

Archie Mafeje Research Institute: State, Capital and the Deepening Labour Crisis in South Africa

A Proceedings Report of the Roundtable Dialogue held at
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Introduction

The transition from apartheid to democracy in 1994 heightened popular expectations of greater access to capital resources and better service delivery. Since then, the state has been preoccupied with maintaining economic growth in the hope that there would be trickle-down of economic benefits to the poor sections of society. Inevitably, the South African state crafted and implemented the Reconstruction and Development Programme (RDP); Growth, Employment and Redistribution (GEAR); the Accelerated and Shared Growth Initiative for South Africa (ASGISA) and other policy initiatives such as the National Development Plan (NDP) as it navigated the narrow path between the external neoliberal global capitalist imperatives and internal popular pressures for transformation. Despite these initiatives and interventions, South Africa has remained one of the most unequal societies in the world, with the post-1994 expectations yet to be fulfilled for the majority of the citizens. As a result, South Africa, as a leading capitalist state in Africa, is proving to be another site for social and communal struggles pitting labour against capital, the poor against the poor as well as the poor against the rich.

According to Slovenian philosopher Slavoj Žižek, the global capitalist system, of which South Africa is part of, is 'approaching an apocalyptic zero-point' accompanied by exploding social divisions, deepening exclusions, and inequalities as well as social raptures. In South Africa, since 1994, social struggles have taken the form of increasing labour unrest and communal violence. Internal and external factors have combined to fuel various forms of social unrest including increasing labour dissatisfaction. For example, the communal violence that broke out in the poor townships of South Africa in May 2008 pitting 'poor locals' against equally 'poor foreigners' and the 2012 Marikana strike are some epitomic signs of rising tensions and social unrests. These rising tensions and social unrests were the genesis that culminated in the holding of this Roundtable Dialogue on *State, Capital and the Deepening Labour Crisis in South Africa*. The aim was to bring together experts from the state, labour and capital sectors to critically reflect on relationships between the state, governance, capital, and labour in South Africa today. Pertinent issues to be scrutinised included the following: State capacity and government commitment to social transformation; Labour market regime(s) and labour crisis; Role and responsibilities of capital; Role of trade unions and the National Economic Development and Labour Council (NEDLAC); Impact of the global capitalist crisis on South Africa; and new struggles for economic and social freedom and social policy implications.

Put in other words, some of the questions that this roundtable dialogue sought to address included the following: Is there a labour market crisis in South Africa? Does the state need to reappraise its role in the context of the labour crises in South Africa? Does financial capital need to reappraise its role and take on greater social responsibility in terms of development and creating parity (contradictions of migrant labour and informal housing settlements in mining areas)? Or is this not the responsibility of capital? Is the current government unable to change certain labour practices or are there limits to government influence or are these outweighed by capital interests? What is the current role of labour unions in South Africa? Do unions assist/hinder economic growth and worker representation? Is the NEDLAC process working? How will labour relations fair in the long term in South Africa and how has the world financial crisis of 2008 impacted on capital movement and labour relations in South Africa in general?

The roundtable dialogue was held approximately two months after the release of the 2013 Industrial Action Report, which highlighted that the number of strikes in South Africa had hit a five-year high in 2012, with 241 391 workers involved, costing the economy 3.3 million working days, and resulted in workers losing R6.6bn in wages. The report highlighted that 99 'strike incidents' were recorded in 2012, compared to 67 in 2011, 74 in 2010, 51 in 2009 and 57 in 2008. The increasing number of strikes was not the only worrying issue, but according to Labour Director General Nkosinathi Nhleko, of the 99 strikes that were recorded in 2012, close to half of them were unprotected or illegal, and many of them characterised by violence. Most of the violent, bloody and deadly industrial actions were experienced in the mining, transport and agricultural sectors. Nhleko speculated that the increasing violent nature of most strikes suggested some leadership failure in terms of the handling of strikes and thus called on all 'social partners' to explore how they could prevent violence during strikes (see <http://www.fin24.com/Economy/Govt-has-lost-control-of-labour-unrest-DA-20130918>). The trend seemed to worsen in 2013 even though no figures were available by the time of the writing of this Roundtable Dialogue proceedings report.

Another worrying trend in the labour relations of the country has been the rising union rivalry especially after the 2012 Marikana incident, leading to bloody competition for members among unions. Those in the opposition circles have argued that the 2013 Industrial Action Report highlighted that the government was not doing enough to "facilitate efficient labour bargaining practices, prevent strikes, and save jobs, to deal with union rivalry" and concluded that all this confirmed that government had "all but lost control" of labour in South Africa (DA MP Sej Motau) in <http://www.fin24.com/Economy/Govt-has-lost-control-of-labour-unrest-DA-20130918>. In October 2013, the country's President, Jacob Zuma, in a speech delivered at the South Africa Chamber of Commerce and Industry (SACCI) gala dinner in Midrand, urged all sectors with unresolved labour disputes to resolve them quickly so that the South African economy can return to full production. He argued that the government had only intervened in the mining sector over the past nine months to help stabilise it through ensuring a more rapid and peaceful resolution of labour disputes, while also simultaneously improving the operational and policy environment in the sector (see <http://www.fin24.com/Economy/Solve-labour-issues-speedily-urges-Zuma-20131010>).

