

(b)

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meetings often lack a capacity to carry through decisions, reflecting organisational weaknesses within the respective formations. The meetings are often focused on immediate interventions, and on crisis management.

National officials. In the last months of 1996, and through 1997 there have been relatively frequent alliance bi- and tri-laterals between officials of the respective formations. It is generally agreed that such meetings need to be more regular, in part to buttress the coordination at the secretariat level, and in part to raise the alliance debate to a more political and strategic level.

Joint executives - over the past three years there have been five meetings of delegations from the three executives. (This is the sixth). It has been resolved that these need to be more frequent - around 3 per year. The lesson derived from the April 1997 executive summit is, however, that it is imperative that such meetings be well prepared with a clear set of objectives and effective documentation - otherwise they can set us back, rather than take us forward.

1. 5.

Alliance co-ordination at provincial. regional and local levels.

All of the above occur at a national level. At other levels the picture is even more uneven. In some provinces there is regular and effective contact between the alliance partners, but this is often the exception rather than the rule.

Areas of complication within Tripartite Alliance.

2.1.

2.2.

2.3.

Managing differences. In the ANC's 1997 January 8 statement it is said: "We need from our allies unity in action, but a real unity based on our different formations acting independently and robustly defending their principles, their constituencies and their perspectives. "

This clearly states the fundamental basis of any meaningful alliance. There would be little point for an alliance if the respective formations were mere echoes of each other, or if they agreed absolutely on everything.

However, when differences do emerge, it is not always easy to deal with them effectively and constructively. Finding the right balance between unity in action and robust independence can be complicated. In our situation, much of the media and other unfriendly forces are on the constant look-out for signs of "tension within the alliance". These forces are happy to muddy the waters.

2.4.

We have, as an alliance, learnt a number of lessons these past few years:

2.4.1. Constant communication at all levels is crucial, particularly when one or another alliance partner is about to issue a critical statement, for instance;

2.4.2. Respect for the constructive raising of concerns is essential. If our various formations do not raise certain critical concerns that are in the public domain, other more hostile forces - ultra-left, or demagogic forces - will. However, we all need to be constructive. We need to guard against cheap, public point-scoring.

2.5.

The opportunistic use of alliance structures.

2.5.1. One of the major sources of irritation, particularly at a grass-roots level, within the

alliance has been a tendency for elements (who have, for instance, failed to be elected on to the ANC branch executive) to use an SACP (or SANCO) branch to launch a rival claim. This kind of activity is often closely bound up with inter-personal rivalries and election-list processes.

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2.5.2. There is no simple solution to the problem, but it calls for maturity and decisiveness

from local and provincial leaderships, and also a clear division of labour and strategic purpose of our respective organisations. (An SACP branch is not an alternative to an ANC branch, but a local-level organisation of socialists within the context of a broader ANC-led alliance).

2.5.3. The SACP and COSATU have incidentally, systematically disowned those who have sought to be elected into local governments for instance on an SACP ticket.

3.

The lack of a clear alliance programme of action.

3.1.

The most serious obstacle to the effective functioning of our alliance has, however, been the absence of a common Programme of Action around which we can:

3.1.2. Unite our efforts strategically;

3.1.3. Build our respective organisational structures

3.1.4. Re-build a broader mass democratic movement; and

3.1.5. Mobilise popular forces.

3.2.

It is this lack of a clear alliance Programme of Action that has exacerbated all of the other problems noted above. And it is a lack that deprives our co-ordination work of any strategic purpose, or measuring stick. This summit must help us to develop such a Programme of Action.

alliance debates. Naturally, the degree of emphasis placed on the with and the against in any particular context will be the subject of legitimate debate and difi-\\20lcult judgement calls.

2.

The balance of forces

2.1.

2.2.

2.3.

As alliance partners we share a common strategic understanding that, while we are committed to a profound national democratic transformation process, we are seeking to transform our society on a national, regional and global terrain that is not of our own choosing. This factual observation is not grounds for pessimism, complacency or resignation. Nor, however, can we simply indulge in voluntarism, as if fervently wishing for or advocating certain objectives were sufi-\\20lcient to achieve them. Because our national democratic transformation process challenges powerful vested interests in and outside of our country, we can expect constant opposition, and constant attempts to undermine, subvert or redirect our transformation objectives.

Between resignation or co-option on the one hand, and reckless voluntarism on the other, there are many complex choices and judgement calls. At times, within our alliance, one or another partner might feel that another partner, or sections of it, are too resigned to, or complacent about, or co-opted by the given balance of forces. On the other hand, there may well be the counter-allegation that this or that alliance partner, or sections of it, are recklessly volunturistic. To remain at the level of general accusation may or may not be true. But it is unlikely to be helpi-\\20lal without i-\\20lirther examination and debate. This is why, in the sections of this working agenda that follow, we will attempt to further elaborate, itemise and provide a sense of the informational base on which strategic policy options have been chosen.

In general, however, as an alliance we agree that the balance of forces needs to be analysed and understood not in order to become resigned to its reality. We seek to understand the given balance (perhaps it is better to speak of trajectory) of forces in order better to understand how to take forward, intelligently and in a sustainable manner, a transformation struggle that progressively changes that balance of forces itself.

Threats and challenges to the NDR

3.1.

3.2.

3.3.

The general characterisation of those forces posing a threat to, or actively blocking, our national democratic transformation process is itself an area that results in debate and difference within our alliance.

The threat to the national democratic transformation comes, in particular, from those social forces that accumulated powers and privileges within the old dispensation. It is important, however, to disaggregate these forces into at least three categories:

3.2.1. The hard-core counter-revolution.

3.2.2.

Constitutional political party opposition.

3.2.3. Big capital.

The hard-core counter-revolution was substantially (if perhaps temporarily)

marginalised by April 1994, and it continues to be disrupted by ongoing exposure (TRC, trials). But there are signs of some regrouping of these forces, whose agenda is the active destabilisation and eventual overthrow of the new democratic dispensation. This regrouping is occurring, in part, on the terrain of organised crime. The inter-face between crime syndicates, general destabilisation and a sophisticated disinformation/demoralisation campaign on the one hand, and 3rd force networks

AFRICAN NATIONAL CONGRESS

' NATIONAL EXECUTIVE COMMITTEE
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REPORT OF THE PREVIOUS
ALLIANCE SUMMIT

ASSESSMENT OF THE CURRENT PHASE OF TRANSFORMATION

A common commitment to the NDR

1.1.

As alliance partners we agree that the current phase is one in which we need to advance, deepen and defend a vast national democratic transformation process in our country. Among the broad alliance programmatic policy statements on the general character and content of the national democratic process is the RDP document with which we, as an ANC-led alliance, contested and won the 1994 elections.

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1.2.

As alliance partners we have all affirmed that, since the 1994 democratic breakthrough, there have been major achievements in, amongst other things:

1.2.1. Consolidating peace and fostering reconciliation.

1.2.2. Adopting a progressive constitution.

1.3.

1.4.

1.5.

1.6.

1.2.3. Ensuring democratic elections for all three spheres of governance.

1.2.4. Making some significant beginnings in the overall process of socio-economic change and delivery by way of legislative reform, institutional transformation and implementation of many new programmes.

These relative successes, and the general lack of strategic vision amongst our political opponents, have also resulted in a considerable decline in support for our main political opponents. This decline is, in turn, resulting in internal turmoil and some infighting within their ranks. We need, as an alliance, to count this reality as a further achievement on our part.

The degrees of success, whether we could have done better (or even much better), and an appreciation of where there have been failures - these are all areas of legitimate debate between our three formations, and, indeed, within each of them. In the ensuing sections of this working agenda, we shall attempt to elaborate and unpack some of these areas of difference and debate with more specificity.

However, as an alliance, collectively and as separate formations, we have all realised to give way to the campaign of demoralisation (a campaign that is often a thinly veiled racist campaign) that asserts that "things have got worse" or "no better" since April 1994. Our preparedness to be critical and self-critical, and our preparedness to debate among ourselves should never be confused with the demoralisation campaign waged by our opponents.

A key question, and area of debate and misunderstanding that often occurs in the alliance, relates to how we understand the NDR. For some, there is a very "stage-ist" understanding of the NDR. This "stage-ism" presents itself in two mutually reinforcing ways:

1.6.1.

1.6.2.

either with the argument that this is the first, "capitalist" stage of our struggle, and therefore the "creation" of a "deracialised" free market capitalism is our key strategic task;

or, with an equally mechanical "stage-is " approach to the NDR, others dismiss this period of struggle as little more than a platform for a different (socialist) agenda. In this latter view, the importance of building a powerful

INDUSTRIAL STRATEGY

Industrial policy
Investment

-
-

Trade
Empowerment

1.

Basis for Agreement

1.1.

1.2.

1.3.

1.4.

1.5.

There is agreement on the need for an industrial strategy. A number of problem areas are identified below. However, it is likely that the areas of agreement will be identified, consolidated when we have more commonality on the assessment of the current conjuncture and the role of the state in socio-economic transformation. The instruments of industrial strategy that are currently being used can be more effectively assessed in the light of the tactical, strategic and theoretical issues that arise in the above debates.

We should accept that policy differences may exist in regard to specific and general instruments and they must be identified.

The reason that there is agreement on the need for industrial strategy is because of the agreement that if current market forces continued in an unmodified way then the ability of the South African economy to both sustain, - and more importantly - to expand sustainable economic activity will be seriously threatened. The emphasis on an industrial strategy is not because other key areas of the economy such as agriculture are being ignored but because the transformation of natural resources requires industrial processes. Without an industrial strategy our economy will revert to raw material production alone and this will not be capable of generating development.

Accordingly it is industrial processes, including agro-industry, that lie at the centre of rebuilding the economy as envisaged in RDP. This is strengthened by agricultural strategies that facilitate food abundance and food security. A new reality is the centrality of an information strategy.

It is also essential that human resource, labour market and macroeconomic strategies are coordinated. There is a great deal of work being done in all these areas and summaries are provided for key areas in the ANC support documents. This is a matter for a great deal of further work in ensuring common ground. It is essential that this is done because this is a

critical arena in which the Alliance will be able to effect transformation.

2.

Problem Areas

2.1.

Lack of an agreed strategy to channel/direct private sector investment through:

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prescribed assets

tax measures

exchange control

interest rate policy

regulation of i-\201nancial sector

other

2.2.

2.3.

Lack of agreed public sector investment strategy

Disagreement on approach to Balance of Payments problems:

2.3.1. whether there is an excessive focus on exports which ignores the need to increase

hard-core counter-revolution) not as serious alternatives (for the moment), but rather as "useful" counterbalancing forces.

3.5.2. This reality creates space and dangers for us as an alliance in our interaction with big capital, both nationally and internationally.

3.5.3. In approaching this interaction, two extreme views are sometimes found within our alliance:

(a)

(b)

The illusion that the profit-seeking agenda of big business is simply congruent with our NDR objectives - or (in a more cynical variant of this) that big capital is so powerful that there is no alternative to failing in with it.

The illusion that we can simply declare big capital "the enemy", and pursue headlong our own agenda regardless of the consequences.

3.5.4. The danger of the first illusion is that it disarms us. Unlike our major political opponents on the national terrain, the organising ideology of big capital is relatively coherent and globally hegemonic (even if its hegemony is now less triumphalist than it was 15 years ago). This organising ideology - essentially an ideology that fosters and justifies the conditions for the unimpeded, profit-seeking global flow of private capital - is often referred to as "neo-liberalism".

3.5.5. Because of its global hegemony, this ideology is ubiquitous and when, as an alliance, we are divided or confused, neo-liberalism quickly fills the vacuum, presenting itself as "plain common-sense".

3.5.6. But the second illusion ("declare big capital the enemy and simply pursue our own agenda regardless") is also dangerous. The realities of our global and national situation are such that big capital controls substantial resources without which we cannot carry forward our own national democratic transformation. The power of big capital, while not unchallengeable, is substantial and, particularly on the financial markets, it is able to manipulate and destabilise.

3.5.7. However, the more strategically intelligent sectors of big capital are able to recognise that only the ANC (but probably not, in their perception, its alliance) is able to create the levels of social and political cohesion within our country (and within our region) that can establish the platform for a return to sustainable profitability. This creates the possibilities for an effective engagement with big capital from our side.

Questions to be debated:

(a)

(b)

(c)

Do we broadly agree on the above formulations on the challenges posed by big capital to our NDR?

How do we manage our interaction with big capital in ways that are strategic and sustained?

What means do we have for gaining the co-operation, for regulating and for disciplining big capital? (some of this will be dealt with more substantially in the section on "The Role of the State").

3 .6.

We have distinguished three kinds of threat/challenge to the NDR. Differences within our alliance are often rooted in confusions caused by:

RURAL DEVELOPMENT AND LAND REDISTRIBUTION

Basis for Agreement

- 1.1.
- 1.2.
- 1.3.
- 1.4.

The legacy of poverty and inequality has been especially concentrated in the rural areas of our country, in both the former bantustans, and the white rural areas.

Addressing this legacy must be one of the key priorities of the Alliance in reconstructing our country.

The central question which needs to be addressed in looking at the question of rural development is the viability of a large-scale programme of land redistribution, along the lines of that implemented in a number of developing countries. According to the RDP: A national land reform programme is the central and driving force of a programme of rural development. .. this programme must be demand-driven and must aim to supply residential and productive land to the poorest section of the rural population and aspirant farmers. (pp19-20)

Such a programme of land reform must be complemented by a range of other measures which raise the incomes, and address the needs of the rural poor. Special attention needs to be given to the plight of rural women. Programmes to develop rural infrastructure, regional development initiatives incorporating rural areas, rural small business and co-operatives, public works programmes, and rural extension, are some of the issues which have been identified as priorities.

PROPOSALS OF SUMMIT (Land and industrial policy)

- 2.1.
- 2.2.
- 2.3.

The Summit proposed the convening of an Alliance workshop on Industrial policy to take these issues forward.

There needs to be co-ordination of the Alliance approach to employment creation. This discussion should be completed before the Jobs Summit.

The Alliance policy process needs to clarify our strategy in relation to rural development and land reform.

- 2.4.

The Alliance should seek to reach agreement on related issues before going into Nedlac.

PUBLIC SECTOR TRANSFORMATION

Basis for Agreement

1.1.

1.2.

We need to transform the public sector from being an agent of repression and minority privilege to an institution which is geared towards delivering basic services to all South Africans. As such it needs to be both representative and reoriented towards delivery.

This definition extends in the RDP and the Constitution beyond the public service narrowly defined, to all organs of state, or the "public sector", including parastatals, public service at national and provincial levels, local government, and semi-statutory bodies.

1.3.

This transformation exercise involves:

1.3.1.

Rationalisation of duplicated apartheid institutions

1.3.2. Restructuring of the public sector to reorientate and expand resources to service delivery, away from bureaucracy- which involves a major reallocation and reprioritisation exercise.

1.3.4. The introduction of new cultures, structures and management practices aimed at achieving accountability, efficiency, accessibility.

1.4.

Broad agreement has emerged - although with some differences- on important elements of a strategy for transformation: HRD, service delivery, and employment equity for the public service, as contained in the current green and white papers. However there are significant differences on aspects of these, as well as other elements of transformation.

Problem areas

2.1.

