

Globalisation and Labour

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Let me start by expressing my gratitude for the opportunity to participate in this conference. We are here to learn as well as to share our experiences. It is particularly important that the universities give us in the unions this type of chance to reflect on our circumstances. Otherwise the day-to-day rush can mean we have no chance to develop stronger strategies.

To understand COSATU's position on globalisation, you first have to understand our overall approach to the union movement. COSATU has long adopted what we call social trade unionism or what others call transformatory or revolutionary trade unionism. We are not and have never been a narrow gumboots, overalls or wages union.

COSATU was formed in the middle of battles waged by our people against the tyranny of the apartheid system. We understood that we couldn't be successful in improving conditions at the workplace without first contributing to the broader liberation struggle of our people against racist tyranny.

Informed by the lessons of our history, COSATU knew that it could not fight and win by just uniting workers against apartheid. We had to form broader alliances with a range of political and social movements. Today, on that basis, COSATU is part of the tripartite alliance formed between itself, the ruling African National Congress and the South African Communist Party. It is this Alliance that led the united front against apartheid and finally won the struggle for democracy in 1994. Because we know that workers are members of the society before they are workers, we have sought to integrate their struggles at the workplace with those of our communities. It is these forms of struggles that over time developed the capacity of COSATU as the all round movement that is the true voice of the marginalized. We have led struggles for decent houses, access to electricity and other basic amenities side by side with the need to pay workers a living wage and for improved working conditions.

Informed by this history, in the past ten years of freedom, we have taken forward this form of trade unionism. Whilst we maintain the tripartite Alliance as the key platform of engaging with the transformation, we have at the same time sought to build coalitions with a range of other civil society formations.

It would be very difficult for any conservative government in the future to isolate COSATU because we are integral part of the society. We believe that there is no future today for narrow trade unions that only focus on bread and butter issues instead of taking vigorously issues of members that are equally issues of the broader working class and the poor as well.

In the past ten years, informed by this strategy we have sought to position organised workers as the leading detachment of the working class - in a position that it will not just lead itself but lead all sections of the society. On some occasions we have been successful, sometimes not. Sometimes there been serious tensions between COSATU and the ANC led government, but on balance we believe that we succeeded in ensuring that workers have the voice and that its message is understood in every aspect of transformation.

On balance, workers have made huge gains although we also have suffered serious setbacks. But the struggle is never going to run like clockwork.

In November and December this year, we hope to have a major conference to analyse the first ten years of South African freedom from the workers's point of view. Globalisation has had a huge impact on our experiences since 1994, when we won democracy. Under apartheid, the sanctions campaign meant that our economy was largely isolated from the forces of globalisation building up in the 1970s and _80s. Then we opened our economy in record time in the 1990s, just as we achieved independence.

As a result of this situation, we experienced the shocks associated with globalisation in a condensed dose - not a pleasant experience for tens of thousands of workers, many of whom saw their jobs casualised or disappear, their companies close down, outsource or be swallowed up by foreign multinationals.

The opening of the economy had three main effects on South African workers.

First, thousands lost their jobs as companies faced a vast increase in competition. A few sectors have managed to increase exports, but mostly they are relatively capital intensive and create few jobs. Yet today, unemployment in South Africa runs at 40%. That is, two out of every five adults is looking for work - and two of every three workers under 30 years old are jobless. Unfortunately, since 1994 our main export growth has been in minerals, auto and heavy chemicals - hardly sectors that can dent the extraordinarily high levels of unemployment left by apartheid.

Second, in response to the risks of world capital flows, in the late 1990s our government adopted the conservative fiscal and monetary policy known as GEAR. Specifically, GEAR was sold to our government as necessary to create environment conducive to investment and to avoid the sort of crisis that hit Asia and Mexico in the mid-1990s. COSATU still feels there were alternatives.

GEAR led to real cuts in the budget and interest rates of over 20% in the late 1990s. Not surprisingly, economic growth stagnated, the public service downsized and unemployment soared in this period. Since 2000, the government has increased its spending substantially, and relaxed monetary policy to some extent. COSATU does not feel it has gone far enough in either direction, but at least it's an improvement.

Third, the government felt it had no choice but to adopt unpopular policies including on privatisation, and went against its stated objectives of deepening participatory democracy. Do not misunderstand: South Africa still has some of the strongest democratic institutions in the world. But government has been very reluctant to open debates on macro-economic policy, since it knows its own constituencies oppose its positions.