At the same time, the Executive Director of the Free Market Foundation, Leon Louw, argued that the labour crisis represented government failure rather than market failure. Citing the case of Marikana, which they consider as the 'iconic manifestation of our labour crisis', the Foundation believes that labour crises are a consequence of the persistent failure or reluctance to enforce the rule of law, resulting in wildcat strikes, property damage, violence and killing. The Free Market Foundation also argued that the Marikana crisis has led to a serious undermining of centralised bargaining, which in its view should, like the right to vote, be a right, not a duty. The Foundation thus viewed compulsion and the imposition of private agreements on non-parties (to centralised bargaining) as the antithesis of labour freedom. Hence, in 2013, the Foundation took the government to court to attempt to force it to review the century-old South African practice of a labour minister extending to non-parties wage deals made by large employers and large unions in various industries (Paul Pereira, November 2013). The hosting of the Roundtable Dialogue on 11 November on *State, Capital and the Deepening Labour Crisis in South Africa* could therefore not have come at a better time.

Invited scholars and experts debated and reflected critically on State, Capital, Labour relations and the Deepening Labour Crisis in South Africa, and attempted to offer insights and critiques on the roles of State, Capital and Labour in the deepening labour crisis in the country. Invited speakers who took part in the dialogue were Mr Michael Spicer, Vice-President: Corporates and Africa at Business Leadership South Africa; Dr Liepollo Pheko, Managing Director: Four Rivers; Dr Sydney Mufamadi, Director: School of Leadership at the University of Johannesburg and former Minister of Safety and Security; and Professor Sakhela Buhlungu, Dean of Humanities at the University of Cape Town.

Setting the context

Mrs Thoko Didiza, a consultant at the Archie Mafeje Research Institute for Applied Social Policy (AMRI) was the Programme Director of proceedings of the roundtable dialogue. The proceedings commenced with an official opening and welcome speech delivered by Professor Lesiba Teffo, Director of the School of Transdisciplinary Research Institutes (STRi), College of Graduate Studies (CGS), UNISA. Professor Teffo opened the Dialogue with a call for the interrogation of the relevance and roles of unions/organised labour in South Africa before and after 1994. While noting the significance of Unions and how they appeared impervious to some, he argued that one may be tempted to believe that they have failed in their role, hence the crisis they are in today. Citing the opinion of Paul Pereira that appeared in *The Citizen* (<http://citizen.co.za/81668/are-unions-in-sa-on-the-decline/>) on Friday, 5 November 2013 titled 'Are unions in SA on the decline?', Professor Teffo wondered if the country is witnessing a decline in organised labour. Pereira had argued that unions are no longer what they once were and that now they find most of their members in the civil service; a turnaround from their 1980s heyday (when most members used to originate from the manufacturing, construction, trade and agricultural sectors). He also noted that in 2013, the Congress of South African Trade Unions (COSATU), the main labour body in the tripartite alliance with the state and capital, was ravaged by a civil war while being effectively challenged in the mining sector by the upstart Association of Mineworkers and Construction Union (AMCU).

Professor Teffo therefore questioned why there has been so much in-fighting within and between unions? What is the role of COSATU, National Union of Mineworkers (NUM) and AMCU (a rival union formed in 1998) in all this? Is the lack of harmony healthy for unions or does it actually weaken them further? Is the constant antagonism not detrimental to the society in general, the economy and the future of the labour movement? Does the civil war within COSATU represent a process of birthing something or the withering/decline of the Union? Professor Teffo thus argued that surely there was reason for one to lament the chaotic scenes within the labour movement, and questioned if it was also necessary to do away with unions, or to revive certain sectors vis-à-vis the labour law (healthy, army, etc.) and also wondered if COSATU (now a pale shadow of its old self) is now confused or is still relevant for the development of the economy. Professor Teffo then declared the roundtable dialogue officially open.

The next speaker was Professor Sabelo J. Ndlovu-Gatsheni, the Head of AMRI, College of Graduate Studies at UNISA who hosted the Roundtable Dialogue. Professor Ndlovu-Gatsheni started by giving a brief history of AMRI, which was launched on 4 May 2012 to honour the legacy of the late Professor Archie Mafeje (after whom AMRI is named) who has been described variously including African pathfinder, independent Pan-Africanist advocating the study of Africa from within/inside; self-understanding, self-determined rigorous scholar of the modern world. Professor Archie Mafeje was also a strong advocate of fieldwork and first-rate debater.

