challenge. The current formula is that COSATU pays a political levy, which funds May Day activities, SACP, Chris Hani Institute, SASCO and COSAS. Secondly the SACP have bilateral agreements with some affiliates where they fund specific programmes and projects including in the past some full time staff positions. COSATU and its affiliates may need to seriously consider increasing the funding allocated to the SACP.

## **2.1. SACP and COSATU Bilateral meetings**

A positive development in relations with the SACP in 2012 has been that between March and June three bilaterals were held. These were on 3<sup>rd</sup> April, 21<sup>st</sup> May and 22<sup>nd</sup> June. The last bilateral particularly very positive and we are pleased that in its recent congress the SACP took some steps to address our common concerns about capacity.

The starting point for the April bilateral was presentations from both COSATU and the SACP on interpretations of the current international situation and its impact on the domestic balance of forces and the National Democratic Revolution. Discussion focused on areas of tactical difference as well as areas of irritation. Issues were identified and it was agreed that the NOBs of both organisations would have further discussion on the following: -

- a) COSATU's position on the SACP's redeployment/recall from government

- b) The SACP's perception of creeping business unionism
- c) COSATU's views on the New Growth Path
- d) COSATU's posture towards government and the ANC leadership
- e) Observations of the "new tendency" especially in the ANCYL
- f) Relations with civil society
- g) NUMSA's perceived public negativity towards the SACP
- h) SACP's perception of COSATU flirting with the DA
- i) The convening of a Socialist Commission, in preparation for a two Socialist Schools, which would focus on current working class, struggles as well as the road to socialism.

The NOBs of the organisations did not meet to discuss the above issues as agreed, but the first issue (SACP in government) was discussed in a further full bilateral in May. COSATU repeated its view that it has no difficulty with the SACP's strategy of occupying positions in the State, but that it was concerned that the deployment of the general secretary and deputy general secretary to senior positions in government had weakened the capacity of the SACP to play its vanguard role.

The issue was subsequently addressed, in part, at the SACP's 13<sup>th</sup> National Congress, when the constitution of the SACP was amended to provide for an expanded Secretariat. The May bilateral also agreed on a joint programme of action on current campaigns including e-tolls, labour brokers and the Brett Murray painting. The bilateral agreed that NUMSA and the SACP should meet to discuss, and agreed to continue to collaborate in the following areas: -

- a) Ongoing political education
- b) Socio economic programmes
- c) Assessing the state of the respective organisations
- d) Preparation for the ANC Policy Conference

**Discussion Points:** *Is the above platform adequate? How do we ensure the Party is properly resourced and capacitated, and that deployment of Party cadres into various centres of power doesn't compromise the effectiveness of the SACP? How can COSATU help to overcome current political differences with the Party?*

### 3. Summary of the state of the Alliance at provincial and local level

The provincial reports indicate with important variances, that the Alliance largely has not functioned ideally in any province<sup>47</sup> over the last few years. In a few of the cases there has been open hostility between Alliance formations.

Common features reported are as follows:-

#### Functioning of The Alliance

- Where Alliance Summits have been held, and programmes adopted, there has not been much focus on implementation.
- Most COSATU Provinces report that there are very few Alliance meetings outside of Alliance Summits, election activities, and Alliance Deployment Committees . COSATU Mpumalanga has however been dismissed from the Deployment Committee, together with the SACP. Western Cape describes the Alliance as follows: “It is still not able to function optimally, even though there are good relations at a personal level, it does not translate into a clear protocol of meetings and the definition of a clear programme of action”.
- Relations between COSATU and Alliance partners at a local level are almost non existent – in part relating to the organisational weaknesses of Alliance partners at a local level (especially the SACP and SANCO)

#### Relations with the ANC

- Where there are, or have been, sharp divisions in ANC Provincial and/or Regional structures, relations with the ANC have tended to be strained. North West, Gauteng, Eastern Cape, and Western Cape are cases in point. Where there are factions within the ANC, suspicion has been cast on COSATU that it is taking sides with one or other faction. COSATU however has been at pains to stand aside from the factions, not least of all because it sees the divisions not as ideological but as in the words of COSATU North West “based on greed and self interest.....Tenderpreneurship has laid the basis for the politics of crass materialism as a replacement for political debates on service delivery to the poor people of this province.” North West goes on to report that it finds itself alone in its battle against corruption, and also in many of its campaigns. It finds its leadership being intimidated and physically threatened.
- On the other hand, where the ANC is united as in KZN, working relations with the ANC are reported as good. “Differences between COSATU and the ANC are managed in a mature manner”. Relations in

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<sup>47</sup> COSATU Provinces reported on the state of the Alliance in varying detail. In future it would be important to find a way of standardising reporting.

the Free State are also described as good with regular “consultation taking place on key strategic issues”.

