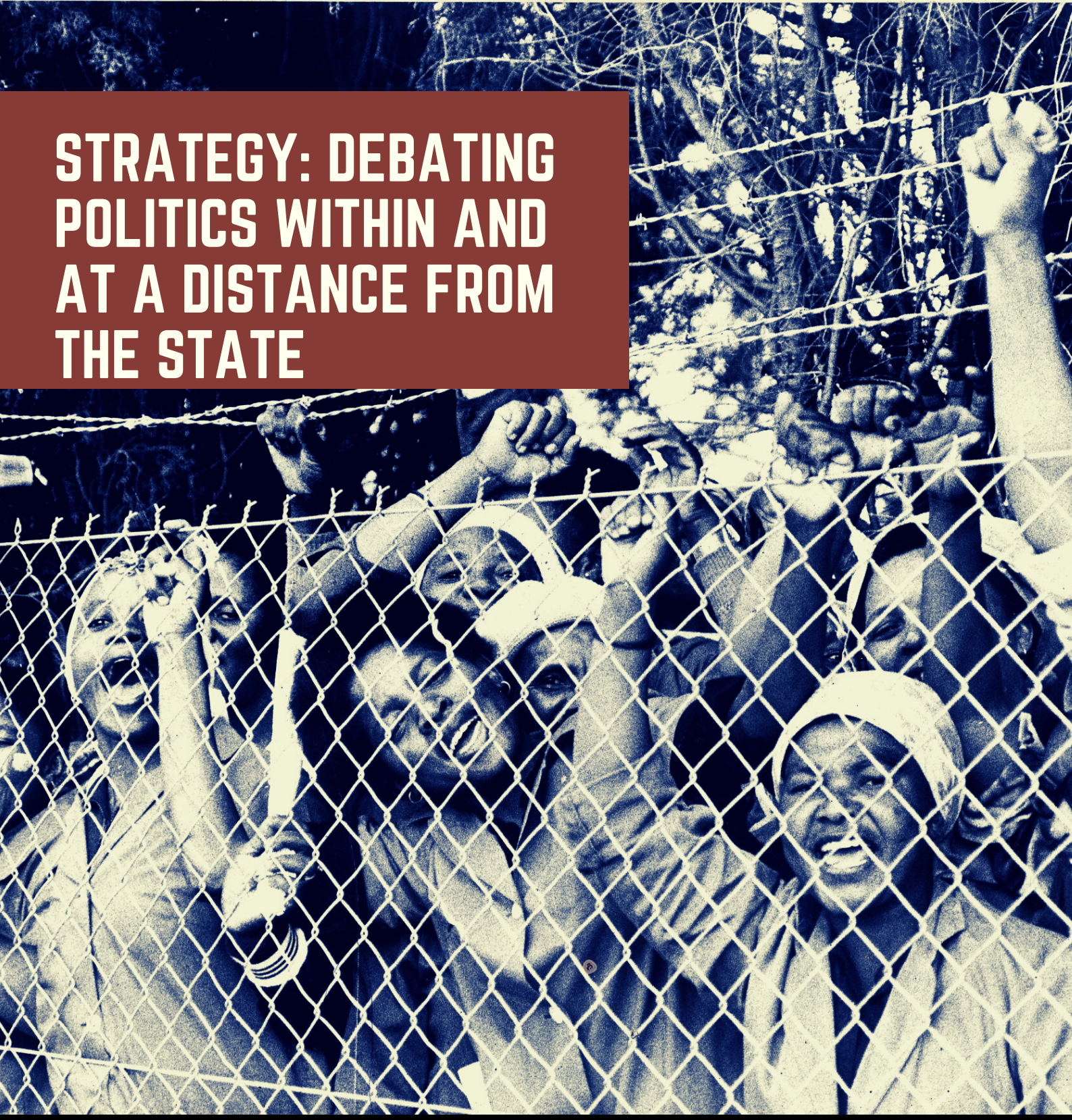
STRATEGY: DEBATING POLITICS WITHIN AND AT A DISTANCE FROM THE STATE



LABOUR STUDIES: WORKING CLASS EDUCATION SERIES

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NEIL AGGETT LABOUR STUDIES UNIT

NALSU

EDITORS: John Reynolds & Lucien van der Walt

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Strategy: Debating Politics Within and at a Distance from the State

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Cover photo: Autoplastic workers on strike, South Africa. Held in Taffy Adler Papers, AH 2065/J142, Historical Papers, University of the Witwatersrand.

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About NALSU's Eastern Cape Worker Education project

The Neil Aggett Labour Studies Unit (NALSU) has been committed to labour education in the Eastern Cape since its inception. We view worker education as something to be undertaken in partnership with worker organisations, including engagement with such organisations about content and the approach that would be most advantageous to workers and would contribute to the strengthening of the working class movement.

What is NALSU?

NALSU, founded in 2012 and publicly launched in 2014, emerged from a partnership between Rhodes University and the Department of Economic Development, Environmental Affairs and Tourism (DEDEAT) of the Eastern Cape Provincial Government, guided by a Steering Committee that included representatives of COSATU and NUMSA, the Eastern Cape Socio-Economic Consultative Council (ECSECC), and others.

Although NALSU is formally located in the Department of Sociology and Industrial Sociology at Rhodes University, the members of the NALSU team come from the following three academic departments: (i) Sociology and Industrial Sociology, (ii) History, and (iii) Economics and Economic History.

NALSU is committed to labour studies, the development of a new generation of labour studies specialists, and supporting worker education as part of a commitment to working with unions and other working class movements. It runs a large seminar programme, which draws in activists, unionists, students and academics from Makhanda (formerly Grahamstown), and is research-active, including on policy issues. For more information on NALSU and its work, please see http://www.ru.ac.za/nalsu/.

Eastern Cape Worker Education Project

Our Eastern Cape Worker Education Project has evolved from a broad commitment made at the launch of NALSU to an established winter school series and an approved short course for trade unions. Our approach to worker education is progressive and pro-labour in orientation; non-sectarian and non-aligned; university-based (and not in competition with other components of worker education in unions, LSOs and workplaces) offering a mixture of content, debate / critical reasoning, and hard skills in writing, analysis and basic research; academically rigorous; and located in structured partnerships with working class movements in building customised content.

Vuyisile Mini Winter Schools

NALSU has been central to the organisation and delivery of the Vuyisile Mini Winter Schools since their launch in 2015. Funded by the Friedrich Ebert Stiftung (FES), each winter school brings together approximately 50 participants from a range of unions – mainly from East London, Port Elizabeth and Uitenhage – for four days of discussions and debates. The participants are fully-funded, and reside at Rhodes University residences for the duration. The fourth Vuyisile Mini Winter School was held in mid-2019. The winter school series is named after Vuyisile Mini, a well-known Eastern Cape trade unionist who was particularly active in Port Elizabeth and who was executed in 1964 for his role in the anti-apartheid armed struggle.

Short course programme: Policy, Theory and Research for Labour Movements

The NALSU team started working on the idea of an accredited short course for unions and allied working class civil society organisations in the Eastern Cape after the launch of the Vuyisile Mini Winter School Series. Our proposal for such a short course was formally approved by Rhodes University in late 2017 and a module was piloted in 2018 in Port Elizabeth. In 2019, we launched the course in partnership with the Manufacturing, Engineering and Related Services Education and Training Authority (merSETA). Following the completion of the first two modules in 2019, modules three and four are scheduled for completion in 2020, after which we intend to offer all four modules on an annual basis. The modules are (i) South African political economy and the global crisis, (ii) state institutions and labour law, (iii) history and debates in the workers' and socialist movement, and (iv) building organisations.

Introduction

John Reynolds and Lucien van der Walt

Welcome to the first publication in our *Labour Studies: Working Class Education Series*. The contents emerged from the fourth Vuyisile Mini Winter School, which was held in mid-2019. The Winter Schools are annual events in Makhanda (formerly Grahamstown), attended by around 50 worker activists – both from unions, and from other types of workers' organisation, mainly from the Eastern Cape Province. Nonetheless the themes and issues raised at the Winter Schools are of far wider interest, which is why we publish them for wider dissemination, as a contribution to the development and renewal of working class movements.

The chapters in this volume started as presentations at the2019 winter school, contained in a draft booklet that was given to Winter School participants. Edited into the form they have here, each addresses aspects of the 2019 theme: "Politics within and at a distance from the state." The transition from apartheid in 1990-1994 was part of a great global wave of democratic reforms starting in the early 1970s, toppling fascist governments in southern Europe, Marxist-Leninist regimes in Europe and Asia, and authoritarian regimes in Africa and Latin America. From 1974-1991, more than 60 governments were overthrown; when the Berlin Wall fell, 38 of 45 sub-Saharan African states were governed by authoritarian civilian or military governments but a mere 18 months later, half had been forced to commit to multi-party elections and limitations on executive powers.[1] In all cases, the popular classes and mass organisations like unions played a decisive role in fighting for, and winning, such reforms.

But we also live in a world where cynicism about politicians and electoral processes has reached extraordinary levels. Public trust in state institutions, and faith in politicians, is at an all-time low. This is also context in which rising right-wing populist movements, which position themselves as an alternative to a corrupt Establishment, have taken off globally. For example, constant media attention to the increasingly bitter partisan politics in the United States of America, centred on the presidency of the populist Donald Trump, sidesteps the fact that only 58% of American voters participated in the 2016 elections. Neither Trump nor rival Hillary Clinton received the votes of more than 26% of the eligible population.

In South Africa, voter turnout reached its lowest levels since the transition from apartheid in the sixth general election in 2019. The ruling African National Congress (ANC) was returned to office, but with a mandate from just 30% of people eligible to vote.[2] Media predictions that the relatively new Economic Freedom Fighters (EFF) – a populist breakaway from the ANC – would reap a rich electoral harvest by tailoring its appeals to the large youth population proved false. In fact, youth stayed away from the polls at a higher rate than other age groups. The absolute number of EFF voters barely increased, although the EFF's proportion of votes grew a few points, as the ANC and its main rival, the Democratic Alliance (DA) were punished by low voter turnout. Many smaller parties failed to win any seats at all.

The South African state has become a renewed focus for public debate, especially in light of revelations of what has been called "state capture," the split in the Congress of South African Trade

[1] Decalo, S. 1992. "The Process, Prospects and Constraints of Democratisation in Africa." *African Affairs*, Vol 91 (362): 7-37.
[2] *Mail and Guardian*. 5 December 2019. "What the Low Voter Turnout Really Shows."

Unions (COSATU) from 2013 onwards, and South Africa's ongoing economic crisis. “State capture,” understood as the systematic misallocation of state resources by powerful cabals of politicians and private business, raised questions about the character and capacities of the state. The COSATU split, which saw a quarter of its membership exit, centred on the question of the unions’ alliance with the ruling ANC and its partner, the South African Communist Party (SACP).

The proliferation of low-wage employment and the persistence of mass unemployment, and a wave of industrial conflict including the deaths of striking miners at the hands of police in 2012, shook the Tripartite Alliance of the ANC, COSATU and SACP. It led directly to the breakaway from COSATU and the formation of a rival South African Federation of Trade Unions (SAFTU) in 2017 which linked the rebel unions with a number of independent unions. SAFTU sections have, in turn, veered between projects to form new parties, like the Socialist Revolutionary Workers’ Party (SRWP) in 2018, and a scepticism of alliances with parties.

Outside the unions, the country continues to experience waves of community-based protests, centred on the unemployed and working poor, involving direct confrontations with local municipalities. It is true that some protests in South African townships are linked to intra-party factional battles, particularly within local sections of the ANC where competition for municipal resources is intense.[3] Many, however, are overtly non-party or even anti-party. Although they tend to be localised and short-lived, the numbers and frequency seem to be growing. It is also useful to see these in the context of unrest across the globe over the last few years. In 2019 alone there have been large protest movements in countries as diverse as Algeria, Bolivia, Britain, Chile, Ecuador, Egypt, France, Georgia, Hong Kong, Indonesia, Iraq, Lebanon, Russia, Spain and the Sudan.

These developments all raise questions about working class strategy: protests are increasingly a major route through which the popular classes seek to win change, but protests do not last forever, often lack longer-term strategy and sometimes leave little impact.[4] Many struggle to establish permanent organisations, democratic structures and programmes for change that can outlive the protests. In many cases incumbent and aspiring elites hijack the movements and continue to implement many of the same policies against which people were in revolt – not least, neoliberal austerity.[5] This trajectory was evident in both the African democratisation movements of the late 1980s and 1990s and the subsequent "Arab Spring," in both of which unions played a major role. In fact, political parties have proved adept at capturing protests that start out as anti-party and anti-establishment.

These points all raise questions around theorising the state in general, and the South African state in particular, the nature of political parties embedded in states, and issues of union strategy and politics in relation to the state. After all, how we understand the state shapes what we think can be done with it, and so, what our personal, political and organisational strategies should be. What are the possibilities for societal transformation? What forms can democratic governance take? Can the state provide either? If so, how, and if not, what is the alternative? What issues do problems in state capacity, and the specifics of state/party relations, raise for developmental projects and social policy reform proposals? What are the possibilities for the exercise of, and potential modalities of, working class political agency, including outside of the state? How do these questions interact with the

[3] Von Holdt, K. 2019. “The Political Economy of Corruption: Elite-formation, factions and violence.” *SWOP Working Paper* no. 10: University of the Witwatersrand.
[4] Youngs, R. 13 November 2019. “Find Pathways beyond Mass Protests.” *Mail and Guardian.*
[5] Van der Walt, L. 2019. *Beyond Decent Work: Fighting for unions and equality in Africa*. Berlin: Friedrich Ebert Stiftung. http://library.fes.de/pdf-files/iez/15592.pdf

debates about economic policy choices? The form of our particular state structure and its implications for societal transformation require direct consideration – for example, the local sphere of government has been described as managing local dissent rather than representing the interests of the working class.

The chapters below are organised into the following sections, all of which address these themes in different ways. It must be stressed that the contributors evince a range of different perspectives, and this is a major strength of this collection. The sections are, in order of appearance:

- The state and state power.
- Engaging state power.
- South Africa and the global economy.
- Economic policy in South Africa.
- Giving content to democracy: struggles and strategies.
- Democratic practice for societal change: struggles and strategies.

In what follows, we introduce and summarise the different chapters, and draw out some of the themes that they raise.

The state and state power

This section contains three chapters, focussed on the issue of analysing the state itself. The first, by Lucien van der Walt, sets the scene by providing an overview of theories of the state. He places the state in historical context, pointing out not only its relatively recent establishment as a way of organising society, but also its pervasiveness in our current world. He then describes five broad theoretical approaches to the state that inform how people view and interact with the state – in each case, he includes a critical assessment of the approach. The five theoretical approaches he covers are (i) "social contract" idealist theories of the state, (ii) Max Weber and the argument for the technical necessity of the modern state, (iii) liberal-pluralist theory of the state, (iv) Marxist theory on the state, and (v) Bakunin and the anarchist/syndicalist theory of the state. Overall, he argues that how we theorise the state – does it serve the public, for example, or small ruling classes, and does it enable popular participation, or thwart it – has major implications for working class strategy.

In the second chapter, John Reynolds undertakes an overview of the current South African state. While acknowledging the significance of the achievement of democracy, he points out the failure of this state to achieve the deep socio-economic transformation that was promised at the dawn of democracy. He considers the evidence of increasing disillusionment with representative democracy and the growing conflict within South Africa, and uses a broad consideration of popular explanations of the failures of the South African state to prepare the ground for a more detailed exploration of state power in a later chapter. He ends by introducing the notion of the state as a social relation, or, arguably, the primary terrain for the negotiation of societal power. He directs attention to nature of the state as a structure that goes well beyond individuals and their intentions, and how states are conditioned by the simple facts that they are dependent on a functioning economy, and on tax revenue, and capitalism can provide both.

In the third chapter of this section, Gilton Klerck examines the state from the perspective of labour law. He starts with an outline of the neoliberal approach to understanding the capitalist economy. Rooted in neoclassical economics, this argues that most efficient form of capitalism is one in which

the state's role is to provide what markets cannot: primarily infrastructure (most types), and law and order. Private businesses will then create jobs, investments and economic growth. From this perspective, states, unions and even big businesses must leave markets alone, and this means that labour markets must be primarily regulated by the "law" of supply and demand. He points out that, in reality, states continue to see it as important to intervene in the employment relation to achieve a range of goals, and outlines how the post-apartheid state has sought to balance its free market commitments with efforts to offset the worst effects of free markets, address the apartheid legacy and promote productivity.

The policy of "regulated flexibility" is the result: this approach is one, Klerck argues, that attempts to extend the coverage of labour market institutions, while simultaneously ensuring their ability to adapt to current global and domestic realities. This policy, which seeks to do two somewhat contradictory things, underlines how state policies are not always coherent. A major reason for the state's need to make major reforms in the interests of the working class, implicit in Klerck's paper, is the balance of power between classes in capitalist society. The state does not exist in isolation, nor do capitalists; pressure from below conditions what economic and political elites can do, and means that the popular classes can secure major gains at times. Even neoliberalism, then, is shaped by local conditions and the strength of the working class – and, especially of its permanent organisations. Moving beyond neoliberalism, or even capitalism, requires however a qualitatively greater struggle.

Engaging state power

These themes set the scene for this section, which contains three chapters. The first, by John Reynolds, explores the engagement of power within the state. He explores what is meant by the idea of the state as a social relation, or, more specifically, the primary domain for the negotiation of power within a society. This includes consideration of the implications of the fracturing of the state into various apparatuses and branches within which power is exercised, the organisation of power for policy and legislative purposes, and policy implementation. He shows how one does not need to resort to conspiracies to understand how certain societal outcomes of state action are more likely than others. This picks up the theme raised by Klerck, which is that the state is complex, and that its policies and structures are not always coherent. The ability of the state to carry out its own policies, or to implement them as they are intended, varies greatly as well. Reynolds explores the complexities of how state power is organised and challenged within the state and considers how this limits scope for quick-fix solutions, and shapes what is possible.

The second chapter, by Laura Alfers, begins to move us into concrete, contemporary experiences. It looks at examples of the engagement of state power from the outside, using the example of organisation by informal workers for social protection. These workers have highly insecure incomes, but at the same time little or no access to social protections like sick leave, unemployment insurance, or child care services, which can assist. Using the power resources approach, she notes that informal workers have far less "structural" power (at the point of production) or "institutional" power (through institutions and legislation) than workers organised in unions and able to access to tripartite structures.

Nonetheless, informal workers have had some success in using their "associational" (membership-based) power as well as their "societal" power (through alliances and influence on the public) to win gains, change policies and access the state. She considers three case studies. In the first, she looks at the use of institutional power when informal workers work with unions around social protection in African tripartite bodies. In the second, she looks at the exercise of social power by building social

movement coalitions, with the case of HomeNet Thailand (HNT) and the Network of People Organisations campaigning to secure citizens free access to health services. In the third, she looks at the use of associational power by "co-producing" social services as a political strategy: in Belo Horizonte, Brazil, the Asmare Waste Picker Cooperative set up a childcare centre for its members, but with aid from the municipality.

In the third chapter of this section, Lucien van der Walt engages with different modes of politics "at a distance from the state." He notes that the heavy emphasis by large sectors of labour, Left and national liberation movements on using state power has been challenged by the arrival of neoliberalism from the 1970s. Not only have modes of state-led capitalism largely vanished, but ambitious statist programmes like import-substitution-industrialisation (ISI) and the Keynesian Welfare State (KWS) seem improbable. He insists, however, that rather than weakening the state, the entrenchment of neoliberalism was driven by states, and in fact strengthened state action in support of elites. As the political space has narrowed, with parties converging on variants of neo-liberalism, options for engagement of power within the state by the Left are today extremely limited.

This situation has opened the space for a discovery of Left projects that operate at a distance from the state. Van der Walt outlines, and evaluates, three modes (i) "outside-but-with" the state, which holds that radical change should not centre on the state, but that popular initiatives, movements and autonomy should be combined with transforming and democratising the state; (ii) "outside-and-despite" the state, which completely rejects any use of the state, aiming to build non-capitalist alternatives outside of the state and in the interstices of capitalism, which would supposedly erode the system and "crack capitalism; and (iii) "outside-and-against" the state, associated with anarchism/ syndicalism, which rejects the use of the state, in order to build instead bottom-up, democratic organs of "counter-power" to resist, then overthrow state and capital, forming the nucleus of a future, self-governed socialist system. These help us understand, and evaluate, different approaches, such as those outlined by Alfers in the preceding chapter. He also reflects on the implications of one's theoretical perspective on how one engages with state power, and on how one's approach to political practice shapes how one builds movements that contest power at a distance from the state.

South Africa and the global economy

States, of course, do not exist in isolation but are shaped both by the competitive international state system in which they are embedded, and by the capitalist economy in which they operate today. In the first chapter of this section, David Fryer placed the South African state and economy in global context. Picking up the theme of neoliberalism, he sets the scene for an examination of the way in which this constrains and disciplines the South African state. The dominant view is that of neoliberalism, which advocates global economic integration through the removal of capital, trade and other barriers and competition for Foreign Direct Investment (FDI) by, especially, multi-national corporations (MNCs). A key component is the "New Monetary Consensus" (NMC)," which holds that governments should try and keep the inflation rate as low as possible. This means, for example, that central banks (for example, South Africa's Reserve Bank) should manage the interest rate with an eye on inflation.

Fryer criticises the neoliberal view which tends to regard current processes of economic globalisation as an unqualified opportunity. He points to more "heterodox" views that argue that over-integration has limited the scope for change within South Africa. Falling state spending undermines economic activity, while growing vulnerability to international currency and stock markets affects investment, imports and exports. Fryer considers, in closing, the heterodox

approaches of Keynesianism and Marxism and their explanations for the problems that we see today – problems that, he insists, cannot be resolved within a neoliberal framework.

The second chapter, by Kanyiso Ntikinca, looks at Global Value Chains (GVCs) and their implications for labour and labour organisation. After an introduction to the concepts and analytical implications of global commodity chains, GVCs, and the global production network, he locates these in the context of neoliberal globalisation. He points to the increasing integration of economies around the world, particularly through the movement of goods, services, and capital across borders, and how GVCs – a range of activities that bring a product or a service from its conception to its end use by final consumers use by final consumers – are often built on the foundation of low-wage, repressive labour. As with neoliberal globalisation more generally, GVCs involve significant inequalities, both between, and within, countries, as more developed countries tend to dominate GVCs, and their capitalists reap the major dividends, with poorer and weaker countries and regions being concentrated in low-end activities. States however generally promote GVCs and, in any case, struggle to regulate these international chains. Ntikinca criticises claims by orthodox economists that economic upgrading, by moving up GVCs, automatically leads to social upgrading for workers. It is therefore essential to look at labour when analysing GVCs, and to consider, also the scope and forms of labour organising that are emerging within them.

Van der Walt argues for qualification of our understanding of the role of "white monopoly capital" along five dimensions: (i) changes in the structure of the private sector of the economy have eroded the traditional conglomerate structure of the South African economy; (ii) the effective denationalisation of key sectors of the South African economy through growing FDI, with South African firms no longer dominating the Johannesburg Securities Exchange and with major South African firms like Anglo-American Corporation relocating large parts of their operations and holdings abroad (JSE); (iii) the location of the South African state at the heart of the South African economy, accounting for around a quarter of the economy, and is the single largest employer, landowner and recipient of income in the country, along with vast state-owned corporations, many of them monopolies and some of them, like ESKOM, major MNCs in their own right; (iv) the state as a site of accumulation, through state-owned firms, high salaries, contracts and corruption; (v) and the conceptualisation of the ruling class as more than just capitalists, inasmuch as the political elite in the country controls not much major means of production through the state, but also wields means of administration and coercion.

Van der Walt considers the implications of this argument for debates around nationalisation, for our conceptualisation of the place of the state elite in the ruling class, and for working class strategy. He argues that it is essentially pointless to see the state sector of the economy as representing an alternative to the private sector, as both are essentially elite-dominated, class-based and exploitative, and that nationalisation, therefore, is a pointless project. He suggests the need for collective, self-managed working class ownership and control outside of, and against, the state and capital.

Economic policy in South Africa

In the first chapter of this section, David Fryer deepens his earlier analysis to consider the ways in which South African economic policy is disciplined by global institutions such as ratings agencies. He draws attention to the "New Financial Architecture," which began to emerge in the late 1990s, particularly in response the East Asian Crisis, and which complements the NMC. Its primary role is to discipline countries, and the Global Ratings Agencies (GRAs) are a key element in this agenda. Fryer argues that economic regulation of states is not inherently bad, but what is crucial is the nature and social purpose of a system of regulation. The current system, for example, has been criticised as a

mechanism that protects the interests of a small club of rich countries and enforces an essentially neoliberal approach. The Keynesian vision for a regulatory system is examined as an alternative to the current system. This examination includes consideration of the evolution of the original Bretton Woods system before neoliberalism, which favoured a regulated but stable and equitable capitalist system, and fostered developmental state intervention and spending.

The second chapter, by John Reynolds, looks at ideology, economic theory and economists, and how our perspectives and policy options are shaped by them. He takes further the idea that ideology matters, and that it is on the terrain of ideology that economists have particular power and that dominant economic theories shape how we think about what is right, what exists and what is possible. Not only are some ideas more equal than others; some intellectuals are more equal than others – with economists standing at the apex of ideas that shape state policy – and not all persuasions of economists have equal influence. Despite its flaws, neoclassical economic theory, the bedrock of neoliberalism, continues to dominate, as do the ideology and related practices of neoliberalism. Understanding the deepening of neoliberalism and the challenges of building alternatives requires engagement with the institutional power of neoclassical economics, and learning from the lessons of previous attempts at developing economic policy alternatives.

In the third chapter of this section, Warren McGregor looks at South Africans trade unions' ambitious but ultimately unsuccessful "radical reform" project. This was, in a very real sense, an effort at developing an economic policy from below for during, and after, the transition from apartheid. The radical reform project came from COSATU, rather than the ANC or SACP, as a working class response to socio-economic transformation. Recognising that older models like ISI, the KWS and Marxism-Leninism had faltered, the deep economic crisis of the apartheid economy, and the challenge of neoliberalism, COSATU sought a left version of social democracy, in which South Africa would take a high road into the global economy: high-skill, high-wage, high-productivity, high-innovation workplaces, based on social pacts and complemented by massive Keynesian public works. The reforms were intended to provide "building blocks" for socialism, rolling back the market. Its success required the meeting of a number of organisational and political assumptions which did not hold, and, ultimately, the very detailed work undertaken as part of this project could not withstand the domination of neoliberalism.

Giving content to democracy: struggles and structures

Global developments undermined the scope for radical reform, declining union power limited the impact of union proposals, and internal contradictions in the model created additional problems. The unions' worst case scenario – declining union power, large-scale casualisation of labour, a mass unemployment low-wage system, deindustrialisation, and unresponsive state – seems, instead, to have come to pass. What, then, can be done?

In the first chapter in this section, Colm Allen – focusing on the local state (municipalities) – shows how holding the state to account requires detailed knowledge of legislative and policy accountability requirements and engagement at particular decision-making points for optimal effect. He argues that to hold municipalities to account we need to know how the process of municipal public resource management works and what the entry points for participation in these processes are for social activists, unionists and councillors who are committed to social justice. After a description of the municipal public resource management system, he unpacks the entry points for participation and considers the requirements for effective engagement there. There are, in fact, quite

extraordinary mechanisms for popular input into municipal policy, but access is thwarted by a lack of information, deep-rooted inequalities, poor governance and corruption, and a general decline in public interest.

In the second chapter, Ayanda Kota argues for the need to organise outside the local state to secure municipal service delivery, drawing on the examples of organisation by the Unemployed Peoples' Movement and others in relation to the Makana Local Municipality. After describing the failures of municipalities to meet the needs of the people they are meant to serve, and locating municipalities within the larger South African state system, he shows why the solution is political, not technical – despite the real technical and systems challenges that exist. Politicians and officials in municipalities across the country seem to put their party and their careers and their class interests above the community, and the solution is then, a "democracy from below" in place of parliamentary politics. This could include for example, blocking anti-immigrant attacks, mobilising around service issues in the townships including by protests, providing some para-legal services, and working with other community groups, including in campaigns to place Makana under administration, including using the legal route.

The third chapter, by Lalitha Naidoo, looks at the organisation of rural communities to assert labour and other rights, drawing on the experiences of the East Cape Agricultural Research Project (ECARP). She positions the de-commodification of labour and of land and food as key objectives of the organisation of rural communities, and examines the associated organisational implications. She argues strongly for a bottom-up approach to organising, allowing for the development of new structural and institutional arrangements and power relations for the agrarian political economy. She shares the organisational model that has been developed with ECARP facilitation support, and emphasises the importance of on-going analysis, popular education and leadership building, and promotion of democratic governance, combined with active campaigns, challenging the state during planning processes, and developing alternative farming practices and value chains.

In the fourth chapter of this section, Warren McGregor undertakes a critical analysis of the value of the political party system for the working class. A key question he asks is whether a revolutionary transformation is possible by means of state power and political parties that aim to capture this form of power. He examines the societal balance of power, arguing that despite their numbers, unionised workers – like other left and working class movements – struggle to move beyond defensive actions in the face of ruling class power. Although one can understand the attraction of a workers' party as a vehicle to winning and wielding state power, the nature of the state and the track records of such parties all over the world suggest a low likelihood of successful utilisation of such a vehicle for radical transformation. Both reforms and revolutionary change require mass-based struggle. What is needed is as movement of working class organisations that is built on the twin tracks of revolutionary counter-power and counter-culture, focused outside and against the state, and forged in struggle.

Democratic practice for societal change: struggles and alternatives

In the first chapter of this final section, Mazibuko Jara argues for the active development of a solidarity economy alternative, drawing on Ntinga Ntaba kaNdoda's work in Keiskammahoek. After describing the meaning and importance of food sovereignty, seed sovereignty and the solidarity economy, he describes the Keiskammahoek experience, including the initiation by local farmers and the Ntinga movement of the Sizakuzondla Keiskammahoek Plan in order to achieve local food

sovereignty following an ecologically sustainable model. The aim is to contribute to building a solidarity economy, in which cooperatives play a key role, and to contribute to a new path for Keiskammahoek. A critical analysis of the experiences with cooperatives provides the context for the approach to cooperative development adopted by the Ntinga movement. He also describes how Ntinga, operating as part of the South African Food Sovereignty Campaign, is challenging legislative and policy proposals that will harm seed sovereignty, drawing on a local history that includes indigenous seed saving, seed sharing, and preservation. He emphasises the importance of the autonomy of rural women and of combining food sovereignty and petty commodity production. Where necessary, Ntinga works with the state, but it also goes beyond the state and works against the state.

In the second chapter, Laura Alfers examines an Indian case study of cooperatives co-producing social services. The particular example she uses is the Self Employed Women's Association (SEWA), which organises just under 2 million informally employed women operating across India, but headquartered in Gujarat state. SEWA is both a trade union and a federation of cooperatives, and one of its cooperatives is the Lok Swasthya Mandali (LSM), which is a health cooperative that struggled for five years to be registered as a cooperative because legally in India a cooperative cannot be a provider of services, only a producer of goods. A new National Rural Health Mission, and further expansion of the role of the state under subsequent health missions, have required that LSM develops new ways or working in its mission not to replace public health services, but to continue to fill the gaps in provision. Alfers argues that LSM challenges established and often gendered relations of power between poor workers and the state from the bottom up. In doing so, they are attempting to transform the nature of the state and citizen's control over it as a political strategy, and blurring the distinction between women's practical needs and strategic interests.

The third chapter, by Nicole Ulrich, looks at trade union democracy and prefigurative politics. She argues for the importance of revisiting the democratic traditions of the working class, which are often learned through struggles and strikes, and the intellectual and organisational and political traditions of labour and the left. She points to the many examples, especially in the 1970s and 1980s, of unions and other forces developing radically democratic, bottom-up movements, outside of the state. She pays particular attention to the "workers' control" and "workerist" traditions from the 1970s, particularly as associated with the Trade Union Advisory Coordinating Council (TUACC) and the Federation of South African Trade Unions (FOSATU). TUACC and FOSATU unions were political but independent of political parties, and did pursue tactical engagement with the state, with some envisaging changes within the state that could lead to cumulative changes to society. Although these traditions did influence the emerging COSATU, they ultimately made way for alignment with the ANC and the SACP. Part of the problem was the absence of a "workerist" strategy to link their immediate struggles to the longer-term socialist transformation that they sought. Their ideas were not always clear, and this led to some serious misjudgements. There was an ongoing, unresolved tension between more social democratic and more quasi-syndicalist strands within "workerism."

In conclusion

Together, these contributions aim to offer food for thought and debate amongst readers of this volume, just as they did during the Vuyisile Mini Winter School where they were first presented. As a collection, these contributions are unflinching in their critique of the failures of the post-apartheid democratic state, but strive to contextualise this critique conceptually and historically in order to support readers in thinking through ways of building alternative futures in which human dignity, equality and agency take central place. The realisation of such alternatives require active

engagement by organisations of the working class that are built in ways that prefigure the outcomes for which they strive.

Section 1: The state and state power

1.1 Overview of theories of the state

Lucien van der Walt

What is a state?

The state is central to modern society, and has existed in various forms for much of written history. **A minimal definition of the state** is an organisation that:

- Rules a territory, and the population within that territory.
- Enforces that rule with military means.
- Has centralised decision-making.
- Sets binding regulations for that territory, among the most important of which are the rules called laws.

In addition, states involve:

- Taxation by and for the state apparatus.
- Control of **means of coercion** – the armed forces, courts and jails – **and means of administration** – the system of implementing state decisions, through officials.

While almost all states control some **means of production** – raw materials, and productive equipment – such ownership is not unique to states.

None of this definition assumes that the state is efficient or inefficient. It does not require that the state be democratic. Some states claim to be, using parliamentary systems to which people are elected. Most states, historically, were openly undemocratic. It is only in the 1990s that the majority of states in the world allowed all adult citizens to both vote and be elected to parliament and other councils. The apartheid state, for example, was undemocratic.

Nothing in this definition assumes that the state has any specific origins, nor aims, nor that states actually rule effectively or can even claim a monopoly over armed force in their territory. Many states, in fact, do not control all of the territory that they rule. None of this means that every state knows the most basic things about its territories, such as how many people live in it, or the size of the domestic economy.

Finally, none of this definition assumes that states are the best or only ways to govern complex societies. It simply describes the state, which has become the most common way to do so.

The Republic of South Africa as a state

The Republic of South Africa is a state, running from the southern coasts of Africa, and up to the Limpopo. It is identical, in other words, with the territory we call “South Africa,” and, within that territory, has the sovereign right to rule. Simply put, if an individual incarcerates someone, it is kidnapping and illegal, but if the Republic – following the correct procedures – does so, it is imprisonment and legal.

The state is not identical with the population it rules. It is an *organisation*, in which only a minority are actively involved. Although most people have to deal with the state at some point, most people are not part of the state. The South African state is the single largest employer in the country, but the majority of employed people are not employed by the state. Although the state owns many means of production, and affects the economy in many ways – claiming tax, building roads, passing

laws, spending money, hiring contractors, employing over a million people – a large part of the economy is outside of the state.

This state includes some of the structures with which you will come into a contact on a daily basis:

- Military and police formations, including the SAPS, SANDF, and municipal traffic officers.
- Courts and prisons, including the Constitutional Court.
- Parliament at national level, the provincial legislatures, and municipal councils.
- Other mechanisms defined in the Constitution, such as the Chapter 9 institutions (including the Public Protector).
- Government departments, such as Home Affairs, which involve large staffs, the administrative components of which are organised as **bureaucracies**.

