

OPINION | Are labour unions still serving the interests of the entire working class?

REINVENT TO REMAIN RELEVANT: THE CHALLENGE FOR UNIONS AS THE VOICE OF THE WORKING CLASS

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Introduction

Have trade unions become an obstacle to the achievement of South Africa's developmental goals? The balance of opinion in contemporary public policy debates seems to suggest that this is the case. Trade unions, so the conventional argument goes, represent full-time workers, entrench their advantaged position and, in so doing, replicate an economic system characterised by high inequality and high unemployment. Unions, as is to be expected, reject this notion. The view, across union federations, is that they are still the drivers of a redistributive agenda, which speaks for the voiceless poor and challenges the unjust structural underpinnings of employment and distribution patterns. Far from becoming an obstacle to societal change, trade unions argue that they remain as relevant as ever in supporting a more egalitarian society.

This article has two themes. The first is the ongoing, important role that trade unions play in representing their members and in advancing South Africa's economic transformation agenda. In the parlance of the Congress of South African Trade Unions (COSATU) 'transformative unionism' shapes the choices, campaigns and conflicts that unions engage in.

However, the criticism of the trade union movement raises significant challenges that cannot go unanswered. Innovation in several areas of union activity is urgently required to foster the unions' role in achieving a more inclusive society. The methods and means of reimagining trade unionism are the subject of the second theme.

Insider-outsider

Trade unions in South Africa have made major gains since 1994. These have included significant improvements to labour legislation, the entrenchment of collective bargaining in several sectors and social dialogue forums – especially the National Economic Development and Labour Council (NEDLAC) –

which have transformed many aspects of apartheid labour relations. In winning these gains, some have asked whether unions have not become 'insiders' of the very system they criticise? More bluntly, have trade unions been co-opted into a system that they once criticised and, thereby, become part of the problem? The 'insider-outsider' hypothesis argues that trade unions have indeed become 'insiders', and contribute (perhaps inadvertently) to shutting the door on 'outsiders'.

Jeremy Seekings and Nicoli Nattrass (2006: 375) provide a compelling background statement to this argument:

The post-apartheid distributional regime displays strong continuities from its predecessor, the late apartheid distributional regime, because the biggest losers under both have remained politically weak. The unemployed, especially the rural poor without easy access to urban land markets, were unable to use their electoral strength to secure pro-poor reforms, in part because it was unclear precisely what reforms would be pro-poor in the longer term. The powerful political constituencies in post-apartheid South Africa, on the other hand, were able to mobilize effectively and secure beneficial policies including lowered tax rates and raised wages and salaries for working people with skills.

The argument is important because, taken to its logical conclusion, it provides a response as to why inequality remains so high in South Africa. In more accessible terms, Nic Dawes (2011) refers to this as the 'great carve-up'. His view is that that the economy has been carved up between government, big business and organised labour (the insiders), each of which has received an economic benefit, but at the expense of the poor and unemployed (the outsiders). In essence, the proposition is advanced that the social accord created at the end of apartheid (what Seekings and Nattrass call the 'post-apartheid distributional regime') saw trade unions



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become part of this deal, and that in securing gains for their members, they entered into a compromise that has perpetuated unemployment.

Seekings and Natrass take the analogy further, arguing that two types of social accord are possible. The first, an 'insider accord', is focused on tweaking the implicit social accord crafted after democracy, which would detail the parameters of wage increases, exclusion for firms unable to pay the agreed wage increases, and improvements in skills training and education. The second, an 'outsider-friendly accord', would include labour market reforms to encourage labour-intensive firms and sectors, support to areas that negatively impact on employment, and changes that benefit the unemployed through measures like public works or a basic income grant. Importantly, such an envisaged package would also include the removal of taxes on employment. In a country with such high levels of inequality and unemployment, the shift from an insider accord to an outsider-friendly accord is a tempting prospect, even if one disagrees with the argument underpinning the shift.

Importantly, the recommendations in both accords are focused on the trade unions making significant compromises and the government providing social security and other reforms; but there are no substantive compromises on the part of big business. In other words, business as an insider would be incentivised to provide more jobs through the compromises reached, and their contribution would be larger numbers of low-skilled jobs. Trade unions have rejected this model. At its 4th Central Committee meeting held in 2011, COSATU criticised this as being unfair, likening it to 'class suicide' (COSATU 2011).

The structuring of possible accords points to weak redistributive channels. It is revealing that the primary transfer occurs from the middle strata to the lowest strata, and not from the top to the middle or lowest strata. The trade union defence of its role in economic policy has been anchored on this feature of the 'insider-outsider' hypothesis. Their core argument has always been that a more just social dispensation would entail a steadier stream of resource and wealth transfer from the top end of the income distribution to the lowest end.