#### Relations with the SACP

- Almost all COSATU Provinces report that the implementation of agreed programmes with the SACP is perpetually hampered by the absence of top Provincial SACP leadership due to their deployment into government at some level.
- However, at a Provincial level, relations between COSATU and the SACP tend to be better than relations between COSATU and the ANC. Relations with the SACP in Mpumalanga are particularly strong and are described as “our source of strength”. COSATU KZN records that it “can confirm without hesitation that we have good relations with the SACP”.
- COSATU has at times had to navigate where relations between the SACP Provincial leadership and SACP national leadership are strained, such as in Gauteng.
- Relations with the YCL are described as good in Gauteng, Free State, North West,

#### Relations with SANCO

- While COSATU Provinces have the will to build relations with SANCO, the absence of SANCO on the ground makes this difficult. Relations in Gauteng and North West appear to be closer than in other Provinces.

#### Swelling the ranks

- Although progress has been made in encouraging COSATU members to swell the ranks of both the SACP and the ANC, there has been little progress in worker activists being elected to leadership in the branches, Regions and Provinces. There are some exceptions however, including the election of a number of trade union leaders to the leadership of the SACP in Western Cape, and the election of two worker leaders to the SACP PEC in Gauteng. In the Free State the COSATU Provincial Secretary has been elected into the ANC PEC, and subsequently into the PWC.

In some cases the reasons behind failure to have a coherent programme based on unity of purpose is the existence of divisions and ever-existing succession debates in the ANC. COSATU must pursue class principle at the provincial level and not allow itself to be swallowed by narrow factions. Inevitably if we get drawn into narrow factional battles, we end up supporting a lesser devil instead of pursuing a class based agenda. This however is not a statement that should be understood to advocate neutrality at all cost. The only way we can be a serious motive force is when we dirty our hands and not stand outside positioning ourselves as purists. This creates a dilemma, which needs astute political management.



## **Part 12. PROGRESSIVE CIVIL SOCIETY**

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### **Part 13.**

#### **1. YOUTH**

Our youth are not immune to the impacts of global neo-liberalism. Not only are prospects of employment limited by South Africa's high levels of structural unemployment, but jobs are becoming increasingly precarious. The challenge of youth unemployment is addressed in the Socio-Economic Section of the Secretariat Report.

This section of the report looks at the political response of our youth to the triple challenges of unemployment, poverty and inequality. The two youth formations of our allies – the ANCYL and the YCL – exist in a world where the increasing marginalisation of youth in the economy has resulted in growing levels of discontent and radicalism. Expressions of high levels of youth discontent have burst out world-wide in the form of the “Arab spring” in North Africa, the 2011 riots in London, and at home, in frequent local protests around service delivery. A seeming contradiction to these high levels of youth discontent is the world-wide phenomenon of youth disillusionment or disinterest in formal politics. This creates challenges for political youth formations such as the ANCYL and the YCL.

##### **1.1. The ANCYL**

The ANCYL is the biggest political youth movement in South Africa by far.

The political mobilisation of youth is absolutely critical to achieving complete transformation. However the challenges described above make it easy for political youth organisation's to succumb to contradictions and incoherence. The emergence of tenderpreneurship and rampant accumulation amongst some of the ANCYL's leadership, and the subsequent battles between it and the ANC, is testimony to this. But this was not the first evidence of contradictions. In 2009 the ANCYL launched a venomous attack on the NUM following a disagreement on the Eskom leadership crisis. The ANCYL has also expressed support for the huge salaries and bonuses of the heads of State Owned Enterprises.

These contradictions and difficulties are no reason to keep a distance from the ANCYL however. If anything, they give us good reason to ensure that we remain close and critically supportive, particularly as the ANCYL has proved to be a good ally in many of our struggles. Engaging the ANCYL has not however been easy in the context of the disciplinary hearings.