2.2.

2.3.

2.4.

2.5.

2.6.

2.7.

2.8.

2.9.

Lack of agreed alliance strategy to guide restructuring process.

There is still no clear audit of the public sector, and, linked to this, a plan to restructure.

Restructuring has been equated with 'downsizing'. This has been intensified by the programme of fiscal cut-backs, and the ideology of 'lean state'.

It is believed that, in the absence of a clear strategy, mechanical exercises are being embarked on which damage the transformation process - eg attrition and voluntary severance.

Despite the National Framework Agreement, restructuring of state assets still tend to be privatisation-driven.

There is lack of agreement on the role of the private sector in delivery (vs the role of the public sector). There is also no agreed approach to Public Private Partnerships (PPPs).

Increasing outsourcing, cut-backs, and involvement of the private sector in driving state institutions, all lead to a concern about the danger of running down, rather than transforming the state.

Agreement is needed on the areas where expansion in service delivery is required, and an approach to resourcing this.

Agreement is needed on an approach to public sector pension funds, including the question of moving towards a pay-as-you-go system, to release state resources.

Summit.

ANC, and a united alliance, tend to be underrated. The socialist forces in the present, NDR phase are, more or less, hitching a ride, with a separate agenda up their sleeves. The NDR and the ANC are treated with cynicism.

1.7.

1.8.

1.9.

Still another mistaken variant of the NDR is to treat it as, more or less, the equivalent of socialism. Any departures from socialism by the ANC or ANC-led government are criticised, not on practical grounds (because, perhaps, there is the belief that they will undermine the RDP or NDR), but from a dogmatic, ideological and purely labeling standpoint.

All of these positions are wrong, but all are to be found within our broad alliance.

The official programmatic perspectives of all three alliance formations are, however, quite different from the mistaken positions noted above. In contrast to these, the official programmatic perspectives of our alliance are:

1.9.1.

1.9.2.

1.9.3.

1.9.4.

1.9.5.

1.9.6.

1.9.7.

That the strategic task of the ANC and its alliance is the consolidation of a united, non-racial, non-sexist and democratic South Africa - summarised in the ANC Draft Strategy and Tactics Document slogan: "All Power to the People". This strategic task is, deliberately, not couched in narrow ideological terms. The ANC, and therefore the programmatic perspective of the alliance it leads, are neither capitalist nor socialist.

The ANC's two key alliance partners, the SACP and COSATU, have both adopted socialist programmes. However, their commitment to socialism, and this is stated clearly in the official policy statements of both formations, is not in opposition to the NDR or the ANC. Both the SACP and COSATU see the struggle for "All Power to the People" to be absolutely integral to the struggle for socialism, and both believe that it is only under socialism that the slogan will achieve its fullest realisation. The present NDR struggle is not a mere platform, it is inherently valuable.

Many non-communists in the ANC movement might agree with this, many others may not. It is precisely to organise all progressive, popular NDR forces within a common organisation and within a broader alliance, that the ANC and the tripartite exist.

The ongoing struggle for national democratic transformation is occurring on a national and global terrain that is dominated by capitalist accumulation. All forces within the ANC and its alliance, socialist and non-socialist, are compelled to recognise this reality. Some might argue that capitalism must be abolished; and, until then, we should abstain from any responsibility for leading huge transformation struggles in the present. This betrayal of our present responsibilities is not the position of our alliance, or any of its partners. Nor is the opposite perspective, a simple and uncritical acceptance of the national and global realities as we find them, our alliance perspective.

The strategy and tactics of the ANC and of our alliance, in the concrete conditions as we find them, involve a transformational engagement with the continuous tendencies of capitalist accumulation to exploit and oppress, and to reproduce massive national and global inequalities - as the ANC Draft

Strategy and Tactics Document, clearly recognises (see section 9, p.27).

At the same time we have to find, through continuous engagement, negotiation and inducement, points of convergence with the private sector.

In short, we have to work with and against the profit-seeking logic of private capitalism. Failure to appreciate both the "with" and the "against" result in one-sided positions, which often result in intra-ANC and intra-

(that subsist in the state apparatus, or which have been "privatised") is at the heart of this threat.

Possible points of difference within the alliance:

3.3.1.

Is there indeed a counter-revolutionary threat?

3.3.2. Does it constitute the principal threat to the NDR?

3.3.3.

Is "law and order" the main means for dealing with this threat?

3.3.4. Do other realities (for instance, transformational mass mobilisation struggles) wittingly or unwittingly play into this counter-rev agenda?

3.4.

Our political opponents working within the multi-party political dispensation. Attempts by our major political opponents (NP, IFP, DP, Volksfront and the new NCF/NMP) to build a coherent political bloc around those social forces that benefited from the apartheid past and/or who fear majority rule have, for the moment, foundered. They have foundered on their own disparate social and class character (Afrikaner separatists, whites in general defending privileges, former securocrats, minorities feeling threatened by majority rule, an ex-bantustan elite, rural traditional leaders). From an alliance point of view, we have little to regret in this fragmentation of our political opponents. We do, however, need to recognise that they represent, in varying degrees, minority social interests of one kind or another. We have also to foster their ongoing involvement within the unfolding democratic dispensation.

The key strategic question we need to clarify as an alliance concerns the primary thrust of our strategy to deal with our constitutional political opponents:

3.4.1. Do we seek to absorb their constituencies and their leading cadre into the ANC? And what price do we pay in terms of our own identity and core constituency in so doing?

3.4.2. Do we seek to win as near to 100% of the vote as possible, thus obliterating our opponents? But again at what price to our core platform and transformational goals?

3.4.3. Or do we see them as legitimate opposition political formations representing, in the context of a multi-party dispensation, various minority views/interests that are not part of our constituency or platform, but which have a legitimate presence within an unfolding democracy?

There may, of course, not be a single answer to these questions. The answer may vary according to whether one is speaking about a party whose primary constituency is the rural black poor, or a party whose primary constituency is Afrikaner separatists.

3.5.

Big capital - internal and international

3.5.1. In dealing with big capital, it is important to understand that, both in its objective activities and in the subjective attitudes of leading business personalities, we are not dealing with a monolithic entity. Big capital within our country is well aware of the fragmentation of our political opponents. It is unlikely to throw its weight unambivalently behind our political opponents and thus risk shutting the door on access to the ANC/government. Big business is, however, concerned that the ANC is unassailable politically and that, therefore, its own leverage over the ANC/government is diminished. Big capital sees our political opponents (and - but perhaps not - even the

A PROGRAMME FOR THE ALLIANCE

Basis for Agreement

1.1.

There are two major components which need to be present if the Alliance is to effectively drive the process of transformation:

1.2.

1.3.

1.4.

1.5.

1.6.

1.1.1. An agreed alliance platform on key strategic policy areas for transformation

1.1.2. A mass-driven programme to ensure that the popular forces, together with the democratic state, are able to drive forward this alliance platform in the face of resistance from forces attempting to block transformation

The RDP remains the perspective of the Alliance, and needs to be asserted as the basis for our programmes of transformation.

We need, in the concrete conditions facing our new government, to develop an agreed programme to implement the RDP, and to identify which are the key areas which the Alliance wants to focus on to tilt the balance of forces, and qualitatively advance the transformation agenda.

The COSATU Discussion Paper has proposed that the Alliance reach an agreement on an approach to implementation of transformation, and identify the core strategic areas where such an agreement could be reached. The Alliance needs to decide whether it wants to pursue this approach. It also needs to decide whether this would form the basis of the platform for the 1999 elections.

Our constituencies have largely tended to be spectators in the transformation process. The Alliance needs to galvanise a mass movement for transformation, which unleashes the energies of our people in taking forward programmes which concretely improve their lives. Such a movement needs to be driven by the Alliance, but needs to go beyond the Alliance by incorporating all key sectors and strata of the popular forces. Such a movement would need to openly mobilise and defend government programmes aimed at transformation, which are being resisted by conservative forces. Creative campaigns at national and local level are also needed to capture the imagination of our people, and involve them in implementing practical projects, such as national literacy, health, housing, public sector transformation and other programmes. Proposals have also been made for the donation of working time to reconstruction projects, and financing mechanisms which could leverage the economic muscle of our people.

The Alliance needs to set up the appropriate structures, including at the highest level, to plan, monitor, and implement this two-pronged programme for transformation. Experience has shown that existing Alliance structures are not able to perform these functions. To align the Alliance and government programmes will also require close structural co-ordination. Serious consideration should be given to the Norwegian model, which involves weekly planning meetings including the Prime Minister, Party leader and trade union leadership to ensure effective coordination.

Recommendations

2.1.

2.2.

2.3.

Tight co-ordination in the alliance needs to also include a regular co-ordination mechanism with government ministers, which would deal with strategic issues.

The possibility should be explored of including the alliance leadership in monthly cabinet caucuses.

The proposal for an alliance platform needs to be explored by the alliance leadership, and processes set in motion to address this, if it is decided to endorse this approach. The

THE FUNCTIONING OF THE ALLIANCE

1.

Brief Assessment of Alliance since April 1994

1.1.

While in the public media a great deal of attention is continuously given to predicting an imminent "break in the alliance", from within the alliance, this is not a dominant concern.

What is central is the question: "How do we make the alliance work better?" The question marks a general appreciation that, notwithstanding the general commitment to our alliance

, it is an alliance that has not functioned nearly as effectively as it should have. To assess this

functioning and to seek improvement it is useful to consider a number of areas:

1.1.1.

Policy formulation - the alliance was central to the drafting and popularisation of the

RDP in 1993/4; since April 1994 there has been intense interaction within the alliance on some issues of policy-making (restructuring state assets, new Constitution). In other cases, especially when the matter is of direct sectoral concern to, for instance, COSATU, there is intense engagement with ANC ministers in government but less effective alliance management of the process in general.

In the course of 1997, the ANC has sought to rebuild its own policy-making capacity, and in the process the SACP and COSATU have been increasingly involved in policy conferences and seminars. Question: how successful are these initiatives? ; how can we improve upon them?

On many other issues there has been less effective alliance work on policy-formation - reflecting in part the complexity and vast scope of policy-making in the new circumstances, and the disproportionality between government capacities (and pressures upon it), and the capacities of our three allied formations.

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Organisational co-operation - There are a number of sectoral areas in which there has been substantial cooperation between two or all of the alliance partners. These include:

(a)

(b)

(c)

(d)

(e)

(f)

co-operation between organising departments of SACP and ANC.

co-operation between SACP and ANC on political education, and between SACP and COSATU affiliates.

close strategic co-operation between SACP and ANC in the

financial/fundraising area.

tripartite co-operation in media production and through the alliance project - the Centre for Democratic Communication.

co-operation in the field of the Internet.

some co-operation around international solidarity work - jointly hosting solidarity groups etc.]

1.1.3.

Elections - the alliance has fought the various rounds of elections together. Presumably this has, in general, unified and broadened the ANC electoral effort, at least within our own core constituency. We need, however, also to assess how effectively the alliance has worked in these electoral campaigns and what needs to be improved.

national co-ordination

(a)

The national secretariats have met on a fairly regular basis (in theory fortnightly) throughout the last three and a quarter years. However, these

SOCIAL WAGE/SOCIAL NEEDS/SOCIAL SECURITY

1.

Basis for Agreement

1.1.

1.2.

1.3.

1.4.

The RDP, the constitution and the White Paper on Social Welfare commit the democratic government to providing a comprehensive social security system of some sort, affordable housing, transport, health, land and access to retirement benefits - all of which together constitute a basic 'social wage' package - an economic floor below which no one should sink.

The social wage comprises of direct income transfers (such as social security benefits, retirement) and social subsidisation of the costs of basic needs (such as housing, health and transport).

Alliance partners have put forward proposals on a number of these areas (social security system, retirement fund, public housing, public transport and the national health system).

The RDP and the COSATU discussion paper see these benefits as not only addressing poverty, but having a developmental and economic logic.

The issue which requires close scrutiny is the form, organisation, delivery mechanisms and financing of these elements of a social wage, as well as the level (amount) and the coverage (means-tested or otherwise) of the population. Another issue which needs to be addressed is the balance between the direct revving of employers and workers, eg. for health care and social insurance, and the payment of the social wage from the fiscus.

2.

Problem areas

2.1.

A number of problems have been raised with the current approach:

2.1.1. Lack of a clear government process or coherent vision to set up a comprehensive social wage and social security net, although elements of such a vision exist, such as proposals for a National Health System.

2.1.2. One view is that the tight fiscal targets of GEAR have negative implications for

expanding the social wage, while others argue that reprioritisation of expenditure allows for development of the social wage.

2.1.3.

It is unclear whether there is actually agreement to establish a comprehensive social wage, or whether we are simply aiming at equalising the fragmented and ad-hoc system inherited from apartheid. Strategy for a comprehensive social security system

has been largely absent from government policy documents. If we regard the development of a social wage package as unrealistic or unviable, this needs to be explicit.

2.1.4.

It is argued that there is a trend of moving to privatise or commercialise (subordinate to profit) provision of basic needs, in areas such as transport.

2.1.5. COSATU has argued against what it sees as a concentration on market driven programmes of delivery into infrastructure and housing. In its view this both makes housing unaffordable and inaccessible to the majority of workers and the poor, vulnerable to "downward raiding", and entrenches apartheid geography.

3.

Summit Recommendations

3.1.

The Alliance should agree on what constitutes minimum standards in terms of the social wage.

3.2.

The Alliance needs to discuss its approach to a comprehensive social wage. This discussion

needs to get detailed inputs from relevant Ministries, and look at the vision contained in the RDP.

On food security, the Alliance needs to look at the question of redistributing government land (it was said government owns 65%+ of the land)

Concern was expressed that the DoF is opposing the NHI proposal on the basis that it will increase tax. It was recommended that the Alliance needed to discuss how to take the NHI forward, and to mobilise to this end.

A HIV summit needs to be .convened at a high level.

It needs to be established what has happened to the poverty relief allocation of R400 million.

The Alliance working group on the social wage and labour market needs to look at what is achievable in terms of a comprehensive social wage over the short to medium term

3.3.

3.4.

3.5.

3.6.

3.7.

production of domestic capital goods

2.3.2.

exchange rate policy

2.4.

Disagreement on whether the emphasis on export orientation and competitiveness underplays the need for:

2.4.1.

A major focus on the domestic market/Southern Africa (linked to policies of redistribution which raise the purchasing power in the region and the significance of this market).

2.4.2.

A deliberate programme of investment in production for this market, including the element of import substitution.

2.4.3.

an expansion of demand side measures.

2.4.4.

A tariff policy which protects South African industry where necessary.

Disagreement/uncertainty on role of the state in the productive sector of the economy

Trade Policy

2.5.

2.6.

2.6.1. Disagreement on key objectives: 'competitiveness' or need to build domestic industry/capacity and job creation.

2.6.2. Need agreement on an active/managed trade and tariff policy rather than 'cold wind of competition' In this regard we also need agreement on our approach to international trade agreements.

2.7.

Need agreement on a Social Plan and approach to other supply side measures (e.g. tax)

3.6.1. An inability to conceptually distinguish these different threats/challenges by

collapsing, for instance, the NP or big capital simplistically into the hard-core counter-revolution. The different threats and challenges cannot be dealt with identically;

3.6.2.

