

DISCUSSION DOCUMENT FOR COSATU CENTRAL COMMITTEE
17-20 SEPTEMBER 2007

Framework for an alliance government and elections pact

This is an edited version of the Cosatu document. The full document is carried in the online version of "The African Communist" which can be found at www.sacp.org.za/the-african-communicist or at the Cosatu website www.cosatu.org.za/cc2007.htm

Part 1: Approach

This paper attempts to construct a framework for a detailed discussion, and eventual elaboration of an Alliance Pact. The first Part of the paper outlines the principles on which such a Pact could be based.

The Second Part of the paper then tries to identify the policy and strategic issues, which need to be addressed in the more detailed development of the proposed Alliance Pact.

Engaging in this process of formulating the Pact proposal, requires a major paradigm shift in how we think about the transition: from being relatively marginalised, and on the defensive, advancing this strategic agenda could potentially shift the working class to the political centre in driving the transition. This creates very different political dynamics.

Congress Perspectives

"The mandate emerging out of the Cosatu Congress is a tough one signalling an end to open-ended debate about the nature of the Alliance and its minimum programme."¹

Cosatu's 9th National Congress settled

a debate which had been taking place in Cosatu for over a decade: whether the Alliance platform on which we campaign for the ANC in the elections should continue as a loose agreement, or an enforceable Pact which binds all parties to act on the agreed programme, within an agreed framework for governance. The Alliance Pact proposal was first formally mooted in the intense debates leading to the adoption of the RDP by the 1993 Cosatu Special Congress.

The 9th National Congress decided in favour of the Pact approach. It has been well documented in numerous Cosatu resolutions, discussion documents etc. that the Alliance has failed to function as a political centre; that some important agreements reached with the ANC, including the RDP and elections manifestoes, have not been implemented by government; and that the pro-capital trajectory of policy have all resulted in a turning point for the Alliance: either radically change our way of doing things, or risk collapse.

A number of Resolutions of the Congress have a bearing on the debate about

1. Paper on the Leadership Challenge, Zwelinzima Vavi, 2007

the Alliance, Governance, and the Election Pact: The Resolution on “*Building the Alliance*” calls for a debate in the Alliance in the run-up to the SACP and ANC Congresses around key questions facing the Alliance, including “*the need for a more structured ‘Pact’ between the parties, with conditions and agreed minimum goals*. This should include agreement on deployment and quotas for representation of the different Alliance partners at every level, with independent caucuses and the power of recall...”

In a Resolution titled “*Advancing working class hegemony within the ANC*” the Congress called on the CEC to develop “a set of policy objectives ... to measure the extent to which the ANC is able to shift to represent the interests of the working class.” The criteria to measure this shift should include:

- implementation of nationalisation provisions of the Freedom Charter,
- an end to privatisation and commodification of service delivery,
- adoption of an economic policy to ensure redistribution of wealth to the poor, and
- abolition of legislation that is not worker-friendly.

An examination of Cosatu’s strategic approach shows that it has never believed in getting anything on a silver platter. It understood that it is a combination of mass mobilisation and militancy combined with effective negotiations abilities that deliver results for workers.

In the run up to the 1994 elections and during the negotiations period, intense de-

bates erupted in the Federation on whether we should have a written and signed Accord or Pact with the ANC or not. These debates continued until the 2003 Special Congress where the view that we should have a “Reconstruction Accord” lost the debate, and the Congress instead resolved to have a joint Alliance commitment to the “Reconstruction and Development Programme”.

The Cosatu discussion paper called “Possibilities for fundamental social transformation” proposed the need to revisit this, and supported the idea of a Pact. The 9th National Congress adopted this view.

Context for the Debates

The April 2007 CEC Discussion Paper² summarises the context for the debates on the Alliance Pact as follows: “This seminal resolution of the 9th Congress is put forward in an **international context** characterised by:

- A worldwide regrouping of a range of progressive forces across all continents, beginning to challenge globalisation globally, with major gains domestically, particularly in Latin America.
 - A virtual collapse in international multilateralism ... in the face of Anglo-American warlordism andthe political rise of religious fanaticism in both the East and West.
 - A global capitalist system ridden with systemic crisis.... manifested in...mass unemployment, starvation, poverty, inequality, HIV/AIDS, etc.”
- On the domestic context: “Since the introduction of GEAR, politically, organisationally and socio-economically, in South Africa the working class suffered major blows and setbacks, ...in the face of retrenchments, rising unem-

2. Fikile Majola- ‘Towards an Alliance Pact for development’, April 2007

ployment, poverty, inequality and HIV/AIDS. The Cosatu 9th Congress... came at a time when:

- Both at the work place and in communities, there is a definite rise in the confidence of the working class, characterised by a clear surge in wage and service delivery struggles... Yet, the organised working class is still reeling from a decline in power and organisation at the work place and it is almost in organisational disarray at community level.
- Capital rides the high of its own 1996 breakthrough, enjoying ideological hegemony in the state and society and assimilating more... of the ANC hierarchy into its fold. Yet, still ridden with narrow sectoral and racial divisions and wary of the working class backlash.
- The democratic state that is increasingly active in the economy, although still characterised by over-centralisation of power, weak Parliament and watchdog statutory institutions and vulnerable to undue influence from capital.
- An ANC ideologically diluted and organisationally weak, ridden with mistrust, intrigues and factionalism... amidst a growing internal challenge to the 1996-class project.
- A Cosatu that is emerging from a worst chapter in its history ahead of the 9th Congress but steeled in the bitter battles over the past decade or so, thus enjoying a quality of membership and leadership that is generally cohesive, mobilised and militant.
- An SACP that is growing in strength organisationally and in influence politically, engaged in building a new layer of young communists and consistently

leading socio-economic campaigns, yet it is also reeling from the crisis afflicting other Alliance components.

