

## **Impressive political gains offset by economic pain: forthcoming growth and development summit must bring benefits for the poor**

Willie Madisha, the president of COSATU, reviews  
the first eight years of ANC rule

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Since the ANC took over in 1994, workers have made huge gains – and experienced substantial setbacks. Our gains arise from the entrenchment of democracy, including labour rights, desegregation of government services, and some economic measures designed to give our people greater access to productive assets and skills.

These measures have certainly brought great benefits to our people. But those benefits have largely been short-circuited by the deep-seated restructuring of the economy, which has largely taken place at the cost of workers and the poor. Unfortunately, many government policies have aggravated this situation.

Cosatu's main concerns in this connection are well known – the restrictive fiscal and monetary policy, which slows growth and cuts employment; privatisation in its various guises, which will deny our people access to basic services; and the deregulation of markets, including foreign trade, without sufficient protection for the poor. We hope that the upcoming Growth and Development Summit will help us address these problems together.

Since 1994, South Africa has made major gains in buttressing democratic institutions and traditions, adding to the great victory we won with the first parliamentary elections. The main progress has been around local government. In addition, Nedlac has increasingly provided a forum to ensure more open and appropriate policy making.

In terms of labour rights – a central part of the human rights regime – South Africa now ranks as a leader. Critical advances include:

- New procedures for dealing with disputes through the CCMA and bargaining councils, including in the public sector. Gone are the days when most African workers could only protect themselves through wildcat strikes. The result has been a big decline in strikes compared to the early 1990s.
- Extending the right to negotiate to all workers. That means that workers cannot be fired for withdrawing their labour – a basic freedom that was long denied to African workers.
- The protection of some basic conditions for all workers, especially around leave, working hours and dismissal.
- The introduction of employment equity laws.

Another major gain for workers has been the elimination of racial discrimination in the provision of government services. For the first time, African communities have rights to basic infrastructure, education, healthcare, welfare and policing. Apartheid left such huge inequalities in income and infrastructure that most historically black neighborhoods still lag behind the white suburbs; but at least the commitment to equity is there.

Finally, some of government's economic policies are truly transformatory – notably the skills development strategy, the Minerals and Petroleum Development Act and land reform.

These initiatives begin to introduce greater equity into the economy. In the absence of a comprehensive development strategy, however, they have not had the hoped-for impact. None of these gains was achieved without opposition from those who benefited from apartheid. In particular, the labour laws have faced a vicious attack from some foreign donors as well as elements of business. Most of this opposition arose from misperceptions, based on a fear of change, rather than a real understanding what the laws provide.

Despite these gains, our members have not experienced the qualitative improvement they expected from the transition to democracy. Our victories have been undermined by basic structural shifts in the economy, which have been associated with job losses. In response to this situation, government turned to largely conservative economic strategies, based on free-market views on trade and industry.

As a result, government provided support almost exclusively to export sectors. It also pinned the restructuring of State assets on the belief that competition will always ensure optimal results – an approach that leads to privatisation and, for the majority of our people, cuts in services.

Finally, it adopted highly restrictive fiscal policies, which in the late 1990s led to deep cuts in government spending and services. This conservative strategy has proven unable to guide the economy on to a more equitable and dynamic path.

Instead, we have seen:

- A massive, increase in unemployment, from 16% to 29% between 1994 and 2001, with a rapid decline in the quality of work. We have been losing less skilled formal jobs – mostly from the mines, farms and the public sector – as well as manufacturing positions; and gaining informal jobs, almost two thirds of which pay under R500 a month.
- Government's vaunted export industries have not created work. The auto industry is the main success story, with exports more than tripling dollar terms since 1994 – but official data show that the sector has still lost jobs.
- Investment has remained low, at around 15% of the GDP. Most economists agree that investment must reach 20% to ensure rapid growth. The massive outflow of capital, resulting in part from the ending of exchange controls, has contributed to low investment.
- Finally, in the past six months we have seen an unacceptable increase in maize prices.

Most workers spend at least a third of their income on food, while the very poor spend even more, and this situation imposes even more hardship. At the same time, the HIV epidemic has become a growing threat to us all. Every worker now has personal experience of Aids through their family, friends or colleagues.

To ensure that the majority of South Africans enjoy the rising prosperity, the Growth and Development Summit must lead to agreements that will reverse these negative trends. This view was affirmed by the recent Alliance Summit.

In this context, Cosatu will work for:

- Short-term measures to alleviate the hardship caused by rising unemployment and soaring food prices, including large-scale public jobs programmes and welfare measures.
- Improved use of social services and infrastructure to stimulate job creation and growth, for instance through targeted procurement and a more rational and considered approach to restructuring State assets – one that will ensure greater access for the poor, rather than prioritising commercialisation and privatisation.

- Sectoral summits, where the stakeholders can work together to define growth trajectories that will bring about growth, employment and equity. The recent ICT sector summit demonstrates that major gains can be made through the summits; the work at Nedlac in the run up to the Financial Sector Summit, due in early August, also demonstrates the potential for this type of engagement.
- Increased solidarity in combating HIV/AIDS, including a massive prevention and education campaign as well as improved access to anti-retrovirals and other medication for the poor.