Or, conversely, isolating one danger and elevating it into the sole challenge we are facing. For instance, treating everything as essentially a "law and order" problem, and failing to see that more benign opponents might, because of their much greater powers and strategic capacity, pose the real long-term threat to the NDR;

3.6.3. Or, by erecting Chinese Walls between these three kinds of threat/challenge.

Distinguishing them must not blind us to the possible linkages between elements in one or another (in the present or at some future point).

3.7.

We have considered three challenges/threats to the NDR. There is, however, one further, overarching threat - the deep-seated poverty and inequality of our society. This is, perhaps, the greatest potential threat of all. In noting this threat, we are reminding ourselves that our collective determination to press ahead with thorough-going transformation is central to averting counter-revolution. Maintaining the momentum of change is the surest means to depriving anti-democratic forces of a mass base, without which their marginalisation will continue.

The emergent black bourgeoisie

4.1.

4.2.

The observation that we are pursuing a national democratic transformation process on a terrain not of our own choosing is connected to another related matter. Put another way, we are pursuing a national democratic transformation on a national and international terrain that is dominated by the capitalist system. We cannot wish away this reality, we have to engage with it.

Based on this reality, there is a view in some quarters of our alliance, that it follows from this that a "key strategic challenge" of the present is for the ANC-led alliance to "create or foster a new patriotic bourgeoisie". At its crudest, this observation may well be little more than individual opportunism. But in its more serious versions it represents an attempt to think strategically about how it is that we engage intelligently with the reality of a conjuncture dominated by capitalism.

It is clear that this topic needs to be thoroughly debated within our alliance:

4.2.1.

Is "joining" the capitalist class the only, or best way of engaging with the challenges of transforming ownership and management institutions?

4.2.2. What is "patriotism", and, what is the measure of patriotism among capitalists?

4.2.3. To what extent are the emerging black bourgeois strata dependent on

"white" capital, or upon their access to the state apparatus. In other words, are we dealing with a "patriotic" bourgeoisie, or with a bureaucratic or even comprador bourgeoisie?

4.2.4. How, as the alliance, do we engage with the reality of an emergent stratum/strata of black entrepreneurs?

Governance, mass organisation and mobilisation

5.1.

As alliance partners we have in our various strategic documents, and in the RDP base document itself, committed ourselves to the view that the NDR requires both decisive, democratic use of our new positions within government, and the

18.

The efficacy of these interventions will depend on whether they are coherent and coordinated in their implementation. This requires that there is a form of planning. The RDP, an agreed Alliance programme, is coherent within the broad framework of its drafting. In fact, it is probably more coherent than it is often given credit for. However, as policy is further developed it needs to retain this coherence and an alignment to the RDP. This requires ongoing planning and monitoring. This is necessary for another critical reason and that is that policy will have to be adjusted in the light of practice, available capacity, changing circumstances and indeed changing balance of forces. This is a complex process that requires careful management and we are clearly running into problems. There are concerns that policy is being made and implemented by the ministers alone.

19.

In summary, therefore, the Alliance needs to be at one on the following key issues:

19.1.

19.2.

19.3.

19.4.

19.5.

That the state will lead, define and transform the parameters within which market forces will work.

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The objective of the state's interventions will be to alter the lives of its constituency for the better. In doing this it is cognizant of the constraints and that there will be an accommodation with capital in this process. It is also accepted that progress is not linear and that retreats and accommodations will be made in order to maintain a strategic advance toward our stated objectives.

The state that we seek to build is one that will empower in order to mobilise mass movements and organisations of civil society in the transformation process and that this requires new modes of operating from all the alliance partners.

The state will utilise a range of interventions to achieve its objectives.

That effective state intervention requires coherence and therefore, a form of planning to ensure this. It will also be necessary to monitor and adjust policies and programmes.

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2.4.

2.5.

2.6.

2.7.

discussions in forthcoming congresses and conferences should lay the basis for this.

Alliance policy discussions need to focus on strategic issues.

Mass movement for transformation needs to be developed to drive forward the programmes of transformation.

There is need to develop greater cohesion in the alliance on a shared theoretical perspective.

The alliance needs to begin tapping more effectively on progressive intellectuals, look at the possibility of setting up a think tank, and ensure greater synergy between the research and policy work of the alliance and government.

2.8.

Legislation providing for the investment of a prescribed percentage of funds into social investment projects.

In the assessment of the current phase of transformation there is agreement that the Alliance has choices and that it can by its actions influence the balance of forces. This position is set out in all papers that emanate from the Alliance partners. However, it is also accepted that the Alliance will have to exercise these choices and implement policies and programmes within constraints. It follows from this that there is agreement on the need for the State to play a role in altering the balance of forces and thereby effecting socio-economic transformation. The issues that then arise are whether the State influences the balance of forces in a coherent direction and whether that direction alters the position to the benefit of a class or specific groups in the society. In addition, if the State interventions favour a class to what extent does this alienate other classes? If this happens what accommodations emerge in the new relationships?

The actual role of the State in the context of the above considerations is one of the great political economy debates and it is probably the key macro issue in governance and socio-economic transformation. There has been an active revival of this debate recently in our ranks. That the State should intervene in socio-economic processes is not in question. The question is the form and intent of the intervention. In this regard there is an unease that is expressed by many in the Alliance and the COSATU document is even more critical. It is important that this is dealt with.

On the basic form of the intervention there is substantial agreement that the two polar options of complete control of economic activity by the State or on the other extreme no intervention by the State in the economy are ruled out. The Alliance sees the State as making institutional interventions that bring about development and structural transformation in the society. This has been variously referred to as a Developmental or Interventionist State.

There is agreement that the exact role of the State does have to be located within the specifics of our history and the class configurations that exist. The role of race, ethnicity and the national question play a particularly important part in any analysis. The ANC view on the complexity of these issues within this historical conjuncture is more fully dealt with in Umrabulo 3 that contains discussion documents for the Conference and in the Special Edition on Strategy and Tactics. The African Communist [No 146 1997] contains papers by the ANC, COSATU and senior SACP representatives that also canvas these issues extensively. Without going into the detail of this crucial issue, it is clear that the Alliance represents the interests of a relatively complex collectivity that includes the working class, a large marginalised and impoverished constituency and components of other classes that were racially oppressed or opposed to racism. The interventions of the State should be to address the positions of this collectivity.

The state's interventionist role is essentially a transformational role and the great challenge facing us is how we can maintain a transformational momentum where the state continues to spearhead a national democratic transformational process which will:

5.2.

5.3.

Alter the balance of forces in favour of the popular collectivity represented by the Alliance.

Where the popular forces are empowered in a manner that mobilises them as ongoing forces of change. This is therefore a conception that is not dependent on government alone to drive change but on an interaction with an empowered people.

Such a momentum requires that transformational changes have to be sustainable and therefore strategic. Short term gains that are not sustainable or an excessive reliance on government and legislation alone will result in the loss of momentum.

It follows that the actual content of progressive reform is not the only criterion of transformation. The manner of achievement is crucial in that it defines the capacity to sustain mass involvement in transformation and thereby the sustainability of transformation itself.

The Alliance in its programmes of action must provide strategic leadership in this advance. It has

to define the key issues that need to be addressed, how many it is possible to deal with and the correct sequencing in order to advance further. The Alliance is not the only force seeking to transform South Africa and accordingly it is critical that the Alliance is able to identify the areas of strength and vulnerability in these other forces.

In doing this, the Alliance has to evaluate and analyse the forces at work in the international economy - globalisation and the class interests that are dominant in that arena. It then has to analyse the impact of those developments on the national and regional economies. It also has to take into account the impact on national reconciliation and nation building. However, having done this it has to evolve and implement effective policies and programmes that alter the lives of its constituency for the better and empower it in the manner dealt with above.

The questions that have to be reviewed are, firstly, whether the Alliance is fulfilling the role in relation to the government and state that is intended and secondly whether current actions by the ANC majority government are effecting the necessary institutional changes that will give rise to such an improvement and alteration of the balance of forces. There is a clear concern that there has been a retreat from this position, under pressure of the forces of globalisation and that a position has emerged where the role of the State is now seen as being the neutral referee between classes. There is a concern that, in the economic terrain, the government has adopted a position of there being no alternative but to manage the economy within the constraints of an economic orthodoxy, imposed by the dominant paradigm within globalisation. This stand is particularly strongly stated in the COSATU paper on An Alliance Programme for Socio-economic Transformation. The question also raised by this concern is whether there has developed a distinction between the position of government and that of the ANC. The purpose of this document is to provide a framework for a structured discussion that will lead to an agreed strategic approach, that guides our actions as an Alliance. Accordingly, a review of the debate is not possible. What is set out are key steps in the reasoning that would inform policy in regard to the role of the State in socio-economic transformation.

There are no proponents in the current policy documents of either of the polar options - namely of complete state control of the economy or at the other pole of no state involvement in the economy. What is at issue is whether market forces are dominant and the state's role is to facilitate their operation or whether it is the state's role to lead in that it defines the strategic parameters within which the market functions. In both cases market forces play a role but in one they dominate in the other they are shaped by the framework set by the state. An important point needs to be made in regard to the meaning of market forces. In the first conception above market forces are seen as an absolute and immutable economic law. In the second conception market forces are a system of transaction and of resource allocation - both these functions are derived from and then interact dialectically with productive forces and production relations. Accordingly the state intervenes to alter the features of the market forces which are subordinate features of more basic economic structures. The Alliance envisages that the state will pla

y the
latter role. However, it is necessary to be more precise in the role that the state will play.

Is the state's intervention that of establishing the rules of the game as established by the dominant paradigm? In this sense it becomes a referee between contesting interests and class forces within that game. Both COSATU and the SACP have expressed a concern that actions of the government indicate that this is the position that is coming to be adopted. ANC documents acknowledge this as a danger but don't espouse any such concern in the present situation.

The problematic of the state intervening to the benefit of one set of social forces without effecting complete class domination of other social forces is a matter dealt with at some length in the Conference preparatory documents and in The State and Social Transformation. There is a clear and consistent position that the role of the state is to intervene in a manner that improves the lives of the ANC's broad and complex constituency with an unequivocal emphasis on the poor and the black majority. In doing this the state will intervene actively in market forces not necessarily to replace them with direct state involvement, but to transform the market places. However, it is further argued that there exist both objective and subjective conditions that allow an accommodation with major components of capital that can be managed to the overall benefit of the economy and the society. In this latter position, it is clear that the other two Alliance

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and stii-\202ing of economic expansion.

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2.7.

Contractionary i-\201scal and monetary policy is believed to undermine an activist role f
or the
state in the economy.

Some believe viable alternatives to deal with macro-economic constraints have not been
seriously considered, including alternatives for debt management, programme to bring
down interest rates, pay-asâ\200\224you-go for public sector pensions, and reduction of d
ependence
on imports.

Contractionary monetary policy is believed to stii-\202e growth. Especially by using high
interest rates as a blunt instrument to control ini-\202ation, and lack of alignment of t
he Reserve
Bank with a developmental strategy.

Some believe this monetary policy and liberalisation of exchange controls intensii-\201es
the
cycle of i-\201nancial speculation, volatile capital i-\202ows, and, lack of productive i
nvestment.

Contractionary i-\201scal and monetary policy are believed to undermine employment creati
on.

Proposals

3.1.

3.2.

3.3.

3 .4.

3.5.

Where Fiscal and Monetary policy undermines the RDP, it needs to be reviewed.

The Alliance needs to look at ways of restructuring the Reserve Bank and realigning
monetary policy

The Alliance needs to look at alternative approaches to the budget, the budget dei-\201ci
t, and
the approach adopted in GEAR.

The Alliance must investigate implementation of a Pay as You Go system for the public
pension i-\201nd, as a way of drastically reducing the public debt.

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The Economic Transformation Committee needs to be broadened out to include the
Alliance, to look into these questions.

2.

Problem areas

2.1.

Some in the Alliance believe that GEAR reflects a shift from the above approach in that it:

2.1.1. Sees a significant cause of the inability to create employment being 'labour market

inflexibility' despite evidence in the ILO study on the Labour Market that, if anything our labour market is 'too inflexible'.

2.1.2. Proposes a 'more inflexible' Collective Bargaining system (although the RDP envisages greater Centralised Bargaining & the ILO report details considerable inflexibility in the current system).

2.1.3.

It appears to promote a two tier labour market (it suggests separate wage schedules for youth). This is similar to the proposal in business' "Growth for All".

2.1.4. Sees the concept of wage moderation and productivity-linked wage increases as a key element in generating growth and employment - despite Reserve Bank figures which show that wage moderation and productivity growth have not had this effect.

2.1.5. There is a view that GEAR does not envisage income redistribution to the low paid, or to workers in general.

2.1.6. There is also the view that these approaches will have the effect of entrenching existing inequalities of the apartheid labour market.

The Alliance needs to agree on an approach to transforming the labour market, including:

3.1.

3.2.

3.3.

3.4.

3.5.

3.6.

3.7.

Specific measures to close the income/wage gap between those at the top and bottom.

Comprehensive social wage measures and particularly unemployment insurance for those not absorbed in the labour market.

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An employment strategy (in both the public and private sectors) to arrest retrenchments and to reduce the unemployment rate.

Agreement on financing of training.

An approach to the role of centralised bargaining and labour legislation in regulating the labour market.

An approach to productivity.

Deal with elements of (privatised) non-wage costs which raises the cost of employment (including medical-aid and retirement).

3.8.

An approach to the Jobs Summit.

Recommendations of Summit

The problem areas identified above should be reviewed in the light of the Summit's understanding that GEAR is negotiable.

4.2.

4.3.

4.4.

The report on the labour market, emerging out of the Labour Market Commission, should be discussed by the Alliance before being finalised by government.

The idea of a comprehensive unemployment insurance needs to be clarified.

This Summit framework document should be used as a basis for discussion. An Alliance Working Group needs to be set up to look both at the labour market and social wage issues identified in the

2.10.

Agreement is needed on a medium-term strategy to implement the commitment to restructuring the hierarchies in the civil service, training and closing the wage gap. (Apparent agreement has given way to deadlock with the collapse of the 3 year agreement in the public sector).

Proposed way forward

3.1.

3.2.

3.2.

3.3.

3.4.

3.5.

An agreed Alliance approach on these issues should lay the basis for a National Framework Agreement between labour and government on transformation of the public sector.

This is an issue which requires urgent and immediate political attention by the Alliance.

The Alliance needs to make a political input into various processes around restructuring of the public sector, including the Presidential Review Commission. .

We need to agree on the issue of appropriate staffing levels in different areas of the public sector.

The alliance needs to extend its engagement on public sector restructuring to the question of local government

The Summit proposed the setting up of an Alliance working group, headed by Cde Thabo Mbeki, to look at the issues raised in the document relating to transformation of the public sector.

1.8.2. The development of a coordinated employment strategy involving all government departments and state agencies

1.8.3.

Parastatal employment plans, which link employment expansion to roll-out of semces

1.8.4. Fiscal and monetary policies aimed at encouraging productive and employment-creating investment, and penalising speculative or employment shedding investment

1.8.5.

Investigation of the viability of promoting the social sector, including a co-operative sector, and other elements of worker and community-owned enterprises

1.8.6. Land redistribution and promotion of small-scale farming

Problem Areas

2.1.