- An Alliance that is teetering, lurching from one moment of crisis to another, alternated by episodes of joint-work during the elections. Despite many endeavours... the Alliance lacks committed strategic leadership and is structurally and programmatically dysfunctional.... Its tribulations largely mirror the state of the ANC as the leader of the Alliance.”

IV. The Building Blocks for an Alliance Pact

The April 2007 Special CEC paper on the Alliance Pact outlines ten clear building blocks on which an Alliance Pact should be based:

Commitment to our shared vision of a radical NDR: Our vision of the NDR in South Africa derives from our analysis and characterisation of the South African problem as Colonialism of a Special Type, with three interrelated contradictions that must be resolved simultaneously: class, gender and national. Our programme of the NDR is the Freedom Charter. It is fundamental to ensure that all “Strategy and Tactics” documents of the ANC advance the emancipatory vision of the Freedom Charter. This must be our first demand. A full commitment to the implementation of all clauses of the Freedom Charter.

A commitment to the Revolutionary Alliance: We have witnessed over the years a tendency by some in our movement to seek to weaken and perhaps ultimately dismantle the alliance of the ANC, SACP and Cosatu. This tendency coincides with the long-standing agenda of our strategic op-

ponent, capital and its political representatives in formations such as the DA. An Alliance Pact must make it clear that all components of the Alliance must be committed to defending, building and strengthening our strategic alliance, including defending the independence of the different components. Those not committed to the Alliance will not be supported for leadership positions.

Commitment to our mass formations and the mobilisation of our people as key drivers of change: The Pact must include a clear programme to mobilise our people as their own liberators. This would include a programme to build a strong ANC rooted among and acting as a leader of our people in their daily struggles. The programme must provide support to the building of strong mass formations, including working with and providing leadership to the social movements.

Transformation of the state: Some progress has been made and there is broad agreement on areas that still need decisive action such as the transformation of the judiciary and our security services. We must elaborate a shared perspective and programme to further transform and build the capacity of the state to lead and intervene, including building the efficiency and effectiveness of our public services.

Transforming and changing the structure of our economy: We must pick up critical elements of our economic proposals and place them as clear demands in the proposed Pact such as nationalisation or re-nationalisation of sectors identified by congress.

Our relationship with capital: The Alliance

needs a clear strategic approach to dealing with private capital. In practice we have seen more unity with capital in our so-called dynamic of unity and struggle. It is herein that many of our fundamental problems have and would arise. This can be seen in the February 2007 “Strategy and Tactics” document where the state plays a mediator role in the war between the different class forces. We must force an agreement on our strategic approach to capital, especially monopoly capital as our main strategic opponent in the struggle for fundamental social change.

Building the strategic capacity of the Alliance: This must be addressed as a key issue in the Pact, including working together to strengthen Alliance components in their different “spheres” of operation. The capacity of the ANC must be built in concrete ways at all levels in order to play a strategic oversight role especially over the state. This would mean a major migration of resources to Luthuli House, including provinces. We must consider setting up an Alliance institute for policy and cadreship development in addition to the proposed ANC policy unit and the Chris Hani Institute.

Deployment policy and protocols: We must go back to the debate of the Alliance as the Political Centre. This should not be counterposed with a strong ANC that plays a central political leadership role. We must develop a framework within which certain key decisions especially in the state will be taken in consultation with the Alliance. We must agree on quotas for leadership positions and key deployments. We must finalise our positions with regards to youth, women and working class quotas for ANC leadership structures, including limitations

for comrades serving in the state and business. We must agree not just on ANC but Alliance deployment committees at all levels to determine, among others, compositions of Cabinet, provincial executive councils, and mayoral committees. So-called constitutional or legal prerogatives should not form stumbling blocks as incumbent individuals will implement what is agreed by the Alliance. We must agree on a quota for Cosatu and SACP comrades to Parliament, provincial legislatures and councils. Both organisations must have the power to recall individuals released by them.

Our internationalism: We should root our international policy in our politics and ideology. Our starting point is that we are an anti-imperialist movement. Our engagement must be premised on building and strengthening anti-imperialist and anti-colonial struggles by progressive forces across the world. We must move away from creating conducive conditions for the local bourgeoisie to do business. Our foreign policy must be re-anchored as part of an agreed Alliance Pact.

Process: A process must be found for the Alliance to discuss the proposed Pact before the ANC national conference. The framework for the Pact must be circulated to our structures as a basis for campaigning and engagement. When matters of principle, policy and our strategic and tactical choices have been discussed and resolved, a more detailed and comprehensive draft should be developed. The proposed Pact must form a basis for the Alliance Manifesto for the 2009 elections. The congress said there would be no blank cheque as we approach these elections. The working class must primarily rely on its own strong, independent and militant structures to advance the

NDR. Working class leadership in a revolutionary Alliance is a product of concrete struggles, organisational strengths and ideological clarity rather than a result of a bureaucratic shifting of chairs..

Part 2: Detailed proposals for developing the Alliance Pact and key strategic debates

V. Strategic vision

We need to establish clearly what we are trying to achieve, the place of such a Pact in a broader strategy, and how this approach differs from what we attempted in the past, particularly with the RDP. The political agenda outlined by the 9th National Congress constitutes a profound strategic intervention to shift the trajectory of the NDR onto a pro-working class path, and to deepen and radicalise the NDR. The Pact by itself cannot achieve this. It is part of a broader strategy. Therefore we must not put all our eggs in the Pact basket, since in any event an Alliance Pact of the sort we are proposing cannot be achieved without a significant shift in the current balance of forces in favour of the working class.

The development of a progressive Alliance programme cannot depend purely on the contribution of progressive policy experts, inside and outside our ranks in drafting a programme (although their contribution is essential). While the content and detail of the proposals are critically important, they have to be underpinned by a coherent political strategy.