Professor Ndlovu-Gatsheni noted that it was on the shoulders of this academic giant that AMRI was standing, advocating research on agricultural change and land reforms, social and economic transformation and the like among disadvantaged communities, advancing Pan-African themes (through fieldwork and theoretical vigour) that include African knowledge systems, Afrocentric epistemologies and Africa-centred methodologies, African social formations, African families and social policy, Land and agrarian issues, African institutions and the state and inclusive development. These are also advanced through community engagement research, roundtable dialogues, symposiums and conferences.

On the theme and purpose of the Roundtable Dialogue on *State, Capital and the Deepening Labour Crisis in South Africa*, Professor Ndlovu-Gatsheni highlighted that the aftermath of the 2012 Marikana strike and the shooting by police of 34 Lonmin platinum mineworkers, characterised by more violent strikes and increasing disputes between labour unions, capital and the state, was the genesis that cried out for serious reflections on the role of the state, capital and labour in this deepening labour crisis. Professor Ndlovu-Gatsheni pointed out that the Roundtable Dialogue on *State, Capital and the Deepening Labour Crisis in South Africa* was an important part of AMRI's core research activities and engagement with key stakeholders on issues of social transformation and social policy. He elaborated that we began to think seriously about state, labour and capital, particularly the fundamental question of the viability and sustainability of social pacts within a context of terminal capitalist crisis and diminishing legitimacy of the neoliberal project.

Professor Ndlovu-Gatsheni stated that "...personally, reflections on state, labour and capital took me back to the **September Commission** (1997) that was established by COSATU and the three possible scenarios for South Africa¹:

- **Scenario 1 was termed 'the Desert'**: It spoke to the trajectory of SA where there was no economic growth, with the ANC abandoning the agenda of social transformation and resulting in high levels of political instability and increasing labour unrest and industrial strife. The question is: are we seeing something of this scenario taking place in South Africa today?

- **Scenario 2 was termed 'Skorokoro'**: It spoke of the trajectory of SA moving forward at the pace of an old, dilapidated, and untrustworthy car. What was projected was modest economic growth accompanied by modest service delivery within which social inequalities would continue while black middle class would be empowered. The question is: is this scenario evident today or was it off the mark?
- **Scenario 3 was termed 'Pap, Vleis and Gravy'**: It spoke of massive economic growth and development, with significant job creation and the delivery of services by the state. This scenario projected labour as engaging in joint decision making with business and the state."

To Professor Ndlovu-Gatsheni, it would seem that Scenario 3 was what we wished for and expected South Africa to be this time around; that is, becoming a democratic developmental state capable of delivering jobs and services. He concluded by noting that the death of revolutionary ideas such as those of a proletarian revolution in a context in which capitalism was experiencing a terminal crisis, is not producing those sharp contradictions capable of producing revolutionary raptures pointing to the possible demise of the capitalist system.

The roundtable dialogue therefore presented a convenient platform to debate and critically reflect on these themes, problems and challenges and to suggest a possible way forward.

¹Adam Habib, *South Africa's Suspended Revolution: Hopes and Prospects*. Johannesburg: Wits University Press, 2013, pp.113-114.

Session One

There were three speakers in this session: Dr Sydney Mufamadi, Mr Mike Spicer and Dr Liepollo Pheko.

The State and the Deepening Labour Crisis in South Africa

The presenter in this session was Dr Sydney Mufamadi from the University of Johannesburg, Director: School of Leadership. Dr Mufamadi was also Minister of Safety and Security in the government of South Africa for the periods between 1994 and 1999, and 1999 to 2008. He is also a founder member of COSATU, a political activist and is now in the academia. Dr Mufamadi started by highlighting the centrality of capitalism and its impact and influence on economic policies pursued by African states. Quoting the Slovenian philosopher Slavoj Žižek that the global capitalist system is 'approaching an apocalyptic zero-point' accompanied by exploding social divisions, deepening exclusions, and inequalities as well as social raptures, he also referred to the observation by Karl Marx in Capital Volume 1, that capitalism came into the world... signalling a rosy development of the era of capitalist production, though Marx saw the capitalist system as ambiguous in its consequences, exploiting more products than the system. He observed that the transition from primitive accumulation to agrarian capitalism and later industrial capitalism led to a brutal suppression of society including serfs, slaves and peasants who were subjected to appalling conditions that were replicated elsewhere with degrees of violence.

Citing Polanyi (The Great Transformation), Dr Mufamadi emphasised the propensity of capitalism to resort to violence to achieve its aims because it was not self-sustaining. Violence was integral in the peripheries in the making of the modern capitalist system. It is therefore critical that one understands this capitalist relationship between the core and the periphery before attempting to analyse the role of the African state in the economy of the country. There is need to understand the relevance of coercive instrumentalities that have been used to maintain the capitalist relationship. According to Dr Mufamadi, "The worst thing that can happen to an exploited people is not to be exploited enough." One objective of the economic policies pursued by African states is to develop their own productive sources, but the question is how they do it in the face of a world capitalist system that is protective of its own interests. In some parts of the Global South, primitive accumulation still persists as they remain zones of strategic natural resources. For example, the seizure of tropical forests is regarded as carbon solutions to today's ecological crisis, such as in the Niger Delta region of Nigeria, Somalia and forests elsewhere. Do Africans only have to become pirates to exploit resources? Crises promote restlessness in these countries.