In addition, the South African state has direct ownership or control of a range of other resources, including many means of production, with which you will be familiar:

- Government schools and hospitals.
- The roads, harbours, major dams, railways and major game reserves.
- The main universities (excluding a tiny number of wholly private ones, like Monash).
- State-owned corporations, among them ESKOM, TRANSNET, SAA and SABC, as well as a range of financial institutions, including banks, among them the Land Bank, the Public Investment Corporation (PIC), and the Eastern Cape Development Corporation, and lesser known bodies, like the state diamond mining company Alexkor and the state forestry company, SAFCOL.
- Bodies like TELKOM (which the state partially owns), the Johannesburg Stock Exchange (around 12.5% of which is owned by the state through the PIC) and Lonmin mines (30% of which is owned by the state via PIC).
- Almost all land in the historic black homelands: that land is held in a state trust, from which it is allocated to chiefs and kings. The only significant exception is the land held in the Ingonyama Trust under the Zulu monarch. Chiefs and kings are, in fact, state employees (they even get salaries from the state), and this includes the most powerful, such as the Zulu monarch.

Nation-state and empire

Finally, the South African state is an independent **nation-state**, i.e. it is a state that claims to rule a distinct South African nation, with its own unique characteristics, and it is not part of or ruled by any other state.

Today, the nation state is the normal form of modern state, but it was not always so. As recently as sixty years ago, the most common state form was the **empire**: a mega-state ruling over a large territory comprising numerous groups including different nationalities. Empires were largely created by the takeover or conquest of states and stateless peoples, which were then included in the imperial territory, often as colonies. An empire might start with one nation state, or even as one city state, but it expands until far larger than this. Until 1961, South Africa was part of the British Empire; its head of state was the British Queen, its currency the pound, and *God Save the Queen* its second national anthem. At its height in the 1930s, the British Empire ruled one in four people in the world. From 1961, the South African state became a **republic**, meaning that it was no longer under a king or queen or emperor.

The rise of states

States are *one* means of governing – or organising – society, but not all societies are organised through states. Archaeological research indicates the first states emerged at least 8,000 years ago in Mesopotamia, the region that today includes Iraq, Kuwait, Syria and borderlands of Iran and Turkey. This is the area in which the main empires mentioned in the Bible were located: Assyria, Babylon, and Hittite Empire were near Israel. Abraham of the Bible and the Koran came from Ur, one of the first city-states in this region, located in what is now Iraq. States emerged soon afterwards in Egypt, and, over the next two thousand years in what is now India, Pakistan, and, finally, China.

This means that the state is a fairly *recent* arrival in human history, as human history goes back at least 100,000 years. At another level, however, what is striking is the rapidity with which the state, as a form of organisation, has spread over the world. There were still stateless societies – some of them substantial, with millions of people – in large parts of the world as recently as five hundred years ago, and some could still be found one hundred years ago.

However, it was the state as a system of governing and organising that has come to predominate, finally conquering and incorporating the stateless. While the state's era may seem like a small part of the larger history of humanity, the state has consistently expanded its influence.

There is no human society on earth today that is not under a state. While the majority of humans in the past once lived without states, given population growth especially over the past two centuries, it is also true to say that most humans who have ever lived, have lived under states.

Every known **class society** – slavery, feudalism, tributary society and capitalism – has had a state, and states, therefore, existed well before capitalism and were the containers within which capitalism emerged. Since states have always existed with class societies, and since class societies have played a key role in the development of more advanced technologies, it might even be argued that classes and states have made modern population growth possible.

"Social contract" idealist theories of the state

It is not surprising that understanding and explaining the state has been a major concern for social scientists, as well as for activists. After all, how we understand the state shapes what we think can be done with it, and so, what our personal, political and organisational strategies should be.

An important tradition that has sought to explain the state is social contract theory. This theory argues, essentially, that complex societies cannot function without a state and that, therefore, people rationally decided to hand over power to a central body – that is, a state – which could ensure security and order. For Thomas Hobbes, for example, if everyone had equal rights and no restraint, there would be a "war of all against all." Avoiding this "state of nature," based on endless conflict, people chose to create states. They gained a liveable society by handing the power of violence to a centralising state. Freed of the continual threat of violent death from one another, they could now develop knowledge, production and culture. This is the "contract" into which people entered, the price of "social" order.

A critical assessment

This theory has a number of basic flaws. There were no classes or states in most of human history, which means that numerous human societies have had order without states (as noted above). Therefore, the state is not inherent in society, nor is it the only means of ensuring social order, and the rise of the state cannot be explained by reference to a supposed social contract.

Second, states did not emerge in the way proposed by social contract theories. The evidence suggests, rather, that states emerged – as Karl Marx, Mikhail Bakunin and others argued – at the point in history in which societies divided into classes of rich and poor. This began when people started farming, which was around 10,000 years ago. Farming allowed larger populations and economic surpluses, and this enabled the development of class society.

States emerged as part of this process. There was no point in which people sat down and devised a social contract. Rather, ruling class minorities created states, as they centralised means of administration, coercion and administration in their own hands.

Once states emerged, they invariably sought to expand, competing with one another in an emergent international state system. Even societies that did not have states or classes were eventually brought under states through war, conquest and conflict.

A straightforward example of these arguments is the South African state itself. It was, in fact, created by the British parliament in 1909 through the Act of Union of South Africa. This Act unified territories Britain had conquered: the Afrikaans and black African polities, some of which – like the Zulu Kingdom and the Orange Free State – had themselves been built through conquest. In 1924, this South African state came under the control of Afrikaner nationalists, who took it out of the British Empire in 1961. From 1910-1994, this state ruled the majority of its population with racism and force. Only in the 1990s did it move towards a parliamentary democracy, although much of its law and its institutions – from homelands to parliament (which existed from 1910, but which was subject to racist restrictions before 1994) – originate with the British. Where, in this story, was there a social contract creating the state? It was never created through social contract by South Africans: in fact, people in its territory became "South Africans" as a result of being under this new state.

Thirdly, this theory actually says very little about how the state actually works, and what it actually does. It explains the state by reference to a supposed aim, and leaves it there: it does not look at how the state is organised, and it does not look at what the state actually does, which is often very different to what the social contract theory claims.

Obviously, states regulate society, and obviously they are one way of organising and governing it, but just knowing this tells us very little about states themselves – and what they can – or cannot – be made to do. For example, how do states change?

Finally, this theory fails to account for the fact that states are routinely biased towards powerful interests. If states serve the general interest of society, why have states consistently acted in ways that maintain – and even create – massive inequalities of power and wealth? If states exist simply to create public order, why do they also create billionaires alongside beggars?

For example, in the year that the South Africa state was created – 1910 – there was nothing unusual in the fact that the new state did not have universal suffrage i.e. voting rights for all adult citizens, regardless of education, income, race and sex, and the right to be elected. Britain itself excluded its own women, and many of its working class and poor men, from the vote until 1919. There were, in fact, only three countries with anything close to universal suffrage in the whole world at the time.[1] It was only in the 1990s – within the last thirty years – that the majority of states in the world had democratically elected parliaments. If states were created by or for the public, why did they exclude the public for 8,000 years from the small act of voting?

[1] Australia had almost universal suffrage at this time, but most of the Aboriginal minority –around 2% of the population – was denied these rights until 1967. Finland was unique in having universal suffrage in 1910. It was not, however, an independent state, but a self-governing region of the Russian Empire. New Zealand had universal voting in 1910, but women could only vote: they not be elected

Max Weber and the technical necessity of the modern state

The German economic historian Max Weber provided a much more sophisticated approach. Weber avoided the problems of social contract theory, by bluntly admitting that states emerged through violence, war and inequality, rather than free contracts, and served small elites.

Furthermore, he argued, explicitly, that states could never be truly democratic. All states were centralised, always **hierarchical** – that is, top-down – and based on force. State organisations were, in his view, the most efficient form of government. Furthermore, in his view, the most efficient form of state was the modern state in which decisions flowed from the top downwards, through a system of officials. The officials – appointed on the basis of skills, not elected, and not deployed due to political loyalties or personal influence – would simply carry out the orders from above. In doing so, this **bureaucracy** would follow pre-set, **written** rules and would receive no personal payments beyond their salaries. Decisions would be made on the basis of what was the best way to achieve set *aims*, rather than the morality of the methods or a discussion of the aims.

Societies governed by states would defeat societies without states, as states were essential to governing increasingly complex societies and more efficient than other forms. Modern states would defeat pre-modern states, as they were more effective than other states. And, as this happened, society would be controlled every more closely, by ever-expanding regulations, ever-more effectively administered. These would extend across business, work and politics. All major organisations would emulate the state form, including capitalist corporations.

Since the hierarchical, rule-bound, bureaucratic organisation, aiming at achieving goals efficiently, was both necessary and superior, it would never come to an end. For Weber, the modern state was basically a technical solution to governing complex societies. Without systems that operated top-down, based on the most efficient methods, with efficiency meaning the best way to get a goal with the least effort, modern society could not work.

Whether you had capitalism or socialism, the outcome would be basically the same. Elections would barely affect it; parliamentary democracy could not change the basic structure, which was undemocratic to its core. Society would end in an “iron cage” that would encompass all, unpleasant but essential. The “iron cage” was inescapable, precisely because it was necessary.

A critical assessment

There are several problems with this thesis. One is that the state is not obviously efficient. Rather than govern well, states are often wasteful and problem-generating. Now, Weber believed that the ideal state – bureaucratic, centralised– would overcome these problems, but the evidence suggests otherwise. As a simple example, consider the manifest inability of many state structures to efficiently carry out activities both small – for example, fixing potholes – and large – for example, reining in large-scale corruption.

Second, in whose interests does the state operate? Weber’s analysis clearly suggested that the state – as an organisation – had its *own* interests, separate to those of the larger society. It wanted to survive and expand. If that was the case, then the state was not neutral, but sought to claim more resources and power. Since that would bring the state into conflict with other groups in society –for example, it would mean more taxes – the role of the state was one that went well beyond simply ensuring society worked properly. The state then was not simply a technical solution to the problem of complexity.

Third, Weber’s analysis of the state as basically serving a necessary goal – governing society effectively – does not fit very well with his analysis of the origins and structure of states. If states

emerged through war and oppression, and served elites, there was no reason to suppose that modern states were any different. The distinctive features of the modern state identified by Weber, were its centralised, bureaucratic and undemocratic *structure*, not a change in its basic nature. Furthermore, that structure always concentrated power in the hands of small political elites. If that was so, then states remained organisations serving small elites.

Since modern societies remain basically unequal and conflictual, it does not make sense to see states as simply a technical means of addressing the complexities of society: rather, states are not neutral at all, being biased towards elites, enabling enrichment and exploitation, on the one side, and misery on the other. Certainly they helped maintain society as it is, and keep it working, but society is unequal and, therefore, the state – in maintaining such a society – is not neutral at all.

The liberal-pluralist theory of the state

A very common theory of the state – including in South Africa – is the view that the state is basically an empty place of power. This is a fancy way of saying that the state is a thing that exists and could be used by different social forces for their purposes. In this conception, a wide range of groups exist in society, and these put pressure on, and enter into, the state in order to secure their interests. What the state ends up doing then is the consequence of the balance of forces between these interest groups, of which there may be a great many. When states do not act this way, it is seen as aberration from their real nature, due perhaps to corruption or conspiracies.

For example, an oppressed nation might create a state to secure its independence and express its national interests. A workers' party might run in elections in order to win seats and implement socialist measures. A women's lobby group might use the courts, lobby the parties and act to place more women in parliament in order to secure the passage of laws that grant women equal pay for equal work.

This theory might sound similar to the social contract theory, but it differs in two main ways. First, it has no interest in the origins of the state and, so, skips the whole idea that the state emerged through some contract. Second, it assumes that the state can be *redirected* by different groups, so long as they can exert their influence upon it. It is also very different from Weber's view of the state: whilst Weber believed that states were barely touched by processes like elections, the liberal-pluralist theory assumes that states can change radically, depending on which interest groups influence them. So the aims of the state are, in fact, open: it has no fixed or essential aims.

A critical assessment

There are several problems with this line of argument.

The first major objection is that states do not reflect the demands of different interest groups equally, and that large, mobilised interest groups reflecting the demands of very large parts of the population do not seem to be able to control the state. A simple example is the case of workers' movements. There have been numerous countries in which worker-backed political parties – including Communist parties – have won elections, but there is no case in which such parties have then been able to – for example – carry out stated programmes of abolishing capitalism, using parliaments.

On the other hand, it is obvious that states often act in ways that were never authorised by the public and which clearly harm the majority of people, and persist in doing so even in the teeth of massive popular opposition. As a concrete example, successive South African governments have

pursued privatisation since 1979 right to the last days of the apartheid National Party, but this policy has never been subject to any vote. Similarly, the African National Congress (ANC) adopted the Growth Employment and Redistribution (GEAR) strategy in 1996, despite being elected in 1994 on the very different Reconstruction and Development Programme (RDP).

This suggests that states have structured biases – in the words of Bob Jessop, influenced by Marxism, states have a "structural selectivity," giving "unequal chances to different forces within and outside that state to act for different political purposes."[2] It may seem that states are open to all, but they are in fact heavily biased towards certain groups and, especially economic and political elites.

There are several basic reasons for this. First, if, as argued in the last section, states originated in wars and conquest, and served elites for thousands of years, they were not designed to be used by everyone. Second, *societies* are not based on equal groups. We have a capitalist society, in which, for example, small wealthy elites wield enormous economic power, and naturally have more influence than, for example, working class majorities. Third, states generally rely on capitalism to keep the economy going and generate tax revenues, and exist in an international economic system and a system of states, all of which limits what is possible.

Further, the liberal-pluralist theory – like the social contract theory – actually says almost nothing about the state itself. It sees the state as basically *reflecting* things happening elsewhere, as a sort of shadow cast by other forces. But the state – as argued earlier, when looking at South Africa – is a massive, powerful organisation. Its structures have a life of their own, well beyond what interest groups might want to, or can control – which operate in ways and for reasons that are independent of external pressures. Even the demands made of states by different groups are filtered by, and their implementation shaped by, the state itself.

If, as Weber suggested, the state as an organisation can have its *own* interests, then it simply cannot be understood as merely a tool for others; it is less a hammer than a builder in its own right.

Finally, it can also be argued that liberal-pluralist theory confuses *participating* in the state with *influencing* the state. As a concrete example, black trade unions in the 1980s either stayed completely out of the state, or only participated in the state in very limited ways – using industrial bargaining machinery and a few court cases – yet managed to get the state to radically overhaul its labour law; they also managed to play a massive role in bringing apartheid to its knees. This was done through struggle *outside* the state, and did not require any illusions that the state – as liberal-pluralism insists – was either democratic or, at least, open to influence by all sorts of forces. It was based, instead, on the idea that states *always* served elites but could nonetheless be *forced* to make some reforms.

Marxist theory on the state

By contrast to the foregoing approaches, Karl Marx argued that states emerged as a result of society splitting into classes, and always served the economically dominant classes. While Marx's theory was complex and not always consistent, its core points were clear. Simply put, states were not the product of a hypothetical deal at the beginning of time, but were nothing more, and nothing less, than bodies of armed men whereby wealthy minorities that owned the means of production enforced their rule over the propertyless majority, which worked for the owners. They were not simply something made necessary by the "complexity" of society: they were made necessary by the

[2] Jessop, B. 1990. *State Theory: Putting the capitalist state in its place.* Pennsylvania, University Park: Penn State University Press. p. 367.

harsh reality of a *class* society in which small ruling classes had to keep power over the masses they oppressed, using violence as the ultimate argument.

States, in other words, were *class* states: they served minorities, suppressing majorities. The state in slave-based societies like ancient Rome was the state of the slave-owners; the state in feudal societies like medieval Britain, Ethiopia, Japan and northern Nigeria was the state of the feudal lords; the state in capitalist societies was the state of the capitalists.

This was unchanged by the fact of elections – V.I. Lenin even described parliamentary democratic states as the "best political shell" concealing the "dictatorship of the bourgeoisie" [3] –and, therefore, liberal-pluralist notions that states could be used by pretty much any interest group were nonsense. The state was locked in step with one specific interest group, the economically dominant class, and the link could not be broken. As a concrete example, the Republic of South Africa is a state run for the capitalist class, regardless of whether P.W. Botha, Nelson Mandela, Jacob Zuma, the apartheid National Party (NP), or today's African National Congress (ANC), Democratic Alliance (DA), Economic Freedom Fighters (EFF), Inkatha Freedom Party (IFP) or Socialist Revolutionary Workers Party (SRWP) is in office.

This structural bond between state and economic ruling class cannot be broken – certainly not by elections. Another class can only take power by creating its *own* state. For example, the capitalists created new states – for example, in the French Revolution – to overthrow and crush the feudal lords, and the working class must create its own state – a "dictatorship of the proletariat" – to take power and crush the capitalists.

A critical assessment

A major problem facing this theory is the same directed against the liberal-pluralists and the social contract writers: it actually does not look at the state *as an organisation*, and therefore struggles to get to grips with the state itself.

As a concrete example, Marxism defines classes in terms of ownership or non-ownership of the means of production. From this view, a state president is not, as such, a capitalist – he or she might be, as with Donald Trump, but many, as with Mandela, were not. Yet a state president is not the same as an ordinary worker. What class, then, is he or she? It can and is argued by some Marxists that he or she is a capitalist because he or she serves capital. But so does a street cleaner.

A second problem lies in the fact that it is not quite clear how the capitalists control the state. It is one thing to state this as a fact; it is quite another to show how this supposedly happens. Do they phone in the orders? What if – as has been the case with almost every head of state in South Africa since 1910, before Ramaphosa – the president is not from the capitalist class?[4]

Third, there are in fact many steps that capitalist states take of which many capitalists disapprove, ranging from "state capture" in South Africa, to laws protecting unions, to policies that restrict recruitment of cheap labour (e.g. Trump restricting immigration to the USA, which threatens for example farms in the California province, which are almost completely reliant on cheap Latin

[3] Lenin, V.I. [1917] 1933. *The State and Revolution: The Marxist theory of the state and the tasks of the proletariat in the revolution.* London: Martin Lawrence.

[4] The Prime Ministers from 1910-1984 were (in sequential order), a general, a general, a general, a priest, a professor, a lawyer, and a career party activist. The executive presidents, from 1984-1994, were a career party activist, and a lawyer. The executive presidents, from 1994-2019, were a lawyer, a career party activist, a municipal worker, and a career party activist – and, only in 2018, for the first time, a big capitalist.

American labour). Many state activities – for example, the ban on interracial sex under apartheid – don't seem easy to explain by reference to the needs of capitalism.

This brings up the related problem that the private capitalists are not united, beyond some common interests. For example, there were intense conflicts between white English and Afrikaner capitalists in South Africa until the 1970s, with the apartheid state actively promoting the latter, sometimes at the expense of the former. Today, we can see conflicts between, for example, emergent black-owned businesses and larger established white-owned businesses, as well as local capitalists objecting to cheap imports from foreign capitalists. What group, then, would a state take its orders from? If the fractures are deep, what does it mean to even speak of class interests?

A critical note on "relative autonomy"

One solution is to argue – like Nicos Poulantzas – that the state must have a degree of independence from the capitalists, if it is to serve the capitalists effectively. This will prevent the state serving one group of capitalists at the expense of others – for example, forcing mines to buy their supplies at inflated prices from politically-connected cronies, which would harm the whole system, or forcing capitalists to do things they might not like (like pay taxes) but are nonetheless good for capitalism (taxes, after all, build roads and pay for schools).

Second, he argued, the state could act as a space for resolving conflicts between the classes – precisely because of its distance from direct, crude control by actual individual capitalists, it could act as a space where class struggles were fought out (a "materialization and condensation of class relations"), but with the limit that, at the end of the day, "in the final instance," the state was still capitalist.

This too, has some problems. What is the class character of the leading state personnel? If it is to be set by their ideological and political affinities, or the class they "represent," we have either a break with classic Marxist definitions of class as objectively defined as a relation to means of production, or again, a theory of the state that does not look at the state *itself*, as an organisation, but reads it from outside forces.

What does it actually mean to say capitalist interests are determining in the "last instance"? What is a "last instance"? The idea is either meaningless or so vague to cover almost anything.

And, if class struggle take place *within* the state, why should the proletariat not win? In fact, Poulantzas came pretty much to this position in his last major book – *State, Power, Socialism* – where he spoke of "sweeping transformation of the state apparatus in the democratic road to socialism" where there is "no longer a place for what has traditionally been called smashing or destroying that apparatus."[5] Bob Jessop, much influenced by Poulantzas but much more careful to suggest that the state has a "structural selectivity," giving "unequal chances to different forces,"[6] nonetheless ended up somewhere similar: there "is no unconditional guarantee that the modern state will always (or ever) be essentially capitalist," and could in fact be a range of types, like "a representative democratic regime answerable to civil society," or "an apartheid state."[7]

If that is so, then the state is *not* – as argued by Marx and Lenin – always bonded to the economically dominant class, but, again, we end up with a theory that posits that the state is an empty place of power. This is essentially the claim made by liberal-pluralist theory, and faces all the problems that

[5] Poulantzas, N. 1978. *State, Power, Socialism*. London: New Left Books. p. 260.
[6] Jessop, *State Theory*, p. 367.
[7] Jessop, *State Theory*, p. 8.

entails (see earlier). By contrast, for Marx, under capitalism, an apartheid state, a religious state, or a democratic state, are simply variants of the *capitalist* state.

Bakunin and the anarchist/syndicalist theory of the state

As we have seen, Marx stressed the role of class in shaping what states could do, but Marxists arguably struggled to theorise the state itself beyond describing it as a method by which one class suppressed another. Furthermore, it could be argued that the question of the class character of leading state personnel was left unclear.

One approach, which built on Marxism, but went beyond it, was that of Mikhail Bakunin. Bakunin argued, like Weber, that the state had its own dynamics, which could not be reduced to the interests of other groups. But he also argued, like Marx, that the state served elite interests, rejecting Weberian ideas of the state as a technical solution to the problems of modern society, and liberal-pluralist ideas that the state was there for anybody's use. In other words, he wanted to take the state seriously, as an organisation, but he also saw the state as integrally linked to class.

His argument was that society was based on class inequality. The state was headed by a political elite, whose power rested on control of means of administration and coercion, which were concentrated in the state. The core members of this political elite were senior state officials, including senior politicians, police chiefs, army leaders, mayors and so on. The capitalist corporations were headed by an economic elite power rested on control of means of production, which were concentrated in the corporations. The core members were owners and senior managers.

These two elites worked together, as they each needed the other – political elites needed, for example, the revenue generated by capitalism, while economic elite needed, for example, the state's armed force to keep order, although they could also clash, for example over tax rates, state policy, and corporate behaviour. What united them was a common interest. This would be reinforced in other ways, like marriage, social networks and so on, but the core connection was a convergence of definite interests. Together they formed ruling classes, which were more than just the capitalists; they included the politicians, and this meant political parties participating in the state were no allies of the working class.[8]

What this all meant is that society was ruled by ruling classes – not just capitalists, but also state managers – and the question of the class character of the leading personnel in states was also solved. What defined ruling classes was ownership or control of any one or more of the three core societal resources: means of administration, coercion and production.

The fact that the state performed some useful functions did not refute this analysis. Private capitalists, too, performed useful functions. What matters is that in each case, small elites use their centralised, predominant control over these essential functions, based on almost complete control and ownership of essential societal resources, to dominate and exploit the majority in society: the popular classes.

None of this meant that states and corporations always struck good deals – complete disasters were always possible – or that either elite was united. Just as capitalists were divided by firms, sectors, factions and ideas, states were divided by departments, levels of government, factions and ideas.

[8] Van der Walt, L. 2018. "Back to the Future: Revival, relevance and route of an anarchist/ syndicalist approach to 21st century left, labour and national liberation movements." In K. Helliker and L. van der Walt. (eds.). *Politics at a Distance from the State: Radical and African perspectives.* London and New York: Routledge.

And since these two wings of the ruling class rested on different power bases – means of administration and coercion, centred on the state, on one hand, means of production, centred on private capitalist firms, on the other hand – neither was in charge of the other.[9] Therefore, the whole problem of how, exactly, capitalists would control a capitalist state, or why states sometimes did things that annoyed capitalists, or even had nothing to do with capitalism, fell away.

And, just as the capitalist corporation was – despite internal class struggles between their bosses and their workers – basically run and controlled by capitalists, so too were states – despite internal class struggles between their bosses and their workers – basically run and controlled by state elites. States and corporations were both centralised so that these minorities could rule.

States could not be captured by the working class and political parties were part of the problem, not the solution, for the working class Reforms should be won by direct struggle, but getting rid of ruling classes meant getting rid of states as well as capitalists, placing all means of administration, coercion and production under some sort of direct, bottom-up, democratic popular control.

A critical assessment

There are a number of criticisms that could be levelled at this thesis. For one thing, it could be accused of overstating the limits of what is possible within the state. It would be possible to dismiss the changes in state policies and actions by saying that states did what they were forced to do, but, if so, why should it not be possible to force states to make even greater changes?

It is one thing to say that everything the state does is, ultimately, constrained by what ruling classes will accept, but quite another to say this means radical changes are not possible within the existing system. Ruling classes exist in relation to the working class, and surely, then, cannot have all the power, all the time. An emphasis on ruling class power can lead to a tendency to ignore changes in the state and its policies, on the grounds that no matter what happens, it's still a ruling class system.

Second, this theoretical approach could be accused of being quite vague in explaining the actual operations of actual states. States are not just made of state elites, and these elites are dependent on millions of officials, middle level and lower, and ordinary workers. Focussing on state elites misses a great deal of what happens in the state. An emphasis on the power of state elites can, in ignoring the other layers in the state, lead to reading state actions off elite actions, as if the very implementation of policy is not shaped by the lower level employees that have to do the actual work.

Finally, examining both political and economic elites will invariably show the deep fractures within both groups, and between them. If the fractures are deep, what does it mean to even speak of class interests?

[9] This is simplified for the sake of argument. Obviously all states have some means of production – for example, state corporations – and all capitalist firms have some means of coercion – such as security guards – and some means of administration – such as corporate bureaucracies.

1.2 Understanding the South African state

John Reynolds

The formation of a parliamentary democratic state

The establishment of a democratic state in South Africa is rightly hailed as a significant achievement after a long and bloody struggle against racist oppression and the use of state power against the majority of our country's population. The arrival of democracy saw black people take state power in terms of a new constitution in which was contained a bill of rights. That bill of rights included political and socio-economic rights, with the latter opening space for legal action in support of socio-economic transformation.

The question of political freedom

The right to vote is an important achievement for all of us, and is linked to other rights in the Bill of Rights of the Constitution, e.g.

- Equality (section 9).
- Human dignity (section 10).
- Freedom and security of the person (section 12).
- Freedom of religion, belief and opinion (section 15).
- Freedom of expression (section 16).
- Assembly, demonstration, picket and petition (section 17).
- Freedom of association (section 18).
- Citizenship (section 20).
- Access to information (section 32).
- Just administrative action (section 33).

The Constitution also establishes a system of cooperative government covering three spheres: the local, provincial and national. It also establishes three arms of government, namely the legislative and executive arms and the judiciary. The first two arms are directly engaged in the business of cooperative government, with the judiciary – in the form of the Constitutional Court – hearing cases in relation to the Constitution. In addition, Chapter 9 of the Constitution establishes the following institutions tasked to strengthen constitutional democracy:

- Auditor-General.
- Commission for Gender Equality.
- Commission for the Promotion and Protection of the Rights of Cultural, Religious and Linguistic Communities
- Electoral Commission.
- Human Rights Commission.
- Public Protector.

Specific laws established by the legislative arm of government in the three spheres of government give effect to constitutional provisions. The executive arm of government has to exercise its powers in terms of those laws and is accountable to the legislative arm. The laws themselves can be tested against the Constitution, and the work of the executive branch, organisations and persons in the country can be investigated by the Chapter 9 institutions.

The issue of economic freedom

Although the arrival of formal democracy has given all citizens the vote, this vote has not translated into the establishment of a more equal society in which racist rule has ended. The right to vote is an important achievement for all of us, but is not sufficient.

According to the United Nations Development Programme, South Africa is the most unequal society in the world. Furthermore, analysis of national statistics shows that income growth in the post-apartheid period has been skewed towards the upper end of the income distribution, and that people in the middle to lower ends would have been even more badly off had it not been for social grants. Anti-poor inflation has also eroded income gains at the lower end of the income distribution.

Unemployment (using the expanded definition) has consistently been above 30% in the post-apartheid period in South Africa as a whole and above 40% in the Eastern Cape. In addition to this significant unemployment problem, working poverty has continued to be a feature of employment. Education and health outcomes have also not been as was expected, and basic services and infrastructure delivery have not met the expectations of the people of South Africa, as is evidenced by the mobilisation of communities in protests across South Africa.

We have witnessed a failing basic education system and a struggling public health system, which, even if the national health insurance scheme is implemented, needs serious attention to meet the health needs of the South African population. There is increasing evidence of climate change, which requires coordinated national and international action at a time when key state institutions concerned with the environment are failing in their most basic duties. Our society is in the grip of pervasive gender-based violence and there is a persistence of racism and race-based violence.

The Constitution speaks to the content of what government should do, for example in pursuit of socio-economic rights, e.g. labour relations, environment, housing, education, etc. However, it does not specify how those socio-economic rights should be achieved and makes their achievement subject to the "availability of resources." In a number of cases, these rights – e.g. the right to housing in what is known as the "Grootboom case" – have had to be pursued through the Constitutional Court.

This establishment of a national and democratic government has sometimes been celebrated as the achievement of the national democratic revolution (NDR), the first stage of a two-stage transition. The anticipated second stage – namely the transition to socialism – seems, however, to have been pushed further and further into the future, is not necessarily supported by all South Africans, and is not the formal goal of the ruling party. The "second transition" of which the African National Congress (ANC) spoke in 2012 was criticised by the unions for being vague and as, at best, part of the second NDR stage – and, at worst, failing to tackle the inherited structure of South African capitalism.[1] The party held a two-thirds majority of the National Assembly from 2003-2008, and was only one seat short in 1999 – this was enough to amend the Constitution and make fundamental socio-economic changes, which did not happen.

Clearly, the pursuit of "economic freedom" means different things to different people, and sometimes it means greater access to the fruits of the capitalist economy rather than pushing for a socialist society. Even where people are clear that they would like to bring about socialism, it is not clear how to do that while deepening rather than suspending democratic practice.

[1] Congress of South African Trade Unions (COSATU). 20 May 2012. *The ANC on the Second Transition: COSATU's response.* https://www.politicsweb.co.za/documents/the-anc-on-the-second-transition-cosatus-response

Growing conflict and division

Alongside this, there is increasing entrenchment of neoliberal policies – much of the corruption now called "state capture" is in fact centred on crooked privatisation deals – along with capital flight and limited investment in productive capacity, growing evidence of looting of the state, growing evidence of collapse of state services – particularly within the local sphere of government, where 72% of municipalities did not get clean audits – and growing concerns about the value of the provincial sphere of government. There has been increasing reliance on courts to hold the executive to account, growing concerns over limits of accountability of executives to legislatures, and a growing use of legal cases to address problems, settle scores and enforce changes. In response to these systems failures, we see a continuation of political mobilisation around "big men" and a rise of populism. We keep on waiting for the next "big man" to promise us the world and to save us from ourselves.

Over the course of elections held since 1994, there has been a trend of decreasing voter turnout, despite a steady rise in the number of registered political parties. Within this, the ANC proportion of the vote has declined since 2008, the DA has grown consistently, to just over a fifth of the national vote in 2014, but seems unable to get larger, the new EFF has grown but remains small, while older parties – such as the Freedom Front Plus and the Inkatha Freedom Party – experienced a surge during the most recent election. Other parties have not made much of an impact or have declined, most notably COPE, an ANC breakaway. New Marxist parties directly targeting the working class, such as WASP and the SRWP, have not won seats, although the SACP – when it has gone it alone – has had some success at the local level.

At the same time as these changes in the party political landscape, South Africa has seen a rebellion of the poor in the sense of protests around municipal governance, as well as the rise and fall of organised social movements, the growing mobilisation of the students (e.g. around gender-based violence & fees), and a weakening and fracturing of the labour movement.

Explaining the problems: is it corruption?

Why do we have this situation when the state is in the hands of a former liberation movement in alliance with a large trade union federation and the South African Communist Party? Has this alliance not used the state properly? Has the state been obstructed by other interests, such as "white monopoly capital" (WMC)? Was the transition to democracy negotiated badly, with too many concessions made to white business and the old elites?

One argument stresses corruption, as disabling a basically good current system. The continued poor social outcomes we witness are certainly evidence of a poorly functioning state, one of the contributors to which is corruption, and corruption certainly creates additional problems of its own.

We are rightly concerned about corruption when we find it, want competent officials to be employed by the state, want our elected leaders to represent us and hold the executive to account, and want the courts to oversee abuse of power, amongst other things, but getting these things right is not what will make the state change social relations.

Corruption is a social relationship in which control of resources is leveraged to personal advantage. Its extent shows that it is not just a matter of a few bad apples, but something deeper. At the same time, even where corruption is relatively low – for example, some of the wealthier municipalities – inequality and poverty and unemployment remain high.

So while fixing the delivery apparatuses of the state is arguably essential, it is clearly not all that is required to move us towards a more equitable, fair and just society.

Explaining the problems: is it poor design?

As noted, South Africa has numerous mechanisms for citizen input and consultation, besides elections, as well as checks-and-balances like the Chapter 9 institutions. Is there something about the design of our government system that makes it difficult to achieve the kind of socio-economic transformation we need?

Even though politics is about more than the actions of "big men," the South African state Constitution and legislation invest considerable power in the person of the President of the Republic. Although that power is meant to be exercised in consultation with the party and alliance within which the President is based, and there is a system of cooperative governance involving three spheres of government, experience has shown that alliance partners have consistently been ignored, selfish and corrupt practices have flourished, and powers of appointment have been abused for factional and corrupt purposes.

The National Treasury is also invested with considerable power that has positive and negative aspects. During the rampant corruption associated with the Zuma presidency, the National Treasury provided protection against the worst excesses. However, the National Treasury has also been the custodian of neoliberal economic orthodoxy, including restrictive fiscal and monetary policies that have not allowed the kinds of socio-economic transformation our country has needed.

Some suggest, therefore, that we might solve the problems by changing our system of representative democracy to limit the ability of political parties to undermine the oversight role of our elected bodies (parliament, provincial legislatures, councils), or deploy loyalists outside of elected posts. Some suggest that we need to strengthen existing appointments and to weaken the power of Treasury, the Finance Ministry and the Presidency, as well as create new opportunities for citizen input into legislative and policy processes.

Keeping the structure of the state the same, but relying on Chapter 9 institutions and the Constitutional Court to safeguard our Constitution and protect us from corrupt politicians and poor execution of state responsibilities would also not move us towards the kind of society that was envisioned in the Freedom Charter. Even if such interventions make the procedures work better, we still have to concern ourselves with what those procedures should be used for. This comes down to changing society more deeply, and democratic inputs and mechanisms – in themselves important – do not automatically do that.

Explaining the problems: what is the state?