In developing our strategy around the Alliance Pact, a thorough reflection is needed of attempts to secure Alliance agreements over the last 13 years and on the RDP experience. The three key reasons for this have been: the adoption by government of a policy framework which contra-

dicts the perspectives not only of Cosatu, but often of other Alliance partners (and the centralisation of power within government to drive that policy perspective); the lack of political will to engage and reach agreement on issues with Cosatu, or other mass formations; and where agreements are reached, the failure of the ANC to exercise control over governance, and therefore an inability to take forward agreed positions. In other words, the fundamental problems are political. Other issues, such as organisational, administrative, and capacity questions have had no fundamental impact on changing the trajectory outlined above.

Given that the RDP was the Alliance's programme in 1994, *how would this Alliance Pact differ*, in relation to proposed approach, content, and implementation? The two central issues, which have emerged from analysis of the RDP experience are that, firstly, there was no coherent Alliance strategy for implementation, particularly in the face of expected resistance from powerful forces; and secondly there was no oversight body, or mechanism, in the Alliance, to assess and ensure implementation. In addition there are important aspects of the RDP programme, which are either inadequate, ambivalent, or even problematic.

Political attitudes at the time were based on a high degree of trust; the expectation that government would be highly consultative and accountable, and that the Alliance would play a key role; and a perception that the programme would be the flagship of government, with the setting up of the RDP office in the Presidency. These expectations did not materialise. There was little that had been agreed to in the RDP, which would act to ensure compliance: the RDP contained no tight agreement or protocol for implementation; there was no

clearly agreed role for Alliance; there was no overarching body in Alliance entrusted with the task of monitoring implementation, or a clear accounting mechanism by government. Nor was the decision to close down the RDP office made by the Alliance. Chapter 6 of the RDP contained some proposals on implementation, but most of them were bureaucratic and state centred, and didn't cater for the eventuality of a shift in political direction. The Alliance Pact will have to contain provisions, which put the Alliance at the centre of decision making, and monitoring, around its implementation.

Another major problem of the RDP was its ambivalence on economic issues, and in some instances formulations, which lent themselves to conservative interpretations. Significantly, macro-economic policy - in particular fiscal and monetary policy - the area, which was to prove most controversial in later years, was not dealt with in any meaningful way in the RDP Chapter on the economy. This is aside from a couple of brief sentences, and two short paragraphs on the Reserve Bank, and even less on fiscal policy.

What was not well understood at the time, was that the 'relegation' of fiscal policy to *implementation*, and its presentation as a purely neutral issue of 'macro economic balance' laid the basis for the elevation of fiscal policy to the highest level of policy, and the creation of a super-Ministry in the Department of Finance. Also, by putting fiscal policy under implementation it was presented as a technical issue, which was outside the realm of policy debate, and therefore left to the technocrats to ensure that 'sound policies were followed'. The formulations were also sufficiently ambivalent, to be able to be used at a later point to justify the GEAR framework, in the name of technical necessity. Of course experience since

1996 has shown us that this area of policy is both highly political, and very critical for any development strategy. It is also advisable, in formulating the Pact to *audit other areas of policy* in the RDP to determine whether the policy propositions have stood the test of time.

What role will the Pact have in *contributing to our stated objective of deepening and radicalising the NDR, and how will it relate to the Freedom Charter*? The strategic perspective of a radical NDR would need to underpin the Alliance Pact, and a programme which addresses the needs of the working class first, rather than that of capital, needs to be developed. The implementation of the Freedom Charter would need to be an integral element of this. What would implementing the Charter in today's conditions entail?

The radical character of the Pact should have both a process and a content dimension. An opening up of a dynamic national debate on what policies the country needs would raise consciousness on a range of issues. The Pact process should empower people and their formations to reclaim policy from the technocrats and capital. Given the centrality of the Freedom Charter to the Pact process, it is also proposed that we should consider a mass-based campaign to collect people's demands, and formulate them into a coherent set of demands as a basis for the Pact.

Are there international experiences, positive and negative, that we can draw on, to bolster our proposals, and how do we distinguish the Alliance Pact from other types of Pacts negotiated internationally? Firstly, it is important to establish that the Alliance Pact proposal is not intended to replicate the international experience of Accords or Pacts between business government and labour. These types of agreements have been

largely aimed at regulating elements of the economy, including taxation, incomes, social welfare etc, largely to deal with situations of economic crisis, but not to radically transform society and the economy. For labour, they have all sorts of dangers (although also limited benefits in certain instances), and in our situation would tend to freeze existing inequality. They also tend to involve some form of restraint on industrial action and wages. Clearly this is not the type of accord, which Cosatu is contemplating.

A more comprehensive analysis is required of the relatively progressive bilateral Pacts, formal and informal, electoral and non-electoral, which have been reached between social democratic parties and labour movements, particularly in Europe, and imposed on capital in certain instances; but also some agreements reached in certain countries of the South. It would be useful to exchange further views with comrades from these countries, and assess the possibilities and dangers emerging from those experiences. The instability of governments and the continual vacillation between left and right parties has made it difficult to sustain these relatively progressive Pacts. Arguably this is one problem we don't have, and the prospect of a sustained transformation programme under a progressive ANC government is a real one.

VI. Content

The focus is on a framework for developing an Alliance Pact, not detailed policy proposals for the Pact.

We need to address the question as to how the content of the Pact should differ from current government policies. In some cases we may take the view that existing policies need a *total overhaul* (e.g. fiscal and monetary policy); in others, it may be that

only *certain key areas*, within the overall policy thrust need to be substantively changed (e.g. labour market, industrial policy). The audit of existing policies, strengths, problem areas and contradictions, together with an audit of our policy proposals in these areas, would help to focus a discussion on what changes the Pact would seek to implement.

Scope of the Pact: An issue which may need consideration is how broad or how focused the Pact should be. The advantage of a comprehensive Pact would be that it advances a holistic and comprehensive approach to addressing the country's key challenges. It would propose a comprehensive development strategy. The advantage of a more limited or focused Pact centering on a few strategic areas, may be that it could be easier to negotiate..