World Response to restlessness in the South

According to Dr Mufamadi, world powers respond through interventions, some of them military in nature such as the deployment of NATO forces that use violence, leading to a production of a range of counter-violence on the ground. This presents more challenges to state policymakers. Earlier on, according to Dr Mufamadi, African politicians were preoccupied with state-building but they are now embracing nation-building. Economic development is now occupying a central position as part of a government project in terms of nation-building. This is in line with the new African agenda in the NEPAD and African Union document. African leaders are pulling African economic development as the centre of the development project. Such statecraft calls for the establishment of legitimacy; high rate of economic growth to effect structural change domestically (that will lead to social transformation – Mkwandire). Elites must establish the hegemony in state projects that could lead to key actors in the economy adhering voluntarily (not achieved through coercion) as opposed to the international hegemony that dictates what should be done.

Dr Mufamadi highlighted that intellectuals have to play a key role in policy making, but the problem was that the African intelligentsia did not appear to be playing a key, well-defined role at the moment. He thus called for a more analytical rigour, an understanding of the varieties of capitalism and what makes them distinct; an understanding that state-market relations differ according to countries, understanding of different levels of development of productive sources; how much value do we derive from an interconnected global economy as African states vis-à-vis the desire to achieve re-industrialisation of the African economies. Does the African state have the capacity to achieve this through coercion or consensual relationships? What forms of coercions have to be applied? Comparative undertakings on different processes can be helpful in this regard.

In short, Dr Mufamadi emphasised the centrality of coercion under capitalism in extracting profit. The challenge faced by the African state was how to craft and implement an economic policy that could lead to profitable production of its strategic productive sources. This marked the central position of economic development now being pursued by the African state as part of a government project in terms of nation-building. Dr Mufamadi argued for a linkage between policymakers and African intelligentsia, which he thought would be beneficial to policy development. However, currently, there was still need to question the epistemology of the intelligentsia and to argue for their philosophical foundations to be linked to an 'organic' paradigm.

Capital and Labour in South Africa

The speaker on this theme was Mr Mike Spicer, Vice-President: Corporates and Africa at Business Leadership South Africa. He spoke from a corporatist perspective with reference to economic policy development and how economic policy is informed and challenges in formulating policies. He emphasised that the interests of businesses or capital differed widely across sectors of capital such as mining, service industries, banking and manufacturing; they are not monolithic. He, for example, cited the very different perspectives of these sectors in the debate on the strength of the rand that has been ongoing for about three years now. In addition to the different perspectives of the different sectors of capital, there is the legacy of the past and racial structures that make it nearly impossible for business to speak with one voice. Nowadays, the face of capital in South Africa is inherently largely linked to the black ruling elite, especially through Black Economic Empowerment (BEE) shareholdings, government-related investment funds and pension/provident funds. Within the ruling elite itself, policymaking in South Africa is also affected by the various ideologies linked to the different factions of the ruling alliances as represented by the African National Congress (ANC), South African Communist Party (SACP) and COSATU. These are not always complementary because their fundamental assumptions differ at times. They also do not agree on how economic growth can or should be achieved. Consequently, it also becomes problematic to determine who will drive such growth.

On top of this, according to Mr Spicer, the relationship between the state, labour and capital is currently shaped by technology and globalisation, which were not as prominent in the 1960s. This presents a different set of problems and challenges. As a result, compromise, rather than absolutism, is required to address some of the capital and labour challenges facing the country at the moment. The post-cold war world has seen the rise of new economic giants like China and new relationships between capital, labour and the state. To make matters worse, South Africa has the highest deficit account within the extreme volatility in the 'Fragile 5' (India, Indonesia, Brazil, South Africa and Turkey) emerging markets. As a result, according to Spicer, "The crisis of labour in South Africa means that there's a crisis of unemployment. Compared to all the emerging markets of countries of the South, we have the least number of people in employment. That is the key differentiating factor." South Africa is thus facing a problem of high unemployment. Of the country's population of 51 million people, approximately 14 million people are employed and close to 7 million are unemployed today. So the question is who speaks for the unemployed if labour represents the employed middle class and those in the public sector? Who also represents small and medium enterprises that are extremely critical of the NEDLAC process? This is because in NEDLAC, big business, labour and the state meet and collude in their own interests to set up regulations satisfying sectorial interests at the expense of smaller enterprises and the unemployed.

High unemployment is therefore the crux of South Africa's challenge and one that has to be addressed now. According to Spicer, "A solution is to grow many more businesses, not to squeeze employment out of existing ones. We need to unleash entrepreneurial activity so that more businesses can be formed." Spicer added that "We need to get the growth rates up as the National Development Plan (NDP) says, to at least 5%. We can only do that if we tackle all the structural impediments and we're going to have to be pragmatic in finding new ways of operating."