More to the point, trade unions have argued that there are clear linkages between the organised working class and the unemployed in the day-to-day interactions in the economy. South Africa has a high dependency rate (which measures the number of people a working person supports). The National Planning Commission (NPC) provides the most recent estimate, indicating a dependency ratio of 3.9 people for every one

worker (NPC 2011). Thus, there is sufficient evidence of existing redistribution channels from the organised working class to the unemployed, through workers that support unemployed members of society. This is significant, because it challenges the simplistic 'insider-outsider' dichotomy, which assumes little or no solidarity between organised labour and the unemployed.

A more disconcerting truth for trade unions is that the living standards of workers have not improved significantly, despite worker militancy in several sectors. Labour's share of the economy has declined (COSATU 2010). More importantly, settlements on wages and salaries have not been significantly high. Data provided by the National Treasury, for instance, clearly shows that the real wage increase across the economy between 2008 and 2010 was 14.2 per cent (National Treasury 2011). At face value, the increase seems high, but if one considers that labour's share of the national economy has declined, one can infer that other actors in the economy have done significantly better than workers (even those represented in collective bargaining arrangements). Here again, the distributional issues are important, as they show that the higher income earners have benefitted more than workers. Simply stated, organised workers have not managed to attain increases to wages and salaries that would entail the carving up of a small economic pie.

Trade union activity is not limited to collective bargaining. All union federations in South Africa regularly campaign on matters of public policy. COSATU, as the largest federation, leads the way with its focus on changing economic and social policy in South Africa. Solidarity, a union representing mostly white workers has a programme to train apprentices and regularly comments on the impacts of policies such as affirmative action. The Federation of Unions of South Africa (FEDUSA), the second largest trade union federation in South Africa, has a distinctly pro-market stance, and advocates a set of public policy positions to this end. There are, thus, disagreements between trade unions on the exact public policy prescriptions, but there have been contributions to wider public policy issues and debates that suggest a more comprehensive focus than merely representing union members.

Collective bargaining arrangements, too, have placed greater emphasis on smaller firms, the introduction of flexibility to support productivity, and linking employer and employee demands. In the motor industry, there have been several agreements supporting continued work at factories; in the mining sector, there are similar examples. More recently, the agreement in the clothing sector to introduce lower entry-

level wages in exchange for increased employment, suggests that the unions are finding more innovative ways to address the challenges that South Africa faces.

The picture is not all rosy, however, with Webster and Von Holdt (2005) showing that restructuring at the workplace after democracy has taken various forms of co-operation, but in several instances also authoritarian restoration (where managers actively seek to assert their authority, as opposed to pursuing co-operative arrangements). There are instances, moreover, where small business players have been unable to meet the commitments reached at bargaining councils, especially when agreements are extended to non-parties to the bargaining council.

The details of innovative wage settlements, and the impact of these on small business, are beyond the scope of this article. However, they do show that the insider-outsider paradigm, which portrays unions as an obstacle to South Africa's developmental goals, is a highly problematic simplification of a much more complex relationship between workers and owners.

Bureaucratisation and politics

There is also a more left-leaning critique of trade unions, which is comprised of three major arguments.

Firstly, the victory of democratisation and the consequent changes to labour laws have turned trade unions from activist organisations into more bureaucratic organisations. In a challenging book, titled *Paradox of victory: COSATU and the democratic transformation in South Africa*, Sakhela Buhlungu (2010a) argues that with democratisation trade unions have lost the organisational muscle they once had. Buhlungu (2010b: 60) says of trade unions:

In South Africa, the crisis of the industrial union model is best illustrated by its inability to cope with labour market changes, such as the segmentation of the labour market into a core workforce, comprised of workers in permanent positions with benefits and relative security of tenure, and a peripheral workforce, made up of workers in precarious forms of employment.

The argument being made is similar to that advanced by Seekings and Natrass, but the political project is different. For Buhlungu, trade unions need to regain their militancy to fight fights that are focused on social justice. In other words, through regaining their organisational strength, trade unions could play a more progressive role, instead of being viewed as insiders that have been co-opted into the system. However,

Buhlungu points to the increasingly inward-looking focus of trade unions as limiting their ability to organise and represent outside of formal workplaces. It is a valid criticism, even if somewhat overstated.

COSATU, in particular, has consistently retained close linkages with civil society, as part of its political programme. Its campaigns on fiscal policy, social security and economic policy have prioritised coalitions with a wide range of civil society actors. More to the point, over the last decade, it has consistently managed to bring out the numbers onto the street for campaigns focused on poverty and unemployment. Over a period of three years in the mid-'00s, it held one-day strikes under the theme, 'Crush poverty! Create quality jobs!'. Moreover, its anti-privatisation strikes campaigned for public service delivery by the government, and not as an extension of markets in the provision of public goods and services.