2.2.

2.3.

2.4.

2.5.

Lack of agreement as to what constitutes the major impediments to employment creation, and the reduction of unemployment.

There is a view that current policies - including macro-economic policies, industry trade and tariff policies, investment policies, public sector restructuring, and privatisation - are not acting to create employment; are stifling economic activity; rendering our industries vulnerable to job-loss and inhibiting productive investment. Further, that the drive in some quarters to deregulate the labour market threatens to undermine the quality of existing jobs.

There is also a view that over-reliance on private sector driven growth and investment, without the introduction of measures to lead economic activity, and to channel and discipline capital, are failing to counteract, or leading to entrenchment of patterns of financial speculation and job-less growth. There is a need for agreement on measures to regulate the private sector, aimed at employment creation.

There needs to be agreement on what programmes and strategies the state can use in its infrastructure programmes, housing, procurement, public works, taxation, etc; to use its economic leverage and regulatory powers to ensure employment creation.

In particular there needs to be a review of our approach to the following areas, around which there is disagreement, or different perspectives:

2.5.1. Tariffs and trade negotiations

2.5.2. Export orientation vs. development of domestic market

2.5.3. Role of SMME's

2.5.4. Role of state in employment creation

2.5.5. The impact of labour market policies

Summit recommendations

3.1.

3.2.

The alliance must develop a coordinated employment strategy which aligns all aspects of government policy, and around which the alliance forges a common approach - in advance of the proposed Presidential Jobs Summit.

With regard to employment strategy the commission held that there was a need for a broad inter-departmental approach to eliminating unemployment and poverty.

3.3.

In addition to the issues identified in the framework document on employment creation

government policy, and around which the alliance forges a common approach - in advance of the proposed Presidential Jobs Summit.

On macro-economic policy it was agreed that we need a developmental, macro-economic policy, aligned to the needs of the country. Such a policy must evolve in line with these needs, while recognising the real constraints we face. No macro-economic policy is cast in stone and the Alliance needs to continue to discuss areas where there is disagreement.

Other areas, including social wage, labour market and industrial and investment strategy, will be taken forward by task forces of the alliance, which will report to the national office bearers.

All of the above requires the strengthening, upgrading and coordination of the policy-making structures of the Alliance.

The different alliance partners resolved to use their forthcoming national conferences and congresses to take forward all of the above, to consolidate a common Alliance platform.

5.3.

5.4.

5.5.

5.6.

REPORT ON THE ALLIANCE SUMMIT

HELD ON 31 AUGUST - 1 SEPTEMBER 1997

GALLA GHER ESTA TE

FISCAL AND MONETARY POLICY

Basis for Agreement

- 1.1.
- 1.2.
- 1.3.
- 1.4.
- 1.5.
- 1.6.
- 1.7.
- 1.8.

We need a developmental and sustainable fiscal and monetary policy (and more broadly, a macroeconomic framework), which actively advances the agenda of the RDP, and is sustainable over the medium to long-term.

The ANC has set out the origins of macro-economic policy and areas that still need to be addressed in one of the source documents available to the Summit. Fiscal and monetary policy are crucial components of a coherent macroeconomic policy. This was briefly dealt with in section 6.5 of the RDP. In the area of macro-policy there is a clear basis for agreement along the following lines :

The RDP remains the basic document of government economic policy. Aspects of it have been further elaborated in White Papers and other policy documents. In essence it argues for the integration of five basic policy programmes: meeting basic needs, developing our human resources, rebuilding and restructuring the economy, building democracy and increasing participation and maintaining macroeconomic balance. The RDP is also dealt with in the ANC Conference preparation documents where its essential strengths are highlighted.

The GEAR does not replace the RDP. It cannot in fact do this because it only deals with one of the five programmes ie the issues around macroeconomic balance. Macro-economic balance sets an objective of stability in key macro-economic variables such as inflation, the balance of payments, government expenditure, savings, investment, interest rates and employment. These variables interact with each other and can do so in different ways. The basic argument is that a balanced strategy will facilitate the objectives of growth and development. The fundamental objective is to provide employment and a rising standard of living to the overwhelming majority of our people.

Macroeconomic balance is in effect an overall balance of policy measures. More importantly, the macro package has to be built on other policy programmes. An assessment of macro policy has to consider this link between macro and other sectoral and micro policy. A characteristic of a neo-liberal package would be a reliance on macro measures without supporting sectoral, micro or other institutional reforms. Accordingly it is essential to examine the context within which policy is being applied and whether fiscal/monetary policy and the GEAR remain consistent with the RDP.

It is also important to note to avoid unnecessary discussion that the "social wage" dimension of policy are mentioned but not dealt with in detail in GEAR.

These matters are dealt with elsewhere in the working documents for this Summit.

The Gear focuses heavily on fiscal policy because it relates very directly to the mobilisation of financial resources and Government's own performance is most directly judged on its fiscal performance. Monetary policy was not addressed as fully. However, it is clear that very detailed discussions will be needed to fully come to grips with the level of policy detail now being examined in the Alliance debate. Extracting from the various inputs, a listing of some of the main areas of concern is provided.

Problem Areas

2.1.

2.2.

There is no agreement on implications and objectives of current fiscal and monetary policy, and macro-economic framework.

The setting of deficit targets in GEAR is seen by some to arbitrarily dictate a contractionary fiscal policy, and have major ramifications for society, including cutbacks in social spending,

LABOUR MARKET

1.

Basis for Agreement

1.1.

1.2.

The problems of the South African labour market are amongst others unemployment, inequality & poverty.

The structural problems of the labour market, inherited from Apartheid need to be addressed by a deliberate programme, driven by the state to:

1.2.1. Reduce inequality in the labour market, and create employment at a living wage.

1.2.2. Create a floor of rights for all workers, especially the vulnerable.

1.2.3. Invest in large scale training and human resource development programmes, linked to restructuring of the labour market & hierarchies.

1.2.4. Promote centralised bargaining as a mechanism to achieve these goals, combined with a legal framework of basic rights.

1.2.5. Ensure active labour market measures (ensuring mobility of workers within the labour market) are complemented by a comprehensive social wage, given the large problem of unemployment.

1.2.6. Embark on a deliberate programme of measures to ensure public sector and private sector employment creation.

1.2.7. Introduce measures, such as a social plan, which are needed to deal with the consequences of industrial restructuring.

1.3.

The above implies a large scale state driven programme of redistribution aimed at addressing problems of inequality, unemployment and poverty in the labour market.

EMPLOYMENT STRATEGY

Basis for agreement

- 1.1.
- 1.2.
- 1.3.
- 1.4.
- 1.5.
- 1.6.
- 1.7.

The creation of sustainable employment, the protection of existing employment, and the reduction of unemployment levels, is not the task of one area of government policy, or the function of one department, but needs a comprehensive approach which synchronises all elements of policy into a coordinated strategy (particularly industrial, trade and investment policies, public sector and public works, fiscal and monetary, and labour market policies).

The employment strategy needs the commitment of all the major stakeholders in society.

The strategy needs to be consciously seen as part of a programme to address the legacy of poverty and inequality, and therefore implies the creation of particular types of employment.

An employment creation strategy which focuses mainly on creating low-wage employment, and reducing or freezing wages of the low-paid does not address the problems of poverty and inequality. This would rather be a strategy for redistributing poverty.

The unemployment problem in South Africa is structural. Therefore, an effective employment strategy has to involve restructuring of production and the economy, led by the state. A market-driven, private sector-led strategy will continue to entrench inequalities, and substitute labour with capital. If structural problems in the economy are not addressed, drives for greater productivity will not in itself resolve the problem, but can continue to worsen unemployment.

A planned, coordinated investment and industrialisation strategy, led by the state, is critical.

There needs to be an active strategy of targeting and promoting sectors and areas of economic activity which have most potential for creation of sustainable employment.

Employment strategies need to be aimed at expanding the formal sector of the economy, rather than contracting it, or expanding informal and unregulated economic activity. Also, the use of temporary, part-time, or casual workers, is associated with the reduction of the quality of employment, and the number of full-time workers, and should be discouraged. We do not agree with the TINA argument that job-less growth and reduction in formal employment is an inevitable feature of the current global situation, which has to be accepted.

An active employment strategy should also be seen as part of an economic strategy to stimulate domestic demand. As more workers are brought into the economy as producers and consumers, this in turn stimulates further employment.

A long-term employment strategy needs to benchmark its targets against the reduction of

levels of unemployment and underemployment. Even apparently large-scale creation of jobs (as in Gear) is consistent with rising or static levels of unemployment (given new entrants onto the labour market). Further, social agreement is needed on maintaining existing employment, and investment in new employment as a social priority. There needs to be a national climate in which agreement is reached on a programme for retention of existing jobs, and creation of new employment. This needs to be agreed at national, sectoral and workplace levels. Where there is a crisis in an industry, a Social Plan needs to be put in place to deal with the downscaling process.

1.8.

In addition to promotion of employment in the private sector, there needs to be agreement on an employment strategy for the state sector, the social sector, and small enterprises.

This should include:

1.8.1. Plans for mass delivery of public infrastructure; public works; labour intensive

construction; procurement strategies; an agreed approach to PPPs; and expansion of the public sector in areas of service delivery.

partners make a similar assessment. This raises the classic questions of strategy and tactics in the interaction of class forces and the interaction of this complexity with economic tendencies and forces. The ANC has put forward positions that argue that it is the capitalist mode of accumulation that continues to dominate the world economy and that the state in the South African situation will have to establish institutions and a coherent policy programme that strategically shapes this process to the benefit of its constituency. The state is working with and against the forces of capitalist accumulation to achieve a defined objective. The relationship is dynamic and is in essence based on an accommodation that seeks to structurally alter the socio-economic order. This can only be done if there is a sufficiently powerful set of social forces that the state can mobilise and thereby influence and give direction to market forces. The state must be capable of a coherence of policy and be able to put in place the institutional structures necessary for change to take place.

This is a complex and dynamic process and it will never be a linear advance. The state will not always be able to act on its chosen terrain. If such an expectation existed in any significant quarter of the Alliance then there will be continuous tension. However, it is equally the case that such a strategy involves judgments and decisive action. The Alliance will accordingly have to be able to manage this process as we have learnt from our experience in introducing GEAR.

If the state is to intervene in the economy it has to develop the institutional instruments to successfully undertake such intervention. On this score it is clear that we confront many challenges. The state machinery remains considerably unreformed. The ANC-led government's capacity to intervene through the state is often undermined, deliberately or unintentionally, by unreformed personnel and institutions. To some extent we have a fragmented state, and the constitutional dispensation recognising three spheres of governance, while progressive in intent, has often in present circumstances further fragmented our efforts.

What is the nature of the state's intervention into the economy? It is necessary to preclude from the discussion those positions that see the only litmus test of state intervention as being the ownership and control of production - anything less is seen as being an accommodation or temporary until the balance of forces is finally tilted to this position. The position whereby the state should only lay down basic laws that facilitate the working of the market is also precluded. State intervention can then be a wide range of actions that seek to alter economic activity. These actions include nationalisation, but this is not the exclusive intervention. Most attention gets focused on the spectrum that ranges from nationalisation to privatisation. This ignores other key interventions that are vital in the transformation. A coherent transformation will require state ownership; policies that influence private investment; changed rights of access to and use of natural resources (eg., land, water, minerals, forests, marine resources) and a range of regulatory and supervisory dispensation.

In this paper, we have focused on the role of the state in the economy. Obviously, the state's transformational role is not confined to its interventions into the economy. A progressive, ANC-led state needs to lead overall social and political transformation. A critical area

upon
which we need to bring state power to bear is in the ideological domain, not least in regard to
the transformation of the media. The largely unreformed character of the media has been one
further factor complicating the attempt of our alliance and the state power we wield
, to
consolidate and foster an understanding and unity around our programmatic perspectives.

We have focused on state intervention, but clearly the state does not act alone in the
transformation effort. Part of the state's activism is precisely to help to mobilise certain social
forces. The very existence of the Alliance indicates that the State envisages that mass
movements and organisations in civil society will play an active role in the socio-economic
transformation. The state will not rely on the direct instruments of government and state
institutions alone to bring about the transformation. There is agreement on this and it is
dealt
with in various ways in recent documentation. Concerns are expressed as to whether there
has
been such mass involvement since the election. However, what is not so clearly dealt with
is
what this requires of the Alliance partners in their own functioning. It is clear that the
management of this process is also causing problems.

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- 5.2.
- 5.3.
- 5.4.
- 5.5.
- 5.6.
- 5.7.
- 5.8.

organisation and mobilisation of our mass constituency. This strategic approach is contained, for instance, within the "people-driven" notion of the RDP.

However, our common commitment to this general principle does not mean that, in practice, it is always easy to achieve an effective complementarity between decisive, state-led transformation and mass participation.

On the one hand, there is often a major disproportionality in capacity. The technical and policy-making capacities of government are (should be) far in advance of our mass formations. This can lead to technical impatience with mass formations, on the part of comrades in government. This impatience is often sharpened by the enormous pressures on government to 'deliver'.

3

On the other hand, government structures, especially those responsible for technical instructions are often barely transformed. What might seem like a technical matter, may in fact be a serious deviation from our NDR goals.

We have, generally, failed to elaborate a clear mobilisational programme for our mass constituency. Over the past three and a half years, formerly active and mobilised constituencies have often been marginalised spectators and anxious would-be recipients of delivery. This is a recipe for confusion, disgruntlement and a lack of a shared understanding of where we should be going.

All of the above problems are further exacerbated by the relative weakness of our organisational structures - this probably applies especially to the ANC and SACP. It also applies to our broader mass democratic movement formations.

As a result of all of the above, our shared stated commitment to combining decisive state-led transformation with popular organisation and mobilisation can often seem to be little more than lip-service. From the side of government there is the suspicion that mass mobilisation is little more than "sectoral" rocking of the boat, unnecessary disruption of government's transformation efforts. From the side of mass formations there is often the sense that government has "sold out", that it is no longer committed to our RDP and NDR goals.

We need to emerge with a much more concrete understanding of our strategic tasks in and out of government. We need to emerge with a practical programme of action that is capable of organising and mobilising our constituency in ways that converge with what we are seeking to achieve in government. We need, also, to appreciate, that mass mobilisation should not be narrowly equated with "marching in the streets". The variety of participatory forms that we have begun to evolve in the context of, for instance, the legislative process, must themselves be seen as mobilisational work.

EXECUTIVE SUMMARY

TRIPARTITE ALLIANCE SUMMIT
31 AUGUST - 1 SEPTEMBER 1997

Introduction

1.1.

1.2.

The Tripartite Alliance National Executives Summit was held on 31 August to 1 September. It was convened two weeks before the COSATU National Congress (in mid-September), and also in the general run-up to the ANC December National Conference, and the SACP's April 1998 Congress.

The Summit also occurred in the context of difficulties within the Alliance. In his opening address, ANC President, Nelson Mandela, referred specifically to "unresolved matters facing the Alliance". In particular, he referred to the Basic Conditions of Employment Bill and the Macro-Economic Policy debate.

1.3.

Comrade Mandela set the tone for the rest of the Summit by making several basic points:

1.3.1.