Targets: *"Should the Pact provide a broad outline of our approach or should it contain detailed targets?"* Some reflection is required on the RDP experience, given that the RDP did contain targets for some areas. The advantage of this approach is that quantifiable targets give society a clear goal to realise within agreed timeframes, and can provide a useful tool to focus energies and mobilise resources. There may however be some concerns about detailed targets, such as the idea that chasing numbers might disguise problems with the policy, compromise quality delivery etc. Certain qualifications may need to be introduced to try to minimise the unintended consequences of detailed targets.

Content of the Pact: In terms of the Congress Resolution, the Alliance Pact would need to cover:

- Policy proposals for a new develop-

ment strategy.

- Proposals for restructuring of the Alliance and governance.
- Agreement on an approach to deployment and quotas.
- Agreement on an approach to mobilisation.

Policy Proposals: Development Strategy -

Assuming that it was comprehensive, there would need to be an overarching element, which dealt with issues such as the overall development strategy; prioritisation of decent work and combating of unemployment; and combating of poverty and inequality. These are crosscutting issues, which would need to be dealt with in some way in all the policy areas. What are the key policy proposals to deal with these major national challenges? It may be necessary to have cross-cutting proposals on other key challenges, including the challenge of balanced national development, and dealing with the *legacy of apartheid geographical inequality and marginalisation; the challenges of democratisation of society and governance; and the question of the relationship to capital*, and an investment strategy.

Core policy areas: We would need to cluster the policy proposals in the Pact into core policy areas. These could include:

- Fiscal and monetary policy.
- Public corporations and public ownership.
- Trade and Industrial policy.
- Labour market policy.
- Social protection and basic needs.
- Public service.
- Land and rural development.

It would be useful if each cluster of policy

proposals briefly motivates the social, economic and developmental benefits of the proposed policy approach; anticipated obstacles to their realisation, and strategies to overcome these; and incorporates an audit of the following changes which would be required to implement the proposals:

- Institutional reform, or the creation of new institutions
- Legislative changes
- If necessary, new financing mechanisms.

Fiscal and Monetary policy: Macro-economic policy, particularly fiscal and monetary policy, while an improvement on the GEAR period (1996-2001) remains relatively conservative in terms of fiscal policy, and economically contractionary, in terms of monetary policy. These policies remain inappropriate to our development needs.

In relation to **fiscal policy** the following areas need consideration: the appropriate fiscal stance in terms of raising resources for development and investment, including the use of moderate *deficit financing*, as opposed to the current budget surplus; the development of a *progressive taxation model*, including shifting of the burden of taxation from the poor and workers, and small businesses, through higher effective taxation of the wealthy and large corporations; restructuring of VAT to reduce its impact on the poor, and make it more progressive; and the raising of the tax: GDP ratio to leverage resources.

In terms of the *expenditure side*, various programmes proposed in the Pact need to be costed, and priority given to allocating the necessary resources. Proposals made in the "Peoples Budget", need to be audited and incorporated in the Pact where appropriate. Existing Government programmes

would also need to be audited and aligned to the new development strategy. It would need to be agreed that the *budget reform* required by the constitution, giving Parliament the powers to amend budgets, and a greater role for civil society in formulating the budget, would be urgently expedited.

There would have to be agreement on a radically different approach to the conduct of **monetary policy**. This includes a new mandate for the Reserve Bank, to align its approach to the development strategy, and ensure that monetary policy is pursued in line with developmental objectives, including employment creation. The Act would need to be reviewed. The Board would need to be representative, and composed of people committed to this new mandate. The approach of inflation targeting would need to be replaced. Interest rate policy would need to be radically re-evaluated, and combined with the use of other instruments of monetary policy. The pursuit of monetary policy, including the use of differential interest rates, would need to be aligned to promote other key areas of policy, including industrial policy, and vice versa.

A related issue, which requires agreement, is the need to introduce *capital controls*, to deal with speculative investment and capital flight. The introduction of speed bumps, or the Tobin tax, on speculative foreign capital should be expedited. Further, measures should be considered to deal with the problem of capital flight by South African corporations. An audit should be done on the extent of this phenomenon, and what available measures exist to reverse it. Measures to compel investment in productive, and socially constructive investment, need to be introduced in the short term, in particular legislation of prescribed asset requirements.

Public corporations and public ownership: Policies relating to the role and governance of existing public corporations, or parastatals, and the creation of new parastatals, or nationalisation of private corporations, need to be agreed in the Pact. In terms of existing public corporations an overarching policy framework and consequential legislation is required which ensures that parastatals are driven by a public developmental mandate, not a commercial one, nor by the interests of capital. The provision of affordable public and economic services to working class communities is paramount. Cross-subsidisation from rich to poor needs to be entrenched. No communities get denied services, as currently (e.g. with the closure of railway networks in rural areas) on the basis that such services are 'unviable', in terms of commercially based definitions of cost recovery. Public corporations will also be compelled to promote values of development, solidarity and public service in the way decisions are taken, including around: employment policies, with promotion of labour intensive practices; and procurement policies, to leverage their strategic power in the economy etc. The Boards and top management of these corporations will be reconstituted to ensure representivity, and appointment of leadership committed to the policies set out in the Pact.

Various progressive proposals on restructuring of public enterprises need to be audited. These include proposals in the 1999 Cosatu input to the postponed Alliance summit on the jobs crisis.

Public ownership and nationalisation: All Alliance partners have agreed on the need for greater public ownership of strategic sectors of the economy. This can take the form of the creation of new public corpora-

tions in identified areas; the nationalisation of existing corporations, including those previously privatised; or partial nationalisation or public ownership through e.g. the state taking majority shares. The ANC Policy Conference identified certain areas for public ownership, including pharmaceuticals and the need for a state bank, and called for a more interventionist state in relation to control of our mineral resources.