Structural problems faced by the country include poor education, poor health, high cost of infrastructure, poverty, inequality, low savings, low productivity and lack of competition among others. As part of the Fragile 5, it means South Africa is an emerging democracy living beyond its means; individual families have to borrow, the South African government has to borrow, leaving it with the highest deficit. This is critical because it impacts on growth. There is need for more funds for investment as the state is not generating that. Poor education means that there is a critical issue of teachers and retraining. There is need to fix existing infrastructure. Some infrastructural projects take 5 - 6 years to implement, such as roads, airports projects, meaning that there is a deficit in project implementation skills. Lack of competition has led to some celebrated cases of collusion in the public sector.

In short, Mr Spicer, spoke from a corporatist perspective with reference to economic policy development and how policy is informed. He argued that different sectorial interests within capital, the delicate history of the country and racially diverse structures, and different interests within the state mean that a lot of compromise has to be done in the formulation of policy structures. There is also a need to recognise that in the post 1980s cold war times technology is playing a critical role in shaping capital, state and global markets. This gets complicated further by the stakeholders' different and often diametrically opposed interests. The unemployed, small-, medium- and micro-enterprises (SMMEs) also need to be represented in policy formulation. Currently, there are too many unrealistic expectations placed on SMMEs and expanding state employment, which does not offer a viable solution. Whose interests are represented at policy level, where are regulations set and who controls the dialogue? In reality is it dialogue or perhaps a monologue of dictates and strong arming to the detriment of infrastructure and its corollary, citizens. Mr Spicer noted that too much theory will not be helpful in tackling problems faced by capital in its relations with labour and the state.

State, Labour and Capital

The speaker on this theme was Dr Liepello Pheko, Managing Director: Four Rivers. Dr Pheko spoke about a very disturbing notion of the political economy of the labour market dominated by the collusion of capital, industry and neoliberal governments in industry to offset radical left contestations. According to Dr Pheko, the history of labour reforms in the country highlights failure of broader reform agendas in the labour market due to some structural rigidity. Emphasis on foreign trade, internationalisation of the financial system and the liberalisation of the domestic trade since the 1980s has been the convenient alibi that has been used by capitalism to maintain and reproduce itself. There has been no alternative paradigm. Labour is not treated as a critical resource of the economy; but as a cost in global capitalism. This could be seen through the 1980s structural adjustment programmes. This also led to the creation of a glut or surplus labour, which guarantees a ready supply of labour for capital/industry at low cost.

The demise of Thatcherism (UK) and Reaganism (USA) marked a major shift in economic policies worldwide. Ideological shifts after the fall of the Berlin Wall and the end of the Cold War reinforced neoliberal economics, which seeks to contain the role of the state (structural adjustment programmes) and advocate the opening up of markets. Emerging markets are unfortunately not offering any paradigm shifts but are feeding into the Washington Consensus. The ambiguous tendency is that the costs of adjustment are transferred to the state. Capital keeps its costs low. The state is just seen as the facilitator for capital and investment rather than a regulator of labour-capital relations.

Some shop floor issues have emerged with shifts from industry to services, leading to fluidity in the labour market, which is disturbing. Dr Pheko noted that this comes with the movement of people and capital, private movement of capital, and movement of labour/migration of skills. Fluidity in the labour market without being fixed means the labour force does not have any leverage against capital. Flexibility and instability of tenure/contract employment create uneasy relationships between labour and capital.

At the end, what we see are huge consequences for labour. According to Dr Pheko, "The neoliberal era focuses on price stability and the maintenance of low fiscal deficits and governments are impeding economic performance and sacrificing investment and jobs by pushing up interest rates to reduce inflation." Another huge significant consequence of financial realisation is the role that finance plays in influencing states, companies and the global business environment. This has been described as the global business revolution that has been led by the business of developed countries. Dr Pheko noted that "There are issues across the globe whereas large multinational companies have global strategies. And the process of globalising seems to turn workers of different countries against one another." The state therefore only institute opportunistic labour market reforms leading to asymmetrical relations between capital and labour – very inadequate. The challenge is to identify new forms or innovations of capitalism that seek to maintain the status quo.

In short, Dr Pheko highlighted the systematic disempowerment of the labour movements through a complex relationship between labour and capital markets and lack of broad reform measures. Labour is regarded as a cost rather than an economic resource, rendering an antagonistic interaction. Finance/capital continues to play an enormous role in policy and polity in the global framework. Labour costs are transferred to government structures, yet at the same time there is a demand for limits on the role and authority of government, which is a contradiction. There is need to critique the role of the state.