The mismanagement by the ANCYL of the disciplinary processes has further compromised the ability of the Youth League to effectively represent the youth. The insistence on retaining the expelled President of the ANCYL, and continued factional battles for leadership, is elevating the role of particular individuals at the expense of the organisation.

Our task going forward will be to find way of striking a balance between harnessing the positive energy of the ANCYL in their struggles for economic equality, whilst demonstrating our disapproval of any tendency to use the ANC as a vehicle for personal accumulation. The worker-youth alliance is one which has been historically important, and must continue to be so.

##### **1.2. The YCL**

Since its re-establishment, the YCL has made a significant imprint on youth politics shifting them decisively towards working class youth and its demands. This

organisation undertook the mammoth task of conscientising young people about the need for a socialist future. Just like the ANCYL, YCL has been a reliable ally of workers on numerous issues such as the calls for an industrial policy, living wage, the banning of labour brokers etc.

The YCL's visibility has however suffered in recent times, due in part to the deployment of its National Secretary to parliament. The YCL has also suffered internal division, with a number of District and Provincial leadership being expelled since its 3<sup>rd</sup> National Congress in 2010.

### 1.3. SASCO and COSAS

Student youth are an important additional organisational force. SASCO (tertiary students) and COSAS (school students) have historically been important allies of organised workers. A recent case in point was the SASCO lead student boycott of the canteens at Wits after 17 workers were unfairly dismissed. The worker-student alliance works both ways, with COSATU actively supporting the campaign for free education.

In the context of high levels of graduate unemployment, SASCO has a critical role to play in radicalising students. COSATU has a role to play in assisting SASCO to transform this radicalisation into class consciousness.

Our relations with COSAS are almost nonexistent at a national level. This is largely due to the organisation's current weak state and lack of focus on basic education matters. The organisation is also besieged by factionalism.

**Conclusion** COSATU is obliged to nurture this radicalism for the simple reason that "the issues posed by the youth are not primarily generational ones. They clearly reflect the major struggles of our time. The fundamental significance of this unprecedented radicalisation of the youth is the emergence of new forces, ready, willing, and able to enter the arena of class struggle on the side of the colonial peoples and the working class and to give battle to world imperialism and its accomplices."<sup>48</sup>

In a class society, the youth is always a subject of contestation. Different classes contest its loyalty and perhaps this is where this contradictory consciousness comes from.

The trade union movement must draw in the best that this youth has to offer as cadres who will replenish the ranks and supply fresh energy to the leadership of the working class movement in its entirety.

#### **Discussion Point:**

How does the working class movement provide leadership to the progressive youth movement and how does it win the best of this generation to the banner of socialism? To what extent does the ANCYL's double speak arise from its character as a multi-class youth wing of the ANC? To what extent does the ANCYL's economic radicalism stem from the strength of the black working class youth in the organisation? How can the task of building a radical youth movement be connected to the task of building the SACP's capacity to engage in class struggle and weave various struggles against neo-liberalism into a concerted struggle against capitalism in all its forms?

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48 Trotsky, L, Strategy for Revolutionary Youth, 1969.

## 2. Working with Civil Society

Successive COSATU National Congresses and Central Committees have committed the Federation to work closely with progressive civil society - womens, rural and youth organisations, social movements, NGOs, progressive academics, small business and street vendor associations, taxi associations, religious bodies, environmental groups, indigenous peoples' groups and other progressive formations.

Informed by this, COSATU has worked consistently with many such organisations over many years on a wide range of issues. (See the list below; though there are probably many more provincial and local structures we have also worked with).

Areas of cooperation have included joint campaigns on the World Trade Organisation, HIV/AIDS, the Basic Income Grant, the Peoples Budget and international solidarity campaigns.

In addition we have convened two major civil society conferences to broaden the jobs and poverty campaign and on 27-28 October 2010 organised a Civil Society Conference attended by close to 60 community based organisations, NGOs and the mass democratic movement, including SANCO, to take forward the 2010 post-World Cup Declaration. The Conference focused on three main areas :

- Social Justice
- Economic Development and the New Growth Path
- Advancing rights to health and education

The event was a great success, but it also opened up a debate within the Alliance, notably from the ANC NWC and the critique of the Conference in *Umsebenzi Online*. Unfortunately, the ANC NWC chose to launch a harsh attack on COSATU and the Conference, objecting to the fact that it hadn't been invited to the Conference, and making a range of allegations, including that it was an attempt "to put a wedge between civil society formations, some unions, the ANC and its Government"; that civil society found the government "guilty in absentia of inactivity in fighting corruption" etc. Most surprisingly the statement alleged that this initiative could be "interpreted as initial steps for regime change in South Africa", and suggesting that unnamed international forces were funding the initiative aimed at weakening, dividing and ultimately dividing the ANC and the Alliance, and setting up an opposition party.