SACP and Cosatu perspectives also call for greater public ownership, including through creating a housing parastatal and a state mining company; and intervening in the area of land and agriculture. The Cosatu 9th National Congress resolution on *State involvement in the economy* also calls for the state to renationalise industries that belong to the state, starting with Sasol, but also including Mittal Steel, the former state-owned Iscor.

The Cosatu Resolution also calls for legislation to "allow state takeover of industries that are either closed or abandoned by owners or financially troubled". Research should be done on similar interventions internationally, particularly in Latin America, to beef up proposals for such legislation, and should also look at the role of *worker ownership* in such corporations. Obviously the most difficult and controversial area to achieve will be the Congress proposal for "return to the Freedom Charter demands for nationalisation of the monopoly industries like the mines and the banks". We need to consider whether the demand could be achieved in the short term, and if not, what the building blocks could be towards achievement of these demands, as part of the Pact.

Trade and Industrial policy: Cosatu has detailed policy positions on these questions, including the resolutions from the last na-

tional congress on "Industrial strategy and economic policy-making" and on Trade Policy. A key question is how the approach to industrial policy will differ from the new industrial policy document of government. In our critiques, both of this policy and AsgiSA, Cosatu has outlined a number of concerns which need to be addressed, including the need for a more coherent strategy to promote: labour absorbing investment, in the whole economy, including services and manufacturing; decent work, and strategies to combat inequality; production of basic goods and promotion of the domestic market; appropriate levels for the exchange rate; more collective ownership, including co-ops; major land and agrarian reform; an active beneficiation strategy; a programme to produce capital and intermediate goods; strategies to grow light manufacturing etc. Congress also called for a completely revised approach to Broad Based BEE, which should be spelt out in the Pact.

The Pact needs to commit government to promoting these objectives in its overall industrial strategy, as well as meaningful support for the *sectoral strategies*, required to give substance to this industrial strategy. This means giving the necessary political leadership and devoting the necessary resources to driving this agenda, despite resistance from powerful economic forces, domestically and internationally. This requires a commitment in the Pact to introduce the necessary legislation and measures to discipline capital. Some elements have already been outlined (e.g. proposals for capital controls, prescribed asset requirements) but this requires further elaboration, e.g. around amendments to competition policy, comprehensive beneficiation legislation, measures to regulate the financial sector etc.

Trade: As with industrial policy, Cosatu has noted the improvement in government's approach to trade issues. However, the Congress resolution on trade calls for a range of initiatives to be taken in relation to trade policy, both at the level of the WTO, as well as at the level of bilateral and regional trade negotiations. In general Cosatu has called for a trade policy, which is subordinate to our industrial policy and broader development policy. The Pact needs to spell this out.

Labour market policy: The *framework* for our labour market policy is sound, and only needs improvement in certain areas. At the same time, the *reality* of our labour market, 13 years into democracy, remains profoundly unsatisfactory: unacceptably high levels of unemployment, with large sections, particularly of young workers, never having worked; a growth in insecure and atypical employment relationships; the perpetuation of the apartheid cheap labour legacy in many sectors and the growth in income inequality; widespread poverty among low-paid workers; high costs of reproduction - transport, health, housing etc.; obstacles to meaningful career pathing; continuation of management practices of workplace unilateralism; undermining of organisational rights and centralised bargaining; formal promotion of laws is in many instances undermined by non-adherence or lack of effective implementation and enforcement. Important gains have been made. However we have a long way to go. Advances are needed in certain areas of labour market policy, legislation, and implementation programmes, which need to be identified in the Pact.

It is important to state that labour market policy can only address some of these issues. Challenges such as unemployment

and poverty need an overarching strategy, encompassing all areas of policy; such challenges require a crosscutting focus in the Pact.

A range of Cosatu policy documents and resolutions have set out detailed proposals on changes that are needed to improve our labour market policy framework. These need to be audited for inclusion in the Pact.

However, more work is needed to develop concrete proposals for the Pact on measures which are required to democratise the workplace, and the role of workers in corporate governance. This means, *inter alia*, concluding the discussion on whether we need to review our attitude to workplace forums; if not, whether we are advancing any other proposals for this policy area, which could be incorporated into the Pact.

Social protection and basic needs: Issues covered here include:

- Social Security
- Health
- Housing and infrastructure
- Transport
- Education
- Telecommunications
- Energy
- Water
- Public works

It is not possible to go into all the areas here. However, we would need to audit our policy positions for purposes of the Pact, and identify where these agree with or depart from current government approaches. Certain crosscutting propositions would need to inform our handling of these issues in the Pact.

The principle of *universal public provision of affordable and accessible services* would

need to be entrenched. This raises issues such as: specifying what is considered to be an adequate amount of free basic services (such as electricity and water), and the need to make this an enforceable right; which services, such as basic education, should be completely free, without qualification; the importance of entrenching the principle of cross-subsidisation of services, and eliminating principles of commercialisation in public enterprises; retaining control of, and preferably the actual provision of these services in public hands; the promotion of the public over the private sector, and phasing out reliance on the private sector, in key areas of service delivery such as health, transport, education, and housing; state intervention required to secure this, and regulate the private sector; Procurement of services by the state for these basic needs should promote development of capacity within the state, maximise decent employment, and minimise reliance on the private sector.

The second principle would be to *ensure that a basic level of quality of service* is guaranteed. Public provision, or mass access, should not be conflated with bad quality and bad service. Rather the opposite should apply. Minimum standards must be set out, and an agreement to monitor and enforce these standards. The private sector should be subjected to tight regulation to ensure high standards, and to act against profiteering, in areas such as housing, health, retirement, telecoms etc.