Comrades and friends: This is a very short and simplistic overview of how globalisation, and specifically the opening of the economy since 1994, has affected South Africa. If you want more detail, you can look at our website. The Secretariat Reports to our Congresses include a detailed overview of political and economic developments.

South Africa's experience with globalisation is not unique, just rather more intense. This was the finding of the ILO's World Social Commission, to which I belonged together with the President of the AFL CIO, John Sweeney. That Commission found that globalisation has led to the marginalisation and impoverishment of millions. Its results also demonstrate, to the surprise of most people, that globalisation has been associated with a slowdown in global growth in the past twenty years. Here, it seems appropriate to speak to the lessons we have learned from these hard experiences. Above all, our experience may help us explore how the international labour movement should respond to globalisation. We need to reflect both on the root causes of this type of situation, and on the realities of power that shape our responses.

Generally, the labour movement internationally has seen the joblessness and casualisation arising from globalisation as a problem of the race to the bottom. That is, increased world trade makes workers increasingly compete with each other, leading to worse security and lower incomes for all, while only capital gains. No one can doubt that trade sometimes brings benefits - but growing trade under the control of the multinational corporations is much less likely to benefit workers.

Where we as a labour movement have been less strong, however, has been to analyse what leads to this undercutting. Generally, we have effectively given two reasons.

First, we have focused on countries where the State does not protect workers' rights or, worse, itself oppresses and attacks unions. The solution then is obvious - to get the State to live up to its obligations to protect workers.

Second, we have noted that national governments have lost considerable power as a result of globalisation. They simply cannot control multinational firms the way they can discipline domestic companies. Moreover, multilateral organisations like the WTO, World Bank and the IMF can wield considerable power over small, poor developing states.

This analysis leads to two main solutions. On the one hand, it leads to the emphasis on linking trade to core labour standards. At least if workers can organise themselves, they are less likely to end up competing on pay and conditions. On the other hand, it supports a focus on cross-border unity to negotiate with the multinationals directly. Together, workers in the North and South can unite and exercise their power against their bosses.

Obviously, these are important elements in any effort to make the international economy serve workers and the poor. But our experience in South Africa suggests that they are simply not enough.

For one thing, much of our production is not controlled by multinationals. The main sectors where engagement with multinational companies makes sense for us are in auto, pharmaceuticals, and to a limited extent in clothing and appliances production. The vast majority of our members work in South African owned companies and in the state sector.

In addition, there may be a fine line between solidarity and dependence. South African unions cannot afford to tell their members, just depend on solidarity from workers and consumers in the North. We need to find ways to control our own destiny as part of the international labour movement.

For this reason, the international labour movement needs to do more to focus on support for national development strategies. That in turns means unions in the South must engage with the state, rather than just capital. It also means that the international labour movement must increase pressure on the states of the North to stop sabotaging development efforts in the South, whether directly or through the WTO and IMF. Again, our own experience underscores the need for this kind of shift in direction. In South Africa, the state has provided strong legal protection for workers. It has reversed the oppression of unions found under apartheid with protection for workers' organisation, the right to negotiate and strike, and strong measures to end child labour and discrimination in the workplace. It sets minimum pay for domestic, farm and other vulnerable workers, as well as regulating working time, dismissals and health and safety for all employees.

The fact is, however, that with soaring unemployment it is increasingly hard to enforce these laws. Our people are simply too desperate for work. Moreover, we have seen a flight of some companies to neighbouring countries, which are even more impoverished.

Overall, the job losses in manufacturing and mining since the mid-1990s mean that COSATU has not grown at all in the past three years, after a decade in which it more than doubled in size.

In short, unless we can overcome the unemployment crisis, we cannot ensure sustainable improvement in workers' conditions. Simply having decent labour laws and a sympathetic state isn't enough.

COSATU's Eighth Congress last year recognised this in its resolution on a medium-term strategy, which we call "Consolidating working-class power, for quality jobs Toward 2015." A core commitment is to pressure business and government to work with us to develop sector strategies to create sustainable employment. We don't have time here to go in depth into our proposals for a development strategy for South Africa. Our core demand is that government and business do more to restructure the formal sector toward job-creating growth. That means, above all, supporting expansion in light industry and services, which were both hard hit by the opening of the economy in the early 1990s.