Discussant: Professor Jimi Adesina

The discussant in this session was Professor Jimi Adesina (Professor and Department of Science and Technology/National Research Foundation SARChI Chair in Social Policy at AMRI, CGS, UNISA). Professor Adesina argued that instead of focusing on the theoretical frameworks, there was need for more practical examples and applications, highlighting that one major problem was that South Africa's left discourses have very limited African ontological foundations and tend to rely on European discourses/libraries. Professor Adesina noted that there was really nothing new about the diversity of capital as pointed out during the presentation by Mr Spicer. There is need for African states to follow practical examples of other African countries closer to home and with similar experiences. There is really nothing called a free market in the true sense of the expression (Chan) and this called for new thinking and insights.

The challenge, however, has always been that for most of the time there is very little or no difference between the state and capital, which is not sustainable now and in future. The level of revolt in the mining sector was not only against capital but trade unions also. The revolt has been against the same union that used to champion the rights of miners, against capital. No meaningful reform has happened to change the structure of the labour market. And that is part of the problem. For example, in the mining sector, the migrant labour system has remained intact at the expense of sustaining capitalism. Slave wages still exist in that sector of the economy. There is a reluctance or refusal by the state-capital to reform radically. Professor Adesina cited the 2003 UNDP report on South Africa in which Dr Ebrahim Sall warned of an impending economic crisis in South Africa including an increasing decline of wages in relation to labour even when production is rising.

According to Professor Adesina, it is clear now that in South Africa the Washington Consensus goes beyond policymaking, as exemplified by the belief that investment would lead to the creation of jobs which would come with more trickle-down effects. The belief that the trickle-down effect will contribute to the reduction of poverty and inequality as assumed by the National Development Plan will not solve the problems of poverty and inequality. This has actually been the curse of the settler colonial state in Africa. For Professor Adesina, the challenge is that economic policymakers in the country continue looking to countries like the USA for policy guidance. Professor Adesina suggested that the country should rather look at examples from Scandinavian countries like Norway, welfare states, which rank higher on happiness in the whole world and in other social indicators. Instead of having the state co-opted and neutralised by capital, the state and elites/policymakers need the backbone to take unpopular decisions now which will benefit everyone later. Currently the state seems to be getting frightened by capital when there are calls for more transformation that will benefit poor workers.

Session Two

There was one speaker in this session, Professor Sakhela Buhlungu.

The Role of Labour in the Labour Crisis in South Africa

The speaker on this theme was Professor Sakhela Buhlungu, the Dean of Humanities at the University of Cape Town. Professor Buhlungu spoke mainly about COSATU and worker discontent in the country, highlighting that labour was actually bigger than society and Union densities bigger than COSATU, with many other unions and federations. COSATU only happens to dominate the labour landscape because of its size and presence in politics through its tripartite alliance with the ruling ANC and SACP. Events in the last 14 months or so prior to the Roundtable dialogue were overshadowed by COSATU problems. Professor Buhlungu argued that there were three turning points that highlighted the fragility of COSATU. The first one was the visible worker discontent in the platinum mines. NUM started crumbling after the 2012 Marikana tragedy in Rustenburg but it had actually showed since the 1990s that it was the weakest region in terms of labour organisation. NUM was actually warned that disaffected miners would vote with their feet well before the current conflicts started. The cracks were ignored for years and smoke and mirrors tactics were used to give the illusion that all was well. Now the smoke has lifted and the uncertainty and lack of solidarity have been exposed. Yet key stakeholders are more preoccupied with conspiracy theories and passing blame for the crisis.

The crumbling of NUM signified the collapse of a monopoly in trade unionism, which is a headache to those favouring monopoly. Those on the losing side try to defend the monopoly and blame everyone else for the problems. The Marikana shooting was actually part of the crumbling of the monopoly of unions (not an event). Shop stewards were chased away. It was also a shameful behaviour on the part of the mining company to try to defend the union (NUM) aligned to the ANC and the Communist Party. While there are no angels in the rival AMCU, it was shameful for the Minister of Labour to denounce AMCU instead of trying to unify the unions.

The second turning point was the leadership divisions and palace coups within COSATU. The suspension of the COSATU Secretary General Zwelinzima Vavi in a palace coup in 2013 showed that all was not well in COSATU. Vavi ran COSATU with a clenched fist and was responsible for ousting Willie Madisha and now the chickens have come home to roost. There are no angels here and Vavi cannot claim innocence or to be a victim of politics. The use of sex, relationships and so on is in fact not a new method in these palace coups within the ANC. However, these politics and sex scandals are distracting everyone from real issues and what is in the best interest of labour at all levels. What happened in the aftermath of Marikana is collateral damage in a bigger power game and it is shameful and indefensible, highlighting that some union officials are more concerned about self-enrichment, cutting deals and upward mobility (collusion with capital) at the expense of ordinary workers.

The third turning point was that Unions are themselves in the dock, being taken to court by their members. This was highlighted in 2 court cases. The first one on the 9th of October in which two dismissed members of FAO took the Union to court and won. The workers were represented by the CMA. The High Court and the Constitutional Court favoured the employees. The Union was angry and appealed twice and lost twice. This highlighted that workers no longer have faith that unions would defend their interests because unions are betraying the constituency that they are supposed to protect. The unions' view that collective good at times overrides individual interests is no longer valid now.