Thirdly, Social protection measures need to *in a comprehensive way* advance the integrated perspective of the Taylor Committee, to *simultaneously, and as part of a package, combat income poverty, services poverty, and asset poverty*. People should not have services without income; or income without services; or income derived from the

state, but no access to productive assets, to generate their own income. Further, this must apply universally, and no poor person should fall through the cracks. There is now recognition in the ANC that current proposals on social security, even if we include proposals for comprehensive retirement provision, leave millions without access to any form of income. Therefore the Pact must agree on the need for genuinely comprehensive social security measures, preferably in the form of a Basic Income Grant, or in another form e.g. comprehensive unemployment insurance. Public works, which are temporary in character, should be seen as a complement to such universal forms of income security, and not a replacement for it.

Public service: Recent developments clearly show that, while the GEAR approach of ideologically driven restructuring and downscaling of the public service is changing; major challenges remain in transforming our public service to effectively address the needs of the majority. Central to this is the question of *adequate staffing of our key delivery sectors* - health, education, policing, labour, welfare etc. and the capacitation and resourcing of local government. ILO statistics show that in terms of analysis of comparable states, our public service is drastically understaffed. Tentative recognition by government of the need to expand the public service is much too gradual, and on too small a scale. Quantification of the shortages should be contained in the Pact³, and an identification of targets, and timescales to meet these shortfalls, together with the necessary budgetary allocations, as well as improvements in infrastructure to enable public servants to ensure a basic level of service to all. The work done by the “Peoples Budget” campaign in this regard

needs to be substantially expanded.

Other issues which need to be agreed in the Pact include:

- Creating a single public service, and resolution of the current differences in approach to the proposed legislation;
- Decent remuneration and conditions of service, including a commitment to agreed targets aimed at reducing the wage gap;
- Regulation of essential services and a commitment to conclude the minimum services agreement by the end of 2008 at the latest.
- Aligning budget processes to incorporate the outlined improvements, and to facilitate meaningful collective bargaining in the public service.

Land and rural development: On the question of **Land**, there is agreement in the Alliance that this is one of the areas where least progress has been made post 1994. Important resolutions were reached at the Land Summit, including the agreement to abandon the “willing buyer, willing seller” principle, and to adopt a more proactive approach to land redistribution, including through expropriation. The Pact would need to spell out principles, which would inform our programme of land redistribution, stipulate targets for redistribution of land, and timeframes.

The Pact needs to go beyond quantifying the *amount* of land to be redistributed. Important issues include forms of land ownership; the role of public and communal versus private ownership of land; and the role of small farmers versus large farm-

3. However, we should be cautious not to commit to an open-ended auditing process, which can drag on endlessly. This has been the previous experience with proposed staffing audits in the public service

ers (white or black). A special focus is required on the position of farming communities living on 'white farms', including measures to deal with evictions (present and past) of farm workers and their families and the continuation of semi-feudal relations on the farms; and a strategy to ensure that farm workers and their families retain, or gain, secure access to productive land.

Other issues include the question of what is required to secure sustainable livelihoods of ordinary rural people; food security and food prices; use of state land, and the role of the state support in promoting small scale farming, including through public financial institutions; the establishment of, and support for, agricultural co-ops; rehabilitation of land and environmental protection; and the danger of concentration of land, even on a deracialised basis. An important question, which was left unresolved with the Communal Land Rights Act, which Cosatu opposed, was the impact of 'privatisation' of communal land, particularly on women, and the danger of creating increased landlessness. These matters need to be considered in the Alliance, before a coherent platform on land reform can be incorporated in the Pact.

Rural development: The recent ANC Policy Conference called for a coherent rural development strategy and questioned government's minimalist approach to rural development, contained in the proposed National Spatial Development Perspective (NSDP), which proposes to concentrate economic development in the urban areas. The Pact should spell out what constitutes the Alliance's vision for sustainable livelihoods in the rural areas, given the devastating legacy of poverty and underdevelopment, which constitutes the reality of

most rural people today.

The approach of putting in basic infrastructure without creating the productive assets and income security, which people need to sustain communities, will not change this trajectory of underdevelopment. The current situation of entire communities subsisting mainly on remittances from families and social welfare grants is not sustainable. Nor is an approach which simply expects people to move in search of opportunities, given the serious problems already being encountered by those moving to urban areas; as well as the reality that a large proportion of our people continue to live in rural areas (approximately 40%). The rural development strategy outlined in the Pact, while having land reform as its centrepiece, would need to incorporate other key elements such as: affordable financing to promote economic development; support programmes and training to assist co-ops and small enterprises; public sector ventures; strategies to develop appropriate industries, including light manufacturing, handicrafts, services, tourism etc; putting in place the necessary economic infrastructure including IT services, roads and rail; and so on. The Pact would need to spell out how public institutions would be geared to promote such a strategy.

Changing the whole culture back to service to our people: We need to return to the culture of service to our people, and challenge the culture of leadership entitlement mentality – "I did not struggle to be poor". The big race to accumulate as fast as possible breeds conditions for corruption, self-centeredness, divisions, and the "law of the jungle" approach characterising some parts of government today. Practices which make Ministers, Premiers and other government leaders so out of touch with ordinary peo-

ple must be reviewed, and measures considered to close the social gap between the leadership and the people. The syndrome of leaders in government and other public institutions wanting to serve the people, while at the same time accumulating as businessmen has to be combated. We must return to a situation where leaders chose the career of serving the people as a lifetime commitment, not abusing positions of leadership for self-enrichment. The ANC 2004 Election Manifesto commitment to address corruption has to be integrated into the Pact and implemented.