The November 2010 CEC expressed shock and regret at the reaction of the ANC NWC. It stated: "*The ANC has never attended any of the three previous major summits convened by COSATU and in fact refused to attend at least one of these when it was invited to observe. Today, informed by an uninformed insecurity and paranoia it suddenly smells a rat and develops all manner of conspiracy theories.*" The CEC concluded that the COSATU convened Civil Society Conference was located squarely within the MDM tradition of mobilising progressive forces for change.

On the same wavelength the CEC reaffirmed COSATU's response to the ANC NWC that "*COSATU remains firmly committed to its Alliance with the ANC, SACP and SANCO, mandated by many National Congress resolutions. It has however also always been, and will remain, a trade union federation, independent of the ANC, the state and capital, with the right to meet and interact with any organisation, as long as this advances the interests of the working class... We are not an anti-ANC and anti-government coalition. We are not here to begin a process to form any political party, nor to advance the interest of any individual... COSATU, and the overwhelming majority of civil society organisations, are fully committed to working with, not against the ANC and the government...*"

The CEC agreed to continue to organise provincial civil society conferences the following year and called on the leadership of the Federation to move with speed to organise the Conference of the Left of all forces committed to the goal of Socialism, in conjunction with the SACP.

In relation to the critique of the Conference in Umsebenzi, while disagreeing with the thrust of the article which opposes COSATU's decision to convene the Conference, COSATU agrees that civil society reflects a very wide spectrum of class interests and political views. As the article says, some of them “veer towards the side of the national democratic revolution, and others, who are right-wing, free market, anti-majoritarian liberals, tend to align with the counter-revolution”.

This reality reflects the pressure exerted on civil society by the two dominant classes, the capitalists and the working class, each competing for their allegiance. That is why for years it has been the policy of not only COSATU and the ANC, but also the SACP, to build broad alliances with civil society organisations, in order to create and strengthen hegemony of progressive forces within society and weaken the counter-revolutionary forces.

COSATU's stance comes from this tradition. It has always however understood that civil society encompasses a very broad range of organisations. There are many right-wing civil society groups with which we have never, and never will, work, such as racist, right-wing formations like Afri-forum, which want to put the clock back to the days of apartheid, or the many pro-business groups like the Free Market Foundation (FMF), or SA Institute of Race Relations (SAIRR) which promote free-market capitalism and want to crush the trade unions.

The criteria we have developed guides us in terms of our work. Firstly civil society formations must be genuinely about the issues closer to the working class, they must not have an agenda to liquidate the Alliance and must not have principles hostile to those of COSATU.

That is why we always deliberately talk about working with '*progressive*' civil society organisations which share our basic aims, not civil society as a whole. It has also always been the case that this work in no way conflicts with our commitment to the Alliance.

Recently a new, equally false argument has emerged - that civil society groupings are all basically the same – defenders of liberalism and business. Thus the advocates of this view would say that the Treatment Action Campaign, Section27 and the many left-leaning faith based organisations are fundamentally no different to Afriforum or the FMF.

This is completely at odds with the long-standing position of all three Alliance structures, which built the Mass Democratic Movement, with civil society organisations which sympathised with, and in many cases were militantly involved in, the liberation struggle.

Another argument now being used against our approach is that civil society groupings, and by implication those who collaborate with them, are 'anti-state'. This does not however apply to the civil society organisations with which we have worked. COSATU and civil society have never sought to substitute themselves for the state, but to pressurise the ANC-led state to use its power to carry out policies to which it is already committed more speedily and effectively. There has never been any question of progressive civil society challenging the power of the state or trying to usurp its role.

The TAC for example has argued ceaselessly for the state to roll-out ARV treatment faster; it has never claimed that civil society can do this itself.

A perfect example of the role civil society can play was the intervention of SECTION27 in the Limpopo school textbook scandal, when the state had clearly failed to deliver a vital basic service and it was left to civil society to step in, go to court and force the state to do its job.