To achieve this aim, South Africa must back off from the current trade strategy, which seeks to lower barriers to trade at all costs. We need a more differentiated approach that will let us build up new capacity and kinds of production over time. Moreover, we need a more careful approach to shape access to world markets so that it will create jobs on balance, and not destroy them.

But we also need to focus more on industries that produce for the local and regional market. To take an example, only 20% of our clothing production goes for exports. Of that, around a third goes to the rest of Africa. We need to develop a strategy for the sector that builds, not just on engaging the multinationals and brand names from the North, but on meeting the needs of our people in South Africa and in neighbouring countries. A stronger focus on meeting local needs will insulate us to a limited extent from the negative effects of globalisation.

This type of approach, which engages both employers and the state, reflects the long-term experience of the labour movement worldwide. Unions have always had the greatest successes where they have gotten the state to establish an enabling environment. In the modern world, the state plays a critical role in shaping the circumstances in which we work. We cannot simply ignore it. At the same time, we in the labour movement have a critical role to play in disciplining business, both at home and abroad, so that it cannot simply exploit our people.

Comrades and friends: The international context for this type of national and regional effort in the South has certainly become more complicated in the past four years. The undermining of multilateralism and the use of brute force by the current gun-toting US government certainly has not helped. We only hope that American workers have the strength to put an end to this rampage in a few weeks.

The world labour movement must engage with globalisation on many levels. Certainly we need to keep up the workplace struggles, which in this context mean confronting multinationals through cross-border struggles. But we also need to develop a broader vision of development. On that basis, we can engage more strongly at the multilateral institutions as well as with our own states.

The fact remains that the countries of the North, led by the United States, have tended to play double standards and generally to be inconsistent in applying the rules of the trade game. In particular, the North's protection of local agriculture, steel and clothing industries against competition from the South is a case in point. At the same time, the North has insisted that developing countries open their economies at all costs, losing jobs and, perhaps even more important, the power to support new industries that could create employment in the future.

These issues have sometimes led to sharp differences within the international trade union family. Genuine solidarity means a deliberate, coherent and systematic strategy to close the huge gap between the rich and the poor nations. Trade policies must play a role in this task. But trade policies alone can never address all problems of underdevelopment in the South. That is why we believe local action by the state and generally state-led development is key to addressing problems associated with globalisation.

The contradiction is that even a fair and equitable free-trade strategy may mean that workers in the developed nations lose jobs to worse-off workers in the South. Real redistribution of the world resources must mean a level of pain by the developed nations in favour of the developing countries. But no country is homogenous: the question is always which class will win and which will lose in this process.

The debate we should have in the unions and amongst all progressive forces is how we manage this situation so that workers and the poor do not bear the burden of change. If we simply increase unemployment and poverty in the North, our gains would cancel each other out. Such a scenario is not sustainable. Real redistribution should mean race to the top and not to the bottom.

Refusal to engage with this debate will worsen the current race to the bottom. Many developing countries, led by China, would continue to trample on workers' rights, including use of child, slave and prison labour. They will continue to cut taxes to corporations and generally liberalise their economies and cut government services to the poor so as to attract investments from multinational companies from the North.

This trend will put pressure on governments in the North to compete in the same way. The only winners of this race to the bottom will be the multinational companies from the North. The casualties will be workers rights, protection of environment and developmental goals.

This is the real imperative for international solidarity. In the absence of a vision for how we can achieve employment creation for all of us, we end up with a zero-sum game, in which the gains for the South can only come at the cost of the North. That approach would simply divide us further in the longer run.

For this reason, COSATU is proposing that the ICFTU adopt a resolution calling for a broader discussion on development issues. We hope to start with regional processes, which would culminate in the adoption of some basic shared principles. The coming ICFTU congress is an important platform to take these debates forward.

Equally important is engagement with the World Social Forum and democratic and progressive political parties and governments across the world. We need a new development path and a new world consensus on how it will be achieved. To just list global targets and hope that poor countries will achieve these in 2015 is unrealistic.

Thank you for inviting me, and the best of luck into the future. You must succeed in the Presidential elections - the retention of the axe-wielding warmonger in the White House will be a serious setback to this type of vision.