Outstanding areas for the Pact: Three important issues which need to be included in the Pact, include:

- Deployment and quotas – addressing the leadership question
- Restructuring the Alliance and its relationship to governance
- Democratisation of political processes and structures

VII. Implementation

What detailed proposals should be put forward around mechanisms to monitor and implement the Pact and what is the role of the Alliance, civil society, and government planning? A key part of the Pact will have to be an agreed strategy towards implementation. Central to this will have to be a clear political role for the Alliance in overseeing the Pact. Given the dynamic political environment, and the likelihood of the programme encountering resistance at various levels, including from within the state, a Political Centre becomes key in assessing how to move forward. This therefore requires *agreed Alliance structures* which will take this responsibility, at *national, provincial, and local level*, and this will have to be spelt

out in the Pact.

The Alliance will have to consider what *capacity* it needs to effectively monitor and drive implementation, including policy and research bodies. Therefore agreement will have to be reached on which bodies need to be set up, and what role they will play, under the close political supervision of the Alliance. Agreement will also need to be reached about how they will relate to state research institutions, including the requirement that such institutions collaborate with the Alliance bodies. The necessary resources need to be deployed, and a serious commitment made to expedite the setting up of the Alliance institutes within agreed time frames.

We also need to look at the question of how to relate to, and include, other civil society formations in the implementation process. A separate question is how to invigorate Parliament to play a more active role in driving its national mandate and give it the necessary powers, including over formulation and amendment of budgets.

Given that the key implementing arm of the programme will be government and various state institutions, an important element will have to be both planning *within* government and co-ordination with government. A related debate in the ANC, addressed at its Policy Conference, is recognition that a serious deficiency in government is a lack of a *central planning mechanism* which ensures that the direction of all state institutions and departments are aligned to government's programme. Of course, whether such central co-ordination is progressive or not ultimately depends on what the content of the programme is, and whether it is aligned and relates to progressive forces in the country.

What planning mechanism is needed in government to implement the programme

needs consideration, including a reflection on the limited experience of the RDP office, and an analysis of the international experience. We must ensure that whatever mechanism is agreed on has the *authority and capacity* within the state to ensure the necessary alignment. Two key models which appear to have been used successfully internationally are a planning mechanism within the Presidency, with adequate teeth and resources; or the setting up of an economic planning Ministry, which co-ordinates agreed programmes, and is recognised as a 'super-Ministry', with the necessary political support within cabinet. This differs from our current situation, where we have a policy co-ordination centre in the Presidency, which is relatively weak, and a *de facto* super Ministry, in the form of the Treasury, directing policy by stealth.

If Alliance structures are set up to oversee implementation and government structures also do this, the question arises as to *how these structures should relate to each other*, since we would need to avoid the danger of two unrelated parallel processes; or processes which are actively pursuing different directions. It may be necessary, as part of the Pact, to look at setting up a joint alliance/government co-ordinating forum, which would meet from time to time to share information, identify problem areas, and discuss possible solutions. However, ultimate policy decisions would have to be taken through the appropriate political structures. A danger that is that of institutions of state using their massive resources, capacity, and differing agendas to determine policy. Our experience shows that it is a huge mistake to hope that government and state institutions will automatically follow the political direction and policies of the ruling party. This needs to be actively constructed and requires an activist politi-

cal leadership, both within and outside government.

Given the proposal to constitute the Alliance as a political centre for governance, what would constitute legitimate oversight, and what 'micro-management'? This would need to be debated, since attempts in the past to assert political control over governance through the creation of an Alliance political centre, has been deemed by some to constitute an attempt to 'micro-manage' governance. We need to move beyond what has essentially been a ploy to block the Alliance, including the ANC from deciding on key political and policy issues, to determine what constitutes legitimate oversight, and what constitutes 'micro-management'. So the opposite, and more serious danger, which needs to be addressed, is the effective 'autonomy' of government from its own constituency and mandate, and its capture by powerful minority interests, particularly capital. This has resulted in a *total lack of political management* of governance, and unaccountability to the electorate. A too detailed oversight by the Alliance could in theory impede the effectiveness of governance. This is, however, unlikely in general, since the Alliance could never have the capacity to micro-manage every nook and cranny of governance. An agreement that the Alliance should have political oversight over governance and implementation of the Pact would require a complete paradigm shift by all the Alliance partners. An international example of the closeness of the cooperation this involves was the structured relationship the Norwegian Social Democratic Party had with the LO (the labour Federation) in implementing their programme. The Prime Minister and relevant Ministers used to meet on a *weekly* basis with the Party and trade union leadership to discuss upcoming issues and proposals

to receive a political mandate.

The principle should be to advance maximum political oversight, and involvement by people who are affected by government decisions, without *fundamentally compromising the operation of government*. However, it is not possible to have a general test for every situation. It would be a mistake to think that in principle political oversight and involvement detracts from the effectiveness of government. Popular support, which arises from it, as well as the resulting appropriateness of decisions taken can hugely enhance government and avoid waste of resources through inappropriate decisions. One can list numerous decisions taken by government, e.g. on the HIV/AIDS and Khutsong debacles, where lack of political oversight and sensitivity to the realities being faced by people has fundamentally impeded the effectiveness of good governance.

Finally, it would be necessary to ensure not only political oversight over governance, but also oversight within governance. One of the most disappointing failures of the post-1994 period, has been the failure to ensure effective democratisation of public boards and institutions to drive an agreed public mandate. This applies across the board, from financial and development institutions to parastatals, government boards, and even Chapter 9 institutions. There has not been effective civil society, labour, and Alliance representation, and disproportionate stacking of these structures by business-related representatives and technocrats. Where there has been limited representation, there has been no clear strategy to ensure oversight and accountability of these representatives. As part of the Pact process, there would need to be an agreement to have a comprehensive approach to making these structures representative and accountable to their public

mandate.

IX. Mobilisation

How do we mobilise the power of our constituency, and broader progressive forces, to multiply support for the Pact proposal, and what is the role of mobilisation in its implementation? The issue of popular mobilisation is therefore critical in two phases: firstly, in the phase of mobilisation for broad social acceptance of the idea and popular involvement in formulating the Pact; and involving the people in a mobilisation effort to implement the Pact and counter opposition by vested interests.