The second court case involved Sasol scandal with the Chemical Unions. The General Secretary of the Union was expelled but was reinstated by the court. Ordinary union members are aware of the collusion of their union leaders with capital at the expense of workers. The revolution is thwarted and there is no innocence. There is a loss of integrity and principles in unions that used to be the site of struggle, goodness and honesty. No one in the unions is willing to confront the issues of shop stewards and upward mobility, unions and gender, unions and strikes, unions and politics head-on. Some union leaders have now become trapped in accumulation, obscenely high salaries and flamboyance, which sharply contrast with the deplorable wages of the workers at the bottom. Such leaders cannot justify the gross inequality they are creating or perpetuating.

As a result there is now need for understanding unions on the ground. We are now past the phase that 'Unions could never go wrong'. There is no longer any innocence in Unions. The exposure of Vavi meant that there are no angels anymore. It also paints a very bad and uncomfortable state of women who are underrepresented in COSATU. More information on these issues can be found in a book edited by Buhlungu, Sakhela & Malehoko Tshoaedi (eds). (2012): *COSATU's Contested Legacy: South African Trade Union in the Second Decade of Democracy*. Cape Town: HSRC Press. What is therefore clear is that the union movement, especially COSATU, is now a much contested terrain.

In short, Professor Buhlungu focused on COSATU and worker discontent. The crumbling of monopolies in trade unions, palace coups through conspiracy theories and the defending of indefensible court cases by unions highlight that unions are in serious organisation stress. This brings into question the role that unions should now continue to play in a labour/worker environment in the present South Africa. Are they still mandated to the same ideology and to the same constituent of workers? In the past, the labour movement was recognised as a final moral authority, 'innocent, never wrong', but this depiction and representation is changing and the structures within the movements are being contested.

Discussant: Professor Jimi Adesina

The discussant in this session was Professor Jimi Adesina (Professor and Department of Science and Technology/National Research Foundation SARChI Chair in Social Policy at AMRI, CGS, UNISA). Professor Adesina highlighted that the platinum mines crisis highlighted a lot of weaknesses within unions. The Union management actually proved that they are on the side of mines management; that is, on the side of capital. Professor Adesina noted that it was clearly emerging that greed and hypocrisy are now the root of this problem because a group of union leaders have become anti-working class. Shop floor workers are rising to management levels and they are getting co-opted in convenient alliances. Class mobility is rearing its ugly head and the agendas have changed significantly even though the façade of serving the poor is maintained. Sustainable capitalism requires looking and thinking beyond narrow interests.

According to Professor Adesina, it is actually surprising to see the leaders of COSATU and the Communist Party being closer to one another than to the constituents they represent. There are also allegations that some Union leaders sit on the Boards of some companies in which they are shareholders. In such situations, it is clear that union leaders have become anti-working class that they purport to represent. This has to change because it is not self-sustaining. The Marikana crisis has proved that the model of transition adopted by the post-1994 government is not sustainable because it continues to serve the narrow interests of capital. Lack of reform is not because of lack of resources, but a problem of the reproduction of the narrow interests of capital and the collusion with capital of the union leadership. For sustainability purposes, the economic model in South Africa needs to be addressed. Prof Adesina rightly noted that the existing policy issues in the country are not unique to South Africa, but the approach clearly needs to be addressed. He recommended that development policies within South Africa should perhaps try to look at other examples from the African continent rather than always borrowing principles from other continents, which have completely different social conditions existing in their countries.

Discussion

Participants pointed to the existence of a conflict of interest among various stakeholders in the Union management, company ownership and political offices as a source of concern. For example, some key business shareholders in mines also happen to be top leaders of the ruling ANC and yet still key organisers of the labour unions such as NUM. The straddling of all three intersecting units is symptomatic of the contradictions in the relationship between the state, labour and capital. At the end, there is lack of moral authority, no legitimacy and credibility and no responsibility or integrity on part of those in leadership positions, whether in politics or in labour.

The state's rhetoric of being a developmental state is not accompanied by any tangible deliverables to that effect. It appears that the state is afraid of capital. During the discussion, it was also argued that the aggressive investment focus by South African capital in the region and across the continent, in partnership with state and capital, actually highlighted close state-capital relations and that this could compromise the state's regulation of capital-labour relations in the domestic arena.

Concerns were raised over the growing tendencies of collusion between capital and union leaders. Another contentious issue was that in the past, union leaders used to be on flat salaries, but this changed in the era of the ANC governance and now the structure has actually widened. Before 1994, the slogan was one union, one federation, but this understanding has changed after 1994. The trade union was led by activists, but today some of the leaders started in the political movement. The mentality of trying to maintain a monopoly in trade unions is no longer serving the country well.

There was also a feeling by participants that in some sectors, the country has a dysfunctional civil service, which was not up to task; an issue that was often not talked about. There were calls that the state should strongly advance the welfare of its citizens as currently there are indications of a deliberate consumption mentality with some people in positions of authority taking advantage of the new environment to further their own interests. There was a need for a comprehensive structural transformation that will lead to the reduction of inequality in the country.