COSATU's view has always been that the state is an arena of class struggle. Our task is to immerse ourselves in these struggles and weave these struggles into a potent weapon that can challenge the beast that is capitalism.

We have to do this not as an optional extra but as part of the core elements of our work. To repeat what Mao Tse Tung said, "Communists are like seeds and the people are like the soil. Wherever we go, we must unite with the people; take root and blossom among them."<sup>49</sup>

An ANC-led government ought to be running a developmental state which serves the interests of the people. Indeed it has already carried through many reforms in the interests of the poor majority of South Africans.

It is certainly not however a socialist state and there are many elements in the government and state, especially in the Treasury, which continue to sabotage the developmental agendas of other organs of state by imposing orthodox, neoliberal, capitalist policies. They still conform to the traditional Marxist view of the state as an instrument through which the ruling capitalist class imposes its domination of society.

Civil society plays a role on both sides of this struggle. The pro-business organisations largely back the Treasury's neoliberal agenda and try to undermine the progressive policies of the developmental elements within the state.

Progressive civil society on the other hand plays a valuable role on the other side, by monitoring the state and when necessary challenging it when it fails to deliver and thus backing up the progressive elements in the state.

**Discussion Point:** *The Congress must evaluate the response of the CEC to both the ANC and the SACP.*

## **Part 14.**

### **1. Building campaign coalitions**

Campaigns are the lifeblood of the Federation. Through campaigns we make our organisation relevant to members and the broader society. Campaign work gives us a chance to conduct mass political education, they help us train new leaders and they test the durability of the organisation.

We have over the years built a number of coalitions, with other organisations. Because of the weakness of civil society, disproportionate pressure has been placed on the Federation as the main driver of the coalitions. Further, COSATU has not always been effective in playing this role. We must find ways to address these weaknesses, including through strengthening our co-ordinating capacity, as well as through encouraging other civil society organisations to take on more responsibility.

**In addition to our traditional MDM allies, Civil Society Groups we have worked with, some on an ad hoc basis, and others in a longer term tactical alliance, include:**

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<sup>49</sup> Mao Tse-tung, On the Chungking Negotiations, 17 October, 1945.

## **Social issues**

- a) SECTION27
- b) Black Sash
- c) Basic Income Grant Coalition
- d) SANGOCO
- e) Alliance for Children's Entitlement to Social Security
- f) National Consumer Forum
- g) Disabled People of SA
- h) PSL/SAFA
- i) Gift of the Givers

## **Economic**

- j) Financial Sector Campaign Coalition
- k) Peoples Budget Coalition
- l) Economic Justice Network
- m) SA New Economics Foundation
- n) Soweto Electricity Crisis
- o) Anti-Privatisation Forum
- p) Streetnet International

## **Health**

- a) Treatment Action Campaign
- b) AIDS Consortium
- c) National Association of People living with AIDS
- d) Rural Doctors Association of Southern Africa
- e) Traditional Healers Organisation
- f) Soul City
- g) Love Life

## **Environmental**

- a) Earthlife Africa
- b) Greenpeace
- c) Groundwork

## **Education**

- a) Equal Education
- b) Khanya College
- c) Workers' College
- d) National Association of School Governing Bodies

## **Gender**

- a) Progressive Women's Movement

- b) Gender Advocacy Programme
- c) Gay & Lesbian Equality Project
- d) [Sexual Harassment Education Project](#)
- e) Sonke Gender Justice

### **Transport**

- a) SANTACO
- b) Top Six Taxi Association

### **Political**

- a) Chris Hani Institute
- b) Steve Biko Foundation
- c) Social Justice Coalition
- d) Council for the Advancement of the South African Constitution
- e) Nelson Mandela Foundation

### **Research and Academic**

- f) SA Labour Bulletin
- g) Children's Institute
- h) Labour Research Services
- i) Alternative Institute for Democratic Change (AIDC)
- j) Co-operative for Research and Education
- k) Development Resources Centre
- l) Community Law Centre (UWC)
- m) Society, Work & Development Institute (SWOP)
- n) Institute for Democracy in South Africa
- o) Harold Wolpe Memorial Trust