"frankness is what is required at this summit...frankness is what the alliance requires among ourselves to thrash issues out and resolve them";

1.3 .2.

that the Alliance partners are likely to relate to each other in three different ways:

(a)

(b)

(c)

There are issues on "which we agree from the outset".

There are issues where "we will start from different angles but because of our concern for unity and harmony as comrades, we will compromise, and come out with a uniform position".

And, the President added, "there are issues where it may be very difficult for us to agree and I think we should be realistic enough to appreciate that this is going to be the position".

1.3.3. On the macro-economic debate, comrade Mandela asserted that it was wrong for any partner to adopt a "non-negotiable stand". "There is no reason why any document which we have made. . .may not be amended" in the light of experience and comradely debate.

Broad strategic perspectives

2.1.

2.2.

The Alliance Summit reaffirmed the common commitment of the partners to the

strategic perspective of a National Democratic Revolution. The alliance is not a short-term or tactical relationship, it is grounded in a shared strategic perspective, elaborated in many policy positions, not least the RDP.

However, the danger is that, while we all invoke the "NDR", we may be giving the concept very different content. The Summit did not complete discussion on this critical, overarching topic. Nevertheless, certain points of convergence emerged:

2.2.1. The NDR is neither "socialist" nor "capitalist", it is grounded in the vision of, in

the words of the ANC Draft Strategy and Tactics, "All Power to the People".

2.2.2. The ANC's two alliance partners have socialist programmes, which see the NDR

vision and its core values, not as a "passing phase" but as integral to the kind of socialism for which they are striving. Obviously, while sharing a vision of Peoples Power, not all ANC members necessarily agree that this implies socialism.

2.2.3. The national and global terrain on which we are struggling to implement an

NDR is dominated by capitalism. This is a reality which cannot just be wished away. Capitalist corporations own and control enormous resources which we require. On the other hand, the capitalist accumulation process, left to itself, everywhere promotes inequality and underdevelopment. We have to engage capitalism, and we have to struggle with and against it. The one-sided emphasis on one or another of these challenges (the "with" and the "against") often results in dispute and conflict within the alliance. Both the "with" and the "against" are crucial.

The role of the state in the economy

3.1.

3.2.

Directly related to the above, is the further conclusion that our democratic state needs to be an active and interventionist state. A laissez-faire approach to existing markets will simply reproduce the inequalities and poverty crisis in our society. The state needs to intervene actively into the economy.

However, the nature of state intervention cannot be measured on a simplistic scale that ranges from privatisation to nationalisation. There is a wide range of measures and instruments that the state needs to use, many of them not narrowly dependent on ownership. These measures include planning and coordination, regulation, the transformation of land and water rights, the democratisation of the labour market, and investment and industrial strategies.

3.3.

The Alliance summit agreed on this broad approach, but it also agreed that, if the state is, indeed, to play this kind of active transformation role, the institutions we have inherited still require major transformation themselves.

Specific Sectoral Issues - Commissions

4.1.

The Summit, in Commissions, then addressed a number of broad sectoral matters:

4.1.1.

Industrial strategy, trade, investment and empowerment.

4.1.2. The transformation of the labour market.

4.1.3.

Social wage, social needs and social security.

4.1.4.

Public sector transformation.

4.1.5. Fiscal and monetary policy.

4.1.6.

Rural development and land.

4.1.7. An employment strategy.

4.2.

The report-backs from these commissions are reflected in the documentation attached.

Major decisions of the Summit

5.1.

The centrality of a strong, democratic state for transformation requires special alliance attention - to that end the summit resolved to set up an Alliance Task Team on the restructuring of the public sector under the leadership of the Deputy President.

5.2.

The alliance must develop a coordinated employment strategy which aligns all aspects of

(outlined above), the Alliance needs to address the following:

3.3.1. The problem of new technology and displacement of workers : how to combine employment creation with advancement of our technological base

3.3.2. Investment strategy and use of prescribed assets on pension and provident funds, including an RDP bond, as a means to direct investment into employment creation

3.3.3. Employment strategy in relation to restructuring of the public sector, and the impact

of privatisation.

3.3.4.

3.3.5.

Alliance should resist the approach of employment at all costs, and state incentives to sweatshop factories, e.g. Botshabelo should be reviewed.

Alliance needs to develop position on question of the push in some quarters to outsource & contract out state functions, and the impact of this on employment.

alliance debates. Naturally, the degree of emphasis placed on the with and the against in any particular context will be the subject of legitimate debate and difficult judgement calls.

2.

The balance of forces

2.1.

2.2.

2.3.

As alliance partners we share a common strategic understanding that, while we are committed to a profound national democratic transformation process, we are seeking to transform our society on a national, regional and global terrain that is not of our own choosing. This factual observation is not grounds for pessimism, complacency or resignation. Nor, however, can we simply indulge in voluntarism, as if fervently wishing for or advocating certain objectives were sufficient to achieve them. Because our national democratic transformation process challenges powerful vested interests in and outside of our country, we can expect constant opposition, and constant attempts to undermine, subvert or redirect our transformation objectives.

Between resignation or co-option on the one hand, and reckless voluntarism on the other, there are many complex choices and judgement calls. At times, within our alliance, one or another partner might feel that another partner, or sections of it, are too resigned to, or complacent about, or co-opted by the given balance of forces. On the other hand, there may well be the counter-allegation that this or that alliance partner, or sections of it, are recklessly voluntaristic. To remain at the level of general accusation may or may not be true. But it is unlikely to be helpful without further examination and debate. This is why, in the sections of this working agenda that follow, we will attempt to further elaborate, itemise and provide a sense of the informational base on which strategic policy options have been chosen.

In general, however, as an alliance we agree that the balance of forces needs to be analysed and understood not in order to become resigned to its reality. We seek to understand the given balance (perhaps it is better to speak of trajectory) of forces in order better to understand how to take forward, intelligently and in a sustainable manner, a transformation struggle that progressively changes that balance of forces itself.

Threats and challenges to the NDR

3.1.

3.2.

3.3.

The general characterisation of those forces posing a threat to, or actively blocking, our national democratic transformation process is itself an area that results in debate and difference within our alliance.

The threat to the national democratic transformation comes, in particular, from those social forces that accumulated powers and privileges within the old dispensation. It is important, however, to disaggregate these forces into at least three categories:

3.2.1. The hard-core counter-revolution.

3.2.2.

Constitutional political party opposition.

3.2.3. Big capital.

The hardâ\200\224core counter-revolution was substantially (if perhaps temporarily) marginalised by April 1994, and it continues to be disrupted by ongoing exposure (TRC, trials). But there are signs of some regrouping of these forces, whose agenda is the active destabilisation and eventual overthrow of the new democratic dispensation. This regrouping is occurring, in part, on the terrain of organised crime. The inter-face between crime syndicates, general destabilisation and a sophisticated disinformation/demoralisation campaign on the one hand, and 3rd force networks

ASSESSMENT OF THE CURRENT PHASE OF TRANSFORMATION

A common commitment to the NDR

1.1.

As alliance partners we agree that the current phase is one in which we need to advance, deepen and defend a vast national democratic transformation process in our country. Among the broad alliance programmatic policy statements on the general character and content of the national democratic process is the RDP document with which we, as an ANC-led alliance, contested and won the 1994 elections.

-

1.2.

As alliance partners we have all affirmed that, since the 1994 democratic breakthrough, there have been major achievements in, amongst other things:

1.3.

1.4.

1.5.

1.6.

1.2.1. Consolidating peace and fostering reconciliation.

1.2.2. Adopting a progressive constitution.

1.2.3. Ensuring democratic elections for all three spheres of governance.

1.2.4. Making some significant beginnings in the overall process of socio-economic change and delivery by way of legislative reform, institutional transformation and implementation of many new programmes.

These relative successes, and the general lack of strategic vision amongst our political opponents, have also resulted in a considerable decline in support for our main political opponents. This decline is, in turn, resulting in internal turmoil and some infighting within their ranks. We need, as an alliance, to count this reality as a further achievement on our part.

The degrees of success, whether we could have done better (or even much better), and an appreciation of where there have been failures - these are all areas of legitimate debate between our three formations, and, indeed, within each of them. In the ensuing sections of this working agenda, we shall attempt to elaborate and unpack some of these areas of difference and debate with more specificity.

However, as an alliance, collectively and as separate formations, we have all resisted

to give way to the campaign of demoralisation (a campaign that is often a thinly veiled racist campaign) that asserts that "things have got worse" or "no better" since April 1994. Our preparedness to be critical and self-critical, and our preparedness to debate among ourselves should never be confused with the demoralisation campaign waged by our opponents.

A key question, and area of debate and misunderstanding that often occurs in the alliance, relates to how we understand the NDR. For some, there is a very "stage-ist" understanding of the NDR. This "stage-ism" presents itself in two mutually reinforcing ways:

1.6.1.

1.6.2.

either with the argument that this is the first, "capitalis " stage of our struggle, and therefore the "creation" of a "deracialised" free market capitalism is our key strategic task;

or, with an equally mechanical "stage-is " approach to the NDR, others dismiss this period of struggle as little more than a platform for a different (socialist) agenda. In this latter view, the importance of building a power

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REPORT OF THE PREVIOUS
ALLIANCE SUMMIT

2.5.2. There is no simple solution to the problem, but it calls for maturity and decisiveness

from local and provincial leaderships, and also a clear division of labour and strategic purpose of our respective organisations. (An SACP branch is not an alternative to an ANC branch, but a local-level organisation of socialists within the context of a broader ANC-led alliance).

2.5.3. The SACP and COSATU have incidentally, systematically disowned those who have sought to be elected into local governments for instance on an SACP ticket.

3.

The lack of a clear alliance programme of action.

3.1.

The most serious obstacle to the effective functioning of our alliance has, however, been the absence of a common Programme of Action around which we can:

3.1.2. Unite our efforts strategically;

3.1.3. Build our respective organisational structures

3.1.4. Re-build a broader mass democratic movement; and

3.1.5. Mobilise popular forces.

3.2.

It is this lack of a clear alliance Programme of Action that has exacerbated all of the other problems noted above. And it is a lack that deprives our co-ordination work of any strategic purpose, or measuring stick. This summit must help us to develop such a Programme of Action.

meetings often lack a capacity to carry through decisions, reflecting organisational weaknesses within the respective formations. The meetings are often focused on immediate interventions, and on crisis management.

(b)

(0)

National officials. In the last months of 1996, and through 1997 there have been relatively frequent alliance bi- and tri-laterals between officials of the respective formations. It is generally agreed that such meetings need to be more regular, in part to buttress the coordination at the secretariat level, and in part to raise the alliance debate to a more political and strategic level.

Joint executives - over the past three years there have been twelve meetings of delegations from the three executives. (This is the sixth). It has been resolved that these need to be more frequent - around 3 per year. The lesson derived from the April 1997 executive summit is, however, that it is imperative that such meetings be well prepared with a clear set of objectives and effective documentation otherwise they can set us back, rather than take us forward.

1. 5.

Alliance co-ordination at provincial, regional and local levels.

All of the above occur at a national level. At other levels the picture is even more uneven. In some provinces there is regular and effective contact between the alliance partners, but this is often the exception rather than the rule.

Areas of complication within Tripartite Alliance.

2.1.

2.2.

2.3.

Managing differences. In the ANC's 1997 January 8 statement it is said: "We need from our allies unity in action, but a real unity based on our different formations acting independently and robustly defending their principles, their constituencies and their perspectives. "

This clearly states the fundamental basis of any meaningful alliance. There would be little point for an alliance if the respective formations were mere echoes of each other, or if they agreed absolutely on everything.

However, when differences do emerge, it is not always easy to deal with them effectively and constructively. Finding the right balance between unity in action and robust independence can be complicated. In our situation, much of the media and other unfriendly forces are on the constant look-out for signs of "tension within the alliance". These forces are happy to muddy the waters.

2.4.

We have, as an alliance, learnt a number of lessons these past few years:

2.4.1. Constant communication at all levels is crucial, particularly when one or another alliance partner is about to issue a critical statement, for instance;

2.4.2. Respect for the constructive raising of concerns is essential. If our various formations do not raise certain critical concerns that are in the public domain, other more hostile forces - ultra-left, or demagogic forces - will, however, we all need to be constructive. We need to guard against cheap, public point-scoring.

2.5.

The opportunistic use of alliance structures.

2.5.1. One of the major sources of irritation, particularly at a grass-roots level, within the

alliance has been a tendency for elements (who have, for instance, failed to be elected on to the ANC branch executive) to use an SACP (or SANCO) branch to launch a rival claim. This kind of activity is often closely bound up with inter-personal rivalries and election-list processes.

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Summit.

PUBLIC SECTOR TRANSFORMATION

Basis for Agreement

1.1.

1.2.

We need to transform the public sector from being an agent of repression and minority privilege to an institution which is geared towards delivering basic services to all South Africans. As such it needs to be both representative and reoriented towards delivery.

This definition extends in the RDP and the Constitution beyond the public service narrowly defined, to all organs of state, or the "public sector", including parastatals, public service at national and provincial levels, local government, and semi-statutory bodies.

1.3.

This transformation exercise involves:

1.3.1.

Rationalisation of duplicated apartheid institutions

1.3.2. Restructuring of the public sector to reorientate and expand resources to service delivery, away from bureaucracy- which involves a major reallocation and reprioritisation exercise.

1.3.4. The introduction of new cultures, structures and management practices aimed at

achieving accountability, efficiency, accessibility.

1.4.

Broad agreement has emerged - although with some differences- on important elements of a strategy for transformation: HRD, service delivery, and employment equity for the public service, as contained in the current green and white papers. However there are significant differences on aspects of these, as well as other elements of transformation.

Problem areas

2.1.

2.2.

2.3.

2.4.

2.5.

2.6.

2.7.

2.8.

2.9.

Lack of agreed alliance strategy to guide restructuring process.

There is still no clear audit of the public sector, and, linked to this, a plan to restructure.

Restructuring has been equated with 'downsizing'. This has been intensified by the programme of fiscal cut-backs, and the ideology of 'lean state'.

It is believed that, in the absence of a clear strategy, mechanical exercises are being embarked on which damage the transformation process - eg attrition and voluntary severance.

Despite the National Framework Agreement, restructuring of state assets still tend to be privatisation-driven.

There is lack of agreement on the role of the private sector in delivery (vs the role of the public sector). There is also no agreed approach to Public Private Partnerships (PPPS).

Increasing outsourcing, cut-backs, and involvement of the private sector in driving state institutions, all lead to a concern about the danger of running down, rather than transforming the state.

Agreement is needed on the areas where expansion in service delivery is required, and an approach to resourcing this.

Agreement is needed on an approach to public sector pension funds, including the question of moving towards a pay-as-you-go system, to release state resources.

hard-core counter-revolution) not as serious alternatives (for the moment), but rather as "useful" counterbalancing forces.

3.5.2. This reality creates space and dangers for us as an alliance in our interaction with big capital, both nationally and internationally.

3.5.3.

In approaching this interaction, two extreme views are sometimes found within our alliance:

(a)

(b)

The illusion that the profit-seeking agenda of big business is simply congruent with our NDR objectives - or (in a more cynical variant of this) that big capital is so powerful that there is no alternative to failing in with it.