South African politics generally assumes that the state is a "something" that can change society in any way it wants provided there is the political will. For example, the idea might be that once a democratic state is achieved – the first stage of the NDR– the state can then be used to achieve a second phase that abolishes capitalism and brings about socialism, provided that the leaders of the state really want to achieve that. This idea of the state as a thing that can be used is shared by all the big parties, who basically think the state will do things differently if they have a bigger role in it.

In this, it is assumed that the state is a neutral institution that is given direction by the people elected and appointed to state positions, representing certain policies and interests, such as classes; and that it if their preferred direction is not achieved, it is because they are incompetent, corrupt, under the sway of greedy business people, traitors, etc. In terms of this perspective, all that needs to be done to achieve the right societal outcomes is to have the right people in charge of the state apparatuses.

Unfortunately, things are not so simple. The state reproduces capitalist social relations despite good intentions, and we do not need to imagine conspiracies to understand why this is so. Simply put, we have a capitalist society, and, for one thing, the state relies on capitalism to keep the economy going and generate tax revenues.

We have to understand that much as we need to understand the particular structure and mechanics of our South African state, we have to see that the state is more than that. What exactly the state is – and, therefore, does – is therefore important to understand. As **Chapter 1.1 noted,** views differ considerably. Obviously what approach we take has significant political implications.

At its core, the state is a social relation, or, arguably, the primary terrain for the negotiation of societal power. This will be explored further in the section on engaging power within the state.

1.3 The state and labour law

Gilton Klerck

The dominant approach to understanding the capitalist economy is that of **neoliberalism**. Rooted in neoclassical economics and economic liberalism more generally, this argues that the normal, and most efficient form, of capitalism is one in which the state's role is to provide what markets cannot: primarily infrastructure (most types), and law and order. Private businesses will then create jobs, investments and economic growth. From this perspective, states, unions and even big businesses must leave markets alone: no wage setting by law, no state provision of goods or service that markets can provide (like pensions), no state industries, no welfare for people who can work, no controls over imports, and generally speaking, a hands-off approach to the economy. You will see these ideas in the media, when, for example, politicians say that high wages cause unemployment.

In reality, these "free market" economies do not exist. There is always state intervention in markets. This is partly because markets fail: a need for government regulation of the economy stems from the inability of market forces to ensure that the risks and rewards of growth are equitably distributed. Furthermore, there are many other problems with the economic liberal view of how capitalism works. This means that the policy prescriptions for deregulation have also been challenged with alternative approaches.

Two views on labour markets

This division between those who support regulation and those who promote deregulation has very concrete implications for how we understand labour markets i.e. where employers and workers engage over hiring. Whereas the economic liberal proponents of "deregulation" view government intervention in the labour market as a source of distortions in market forces – for example, inflating wages, leading supposedly to unemployment – the supporters of more regulation regard government intervention as a necessary feature of economic governance. During the early stages of industrialisation, the government[2]

> *…comes to accept that it is necessary, legitimate, and in fact desirable to intervene in the employment relation to achieve economic and social objectives. In most democratic industrial societies, the state justifies its interference with individual contractual arrangements by targeting what it deems 'abuses' of the free market system. In the [middle stage of industrialisation], however, the state is no longer bound by this concept. Rather, it acts to modify the natural but politically undesirable outcomes of an unfettered free market … In the late stages of industrialization, the web of regulation becomes comprehensive …*

The role of the government as market regulator is particularly evident in relation to the levels of employment and wages. Given its persistently high levels, governments focus considerable attention on devising policies aimed at reducing unemployment. Governments that subscribe to a market individualist approach will combat unemployment by reducing social security and welfare benefits, abolishing wage policies, encouraging greater wage dispersal, and placing the responsibility for training on individual employers. Interventionist governments, by contrast, are more likely to take responsibility for training schemes; encourage job sharing, a reduction in working hours and higher

[2] Bellace, J. 1994. "The Role of the State in Industrial Relations." In Niland, J., R. Lansbury and C. Verevis. (eds.). *The Future of Industrial Relations: Global change and challenges*. Thousand Oaks: Sage Publications. pp. 25-26.

premiums on overtime work; and protect living standards by maintaining social security and welfare systems.

In terms of levels of income and their potential impact on price stability and competitiveness, the development of an incomes policy constitutes a vital component of government's role in managing the economy. Towers defines an incomes policy as "a package of measures, applied simultaneously or sequentially, which seek to intervene directly in the processes of income determination and the working of labour markets for the purposes of moderating the rate of price inflation, and which also seeks to contribute towards greater equality in the distribution of pay and improvements in labour market efficiency."[3] At this level, government action supplements or supplants market regulation by restraining income growth and providing for minimum wages.

South Africa labour market regulation after apartheid: squaring a circle?

After 1994, the South African government had to confront the legacy of apartheid in the labour market: mass unemployment and poverty, discrimination and inequality, intense conflict at the workplace, low levels of productivity, and a marked absence of the managerial and technical skills required to drive the economy in an increasingly open and competitive international market. A balance had to be found between the creation of sustainable employment opportunities and the maintenance of acceptable standards of employment.

To this end, the post-apartheid government was mandated to pursue an "active" labour market policy that is geared towards maximising quality employment and minimising unemployment, while at the same time improving efficiency, equity, growth and social justice. According to the 1996 Labour Market Commission of the post-apartheid government, the following principles motivate the policy interventions of the state:[4]

- Discrimination based on non-productivity-related characteristics such as race and gender is unjust on purely humanitarian grounds.
- An inequitable distribution of employment and earnings is economically inefficient for society as a whole in the long-term – even if it might be beneficial to some private groups in the short to medium-term – since it results in the under-utilisation of disadvantaged individuals and the inappropriate utilisation of advantaged individuals, including the underpayment of the former and the overpayment of the latter.
- Not only is the labour market distorted but so too are the combination of labour and capital, the production techniques utilised, the specification of job tasks, and the cost structures of firms, thereby imparting to the economy a tendency toward a higher cost structure, lower output, and a lack of competitiveness in the global economy.
- The promotion of equity within and prior to the labour market would result in net social welfare gains to the society as a whole in the long-term and is therefore desirable on both equity and efficiency grounds.

A major statement by the Department of Labour in 1999 recognised that many of the problems in the labour market, such as the high rate of unemployment, could not be addressed by labour market

[3] Cited in Salamon, M. 1998. *Industrial Relations: Theory and practice*. Hemel Hempstead: Prentice Hall. 3rd. edn. p. 278.
[4] Labour Market Commission. 1996. *Restructuring the South African Labour Market: Report of the Comprehensive Labour Market Commission*. Pretoria: Department of Labour, Republic of South Africa.

policies alone.[5] However, the Department was also responsible for the effective functioning of the labour market. This paradox can only be resolved through the alignment and harmonisation of macroeconomic, industrial and labour market policies. This needs to go hand-in-hand with greater levels of coordination at national, provincial and local level. Hence, many of the significant problems in the labour market can only be solved by a package of measures originating from a number of government departments, in addition to being driven by the actions of the private sector. In the light of this context, labour market policy was then guided by the need to:[6]

- Create an enabling environment for the attainment of economic growth, social development, and increased efficiency, productivity and employment.
- Promote stable and sound industrial relations.
- Ensure that labour market policies contribute to the realisation of the vision of government and that they are aligned with the broader policies of government.
- Extend coverage of labour market policies and institutions to all sections of the labour market to redress the apartheid legacy and to ensure equity in the context of an increasing number of precarious employment relationships.
- Ensure that labour market policies promote economic growth and dynamic and allocative efficiency in a manner that contributes to greater employment generation in the economy and greater protection and security for the workforce.
- Resolve inequalities in the labour market and promote the representation of previously disadvantaged groups, especially with respect to skills training and improved work conditions.
- Upgrade, deepen and broaden the formation and utilisation of skills throughout the economy, including within small, medium and large-scale enterprises.

There has to be compatibility between labour market policies and a package of broader policies aimed at resolving many of the problems manifested in the labour market, but not necessarily and primarily caused by the labour market, nor restricted to it. Given the scale of the problems, there is a need for some degree of proactive intervention in the labour market. The labour market policies of the government are informed by a commitment to:[7]

- Resolving inherited rigidities and inflexibilities and thus promote efficiency.
- Promoting labour market and overall economic efficiency.
- Supporting and enhancing employment creation.
- Prompting firms to rationalise production and upgrade work processes and skills in accordance with global imperatives of competitive advantage for a middle income country like South Africa.
- Promoting worker security and safety, through maintenance of socially acceptable and mandated minimum conditions and standards of employment.
- Improving the working conditions of vulnerable workers, especially those in agriculture, security services and domestic work.
- Promoting participatory and cooperative industrial and labour market relations in the context of an institutionalised and regulated framework.
- Promoting equity and skills in the labour market.

However, the state also found it necessary to accommodate some of the more neoliberal approaches then rising across the world. The government's labour market policies have emerged in

[5] Department of Labour. 1999. *Fifteen Point Programme of Action: 1999–2004*. Pretoria: Department of Labour, Republic of South Africa.
[6] Department of Labour, *Fifteen Point Programme of Action.*
[7] Department of Labour, *Fifteen Point Programme of Action.*

the course of formulating the various pieces of legislation that have been passed by parliament in the period from 1994 to 1999. These Acts, which include the Labour Relations Act (LRA) and the Basic Conditions of Employment Act (BCEA), now operate as the linchpins of labour market policy in the country. The government's approach to the labour market aims to forge a middle route between the extremes advocated by:

- Those in favour of a more or less unqualified labour market flexibility.
- Those in favour of a more or less unqualified regulation of the labour market.

Thus, the Department of Labour found it necessary to embark on a specific strategic approach to facilitate the implementation of its labour market policies. The strategic initiatives are as follows:[8]

- The promotion of labour market efficiency within a regulated framework that allows for *variability* with respect to wage determination, work processes, and the utilisation of labour in a manner that is compatible with security.
- The promotion of collective regulation through participatory labour market institutions, *cooperative* industrial relations and collective bargaining.
- The implementation of a preventative strategy that will reduce the burden on administrative monitoring, inspection and enforcement and that will empower social partners to participate proactively in the execution of the strategy.
- The *rationalisation* and integration of related activities and services such as inspection services and those offered by labour centres.
- The need to provide efficient and easily accessible services to clients of the Department through reform of the bargaining council system and the establishment of one stop service centres.
- The delivery of high-quality employment services and the promotion of skills development.

On the one hand, it is felt that advocates of deregulation and labour market flexibility understate the nature of inherited rigidities and inequalities that are built into the labour market, and are not sensitive to the poor conditions of work in many sectors in which disadvantaged employees work. Furthermore, they underestimate the social and individual costs of a highly deregulated labour market in the specific historical circumstances that prevail in South Africa. On the other hand, it is necessary to be cognisant of the costs to the economy and government of attempting to over-regulate the economy in the manner proposed by some. These costs would entail increases in the costs of production, the discouragement of foreign investment, increased administrative costs to government, the possible loss of jobs, and the possible triggering of a wage/price inflation spiral.

"Regulated flexibility"

The government's approach to the labour market is best summed up as one that attempts to extend the coverage of labour market institutions, while simultaneously ensuring their ability to adapt to current global and domestic realities. The attainment of this balance will be reflected in the simultaneous creation of sustainable employment opportunities and the maintenance of acceptable working standards and rates of remuneration. A system of regulated flexibility has been established as the framework within which such a balance is struck. Regulated flexibility has two main aspects, according to the Department of Labour in 1996:[9]

- The protection and enforcement of basic employment standards.

[8] Department of Labour, *Fifteen Point Programme of Action.*

[9] Department of Labour. 1996. *Green Paper: Policy proposals for a new employment standards statute*. Pretoria: Department of Labour, Republic of South Africa.

- The establishment of rules and procedures for the variation of these standards.

The aim of regulated flexibility is therefore to balance the requirements of flexibility with the need for security. A review of the South African labour market by the International Labour Organisation (ILO) identified various forms and levels of flexibility:[10]

- Employment flexibility – the ability to change employment levels quickly and easily.
- Wage flexibility – rapidly changing absolute and relative wage levels with the possibility of wide wage gaps between sectors and occupations.
- Work process flexibility – the easy and low cost alteration of work tasks, times and practices.

Each form of flexibility has its advantages but can, if taken too far, undermine labour market security as noted by the 1996 Labour Market Commission.[11] For example, if hiring and firing are too easily accomplished (i.e. a case of excessive employment flexibility), it will drastically reduce stability in the workplace and discourage firms and workers from investing in firm specific, productivity enhancing skills. In general, employees and their representatives associate flexibility with insecurity, and this constitutes the basis of trade union opposition to labour market flexibility. To overcome this opposition, flexibility has to be accompanied by security. The ILO labour market review outlined different forms of security:[12]

- Labour market security – widespread opportunities for employment.
- Employment security – protection from arbitrary loss of employment.
- Job security – protection against arbitrary transfer between sets of work tasks and loss of job based rights.
- Work security – health and safety protection in employment.
- Income security – protection against arbitrary reduction in incomes.
- Representation security – secure capacity to bargain and influence the character and terms of employment.

The 1996 Labour Market Commission similarly suggested that a sustainable and dynamic balance between flexibility and security is best achieved through the mechanism of collective regulation – i.e. negotiated arrangements between employer and employee representatives.[13] As the ILO review noted:[14]

> *…[t]he competing or conflicting set of concerns for employers and for workers both need to be taken into account, as do those of the more marginalised or vulnerable on each side of the spectrum. They cannot be given their due weight if one party or the other is enfeebled or fragmented. This is ultimately why 'voice' mechanisms, or representative institutions, are required, even though the neo liberal supply side advocates of flexibility and 'de regulation' regard institutions and regulations as rigidities and the main source of inflexibility. Those sirens of de regulation are wrong, because unless flexibility is bargained between strong negotiators, opportunism would lead to short term gains by one side or another – usually large scale, powerful employers – that would have long term adverse consequences for dynamic efficiency.*

[10] Standing, G., J. Sender and J. Weeks. 1996. *Restructuring the Labour Market: the South African challenge.* Geneva: International Labour Organisation. pp. 6-7.
[11] Labour Market Commission, *Restructuring the South African Labour Market.*
[12] Standing *et al*, *Restructuring the Labour Market,* pp. 8-9.
[13] Labour Market Commission, *Restructuring the South African Labour Market.*
[14] Standing *et al*, Restructuring *the Labour Market* p. 10.

Conclusion: regulation makes economic sense too

Providing a degree of labour market security is not simply a political imperative in a democratic society, it is also an effective economic strategy (Labour Market Commission, 1996). For example, in a society where employers and the government demonstrate a commitment to ensuring employment security (i.e. protection against arbitrary loss of employment), employees are far more likely to accept a high degree of work process flexibility as well as wage flexibility. The success of many of the rapidly growing East Asian economies, according to the 1996 Labour Market Commission, was based on just this sort of combination of security with flexibility, the former being used to secure the latter.

Section 2: Engaging state power

2.1 Engaging power within the state

John Reynolds

As discussed in **Chapter 1.2**, the state is more than the sum total of its buildings, formal powers, people and actions. It is more than a bureaucracy and more than the institution with the monopoly of the exercise of legalised violence. At its core, the state is a *social relation*, or, more specifically, it is a primary domain for the negotiation of power within a society, as argued by Bob Jessop and others. The word "primary" is important here: this means that the state is not the only domain for the exercise of power, but it is the most main or the dominant domain. Power is organised in other domains as well, and such organisation can work in tandem with or even against state power.

The state, too, is largely national in scope and, in the international arena it has to contend with other states. National states have influence in multilateral organisations such as the United Nations, the World Bank, the International Monetary Fund and the World Trade Organisation, but the extent of influence in those global bodies is mediated by complex processes, including alliances, relative economic and military strength, etc.

State structures and fractures

The state is fractured into various apparatuses and branches within which power is exercised. In the specific South African case, we do not only have different departments within the executive branch of government (e.g. Treasury, Trade and Industry/ dti, etc.); we also have different spheres of government within which executive power is exercised. We also have complex relationships between the legislative authorities within the three spheres of government and between the executives within those spheres in relation to each other and to the legislative spheres.

The executive branches of the South African state within the three spheres of government, for example, are responsible for the development of policies and plans within the frameworks provided by national legislation and the Constitution. They are also responsible for the implementation of such plans and policies, which do not necessarily work in tandem with each other.

One of the most difficult achievements is effective coordination of government plans and policies within a broad developmental strategy, which is something that the South African state has long resisted, particularly at national level. Long criticised by the labour movement and the left more broadly for a failure to develop such an overarching strategy (including an industrial development strategy), the national government slowly moved onto the terrain of industrial development planning and an overarching economic development plan, sometimes ending up with contradictory plans and power struggles between departments (e.g. Economic Development Department and Department of Trade and Industry/ dti).

Within the provincial sphere of government, provincial growth and development strategies have been developed, but they have suffered from lack of integration of planning within the national sphere, as well as limitations on powers and resources within the provincial sphere. Within the local sphere of government, Integrated Development Plans (IDPs) often have not amounted to much more than project wish lists, and have failed to coordinate the actions of the state apparatuses of other spheres of government within local spaces.

Policy development and competing interests

Power is organised within the state for specific purposes, and such organisation finds written form in policies and legislation.

It is important to note that state documents do not neatly represent the interests of particular societal groupings in neat ways; they embody negotiated outcomes in which there is give-and-take. In the policies and laws of the state, one can find traces of the interests that are dominant, but one cannot readily find documents that perfectly represent just one interest, or neatly read societal consequences off those documents.

Compromises that are made during policy development processes are not done neatly by coherently organised groups, although the better organised particular interests are, the more likely they are to gain particular concessions or outcomes. For example, if trade unions organise around particular aspects of a proposed labour law or policy, they more likely to achieve wording representing their interests than if they are not organised.

The expression of interests, and the actual capturing of wording that speaks to such interests, is a complex process in which a range of people and state apparatuses are involved. Policy and legal texts are written and codified as conventions, legislation and policy frameworks. But even then, the dominant understandings of the world and of what is right, what exists and what is possible – i.e. **ideology** – shape how interests are expressed and what is acceptable. This affects what is decided when formal approval processes – e.g. votes in parliament or decisions by Cabinet – are undertaken.

It is on the terrain of ideology that economists have particular power and that dominant economic theories shape how we think about what is right, what exists and what is possible – this will be discussed in more detail in **Chapter 4.2** on economists, economic theory and ideology below.

During the finalisation of the wording of policies, plans and legislation, there can be many ways in which meanings can be shaped to conform to particular understandings and views of the world. Also, previous decisions, plans, policies and laws shape the room for manoeuvring by those who finalise the wording of policies, plans and laws, as those earlier documented decisions cannot be overturned by one piece of policy, plan or law on its own. Above all, such texts have to meet the final test of the Constitution in a constitutional state.

Policy implementation and state structure

Of course, even once plans, policies, laws and international agreements are written, their outcomes are not neat consequences of the words within them. Those texts are implemented through state apparatuses and organisations that exist in time and that are shaped by previous decisions, conventions, organisational arrangements and people in particular positions. Some apparatuses and some positions are invested with more power than others and can have disproportionate effects, but can be and are countered within and outside the state, whether deliberately or not.

This affects what can be done, and also helps explain why policies change and shift over time in terms of what they do, or don't, implement, and why and how – for example, why a policy at the national level, for municipal governments, can be carried out in a municipality very differently to the way that the national policy-makers intended.

One of the key factors in the implementation of plans, policies and legislation is the mobilisation of resources, in particular money. It is for this simple reason that provincial and national treasuries have such power within the state. That power is exercised in various ways, including in the budgeting rules that are applied, the conventions that shape decision-making, and agreed fiscal and monetary policy. The leader of the executive branch of the state – the President in South Africa's

case – has power invested in him or her by the Constitution, including the power to appoint a Cabinet (including the Minister of Finance), to coordinate the work of government, to appoint key officials in various state apparatuses, etc. Significant though this power is, it does not translate into total control, and significant work is required to monitor and coordinate the implementation of government plans, policies and legislation enacted by parliament.

The state and the capitalist economy

One does not need to believe in big conspiracies to understand how certain outcomes are more likely than others – for example, one does not need to believe in secret deals between big business and government to force through policy and legal outcomes that favour big business or maintain the system of capitalism itself.

The state, under capitalism, is at the very least dependent on a functioning economy, and on tax revenue, and capitalism can provide both. This does not mean that states are merely tools of capitalism – only that it has some interest in ensuring capitalism functions, although, as we have seen, how this is expressed in policy is a complex process. It does mean that some outcomes and interests are more likely to be served by the capitalist state than others.

Of course, big business works hard to influence the state in keeping with "its" interests: the interests of big businesses are not always the same, but there can be joint lobbying efforts in cases where interests happen to coincide. Big businesses also work hard to avoid or undermine decisions that go against their interests, e.g. to avoid taxes or to repatriate profits out of the country.

However, lobbying by big companies or organised business is not guaranteed success and does not translate into control of all the processes that go into finalising a policy or legal text. The finalisation of those texts go through many influences that shape their final form, which is inevitably the outcome of a complex and dynamic process in which certain interests are dominant, but in which no interests can guarantee the success of their particular preferred outcomes.

What is changed most slowly is the economic system, as there are complex forces at play that shape societal outcomes (e.g. employment, income, services, state revenue) and that spill over national boundaries where they also interface with other national powers and global organised interests.

Ruling blocs and the state

Now, although the development of legislation, policies and plans across the three spheres of government is complex and subject to the exercise of power at various points or nodes within the state, this is not a completely unpredictable situation.

Attempts are made to configure power in the form of **ruling blocs** within the state to achieve greater or lesser degrees of consistency and stability in the exercise of power, but those ruling blocs are contingent achievements, which means that they are unstable and open to challenge. The successful achievement of a ruling bloc allows for the achievement of hegemony of that ruling bloc over other contenders for coordinated exercise of power within the state, but is open to on-going challenge. Where such challenge is uncoordinated, or coordinated around specific issues only, the ruling bloc can be influenced but not dislodged.

One ruling bloc can be replaced by another if the challenging group has the coherence to mount the challenge – this requires both formal power within the state and coordination around a particular set of goals and objectives – so that a counter-hegemonic project can be established. If that counter-hegemonic project succeeds in dislodging the current ruling bloc, it can then become the ruling bloc,

but, again, is open to challenge at various points within the state and with varying degrees of coordination.

Within the South African state, these configurations of ruling blocs and their challenges take place within the three spheres of government in complex interaction with each other. It is possible that different ruling blocs can emerge within different spheres of government, even within the same ruling party or alliance, and for these to embody challenges to each other.

Sometimes a ruling bloc is referred to by the name of its formal leader – e.g. the Mbeki or Zuma ruling blocs – but this does not mean that such configurations of power are neatly under the control of these "big men" or leaders. In other words, the short-hand reference to the formal leaders to help us discuss state dynamics should not be confused with overly simplistic analyses of the power of formal leaders, despite the formal power vested in them – for example the power vested in the President by the Constitution.

Even when a ruling bloc is established, the implementation of policies and plans do not occur as intended by its members. This happens not only because of active resistance at various points, but also because of the ways in which previous decisions and established practices within the state structure and condition the actions of people at various nodes within the state, including the ways in which resources are allocated, instructions are carried out, work is conceived, expertise is mobilised, etc. Even the levels of motivation and commitment of government officials tasked with the implementation of aspects of policies and plans are affected by previous policies and state actions, for example human resources policies, labour disputes and the treatment of staff by management. The actions of people operating at a range of nodes of power have direct consequences for how policies and plans are implemented, or, put differently, how state power is exercised.

Conclusion and questions

Given this situation, how then can one challenge power within the state? How does one deal with the often unintended effects of power exercised at various nodes within the state? How does one effectively build counter-hegemonic projects? What roles can alliances with organisations or social formations outside of the state apparatuses play? Should one follow an all-or-nothing strategy, i.e. should one avoid issue-focused challenges in favour of hegemonic challenges, or is there space for both? Is it important to preserve democratic practices and institutions in the process of challenge, and, if so, how does one do that? Is constitutionality important to preserve, and why? If a constitutional democracy is something that we do not wish to destroy, how does one challenge state power? Is it possible to move beyond capitalism by challenging power within the state, and, if so, how would one do that?

2.2 Engaging state power from the outside: Informal workers organising for social protection

Laura Alfers

Informal workers have highly insecure incomes, and at the same time have little or no access to the social protections – sick leave, unemployment insurance, medical insurance, maternity leave, child care services, occupational health services – which either help to protect against risk or to smooth incomes during times when income security is threatened.

Informal workers are the "missing middle" in social protection. In South Africa, for example, they cannot access social insurance schemes such as the Unemployment Insurance Fund (UIF) because they are not in a formal employment relationship. At the same, as able-bodied adults of working age, they do not benefit *directly* from cash grants which are aimed at the vulnerable poor outside of the labour market such as the old age pension and the child support grant.

The concept of social protection emerged from social security – designed for industrialising Europe where full formal employment was assumed. With over 61 percent of the global workforce informally employed – and over 50 percent *self-employed* – this leaves a big question about whether and how social protection systems can adapt to the reality of global labour markets that are very different.

Here we look at how membership-based organisations of informal workers are engaging with – and attempting to transform – social protection systems to better suit their needs and interests. It draws on Webster, Britwum and Bhowmik's[1] adaptation of the Power Resources Approach – "organizing depends on the ability to mobilize members and connect them to a common purpose. Sustaining the mobilization requires power to engage the parties with which workers are in contention."

The power resources on which informal workers can draw can be organised into the following types:

- Structural power: the power to disrupt the economy (conventionally ascribed to formal workers).
- Associational power: the power derived through the presence of large, well-resourced membership-based organisations.
- Societal power: derived through social movement coalitions and by influencing public discourse around issues of social justice.
- Institutional power: embeds past social compromises into institutions and legislation – this may provide opportunities for action, but may also limit possibilities.

Case Study 1 – Drawing on institutional power: working through tripartite structures

I draw attention here to the Rights Based Social Protection in Africa project – funded by FES-Zambia. This was a collaboration between Women in Informal Employment: Globalizing & Organizing (WIEGO) and International Trade Union Confederation (ITUC) – Africa.

Part of the project has been to gather perspectives on existing collaborations between informal workers and formal trade unions around social protection in African tripartite structures. Tripartite structures represent the institutionalisation of past social compromises between the social partners,

[1] Webster, E, A.O. Britwum and S. Bhowmik. 2017. "Introduction." In Webster, E, A.O. Britwum and S. Bhowmik. (eds). *Crossing the Divide: Precarious work and the future of labour*. Scottsville: University of KwaZulu-Natal Press.

in a form that is largely embedded within the framework of the "golden years of prospering welfare capitalism."[2] Informal workers may be excluded or have limited representation for several reasons, e.g. their occupation or sector of work is not recognised under the labour code and/or self-employed workers may not be permitted by law to register as trade unions. In South Africa informal workers are represented in South Africa's national corporatist body, the National Economic Development and Labour Councils (NEDLAC) via the "community constituency" not the worker constituency which is for unions.

Some findings:

- Informal workers have found collaborations with formal trade unions to be crucial to accessing institutionalised spaces for worker negotiations around social protection (e.g. Zambia, Ghana).
- There are tensions in the relationship. Trade unionists often point to the difficulties of working in the informal economy according to established trade union practices (meeting attendance, membership fees). Informal workers on the other hand often feel that trade unions do not make enough effort to allow informal workers direct representation in tripartite fora. As one person commented:

  > *"We are so many informal workers...but the trade unionists are not there on the ground with us. When a vendor has to stop selling tea because her child was sick and then the child dies because of poor healthcare and she has lost all her income – it is us who are close to these experiences, not them. Why aren't we the ones speaking for ourselves? We are taken to be illiterate people who haven't been to school, so we can't have opinions."*

- Political dynamics are difficult to overcome – existing tripartite constituencies are satisfied with the status quo, so why change it?
- Gender inequality: it is hard for women workers – whether formal or informal – to have their social protection demands (maternity benefits, childcare) taken seriously. Careful consideration should be given to the strategic importance of making gender-specific demands vs demands "for everyone."

Case Study 2 – Exercising societal power: social movement coalitions

Possibly one of the most famous examples of informal workers building coalitions around social service provision is that of HomeNet Thailand (HNT), an organisation of informal home-based workers who were involved in the push for the 2007 Universal Coverage (UC) Scheme which allows all Thai citizens free access to health services. The space for the inclusion of civil society in the reform process was provided by a 1997 Thai law which states that any piece of proposed legislation with 50,000 or more signatures supporting it must be debated in Parliament as a "people's sector law."

This alliance of nine civil society groups pushing for the UC Scheme, which became known as the Network of People Organisations, was originally made up of groups representing a wide range of interests: informal workers, women, the urban poor, agriculturalists, the elderly, children and youth, indigenous people, the disabled, and people living with HIV/ AIDS. Through the efforts of this network, 50,000 signatures were collected and a health reform bill was submitted as a people's sector law to the 2001-2002 sitting of the Thai Parliament. While the bill was ultimately passed with

[2] Dörre, K, H. Holst and O. Nachtwey. 2009. "Organizing: A strategic option for trade union renewal." *International Journal of Action Research*, Vol 5(1): 33-67.

some significant changes to the original, an important victory for the civil society alliance was the inclusion of openings for public participation and dialogue at all levels of the scheme. As a result of this, HNT currently sits on the National Health Security Board.

Key points of interest:

- In this example, informal worker organisations were significantly strengthened through the alliance with social movements rather than trade unions. This brought numbers, but it also appealed to a wider and more universal conception of social justice, ultimately creating a groundswell of public support for the UC Scheme.
- However, within spaces for dialogue that have been created by social movement coalitions and are related to universal social services (such as health), informal workers do struggle to be recognised as workers and not only as poor citizens. When HNT first entered into the Network of People's Organisations, it was suggested that they be included under the rubric of "the poor." HNT contested this strongly, arguing that informal workers had specific needs in relation to health care such as occupational health services, and these were not the same as the needs of all "the poor." HNT's argument was ultimately accepted by the network, but it has been difficult to push forward this worker-specific agenda into a social service which prioritises the needs of vulnerable citizens.

Case Study 3 – Associational power: co-producing social services as political strategy

Where social protections are lacking or inadequate, informal worker organisations can also directly provide these services to their members. This is not only a strategy to address the practical needs of their members – it is also a political strategy to shift power between the state and informal workers.[3]

For example, in Belo Horizonte, Brazil, the Asmare Waste Picker Cooperative *(Associação dos Catadores de Papel, Papelão e Material Reaproveitável)* set up a childcare centre for its members. Waste pickers expressed their need for childcare services during the participatory budgeting assemblies held between 1990 and 2000 across Brazil. A small budget was finally allocated for this childcare service after years of negotiation with the local government. The municipality provided a public building, but the running of the centre was the responsibility of Asmare, which managed to source additional support from a philanthropic foundation. From its inception, the childcare centre was designed to meet waste pickers' specific working hours – the centre is open from 7am-10pm. There are four shifts of trained childcare providers per day and children are left either in the mornings or in the evenings depending on their parents' working hours.

Due to the open dialogues with city government administrators, where the waste pickers were able to develop a stronger relationship with officials, as well as increasing municipal recognition of their responsibility for early childhood education and care, the municipality finally took over the full management and financing of Asmare Cooperative community child care centre. In 2004, it became part of the municipality's educational system of early child development centres – *Unidades Municipais de Educação Infantil* – whilst still maintaining its features which were specifically suited to the needs of waste pickers.

[3] Mitlin, D. 2008. "With and Beyond the State: Co-production as a route to political influence, power and transformation for grassroots organizations." *Environment and Urbanization*, Vol 20(2): 339-360.

In this example, Asmare Cooperative had strong associational power. According to some scholars[4], the components of associational power in relation to trade unions consist of the following: membership numbers, human and financial resources, organisational efficiency, member participation and internal cohesion. In the case of Asmare, however, there is an additional component – the technical competency to develop and run an efficient social service for their members. This has enabled them to not only provide a model for government service provision, and a platform around which to strategically structure a relationship with the state and, ultimately, a social dialogue, but also to attract members who are drawn to organisations which meet their practical needs.

Reflections

The examples discussed above show how informal workers are organising, often outside of the orthodox trade union movement, to gain greater recognition as workers with equal rights to social protection and quality social services. This reinforces, as Webster, Britwum and Bhowmik's (2017)[5] argue, while in countries like South Africa the traditional labour movement retains institutional power through representation in national and international tripartite structures, its associational power is dwindling because it excludes informal workers. In contrast, informal workers have weaker structural and institutional power, but are able to have a voice in institutionalised spaces or create new spaces for social dialogue through their associational and societal power.

[4] Schmalz, S, C. Ludwig and E. Webster. 2018. "The Power Resources Approach: Developments and challenges." *Global Labour Journal*, Vol 9(2): 113-134.
[5] Webster, E, A.O. Britwum and S. Bhowmik. 2017. "Introduction." In Webster, E, A.O. Britwum and S. Bhowmik. (eds). *Crossing the Divide: Precarious work and the future of labour*. Scottsville: University of KwaZulu-Natal Press.

2.3 Modes of politics at a distance from the state

Lucien van der Walt

The rise and fall of the "enabling state"

For much of the last hundred years, the dominant parts of anti-systemic movements focused on winning state power, seeing an "enabling state" as the essential means for social transformation. The idea that radical social transformation meant wielding state power was shared by ever-increasing sectors of the anti-capitalist left, of workers' movements, and of national liberation forces.

However, by the 1990s, state-centric models, whether social democratic, Soviet-Marxist or anti-imperialist nationalist, were in crisis. By the 1970s already, they had become marked by economic failures, non-achievement of many of their stated goals, and the inability to sustain themselves in the face of an increasingly internationalised capitalism, a deep global economic crisis and a shifting geopolitical order. Further, marked by endemic inequality, they all faced popular unrest and dissatisfaction with their top-down, bureaucratic and statist approaches, much of this from labour and the left. For example, workers in Tanzania occupied factories in the early 1970s, in defiance of a government calling itself "African socialist," while workers' movements toppled African governments across the continent in the 1980s and early 1990s; workers rebelled across the Marxist world in the 1960s, and again, the 1980s; massive strikes shook the West, most famously in France in 1968, as ordinary people demanded deep changes in the workplace and the larger society.

Neoliberalism does not weaken the state

As the old systems of state-led capitalism crumbled – import-substitution-industrialisation in the south, Marxist-Leninist central planning in the east, the Keynesian welfare state in the west – the door was opened to the victory of global neoliberalism. This was a new phase of capitalism, not a mere change in a few policies that could easily be undone with better policies.

Neoliberalism marked the end of the era of state-led models of capitalism, but did not mark the end of the capitalist state, or even the involvement of the state in capitalism. Neoliberalism centres on free markets, but it does not remove the state, nor weaken it – the state is not gone, but is manifestly an agency for massive interventions to subsidise capital, expand commodification and discipline the popular classes.

States are not victims of a neoliberalism that somehow appears from somewhere else, external to the state, but its key authors. The major multilateral organisations that drive neoliberalism, like the International Monetary Fund (IMF), World Bank and World Trade Organisation (WTO, formerly the General Agreement on Trade and Tariffs, GATT) are not, as some believe, private banks or organisations of multi-national corporations (MNCs) – their members and shareholders for the first two, and their members for the latter, are states.

The expansion of MNCs, and their ability to move capital around the planet with ease, is not something that happened to states. It was only made possible in the first place by states liberalising their controls of over capital movements and currencies, to allow such movement, and the role of states in creating an international infrastructure for such activities, which enables such movement. Naturally, different states have different agendas in allowing these changes: for poorer countries like China in the 1980s, for example, this was a means of attracting investment; for richer countries like

the USA in that time, this was a means of accessing cheaper labour, skipping unions and dodging environmental laws.