Secondly, the politics of the tripartite alliance have largely played a disciplining role in respect of the organised working class. The relations between alliance partners are difficult to decipher, even for insiders to this process, as there is a constant shifting of positions. Here again, the criticism has merit, especially as it has the potential to divide COSATU. Steven Friedman (2011) makes the point that the 'economic freedom' march by the African National Congress Youth League (ANCYL) had the impact of dividing COSATU affiliates. Friedman further stresses that layering the agenda of workers with politics in the ANC could result in significant weakness and paralysis in the trade union movement.

Trade unions, themselves, are divided by their distinctive political strategies. While COSATU continues to maintain strong relations with the ANC, FEDUSA and several independent unions are fashioning themselves as a 'non-political' trade union centre. There are profound disagreements, thus, amongst the major trade unions on how to engage with the dominant ANC.

Thirdly, new forms of organisation, such as social movements, are emerging outside of the trade union movement. Webster and Von Holdt (2005) argue that trade unions need to find innovative strategies to engage with these new actors and their modes of protest, which are located in communities but linked to the wider changes in what they call 'the world of work'. The relationship between community struggles and wider economic conditions is important to understand in order to grasp why and how such new forms of organisation are beginning to emerge.

COSATU has attempted to engage with social movements and self-organisation efforts by workers on the periphery, primarily by offering support and adopting sympathetic resolutions at its congresses. However, it has not yet managed

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to build strong and sustainable linkages with social movements; nor has it managed to find ways to organise atypical workers. This is an area of weakness that must be addressed, and is given expression in the following rhetorical flourish by Zwelinzima Vavi (2009):

It must unite unionised and the un-unionised workers, it must bring together blue collar and black professionals. It must unite the workers with permanent jobs with those employed by the labour brokers. The campaign must have clear demands and time frames how these should be realised by when.

COSATU, thus, recognises the challenges that it faces in building a broad alliance that could support a more egalitarian social outcome. However, it would need to undertake significant changes to achieve these outcomes; this is discussed in the final section.

New directions

Thus far, the substantial weaknesses of the rigid 'insider-outsider' hypothesis have been raised, but contextual realities also point to the significant challenges to their relevance that trade unions have to face up to. If it is to sustain its progressive and transformative role, the organized working class will have to adapt to these new realities. How then can it continue to play this role?

The debate about the youth subsidy provides signposts to the answer of this question. Trade unions opposed a proposal from the National Treasury to provide a subsidy for employers to employ young unemployed workers. Their concerns stemmed from the risk of creating a 'dual labour market' for members, but also the fear that the inherently skewed structural nature of unemployment would remain unaddressed. The arguments find empirical support in an important paper by Burger and Von Fintel (2009) who suggest that structural reforms are needed to address structural unemployment; hence, the extension of a youth subsidy would be a meek response. In other words, to ensure that trade unions continue to play a wider role, they must first ensure that the arguments they make reflect a wider social reality, and not just the perspectives of their members.

Secondly, unions must develop policy proposals. In the case of the youth subsidy, trade unions have focused on industrial policy, and on public works programmes. The coherence of the policy positions needs to be improved. However, as shown

in COSATU's New Growth Path documents, there is a very conscious effort to speak to smaller business players and seek alliances.

The NPC's Diagnostic Report (2011) also cites Burger and Von Fintel's (2009) analysis of the deeply structural nature of youth unemployment. The depressing conclusion is that the average unemployed 25-year-old youth will still be unemployed at the age of 35 or 45. Yes, there are welcome commitments to expanded public works programmes, and significantly detailed proposals to improve education in the national plan, but the deeper question of how the excluded are to connect with opportunity remains an unmet challenge.

Thirdly, the experiments to organise informal traders, build social movements and even explore new forms of union membership must be sustained. The current membership model for trade unions is beginning to look old in the face of significant changes in the world of work. For instance, informal workers are rarely organised in the workplace, lack regular income to pay monthly fees and often prefer self-organisation. Similarly, social movements are diverse, located in communities or around a specific issue, making old coalitions difficult to implement in the current context. The trade unions must find ways of giving voice to these new forms of organisation, even if it means self-organisation outside of the trade union movement, or membership systems that are flexible enough to accommodate atypical workers. The debate on the youth subsidy showed that trade unions need to build these relationships, not only to garner support, but because the debate on economic transformation must include those outside the formal economy.

Conclusion

Trade unions continue to play an important role in our society, one that is guided by an egalitarian outcome. Attempts to sustain the 'insider-outsider' hypothesis reflect a significant challenge to the role that trade unions argue that they play. Ultimately, though, this hypothesis lacks the substantive evidence to be sustained. The criticism that trade unions are facing a significant challenge to their continued role as social actors capable of representing the 'working class as a whole', however, has merit, because that role is not preordained but rather is constructed in the day-to-day work of trade unions.