Involving people in the process of formulating their demands, as well as broad social mobilisation in support of the idea, will be an important part of tilting the balance of forces in favour of acceptance of the Alliance Pact proposal. Therefore, creative thinking is required as to how we can maximise involvement of our own membership, Alliance partners, as well as broader civil society, in building a growing momentum for the idea, and developing an effective communication campaign.

A number of possibilities arise, including a popular campaign to collect demands. The objective should be maximum involvement of the forces for change and winning hegemony for the Alliance Pact idea. Clearly, the ANC Conference in December is going to be a critical moment. If the idea is defeated, it will be a serious blow to prospects of success. Therefore, significant energy needs to go into promoting the proposal at the Conference.

The second part of the question is equally important. We have a choice: either to make the programme government centred, as is currently the case, or to make it a popular driven programme. We need to study the Venezuelan example where Chavez, surrounded by hostile imperialist

and domestic forces, in capital, the media, certain state institutions etc. has made popular participation in the Venezuelan revolution a key-driving element of his programmes. Similar strategies have been pursued in other revolutions, including Cuba, which should also be looked at.

This raises the question of what elements of popular participation inform our conceptualisation of the Alliance Pact. It should not be an add-on, but should be integrated at every level of the agreement, the design of governance structures and implementation of the Pact. It would require a restructuring in the way the Alliance itself functions and consideration of how to galvanise a popular movement for transformation. Whether in relation to literacy, health, local government, land reform, housing or other issues, this approach would need to unleash the creative energy of our people to solve major problems confronting our society. This should in no way be interpreted as a 'contracting out' of responsibilities by government, but a combined effort by both people and government to address the critical issues of transformation.

X. Process

"How would we go about formulating proposals for this Pact, in terms of involving our membership, as well as at the level of the Alliance?" In terms of the Alliance, there would need to be a process of engagement, particularly in the run-up to the ANC Conference, firstly to determine whether there is willingness to engage on the principle of an Alliance Pact, as well as to begin to discuss an approach to its content. The SACP 2007 Congress, in its resolution on state power, endorsed the notion of such a Pact as one of its strategic options; its alternative was to stand independently in elec-

tions. The ANC has not yet pronounced itself on this matter, although in the documents for the Policy Conference, it indicated that it needed to engage itself with this proposal. There needs to be a high-level discussion in the Alliance to consider the proposal, and discuss how to take it forward. If the principle is agreed, Alliance task teams would need to be set up to look at the content; and a process of interaction would need to be decided, to involve Alliance structures at Local, Provincial, and National levels, in debating what should be included in the Pact.

We need to ensure that the *process* of formulating the Pact infuses the character of the Pact i.e. a mass-driven Pact must have mass input. Therefore, in relation to Cosatu's membership, as well as that of our allies, we need to think seriously about how to unleash a mass campaign around formulation of the Pact. Whether this is along the lines of the approach adopted in the Congress of the People and the Freedom Charter, of a mass process of collecting demands, or whether in another form, requires some discussion. The advantage of the Congress of the People type approach is that it goes way beyond the membership of our organisations. The disadvantage may be that it is very time consuming, and we may not have enough time to complete the process within the envisaged time frames.

If the intention is to finalise the Pact for the 2009 elections, it would, in effect, have to be completed by the end of 2008, just over a year away. If therefore, there is any hope of succeeding in this approach, the Alliance Pact proposal would have to be our central political campaign between now and then; and highly intensive work, with all the necessary resources and expertise, would need to be deployed to make it a reality.

Part of the process in the Alliance would

therefore need to be agreement of an agenda to finalise the Pact in time for the 2009 elections.

XI. Potential problem areas

What are the dangers, or likely problems and obstacles, which could arise from the Pact approach? We need to realistically consider what the likely obstacles are to achievement of the Pact, so that we can devise strategies to counter these; and what the potential dangers are if we succeed in achieving the Alliance Pact.

On the former point, it is clear that this proposal constitutes a decisive intervention by the working class in the struggle for the soul of the NDR, and therefore will encounter fierce resistance from those, inside and outside our movement, who want to maintain the current conservative trajectory. All sorts of arguments will be advanced as to why the Pact approach cannot succeed. Those on the far left will also be opposed to it, for different reasons. Therefore our arguments have to be clear as to why this is the only approach which can move our country forward, and rescue us from the current dangerous course we have embarked on. However, the force of argument alone will not settle the debate. The ‘argument of force’, or mass power, will have to be brought to bear to navigate achievement of the Pact.

In relation to what the potential dangers are if we succeed in achieving the Alliance Pact, it is obviously difficult to predict the potential problems now. However clarity in our ranks about what we are trying to achieve is paramount, to avoid confusion or

division, as the Pact process unfolds. One of the points raised in the political report to this CC is that if the Pact is implemented we will inevitably be involved in co-governance and assume some responsibility for its success or failure:

“if the Pact is agreed to, will this mean the end of the struggle or will Cosatu pursue a different strategy. In this scenario Cosatu is co-responsible for the success or failure of the project and is therefore implicated by progress or lack thereof.”

More importantly, what is highly likely, as with the RDP, is that powerful forces in society, within the state, media, and overwhelmingly from capital, will resist implementation of the Alliance Pact. Attempts will be made to reroute it into a more conservative accord, involving entrenchment of existing power relations and restraint by labour. Thus the importance of keeping our people fully behind the agreement, driving the programme, and winning the widest possible hegemony in society, including from middle strata, sections of the media etc. for our vision as the only approach to move our country forward.

What should be our approach if the ANC rejects either the concept of the Pact, or we can't agree on the content? This is a very real possibility, which can't be avoided by the sophistication of our arguments or tactics. Ultimately, what is not won on the ANC conference floor will not be won in the boardrooms. And this depends on the balance of class forces in society. If we can't secure agreement, then it's back to the trenches. ★