States disable movements

The end of the supposedly "enabling state" disabled anti-systemic movements enamoured of states. I do not mean, and do not want to be misunderstood as saying, that the old models of labour and left politics are dead. On the contrary, these retain enormous attraction, and continue to attract substantial support. Globally, there has been some revival in the fortunes of left-of-centre parties, like the Communist Party of India (Marxist) (CPI-M), the Social Democratic Party (SPD) in Germany and the Workers' Party (PT) in Brazil, as well as the formation of various new left parties during the 2000s, including in South Africa. We can also note the excitement with which many greeted the Venezuela government under Hugo Chavez, the interest in Bernie Sanders in the USA and in Jeremy Corbyn in Britain, and the push to form new left parties in South Africa.

I am suggesting, instead, that these models are no longer workable. Not only did they collapse after nearly fifty years in crises, but they also operated in a very different global context. The Keynesian welfare state in the West, for example, assumed class compromises based within specific nation-states, in which a business class largely focused on the national market was willing and able to make significant compromises with the national working class, and in which that class could exert enormous power and threat, in the context of massive economic growth that could fund substantial improvements in popular conditions without threatening capitalism. None of these conditions apply anymore.

The dominant section of private capitalists is organised in MNCs which have no interest in national-level pacts, seeking instead advantages and markets across the globe; working class movements are weak, even if still very large (and in fact growing); there is almost nowhere in the world where ruling classes experience the working class as a deadly threat or expect a socialist revolution from below, a situation dramatically different from the 150 years that ended in the 1990s, with the rise of various forms of socialism from the 1840s; and low growth and recurrent crises since the 1970s have reduced the money available for redistribution to the popular classes and pressured capitalists to roll back the gains made in the past by working people, and redistribute wealth and power upwards. If the 1940s to the 1970s saw falling inequality, the 1990s onwards has seen inequality skyrocket.

So, the problem is not just that neoliberalism has come to dominate, but that the main alternatives that were presented in much of the twentieth century *are no longer feasible*, even if they were ever desirable. As SYRIZA found in Greece, as the ANC found in South Africa, and as the PT found in Brazil, neoliberalism is the name of today's game. Even Venezuela's "Bolivarian" model was premised not on a sharp break with the neoliberal order, but simply a boom in oil revenues driven by neoliberal capitalism elsewhere that allowed, for a time, some booms in welfare. Beyond this, the Venezuelan economy was in crisis well before the recent US sanctions, and, when the oil price fell, the model fell apart.

The victory of neoliberalism, then, was partly due to the absence of a clear labour and left alternative at the time that which could be championed by the working class. But this was because the working class movement faced the crisis, failure and passing away of the main statist models. It could either pose these as an alternative again, and fail; or seeing the failure, be demoralised and accept neoliberalism or defeat; or they could seek a third option, beyond the state.

The return to "politics at a distance from the state"

This situation has led directly to a crisis of the dominant currents in left and working class politics, but it has also opened space for the *rediscovery* of society-centred, anti-capitalist modes of bottom-up change, labelled as "at a distance" politics. These had always existed, and had been very influential into the 1940s, but were supplanted from 1945 worldwide by statism. In recent years too, "at a distance" politics have registered important successes in practice, such as the Zapatistas in Mexico.

These society-centred positions involve a politics of anti-capitalist transformation that question fundamentally state-centred change. In place of statist and hierarchical models, "at a distance" politics stress possibilities for more democratic, bottom-up and radical models of transformation – previously often effaced by state-centric struggles and the project of capturing state power, but now increasingly rediscovered.[1] For example, within anti-apartheid organisations of the 1970s and 1980s, there was also an implicitly anti-statist tendency which sought to build a different form of politics, often consciously opposed to the top-down logic of state hierarchies and governance. For instance, the declared aim of the United Democratic Front (UDF, formed in 1983) of constructing "people's power" and the stress by many black-centred trade unions, notably those in the "workerist" tradition of the Federation of South African Trade Unions (FOSATU, formed in 1979) on "workers' control," were indicative of a vision of an incipient politics of transformation that – despite ambiguities, contradictions and limitations –did *not* centre on using the state for liberation.

A "politics of emancipation" that is at a "distance from the state," and not centred on the capture of state power, is not a monolithic project.[2] This is not because "at a distance" politics inevitably rejects unity or makes a virtue of disagreement and incoherence, but simply because there is no single "at a distance" model." Politics at a distance from the state" actually describes **a range of approaches** that are grouped together more because of their scepticism about state-centred change – *such a politics does **not** even have to be anti-statist.*

It is possible to distinguish, analytically, at least three modes of "at a distance" politics": "outside-but-with" the state; "outside-and-despite" the state and "outside-and-against" the state.[3] These are not necessarily the labels these three broad modes of "at a distance" politics themselves use, but they serve as a useful way of dividing up the types, the better to understand them.

Mode 1: "Outside-but-with" the state

This holds that radical change should not centre on the state. Rather, popular initiatives, movements and autonomy should have maximum scope, but should be combined with transforming and democratising the state. In place of a statism that supplants popular self-activity, and a politics that rejects the state in all instances, this mode involves a synergy (or at least a creative tension). It seeks to move beyond the traditional social democratic stress on parliament and corporatism, by

[1] Helliker, K. and L. van der Walt. 2018. "Politics at a Distance from the State: Radical, South African and Zimbabwean praxis today." In K. Helliker and L. van der Walt. (eds.). *Politics at a Distance from the State: Radical and African perspectives.* London and New York: Routledge.
[2] Badiou, A., F. Del Lucchese, and J. Del Smith. 2008. "'We Need a Popular Discipline': Contemporary politics and the crisis of the negative." *Critical Inquiry*, Vol 34 (4): 47, 649-650.
[3] Helliker and van der Walt, "Politics at a Distance from the State."

complementing these with popular mobilisation.[4] Although often presented as new, these ideas had earlier incarnations in, for example, Guild Socialism.

This is certainly "politics at a distance from the state," since it neither reduces politics to the state, nor seeks to subsume popular struggles into the state apparatus, yet it is also not anti-statist – it is a "politics at a distance" that is "outside-but-with" the state. There have been a wide range of efforts to implement it, and a range of possible modalities for its operation. For Murphy Morobe in 1987, for instance, the anti-apartheid coalition the United Democratic Front (UDF), in which he was a leader, built "active, mass-based democratic organisations and democratic practices within these organisations" to fight the apartheid state, but the idea was that, after apartheid, these would exist alongside parliament.[5] As noted later, in **Chapter 6.3**, one strand in the "workerist" tradition of Federation of South African Trade Unions (FOSATU) also fits: it aimed at building workers power and a radical working-class movement, but it was also willing to participate in state institutions, including the courts and the statutory bargaining machinery, even under the apartheid state.

The politics of "outside-but-with" the state is based on the idea that the state is a contested terrain, susceptible to popular demands and anti-capitalist policies. The state acting against people is seen as due to the state being temporarily captured by the wrong groups. Pressure on the state, from outside, and work within the state, as well as alliances between states and movements, are seen as ways of transforming the state, and of pushing back capitalism. There is, according to this view, no built-in relationship between capitalism and the state; the state can be delinked from capitalism, either to remove it or to place it under some sort of regulation that benefits the popular classes. Very often this view looks optimistically at the past, speaking in terms of a golden age before neoliberalism, in which, supposedly, states were truly democratic.

A critical assessment

The problem here is that this does not consider that states are closely linked to capitalism, if for no other reason than that they are funded by capitalism: taxes on profits, taxes on incomes, taxes on sales, and loans from banks. This immediately limits what states are able to do; in a context where capitalism is neoliberal and crisis-ridden, it seems most unlikely that states will take sides with the people against capitalism. In other words, states can vary in what they do, and states are certainly shaped by popular struggles, but there are *absolute* limits on what states can or will do.

States are also centralised, disempowering and top-down institutions, and, as such, provide little scope for popular involvement. If the state is centralised, as all states are, how exactly can the majority of people participate in any meaningful ongoing way?

And if states have institutional imperatives of their own – survival in a competitive interstate system, the need to maintain capitalist accumulation, the reproduction of their control over territories etc. – will these not reshape *popular* movements, on the pattern of the state? To put it another way, if the state is top-down and works on its own agenda, it can only include popular movements in ways that will in turn, make those movements more centralised and more compatible with state structures.

There is, in other words, a contradiction between the top-down logic of the state (and of the capitalist corporation) and the bottom-up logic of democratic, popular movements – the two could not be reconciled in the manner "outside-but-with" proposals suggested.

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[4] Wainwright, H. November 2004. "Change the World by Transforming Power, including State Power!" *Red Pepper.*

[5] Morobe, M. 1987. "Towards a People's Democracy: The UDF view." *Review of African Political Economy*, 40: 81-88.

Mode 2: "Outside-and-despite" the state

This position is often identified with a strand of unorthodox Marxism promoted by the autonomist John Holloway, but it is far from unique to that Marxism. The core idea is that ordinary people can build a new society outside of the state, and capitalism. For Holloway, the state is nothing but a reflection of capitalism, so it is pointless to use it. But since that means you cannot capture the state peacefully (as in social democracy) or by force (as in Marxism-Leninism), what should you do?

Holloway suggests that the first step is to refuse to participate in the system, which is created and recreated daily by our actions.[6] We should rather build alternatives in the cracks of the system, and where there are enough cracks that are widened enough, the system will start to crumble. Since there is no party with a unified project, and no central aim, like winning state power, the argument continues, there is no single project. There is a stress on open-ended and indeterminate processes, and scepticism towards grand programmes and revolutionary schemas. In fact, to create any such unified project risks seems bring back the state and the party. Rather, an experimental and evolving communism will somehow emerge in these alternative spaces. Everyday practices that reject the imposed system and its way of thinking widen the cracks to the point where the system is broken.

Although Holloway claims not to have a formula, we can infer one from his writings: the alternatives should be based on horizontal relations, acceptance of difference, a stress on the *process* of making change as more important than the ultimate change itself, a rejection of moving power away from people, and a fairly straightforward schema for change where people do more and more, until it is enough.

A critical assessment

Holloway's examples of "building ways of living that don't depend on wage labour"[7] are extremely modest: meetings in squares, the re-opening of closed factories, and "community gardens."[8] However, as ruling classes *already* have a virtual monopoly on administrative, economic and military resources, how will those resources be moved over? If they are not, these tiny islands will operate within a capitalist sea and be eroded by it, rather than change society as a whole.

This raises questions of how the means of production, for example, will be placed under popular control on a meaningful scale, and how the armed might of the state will be fended off. If popular movements did move into direct confrontations on the terrains controlled by ruling classes, by for example, seizing open factories, this would mean open conflict, war from above by powerful elites, who would not simply wither away.

At its core, the system is not based on agreement, or a majority vote. It is difficult to see how a series of projects, lacking a clear programme and ideology, will be able to tackle highly organised and centralised ruling classes.

Dodging such issues – with references to the need to avoid dogma and so on – is extremely dangerous and avoids a key discussion. At the end of the day there is a need for a clear strategy, and a clear debate on strategy. While claiming not to have a strategy, and to be open and experimental,

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[6] Holloway, J. 2005. *Change the World without Taking Power: The meaning of revolution today.* Revised edn.. London: Pluto Press; Holloway, J. 2010. *Crack Capitalism*. London: Pluto Press.
[7] J. Holloway, J. 29 September 2014. "John Holloway: Cracking capitalism vs. the state option.*" ROAR Magazine.*
[8] Bonefeld, W. and J. Holloway. 2014. "Commune, Movement, Negation: Notes from tomorrow." *South Atlantic Quarterly*, Vol 113 (2): 214–215.

the "outside-and-despite" approach, in effect, advocates a very narrow strategy and closes down debates on strategy.

Finally, there is also really nothing that makes alternative institutions, relations and struggles automatically lead to a new egalitarian, "communism" – the transition in South Africa, born out of struggles from below, but ending in neoliberal capitalism, surely shows this. This means the battle of ideas does matter, and that raises the question of how to wage it.

Mode 3: "Outside-and-against" the state

The third mode – often associated with anarchism/syndicalism – argued that states were centralised institutions of class rule: they were centralised organisations that existed to allow small ruling classes to rule. They did this by concentrating in a few hands the major means of administration and coercion – centralisation allowed a few to wield these resources – and they ensured class exploitation continued – which also required that major means of production were owned and controlled by a few, either in a state or private corporations.

This meant that states could not be used for radical change by the working class – first, because they were designed for the opposite purpose, second, because their centralised structure prevented the mass of people participating in them, and, third, because the price of participation was the centralisation and corruption of movements that participated.

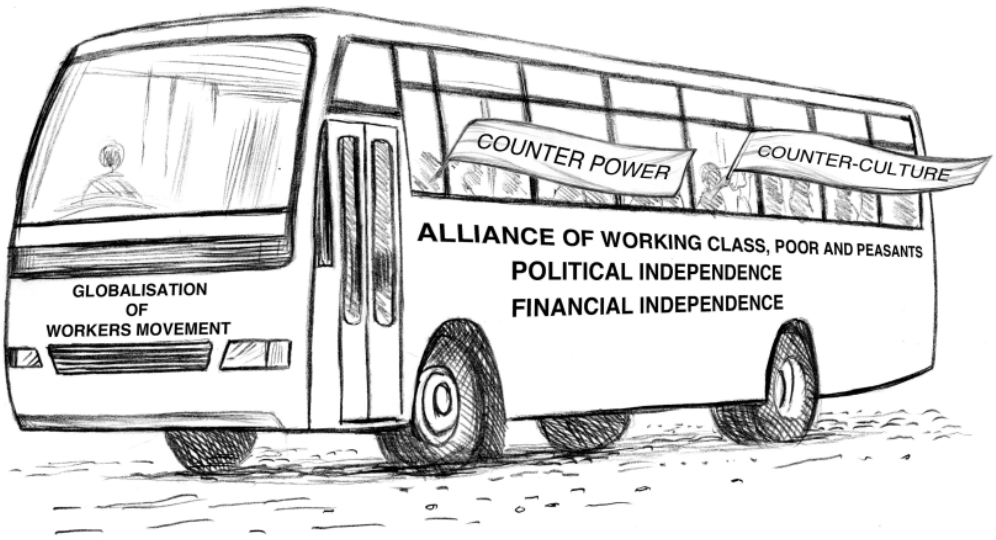
So, the alternative was then not to build a political party to take state power, or to participate in the state, but to build, firstly, bottom-up, democratic organs of "**counter-power**" that could empower people to *resist* the ruling class, fight against all forms of oppression and exploitation as a means of unifying the popular classes and forging an egalitarian movement, thereby creating the *nucleus* of a future, self-governed socialist system. This would mean taking over means of administration, coercion and production directly and placing these under the control, of the organs of counter-power. [9]

The alternative would involve, secondly, a project of promoting a revolutionary "**counter-culture**," or alternative worldview/**counter-hegemony**, that would provide a critique of the existing world, embody alternative values and outline the framework of, and strategy for, a new world. There was just no automatic move from struggle to revolutionary change. The battle of ideas was needed.

In an example of this approach, unions could be repositioned to agitate, educate and organise, building capacity to seize and self-manage the means of production.

So, basically, there is a stress on building a new society from outside the state, based on people being active; this approach rejects the use of political parties to capture state power. Although some form of political organisation could play a role in building counter-power and counter-hegemony, it cannot itself take power. You can win reforms – but through protest and pressure outside the state. Reforms are possible, but not enough, and ultimately the state – the existing state – must be replaced with a democracy from below.

[9] Van der Walt, L. 2018, "Back to the Future: Revival, relevance and route of an anarchist/ syndicalist approach to 21st century left, labour and national liberation movements." In K. Helliker and L. van der Walt. (eds.). *Politics at a Distance from the State: Radical and African perspectives.* London and New York: Routledge.



Driving to the Future

Source: Lucien van der Walt, 2018, "What are we Fighting For? Possibilities for Decent Work, Unions and Rights in Africa, "presented at Conference on Trade Union Transformation in Sub-Saharan Africa, Dar es Salaam, Tanzania, Friedrich Ebert Stiftung (FES), 29 October-2 November.

A critical assessment

One of the common criticisms of this approach is the claim that the revolutionary changes that it envisages are risky. Obviously the ultimate outcome of this project would be a showdown between the mass of the people and the state – and with it, the ruling classes – which also means a confrontation with the armed forces of the state. This would be very destabilising, may not result in a successful revolution, and might even lead to a degeneration of the revolution, in that the need to win the battle might lead to a destruction of the democratic core of the revolutionary project. The danger is that there are no checks and balances – like Chapter 9 institutions – and therefore, the worst outcome would be a worse system.

Another criticism is that the project is a bit unrealistic – it basically assumes that there will be a steady accumulation of power by the people, but will this be permitted? Such a revolutionary project could face repression, but will anyway be threatened by continual changes in the capitalist system, e.g. economic crisis, the fourth industrial revolution. If the revolution is disrupted, then either it will have to take place where people are not ready – the counter-power is weak and limited in coverage, and the counter-hegemony is weak – which would mean a high risk of failure; or the process of building counter-power must take time to recover. However, if the process keeps getting pushed back like this, then will the revolution ever happen? If not, what is the point of the project?

This would lead to a third criticism: the scope for revolution is exaggerated, so the focus should be on small realistic changes. These are more feasible, and in any case, the pessimistic (negative) view of the state here maybe ignores how much change is possible *within* the existing system.

Conclusions

How we think about the state is crucial to what we think works best – there is a different *theory* about the nature of the state at work in each approach, which also links to a view of how society works. Is society, and is societal change, based upon endless class struggles? Are the differences in society something that can be effectively and peacefully resolved? Another issue to be aware of here is that there are different views of what type of political practice is *better* – top-down, bottom-up, plans, no plans, struggle, peaceful change? This leads to quite different views of *movement-building*, e.g. should it involve parties, parliaments, use of courts, and use of state grants; should it have leaders and, if so, of what type?

Section 3: South Africa and the global economy

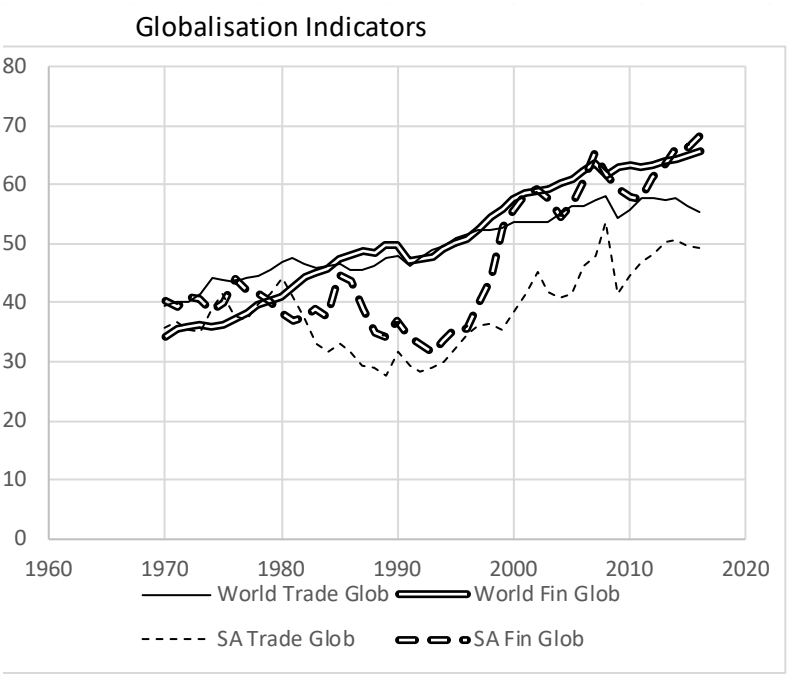
3.1 The South African economy in global context

David Fryer

May you live in interesting times (Chinese curse, attributed).

Introduction

Roughly since the beginning of its transition to democracy, South Africa has become increasingly internationalised. This is closely linked to the adoption of **neoliberal policies**, which are in turn shaped by changes in the global and local political economy. The dominant approach to understanding the capitalist economy is that of neoliberalism. Rooted in neoclassical economics, neoliberalism argues that the normal, and most efficient form, of capitalism is one in which the state's role is to provide what markets cannot: primarily infrastructure (most types), and law and order; beyond this, economies should be deregulated, with free trade, low taxes, limited rules, privatisation, and so on.



Source: KOF Globalisation Index (2018).

South Africa has taken its position in a multi-layered and complex global *regulatory* system (multilaterally, regionally, and bilaterally), that is framed by neoliberalism. The general thrust has been *liberalisation* and *globalisation* along several dimensions. Notably, as the figure suggests[1], in the world as a whole and in South Africa, capital liberalisation (including flows of finance, foreign direct investment, and restructuring of global production systems) has been much more rapid than trade liberalisation. And while there has been a global tendency towards domestic liberalisation of labour markets, there has been far less progress towards the free movement of people.

[1] Gygli, S., F. Haelg, F. Potrafke and J-E. Sturm. 2019. "The KOF Globalisation Index Revisited." *Review of International Organizations*, online early publication.

These processes have profoundly shaped and, arguably, dominated South Africa's post-apartheid socio-economic trajectory. In economic debates, globalisation is presented in contrasting terms. Orthodox economists tend to regard it as an unqualified opportunity.[2] In this discourse, South Africa's poor socioeconomic performance is seen as a consequence of not fully grasping the opportunity. On the other hand, critics regard South Africa's over-integration as undermining its attempts to move to a more developmental path, not least through its impact on the balance of class power globally and within South Africa.[3]

In Chapters 3.1 and 4.1 we try to traverse these issues in two parts. The first of these deals with the *economic* debate itself. The second deals with the *political* economy question of disciplining the state. That the state should be disciplined, both from "below" (i.e. its own people) and above (by a community of nations) is not contested. What is debated is the nature of the existing system, most prominently represented by the "ratings agencies," which seem to exert an extraordinary influence on policy making. In what follows, I do not try to cover all the issues that we will talk through in the Winter School. The idea is to give you some background so we can pick up our discussions with certain ideas already in place.

The debate about the South African economy in the global context

In order to get a grip on what is a vast area, we take a particular ***approach***. This has three elements.

- A *macroeconomic perspective*. This is based on the view that the "parts" can only be understood as part of the system. A related point is that without the right macroeconomic framework, other policy interventions (industrial policy, social policy or labour market policy for example) would be "against the tide." The classic example here is that since 2007, South Africa has had a more active industrial policy (trying to foster manufacturing). However, this has been severely hampered by an adverse macroeconomic environment, notably high interest rates and an overvalued and volatile currency.[4]
- We focus our attention on *investment.* It is widely acknowledged that South Africa needs to approximately double its investment rate. This is a central goal in the National Development Plan.[5] However, notice that investment here is understood not just as business investment but also as *infrastructural* and *social* investment.
- We take a *pluralist* approach. In other words, we look at *debates* rather than *received truth.* We start with a simplified characterisation of the economic debate, between a dominant "orthodox" view and a heterodox view (corresponding roughly to the so-called Washington and Beijing Consensuses). The justification is that our starting point provides a vantage point from which a more complete understanding (including more radical alternatives) can be built.

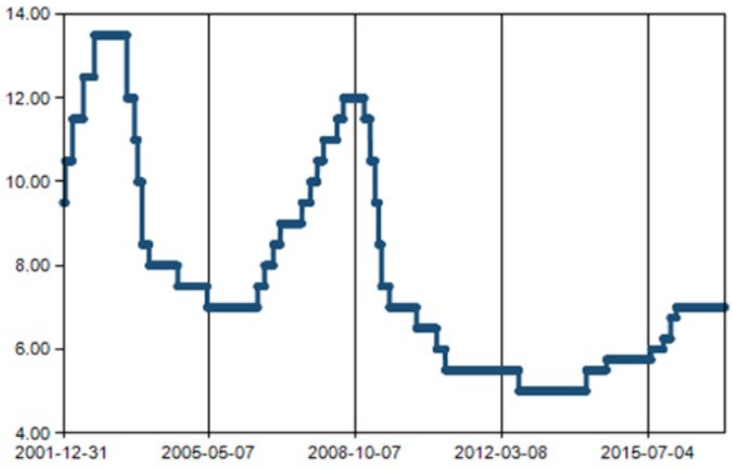
[2] Potrafke, N. 2015. "The Evidence on Globalization." *The World Economy*, Vol 38(3): 509-552.
[3] SegattI, A. and N. Pons-Vignon, N. 2013. "Stuck in Stabilisation? South Africa's post-apartheid macro-economic policy between ideological conversion and technocratic capture." *Review of African Political Economy*, Vol. 40 (138): 537-555.
[4] Zalk, N. 2014. "Industrial Policy in a Harsh Climate: The case of South Africa." In Salazar-Xirinachs, J., I. Nubler, and Kozul-Wright, R. (eds). *Transforming Economies: Making industrial policy work for growth, jobs and development.* Geneva: UNCTAD and International Labour Organisation.
[5] National Planning Commission (NPC). 2012. *National Development Plan 2030: Our future –make it work.* National Planning Commission: Department of the Presidency, Republic of South Africa.

Orthodox macroeconomics: the New Monetary Consensus (NMC)

The central element of the NMC is *inflation targeting* (IT). IT uses the following "rule" to guide policy: if inflation is expected to be above a target band (the Central Bank uses forecasting models), the Central Bank raises the interest rate.

Although inflation targeting is specifically a **monetary** policy, it is the core around which the entire NMC policy framework is designed. This is because the fundamental NMC position is the **"monetarist"** one that monetary policy is *sufficient* to control the *whole economy*, and that interest rates are the sufficient and appropriate monetary policy tool. Monetary policy is about how the state manages the supply of money – for example, it can involve a Reserve Bank changing interest rates – but is not about how the state *spends* money. NMC sees monetary policy as the main job, focusing on keeping inflation low.

Note that IT is a weak and unobtrusive control mechanism, in the sense that the central bank reacts ***only*** to inflation forecasts, and effectively uses only interest rates. It does **not** react to unemployment, balance of payment issues, a weak growth rate, or financial instability (such as stock market fluctuations or indicators of dangerous credit expansions), *except* to the extent that its models predict that such issues will impact inflation. The control mechanism is a very light-touch form of *stabilisation*. As the figure below indicates, the SARB does not change the policy interest rate very frequently. For example, the rate was only changed once (from 5.5% to 5%) from 19 November 2010 to 29 January 2014.



The reason why the NMC advocates only a "light touch" stabilisation mechanism is its underlying conception that the market economy is *essentially efficient* and should not be interfered with. The NMC should be regarded as a *negative* policy framework. Its primarily role is to *prevent* the state from engaging in so-called populist economics policies (like heavy government spending or reducing interest rates). This essentially "laissez-faire" neoliberal position informs the rest of the NMC.

In this narrative, the primary impetus to development is the *market,* and the logic is that countries need to avoid regulating markets and should globalise to take advantage of the market system.

From this perspective, growth is basically about getting the private sector busy, and the best way to get that, is to deregulate the economy, i.e. by freeing trade and similar means. Developing and middle income countries (like South Africa) in particular, stand to benefit by overcoming constraints to growth caused by small domestic markets and low levels of savings. Liberalising *trade* should

allow such countries to exploit underutilised (and hence cheap) resources (labour, natural resources) by exporting into large global markets. Liberalising *finance* should allow such countries to overcome their savings constraints: they should be able to access the pool of international finance (especially the savings of rich countries) to invest heavily in emerging export industries.

It is noteworthy that in the NMC private debt (including consumer credit) is regarded as largely beneficial because it is assumed that financial markets are fundamentally efficient at allocating funds from savers to borrowers (particularly, businesses that take on debt to fund *investment*). By contrast, public (i.e. government) debt is regarded as inefficient. The NMC does acknowledge that the state has a role in financing infrastructural and social investment. However, it should restrict its debt and finance these expenditures out of government revenue (primarily taxation).

As will be discussed in **Chapter 4.1**, the NMC should be thought of as a **mature form of neoliberalism**. It is less extreme than the system that prevailed in the 1980s and early 1990s. It acknowledges a role for the state (as noted above) and for regulation. In particular, it is associated with a form of financial market regulation (this in response to the disastrous impact of unregulated capital flows in the 1990s). It even acknowledges that trade unions can play a useful role in society (see for example a 2012 World Bank report).[6] This is in contrast to the rather extreme neoliberalism that is often encountered in South Africa.[7] Nevertheless, the logic of the NMC remains *essentially* neoliberal.

We will also see that, as a global system, the NMC is also showing major signs of unravelling both ideologically and politically (as the Global Financial Crisis and the unravelling of centrist politics in the US and EU attest). However, as far as South Africa is concerned, it can still be regarded as the prevailing system.

Alternative views: "heterodox" perspectives

[E]conomic performance is the outcome of policies and political economy[8]

Challenging economic liberalism, and the associated NMC, are a range of alternative views, often grouped together as "heterodox" economics. The heterodox perspectives can be regarded as having negative and positive elements. The negative element is a refutation of the neoliberal claim that embracing globalised, laissez-faire capitalism is the path to economic development. There is much convergence between different heterodox perspectives (such as Marxism and Keynesianism) on this point:

- **Keynesian economics** is named for British economist, J.M. Keynes, whose arguments included the proposition that the unregulated capitalism favoured by neoclassical economics and neoliberalism today, was *not* efficient. Left alone, it would inevitably be trapped in crises. Keynes himself stressed that capitalism had a problem of managing overall (aggregate) demand in the economy. It made sense for each capitalist to cut wages, and fire workers, but each cut and retrenchment would reduce demand. So who would buy what capitalists sold? Where necessary, Keynes argued, the state should boost demand by means like raising wages, spending money on projects, or providing welfare. He also saw nothing

[6] World Bank, 2012. *World Development Report 2013: Jobs*. Washington: World Bank:
[7] Smith, W. 12 June 2019. "Let's End Conservative Tropes in Economic Policy Talk." *Business Day*; Schussler, M. 2012. *South Africa Cannot Afford South Africans: Busting myths and rhetoric with a long-term with a long-term comparison of formal sector employment, salaries and living standards.* The 11th UASA Employment Report.
[8] Oqubay, A. 2015. *Made in Africa: Industrial policy in Ethiopia*. Oxford: Oxford University Press. p. 7.

wrong with governments protecting their economies from cheap imports, in some circumstances. Keynesian economists have developed the work of Keynes in many ways.

- **Marxist economics** is named for the revolutionary Karl Marx, who, unlike Keynes, did not believe capitalism could be fixed. Marx had numerous criticisms of capitalism, but one of his central points was that capitalism was an unstable system that kept getting itself into crises. While Keynes thought the crises could be fixed by state intervention, Marx believed that only a complete change to a new system, of socialism, could end the problems of crisis, unemployment and inequality.

There is much less convergence on the positive element among the heterodox – if the capitalist system is problematic, what is to be done? Marxists are profoundly pessimistic about the possibility of effective policy intervention *within* a capitalist system, particularly because of the corrupting influence of capitalism on the state, and the power of capitalist classes to resist meaningful reform.[9] This argument is compelling. However, we will leave it for now (not least because prospects for revolutionary change seem remote) and consider broadly Keynesian arguments.

Heterodoxy and the problems of liberalisation

The central "negative" argument, as it pertains to developing and middle income countries, is that the NMC arguments about the constraints to development are wrong. Countries like South Africa do not merely lack savings and access to global markets. These countries are characterised by "vicious interlocking cycles": including poor infrastructure, low levels of skill, a lack of established markets and globally competitive producers, and political instability. These problems are cause *and* consequence of weak economic development (they are also a consequence of these countries' historical integration into the global system, as colonies, plantation economies, migrant labour reserves, etc.). It follows that, regardless of the availability of "resources" and cheap labour, business profitability is weak. Because business profitability is weak, investment is weak, and these countries remain trapped in low levels of development, with only extractive industries (mining in particular) and the financial and consumer industries that serve these industries and their workforces, attracting investment.

Globalisation can make things worse. Financial liberalisation is associated with unstable, speculative capital flows, and a "revolving door" of capital inflows into extractive industries, matched and often exceeded by capital flight (both licit and illicit) as companies and elites expatriate surpluses.[10] Trade liberalisation exposes weak domestic producers (including farmers) to international competition. This is particularly problematic in the period of neoliberalism (since the 1970s) because global markets are characterised by overcapacity.

Not only does this make it straightforwardly difficult for emerging markets to break into export markets, it has created **neo-mercantilism***,* where rich or developed countries attempt to protect their own industries and farmers and have a strong interest in undermining the efforts of emerging market players from entering such industries. Finally, although rich countries are outsourcing cheap labour processes in manufacturing industries to emerging markets, it is a myth to imagine that cheap labour by itself constitutes a competitive advantage. Cheap labour and weak regulation is the norm in developing and emerging markets. To attract industry, countries need to offer more, such as location, or a labour force with good basic skills, or good infrastructure.

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[9] Aoki, M. 2001. "To the Rescue or to the Abyss: Notes on the Marx in Keynes." *Journal of Economic Issues*, Vol. 35(4): 931-954.

[10] Ndikumana, L. and J. Boyce. 2012. *Africa's Odious Debt: How foreign loans and capital flight bled a continent*. London: Zed Books.

In terms of the *positive* element, South Africa's current dilemma is highly instructive. South Africa faces massive backlogs (in education, in infrastructure, in policing, in potable water systems, etc.). These clearly constitute an impediment to economic development. However, the obvious solution, a state-led developmental policy framework seems to be impossible for two reasons. The first of these is financial. Even though it is not spending on these things, the government debt has ballooned alarmingly, from 33% of GDP in 2011 to about 55% in 2018. The second of these has to do with the capacity of the state.

The lesson here is that countries that *have* embarked on successful (or relatively successful) development ignored such constraints (or found ways to manage them). South Korea in the 1950s (before its industrialisation) was a typical "failed" poor country, with corrupt politics, and weak industry.[11] The way that Korea changed its path reflects broader Keynesian prescriptions. We will explore such questions, and whether there is a solution for South Africa, in the discussion. The themes we will consider are how the *macroeconomic* policy environment can be changed to create a conducive environment for investment, what can be done about the question of *finance,* and *which* industries or sectors South Africa should consider prioritising.

[11] Chibber, V. 1999. "Building a Developmental State: The Korean case reconsidered." *Politics and Society*, 27: 309-346.

3.2 Global value chains and labour organisation

Kanyiso Ntikinca

Globalisation refers to the increasing integration of economies around the world, particularly through the movement of goods, services, and capital across borders. One important way that national economies are integrating is via Global Value Chains (GVCs), which consist of a range of activities that bring a product or a service from its conception to its end use by final consumers. At each step in the chain, value is added in some form or other. The GVC perspective is an effective means of conceptualising the forms that globalisation takes – in terms of how countries and firms are globally integrated – in a manner that traditional social and economic analysis have not been able to do.

The development of global value chain (GVC) analysis

Research that falls under the GVC label originated (in the late 1970s) from the Global Commodity Chain (GCC) concept, which was rooted in the world systems theory tradition. **World systems theory** scholars argue that the world is divided into core, periphery, and semi-periphery regions. These categories describe each region's relative position within the world economy, as well as certain internal political and economic characteristics. Technology is a central factor in the positioning of a region. As such, advanced countries constitute the core, whilst less developed countries make up the periphery. A defining feature of this inter-regional relationship is that the powerful and wealthy "core" regions dominate and exploit the weak and poor "peripheral" regions. Semi-peripheral nations stand between the core and periphery in terms of economic power.