The illusion that we can simply declare big capital "the enemy", and pursue headlong our own agenda regardless of the consequences.

3.5.4. The danger of the first illusion is that it disarms us. Unlike our major political opponents on the national terrain, the organising ideology of big capital is relatively coherent and globally hegemonic (even if its hegemony is now less triumphalist than it was 15 years ago). This organising ideology - essentially an ideology that fosters and justifies the conditions for the unimpeded, profit-seeking global flow of private capital - is often referred to as "neo-liberalism".

3.5.5. Because of its global hegemony, this ideology is ubiquitous and when, as an alliance, we are divided or confused, neo-liberalism quickly fills the vacuum, presenting itself as "plain common sense".

3.5.6. But the second illusion ("declare big capital the enemy and simply pursue our own agenda regardless") is also dangerous. The realities of our global and national situation are such that big capital controls substantial resources without which we cannot carry forward our own national democratic transformation. The power of big capital, while not unchallengeable, is substantial and, particularly on the financial markets, it is able to manipulate and destabilise.

3.5.7. However, the more strategically intelligent sectors of big capital are able to recognise that only the ANC (but probably not, in their perception, its alliance) is able to create the levels of social and political cohesion within our country (and within our region) that can establish the platform for a return to sustainable profitability. This creates the possibilities for an effective engagement with big capital from our side.

Questions to be debated:

(a)

(b)

(c)

Do we broadly agree on the above formulations on the challenges posed by big capital to our NDR?

How do we manage our interaction with big capital in ways that are strategic and sustained?

What means do we have for gaining the co-operation, for regulating and for disciplining big capital? (some of this will be dealt with more substantially in the section on "The Role of the State").

3 .6.

We have distinguished three kinds of threat/challenge to the NDR. Differences within our alliance are often rooted in collisions caused by:

INDUSTRIAL STRATEGY

Industrial policy
Investment

-
-

Trade
Empowerment

1.

Basis for Agreement

1.1.

1.2.

1.3.

1.4.

1.5.

There is agreement on the need for an industrial strategy. A number of problem areas are identified below. However, it is likely that the areas of agreement will be further consolidated when we have more commonality on the assessment of the current conjuncture and the role of the state in socio-economic transformation. The instruments of industrial strategy that are currently being used can be more effectively assessed in the light of the tactical, strategic and theoretical issues that arise in the above debates.

We should accept that policy differences may exist in regard to specific and general instruments and they must be identified.

The reason that there is agreement on the need for industrial strategy is because of the agreement that if current market forces continued in an unmodified way then the ability of the South African economy to both sustain, - and more importantly - to expand sustainable economic activity will be seriously threatened. The emphasis on an industrial strategy is not because other key areas of the economy such as agriculture are being ignored but because the transformation of natural resources requires industrial processes. Without an industrial strategy our economy will revert to raw material production alone and this will not be capable of generating development.

Accordingly it is industrial processes, including agro-industry, that lie at the centre of rebuilding the economy as envisaged in RDP. This is strengthened by agricultural strategies that facilitate food abundance and food security. A new reality is the centrality of an information strategy.

It is also essential that human resource, labour market and macroeconomic strategies are coordinated. There is a great deal of work being done in all these areas and summaries are provided for key areas in the ANC support documents. This is a matter for a great deal of further work in ensuring common ground. It is essential that this is done because th

is is a
critical arena in which the Alliance will be able to effect transformation.

2.

Problem Areas

2.1.

Lack of an agreed strategy to channel/direct private sector investment through:

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prescribed assets
tax measures
exchange control
interest rate policy
regulation of financial sector
other

2.2.

Lack of agreed public sector investment strategy

2.3.

Disagreement on approach to Balance of Payments problems:

2.3.1. whether there is an excessive focus on exports which ignores the need to increase

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RURAL DEVELOPMENT AND LAND REDISTRIBUTION

Basis for Agreement

1.1.

1.2.

1.3.

1.4.

The legacy of poverty and inequality has been especially concentrated in the rural areas of our country, in both the former bantustans, and the white rural areas.

Addressing this legacy must be one of the key priorities of the Alliance in reconstructing our country.

The central question which needs to be addressed in looking at the question of rural development is the viability of a large-scale programme of land redistribution, along the lines of that implemented in a number of developing countries. According to the RDP: a national land reform programme is the central and driving force of a programme of rural development. .. this programme must be demand-driven and must aim to supply residential and productive land to the poorest section of the rural population and aspirant farmers. (pp19-20)

Such a programme of land reform must be complemented by a range of other measures which raise the incomes, and address the needs of the rural poor. Special attention needs to be given to the plight of rural women. Programmes to develop rural infrastructure, regional development initiatives incorporating rural areas, rural small business and co-operatives, public works programmes, and rural extension, are some of the issues which have been identified as priorities.

PROPOSALS OF SUMMIT (Land and industrial policy)

2.1.

2.2.

2.3.

The Summit proposed the convening of an Alliance workshop on Industrial policy to take these issues forward.

There needs to be co-ordination of the Alliance approach to employment creation. This discussion should be completed before the Jobs Summit.

The Alliance policy process needs to clarify our strategy in relation to rural development and land reform.

2.4.

The Alliance should seek to reach agreement on related issues before going into Nedlac.

THE FUNCTIONING OF THE ALLIANCE

1.

Brief Assessment of Alliance since April 1994

1.1.

While in the public media a great deal of attention is continuously given to predicting an imminent "break in the alliance", from within the alliance, this is not a dominant concern.

What is central is the question: "How do we make the alliance work better?" The question marks a general appreciation that, notwithstanding the general commitment to our alliance, it is an alliance that has not functioned nearly as effectively as it should have. To assess this

functioning and to seek improvement it is useful to consider a number of areas:

1.1.1.

Policy formulation -. the alliance was central to the drafting and popularisation of the

RDP in 1993/4; since April 1994 there has been intense interaction within the alliance on some issues of policy-making (restructuring state assets, new Constitution). In other cases, especially when the matter is of direct sectoral concern to, for instance, COSATU, there is intense engagement with ANC ministers in government but less effective alliance management of the process in general.

In the course of 1997, the ANC has sought to rebuild its own policy-making capacity, and in the process the SACP and COSATU have been increasingly involved in policy conferences and seminars. Question: how successful are these initiatives? ; how can we improve upon them?

On many other issues there has been less effective alliance work on policy-formation - reflecting in part the complexity and vast scope of policy-making in the new circumstances, and the disproportionality between government capacities (and pressures upon it), and the capacities of our three allied formations.

1.1.2.

Organisational co-operation - There are a number of sectoral areas in which there has been substantial cooperation between two or all of the alliance partners. These include:

(a)

(b)

(c)

(d)

(e)

(f)

co-operation between organising departments of SACP and ANC.

co-operation between SACP and ANC on political education, and between SACP and COSATU affiliates.

close strategic co-operation between SACP and ANC in the financial/raising area.

tripartite co-operation in media production and through the alliance project - the Centre for Democratic Communication.

co-operation in the field of the Internet.

some co-operation around international solidarity work - jointly hosting solidarity groups etc.]

1.1.3.

Elections - the alliance has fought the various rounds of elections together. Presumably this has, in general, unified and broadened the ANC electoral effort, at least within our own core constituency. We need, however, also to assess how effectively the alliance has worked in these electoral campaigns and what needs to be improved.

1.1.4.

Overall co-ordination

(a)

The national secretariats have met on a fairly regular basis (in theory fortnightly) throughout the last three and a quarter years. However, these

A PROGRAMME FOR THE ALLIANCE

Basis for Agreement

1.1.

There are two major components which need to be present if the Alliance is to effectively drive the process of transformation:

1.2.

1.3.

1.4.

1.5.

1.1.1. An agreed alliance platform on key strategic policy areas for transformation

1.1.2. A mass-driven programme to ensure that the popular forces, together with the democratic state, are able to drive forward this alliance platform in the face of resistance from forces attempting to block transformation

The RDP remains the perspective of the Alliance, and needs to be asserted as the basis for our programmes of transformation.

We need, in the concrete conditions facing our new government, to develop an agreed programme to implement the RDP, and to identify which are the key areas which the Alliance wants to focus on to tilt the balance of forces, and qualitatively advance the transformation agenda.

The COSATU Discussion Paper has proposed that the Alliance reach an agreement on an approach to implementation of transformation, and identify the core strategic areas where such an agreement could be reached. The Alliance needs to decide whether it wants to pursue this approach. It also needs to decide whether this would form the basis of the platform for the 1999 elections.

Our constituencies have largely tended to be spectators in the transformation process. The Alliance needs to galvanise a mass movement for transformation, which unleashes the energies of our people in taking forward programmes which concretely improve their lives. Such a movement needs to be driven by the Alliance, but needs to go beyond the Alliance by incorporating all key sectors and strata of the popular forces. Such a movement would need to openly mobilise and defend government programmes aimed at transformation, which are being resisted by conservative forces. Creative campaigns at national and local level are also needed to capture the imagination of our people, and involve them in implementing practical projects, such as national literacy, health, housing, public sector transformation and other programmes. Proposals have also been made for the donation of working time to reconstruction projects, and financing mechanisms which could leverage the economic muscle of our people.

1.6.

The Alliance needs to set up the appropriate structures, including at the highest level, to plan, monitor, and implement this two-pronged programme for transformation. Experience has shown that existing Alliance structures are not able to perform these functions. To align the Alliance and government programmes will also require close structural co-ordination. Serious consideration should be given to the Norwegian model, which involves weekly

planning meetings including the Prime Minister, Party leader and trade union leadership to ensure effective coordination.

Recommendations

2.1.

2.2.

2.3.

Tight co-ordination in the alliance needs to also include a regular co-ordination mechanism with government ministers, which would deal with strategic issues.

The possibility should be explored of including the alliance leadership in monthly cabinet caucuses.

The proposal for an alliance platform needs to be explored by the alliance leadership, and processes set in motion to address this, if it is decided to endorse this approach. The

ANC, and a united alliance, tend to be underrated. The socialist forces in the present, NDR phase are, more or less, hitching a ride, with a separate agenda up their sleeves. The NDR and the ANC are treated with cynicism.

1.7.

1.8.

1.9.

Still another mistaken variant of the NDR is to treat it as, more or less, the equivalent of socialism. Any departures from socialism by the ANC or ANC-led government are criticised, not on practical grounds (because, perhaps, there is the belief that they will undermine the RDP or NDR), but from a dogmatic, ideological and purely labeling standpoint.

All of these positions are wrong, but all are to be found within our broad alliance.

The official programmatic perspectives of all three alliance formations are, however, quite different from the mistaken positions noted above. In contrast to these, the official programmatic perspectives of our alliance are:

1.9.1.

1.9.2.

1.9.3.

1.9.4.

That the strategic task of the ANC and its alliance is the consolidation of a united, non-racial, non-sexist and democratic South Africa - summarised in the ANC Draft Strategy and Tactics Document slogan: "All Power to the People". This strategic task is, deliberately, not couched in narrow ideological terms. The ANC, and therefore the programmatic perspective of the alliance it leads, are neither capitalist nor socialist.

The ANC's two key alliance partners, the SACP and COSATU, have both adopted socialist programmes. However, their commitment to socialism, and this is stated clearly in the official policy statements of both formations, is not in opposition to the NDR or the ANC. Both the SACP and COSATU see the struggle for "All Power to the People" to be absolutely integral to the struggle for socialism, and both believe that it is only under socialism that the slogan will achieve its fullest realisation. The present NDR struggle is not a mere platform, it is inherently valuable.

Many non-communists in the ANC movement might agree with this, many others may not. It is precisely to organise all progressive, popular NDR forces within a common organisation and within a broader alliance, that the ANC and the tripartite exist.

The ongoing struggle for national democratic transformation is occurring on a national and global terrain that is dominated by capitalist accumulation. All forces within the ANC and its alliance, socialist and non-socialist, are compelled to recognise this reality. Some might argue that capitalism must be abolished; and, until then, we should abstain from any responsibility for leading huge transformation struggles in the present. This betrayal of our present responsibilities is not the position of our alliance, or any of its partners. Nor is the opposite perspective, a simple and uncritical acceptance of the national and global realities as we find them, our alliance perspective.

1.9.5.

The strategy and tactics of the ANC and of our alliance, in the concrete conditions as we find them, involve a transformational engagement with the continuous tendencies of capitalist accumulation to exploit and oppress, and to reproduce massive national and global inequalities - as the ANC Draft Strategy and Tactics Document, clearly recognises (see section 9, p.27).

1.9.6.

At the same time we have to find, through continuous engagement, negotiation and inducement, points of convergence with the private sector.

1.9.7.

In short, we have to work with and against the profit-seeking logic of private capitalism. Failure to appreciate both the "with" and the "against" result in one-sided positions, which often result in intra-ANC and intra-

LABOUR MARKET

1.

Basis for Agreement

1.1.

1.2.

The problems of the South African labour market are amongst others unemployment, inequality & poverty.

The structural problems of the labour market, inherited from Apartheid need to be addressed by a deliberate programme, driven by the state to:

1.2.1. Reduce inequality in the labour market, and create employment at a living wage.

1.2.2. Create a floor of rights for all workers, especially the vulnerable.

1.2.3.

Invest in large scale training and human resource development programmes, linked to restructuring of the labour market & hierarchies.

1.2.4. Promote centralised bargaining as a mechanism to achieve these goals, combined with a legal framework of basic rights.

1.2.5. Ensure active labour market measures (ensuring mobility of workers within the labour market) are complemented by a comprehensive social wage, given the large problem of unemployment.

1.2.6. Embark on a deliberate programme of measures to ensure public sector and private sector employment creation.

1.2.7. Introduce measures, such as a social plan, which are needed to deal with the consequences of industrial restructuring.

1.3.

The above implies a large scale state driven programme of redistribution aimed at addressing problems of inequality, unemployment and poverty in the labour market.

FISCAL AND MONETARY POLICY

Basis for Agreement

- 1.1.
- 1.2.
- 1.3.
- 1.4.
- 1.5.
- 1.6.
- 1.7.
- 1.8.

We need a developmental and sustainable fiscal and monetary policy (and more broadly, a macroeconomic framework), which actively advances the agenda of the RDP, and is sustainable over the medium to long-term.

The ANC has set out the origins of macroeconomic policy and areas that still need to be addressed in one of the source documents available to the Summit. Fiscal and monetary policy are crucial components of a coherent macroeconomic policy. This was briefly dealt with in section 6.5 of the RDP. In the area of macro-policy there is a clear basis for agreement along the following lines :

The RDP remains the basic document of government economic policy. Aspects of it have been further elaborated in White Papers and other policy documents. In essence it argues for the integration of five basic policy programmes: meeting basic needs, developing our human resources, rebuilding and restructuring the economy, building democracy and increasing participation and maintaining macroeconomic balance. The RDP is also dealt with in the ANC Conference preparation documents where its essential strengths are highlighted.

The GEAR does not replace the RDP. It cannot in fact do this because it only deals with one of the five programmes ie the issues around macroeconomic balance. Macroeconomic balance sets an objective of stability in key macro-economic variables such as inflation, the balance of payments, government expenditure, savings, investment, interest rates and employment. These variables interact with each other and can do so in different ways. The basic argument is that a balanced strategy will facilitate the objectives of growth and development. The fundamental objective is to provide employment and a rising standard of living to the overwhelming majority of our people.