It also emerged during the discussion that NEDLAC will not be the solution to problems faced by labour in the country. Mr Spicer highlighted that no single institution in the country will be able to deal with the kind of problems faced by the South African society today. The country may soon run out of resources. For example, in the current 13 million people in the country's tax base, only 5 million paid tax. Half-a-million people in country actually paid 60% of the total tax. The rest were untaxable. Less than 100 companies in the country paid 60% of taxes. From these figures, it was clear that there was need to up the growth rates of the economy and to widen the tax base. At the moment, the state has to bear about 50% of all development costs, but it would not be able to get any tax back from this investment. The state will be even worse off financially or in terms of revenue collection if it nationalises some of the private companies that are currently paying tax.

It was also noted that there was need to produce adequate human capital to sustain the economy in the country. The country faced a huge problem of creating jobs but for people with irrelevant skills. Perhaps there was a need to look at countries such as South Korea, focusing on what kinds of students the country is producing. If this is ignored, it will compromise the sustainability of the economy. Dr Mufamadi indicated that it was difficult for the state to achieve goals that will reduce inequality on its own except perhaps with the help of all stakeholders who should think above narrowly defined short-term interests. At the moment, it is clear that capitalism in the country is replete with contradictions that are seriously affecting the working class, leading to various forms of resistance or strikes.

There was also a suggestion that the labour union model is becoming outdated as unions are representing only those in full-time employment, and do not include those in the informal sector. It is clear that some union leaders are speaking for certain parts of the working class. For example, more than a third of COSATU members are public sector workers, nurses, teachers, and so on. Domestic and farmworkers are some of the most disorganised and they are not represented.

Questions were also raised how the country can avoid a repeat of the Marikana tragedy, with suggestions that those in authority should avoid seeing people, for example, the mine workers, as 'problems'. People should actually be viewed as 'having problems'. Viewing people as problems leads to genocide, as a way of trying to eliminate that 'problem'.

There were also calls that African intellectuals should stand up and also contribute to the development of policies that will lead to social transformation in Africa, with a clear 'locus of enunciation'. Some participants felt that the centrality of race in South Africa in relation to the State, Capital and the Deepening Labour Crisis were not addressed during this roundtable dialogue.

Professor Wendy Isaacs-Martin, a senior researcher at AMRI, CGS, UNISA, thanked all the speakers; the Programme Director, Ms Didiza; colleagues at the Transdisciplinary Institute and the College of Graduate Studies, and other participants and highlighted that their contributions reflected an interest in South Africa's progress and in particular the citizens who are affected by these developments.

Conclusion and Remarks

Perhaps the most important outcome of the roundtable discussions was the realisation of the need for a critical interrogation of the state capacity and government commitment to social transformation. There was a feeling among the participants that there was some collusion of the state and capital, which compromised the state's regulatory role in disputes involving capital and labour. The state appears to be reluctant to push capital to make labour market reforms that will lead to great social transformation.

The second important outcome of the roundtable discussion was the realisation that there was an urgent need to critically interrogate labour market regime(s), the role of trade unions and the National Economic Development and Labour Council (NEDLAC). This is because of the alleged collusion of capital and some labour union leadership, much to the detriment of the workers' interests. NEDLAC does not represent the voice of small and medium businesses.

The third important outcome of the roundtable discussions was the call for the need to interrogate the role and responsibilities of capital. The persistence of migrant labour system and squalid informal housing settlements around mining areas was cited as an example of the reluctance of capital to contribute to positive social transformation.

The fourth important outcome of the roundtable discussion was the call for the acceptance of new struggles for economic and social freedom and social policy implications especially by the state and capital. Development policies within South Africa should perhaps try to learn from the cases on the African continent rather than always borrowing principles from other continents, which have completely different social conditions existing in their countries.

The fifth important outcome of the roundtable discussion was the realisation that the African intelligentsia also has a role to contribute to the development of policies that will lead to social transformation in Africa, and that they should have a clear 'locus of enunciation'. This issue of race also needs to be looked into, not to be swept under the carpet.

One major achievement of the roundtable dialogue was the creation of a platform for experts, academics, business leaders and politicians from the state, capital and labour sectors of the economy to deliberate openly and critically over issues that are still hampering social and economic transformation twenty years into the democracy of the country. The discussions generated many insights that will definitely benefit the intelligentsia, state, capital and labour policy actors into looking for new ways of transforming these sectors in a way that will reduce inequality and poverty among the majority of the citizens in the country. All participants agreed that there was need for introspection on how the country can do things differently and on the need for reorganisation that will lead to social transformation.

This report provided highlights of the presentation by the speakers and the discussion by both the speakers and other participants. AMRI hopes to publish a monograph out of the presentations, which are expected to be converted to written papers of between 4 000 and 6 000 words each in length.