Semi-peripheral nations represent either core regions in decline or peripheries attempting to improve their relative position in the world economic system. These nations act as buffer zones between the core and periphery of the global economy. Some may eventually fall into the periphery, as did Spain in the 17th and 18th centuries, and others may eventually rise into the core, as has modern Japan. Semi-peripheries deflect the anger and revolutionary activity of peripheries, and serve as profitable places for capitalist investment when well-organised labour forces in core economies cause wages to rise too fast. World systems scholars thus concluded that semi-peripheral countries, such as South Africa, are key to reproducing and maintaining unequal relations between core and peripheral countries. This particular conclusion formed the conceptual underpinnings of global commodity chain research.

From this framework, there was the argument that there were **global commodity chains** (GCC) in the world system. These were are not a recent phenomenon, but have been an integral part of the functioning of the capitalist world-economy since it came into existence in the sixteenth century. The GCC framework was established as a conceptual mechanism to analyse and explain the role played by commodity chains in reproducing unequal relations between core, semi-peripheral, and peripheral nations.

Although GCC literature originated from the world-systems tradition, it later evolved into a pro-globalisation development framework. This has been inspired by a widespread shift in national development strategies from **import-substitution industrialisation** (ISI) to **export-oriented industrialisation** (EOI) throughout the developing world.[1]

[1] See Gereffi, G. and D.L. Wyman. (eds.). 1990. *Manufacturing Miracles: Paths of industrialisation in Latin America and East Asia.* Princeton, NJ: Princeton University Press.

Import-substitution industrialisation (ISI) was widely used by poorer countries – including South Africa from the 1920s to the 1970s – and means a policy where the state intervenes in the economy to force the "substitution" of local production for imported production. Simply put, the state blocks cheap imports, so that local firms, which produce more expensive goods or services, can develop. It is meant to move countries from relying on selling raw materials overseas and importing manufactured goods. It is not against foreign direct investment (FDI) but simply insists it is regulated and fits into ISI. The focus of ISI is the local (domestic) market.

Export-oriented industrialisation (EOI) is different: local firms should focus on producing manufactured goods and services for global markets, which means they need to ensure their prices are competitive. Where ISI protects expensive local firms from outside competition, and is mainly about getting those firms local customers, EOI means local firms must cut costs and get access to customers outside the country.

Buttressed by the policy prescriptions of powerful international economic organisations like the World Bank and the International Monetary Fund, as well as the US government, the preference for EOI rests heavily on the experience of the East Asian "miracle economies" from the 1960s to the mid-1990s. During this period, Japan and a handful of other high-performing Asian economies (most notably, the "four tigers" of Hong Kong, Taiwan, South Korea and Singapore) attained booming exports and lofty per capita growth rates against the backdrop of relatively low income inequality, high educational attainment, and record levels of domestic saving and investment.[2]

These countries moved from ISI to EOI, and their success meant they did not have to rely on small local markets anymore, but could keep growing and growing the customer base. What it also meant is that countries like South Korea and Taiwan were able to move from being exporters of raw materials into powerful industrial countries, exporting manufactured products. EOI is still the development orthodoxy in much of the world.[3]

This led some GCC scholars to argue that what mattered was to move to a better position in GCCs. Rather than GCCs being seen as negative and exploitative, as in world systems theory, they were now perceived as necessary mechanisms for the development of peripheral and semi-peripheral nations. Moving "up" the chain from farming, to mining, then to low-end manufacturing (like textiles) then to high-end manufacturing (cars, chemicals, electronics) involved "**economic upgrading**" which brought with it "social upgrading" in the form of advances in quality of life.

The new studies looked at the structure and functions of GCCs in specific industries and sectors around the world. This approach involved identifying the actors in the production and distribution of a particular good or service and mapping the kinds of relationships that exist among them.

GCC literature gives special attention to role of lead firms in specific industries because of their influence over chain participants. Specifically, the GCC framework established that commodity chains are "driven" by two kinds of lead firms: buyers and producers:

- *Producer-driven* commodity chains are those in which large, usually transnational, manufacturers play the central roles in coordinating production networks.
- *Buyer-driven* commodity chains refer to those industries in which large retailers, marketers, and branded manufacturers play pivotal roles in setting up decentralised production networks in a variety of exporting countries.

[2] World Bank. 1993. *The East Asian Miracle*. New York: Oxford University Press.

[3] Gore, C. 2000. "The Rise and Fall of the Washington Consensus as a Paradigm for Developing Countries." *World Development*, Vol 28 (5): 789-804.

This was updated in the 2000s to the idea of GVCs, because many activities in the chain were outsourced as firms and technology changed. In light of these changes, the static "producer/buyer-driven chain" typology was dismantled to accommodate a GVC concept which facilitated a more dynamic view of analysing global commodity chains. This development resulted in GVC scholars identifying governance structures that re-emphasised the importance of the organisational context. As a result, five forms of governance were identified, namely market, modular, relational, captive and hierarchical governance. This "GVC governance" framework helped researchers explain why some value chain activities are firmly rooted in place, whilst others are more easily relocated. In sum, the GVC concept does not refer to significantly different things compared to the concept of GCC, but it is more ambitious in the sense that it tries to capture the determinants of the organisation of global industries.

A third and more recent strand of research prefers to put the emphasis on the concept of "network" rather than "chain." In contrast to GVC research, the Global Production Network (GPN) framework seeks to understand (among others) how multinational companies affect the different regions around the world. To this end, the GPN concept depends on three interrelated variables. Firstly, the processes of value creation, enhancement and capture are scrutinised. Secondly, the distribution and operation of power of different forms within global production networks are studied. Thirdly, the embeddedness of GPN – how they constitute or are constituted by the social, economic, and political processes of the places they inhabit – is explored. In other words, the GPN approach contributes to our understanding of new forms of chain governance, spatially fragmented production systems, and the relationships between globalisation and regional development.

The debate over economic upgrading and social upgrading

Supporters of globalisation argue that connecting to global value chains is a powerful driver of economic growth, job creation, and rising living standards for developing countries.

These scholars argue that lead firms support economies at different levels of development by empowering production with better technology, knowledge, skills, and wages. This process is better known as economic upgrading, and is a key term used by neoliberal development scholars and policy makers. Early work on value chains described a process whereby global buyers would encourage firms in developing countries to undergo fast learning and upgrading in global commodity chains.

This was inspired by evidence from East Asian garment firms that upgraded from low-end activities of the value chain to high-end activities, such as designing and branding. This particular research stance, however, assumes a direct causality between economic upgrading and the social upgrading of workers in developing countries. The concept of social upgrading originated from the International Labour Organisation's (ILO) "Decent Work" agenda, which promotes employment conditions that provide adequate remuneration, social security and sufficient protection of workers' rights. There are also a number of ethical labour standards initiated by lead companies with the hope of promoting social upgrading down the value chain.

At the opposite end of the spectrum, there is an emerging group of scholars that is beginning to question the orthodox economic assumption that economic upgrading automatically leads to social upgrading in GVCs. This level of scepticism is inspired by a growing series of cases studies that depict the manner in which profitable export industries are characterised by domineering lead firms/retailers whose demands create precarious conditions for workers in the "Global South."

These examples indicate that economic upgrading does not necessarily lead to social upgrading. Instead, economic upgrading is largely accompanied by *social downgrading* of workers at the bottom of the global chains. Simply put, these workers pay the price with low wages and horrible conditions.

Conclusion: the need to put labour at the centre of GVC analysis

Against this backdrop, it is becoming increasingly obvious that GVC analysis requires a strong labour-centric framework, in order to make sense of the growing social downgrading of labour in the age of global value chains.

Yet in the midst of this onslaught, labour has not remained silent or passive. There has been a strong worker/civil society response to the injustices experienced by labour at the hands of their employers within global chains. Workers in global value chains are finding new strategies to address harsh working conditions in global supply chains. *Some of this is discussed in **Chapter 5.3**, which touches on the citrus value chain.*

These strategies are shaped not only by the exigencies of hyper-competitive global production regimes, but also by state structures and local market conditions. Thus, an analysis of labour strategies in global supply chains must begin with an analysis of the labour control regimes in which they are embedded.

Trade unions require bold new approaches to fight the power of multi-national corporations (MNCs). To protect the rights of workers and represent their fundamental interests, unions need to secure their local and national power base within and along global value chains.

Organising within and along value chains is not necessarily calling for building new value chain unions; nor does it mean that organising is limited to the contracted firms of a particular value chain. *It is more about recognising and using the opportunities that referencing the enlarged context offers*: greater policy insights, broader solidarity, and increased leverage for organising and collective bargaining. This will require serious reassessments of organisational structures and resource allotments. And it will require setting new priorities and devising the means for increased union cooperation. Strategies need to be built on forming networks based on cooperation, trust and defined rules and responsibilities.

3.3 The state, accumulation and class formation after apartheid

Lucien van der Walt

Debates in the labour movement and in the socialist left more generally tend to pay relatively little attention to the nature of the state as a structure, and point to a fairly vague understanding of the role of the state in the economy.

Debate on the state as a structure tends to focus on issues like personalities, policies and parties. This does not pay much attention to the larger system – the structured organisation – of the state in which these three elements operate. That structure exists *continuously* despite changes in personnel, policies and politicians, and shapes all of these. Looking at the deeper nature of the state requires looking beyond what is most obvious.

Debate on the state in the economy tends to centre on issues like the impact of corruption, the impact of inefficiency and state failings, and the impact of regulations and taxes. This does not pay much attention to the state itself as an economic force – an owner, employer, capitalist, site of accumulation and major spender – and lends itself to the sort of view that the "economy" is basically about the private sector, the private firms, and shares on the Johannesburg Securities Exchange (JSE). As an example, the state's Black Economic Empowerment (BEE) scorecards for the economy that talk about black ownership, measure the *private* sector and ignore the state.

Is "white monopoly capital" (WMC) still a useful concept?

Labour and left debates on the economy often focus on the ongoing power of what is called "white monopoly capital": the large, apartheid-era, capitalist firms that were inherited by the new South Africa.

Regardless of the ways this notion has been opportunistically used by certain politicians, there is no doubt that WMC existed in apartheid, that the South African economy has historically had a "monopoly capitalist" structure – domination in each sector by a few huge firms – and WMC has also continued to play an important role post-apartheid.

By 1987, over 83.1% of all shares on the Johannesburg Stock Exchange (JSE) – now the Johannesburg Securities Exchange – were owned by four giant companies, with Anglo-American (despite the name, a South African company) owning 60.1%, followed by Sanlam at 10.7%.[1] With the 1990s transition, the "Big Four" were not subject to any penalties, were largely exempted from the Truth and Reconciliation Commission (TRC), and benefited massively from post-apartheid economic policies and state contracts (for example, construction in preparation for the 2010 World Cup).

In all parts of the private sector of the economy, the pattern of a few giant companies persists. One effect is persistent price-fixing by cartels – in sectors ranging from concrete to bread – exposed by the country's Competition Commission over recent years. These large private firms – mainly rooted in the pre-1994 period, historically white-owned and dominated, with a corporate culture marked by the apartheid era – might correctly still be termed "white monopoly capital" or WMC.

[1] Congress of SA Trade Unions (COSATU). 1987. *Political Economy: South Africa in crisis*. Johannesburg: COSATU Education Unit. p. 19.

Beyond WMC #1: the changing private sector

However, it is important to note that there are some important developments that require us to be careful about simply describing the post-apartheid economy as one based on WMC.

The old WMC firms have restructured – usually slimming themselves down, focusing on fewer areas and operating more internationally – and their role on the JSE has fallen sharply:

- For example, the Anglo-American of the 1980s, at its height, controlled key parts of the economy across a white range of sectors, such as consumer goods (for example, SA breweries), retail (for example, Edgars), banking (for example, FNB), and manufacturing (for example, African Steel).
- Today, Anglo-American is basically "a globally diversified mining business."[2] Anglo-American has sold many of its holdings in banks and retail, in favour of a mining focus, and globalised aggressively. Anglo moved its main share listing from the JSE to the London Stock Exchange in 1999. Its single biggest current project is in *Brazil*, not South Africa. It is currently only seventh on the JSE, and controls less than 10% of shares, compared to the over 50% of the 1980s.
- BEE has meant that around a quarter of JSE-listed company directorships are held by "black" people (this includes Indian, Chinese, Coloured, black African), and the proportion of senior managers in the private sector who are black stands at 32.5% by 2010.[3] Obviously this is disproportionate – it means whites, and white men particularly, are still at the centre, but this is still a radical difference with 1980s WMC which was 100% white and 99% white men.

Beyond WMC #2: "denationalisation"

Second, the opening of the economy has led to a host of foreign firms listing on JSE, so that some of the biggest firms on the JSE are no longer South African-based:

- While South African companies controlled 83.1% of JSE shares in 1987, by 2012, foreign investors held 37% of all shares, and 43% of industrial shares, on the JSE[4] (this does include some South African capital re-entering via channels elsewhere, but is a massive change).
- So, while 10 companies still control 50% of JSE capitalisation, a substantial part of this ownership is not traditional WMC.

Beyond WMC #3: the state as heart of the economy

Third, the state apparatus is itself a massive economic force, in total bigger than the largest examples of WMC even at its height in the 1980s:[5]

[2] "At a Glance." https://southafrica.angloamerican.com/about-us/at-a-glance

[3] Sibanyoni, M. 10 October 2010. "Black Directors Arrive on JSE." *City Press*; R. Southall. 13 February 2012. "South Africa's Fractured Power Elite," paper presented at WISER seminar, University of Witwatersrand.

[4] Jones, G. 8 July 2013. "'Double Negative Whammy' Risk for JSE." *BDLive.*

[5] Mohamed, M. 29 February 2012. "Blacks own More than 13% of Land.'" *The Citizen*; Rumney, R. 2005. "Who Owns South Africa: An analysis of state and private ownership patterns." In Daniel, J., R. Southall and J. Lutchman. (eds.). *State of the Nation: South Africa 2004-2005.* Pretoria: HSRC.

- Even in the 1980s, the state was the biggest single employer, landowner, income earning institution, and by any reasonable measure, the dominant "monopoly capital" in electricity, rail, roads, forestry, television, sectors of banking, higher education and elsewhere.
- In the 1980s, if we include state-owned firms, a different picture of the economy emerges than that if we focus just on *private* firms: three of the ten largest firms in SA in 1979 were state-owned, namely SAR&H (now Transnet, at number one), ESKOM (third), and ISCOR (ninth). If we combined Anglo-American Corporation and De Beers (fifth and eighth) – in fact the same firm – it comes out just slightly larger than SAR&H.[6]
- Even the 13% of land for black Africans in former homelands was effectively held by the state in "trust," and controlled by state-paid kings and chiefs

A focus on private firms – of which WMC in the form of Anglo-American and Sanlam and others were key examples –hides this huge part of the picture.

- The 1990s transition did not remove state "monopoly capital" nor significantly erode the enormous state presence in a wide range of sectors. The 1990s transition saw the state remain the single largest landowner in the country, holding land through state corporations, municipalities, government departments and the homelands system (with the exception of outside of Zululand, which was transferred to the king on the eve of the 1994 elections).
- The state receives more income from South Africa than any other single institution operating in the country.
- This means that today, a powerful and wealthy (and mainly black) elite in the state sector controls up to 30% of the economy *through the state*, including state banks (e.g. the Industrial Development Corporation, Land Bank, Ithala Bank), asset funds (like the Public Investment Corporation/ PIC), state corporations (e.g. ESKOM and South African Airways/ SAA), state facilities (e.g. the water grid and harbours), mass media (e.g. South African Broadcasting Corporation/ SABC), a world-class weapons industry (e.g. Denel), high-end research (e.g. the universities), plus a quarter of the land, including more than half (55%) of all land in Gauteng and the Western Cape.
- These are not marginal assets: ESKOM was (in 2018) the fourth largest single Africa-based profit-making corporation by turnover, and is a state-owned multinational corporation active in 34 countries. If we combine the Transnet structures listed in the Top 500 African companies, Transnet comes in at number ten.[7]
- The state-owned PIC is the largest asset manager in Africa, and owns around 12.5% of the JSE – spread over different companies, and including 30% of Lonmin. If PIC investments on the JSE were led in single, distinct company right now, it would be the fourth largest firm on the JSE, around 2.5 times larger than Anglo, which is seventh.[8]
- And, as s noted earlier, by 2010 around a quarter of JSE-listed company directorships were held by "black" people and the proportion of black senior managers in the private sector at a

[7] *The Africa Report*. July-September 2019. "Top 500 African Companies." 108: 83-97.

[8] Total JSE capitalisation in March 2019 was USD 982.56 billion (March 2019), or roughly ZAR14.1 trillion (mid-2019 exchange rate). PIC investments, representing 12.5% of total JSE capitalisation, must then come to ZAR 1.1 tn. The top three JSE-listed firms by market capitalisation by 2018 results were Anheuser-Busch (ZAR2.3 tn), British American Tobacco (R1.8 tn), and Naspers (R1.4 tn). OIn mid-2019, Anglo was valued at ZAR 425 bn, and in seventh place on the JSE: https://www.sashares.co.za/top-100-jse-companies . Note three qualifications in these calculations: figures were rounded up, the calculation was modestly skewed by use of exchange rates in mid-2019, and the calculations assume the PIC does not have holdings in the top three.

third. This was directly due to power exerted *by the state* on large private firms to meet employment equity and other BEE targets.

Beyond WMC #4: the state as site of accumulation

As writers like Jon Hyslop[9] and Shawn Hattingh[10] have noted, the state is *itself* a site of enrichment. This was true under the apartheid National Party (NP) and is true today, post-apartheid, under the ANC.

Hattingh notes the danger of focusing solely on Zuma, and seeing all of the scandals as simply being linked to his clearly flawed personality, as this misses the point that states are used as sites of accumulation and that the state is always used for personal gain by the powerful.

The reality, however, of the 1994 transition was that there was no black capitalist class of any real power at the time; the main parts in the private sector were dominated by a small economic elite of major companies, i.e. WMC. This made it extraordinarily difficult for a new capitalist layer to move into the core of the private economy. It was essentially captured already by a small elite: before the 1940s, mostly South African "English" and "Jewish" capital, but by 1990, also including a powerful "Afrikaner" capital.

Moreover, white capitalists were assured that their wealth would not be touched. In return, the ANC was allowed to take over the state. In other words, capitalism was maintained, including the harsh exploitation of the black working class, but the faces in the state changed.

What this meant was that "the state became the key site through which an ANC elite could build itself into a prosperous black section of the ruling class."[11] The methods used include:

- Large **salaries and perks** for top positions in the executive, parliament, government departments and in state companies. By one estimate, if Zuma's salary and perks such as security, vehicles and expenses for his wives for the first term of his Presidency were added together, the cost would come to over R500 million. In fact, a recent survey revealed that Jacob Zuma was the fourth highest paid head of state in the world, surpassed only by America's Barack Obama, Canada's Stephen Harper and Germany's Angela Merkel, in that order respectively.
- An extremely rapid **Africanisation of the management of the state companies**: media tends to focus on this as "cadre deployment" – the fact the appointees were often party loyalists, and in later years, Zuma loyalists – but this misses the point that it effectively placed a new black elite in control of some of the largest South African firms, including control over contracts and tenders.
- State power provides **access to tenders**, especially key deals related to public-private partnerships fostered by GEAR, but also including long-standing contracts with the private sector, which have long existed, including the contracts for coal with ESKOM. There are tens of thousands of such contracts, from the municipal level up.
- State power also enables the state to push for BEE, affirmative action, and empowerment charters in the private sector.

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[9] Hyslop, J. 2005. "Political Corruption: Before and after apartheid." *Journal of Southern African Studies*, Vol 31 (4): 773-789.
[10] Hattingh, S. 2 April 2015. "Is it Just Jacob Zuma?" *Pamabazuka News.* https://www.pambazuka.org/governance/it-just-jacob-zuma
[11] Hattingh, S. 2 April 2015. "Is it Just Jacob Zuma?" *Pamabazuka News.* https://www.pambazuka.org/governance/it-just-jacob-zuma

- In order to influence the state, private companies also engage in appointments of political allies to key private sector positions – Ramaphosa is a key example – and blatant bribery, as we have seen in the Arms Deal – with Zuma a key example – as well as sponsorships and grants.

Not a uniquely South African or ANC or African process

Note that, as issues around the funding of the DA and EFF have shown, and DA and EFF municipalities have shown, this by no means unique to ANC.

Such methods were heavily used by the NP apartheid state, including:

- Moving state accounts to Volkskas (now ABSA), which was then a fairly small Afrikaans-owned bank.
- Capture of the state companies, in a rapid process of Afrikanerisation.
- Reallocating state contracts – for example, contracts for coal supplies – to Afrikaner-owned firms like Glencore, a new mining firm owned by SANLAM.

Third, such methods are not unique to South Africa, or even to poor countries. They are central to Russia (including used by Putin), Italy (sometimes including organised crime networks), and even the USA – often at the city level, with municipal contracts, but also at the national level, including scandals around the Clintons (Democrats) and Dick Cheney (Republican).

Beyond WMC #5: the ruling class is more than capitalists

What this means is that South Africa is controlled by a **single ruling class,** divided into two sectors:

- A (largely white) private sector elite.
- A (largely black) state elite.

This class is united at both a deep structural level, through common interests and interdependence, and at a more conjunctural level, by current neoliberal programmes and alliances, among which note can be made of the Growth Employment and Redistribution (GEAR) strategy of 1996 or the fact that almost every single Cabinet minister is a shareholder in one or more private companies.

The state, of course, also controls the means of coercion and administration. This includes the military (one of the five largest in Africa), the police, and the state administrative machinery, with more than a million officials.

Standard images of the post-apartheid economy partially capture the reality: “blacks have political power” (or, more accurately, a black elite has state power), and “whites have economic power” (or, more accurately, a white elite has private corporate power).

Crudely, this captures a simple truth: a (mainly black) political *elite*, its power centred on the predominant ownership and control of means of administration (e.g. the state bureaucracy) and coercion (e.g. the police) through the state, is allied to a (mainly white) economic *elite*, its power centred on the predominant ownership and control of means of production (e.g. the mines) through private corporations. These two sectors comprise, together, the **South African ruling class, forming its two wings.**

Their alliance is not held together by the corruption of a few people, or by incorrect programmes, not by poor state leadership, and not even by the ANC, all of which can be changed.

Nationalisation: solution or illusion?

The idea that nationalisation is, in any size, shape or form, socialist, is therefore quite debatable. Is it just a means of *shifting resources between* the wings – the private and state wings – of the ruling class, not shifting them to the working class? If so, state ownership is not working-class ownership.

Advocates of nationalisation should pause to consider the existing mess. In the 2013/14 financial year, South African Post Office executives failed to meet most planned targets, misspent R2.1-billion on tenders, and stumbled from crisis to crisis; while Post Office workers waged a series of massive strikes in 2013 and 2014. It emerged that top managers – who plead poverty when faced with workers' demands for higher wages and better jobs – awarded themselves a 26% wage increase.

It is also incorrect to see the state's operations as more desirable, with problems like political cronyism, waste, corruption, lack of maintenance and investment a mainstay of both the apartheid National Party (NP) and post-apartheid ANC periods.

The state elite is not a comprador layer

The state elite is not a negligible layer, but people who control – through the state – major means of administration and the means of coercion. In addition, state elites control major means of production through the state, including state-owned operations and banks. This also means that this layer has resources of its own. Furthermore, through high salaries, perks, corruption, awarding state contracts to family members, state corporations, and the direct exploitation of state workers, the state serves as a site of wealth accumulation for the state elite.

The black elite, whether in the state, or in the private sector, is an *active* part of this system, and its beneficiary – not a bought set of black faces, not a "petty bourgeoisie," not a "comprador" layer, but a powerful sector of the ruling class, in its own right, with its *own agenda* based on its *own resources*.

It cannot form a reliable ally of the working class, partly because its class interests and very existence rest upon the ongoing subjugation of the working class, partly because it is part of an elite pact of class domination with private capital, and partly because its own agenda – survival and expansion – must clash with working-class interests.

The rise of NP and ANC neoliberalism and the changing ruling class

The left and labour focus on WMC has the very real merit of revealing both continuities with the past and part of the present problem, but it sidesteps massive changes in the private sector, including denationalisation and Black Economic Empowerment (BEE) and ignores the economic size and power of the state sector. The onset of neoliberalism in the late years of apartheid under the NP (from 1979) and the acceleration of neoliberalism under the ANC (from 1993) changed the picture.

Tough capital controls that previously made it almost impossible for South African companies to move most of their assets outside the country despite political turbulence and economic decline, noted David Kaplan,[12] forced WMC to develop into giant conglomerates *within* the country. Despite limited exports of capital – Anglo had more investments in the USA than Unilever, according to one

[12] Kaplan, D. 1983. "The Internationalisation of South African Capital: South African foreign direct investment in the current period," paper presented at "Southern African studies: Retrospect and Prospect" conference, University of Edinburgh, 30 May-1 June: 206-208.

estimate[13] – the strict capital controls meant Anglo evolved from being a mining house to having massive holdings in agriculture, industry, retail and media. The existing monopoly structure in mining (and state industry) was now systematised widely.

It was ANC-led liberalisation of capital and other controls that allowed Anglo to relocate its primary listing to London in the 1990s. Looser regulations were part of growing efforts to position South Africa as an attractive "emerging market," and growing global flows of foreign investment have seen the JSE change. The NP had pioneered neoliberal measures in the 1980s, mainly through austerity, sales of major state companies like ISCOR and SASOL, and tax reforms, but did not allow capital flight.

The ANC continued these, but also opened the economic gates on a scale unseen since the early 1920s. It became more attractive to invest – sometimes, some would say primarily, for short-term profits and speculation – but it also became easier. Notably, from 2004, foreign companies could list directly on the JSE. It also allowed big firms – Anglo among them – to relocate their listings abroad, and shift from a conglomerate centred on South Africa, to a global multi-national, with a radically declining role in South Africa.

Conclusions and questions

These points raise key questions for working class strategy. What do they mean for political parties participating in the state or winning state power? If such behaviour is normal, how useful is it to pose the problems in terms of a moral dynamic – corruption – rather than a structural one – class?

Competition for state positions is closely linked to competition for resources. Does this help explain why political parties fragment, or what conflicts between politicians are involved? Those who were purposefully excluded by the Mbeki faction were instrumental in backing Zuma in order to gain access to the top of the state and the wealth it would bring.

Many in the opposition continue to believe that simply removing the president will solve the problems, but do we not, perhaps, need a proper challenge to the system that enables power and wealth accumulation for the few, as Hattingh argues?

[13] Innes, D. 1984. *Anglo American and the Rise of Modern South Africa*. New York: Monthly Review Press. pp. 234-236.

Section 4: Economic policy in South Africa

4.1 Disciplining the state: ratings and other global agencies

David Fryer

[I]t is now quite clear that the democratic states of the capitalist world have not one sovereign, but two: their people, below, and the international 'markets' above (Wolfgang Streeck, 2012).[1]

As noted in **Chapter 3.1**, South Africa has taken its position in a multi-layered and complex global *regulatory* system. The idea that the state, in a capitalist system, *should* be disciplined, not just from "below" by its own citizens but also from "above" by "international forces," is uncontroversial. States are international players, and their actions have consequences for other countries, and these actions need to be regulated. For example, countries that subsidise domestic production create surpluses. These surpluses tend to be "dumped" on international markets, undermining these industries in other countries. South Africa's recent trade disputes with Brazil and the USA about "dumped" chicken illustrates how important it is to have rules and mechanisms to enforce such rules.

What is crucial is the *nature* and *social purpose* of this system of regulation. The global system of regulation that currently exists has been criticised as a mechanism that protects the interests of a small club of rich countries and enforces an essentially neoliberal view. It is in fact an *imperial* system[2] that projects the power of the USA and of *finance as a class*[3]. Neoliberalism as a *system* is very far from the "liberal" ideal of *multilateralism* (multiple countries, ideally *all* countries, pursuing a common goal), or a "democracy of nations." The post-World War II "Bretton Woods" system, which prevailed from 1945 to 1973, can be regarded as an approximation of the latter system and – particularly in the economic sphere – of so-called "embedded liberalism." Post-War multilateralism was extremely flawed – the system was dominated by the cold war powers and especially the USA, and the system of Keynesian welfare states was primarily a club for the "Western democracies." Nevertheless, as a system of global economic regulation it does provide a useful benchmark.

Keynes' vision of an equitable international order

It is worth looking at Keynes' vision of the system rather than the watered-down system that was actually adopted. The essential idea was that countries should be free to pursue their own policy agenda, suited to their own domestic economic and political systems, *provided* their activities did not spill over negatively into the international sphere.[4] The Bretton-Woods system was "capitalist," but it included a wide "variety of capitalisms," with countries as diverse as social democratic Sweden and "developmentalist" Japan fitting into the system.

The two main areas that were regulated in the Bretton-Woods system were *trade* and *finance.* The idea of the Bretton-Woods system (if not the practice) was that countries should not be allowed to run trade deficits *or* surpluses, or (except in certain conditions) to devalue their currencies to gain a

[1] Streeck, W. 2012. "Markets and Peoples." *New Left Review*, 73: 63-71.
[2] Arrighi, G. 2005a. "Hegemony Unravelling—I." *New Left Review*, 32: 23-80 and Arrighi, G. 2005b. "Hegemony Unravelling—II." *New Left Review*, 33: 83-116.
[3] Michl, T. 2011. "Finance as a Class." *New Left Review*, 70: 117-125.
[4] Abdelal, R. and J.G. Ruggie. 2009. "The Principles of Embedded Liberalism: Social legitimacy and global capitalism." In Moss, D. and J. Cisternino. (eds.) *New Perspectives on Regulation.* Cambridge (MA): The Tobin Project, Inc. pp. 151-162.

competitive advantage. Running a trade surplus (exporting more than importing) clearly is not compatible with a balanced system – if some countries are surplus countries, others must be deficit countries. In the original Keynesian conception, countries that were running surpluses would be obliged to run expansionary fiscal policies in order to increase incomes, and hence imports. This would rebalance trade. Keynes' ideas about *finance* are well captured in the following quote:[5]

> *I sympathize, therefore, with those who would minimize, rather than with those who would maximize, economic entanglement among nations. Ideas, knowledge, science, hospitality, travel – these are the things which should of their nature be international. But let goods be homespun whenever it is reasonably and conveniently possible, and, above all, let finance be primarily national. Yet, at the same time, those who seek to disembarrass a country of its entanglements should be very slow and wary. It should not be a matter of tearing up roots but of slowly training a plant to grow in a different direction*.

The collapse of the Bretton-Woods system in the 1970s was arguably driven by the failure to control surpluses (and the build-up of excess capacity, discussed above) and by the failure to control international capital flows. In practice, the system governing international trade (the GATT, which evolved into the WTO) became completely detached from macroeconomic considerations, and became an instrument for liberalising trade (and from the 1990s, liberalising capital flows).

The IMF and World Bank evolved from their Bretton-Woods roles into purely neoliberal institutions, but they were *not* conceived as neoliberal institutions.[6] Macroeconomic deregulation in the 1970s and 1980s, however, created financial instability, and as a result, a new international framework, the so-called New Financial Architecture, began to emerge in the late 1990s, particularly in response the East Asian Crisis.[7] This NFA-centric system of global governance represents *mature neoliberalism* and as such is the regulatory counterpart of the NMC (**see Chapter 3.1**). Its primary role is to *discipline* countries and prevent them from following policies that diverge from the NMC script. As Best (2003) argues, this can be regarded as an attempt to re-embed liberalism, but this time from the "top down," with financial markets effectively dictating rules to states. The Global Ratings Agencies (GRAs) are a key element in this architecture.[8] Unlike in the Bretton-Woods system, there is little space for varieties of capitalism and for Keynesian-style policies.

The perception that the key institutions of the neoliberal system of regulation (the WTO, NFA, IMF, World Bank and the GRAs) have become pure instruments of the "Northern" neoliberal agenda, has been a major impetus toward moving away from these so-called Washington institutions. The emergence of the BRICS, which envisages an alternative system of regulation that unpins a more Keynesian vision, and even includes a "Southern" substitute for the IMF, is a case in point[9].

However, there is also a tendency towards a much less appealing outcome, in which powerful and important countries like the USA, Russia, and Brazil, effectively become "irresponsible powers," pursuing their own national and regional agenda with no concern for the global common good. The

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[5] Keynes, J.M. 1933. "National Self-Sufficiency." *The Yale Review*, Vol 22(4): 755-769.
[6] Monbiot, G. 18 November 2008. "Keynes is Innocent: The toxic spawn of Bretton Woods was no plan of his." *The Guardian*.
[7] Best, J. 2003. "From the Top–Down: The new financial architecture and the re-embedding of global finance." *New Political Economy*, Vol 8(3): 363-384.
[8] Smith, D. and D. Fryer. 2012. "The New Frontier in Risk Assessment: Estimation of corporate credit rating quality in emerging markets." *African Review of Economics and Finance*, Vol 4 (1): 89-109.
[9] Biziwick, M., N. Cattaneo and D. Fryer. 2015. "The Rationale for and Potential Role of the BRICS Contingent Reserve Arrangement." *South African Journal of International Affairs*, Vol. 22(3): 307-324.

danger is that a form of unregulated, mercantilist capitalism, replaces neoliberalism. The answer to the question "How will neoliberalism end?" might not be socialism or even Keynesianism.[10]

[10] Streeck, W. 2014. "How will Capitalism End?" *New Left Review*, 87: 35-64.

4.2 Economists, economic theory and ideology

John Reynolds

Ideas themselves – including those of neoliberalism – play an irreducible role in shaping and constraining what states do. J.M. Keynes, a famous economist whose ideas underpinned the social-democratic experiments in the West after the Second World War – **see Chapters 2.3 and 3.1** – argued the following.[1]

> *…the ideas of economists and political philosophers, both when they are right and when they are wrong, are more powerful than is commonly understood. Indeed the world is ruled by little else. Practical men, who believe themselves to be quite exempt from any intellectual influences, are usually the slaves of some defunct economist. Madmen in authority, who hear voices in the air, are distilling their frenzy from some academic scribbler of a few years back.*

Keynes understood not only the power of his own theory, but also why economic theory matters.

Ideology, theory and economists

In **Chapter 2.1**, it was argued that **ideology** matters, and that it is on the terrain of ideology that economists have particular power and that dominant economic theories shape how we think about what is right, what exists and what is possible. Here we will be exploring this statement a bit more fully. What I focus on here is the power of economic theory and economists, who are purveyors of that theory.

Ideology does not hide reality from us – instead, it is through ideology that we make sense of the world and our place in it. It defines what is "right," what "exists" and what is seen as "possible"[2]. Antonio Gramsci said something similar when he wrote that "Marx's thesis – that men [sic] become conscious of fundamental conflicts on the terrain of ideology – has an organic value; it is an epistemological rather than a psychological or moral thesis."[3]

But why do different ideologies affect us in different ways and why are some more powerful or pervasive than others?

A key reason is that ideologies are not just free-floating ideas. They are embedded in practices and institutions that give them social power. For example, when an ideology becomes a theory, and that theory is vested in institutions invested with decisive social power in the development and propagation of theory e.g. universities, think tanks, that theory has immense power. Likewise, those who work with it – e.g. economists – have a high social status as its bearers.

Of course, there are other sites of ideas and theory, and those sites have social power invested in them by particular constituencies. For example, the labour movement has traditionally been a source of ideas and theory, as have workers' political organisations, among them political parties. However, unions rarely have the power and status of, for example, business think tanks, let alone economics departments at universities, nor the same ability to propagate their views.