Macroeconomic balance is in effect an overall balance of policy measures. More importantly, the macro package has to be built on other policy programmes. An assessment of macro policy has to consider this link between macro and other sectoral and micro policy. A characteristic of a neo-liberal package would be a reliance on macro measures without supporting sectoral, micro or other institutional reforms. Accordingly it is essential to examine the context within which policy is being applied and whether fiscal/monetary policy and the GEAR remain consistent with the RDP.

It is also important to note to avoid unnecessary discussion that the "social wage" dimension of policy are mentioned but not dealt with in detail in GEAR.

These matters are dealt with elsewhere in the working documents for this Summit.

The Gear focuses heavily on fiscal policy because it relates very directly to the mobilisation of financial resources and Government's own performance is most directly judged on its fiscal performance. Monetary policy was not addressed as fully. However, it is clear that very detailed discussions will be needed to fully come to grips with the level of policy detail now being examined in the Alliance debate. Extracting from the various inputs, a listing of some of the main areas of concern is provided.

Problem Areas

2.1.

2.2.

There is no agreement on implications and objectives of current fiscal and monetary policy, and macro-economic framework.

The setting of deficit targets in GEAR is seen by some to arbitrarily dictate a contractionary fiscal policy, and have major ramifications for society, including cutbacks in social spending,

EMPLOYMENT STRATEGY

Basis for agreement

- 1.1.
- 1.2.
- 1.3.
- 1.4.
- 1.5.
- 1.6.
- 1.7.

The creation of sustainable employment, the protection of existing employment, and the reduction of unemployment levels, is not the task of one area of government policy, or the action of one department, but needs a comprehensive approach which synchronises all elements of policy into a coordinated strategy (particularly industrial, trade and investment policies, public sector and public works, fiscal and monetary, and labour market policies).

The employment strategy needs the commitment of all the major stakeholders in society.

The strategy needs to be consciously seen as part of a programme to address the legacy of poverty and inequality, and therefore implies the creation of particular types of employment.

An employment creation strategy which focuses mainly on creating low-wage employment, and reducing or freezing wages of the low-paid does not address the problems of poverty and inequality. This would rather be a strategy for redistributing poverty.

The unemployment problem in South Africa is structural. Therefore, an effective employment strategy has to involve restructuring of production and the economy, led by the state. A market-driven, private sector-led strategy will continue to entrench inequalities, and substitute labour with capital. If structural problems in the economy are not addressed, drives for greater productivity will not in itself resolve the problem, but can continue to worsen unemployment.

A planned, coordinated investment and industrialisation strategy, led by the state, is critical.

There needs to be an active strategy of targeting and promoting sectors and areas of economic activity which have most potential for creation of sustainable employment.

Employment strategies need to be aimed at expanding the formal sector of the economy, rather than contracting it, or expanding informal and unregulated economic activity. Also, the use of temporary, part-time, or casual workers, is associated with the reduction of the quality of employment, and the number of full-time workers, and should be discouraged. We do not agree with the TINA argument that job-less growth and reduction in formal employment is an inevitable feature of the current global situation, which has to be accepted.

An active employment strategy should also be seen as part of an economic strategy to stimulate domestic demand. As more workers are brought into the economy as producers and consumers, this in turn stimulates further employment.

A long-term employment strategy needs to benchmark its targets against the reduction of levels of unemployment and underemployment. Even apparently large-scale creation of jobs (as in Gear) is consistent with rising or static levels of unemployment (given new entrants onto the labour market). Further, social agreement is needed on maintaining existing employment, and investment in new employment as a social priority. There needs to be a national climate in which agreement is reached on a programme for retention of existing jobs, and creation of new employment. This needs to be agreed at national, sectoral and workplace levels. Where there is a crisis in an industry, a Social Plan needs to be put in place to deal with the downscaling process.

1.8.

In addition to promotion of employment in the private sector, there needs to be agreement on an employment strategy for the state sector, the social sector, and small enterprises.

This
should include:

1.8.1. Plans for mass delivery of public infrastructure; public works; labour intensive

construction; procurement strategies; an agreed approach to PPPs; and expansion of the public sector in areas of service delivery.

2.4.

2.5.

2.6.

2.7.

discussions in forthcoming congresses and conferences should lay the basis for this.

Alliance policy discussions need to focus on strategic issues.

Mass movement for transformation needs to be developed to drive forward the programmes of transformation.

There is need to develop greater cohesion in the alliance on a shared theoretical perspective.

The alliance needs to begin tapping more effectively on progressive intellectuals, look at the possibility of setting up a think tank, and ensure greater synergy between the research and policy work of the alliance and government.

2.8.

Legislation providing for the investment of a prescribed percentage of funds into social investment projects.

(outlined above), the Alliance needs to address the following:

3.3.1. The problem of new technology and displacement of workers : how to combine employment creation with advancement of our technological base

3 3.2. Investment strategy and use of prescribed assetsD on pension and provident funds, including an RDP bond, as a means to direct investment into employment creation

3.3.3. Employment strategy in relation to restructuring of the public sector, and the impact

of privatisation.

3.3.4.

Alliance should resist the approach of employment at all costs, and state incentives to sweatshop factories, e.g. Botshabelo should be reviewed.

3.3.5.

Alliance needs to develop position on question of the push in some quarters to outsource & contract out state functions, and the impact of this on employment.

vision and its core values, not as a "passing phase" but as integral to the kind of socialism for which they are striving. Obviously, while sharing a vision of Peoples Power, not all ANC members necessarily agree that this implies socialism.

2.2.3. The national and global terrain on which we are struggling to implement an

NDR is dominated by capitalism. This is a reality which cannot just be wished away. Capitalist corporations own and control enormous resources which we require. On the other hand, the capitalist accumulation process, left to itself, everywhere promotes inequality and underdevelopment. We have to engage capitalism, and we have to struggle with and against it. The one-sided emphasis on one or another of these challenges (the "with" and the "against") often results in dispute and conflict within the alliance. Both the "with" and the "against" are crucial.

The role of the state in the economy

3.1.

3.2.

Directly related to the above, is the further conclusion that our democratic state needs to be an active and interventionist state. A laissez-faire approach to existing markets will simply reproduce the inequalities and poverty crisis in our society. The state needs to intervene actively into the economy.

However, the nature of state intervention cannot be measured on a simplistic scale that ranges from privatisation to nationalisation. There is a wide range of measures and instruments that the state needs to use, many of them not narrowly dependent on ownership. These measures include planning and coordination, regulation, the transformation of land and water rights, the democratisation of the labour market, and investment and industrial strategies.

3.3.

The Alliance summit agreed on this broad approach, but it also agreed that, if the state is, indeed, to play this kind of active transformation role, the institutions we have inherited still require major transformation themselves.

Specific Sectoral Issues - Commissions

4.1.

The Summit, in Commissions, then addressed a number of broad sectoral matters:

4.1.1.

Industrial strategy, trade, investment and empowerment.

4.1.2. The transformation of the labour market.

4.1.3.

Social wage, social needs and social security.

4.1.4.

Public sector transformation.

4.1.5. Fiscal and monetary policy.

4.1.6.

Rural development and land.

4.1.7. An employment strategy.

4.2.

The report-backs from these commissions are reflected in the documentation attached.

Major decisions of the Summit

5.1.

The centrality of a strong, democratic state for transformation requires special alliance attention - to that end the summit resolved to set up an Alliance Task Team on the restructuring of the public sector under the leadership of the Deputy President.

5.2.

The alliance must develop a coordinated employment strategy which aligns all aspects of

EXECUTIVE SUMMARY

TRIPARTITE ALLIANCE SUMMIT
31 AUGUST - 1 SEPTEMBER 1997

1.

Introduction

1.1.

1.2.

The Tripartite Alliance National Executives Summit was held on 31 August to 1 September. It was convened two weeks before the COSATU National Congress (in mid-September), and also in the general run-up to the ANC December National Conference, and the SACP's April 1998 Congress.

The Summit also occurred in the context of difficulties within the Alliance. In his opening address, ANC President, Nelson Mandela, referred specifically to "unresolved matters facing the Alliance". In particular, he referred to the Basic Conditions of Employment Bill and the Macro-Economic Policy debate.

1.3.

Comrade Mandela set the tone for the rest of the Summit by making several basic points:

1.3.1.

"frankness is what is required at this summit...frankness is what the alliance requires among ourselves to thrash issues out and resolve them";

1.3.2.

that the Alliance partners are likely to relate to each other in three different ways:

(a)

(b)

(c)

There are issues on "which we agree from the outset".

There are issues where "we will start from different angles but because of our concern for unity and harmony as comrades, we will compromise, and come out with a uniform position".

And, the President added, "there are issues where it may be very difficult for us to agree and I think we should be realistic enough to appreciate that this is going to be the position".

1.3.3. On the macro-economic debate, comrade Mandela asserted that it was wrong for any partner to adopt a "non-negotiable stand". "There is no reason why any document which we have made... may not be amended" in the light of experience and comradely debate.

2.

Broad strategic perspectives

2.1.

2.2.

The Alliance Summit reaffirmed the common commitment of the partners to the strategic perspective of a National Democratic Revolution. The alliance is not a short-term or tactical relationship, it is grounded in a shared strategic perspective, elaborated in many policy positions, not least the RDP.

However, the danger is that, while we all invoke the "NDR", we may be giving the concept very different content. The Summit did not complete discussion on this critical, overarching topic. Nevertheless, certain points of convergence emerged:

2.2.1. The NDR is neither "socialist" nor "capitalist", it is grounded in the vision of, in

the words of the ANC Draft Strategy and Tactics, "All Power to the People".

2.2.2. The ANC's two alliance partners have socialist programmes, which see the NDR

and stii-\202ing of economic expansion.

2.3.

2.4.

2.5.

2.6.

Contractionary i-\201scal and monetary policy is believed to undermine an activist role f or the state in the economy.

Some believe viable alternatives to deal with macro-economic constraints have not been seriously considered, including alternatives for debt management, programme to bring down interest rates, pay-asâ\200\224you-go for public sector pensions, and reduction of d ependence on imports.

Contractionary monetary policy is believed to stii-\202e growth. Especially by using high interest rates as a blunt instrument to control ini-\202ation, and lack of alignment of t he Reserve Bank with a developmental strategy.

Some believe this monetary policy and liberalisation of exchange controls intensii-\201es the cycle of i-\201nancial speculation, volatile capital i-\202ows, and, lack of productive i nvestment.

2.7.

Cntractionary i-\201scal and monetary policy are believed to undermine employment creati on.

Proposals

3.1.

Where Fiscal and Monetary policy undermines the RDP, it needs to be reviewed.

3 .2.

3.3.

3 .4.

3.5.

The Alliance needs to look at ways of restructuring the Reserve Bank and realigning monetary policy

The Alliance needs to look at alternative approaches to the budget, the budget dei-\201ci t, and the approach adopted in GEAR.

The Alliance must investigate implementation of a Pay as You Go system for the public pension i-\201md, as a way of drastically reducing the public debt.

-

The Economic Transformation Committee needs to be broadened out to include the Alliance, to look into these questions.

2.10.

Agreement is needed on a medium-term strategy to implement the commitment to restructuring the hierarchies in the civil service, training and closing the wage gap. (Apparent agreement has given way to deadlock with the collapse of the 3 year agreement in the public sector).

Proposed way forward

3.1.

3.2.

3.2.

3.3.

3.4.

3.5.

An agreed Alliance approach on these issues should lay the basis for a National Framework Agreement between labour and government on transformation of the public sector.

This is an issue which requires urgent and immediate political attention by the Alliance.

The Alliance needs to make a political input into various processes around restructuring of the public sector, including the Presidential Review Commission. .

We need to agree on the issue of appropriate staffing levels in different areas of the public sector.

The alliance needs to extend its engagement on public sector restructuring to the question of local government

The Summit proposed the setting up of an Alliance working group, headed by Cde Thabo Mbeki, to look at the issues raised in the document relating to transformation of the public sector.

2.

Problem areas

2.1.

Some in the Alliance believe that GEAR reflects a shift from the above approach in that it:

2.1.1. Sees a significant cause of the inability to create employment being 'labour market

inflexibility' despite evidence in the ILO study on the Labour Market that, if anything our labour market is 'too inflexible'.

2.1.2. Proposes a 'more flexible' Collective Bargaining system (although the RDP envisages greater Centralised Bargaining & the ILO report details considerable inflexibility in the current system).

2.1.3.

It appears to promote a two tier labour market (it suggests separate wage schedules for youth). This is similar to the proposal in business' "Growth for All".

2.1.4.

Sees the concept of wage moderation and productivity-linked wage increases as a key element in generating growth and employment - despite Reserve Bank figures which show that wage moderation and productivity growth have not had this effect.

2.1.5. There is a view that GEAR does not envisage income redistribution to the low paid, or to workers in general.

2.1.6. There is also the View that these approaches will have the effect of entrenching existing inequalities of the apartheid labour market.

The Alliance needs to agree on an approach to transforming the labour market, including:

3.1.

3.2.

3.3.

3.4.

3.5.

3.6.

3.7.

Specific measures to close the income/wage gap between those at the top and bottom.

Comprehensive social wage measures and particularly unemployment insurance for those not absorbed in the labour market.

An employment strategy (in both the public and private sectors) to arrest retrenchments and to reduce the unemployment rate.

Agreement on financing of training.

An approach to the role of centralised bargaining and labour legislation in regulating the labour market.

An approach to productivity.

Deal with elements of (privatised) non-wage costs which raises the cost of employment (including medical-aid and retirement).

3.8.

An approach to the Jobs Summit.

Recommendations of Summit

The problem areas identified above should be reviewed in the light of the Summit's understanding that GEAR is negotiable.

The report on the labour market, emerging out of the Labour Market Commission, should be discussed by the Alliance before being finalised by government.

The idea of a comprehensive unemployment insurance needs to be clarified.

This Summit framework document should be used as a basis for discussion. An Alliance Working Group needs to be set up to look both at the labour market and social wage issues identified in the

4.2.

4.3.

4.4.

20

(that subsist in the state apparatus, or which have been "privatised") is at the heart of this threat.

Possible points of difference within the alliance:

3.3.1.

Is there indeed a counter-revolutionary threat?

3.3.2. Does it constitute the principal threat to the NDR?

3.3.3.

Is "law and order" the main means for dealing with this threat?

3.3.4. Do other realities (for instance, transformational mass mobilisation struggles) wittingly or unwittingly play into this counter-rev agenda?

3.4.

Our political opponents working within the multi-party political dispensation. Attempts by our major political opponents (NP, IFP, DP, Volksfront and the new NCF/NMP) to build a coherent political bloc around those social forces that benefited from the apartheid past and/or who fear majority rule have, for the moment, foundered. They have foundered on their own disparate social and class character (Afrikaner separatists, whites in general defending privileges, former securocrats, minorities feeling threatened by majority rule, an ex-bantustan elite, rural traditional leaders). From an alliance point of view, we have little to regret in this fragmentation of our political opponents. We do, however, need to recognise that they represent, in varying degrees, minority social interests of one kind or another. We have also to foster their ongoing involvement within the unfolding democratic dispensation.