### **Faith-based**

- a) SA Council of Churches
- b) Ecumenical Service for Socio-Economic Transformation
- c) Southern Africa Catholic Bishops Conference
- d) All Africa Bishops Council
- e) Diakonia Council of Churches
- f) Muslim Judicial Council
- g) Young Christian Workers National Secretariat

### **Media**

- a) Workers' World Media Productions
- b) SOS: Support Public Broadcasting
- c) Freedom of Expression Institute
- d) Media Monitoring
- e) Right2Know

## **International solidarity**

- a) Swaziland Democracy Campaign
- b) Zimbabwe Solidarity Forum
- c) Amnesty International SA
- d) Doctors without borders South Africa
- e) Palestinian Solidarity Coalition (PSC)
- f) Polisario Front

## **2. Local Government Elections**

The 2011 **Local Government elections** campaign were the most difficult and contested election ever held. The people are more directly in contact with government at the municipal level and thus all the inherited experience of unequal social and economic opportunities, inferior social and economic infrastructure, mass unemployment and poverty play themselves out at this level, in municipalities. We have seen sporadic service delivery protests spiralling in a number of municipalities across the country.

Apart from developing a local government manifesto, deploying cadres into local government and campaigning to win local government elections, the Alliance needs to do more to confront the glaring constitutional, legislative, political, administrative and service delivery crisis of our emerging local government system and turn the tide in order to build a developmental local government.

COSATU has called on government to spell out plans to improve service delivery, particularly to our poorest communities. Far too many townships, rural villages and informal settlements still lack sanitation, running water, electricity, tarred roads, etc. We have millions of unemployed workers, yet at the same time there are thousands of communities, which still lack the basic amenities for a decent life.

Government must put in place a plan to arrest the scandal of provincial and local governments not even being able to spend the money allocated in their budgets for service delivery, and to ensure that resources are made available to employ more workers to improve the lives of our people.

A detailed assessment is needed of government's local government turnaround strategy. Nedlac engagements on this matter took place in early 2011, but COGTA has not taken this forward. It is anticipated that COGTA will table further reports in Nedlac in September this year. Further analysis on this matter is contained in the socio-economic report, Section 2.12.

The February 2011 CEC approved plans for COSATU's intervention in the local government elections. The crucial areas, which the CEC identified as priority areas for its work in support of the ANC, were the Western and Northern Cape, the Nelson Mandela Municipality, Sedibeng and Ekurhuleni in Gauteng. In other provinces – North West, Limpopo, Eastern Cape (apart from Nelson Mandela Metro) and KwaZulu Natal - support for the ANC appeared solid, despite some challenges.

COSATU participated in the ANC candidate selection process and implemented our decision to oppose any candidates who are corrupt, lazy or incompetent. This vetting of candidates however led to some attempts by 'gate-keepers' to manipulate the list process, and this caused many disputes within the ANC, and communities, over the candidate lists.

COSATU raised the need to support the reinstatement of any comrades unfairly excluded from lists by 'gate-keepers', but once the selection process had been

completed, COSATU could only support official ANC candidates and oppose any rejected candidates who decide to stand as 'independents'.

We have also expressed anger at deteriorating levels of discipline in some localities with comrades completely damaging the image of the movement to advance their narrow interests. In some areas we have witnessed assaults on leaders and violent behaviour, which is so foreign to what we stand for as a broader movement. We have called on the ANC and the Alliance to enforce iron discipline and expel any members involved.

Resources proved to be a challenge in fronting a more high profile campaign. Affiliates only contributed around R800 000 to the campaign and to complicate matters more, some unions paid the levy very late.

### **3. Service delivery and community protest action**

Clairwood (Durban), Orange Farm, Bona-Bona, Putans Hill (Durban), Thekwane Village (Rustenburg), Mangaung, Ratanda, Villiersdorp, Khayelitsha, Thembalethu (George), Tembisa, de Doorns, Botshabelo, Bethanie, Henley Kwa-Nandu (Pietermaritzburg), KwaDukuza, Kya Sand (Randburg), Zandspruit (Randburg), Ratanda (Heidelberg), Ficksburg, Masoyi (Hazyview), Vredefort, Zastron, Old Crossroads, Siyhlala (Cape Town), Grabouw, Evaton : these are just a handful of the places in which service delivery protests have taken place in the past year.