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[1] Keynes, J.M. [1936] 1973. *The General Theory of Employment, Interest and Money*. London: Macmillan / Cambridge University Press. pp. 383-384.
[2] Therborn, G. 1980. *The Ideology of Power and the Power of Ideology*. London: Verso Publications.
[3] Gramsci, A. 1996. *Prison Notebooks: Volume II*. New York: Columbia University Press. p. 186.

Therefore, not all ideas and ideologies have an equal impact. It is through various kinds of institutions – universities, unions, corporate think tanks, etc. – that ideas are mobilised, but not all types of people have equal status in developing and propagating ideas.

Some intellectuals are more equal than others and some economists are more equal than others

Although all those who develop and propagate ideas can be defined as intellectuals, it is a particular category of intellectuals that is invested with the most significant social status: the formal intellectuals, often referred to as academics or scientists.

Among these, those who have the highest social status – and, consequently, whose ideas have the most influence – when it comes to the content of state policies, are *economists*, which brings us back to Keynes' point. Economists are the people who get the ear of governments, particularly treasuries, departments and state bodies responsible for development planning, and those who make decisions about fiscal policy, monetary policy, trade policy, and macroeconomic strategy. It is difficult to conceive of an anthropologist or a chemist having the same influence.

Economists have training in economic theory and, most powerfully, economic techniques, which allow them to structure their views in persuasive ways, often by emphasising their specialist knowledge, as opposed to the more "flawed" knowledge of those who are not economists and who are talking the economists' advice.

However, not all economists are equal. Despite the pretensions of what is today the dominant economic theory – neoclassical economics, a branch of economic liberalism, which underpins what is widely called neoliberalism – there are other models, two of which we touched upon in **Chapter 3.1** (Keynesian economics and Marxist economics). These other models have, as argued in that section, very compelling arguments; these "heterodox" views, it is argued there, have been described as intellectually superior – that is, more logical, and more empirically correct – than neoclassical / neoliberal thinking. However, despite this and the influence heterodox approaches enjoy in South African unions, these alternative models are today marginal in policy debates, state policy and public thinking.

Economists and neoliberalism

Why then are some forms of economics so much more powerful than others, to the extent that it is commonly thought that "economics" – a whole field of research – is identical with neoclassical/neoliberal thinking – which is just one approach to economics, amongst many, and by no means obviously the best?

Powerful as economists as a category of intellectual are, the social influence of what economists say is shaped not only by what they say or advise, but, most importantly, by the institutions that shape their ideas and support what they say. It matters which approaches to economic theory are dominant in university economic departments, but also which are dominant in multilateral institutions and in the apparatuses of the state, and supported by powerful interests, like big business.

The dominance is contested and changes over time, much like power is contested and organised within the state. So, for example, Keynesianism had significant influence after the Great Depression and the Second World War, as did Marxism in the East bloc, but they were later displaced by

neoclassical economic theory and by the set of ideas and practices that is referred to as neoliberalism.

That shift in relative influence of approaches to economic theory and the sets of social practices (including institutional practices) associated with those is not simply a matter of some ideas being shown to be more "real," more effective or more useful – they have a lot to do with shifts in the organisation of *power* within and at a distance from the state, and, importantly, are themselves an important part of what makes those shifts happen.

Neoclassical theory, broadly conceived, is the dominant theoretical perspective within university economics departments, which train the future economists in the state and in multilateral organisations. The decline in places where alternative approaches to economics – broadly referred to as heterodox economics – are used has meant that even those economists who wish to explore or propagate alternative (or heterodox) approaches to economists have fewer and fewer spaces within which to do so, and struggle to find receptive audiences within the social institutions – chief among them the state – in which social power is organised. For example, as trade unions decline as organisations and as resources devoted to research and policy dwindle, so trade unions decline as spaces from which heterodox economists can counter the pervasive influence of neoclassical economics and neoliberalism more broadly.

In South Africa, we have seen attempts by heterodox economists to organise alternative social platforms from which to challenge economic orthodoxy – examples are the Alternative Information and Development Centre (AIDC) and the Institute for Economic Justice (IEJ) and COSATU's think-tank, NALEDI – but these platforms have to struggle hard to attract the financial resources required for their work, and are often ignored by the state apparatuses anyway. They do provide spaces for heterodox economists to develop and propagate their ideas, to network and to influence the content of economics teaching within universities, partly through the building of alliances and solidarity between like-minded people.

The magic of mathematical models, graphs and jargon

Neoclassical economists have developed complex mathematical tools that are used to support their claims of superior knowledge of the relative value of alternative economic approaches, and express their ideas in a complicated specialised language – a jargon – that sounds very scientific.

In reality, these mathematical models, which spew out impressive graphs and numbers, are actually based on very abstract assumptions that often do not hold in practice and on overly simplistic views of causation and economic behaviour. Both Marxism and Keynesianism have challenged these theories, as did anarchism/syndicalism notably in the work of Mikhail Bakunin and Piotr Kropotkin.

Flawed as neoclassical/neoliberal models are, however, they bolster the claims of economists to having superior technical knowledge and help those in key positions within the state apparatuses to make sense of complex societal processes and dynamics.

These models can also very usefully be deployed to reject alternative approaches to economic development. So, for example, a Keynesian scenario was rejected by the model utilised by the neoclassical economists who wrote GEAR (Growth, Employment and Redistribution: A macroeconomic strategy), adopted by the South African government in 1996. Obviously a model built on neoclassical economic theory *would* automatically reject one based on Keynesianism, given that the two theories have very different views on how capitalism actually works. If the exact same data used by the GEAR authors were made available for scrutiny by heterodox economists – it was not – it would have led to different conclusions if used by the latter economists in a Keynesian model.

From RDP to GEAR

An alternative approach to economic development in South Africa was in fact developed just before our transition to democracy, drawing largely on Keynesian economic theory. Much of this was the work of the Macroeconomic Research Group (MERG), which was initially supported by the ANC; some of it was by union intellectuals; some of it made its way into the ANC's 1994 electoral platform, the Reconstruction and Development Programme (RDP).

It is not therefore the case that there was no intellectual alternative to the GEAR approach. However, the MERG and RDP ideas were abandoned within months of the April 1994 elections. This was partly due to the immense global and local pressures for neoliberal approaches, but – to return to the importance of ideology – this alternative was also killed off by the social power of neoliberal ideas.

Neoliberalism certainly arose in the wake of broad economic changes (for example, changes in the management of exchange rates, declining employment and rising inflation) and on the back of political processes that propagated it, principally associated with the rise of Reaganomics in the United States and Thatcherism in Britain and within multilateral institutions such as the IMF and the World Bank. Ben Fine[4] describes how an initial shock phase of neoliberalism was later replaced by a new version of capitalism that allowed the extension of neoliberalism into an increasing variety of aspects of society, including basic services and social policy. The ideas that the state can provide universal social services or basic services became increasingly difficult to argue or defend, and austerity in government spending became increasingly difficult to argue against.

In South Africa and globally, financialisation of the economy has been a key aspect of the rise of neoliberalism, leading to structural economic changes that are difficult to reverse in favour of economic development based on reindustrialisation and employment creation. The increasing globalisation of the economy and the increasing power of institutions such as international ratings agencies to discipline national governments, have narrowed the appetite and perceived scope for economic alternatives. Attempts to deal with climate change have also been fractured and limited in scope by the ways in which social relations are being reproduced internationally and within national territories.

Conclusion and questions

A key aspect of the hold of neoliberalism on the state and on our thinking has been how economists have been given power through the press to shape the way we think about development of our societies and the most appropriate responses to issues such as unemployment, poverty, inequality and climate change. The power is related, of course, to the power given to economists in general and to economists of particular kinds, as described earlier, but the corporate media have provided a powerful platform for the propagation of neoclassical economic ideas and the broad set of ideas and practices associated with neoliberalism. Of course, social media have provided spaces for alternative ideas, but even these struggle for air in a sea of mass information and active attempts at misinformation and the dissemination of "alternative facts."

How do you think alternative economic ideas can be promoted and implemented? How can we maintain an openness to alternative ways of thinking about economic and social development, including examples that emerge independently of the state? How do we counter the pervasive

[4] Reynolds, J., B. Fine and R. van Niekerk (eds.). 2019. *Race, Class and the Post-Apartheid South African State.* Scottsville: University of KwaZulu-Natal Press.

presence of neoliberalism in society and in how we think about alternatives? How do alternative ideologies gain more influence? What does this imply for working class strategy?

4.3 Economic policy from below: COSATU unions' "radical reform" project

Warren McGregor

Whereas many union movements in the world entered the 1990s in a state of political crisis, South African unions not only continued to grow very rapidly – the South African union movement was among the five fastest growing union movements in the world at the time – but also developed an alternative policy framework that bucked the neoliberal trend.

Centred on the Congress of South African Trade Unions (COSATU), and within it, key unions like the National Union of Metalworkers of South Africa (NUMSA), the unions developed an ideological and strategic orientation described by scholars (e.g. Eddie Webster and Glenn Adler, 2000) as "radical reform" or "structural reform." The thinking of the main unions in South Africa remains, to this day, profoundly shaped by the "radical reform" (RR) model.

The aim of this input is to examine the RR model, which was an attempt to build on the many key progressive gains won by workers and their organisations through struggle in the 1980s, and push through to a deeper transformation in the 1990s. This input defines the key components of RR, and then examines why this innovative response to the parliamentary transition and to capitalist globalisation was not successful. This requires looking at issues of neoliberal capitalist and state domination, the impact of RR on the unions, and the effects of the institutionalisation of trade union activity and dispute processes that have taken place. It raises deeper questions about the unions' politics as well.

Therefore, this section provides some ideas on:

- Briefly defining radical reform and noting the assumptions on which the concept is based.
- The historical and ideological-strategic contexts influencing the development of the approach.
- The challenges and shortcomings of RR.

Radical reform (RR) as economic policy-from-below

RR came from the COSATU *unions*, not the ANC or SACP, and was a strategic trade union and working class approach to socio-economic transformation of newly-democratic South Africa and the role that organised labour would play in this transformation. It was developed in the fires of struggle against late apartheid and capitalism in South Africa by COSATU and its affiliates and can confidently be considered an example of economic policy development from below that was developed through engagements with the ideas and desires of the rank-and-file in conversation with their elected leaders and officials.

Locally, the black working class majority and its organisations were defeating the last vestiges of apartheid and racist capitalism, and engaging the newly developing institutions of a democratic South Africa. These struggles had incubated the development of powerful and militant working class organisations, keenly aware of their power and historical role and responsibility.

At the dawn of the 1990s, COSATU entered into a formal alliance with the ANC. There was then a mighty, radical, mass-based and street-mobilising working class, closely linked to what was then a radical nationalist party, ANC, which was on the verge of state, power, as well as allied to the fastest-growing communist party in the world at that time, the SACP.

Defining radical reform (RR)

According to the labour scholars Webster and Adler, writing in 2000, radical reform (RR) is a "left version of social democracy."[5] **Social democracy** is the idea that the working class can win the existing state, using means like parliament, corporatism and expanded state control of the economy to shift society towards socialism through a series of reforms. A social democratic party is usually a mass party, as it needs maximum numbers to win elections.

What makes RR a "left" version of social democracy is that it was driven by mass, radical unions, who were willing to use rolling mass action to win RR; and, secondly, RR included many demands that were designed to give workers and unions direct power over economic decisions, including in company boardrooms and on the factory floor. The core ideas were that:

- The restructuring of the post-apartheid economy must be done in ways that benefit the black majority, but the working class and poor especially.
- South Africa should engage in globalisation after apartheid isolation ended, in ways that empower rather than oppress the working class. Unlike the "low road" of China, based on low wages and brutal suppression of unions, the new South Africa should follow a "high road" closer to Germany, with high-skill, high-wage, high-productivity workplaces in which black workers, in particular, would be empowered.
- This would include – and this is the "radical" part – rolling back the frontiers of capital by giving workers and unions a greater say in the economy, fighting for policy reforms in the state like universal pensions and a great change in education that would protect labour from markets. At every stage, the working class would win – through the state and through bargaining – more power, leverage and skills.
- It is not just about higher wages and skills and better conditions – it aims at co-determination of industry via tripartite bargaining and consultative forums with employers and the state.
- The working class would also use union funds to build a "social economy" including cooperatives.
- The growing conquests of the working class would be "building blocks" for socialism, each of which would allow further conquests, more "building blocks," so that the ultimate outcome would not just be capitalism (even if on "German lines" with co-determination and welfare), but rather a transfer of power to the working class, i.e. socialism.

Therefore RR is *radical* in that it seeks a future socialist worker-controlled society and economy, but *reform*ist in its approach to transformation, in that it does not seek immediate revolutionary processes, but aims to build worker power by engaging the state and capital in organised industrial forums – e.g. NEDLAC and Industrial Bargaining Councils – pushing for increased worker control over economic management by consistently improving the conditions of work for labour. **Reformism** is a political strategy focussed solely on winning reforms, and it rejects revolution. In its social democratic version, it is argued that the effect of many reforms is a peaceful shift to a new society, removing the need for revolution.

What makes RR a more powerful application of the classical social democratic model, as per the ideas of key scholars, was COSATU's presence in a formal alliance with the governing party, the ANC, and the SACP. The ANC's certain long-term electoral mandate promised consistency regarding governance and policy development. COSATU would have vital access to key decision-makers in the

[5] Webster, E. and G. Adler. 2000. "Introduction: Consolidating democracy in a liberalising world - trade unions and democratisation in South Africa." In Webster, E., and G. Adler. (eds.). *Trade Unions and Democratisation in South Africa.* Johannesburg: Witwatersrand University Press.

legislative and executive arms of government, access developed not only by formal alliance, but also through comradely personal relationships developed through years of struggle. COSATU and its affiliates would also be able to use this Alliance to send key worker leaders into government as ANC electoral candidates. Further, COSATU would have access to a range of forums beyond parliament to present and win RR proposals, e.g. the Tripartite Alliance itself, ANC congresses, the SACP, NEDLAC and Bargaining Councils.

As such, COSATU could assert pressure on the ruling party to adopt progressive, working class orientated policies of RR, in three key ways:

- As Alliance members and "inside" the party and the state.
- As a union involved in government and bargaining forums with employers, both the state as employer, and the private sector.
- As an independent union movement able to mobilise, when it deems necessary, mass worker protests and contestations "outside" the Alliance on the streets and at workplaces.

The assumptions of radical reform (RR)

This approach to developing working class power and encroaching worker control rests on a few key assumptions, some of which I mention below.

Firstly, it assumes that the union movement is and will continue to be a vibrant, creative force able to respond (i) analytically to non-progressive ideas pushed by the state and private sector, and (ii) physically, via mobilisation, to the actions of the state and private sector and to do so quickly enough to either halt or change the situations facing the working class.

It also assumes that the state is an institution of governance that is able to be manipulated by different class forces – whether capitalist or working class – depending on the relative strengths of these classes in relation to each other. It thus also assumes that class is determined solely by economic relations of ownership of productive means.

Thirdly, RR assumes that ANC policy trajectories can be shifted in favour of policies advocated by the labour movement. COSATU thus acknowledges there are various ideological forces competing inside the party, but it does assume that the ANC, as the self-proclaimed party of the majority of people in South Africa, must then have a working class bias or sympathy, and that eventually the ANC will come around to meeting the desires of working class people.

Importantly, RR is predicated on a large, organised, united, militant labour movement strong enough to coerce the state and private capital in a pro-worker socio-economic direction. RR also rests on continued ANC rule and a large section of the organised working class united in its desire for long-term and unfettered ANC rule.

Last, it assumes a somewhat one-way direction in change: each victory allows another victory, each building block allows another one. The assumption here is that more and more blocks can be won, until the system is basically socialist.

Ideologically, COSATU's RR can be located in the sphere of social democracy. As such, its political orientation, including anti-capitalist rhetoric and its working class bias, is within this framework, even if its political rhetoric draws on Marxism-Leninism and nationalism. It sees a particular role for the union movement, to be sure, but it views progressive transformation as being achieved through the state. It adheres to a stageist approach to achieving socialism, i.e. the idea is that capitalist economic growth (under the ANC) will develop the forces of production, which will enable the shift to socialism. What labour then has to do is make sure this development is used to benefit and empower the working class, so that the transition to socialism becomes possible. Its economic

foundation is Keynesian as it seeks a state able to intervene in financial, commodity and labour markets in a way that benefits **all** classes.

Challenges and shortcomings

Overall, while COSATU developed a wide range of RR proposals on everything from the chemical industry to pension funds, none were adopted in any serious way by the state or capital. For example, in the main case when a RR proposal was formally accepted – a proposal for reconstructing Spoornet – the state simply ignored the agreement. Achieving some of the desired ends of the RR strategy has faced an ANC increasingly founded on neoliberalism, which COSATU has been unable to shift despite the application of the RR strategy. This helps explain why COSATU keeps asking for a reconfigured Alliance, and for making the Alliance – not the ANC – the centre of policy.

The global and local context

The RR strategy was developed in the contexts of the late 1980s and early 1990s. This was a time of rapid changes in the world. The balance of forces was shifting against the left and the working class internationally, and the local context was a transition that involved major compromises. The new phase of capitalism everywhere was neoliberalism – this was not even new in South Africa where the National Party had privatised ISCOR and SASOL.

It was the end of the era of Marxist states and the foundations of social democracy and trade unionism in the advanced industrial countries were under severe attack. This was the advent of the era of neoliberalism, structural adjustment and free-marketism, not only as regards socio-economic development. Nationalist parties across the poorer countries were embracing neoliberalism. Socialism and trade unionism were considered anachronistic and a wall impeding freedom – admittedly an attitude fostered by the propaganda of ruling and capitalist classes emboldened by their victories against organised labour and the Left. COSATU was growing, but it was an exception to the international trend, and while the SACP was growing, most communist parties worldwide were collapsing.

By the late 1980s, South Africa had become isolated from much of the rest of the world. As such, much of the foundations of RR betray a sense of South African exceptionalism, discounting the dramatic changes that were taking place on various international stages. Its ideas for development and the role of organised labour in the process of societal change seem outmoded when related to international changes. The focus was on South Africa, but South Africa was not an island, and even within South Africa, conditions were arguably challenging for RR.

As time would show, the ANC came under massive pressure to adopt neoliberalism, and did so decisively with GEAR in 1996. The confidence that the ANC would be open to radical projects like RR was shaken. Meanwhile, South African private capital, after flirting with ideas of a new deal for workers, turned back to neoliberalism, gutting jobs, using precarious labour, and expanding internationally.

Decline in union power

At the same time, the unions' capacities and dynamism declined, even as their numbers swelled. By the early 2000s, COSATU had outsourced most of its political education to the SACP, as its own programmes were in crisis. Growing bureaucracy and corruption in unions weakened structures.

Links to political parties work both ways: fights inside the ANC spilled into COSATU, and a growing layer of COSATU leaders saw a job in the ANC as a profitable exit plan. The vibrant, creative, contested and relatively democratic education forums that had been established by the unions during the 1970s and 1980s, were to be reduced to classrooms of workers getting either technical training on the basics of shop-steward work, or narrow ideological and political education.

Increasingly, COSATU's voice in the public declined, as the ruling party acted as the political filter for the voice of the organised working class. The lack of critical political education has contributed to this situation, imposing an economism on the unions as the ANC has been allowed to dominate the political terrain. Since the ANC itself and the larger Alliance are seen as sacrosanct, COSATU focuses on working with the ANC. In practice, this means – in seeing the ANC as leader of a "national democratic" (NDR) phase of South Africa's post-apartheid trajectory – that COSATU responses are limited in scope. They cannot envisage the ANC itself as a stumbling block on the road to a pro-workers' society. They often tend to be about criticising certain leaders and policies – not the party. This has led to being entangled in factional battles within the party. This has dramatically reduced the political influence and authority COSATU has on the majority working class and its imaginations, many of the members of which have either sought other unions, political parties and organisations, or have disengaged from political activity altogether.

Problems internal to the radical reform (RR) project

The RR programme was ambitious, but some of its key ideas were actually quite vague strategically, perhaps because the routes to co-determination and socialism are not easily spelt out strategically. It was never quite clear why the ANC – as a multi-class party working in a capitalist state – should be expected to prioritise the working class. Capitalism, as the unions admitted, was a mighty force with a relentless drive to profit at the expense of workers – how then would worker and union partnerships with capital through co-determination and NEDLAC not end in unions assisting capitalism? Also, the stageist approach meant a long-term alliance with the ANC, which brought its own problems (as we have seen earlier in this chapter).

COSATU's pathways to achieve co-determination are also not clear. How would this happen? What would it mean? How would workers do this without being made into agents of capitalism? The use of industrial Bargaining Councils, a positive development won through struggle, became an end in itself, rather than a means to push industry in a pro-worker and co-determinist direction.

The desire for tripartite bargaining institutions – structured forums for dialogue with bosses and an unclear desire for eventual co-determination – has fostered the institutionalisation of union activity. In the neoliberal era, these forums are continually under attack and rendered powerless as they are turned into mere consultative arenas, with little to no decision-making power. So unions have become increasingly integrated into forums that are increasingly pointless.

Additionally, effective engagement in these forums requires a specific and high-level skill set, meaning outsourcing of research and legal representation and an increased bureaucratisation of the union. RR policies are technical and cannot be easily developed from the ground-up. They get given over to specialists, which then means ordinary workers have only a limited idea of what is actually being proposed and little space to change it.

Engaging the state and bosses, in the Alliance, parliamentary caucuses and boardrooms cannot be done by all members of a union. As this, as well as the tripartite structures mentioned above, is a major factor of the RR strategy, much power becomes centralised in the hands of leaders of the organisation due to the high-level needs of these forms of elite, individualised engagement. This has led to increased distance between rank-and-file members and elected leaders and a growing bureaucracy and authoritarianism in unions.

The 1990s also saw a huge "brain drain" from the union movement of some its most capable leaders and activists to the ANC, particularly at election time. This has had the obvious negative effect of a reduction in the capacity of the movement to respond – with effective RR proposals – to the socio-economic changes that took place under ANC rule. Another unfortunate effect has been the increasing numbers of union members viewing union work as less a "calling" than a stepping stone into long-term employment in the state or even private sector.

COSATU is also part of a fracturing and fragmenting labour movement. Many new unions have been formed as breakaways from established unions, or as altogether new worker organisations. There has been much discussion of the external local and international conditions that have caused this. However, new worker formations must also be considered as a direct response by workers to the problems they perceive in the established unions, which are no longer attractive to them. Thus fragmentation must also be seen as a challenge by workers to trade unions and unionism.

Despite the definition offered above, both the literature and the application of the RR strategy shows a distinct lack of ideological and strategic clarity. There is no clear definitive end goal that is established and thus intermediate milestones are not clearly articulated. Much of this can also be related to a clear lack of critical political education in the workers' movement, thus not allowing for open discussion and debate amongst workers of their organisations' ideas and strategies, which, in turn, means that workers have little say over the directions their organisations take.

Conclusion

Workers and their organisations have responded to their increased impoverishment and lack of ability to impact society. I have mentioned that fracturing and fragmentation of unions should also be considered as internal worker responses to a distinct lack of union militancy and democracy. These too, though, face serious challenges. Many of those who have left COSATU have formed a new federation, the South African Federation of Trade Unions (SAFTU), and new unions. Many of these new formations are workplace, city and region based. Some worker leaders, particularly those from NUMSA, have also formed a new political party to contest state elections.

Yet, these newer formations exhibit real similarities in organisational structure to the formations that their members have left – for example, big man politics and a centralisation of power are also found in these newer formations. In addition, there seems to be no real ideological shift developing in these new organisations. For example, they may be very critical of COSATU's alliance with the ANC, but most still see their political futures through the lens of political party power and the state, and many concrete SAFTU and NUMSA proposals remain very much in the RR framework. This limits the imagination of what a trade union can do (and has done) as regards social transformation.

Section 5: Giving content to democracy: struggles and strategies

5.1 Holding the local state to account: Participation, accountability and oversight in municipalities

Colm Allan

Introduction

Local government, post-apartheid, is meant to provide citizens with opportunities for meaningful democratic participation, while also providing affordable and efficient services, and enabling local economic development. There should be scope for effective participation to ensure oversight and accountability.

For example, the South African Constitution requires all municipalities to "structure and manage [their] administration and budgeting and planning processes to give priority to the basic needs of the community, and to promote the social and economic development of the community" (Sect 153). A key way in which municipalities have to meet community needs is by providing Free Basic Services (FBS), including water, electricity, sanitation and refuse removal to households that are indigent. Indigent households earn less than two old age pensions per month. This amounts to R3 530 per month for the 2019/2020 financial year. StatsSA estimates that 59% of the South African population fall into this category.[1]

While municipalities generate some of their income from local taxes and charges, they are also allocated funds by the central state. R62 billion has been allocated to South Africa's 257 municipalities for the 2019/2020 financial year, and 79% of this should be spent on the provision of FBS (i.e. R49 billion).[2] Aside from this grant – "equitable share" – conditional grants such as the municipal infrastructure grant (MIG) are transferred to municipalities to eradicate municipal infrastructure backlogs in poor communities, to ensure the provision of basic services such as water, sanitation, roads and community lighting. The MIG is valued at R47.3 billion for 2019/20.[3] So, if we add the amount for FBS to the MIG we have an amount of R96.3 billion allocated for FBS and infrastructure to meet the needs of poor households in 2019/20.

Holding municipalities to account for the poor

For this reason, when we talk about accountability at municipal level in South Africa, the focus should be on how effectively municipalities are using their resources (including the equitable share and MIG) to meet the priority needs of poor households?

To hold municipalities to account we need to know how the process of municipal public resource management works and what the entry points for participation in these processes are for social activists, unionists and councillors who are committed to social justice.

The Municipal Public Resource Management Cycle

How are key decisions made regarding the provision of municipal resources and the provision of services? To understand this, we need to be familiar with the municipal public resource

[1] W1 - Explanatory Memorandum to the Division of Revenue, Division of Revenue Bill, 2019/2020, National Treasury. p.33.
[2] W1 - Explanatory Memorandum, pp. 34-35.
[3] W1 - Explanatory Memorandum, p. 39.

management cycle (MPRM cycle). My argument is that municipalities can only translate available resources into services that meet municipal residents' priority needs if they are able to implement a set of efficient and socially accountable public resource management and service delivery processes. These are set out in the diagram below:

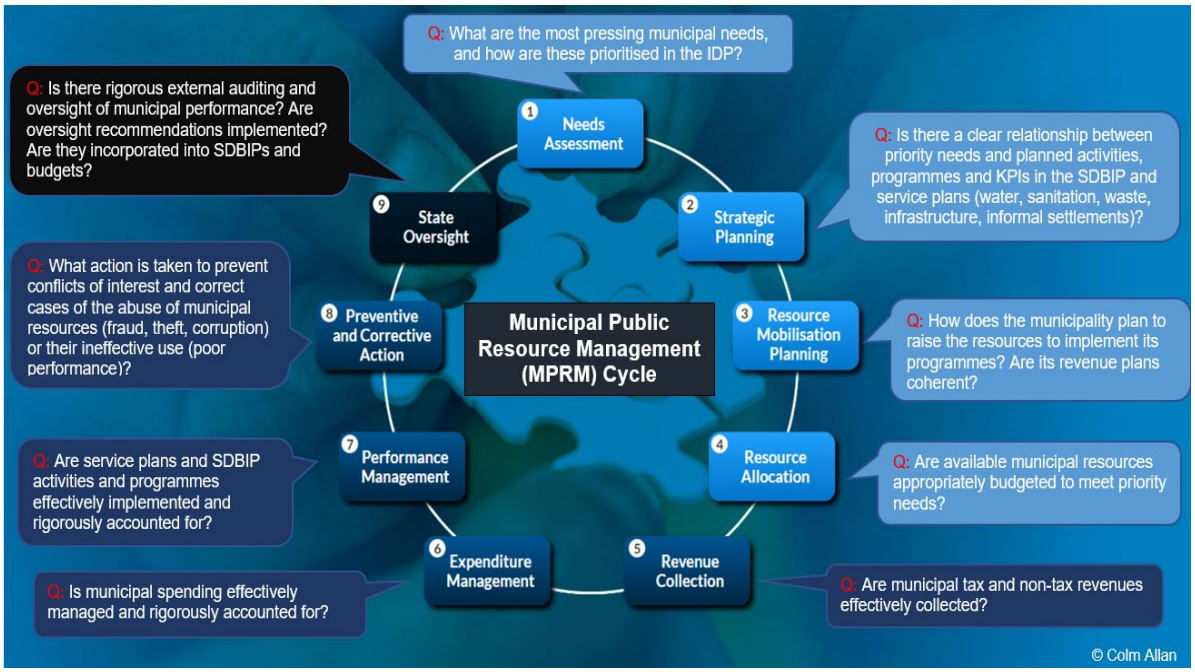

Diagram 1: Municipal public resource management (PRM) and governance cycle

Entry points for effective participation, oversight and accountability in the MPRM cycle

Progressive social activists, unionists and councillors who are concerned with social justice need to know what spaces exist for participation, for exercising oversight and for demanding accountability in these 9 MPRM processes. If they aren't aware of these spaces, they will waste available opportunities to hold local government to account for its performance in progressively realising the needs of poor communities. I provide a brief summary of the formal spaces for participation that exist in each of these processes, and I analyse what kind of skills and resources civil society would need for purposes of participating effectively in these spaces.

Analysis

There is a well-documented and well-defined list of spaces for participation, oversight and accountability across the MPRM cycle at local government level in South Africa, which can usefully be summarised in the diagram below:

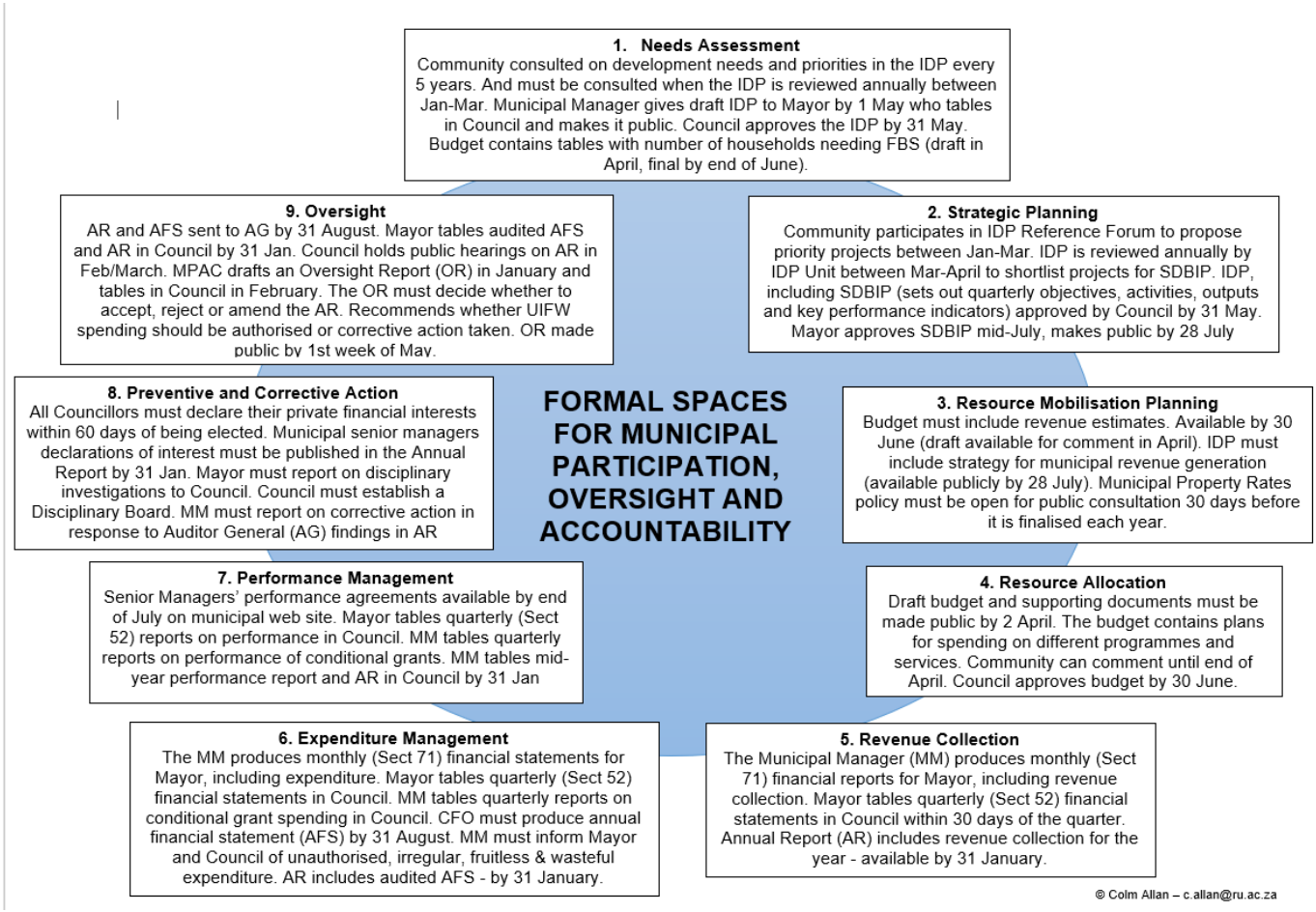

Diagram 2: Formal spaces for municipal public participation, oversight and accountability

But, what a review of legislative provisions for each of these processes shows is that progressive social activists, unionists and councillors wanting to participate in or demand accountability in decision making, require a skill set and resource base that is not likely to be found amongst poor communities or at the grass roots level. Formal decision-making processes presuppose activists, unionists and elected councillors who are financially literate, able to read and interrogate budgetary and procurement processes, and who understand key performance indicators etc.

In most municipalities, it is the **business sector** that is most likely to have these skills and resources. But, because they also have the capacity to pay private service providers to provide key services (such as borehole water, solar electricity and private housing), councillors and interest groups representing historically advantaged residents rarely share the interests of the poor. In some cases, even those claiming to represent poor residents' interests may have conflicting private interests. This includes township-based businesspeople (including councillors) who own private water tankers that deliver water to townships where water infrastructure is dysfunctional, who actually have interests that are in conflict with those of poor communities, such as those communities needing reliable piped water.

In this context, the poor cannot rely on elites from the business sector to advance their interests; whether these elites are from well-resourced private sector groups coming from the historically advantaged neighbourhoods, or well-connected previously disadvantaged business groups who now

benefit from non-transparent Council decision making and procurements (particularly where equitable share funds or MIG grants are allocated for projects that benefit historically advantaged or politically connected groups rather than poor and indigent households).

For this reason, it is vital for progressive social activists, progressive unionists and pro-poor councillors to acquire the skills to engage with each of the processes of the MPRM cycle, and to advocate for each of these processes to be made more socially accountable to the needs of poor residents.

5.2 Organising to secure municipal service delivery

Ayanda Kota

One of the most striking features of the post-apartheid landscape has been the proliferation of local protests, often dubbed "service delivery" protests by the media. There were around 15,000 protests defined as "unrest" by the police from 1997-2013. This is not what was expected by policy-makers who designed post-apartheid local government to be democratic and pro-poor. Between the rhetoric of inclusion, participation and service delivery, and the reality, however, there is a very large gap.

This where social movements like the Unemployed People's Movement (UPM), within which I am active, come into the picture. We, political actors who refuse to succumb to the corrupting forces of party politics, are organising ourselves in our communities precisely because we have lost all trust in the state. That does not mean we support the private capitalists; we take a black working class position of fighting for a new democracy, from below.

Between rhetoric and reality

While funding is available to municipalities, including for Free Basic Services (FBS), there are ongoing problems of corruption. These are closely linked to the extensive subcontracting of services, which enables a whole service of "tenderpreneurs" to emerge, based on inflated prices, nepotistic connections and low quality delivery. At the same time, there has been a systematic increase in metering for water and electricity, and rising service charges. For example, power prices in South Africa have climbed by more than double the inflation rate over the past decade at ESKOM, and many municipalities add on extra for profit.[1] Money for Expanded Public Works Programmes (EPWPs) is used to create a large, low wage precarious workforce, supposedly to deliver services. Smaller municipalities face rising debt, driving a need to collect money from community members. In addition, there are serious problems in municipal capacity, both with unfilled posts in key departments, and political appointments based on party loyalty rather than competence.

Knitting this together are political parties, which provide key means of accessing tenders, allocating EPWP jobs, key posts in the state, and links between private business and the state. Despite the high expectations of 1994, parties have increasingly been retooled into engines of power, with dissent closed down and activists pushing for a different road side-lined. For example, Trevor Ngwane was pushed out of the ANC, Dale McKinley, Mazibuko Jara and others from the SACP, and many activists have left both the PAC and AZAPO. Fundamentally, the reason is the erosion of democracy in these organisations and that these organisations have failed to reimagine politics; rather they have practised politics as the pursuit of power and tenders. As Frantz Fanon noted:[2]

> *After independence the party sinks into a profound lethargy. The only time the militants are called upon to rally is during so-called popular festivals, international conferences, and Independence Day celebrations. The local cadres of the party are appointed to administrative jobs, the party itself becomes an administration and the militants fall back into line and adopt the hollow title of citizen. Now that they have fulfilled their historic mission of bringing*

[1] Burkhardt, P., M. Cohen, and A. Sguazzin. 1 July 2019. "These Charts Show how Much Trouble Eskom is in: South Africa's planned $16-billion bailout for the ailing utility won't come close to what's needed." *Bloomberg*.

[2] Fanon, F. [1963] 1991. *The Wretched of the Earth*. New York: Grove Weidenfeld. p. 170.

> *the bourgeoisie to power, they are firmly asked to withdraw so that the bourgeoisie can quietly fulfil its own mission…. The party becomes a tool for individual advancement.*

Writing in the 1950s and 1960s, Fanon warned, with prescient clarity, of the corrupting forces affecting the formation of political parties in postcolonial states. The parties become self-serving and elitist, whether they started out as liberation movements or not. Such parties find a way of corrupting those who stay and of pushing out the incorruptible. They become magnets for opportunists, working not so much for the consolidation of a democratic order, but as points of extraction for the greedy.

From parties to social movements

In a recent book, Gillian Hart argued that Fanon's understandings of nationalism and Gramsci's work can help us understand ongoing municipal protests. She argued that "local councillors are being transformed into a petty bourgeoisie on the road to class power in the context of intensifying struggles over resources flowing into local government."[3]

As numerous South African scholars have highlighted, the formation of many social movements in our country over the last 20 years is a reflection of the failure of political parties and a failure of our political system. This process began in the 1990s and, despite reverses, continues.[4] Social movements emerge from the endless protests of the working class and poor, who remain trapped in the township system and in pools of poverty and unemployment. Municipalities reinforce this situation – a look at any town will show that in the midst of fiscal crisis and gross mismanagement, the municipality treats the townships worst.

Antonio Gramsci was correct in pointing out that all of us have the ability to be leaders. For him, organic intellectuals were those people who were in the majority and had direct experiences with the economic structure, as cogs within capitalist production. It was through these organic intellectuals that organic ideologies could take shape that would challenge the hegemonic relations within society. Like many Marxists of his time, Gramsci situated his organic intellectuals within the working class, on the factory floor, but Fanon implored Marxists to "stretch" this understanding. In South Africa, even with its history of political organising through unions and labour, we must acknowledge that the people with some of the greatest suffering and experience and knowledge of the economic structure, are the unemployed.

The problem is political, not natural

The wave of struggles waged by what we call social movements, organisations from the working class, the unemployed, and the landless, have made important contributions in shattering faith in parliamentarianism. Slogans like "no land no vote" take hold and show the potential of an organic ideology, but, more importantly, they have brought socialism back into the agenda.

I concur with Mazibuko Jara that at times social movements have helped to dramatize the situation but have not been able to push enough for fundamental alteration to the political or economic system, or to push for policies that could benefit the working class and black people. These

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[3] Hart, G. 2013. *Rethinking the South African Crisis: Nationalism, populism, hegemony*. Scottsville: University of KwaZulu-Natal Press. p. 149.

[4] McKinley, D. 2017. *South Africa's Corporatised Liberation: A critical analysis of the ANC in power*. Auckland Park Johannesburg: Jacana.

shortcomings are most evident in the crises faced within our municipalities, and, as I will argue, these municipal crises have emerged from problems with our political system and parties.

I spoke of political parties earlier, who move from liberation to accumulation. Our municipalities become a terrain of this as well; they reflect our politics and political parties. In Nelson Mandela Metro, for example, there are shocking reports of corrupt tenders, some even involving organised crime, which leads easily to the use of murder as a means to gain advantage.

It is often assumed that our problems are fundamentally technical, and that technocratic solutions will save us. This is wrong. Our problems are fundamentally political. The ANC represents a state-based elite, what Fanon called the national bourgeoisie. The Ramaphosa faction became rich by making deals with white capital. The Zuma faction, which is now led by Magasuhle, became rich by looting the state. There is no faction in the ANC that represents the people.

In fact, there is no party in parliament that represents the people. Do not make a mistake of thinking since I criticise the ANC that I champion another party. The DA is no angel, calling for evictions, promoting xenophobia, pushing capitalism and prioritising the suburbs. The EFF was founded by a leading tenderpreneur, after he fell out with an even more established tenderpreneur, then-President Zuma. Besides being willing to form coalitions with both the ANC and the DA – the very parties it says it will remove – and so becoming co-responsible for their actions, recent reports make it clear that its leaders are involved with smugglers, VBS and DA tender scams.

Makana municipality

Our municipality, Makana, gets a grant of R30m quarterly as an equitable share of national government revenue. Much of this goes to service debt, some of it the product of ESKOM profit-seeking and some from service tenderpreneurs who inflate prices. Given widespread poverty and unemployment – unemployment stands at a staggering 70% – and municipal maladministration, it gets about R5.8m. Then R15m must pay salaries. Hence, there is always a deficit of R9.2m even with the equitable share grant.

Our municipal infrastructure has collapsed. But even this is not a simple matter of there being no money. When we look at the Municipal Infrastructure Grant (MIG), the third main source of the municipality's funds, we find that 79% of this money, meant to repair our infrastructure, is returned to Treasury, unused. This is despite the dilapidated infrastructure. We are left without water for weeks, with dry taps in scorching temperatures.

While we are feeling the impacts of climate change – South Africa is experiencing one of the harshest droughts in our time – we should not mix the natural disaster with the social disaster. The major water shortages that made news countrywide for our town were linked to falling dam levels, but, equally, to a disastrous lack of basic management and forward planning. The town is connected to river systems beyond the dams, and is on a massive aquifer. When the charity *Gift of the Givers* drilled dozens of boreholes, the municipality failed to connect these to the grid.

Therefore, we must not just look at the skies, as much of the shortage lies in the hands of corrupt and incompetent state officials. Our neo-colonial states support local elites and leave the poor to fend for themselves. If we have water, at times it is contaminated because the municipality does not have money to buy chemicals for purification. Recently they bought chlorine, of the type which is used for swimming pools, to purify our water. This is expensive and inappropriate. Corruption is a cancer that is savaging our communities and it is beyond treatment. In Enkanini informal settlement people are sharing water with livestock.

The problem that this municipality is bankrupt is due to chronic ineptitude and theft. We have damning reports on the state of the Makana municipality. At the national level, a recent, devastating Auditor General's Report illustrates corruption and incompetence on a massive scale. It notes that 74% of municipalities have failed audits, and they are unable to account for more than R25bn – this is an estimated figure and could double any time. The political class that is attached the municipalities views them as piggy banks for their pockets, with little concerns for the masses. All the talk about Integrated Development Plans (IDPs) and so on remains empty, as long as there is no change in our lives as the working class of this city and of this land.

An alternative: democracy from below

Politicians and officials in municipalities across the country seem to put their party and their careers and their class interests above the community. They pledge their loyalty to their party and have immersed themselves in party factional battles for their careers and interests.

The only real solution to our crisis is to build revolutionary democracy from below. This parliamentary democracy is not for us, it is only democracy in name only. As the Unemployed People's Movement, we have engaged in struggles on a range of fronts, to build for change, including:

- Blocking anti-immigrant attacks.
- Mobilising around service issues in the township, including protests.
- Providing some para-legal services.
- Working with other community groups, including in campaigns to place Makana under provincial administration.

Maybe we need to leave and abandon one way of doing politics, which is elections and the state. We need to realise that there are many ways of doing politics and a range of political traditions. We must work out new concepts. Life is no easy matter, it is a struggle! Only though struggle can we win decent lives, with dignity and real democracy.

5.3 Organising rural communities to assert labour and other rights

Lalitha Naidoo

Mobilising/movement-building in the agrarian political economy

The context for our efforts is a commercial agricultural sector in which the labour force remains largely unorganised. This means that it has no "voice," and little visibility. There is a stark imbalance of power between workers and employers, and a situation where the terms of employment are set unilaterally. While the labour law reforms of 1995 included farm workers into a state-sanctioned collective bargaining mechanism for the first time, and extended to farm workers the rights and conditions of other workers, these have had only a limited impact.

The working class on the farms is highly segmented along the lines of race, gender, skill and positions in value chains. The workers are fractured and unequal, and struggles are individualised. At the same time, South African agriculture is increasingly affected by global competition and trade agreements. The South African state removed, post-apartheid, many of the subsidies to commercial agriculture, and this sector is heavily focused on exports. This inserts it into trade agreements, including with multi-national corporations, which are often biased – economic concerns, deadlines and demands around the quality of produce outweigh labour rights. Unequal power relations between producers in the South and buyers in the North place significant pressures on farming.

ECARP's work in this context: thought, action/practice

The East Cape Agricultural Research Project (ECARP) was formed in 1993 as a non-profit organisation to support and empower rural communities, working with farm workers, farm dwellers and small-scale farmers. Its area of operation is the Sarah Baartman and Amathole municipal districts in the Eastern Cape. ECARP conceptualises its work within a broader understanding of the structure of the agrarian political economy, focusing on power relations in the countryside, the control and ownership of resources, the relations of production and the relations of expanded social reproduction. Class, gender and race are crucial determinants in the allocation and distribution of resources, income, and access to services.

De-commodifying labour

As part of this project, we work to challenge the dominant thinking about workers in the agricultural sector, which is that of workers as units of production, to be used or dismissed as needed for the business. Workers cannot be equated with other commodities, and there is a social cost to the production of labour. Furthermore, it is essential to acknowledge workers' contribution to society, and this includes through living wages. We focus on the significance of winning labour standards and building organisational capacity as part of achieving transformation, freedom and human potentials.

De-commodifying land and food

At the same time, we attempt to develop an alternative discourse on why we produce food, the way it is produced, how it is distributed and who controls its distribution. That means that we challenge current trends, in which land reform is equated to the industrial farming regime, simply changing ownership rather than agrarian social relations and the larger political economy. This regime

involves for-profit operations, and large-scale monoculture, heavy use of chemical fertilizers and pesticides, and in some cases factory farming of animals. It is where a large part of the problems of rural inequalities, discrimination and vulnerabilities have their origins.

Likewise, the state and government regard small-scale farmers as units of production within the existing systems. Furthermore, the land reform programme is commodified – for example, through market-based reforms – and technical, devoid of a pro-poor approach and not aimed at attaining justice and equality.

This means that we aim at a deeper set of changes in the agricultural sector. In this, we aim at giving substance to notions of Decent Work, living wages, dignified housing and economic justice. At the same time, we defend and strengthen the positions of small-producers.

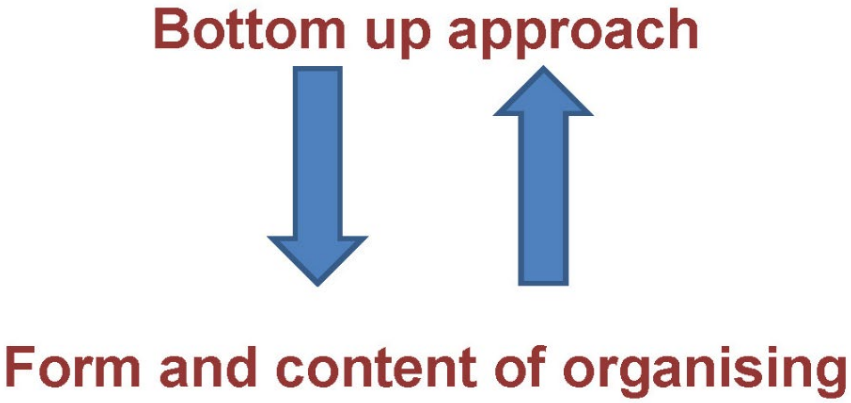
Appropriate forms of organisation in rural areas

In changing the world of work and the distribution of power and wealth in the agrarian context, it is clear that change cannot take place without popular organising. The problem that must be faced is that traditional ways of worker organising are not working for farm workers. The unions have an urban approach to organising in rural areas, and have been unable to organise all sections of workers or merge struggles around working and living conditions. They have also been less than successful at elevating issues at the national and international levels. There is also no indication of union success in uniting farm workers, dwellers and small-scale farmers. The International Labour Organisation's core labour standards cannot be mechanically applied to the South.

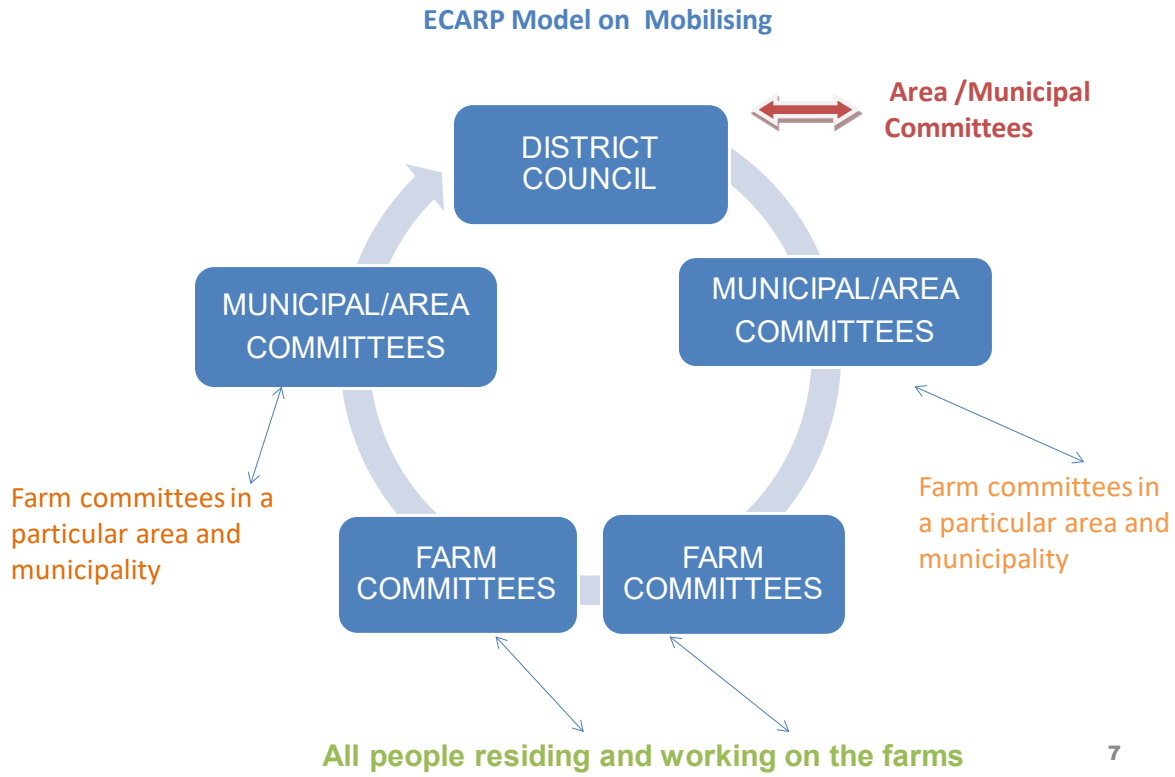
What we, therefore, favour is building support for alternative forms of rural organisation at the local level and upwards, and a bottom-up approach to building solidarity between all categories of farm workers, dwellers and small-scale farmers.

Bottom-up approach

The form of organising matters. Structures have to speak to peoples' experiences and context. The content of struggle must be based on understanding oppression, inequalities, discrimination, etc., and on changing thinking and practice. It is important for agency to involve new values, norms, ideology and discourse, and move the narrative away from focusing on neoliberalism towards emancipation. That requires thinking about, and aiming at, new structural and institutional arrangements and power relations for the agrarian political economy.



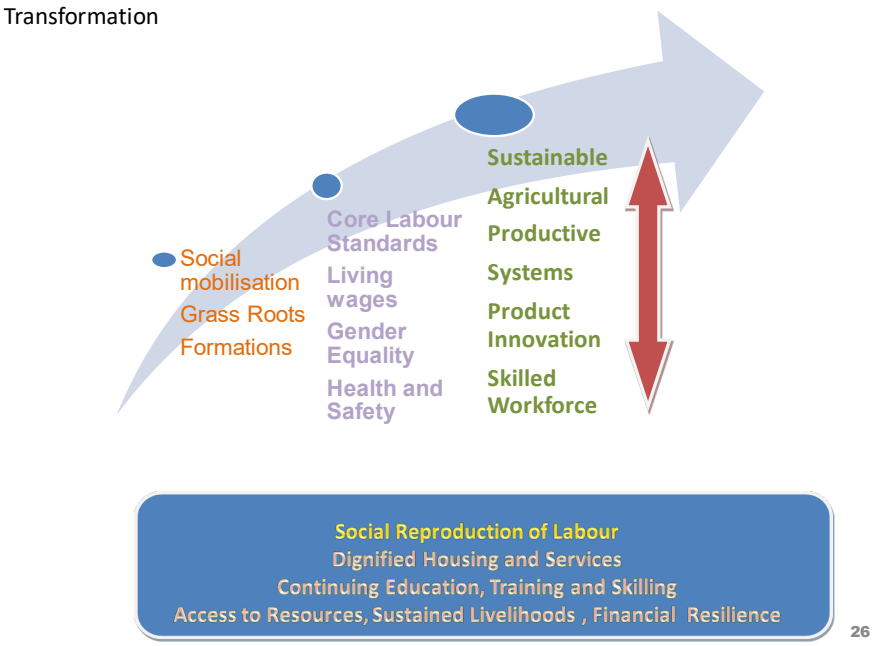
This has been developed into the following model, which is now in place:



The farm committees cover around 500 farms in the Sarah Baartman and Amathole districts. A total of 83 farm committees have been established, of which 74 were fully functioning as of December 2018. There were 16 area committees in December 2018, bringing together farm workers, farm dwellers and small-scale farmers. Due to the dynamics in sub-sectors – citrus in particular – area structures seem to be especially suitable, as they allow for organisation of a seasonal and roving labour force, including immigrants. This structure allows the formation of one Rural District Committee, called *Phakamani Siyephambili*, comprising farm and area committees and 12 small-scale farming sites in Sarah Baartman and Amathole districts, which brings on board 218 small-scale farmers, of which 117 are women. In total, this means 2,086 active farm committee members across 74 farm committees, and 735 small-scale farmers and micro-food producers using agro-ecological practices.

Grassroots mobilisation and solidarity work

Our work, as ECARP, involves analysing the political economy, providing popular education and leadership building, and promoting democratic governance. We push for living wage campaigns, proper labour standards, dignified living conditions and economic justice. This requires challenging unequal power relations and structures in the value chain, both within and beyond the country, with a focus on the citrus sub-sector. It means challenging state and private sector governance and accountability through integrated community development plans, and small-scale farmers practicing agro-ecological farming and creating alternative markets and value chains.



Members of farm collectives in different areas have been capacitated to take up cases for farm workers, particularly around labour violations and evictions. This process is helping farms beyond the farm committee programme. Farm committees have been able to assist more vulnerable workers like women and atypical workers who have faced discrimination and abuse by farmers.

Table 1: Demographics on the 74 farm committees

Demographics	Aggregate	Percentage
Total Number of farm workers and dwellers	2 086	100
Number of men	787	38
Number of women	804	39
Number of children below the age of 16	495	24
Total number of farm workers	953	46
Number of male workers	544	57
Number of female workers	409	43
Total number of dwellers	1 047	50
Number of men	189	18
Number of women	365	35
Number of children below the age of 16	495	47

Self-enforcing rights: addressing labour and tenure violations

Work in addressing labour and tenure violations is presented for three periods: (i) the period ending in December 2013, (ii) the period 2014 to the start of 2018, and (iii) the period ending in December 2018. The following was achieved by the end of December 2013:

- 64 (93 per cent of the then-committees) had engaged farmers around improvements to working conditions since they were established, challenging power relations.
- Of the 64 farms 61 (95 per cent) had managed to improve some aspect of their working conditions.
- 62 farm committees had ensured that their employers are paying the correct minimum wages.
- Workers on 61 farms were registered for Unemployment Insurance Fund (UIF) benefits.
- Workers on 60 farms received protective clothing.

The overall result of the work of the farm committees during that period was that by December 2013, 29 farms (42 per cent) had ensured that farmers are complying with all aspects of labour laws; 19 farms (28 per cent) had only one labour violation that they were currently attempting to address and 21 farms (30 per cent) had two to three transgressions of labour rights.

Between 2014 and 2018, farm committee gains on tenure/living conditions included:

- Access into and out of farms: 85 per cent of farm committees that identified access into and out of farms as a problem, had successfully addressed this.
- Access to electricity: 53 per cent of farm committees that identified electricity as an issue they wanted to pursue had successfully negotiated for access to electricity.
- Access to clean drinking water: 65 per cent of farm committees that identified water as an issue they wanted to address, had negotiated for and achieved access to clean water.
- Approximately 36 per cent of farm committees had improved housing conditions – houses extended, roofing and walls fixed, concrete structures built.
- Approximately 40 per cent farm committees had improved ablution facilities – flush toilets and pit latrines.

During 2018, farm committees registered gains as in the previous years, which is shown in the below.

Issue	Number of farms
Labour conditions	
Wages	69
UIF	3
Provision of proper payslips	4
Deductions	1
Compensation for overtime, weekend and public holidays	2
Protective clothing	2

Other (pension allowance)	1
Tenure-related issues	
Access to water and proper sanitation	5
Improvement in quality of housing	4
Access to land for food production	1
Other (freedom of movement into and off the farm	1

By December 2018, all of the farm committees had engaged farmers and government structures at various levels around the right to food and dignified living and working conditions. More than 70 percent had made improvements on some aspects of their working and living conditions, including addressing violations or improving on current conditions.

5.4 The political party system and the working class

Warren McGregor

The question of state government elections and running a workers or socialist political party continues to be raised in the working class movement and the Left globally. As we may know, there was excitement about the rise of Jeremy Corbyn in the Labour Party in Britain, about the successes of left political parties in certain parts of Europe and Latin America and, more recently, certain shifts to more centrist positions in the United States amongst a section of the Democratic Party calling themselves "Democratic Socialists." In South Africa, many workers and some activists seem cautiously optimistic about NUMSA's formation of the Socialist Revolutionary Workers Party that participated in the 2019 general elections, but did not manage to get a seat in Parliament.

Which means for which ends?

With this in mind, we need to look at issues of social transformation within the framework of what we want to achieve and the relationship between the means and ends of struggle in pursuit of these aims. The historic and ultimate socialist end is a society characterised by collective democratic control of the political and economic systems and one without class divisions and oppression of any kind – in real terms, a society without the state and capitalism in particular.

If this is so, is this revolutionary transformation possible by means of state power and political parties that aim to capture this form of power? The question is not only one of ideological orientation, but also impacts on strategic and tactical considerations, associated with adherence to a chosen ideology. Before we get into it, I want to stress that we are participating in and waging a battle of ideas. This is not just between an embattled working class – broadly understood as workers, the unemployed and their families – and the opposing ruling class. It is also a battle of competing tendencies, or ideologies within the working class itself, e.g. nationalism, populism, various Marxist-Leninist tendencies, anarchism/syndicalism, etc.

The balance of power and working class strategy

The question of elections and political parties has to be interrogated within the dual contexts of this battle of ideas (inter and intra class) and the relative weakness of union movements in relation to the forces of the ruling class – the state and the corporation. Whereas corporations and their capitalist philosophies have become ubiquitous throughout the world, the influence of unions and the ideas of collective organisation as combative and transformative forces are relatively quite weak.

There may be large numbers of workers unionised, but this does not necessarily translate into socio-economic transformative action through the unions. This general weakness is not only characteristic of unions – many other working class social and Left movements are unable to continue struggles against the oppressive nature of modern day capitalism beyond protests and petitions. As such, much action is defensive in nature (e.g. for wage increases above inflation, for access to affordable energy in poor townships, etc.), and rarely are there attempts at changing the relations of ownership and expanding working class control and power into the economy and society.

The case for a left political party

It is therefore understandable, in a conjuncture of generally weak workers' and Left formations, that the idea of a Workers Party is appealing for many people and sections of the Left. However, the need to capture state power is also a long-standing idea held and developed by the statist Left ideologies guiding these people. The claim of the need for such a party asserts a new locus for struggle, the voice for socialist ideas and an entity that can bring together working and popular class movements across a range of sectors. The claim rests on the idea that unions can only ever be economic organisations that aim at day-to-day improvements in the lives of members and workers.

There are three main versions of the party project:

- **Nationalism**: the idea is that all classes of an oppressed nationality should be united into a popular front, forming a party that can take state power. The state will then carry out the supposed "will" of the nation. In this model, the working class is just one part of a broad church, and must compromise to keep bourgeois allies in the nation on board. Nationalists sometimes use revolutionary methods, sometimes reformist methods.
- **Social democracy**: this is the idea that the working class can win the existing state, using means like parliament, corporatism and expanded state control of the economy to shift society towards socialism through a series of reforms. A social democratic party is usually a mass party, as it needs maximum numbers to win elections. Social democracy is always reformist.
- **Marxism-Leninism, or communism**: unlike the other two, the aim is always revolutionary. There should a revolutionary seizure of state power and the creation of a new revolutionary state, which will nationalise the economy and run it under a central government plan. There will be a violent suppression of the capitalist class. Here, the socio-political realm is to be centrally engaged by a political party that best represents the wishes of the working class as a whole. This they call the vanguard party, uniting the working class vanguard – the most conscious and revolutionary layers of the class – giving it overall direction through party leadership. The vanguard party, which leads the revolution, is a minority party much of the time, as much of the working class is not conscious and revolutionary. It may support nationalists for strategic reasons but the ultimate aim is a state along the lines of the old USSR.

Clearly many people on the Left think the real goal is to achieve state power to realise the promises of the future. In reality this means building a political party and pouring a substantial amount of resources – human and financial – into its development. Many also believe that a Left party, however problematic, would be better than the existing parties, particularly those of the radical right and populists promoting race essentialism and xenophobia, who foment fear of and between different social groupings. History is not too kind, however, to the belief that political parties are vehicles of radical, progressive, socialist transformation.

The case against: the nature of states and the track record of parties

Within this framework, the idea of state power is wholly under-scrutinised from a critical perspective. Few discussions, if any, exist within working class organisational circles as to the nature and impact of state power on political organisations and mass formations linked to parties in power.

When we compare the thousands of speeches and documents and resolutions on the nature of capitalism, we cannot help but notice that the state is simply not seriously analysed. The problems in the state are seen as largely lying with the policies of ruling parties; the state as a structure of

minority class rule is barely noted. Hardly any debates take place regarding the state's role as an institution of ruling class power and whether or not the state, with its hierarchical structures of centralised, individual control, can ever be accountable to a mass working class base.

Also missing in the discussions about elections, parties and the labour movement, is a serious evaluation of the track record of parties – whether in power or in opposition. In this conceptual vacuum, many continue to argue that the problem is existing parties have failed because they have had bad leaders. This may account for the excitement about Corbyn's influence in the UK's Labour Party, Cyril Ramaphosa ascending the ANC throne in South Africa, or Bernie Sanders' popularity in the USA. For others, the problem is bad ideas, with the solution being a better party manifesto.

However, little attention is paid to structural issues – of organisation, decision-making and control. At the extreme, some of these Left lines of thought propose a better Communist or Socialist Party because of the failure of the historical incumbent. However, there is little interrogation of what these failures were, why they occurred (beyond bad leadership and alliances) and whether or not these failures are inherent to the very idea and hierarchical structure of a self-declared "vanguard" party.

When we focus attention on these and other such questions, perhaps we can account for what happened to the ANC in South Africa, particularly in the late 20th and early 21st centuries. It suggests more than just the impact of key personalities or even programmes. Once in power, the ANC – hierarchically structured and founded on an unprincipled mishmash of neoliberal capitalist principles trumpeting faith in free markets, on the one hand, and Developmental State leanings, on the other – rapidly developed into a party characterised by state looting, corruption and social repression.

There are many similarities shared with liberation movements that came to power elsewhere in the former colonial world, as well as with the old Labour, workers' and socialist parties in other parts. Once they got into office and despite many promising early initiatives, the new ruling party proved incapable of fostering substantive, transformative socio-economic development.

There are also shared histories amongst trade union movements that chose similar political pathways, particularly of alliance to political parties who claimed to speak on behalf of the working class, or, as in many cases in Africa, Asia and Latin America, the "oppressed nation." In the South African case, an official alliance between the ANC and COSATU has, for various reasons, had a devastating impact on the union movement. Amongst a host of other issues, it has caused the fragmentation of the workers' movement and its organisations, a decline of union democracy, individual jockeying for union position to access wealth and future political power via the ANC (leading to assassinations in many cases), and the spread of corruption. Many of these issues stem from the alliance, with union position seen as a ladder for personal political and economic gain.

What explains a century of failure?

We need to look at the trajectory of rot, failure and perhaps even betrayal here in South Africa to understand the similarities between events in post-colonial Africa and elsewhere. This can be a basis for a more informed discussion about ideas for the way forward for the working class – away from mere rhetorical flourishes, sloganeering and rehashing of old ideas that have failed our class again and again. The reality is that a project of building political parties to capture state power to free the popular classes – through elections or force – has been a colossal failure in relation to its initial socialist aims.

Once elected, political parties are incorporated into the institutional life of the state machine. However, not only is the state always an institution of ruling class power, run by and for exploitative

economic and political elites; one of its primary goals is to secure its power as an institution over society and its politics. This self-sustaining approach is the very design and function of the state. It exists primarily to secure its control over the means of coercion and administration. It is this key form of control that positions top state managers as key members of the ruling class alongside owners of means of production (as an aside, all states also control substantial productive economic means, such as land, property and corporations like Eskom, Petrobras, the Emirates airline, etc.).

Parliament or democracy?

All states are structured as hierarchies of control and privilege – structures that centralise more and more power in fewer and fewer individuals as you go up the chain of command. This very structure is contradictory and opposed, in form and content, to a democratic, emancipatory working class project. Once a party is involved in the self-sustaining state machinery, its leaders are drawn into the day-to-day necessities of the interests of competing parties and politicians. The party and individual representative's mandate must then change from one that may have sought to serve broad social interests, to a primary focus on remaining in political power.

Thus, the state, party and politician serve the primary purpose of maintaining their social, economic and political positions of power, control and privilege. The party and its servants are warped to serve this elitist interest, and its leaders, now working and residing in the halls, offices and residences of ruling class political power, become the very problem they may have sought to rid society of. They now have become part of the ruling class.

Power over daily life, the neighbourhood, policing, education (let's call it the means of administration and coercion) when rested in the hands of the state and its institutions does not and cannot trickle down to the masses; it merely shifts between sections of the ruling class. Let us be clear: the state is a fundamentally undemocratic institution that we have vested with social, political and economic power. Although you may vote for certain representatives in government, government is but ONE arm of the state machine. You do not and cannot, by law, vote to elect leaders of the other arms of the state: the judiciary, the police, the army and state-owned enterprises. Not very democratic, it seems!

If the ANC under Nelson Mandela, the Bolsheviks under Lenin, and the SACP under Joe Slovo could not break the pattern – and in many ways reinforced the authoritarian power of the new state institutions they came to control – it will in no way be different the next time one chooses to vote, no matter the personalities and programmes involved. The desire for state power, and to hold onto it, supersedes all others. There is no basis at all for the faith that new or reformed Left or national liberation political parties will somehow succeed in creating the kind of order that serves the interests (individual and collective) of the working class. This seems a faith based more on ideological dogma, a selective reading of the past, an unscientific analysis, or even just a belief in pursuing a "lesser evil" hoping life would be more tolerable under different rulers. This hope is fair and not to be sneered at, but is not aligned to a vision for a socialist future.

The very act of voting in government elections is, in and of itself, a dereliction of one's personal political obligation. The act places your power of decision-making in the hands of representatives, and thus is referred to as representative democracy. This is the power to make decisions on your behalf and, usually, without you. Voting in government elections is not done by citizens informed by any knowledge of the outcome of their vote, but in the hope that those they elect would actually meet their election promises.

This particular form of voting, therefore, reduces society to atomised individual actors alone in the vast political world, reinforces the misplaced idea that it is a meaningful political act, and further undermines the transformative collective political action of the working class and poor. Over time

and after years of ruling class propaganda, we place more faith in this handover of political power than the potential capabilities of our organisations – the trade union and community-based social movement, the realms of economic and political life where working class people can exercise actual control.

Developing an alternative: working class counter power

An uncritical approach to discussing the state, parties, unions, organisational structure and the role of voting, prevents the development of an adequate ideological and strategic set of conclusions about what has gone wrong in the past. It also may blind one to what has and continues to achieve real victories. We need to focus less on the overall ideological and strategic orientations of parties and the tactical choices that follow.

As I have argued, parties and state power are incapable of creating substantive socialist socio-economic transformation. We should focus more on the process that wins real change – working class struggle by itself, for itself. Even to achieve reforms, we need mass-based struggle from below – at the workplace and in communities. For deeper systemic change, a revolutionary change, we need particular struggles from below – workplace and community struggles for reform that aim at constantly broadening working class organisational control over the immediate means of production, coercion and administration, i.e. everyday life. Both forms of struggle, for reforms and revolution, are indelibly linked. These require building working class counter-power – organisations, especially unions, fomenting a revolutionary front of the oppressed classes.

These organisations must also be informed by a new worldview that is socialist/anti-capitalist, anti-statist and non-hierarchical, in other words, **anarchist/syndicalist.** As such, **anarchism/syndicalism** argues for a political organisation specific to the goals of developing and promoting anarchist ideology, strategy and tactics within the working class and society broadly. The aim is to win the popular classes to its ideas and methods of struggle, resistance and social reconstruction. It is not an anti-organisational approach, but one that argues for an organised, collective and directly-democratic response to the issues posed by the battle of ideas. Anarchism and its trade union strategy, syndicalism, do, however, vehemently oppose the participation of these political organisations in the mechanisms of state rule, including state government elections.