Police statistics on "crowd management incidents" are more revealing of the scale of protest action than the official municipal statistics released by SALGA. SAPS's crowd management statistics include actions defined as "peaceful" as well as those defined as "unrest". The majority of peaceful crowd incidents are recorded as related to labour related wage disputes, whereas the majority of unrest incidents are recorded as relating to service delivery issues. "Unrest" does not necessarily imply violence, which in fact has been a feature of a minority of protest actions.

In 2004/05 there were 7,382 peaceful incidents reported, and 622 unrest incidents. By 2011/12 the figures had risen to 9,942 peaceful incidents and 1,091 unrest incidents. Unrest incidents rose from 1.7 day in 2004/05 to 3 a day in 2011/12. This represents a very high level of ongoing, largely urban unrest which is not currently matched anywhere else in the world. Hence the label of "rebellion of the poor" given to these events by UJ academic activist Peter Alexander, who has been researching the phenomenon for some years.

Peter Alexander's research reveals that poverty alone cannot be the single explanation, as the three poorest (and most rural) provinces (KZN, Limpopo and Eastern Cape) have a lower propensity to unrest incidents. He argues that "while service-delivery demands provide the principal focus for unrest incidents, many other issues are being raised, notably a lack of jobs.....South Africa can reasonably be described as the 'protest capital of the world'. It also has the highest levels of inequality and unemployment of any major country and it is not unreasonable to assume that the rebellion is, to a large degree, a consequence of these phenomena."<sup>50</sup>

SWOP (Society, Work and Development Institute) at Wits University has also conducted research into community protests.<sup>51</sup> In 2011 Karl von Holdt (former Naledi researcher) and other researchers conducted in depth interviews in 8 areas where

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<sup>50</sup> Peter Alexander : "A massive rebellion of the poor". Opinion piece published in Mail and Guardian 13 April 2012

protests had taken place. In most cases there was evidence to show that petitions and appeals had been made to local councillors and other authorities over a period of at least three years before unrest erupted. Frustration was the common thread, with all the indications being that even where local councillors had the will to resolve local grievances, they lacked the resources to do so. Where destruction of property occurred, the common explanation of protestors in the research went along the lines of: "It is the smoke that calls....the Premier will come when he sees the smoke, but not before then." The institutions targeted for attack were also identified as symbols of authority (as in the days of apartheid) and as institutions that did not meet up to post apartheid expectations e.g. schools delivering inferior quality education. It should be noted however, that taking the total number and frequency of community protests into account, it is only the minority of protest actions that have involved violence of any sort. The most common form of protest are marches and barricades/ burning tyres.

The SWOP research also revealed that violence most often occurred after the police arrived on the scene, with both sides slipping into predictable modes of action and reaction. There have been 23 deaths of unarmed protesters at the hands of the police since 2000, and another 3 at the hands of private security guards.

All the indications are that the frequency of community protests is increasing. The figure for 2011/12 is likely to be much higher than all previous years. One material explanation which has been given is that the cost of basic services is rising faster than peoples incomes. For example the average increase in the three major types of grants (pension, child support and disability) in the 2011/12 financial year was 4.74% compared to the above inflation hikes in the price of most services, especially electricity.

The protests can be described as rebellion. The SWOP research indicates, however, that while the protests often achieve the short term objective of a meeting with the authorities, or even the recall of a councillor, they very rarely achieve any long term material gains. Von Holdt puts this down to "a lack of organisation or a lack of strategic campaigning capability". This raises the question of how we as COSATU should be responding to the growing rebellion.

The results of the 2012 COSATU Workers' Survey show that 25% of the COSATU members surveyed participated in service delivery protests in the past four years. Amongst the workers who say they participated in protest action, the most commonly cited reasons related to the availability, quality and cost of electricity, water and housing. Corrupt councillors and city officials ranked fourth, and crime and poor policing fifth. Around 3% of workers say they joined protests against foreigners (see the section on Migration and Xenophobia).

The COSATU Provincial reports submitted for this consolidated report also tell us of members' involvement in community protests.

- **Mpumalanga and North West** Province specifically reported direct COSATU Local involvement in service delivery protests in Wolmaranstad, Tswaing (de la Reyville), Moretele, Madibeng, Taung, and Bojanala. North West went further in its report to identify the key issues for local communities in a Province where agriculture is the second biggest contributor to GDP and where villages are largely rural. Access to sanitation, lack of transport to schools and health facilities, pot-holed provincial roads, the expensive tolls on the N4, a backlog in

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51 "The Smoke that Calls: Insurgent Citizenship, collective violence and the struggle for a place in the new South Africa". Prof Karl von Holdt et al. 2011

housing provision coupled with farm evictions, and the absence of clean water are all cited.

- The **Eastern Cape** Provincial report did not detail members' involvement, but it did identify eight highly unstable municipalities including the Buffalo City Metro and the Nelson Mandela Bay Metro. The E Cape report also indicated that in 2010 access to services at RDP standard across the Province was:- formal dwellings 56%, hygienic toilets 50%, piped water 63%, and electrical connections 67%.
- The **Northern Cape** Provincial report made a general statement that "Cosatu locals have been part of peaceful community protests in some areas....We have also been able to isolate opportunists who sought to use the plight of our people to advance their own personal interests".
- The **Western Cape** report stated "We have taken up various public service issues with the relevant authorities, like health care provision, public transport, school educational resources, and policing and safety and security".
- The **Gauteng** report reflected on weaknesses and division within Sanco, and also made reference to poor service delivery in Ekurhuleni, but did not provide any detail of members' involvement in service delivery campaigns.

The only national affiliate known to have taken a lead on service delivery issues is Samwu, which led a march in Cape Town on 5<sup>th</sup> July 2012 against poor service delivery and the manner of implementation of the Expanded Works Programme by the city.

This indicates to us that despite almost one in four COSATU members participating in service delivery protests, our organisational connection has been largely limited to the local level, and in many cases this involvement has gone unreported. We have played very little role, either as affiliates or as a Federation, in providing leadership and support to ensure that the protests result in negotiated outcomes of improved service delivery, or deepening of democracy in local communities.

Equally worrying, is the failure of SANCO to provide leadership to communities. SANCO remains in the doldrums, and appears from our provincial reports, to only exist in two provinces, and even then with many weaknesses. Although its last Congress appears to have resolved major problems of leadership divisions, this doesn't appear to have revived the organisation on the ground. The lack of a vibrant national civic movement therefore creates a vacuum which is then occupied by all types of elements, including some opportunistic elements harnessing community grievances for their selfish agendas. It is therefore critical that the Alliance addresses the need for the revival of our national civic movement.

**While there are sometimes opportunistic agendas, particularly around elections, to fuel 'service delivery protests', this should not be exaggerated. There is a regrettable tendency in the movement to dismiss all protests as having these types of agendas. Nevertheless it is a reality that, in some instances, members of components of the Alliance pursuing careers in the ANC, having failed to achieve their ambitions, stoke anger and mobilise communities for community "service delivery protests". So factional and opportunistic tendencies in the ANC, again come to haunt the movement and communities.**

**The CEC has strongly urged locals of COSATU to link up with communities so that we can take up their issues with relevant authorities. The CEC wanted**

**COSATU to not only champion community struggles but to build a strong relationship between organised workers and mushrooming issue based social movements. This has not happened except in a few isolated cases. The danger of this is that a gulf may start to emerge between organised workers and the social movements.**

**This weakness is not unrelated to the low working class consciousness that the 10<sup>th</sup> National Congress enjoins us to build. This low class consciousness is demonstrated by our inability to mobilise our members *en masse* beyond the struggle for wages and better conditions.**

We owe it to the memory of Andries Tatane who was beaten and shot to death by police in Ficksburg on 13 April 2011 to do the following:-

- At a local level, to provide leadership and support in the community protests that are erupting with greater and greater frequency
- To ensure that our national engagements on service delivery and poverty alleviation, whether in Nedlac or elsewhere, are informed by the real experiences of working class communities
- To deepen and broaden our campaign for jobs and against inequality
- To continue to demand a greater allocation of resources to local government
- To continue to engage the ANC and government on strategies to improve local government accountability and delivery

## **Conclusion**

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1. To the best of our ability, we have attempted to summarise the key political events of the past three to four years into these rather long pages. This reflects in most respects the views not of the individual presenting this report but the collective that has steered the ship through a very complex and political challenging terrain. Any reader will attest to the complexity of the political situation we are trying to capture. The report is unavoidably detailed but it is a report of a formation serious about transformation and the revolution.
2. This is what the federation has been about. This is what we stand for. This is what we will always be about.

AMANDLA!!