Outside and against the state

This we can call a counter-hegemonic view, or more precisely a revolutionary counter-culture; the leadership of a revolutionary mind-set won in the day-to-day battle of ideas inside this movement by the political organisation promoting these ideas. This movement of working class organisations, therefore, is to be built on the twin tracks of revolutionary counter-power and counter-culture, focused outside and against the state, and is forged in struggle, considering the following:

- The anti-statist position is not one that ignores the state, but realises it as an organ of ruling class power that we are unable to reform in our favour.
- The aim is a self-managed, egalitarian form of reconstruction – of our organisations and world – and a future society based on these principles.
- This is a call for a prefigurative politics grounded and shaped in working class realities – a politics that marries means of struggle to the social, political and economic ends collectively agreed to.

This means revisiting anarchism and syndicalism, and the libertarian left, and leaving the party-state project behind. It means drawing from the deep well of working class history, organisation, theory

and practice, moving from a politics of recycling failed statist projects to one that develops confidence in our own initiatives, one that valorises working class unity, ingenuity and independence. Unions can and should play a key role in this process, including in building counter-power and revolutionary counter-culture.

Section 6: Stories of struggle: democratic practice for societal change

6.1 The long path to the solidarity economy alternative: critical reflections on Ntinga Ntaba kaNdoda's work in Keiskammahoek

Mazibuko Jara

At the foot of the Amathole mountains lies the Keiskammahoek river valley, rich with fertile soil, wild honey, herbs and other flora. Part of the Amahlathi Local Municipality – where some 46% of households are engaged in some form of agricultural activity (Census, 2011) – Keiskammahoek is also emblematic of the effects of underdevelopment and the failure of the state to significantly alter the political economy of rural South Africa. Situated in the heartland of the former Ciskei homeland, Keiskammahoek has historically served as a labour-sending area for South Africa's mining and industrial interior. Today, circular and outward migratory patterns shaped by Keiskammahoek's (dis)articulation with the regional and national economy continually reproduce unemployment, poverty and underdevelopment.

Many of the dominant trends in the history of Keiskammahoek's economy can be linked to the political decisions of the South African state. The demands of mining and associated industries at the turn of the 20th Century institutionalised the migrant-labour system – in which men went to work in the cities, the families staying behind to eke out a living by small-scale farming – of which Keiskammahoek was a major hub. In the 1970s, the modest attempt to build a "national economy" for the Ciskei homeland saw some investment in the productive capacity of the area. Post-1994, neoliberal rationalisation saw the reversal of state-led local economic development.

South Africa has millions of land-hungry rural dwellers who are engaged in multiple, largely survivalist activities in which agricultural production has been a small component, while increasingly concentrated and globalised capitalist agriculture, based on the principle of return on capital, employs only a few hundred thousand farm workers who themselves are no longer peasants. What is the place of **food sovereignty**, **seed sovereignty** and the **solidarity economy** as responses to this reality?

Food sovereignty means the people who produce, distribute, and consume food should control the mechanisms and policies of food production and distribution, rather than capitalists, including the right to choose which foods are produced. **Seed sovereignty** means opposing the copyrighting of seeds, with banks of "open source" seeds that are not patented, genetically modified, owned or controlled by corporations. The **solidarity economy** means making efforts to increase quality of life from below, with local economic activities, possibly including ethical consumerism, local businesses, not-profits, and cooperatives, as an alternative to big capitalism.

Using the experience of mobilisation and the building of alternatives driven by the Ntinga Ntaba kaNdoda rural movement, the presentation will critically reflect on the Keiskammahoek experience of building agrarian and food system alternatives, and what these lessons mean for theories and strategies of emancipatory agrarian change.

In response to historical, structural, systemic and chronic poverty, high unemployment rates and underdevelopment, local farmers and our Ntinga movement have initiated the Sizakuzondla Keiskammahoek Plan in order to achieve local food sovereignty following an ecologically sustainable model. This Sizakuzondla Plan has begun the long journey to position Keiskammahoek as a self-sustaining local economy. At the heart of this Sizakuzondla Plan is a learning farm, community seed banks, agro-ecology and food sovereignty based on the practices of organic women farmers in Keiskammahoek. This Sizakuzondla Plan is a direct contestation of the large-scale agricultural model being actively promoted by government, other state sector agencies and white commercial farmers in Keiskammahoek.

Alongside rhetoric and some haphazard support for cooperatives, the state has largely abrogated its duty to foster community-driven local economic development. Biased to a vision of large-scale agri-business, the state has shown a marked preference for promoting Black Economic Empowerment (BEE) deals brokered with established agriculture. These go against a bottom-up development process and expose local producers to markets dominated by a handful of large conglomerates.

The Ntinga experience is a stark contrast to the dominant model preferred by the state. Ntinga, initially formed as voluntary heritage association, is an ambitious and daring rural people's movement that has resolved to intervene in the structuring of social and economic relations. With a social base that bears the direct brunt of mass unemployment, negligible levels of formal education and the various vagaries of poverty, Ntinga has had to adopt various strategies as they reflect member's concerns and ambitions.

Shifting focus from Heritage to the Integrated Community Development Plan (ICDP) and then from the ICDP to the solidarity economy approach has meant supporting and working to develop the cooperative movement in Keiskammahoek. Currently, Ntinga works together with 35 agricultural cooperatives to foster a vision of agro-ecological, sustainable agriculture as the key driver for local economic development.

In our experience, the various impulses, opportunities and unevenness that characterise the cooperative movement generally, find concentrated expression here in Keiskammahoek. This chapter seeks to capture those characteristics. An outline of the current state of cooperatives, particularly those in agriculture, is followed by a discussion of Ntinga's own efforts to intervene and support these cooperatives. Ntinga has formed various relationships with state and non-state actors over a period of time and especially since it moved in the direction of building the cooperative movement in 2012. A discussion of these relationships will precede the conclusion, which attempts to draw out key lessons learnt, with a view toward continuing the work of structural and systemic transformation in which new patterns of ownership, production, financing, consumption and living are made real.

Our solidarity economy strategy

Ntinga is facilitating and catalysing a deep organising and movement-building process to change social and economic relations based on the logic of people's power, building the collective capacity of the communities to develop, resource, implement and sustain a shared and common development vision based on self-reliance, self-sufficiency, sustainability and transformation. This is not action from above.

The aim is to contribute to building a solidarity economy, in which cooperatives play a key role, and to contribute to a new path for Keiskammahoek. What do we do? Ntinga as a rural movement, built by the community of Keiskammahoek, spans some 42 villages. We are engaged in various projects and programmes from rural rights and democracy advocacy to solidarity economy activities; we seek to build the power of people, and we do not see ourselves as an NGO or a glorified employment agency.

We are informed and motivated in our work by the systemic issues of poverty, unemployment and underdevelopment. Our river valley has all the necessary and natural ingredients to make a life of dignity possible. In acting, we want to build decent lives, self-determination and people's power.

Overview of cooperatives in Keiskammahoek

Following the adoption of the Cooperatives Act of 2005, thousands of cooperatives were registered across the country for the first time. Keiskammahoek was not immune to the wave of cooperation that hit rural South Africa mid-way through the 2000s. Ntinga currently works with 35 agricultural cooperatives in Keiskammahoek alone.

Various factors combined to facilitate the proliferation, if not strengthening, of cooperatives in Keiskammahoek. Chief among these was the promise of access to funding through state grants and credit made possible by cooperating. Formation of cooperatives became a quick-route to much-needed cash or for an injection of urgently required capital. From the beginning then, a distortion was engendered. In the rush for access to funding, the core principles guiding cooperatives were either reduced to a side-show or else completely ignored. Rather than locating cooperatives in the building of a sustainable alternative to commercialised industrial agriculture, cooperatives came to be seen as a stepping-stone to large-scale, mechanised commercial agriculture. This myopic vision of agricultural success has permeated all levels of the state and government and informs the ambitions of producers of all sizes and kinds, right down to the household level.

Cooperatives in Keiskammahoek can generally be categorised as either (i) commercially viable, (ii) self-developing or (iii) marginal. It is not always clear that a cooperative belongs to one category and not the other, and there is always the possibility that a cooperative can move between categories, becoming more or less commercially viable over time.

Nonetheless, such a typology is useful for explaining whether a cooperative is able to meet a range of criteria. These are: having the capacity to meet its objectives and make an impact on the local community; being able to secure investment and plan for development; and internalisation and innovation of the cooperative principles and values for advantage. A commercially viable cooperative would generally score highly on a measure of these criteria. Conversely, a marginal cooperative would not score highly on a measure of these criteria. Most cooperatives do not fall in the commercially viable category and, as will be seen, those that do quickly adopt a commercial model, adopting organisational, production and agricultural methods inimical to the cooperative principles and counter to the construction of a Solidarity Economy.

The Seven Stars Cooperative was a local initiative that brought back to life a collapsed state dairy scheme, but now has entered into an inequitable partnership with Amadlelo Pty Ltd – Amadlelo is a company owned by white dairy farmers in partnership with BEE partners. Amadlelo has brought better breeds, streamlined production and export markets. But it has changed power relations within the cooperative, it has taken the cooperative away from a focus on broad-based local economic development of Keiskammahoek, and has reinforced the logic of high-cost inputs. We still work with the Seven Stars Cooperative as it continues to seek expanded and diversified production by the children of its members on additional lands they have.

We work with 35 other cooperatives – largely dominated by men – but we target women. The cooperatives are searching for resources from us, from government, from Fort Cox Agricultural College and from private investors. Our partnerships include:

- Agricultural and Rural Development Research Institute (ARDRI) at Fort Hare.
- Eastern Cape Rural Development Agency (ECRDA) – joint funding applications, finance for our learning farm.
- SA Food Sovereignty Campaign – cooperatives training and food sovereignty training.
- Hope Foundation – permaculture training.
- Africa Centre for Biodiversity – Seed Bills and curriculum on the politics and science of seeds.

The Sizakuzondla Plan

In response to historical, structural, systemic and chronic poverty, high unemployment rates and underdevelopment, local farmers and our Ntinga movement have initiated the Sizakuzondla *("we will feed ourselves")* Keiskammahoek Plan in order to achieve local food sovereignty following an ecologically sustainable model. This constitutes the first case study of the nascent solidarity economy movement and alternatives-building work undertaken by Ntinga.

Keiskammahoek is one of the most diverse biospheres in South Africa with an ecological history that goes back many millions of years. It is a rich river valley with abundant water resources – perennial rivers, 3 dams(Sandile Dam, Chatha Dam and Mnyameni Dam), and the potential to harvest rainwater and develop smaller dams at farm level – the existence of some advanced agricultural production, as well as the gift of huge tracts of largely unused but fertile agricultural land. Small farmers have awoken to the realisation of the agricultural and economic potential that this poverty-stricken Keiskammahoek has. However, this awakening is threatened by encroachment by white agrarian capital interests and state imposition from above.

The Sizakuzondla Plan has begun the long journey to position Keiskammahoek as a self-sustaining local economy. At the heart of this Plan is a learning farm, which is currently about 1 acre in size, serviced by 5 agro-ecological farmers who have been trained and produce fruit, vegetables and herbs as well as composting, and will be enlarged by an additional 20 hectares that we are currently acquiring. This learning farm model is based on the combination of farmer-based learning and research, permaculture, agro-ecology, sustaining soil life and maintaining biodiversity, the solidarity economy alternative, sustainable development, and minimisation of input costs, whilst also generating income through enterprise development. The farmer-based services will include training, mentoring, extension support and advice, research, knowledge production and learning exchanges.

We have plans to expand through satellite sites to be located amongst 5 leading cooperatives in the different villages. These satellites will also serve as decentralised sites for further learning farm activities with the original learning farm serving as the hub supporting the satellites. In the long-term, we will seek to generate income from the services it provides, in the form of training to communities outside of Keiskammahoek and products sold.

This Plan is a direct contestation of the large-scale agricultural model being actively promoted by government, other state sector agencies and white commercial farmers who are now grabbing land in Keiskammahoek. Training and supporting cooperative work further bolsters the vision of what is possible.

Seed Bills

The second case study focuses on Ntinga Ntaba kaNdoda's work on protecting and advancing seed sovereignty. Part of Keiskammahoek's ecological and cultural history includes indigenous seed saving, seed sharing, preservation and sustainable use of natural herbs, and other agricultural practices that have maintained its biodiversity, human and other life over millennia.

Ntinga's work includes a lobbying and advocacy challenge to the so-called Seed Bills (the Plant Improvement Bill and the Plant Breeders' Rights Bill). These two Bills will criminalise our community seed banks (seed saving and seed sharing). In addition to rejecting the two Bills, Ntinga's submission also included a call on the Provincial Legislature and Parliament to urgently initiate public consultation on laws to promote biodiversity, community seed saving, decommodification of plant improvement and plant breeding, organic agriculture, and food sovereignty by using the People's Food Sovereignty Act which Ntinga is part of initiating within the South African Food Sovereignty Campaign. Ntinga's engagement with the Bills has demonstrated that community seed banks are a

just and rational response to local socio-economic circumstances. They are also a key part of local indigenous knowledge, identity and heritage.

Key lessons

What are the key things we are learning from what we do? How do these things speak to the broader theme of emancipatory politics?

The autonomy of rural women is of critical importance. Our focus on women and the potential of women's cooperatives is about building on the foundation for women's autonomy that has been boosted by local women's access to land, the social security grant system, the employment of large numbers of local women for 8 days a month in government's Community Works Programme and women's local entrepreneurship.

We can go beyond romantic approaches to food sovereignty and the solidarity economy. Given the material needs of people to earn income and accumulate, we are continuously and actively seeking to ensure that such material needs are met in transformative ways. We explore ways of combining food sovereignty and petty commodity production, in ways that transform supply and output markets, and key segments of the food value chain.

The development path we are pursuing is a long one, as there is a need for a critical mass of activists and producers. This is a difficult process, as desperation and quick-fix solutions are very present in government and the cooperatives.

The presence of private investors in Keiskammahoek means that our solidarity economy alternative is meeting and contesting agrarian capitalism on the ground.

Our relationship with the state is captured by three words: "with," "beyond" and "against." Where necessary we work with the state, but we go beyond the state, and we also work against the state.

Our approach has potential to be innovative, to build power, to provide sufficient food, and to produce a surplus. All these would enable people to have a life of dignity and to achieve human development, and to have voice, power and agency.

6.2 Cooperatives co-producing social services: A case study from India

Laura Alfers

This chapter looks at the work of Self Employed Women's Association (SEWA) and the organisation of just under 2 million informally employed women operating across India, but headquartered in Gujarat state. Its underlying philosophy is inspired by Mahatma Gandhi.

Gandhi was highly suspicious of the (colonial/Western) state which he considered to be a "symbol of violence in concentrated form." However, he was not totally anti-statist, and believed strongly in bottom-up governance, including participation of men in the affairs of state, people's right to protest the immoral and anti-people's acts of government, nonviolence, people's right to choose their own ways, and the prevalence of justice and equality. He also believed strongly in the decentralisation of power – to him this was the only way people could truly participate in the affairs of the state.

His economic philosophy also emphasised self-reliance and localised village-level economic development. To Gandhi both communism and capitalism were wrong, both too focused on a materialistic view of man – the former deifying the state with unlimited power of violence, while the latter deified capital. He believed that a better economic system is one that does not impoverish one's culture and spiritual pursuits.

Following this Gandhian logic, SEWA is both a trade union and a federation of cooperatives. Ela Bhatt, SEWA's founder, believed that it was impossible to organise informal workers without simultaneously improving their incomes through collective action.

One of SEWA's cooperatives is the Lok Swasthya Mandali (LSM), which is a health cooperative started in 1992. It took the LSM five years of struggle to be registered as a cooperative because legally in India a cooperative cannot be a provider of services, only a producer of goods. Eventually they discovered a way around this. The cooperative produces Indian traditional medicines, sells its own health insurance product (VimoSEWA), and has developed its own network of low-cost pharmacies, using the proceeds of these to provide free community health services to SEWA's members, including health education, basic preventative health camps suited to working hours, and linking workers to state health benefits where available.

This has done a lot to improve the health and income-earning potential of SEWA's members in a country which spends less than 1% of GDP on a very poor quality public health system. In 2016, the cooperative was running at a profit with 2000 shareholders and managed by an elected board of 15 directors, all of them community health workers drawn and trained from within the SEWA membership.

For this work, the LSM has received great praise, but also great criticism:

- By providing its own health services to its members and/or assisting the state in implementation, SEWA is letting "the state off the hook" and/or shifting social responsibility away from the state and onto poor communities (the broadly Marxist left).
- SEWA is catering to women's practical needs by ensuring they receive health care, but not their "strategic" interests by challenging patriarchal structures, which mean women end up in poorly paid informal jobs like community health work (feminists/some trade unionists).

A new way of working is starting to challenge some of these criticisms

In more recent years, the Government of India has started to invest more heavily in the public health system. The National Rural Health Mission led to the upgrading of primary health care in rural areas, and frontline health services for sexual and reproductive health bolstered by the Accredited Social Health Activists (ASHAs) – community health workers paid a stipend by the state (similar to community health workers in South Africa).

As the role of the state has expanded under subsequent health missions, LSM has developed new ways of working in its mission not to replace public health services, but to continue to fill the gaps in provision.

While continuing its basic health promotion and prevention services, there is now also a much stronger focus on working with the state to ensure that the public health services which are on offer actually reach informal workers. Whereas before health workers would give out information about public services and schemes, now they adopt an approach called "follow the worker." This entails accompanying workers throughout the entire process of accessing public entitlements – providing information, filling out forms, helping workers to get documentation ready, and accompanying workers when they submit forms, collect cash benefits and/or access health services. Only once an entitlement or treatment has been received successfully by the worker, do the health workers consider their own efforts to have succeeded.

In order to "follow the worker" and ensure that either benefits or treatment are received, it is necessary that LSM's community health workers are empowered to engage with the state effectively. This is not an easy task – caste, class and gender hierarchies make it extremely difficult.

How has LSM done this?

- *Drawing on the empowerment that comes from a cooperative structure:*
  Within the public health system, community health workers – all of whom are women – are firmly situated at the bottom of a heavily bureaucratised hierarchy which pays poorly and demands much. The cooperative structure, on the other hand, is based on the idea of community health work as collective action – decisions about priorities, workplans and activities are taken jointly by the cooperative members. This is an empowering process for the community health workers, giving them a base level of confidence with which to approach the state.

- *Using the power of information:*
  Mapping the government system and ensuring that all health workers have information about who to approach about what, and what laws and policies have to say about entitlements (often this is information kept well hidden from the public).

- *Exposure visits:*
  SEWA leaders spend up to 6 months working with community health workers, going with them to meet government officials, ensuring that the health workers are "exposed" to the bureaucracy and have learned how to navigate it.

- *Developing closer relationships with frontline officials within the health system, including the ASHAs:*
  Whenever a new official arrives, the health workers move in to introduce themselves, providing regular reports of their activities to the medical officers who staff primary health care centres, and following this up with consistent personal contact.

- *Making themselves available to assist with the implementation of government health programmes:*

"Often I have to call in [a SEWA health worker] to help us run our health and nutrition days," said the manager of an urban health centre in Rajiv Nagar in Ahmedabad. "Government needs help to reach people. Truthfully, we really don't have any idea how to do this and the SEWA workers really help us there."

- *Continuing to offer its own basic health services, but linking members up to the public health system if they need it and trying to build some trust in the health system:*
  "The more people start to use the public system, the more they are able to start demanding things from it" (SSK Supervisor, Shiheshwari Nagar, Ahmedabad).

Can we think of this as political strategy rather than (just a) shifting of responsibility?

I would argue that LSM challenges established and often gendered relations of power between poor workers and the state from the bottom up. In doing so, they are attempting to transform the nature of the state and citizen's control over it *as a political strategy*, and blurring the distinction between women's practical needs and strategic interests. There are a number of ways in which this is true. In this way, they are as Samson (2015) argues, "redefining the public sphere."[1]

Firstly, as Michael Lipsky (1980)[2] observed in his work on what he called "street-level bureaucrats," state policy is not only made in formal policy-making settings. Lipsky argued that it is often frontline public employees who are tasked with the implementation of public policies who in effect make policy. They are often under-resourced, subject to public pressure, and the structure of their work makes it impossible for them to carry out policies as officially mandated. The solutions they develop in this context become the real policy, argues Lipsky, and in so doing street-level bureaucrats become policy formers rather than just implementers. The fact that LSM have worked to develop relationships with frontline government workers, and used those relationships to shift the way in which health programmes are implemented by providing assistance, can be thought of as a form of strategic action to shift policy as well as ensuring service delivery.

Secondly, LSM is engaged in a process to transform ideas about community health workers/ volunteers. A particular focus is the hierarchies within the public health system which reinforce the class and gender structure of society and see poor women workers put at the bottom of the pile, with little decision-making power and/or autonomy in their work.

Thirdly, by bringing poorer workers into closer contact with the health system and even providing their own health services, both LSSM and HNT are engaging in a process to conscientise workers to the idea of health provision. In a recent article, Holland (2018)[3] argues that "in many unequal societies important welfare programmes exclude the poor, which dampens the poor's support for redistribution." The corollary to this is that in order to develop the widespread support necessary to expand public provision, it is necessary to ensure that people are coming into contact with social programmes. In this case, programmes which serve practical needs by bringing public health services closer to the previously excluded may also be doing political work to increase support for public provision.

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[1] Samson, M. 2015. "Forging a New Conceptualization of 'The Public' in Waste Management." *WIEGO Working Paper* No. 32. Cambridge, MA: WIEGO.

[2] Lipsky, M. 1980. *Street Level Bureaucracy: Dilemmas of the individual in public* services. New York: Russell Sage Foundation.

[3] Holland, A. 2018. "Diminished Expectations: Redistributive preferences in truncated welfare states." *World Politics*, Vol 70(4):555-94.

6.3 Trade union democracy and prefigurative politics in South Africa

Nicole Ulrich

Introduction

In examining the possibilities for politics within and at a distance from the state, it is important to revisit the democratic traditions of the working class, which are often learned through struggles and strikes – and which were exemplified by the new unions of the 1970s and 1980s. Not much of this alternative tradition of democracy outside the state has been captured in official histories, which present the attainment of democracy in terms of the formation of a parliamentary government in 1994.

There is a larger problem here of how the working class heritage – the intellectual and organisational and political traditions of labour and the left – has been side-lined in media, textbooks, monuments and narratives; this also involves a narrowing of our political imagination, with our view of "democracy" itself narrowed dramatically. There has been a focus on elections and political parties and electoral politics. This reflects and reinforces a view that assumes a separation of the political – basically left to the state and the parties – and the economic – issues like wage negotiations are left to unions, and union involvement in politics is increasingly reduced to lobbying political parties.

One effect is that unions – which have almost four million members, considerably more than the audited membership of the big three parties combined – are presented as bit players, with the drama centred on the parties and the politicians. The other effect is that we tend not to learn from, and remember, the rich political traditions of the working class, both in communities and in trade unions.

There are many examples, especially in the 1970s and 1980s, of unions and other forces developing radically democratic, bottom-up movements, outside of the state. For example, the most radical and innovative strands of the anti-apartheid coalition, the United Democratic Front, developed into systems of direct self-government – "people's power" – in places like Cradock and Alexandra. The Young Christian Workers' movement, which was actively involved in the new unions of the 1970s, stressed the importance of a strong moral code and an accountable organising style, on the basis of See-Judge-Act.

In both cases, bottom-up democracy at a distance from the state was not just a *method* of organising for other goals – ending apartheid, improving wages etc. – but an *aim* of empowering the oppressed, giving control over daily life, and creating a new human community.

A third example is provided by the "workers' control" and "workerist" traditions of the new unions, which I will explore below. Let me stress here that all of these examples had serious limitations, and, in revisiting them, I am not suggesting that they were perfect and can be mechanically applied. We do need to learn the lessons of their failings, but, at the same time, we also need to learn from their successes. This, I think, provides a powerful way of engaging contemporary challenges. We do not have to reinvent the wheel.

Focus: the "workers' control" and "workerist" traditions from the 1970s

An important example of imaginations of an alternative society and different practices was the "workers' control" tradition of the Trade Union Advisory Coordinating Council (TUACC), which was formed in 1973 to unite some of the new unions.

There was a long history of unions in South Africa—unions were started more than 150 years ago – and of black-based unions, but black workers were victims of both class exploitation and racist oppression. With colonial capitalism and apartheid, there was systematic, institutional and legal discrimination against black workers, especially black Africans. For example, the 1924 Industrial Conciliation Act, which for the first time provided real union rights in South Africa, excluded black Africans. The 1951 revision of this law banned "mixed" unions and laid the ground for making black African strikes illegal across the board.

Generally, before the 1970s, unions in South Africa were racially fragmented, mainly based among whites, coloureds and Indians, organisationally weak and based among a small part of the workforce. The 1960s were noted as a "decade of darkness," in the words of Baskin,[1] with union decline and the apartheid state crushing opposition.

The "workers control" tradition and the TUACC

This changed in the 1970s with the rise of new unions, which changed the landscape forever. The new unions were not just a revival of the old, and were not just considerably larger – the biggest black-based union federation in the mid-1950s, the SA Congress of Trade Unions (SACTU) was less than 60,000 in total, the new unions reached one million in the mid-1980s – but also involved new modes of organisation.

First, there was a mass strike wave in 1973-1974. Running alongside this was a new worker-focused infrastructure: the Urban Training Project, the Industrial Aid Society, the Western Cape Province Workers Advice Bureau, and the General Factory Workers Benefit Fund. This last-named was not an NGO, but a worker-run, worker-funded funeral scheme that also funded worker education and the new unions.

Then there were new unions, some founded in 1973, joined by some of the established mainly Coloured unions, especially in the Cape. Then there were new federations, notably the TUACC.

TUACC's critical contributions to the movement were the ideas, first, of "building tomorrow today," meaning that how we organise today shapes the future we can win (so, for a democratic future, build a democratic workers movement); and, second, a stress on "workers' control," which meant strong, non-racial, independent, democratic shop-floor-based unions centred on assemblies and shop stewards. What this also meant is that unions should not be controlled by political parties or by the government.

We can summarise this as follows:

- Coherent organisational strategy: unions would build factory-to-factory, targeting winnable battles.
- A "tight federation": this meant joint policies and shared resources across the federation.
- "Open" unions: the TUACC unions rejected apartheid laws that racially segregated unions, and racist measures; it redefined unions to lay the basis for (prefigure) a non-racial, common future. In the Eastern Cape, this included bridging the divide between black African and Coloured workers, for example.
- Industrial unions: unite workers across industry and South Africa, regardless of skill, job, colour, belief or gender or language.
- Shop-floor democracy: this meant democracy from the bottom-up, with ordinary workers in control of all parts of the unions, based on elected and recallable representatives that

[1] Baskin, J. 1991. *Striking Back: A history of COSATU.* Johannesburg: Ravan Press.

dominate decision-making at all levels of the union, and no voting rights for hired officials, who also would get standard workers' wages.
- Prioritising worker education: unions would control their education programmes, stressing the value of both technical skills – like negotiating – and of a broader understanding of society – allowing people to understand the problems, and decide on solutions.

The "workerist" tradition of FOSATU

This "workers' control" idea, created in great part from below by TUACC workers, was expanded in the Federation of South African Trade Unions (FOSATU), which was formed 1979 in large part by TUACC. In FOSATU, the idea of "workers' control" developed into a project to build a larger "working class movement" at the centre of the struggle. According its general-secretary Joe Foster in a famed 1981 speech that movement would:[2]

- Challenge apartheid and capitalism at the same time, rather than defer socialism to a later stage, after majority rule.
- Challenge apartheid and capitalism with a single movement, where unions would undertake both political and economic struggles, rather than outsource one to a party.
- Build class consciousness, rejecting nationalist multi-class alliances – FOSATU looked north, and saw a pattern of nationalist parties like ZANU in Zimbabwe suppressing or capturing unions after majority rule.
- The larger "working class movement" would include community-based struggles, cooperatives and a socialist media.

Meanwhile, FOSATU retained key TUACC positions, like control via assemblies and shop-stewards, a tight federation, non-racialism, and struggle.

This FOSATU approach was labelled "workerism" by its critics, and was rejected by the ANC and SACP, who were then labelled the "populists" by their critics. The workerist-populist debate would continue in the early years of the Congress of South African Trade Unions (COSATU), formed 1985 at the initiative of FOSATU and uniting many unions, including from outside FOSATU, into a giant.

So, for "workerism," unions were to be the centre of a larger "working-class" movement that would challenge both apartheid and capitalism, and lay the basis for a radically democratic South Africa. The ideas were as follows:[3]

- Workers' control of unions would be expanded into workers' (and working class) control more widely, including the economy and production, and democratising society.
- Workers' control over "reproduction" would also be attempted – i.e. organising in the neighbourhoods – which was expressed in activities of FOSATU veterans like Moses Mayekiso. Mayekiso organised street and block committees in Alexandra township, modelled on the unions' assemblies and shopsteward structure.

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[2] Foster, J. 1982. "The Workers' Struggle: Where does FOSATU stand?" reprinted in *Review of African Political*
Economy, Vol 9 (24): 99–114. See Byrne, S. and N. Ulrich. 2016. "Prefiguring Democratic Revolution? 'Workers' control' and 'workerist' traditions of radical South African labour, 1970–1985." *Journal of Contemporary African Studies*, Vol 34 (3): 368-387.

[3] Byrne, S., N. Ulrich and L. van der Walt. 2017. "Red, Black and Gold: FOSATU, South African 'workerism', 'syndicalism' and the nation." In Webster. E. and K. Pampallis. (eds.). *Hidden Voices: The unresolved national question in left thinking in South Africa under apartheid*. Johannesburg: Wits University Press.

- A "working class movement" that could fight for **both** socialism and national liberation on its own terms – a worker-led national liberation –that rejected the idea that nationalism is the only form of national liberation. It rejected the idea that there was a separation between class straggle and the struggle against apartheid, since the working class needed to make national liberation serve its own interests.
- It was socialist (anti-capitalist and anti-apartheid), but sceptical of the ANC and SACP.
- It stressed building a working class counter-culture – including education, history, songs, poetry and theatre – to develop a radical socialist and class consciousness.

At a distance from the state?

What this meant was that unions would be political, but autonomous of parties. Politics would involve debate and learning through practice and struggle. Workers would make their own political decisions, rather than just carry out decisions taken somewhere else, which would be undemocratic and which could lead unions into battles they did not need and could not win.

So, the new unions of TUACC and FOSATU aimed at reforms in the workplace that would:

- Win tangible improvements for members.
- Build confidence.
- Take place bottom-up: winnable demands and measurable day-to-day victories within a few targeted workplaces were to be won in ways that strengthened workplace organisation and rank-and-file participation.

At the same time, the TUACC and FOSATU unions accepted **tactical engagement** with the state and law. While the apartheid state was obviously oppressive, they argued that democratic organisations such as unions could pressure the state to make concessions, without being co-opted. They could even use state systems – such as labour law, industrial councils, and courts – so long as checks-and-balances were in place and this did not change the unions' focus on struggle. For example, in the so-called "registration debate," FOSATU chose to register with the state for the purposes of using labour laws, but refused to register until certain demands were met – the removal of restrictions on migrant workers, for example – and so long as the unions did not become part of the state.

Rather than building completely outside and against the state in pursuit of the new society, some workerists clearly envisaged some social change occurring from **within** the institutions of the state, through participation and engagement in these structures. In this, they helped lay the basis for the idea that a gradual series of ongoing reforms within and through the capitalist state could cumulatively change society.

One child of this approach was the "radical reform" of the 1990s COSATU unions, which is discussed in **Chapter 4.3**.

Decline: why so fragile?

What happened to these traditions? At one level, they left a real imprint on COSATU. For example, COSATU adopted the principles of a tight federation, workers' control, and unions playing a political role. We can even see some of the roots of "radical reform" thinking in FOSATU.

In the early period of COSATU, too, the "workerist" stress on remaining political but outside of party alliances also stayed in place. The first COSATU congress in fact resolved in 1985 that the new

federation would play an active political role, but "**not affiliate to any political tendency or organisation.**"[4]

However, within two years the federation had openly aligned with ANC, and even in 1985, its leadership included many ANC supporters, while the name "Congress" itself identified the federation with ANC and SACTU. In 1990, it formally allied with the ANC and SACP, which persists to this day, a decision backed even by former "workerist" unions, like the National Union of Metalworkers of South Africa (NUMSA).

We can blame repression, but the "workerists" also had significant political weaknesses. They did not have a strategy linking their immediate struggles to the longer-term socialist transformation that they sought. Their ideas were not always clear, and this led to some serious misjudgements.[5]

There was an ongoing, unresolved tension between more social democratic and more quasi-syndicalist strands within "workerism." The first-named was expressed in the idea of ongoing reforms leading to socialism through the state (see above); the second-named pushed for more complete autonomy from the state, and more direct efforts by the workers themselves to take direct power in factories and townships. This tension between a social democratic focus on tactical use of the state, and quasi-syndicalist emphasis on autonomous counter-power, was not even addressed openly. A heavy stress on practical issues and a dismissal of what were labelled by some as "armchair theorising" meant that theoretical reflection was neglected; meanwhile the "workerists" did not organise within FOSATU as a coherent political group, which created more problems.

That said, these ideas are worth revisiting – to understand where we come from, and to judge where we are now. There are no easy answers.

[4] COSATU (Congress of South African Trade Unions). 1985. Minutes of COSATU Inaugural Congress held at the University of Natal from 29 November-1 December 1985, AH2373, Congress Of South African Trade Unions (COSATU) Papers, 1984-1997, 5.1, annexure I: 5. Held at Historical Papers, University of the Witwatersrand,

[5] Byrne *et al*, "Red, Black and Gold."

The transition from apartheid in 1990-1994 was part of a global wave of democratic reforms, including across sub-Saharan Africa. More people now live under elected parliamentary governments based on universal suffrage than ever before. But everywhere, public trust in state institutions, faith in politicians, is at an all-time low. Inequality, conflict, rage, corruption and unemployment are everywhere. Right-wing populist movements, which position themselves as an alternative to a corrupt Establishment, have taken off globally. The South African state has become a renewed focus for debate, especially in light of revelations of what has been called "state capture," the split in the Congress of South African Trade Unions (COSATU) over political party affiliations, and South Africa's ongoing economic crisis. Outside the unions, the country continues to experience waves of community-based protests, centred on confrontations with local municipal government.

These developments all raise questions about working class strategy. Protests and strikes are major routes through which the popular classes seek to win change, but do not last forever and often do not translate into sustained change. What are the possibilities and routes for societal transformation? What are the possibilities for the exercise of working class political agency? Should we organise through, or in partnership with the state, including through parties? Or should we build working class counterpower outside and against the state? The papers in this collection, which emerge from the 2019 Vuyisile Mini Winter School in Makhanda (formerly Grahamstown), South Africa, and attended by around 50 worker activists – from unions as well as other workers' organisation –address these issues from a different perspectives. They examine the nature, form and effects of the state, and ground these debates in a wide range of organising experiences, including amongst the self-employed, farmworkers, big industrial unions, political parties and the anti-apartheid struggle.

The collection is a contribution to an ongoing conversation, and a contribution to the development and renewal of working class movements. Authors include Laura Alfers, Colm Allan, David Fryer, Mazibuko Jara, Gilton Klerck, Ayanda Kota, Warren McGregor, Lalitha Naidoo, Kanyiso Ntikinca, John Reynolds, Nicole Ulrich and Lucien van der Walt.

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