The key strategic question we need to clarify as an alliance concerns the primary thrust of our strategy to deal with our constitutional political opponents:

3.4.1. Do we seek to absorb their constituencies and their leading cadre into the ANC? And what price do we pay in terms of our own identity and core constituency in so doing?

3.4.2. Do we seek to win as near to 100% of the vote as possible, thus obliterating our opponents? But again at what price to our core platform and transformational goals?

3.4.3. Or do we see them as legitimate opposition political formations representing, in the context of a multi-party dispensation, various minority views/interests that are not part of our constituency or platform, but which have a legitimate presence within an unfolding democracy?

There may, of course, not be a single answer to these questions. The answer may vary according to whether one is speaking about a party whose primary constituency is the rural black poor, or a party whose primary constituency is Afrikaner separatists.

3.5.

Big capital - internal and international

3.5.1.

In dealing with big capital, it is important to understand that, both in its objective activities and in the subjective attitudes of leading business personalities, we are not dealing with a monolithic entity. Big capital within our country is well aware of the fragmentation of our political opponents. It is unlikely to throw its weight unambivalently behind our political opponents and thus risk shutting the door on access to the ANC/government. Big business is, however, concerned that the ANC is unassailable politically and that, therefore, its own leverage over the ANC/government is diminished.

Big capital sees our political opponents (and - but perhaps not - even the

to define the key issues that need to be addressed, how many it is possible to deal with and the correct sequencing in order to advance further. The Alliance is not the only force seeking to transform South Africa and accordingly it is critical that the Alliance is able to identify the areas of strength and vulnerability in these other forces.

In doing this, the Alliance has to evaluate and analyse the forces at work in the international economy - globalisation and the class interests that are dominant in that arena. It then has to analyse the impact of those developments on the national and regional economies. It also has to take into account the impact on national reconciliation and nation building. However, having done this it has to evolve and implement effective policies and programmes that alter the lives of its constituency for the better and empower it in the manner dealt with above.

The questions that have to be reviewed are, firstly, whether the Alliance is fulfilling the role in relation to the government and state that is intended and secondly whether current actions by the ANC majority government are effecting the necessary institutional changes that will give rise to such an improvement and alteration of the balance of forces. There is a clear concern that there has been a retreat from this position, under pressure of the forces of globalisation and that a position has emerged where the role of the State is now seen as being the neutral referee between classes. There is a concern that, in the economic terrain, the government has adopted a position of there being no alternative but to manage the economy within the constraints of an economic orthodoxy, imposed by the dominant paradigm within globalisation. This stand is particularly strongly stated in the COSATU paper on An Alliance Programme for Socio-economic Transformation. The question also raised by this concern is whether there has developed a distinction between the position of government and that of the ANC. The purpose of this document is to provide a framework for a structured discussion that will lead to an agreed strategic approach, that guides our actions as an Alliance. Accordingly, a review of the debate is not possible. What is set out are key steps in the reasoning that would inform policy in regard to the role of the State in socio-economic transformation.

There are no proponents in the current policy documents of either of the polar options - namely of complete state control of the economy or at the other pole of no state involvement in the economy. What is at issue is whether market forces are dominant and the state's role is to facilitate their operation or whether it is the state's role to lead in that it defines the strategic parameters within which the market functions. In both cases market forces play a role but in one they dominate in the other they are shaped by the framework set by the state. An important point needs to be made in regard to the meaning of market forces. In the first conception above market forces are seen as an absolute and immutable economic law. In the second conception market forces are a system of transaction and of resource allocation - both these functions are derived from and then interact dialectically with productive forces and production relations. Accordingly the state intervenes to alter the features of the market forces which are subordinate features of more basic economic structures. The Alliance envisages that the state will play

the latter role. However, it is necessary to be more precise in the role that the state will play.

Is the state's intervention that of establishing the rules of the game as established by the dominant paradigm? In this sense it becomes a referee between contesting interests and class forces within that game. Both COSATU and the SACP have expressed a concern that actions of the government indicate that this is the position that is coming to be adopted. ANC documents acknowledge this as a danger but don't espouse any such concern in the present situation.

The problematic of the state intervening to the benefit of one set of social forces without effecting complete class domination of other social forces is a matter dealt with at some length in the Conference preparatory documents and in The State and Social Transformation. There is a clear and consistent position that the role of the state is to intervene in a manner that improves the lives of the ANC's broad and complex constituency with an unequivocal emphasis on the poor and the black majority. In doing this the state will intervene actively in market forces not necessarily to replace them with direct state involvement, but to transform the market places. However, it is further argued that there exist both objective and subjective conditions that allow an accommodation with major components of capital that can be managed to the overall benefit of the economy and the society. In this latter position, it is clear that the other two Alliance

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THE ROLE OF THE STATE

In the assessment of the current phase of transformation there is agreement that the Alliance has choices and that it can by its actions influence the balance of forces. This position is set out in all papers that emanate from the Alliance partners. However, it is also accepted that the Alliance will have to exercise these choices and implement policies and programmes within constraints. It follows from this that there is agreement on the need for the State to play a role in altering the balance of forces and thereby effecting socio-economic transformation. The issues that then arise are whether the State influences the balance of forces in a coherent direction and whether that direction alters the position to the benefit of a class or specific groups in the society. In addition, if the State interventions favour a class to what extent does this alienate other classes? If this happens what accommodations emerge in the new relationships?

The actual role of the State in the context of the above considerations is one of the great political economy debates and it is probably the key macro issue in governance and socio-economic transformation. There has been an active revival of this debate recently in our ranks. That the State should intervene in socio-economic processes is not in question. The question is the form and intent of the intervention. In this regard there is an unease that is expressed by many in the Alliance and the COSATU document is even more critical. It is important that this is dealt with.

On the basic form of the intervention there is substantial agreement that the two polar options of complete control of economic activity by the State or on the other extreme no intervention by the State in the economy are ruled out. The Alliance sees the State as making institutional interventions that bring about development and structural transformation in the society. This has been variously referred to as a Developmental or Interventionist State.

There is agreement that the exact role of the State does have to be located within the specifics of our history and the class configurations that exist. The role of race, ethnicity and the national question play a particularly important part in any analysis. The ANC view on the complexity of these issues within this historical conjuncture is more fully dealt with in Umrabulo 3 that contains discussion documents for the Conference and in the Special Edition on Strategy and Tactics. The African Communist [No 146 1997] contains papers by the ANC, COSATU and senior SACP representatives that also canvas these issues extensively. Without going into the detail of this crucial issue, it is clear that the Alliance represents the interests of a relatively complex collectivity that includes the working class, a large marginalised and impoverished constituency and components of other classes that were racially oppressed or opposed to racism. The interventions of the State should be to address the positions of this collectivity.

The state's interventionist role is essentially a transformational role and the great challenge facing us is how we can maintain a transformational momentum where the state continues to spearhead a national democratic transformational process which will:

5.2.

5.3.

Alter the balance of forces in favour of the popular collectivity represented by the Alliance.

Where the popular forces are empowered in a manner that mobilises them as ongoing forces of change. This is therefore a conception that is not dependent on government alone to drive change but on an interaction with an empowered people.

Such a momentum requires that transformational changes have to be sustainable and therefore strategic. Short term gains that are not sustainable or an excessive reliance on government and legislation alone will result in the loss of momentum.

It follows that the actual content of progressive reform is not the only criterion of transformation. The manner of achievement is crucial in that it defines the capacity to sustain mass involvement in transformation and thereby the sustainability of transformation itself.

The Alliance in its programmes of action must provide strategic leadership in this advance. It has

REPORT ON THE ALLIANCE SUMMIT

HELD ON 31 AUGUST - 1 SEPTEMBER 1997

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government policy, and around which the alliance forges a common approach - in advance of the proposed Presidential Jobs Summit.

On macro-economic policy it was agreed that we need a developmental, macro-economic policy, aligned to the needs of the country. Such a policy must evolve in line with these needs, while recognising the real constraints we face. No macro-economic policy is cast in stone and the Alliance needs to continue to discuss areas where there is disagreement.

Other areas, including social wage, labour market and industrial and investment strategy, will be taken forward by task forces of the alliance, which will report to the national office bearers.

All of the above requires the strengthening, upgrading and coordination of the policy-making structures of the Alliance.

The different alliance partners resolved to use their forthcoming national conferences and congresses to take forward all of the above, to consolidate a common Alliance platform.

5.3.

5.4.

5.5.

5.6.

1.8.2. The development of a coordinated employment strategy involving all government departments and state agencies

1.8.3.

Parastatal employment plans, which link employment expansion to roll-out of services

1.8.4.

Fiscal and monetary policies aimed at encouraging productive and employment-creating investment, and penalising speculative or employment shedding investment

1.8.5.

Investigation of the viability of promoting the social sector, including a co-operative sector, and other elements of worker and community-owned enterprises

1.8.6. Land redistribution and promotion of small-scale farming

Problem Areas

2.1.

2.2.

2.3.

2.4.

2.5.

Lack of agreement as to what constitutes the major impediments to employment creation, and the reduction of unemployment.

There is a view that current policies - including macro-economic policies, industry trade and tariff policies, investment policies, public sector restructuring, and privatisation - are not acting to create employment; are stifling economic activity; rendering our industries vulnerable to job-losses and inhibiting productive investment. Further, that the drive in some quarters to deregulate the labour market threatens to undermine the quality of existing jobs.

There is also a view that over-reliance on private sector driven growth and investment, without the introduction of measures to lead economic activity, and to channel and discipline capital, are failing to counteract, or leading to entrenchment of patterns of financial speculation and job-less growth. There is a need for agreement on measures to regulate the private sector, aimed at employment creation.

There needs to be agreement on what programmes and strategies the state can use in its infrastructure programmes, housing, procurement, public works, taxation, etc; to use its economic leverage and regulatory powers to ensure employment creation.

In particular there needs to be a review of our approach to the following areas, around which there is disagreement, or different perspectives:

2.5.1. Tariffs and trade negotiations

2.5.2. Export orientation vs. development of domestic market

2.5.3. Role of SMME's

2.5.4. Role of state in employment creation

2.5.5. The impact of labour market policies

Summit recommendations

3.1.

3.2.

The alliance must develop a coordinated employment strategy which aligns all aspects of government policy, and around which the alliance forges a common approach - in advance of the proposed Presidential Jobs Summit.

With regard to employment strategy the commission held that there was a need for a broad inter-departmental approach to eliminating unemployment and poverty.

3.3.

In addition to the issues identified in the framework document on employment creation

production of domestic capital goods

2.3.2. exchange rate policy

2.4.

Disagreement on whether the emphasis on export orientation and competitiveness underplays the need for:

2.4.1. A major focus on the domestic market/Southern Africa (linked to policies of redistribution which raise the purchasing power in the region and the significance of this market).

2.4.2. A deliberate programme of investment in production for this market, including the element of import substitution.

2.4.3. an expansion of demand side measures.

2.4.4. A tariff policy which protects South African industry where necessary.

2.5.

Disagreement/uncertainty on role of the state in the productive sector of the economy

2.6.

Trade Policy

2.6.1. Disagreement on key objectives: 'competitiveness' or need to build domestic industry/capacity and job creation.

2.6.2. Need agreement on an active/managed trade and tariff policy rather than 'cold wind of competition' In this regard we also need agreement on our approach to international trade agreements.

2.7.

Need agreement on a Social Plan and approach to other supply side measures (e.g. tax)

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The efficacy of these interventions will depend on whether they are coherent and coordinated in their implementation. This requires that there is a form of planning. The RDP, an agreed Alliance programme, is coherent within the broad framework of its drafting. In fact, it is probably more coherent than it is often given credit for. However, as policy is further developed it needs to retain this coherence and an alignment to the RDP. This requires ongoing planning and monitoring. This is necessary for another critical reason and that is that policy will have to be adjusted in the light of practice, available capacity, changing circumstances and indeed changing balance of forces. This is a complex process that requires careful management and we are clearly running into problems. There are concerns that policy is being made and implemented by the ministers alone.

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In summary, therefore, the Alliance needs to be at one on the following key issues:

19.1.

19.2.

That the state will lead, define and transform the parameters within which market forces will work.

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The objective of the state's interventions will be to alter the lives of its constituency for the better. In doing this it is cognizant of the constraints and that there will be an accommodation with capital in this process. It is also accepted that progress is not linear and that retreats and accommodations will be made in order to maintain a strategic advance toward our stated objectives.

19.3.

The state that we seek to build is one that will empower in order to mobilise mass movements and organisations of civil society in the transformation process and that this requires new modes of operating from all the alliance partners.

19.4.

The state will utilise a range of interventions to achieve its objectives.

19.5.

That effective state intervention requires coherence and therefore, a form of planning to ensure this. It will also be necessary to monitor and adjust policies and programmes.

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3.6.1. An inability to conceptually distinguish these different threats/challenges by

collapsing, for instance, the NP or big capital simplistically into the hard-core counter-revolution. The different threats and challenges cannot be dealt With identically;

3.6.2.

Or, conversely, isolating one danger and elevating it into the sole challenge we are facing. For instance, treating everything as essentially a "law and order" problem, and failing to see that more benign opponents might, because of their much greater powers and strategic capacity, pose the real long-term threat to the NDR;

3.6.3.

Or, by erecting Chinese Walls between these three kinds of threat/challenge. Distinguishing them must not blind us to the possible linkages between elements in one or another (in the present or at some future point).

3.7.

We have considered three challenges/threats to the NDR. There is, however, one further, overarching threat - the deep-seated poverty and inequality of our society. This is, perhaps, the greatest potential threat of all. In noting this threat, we are reminding ourselves that our collective determination to press ahead with thorough-going transformation is central to averting counter-revolution. Maintaining the momentum of change is the surest means to depriving anti-democratic forces of a mass base, without which their marginalisation will continue.

The emergent black bourgeoisie

4.1.

4.2.

The observation that we are pursuing a national democratic transformation process on a terrain not of our own choosing is connected to another related matter. Put another way, we are pursuing a national democratic transformation on a national and international terrain that is dominated by the capitalist system. We cannot wish away this reality, we have to engage with it.

Based on this reality, there is a view in some quarters of our alliance, that it follows from this that a "key strategic challenge" of the present is for the ANC-led alliance to "create or foster a new patriotic bourgeoisie". At its crudest, this observation may well be little more than individual opportunism. But in its more serious versions it represents an attempt to think strategically about how it is that we engage intelligently with the reality of a conjuncture dominated by capitalism.

It is clear that this topic needs to be thoroughly debated within our alliance:

4.2.1.

Is "joining" the capitalist class the only, or best way of engaging with the challenges of transforming ownership and management functions?

4.2.2. What is "patriotism", and, what is the measure of patriotism among capitalists?

4.2.3. To what extent are the emerging black bourgeois strata dependent on "white" capital, or upon their access to the state apparatus. In other words, are we dealing with a "patriotic" bourgeoisie, or with a bureaucratic or even comprador bourgeoisie?

4.2.4. How, as the alliance, do we engage with the reality of an emergent stratum/strata of black entrepreneurs?

Governance, mass organisation and mobilisation

5.1.

As alliance partners we have in our various strategic documents, and in the RDP base document itself, committed ourselves to the view that the NDR requires both decisive, democratic use of our new positions within government, and the

needs to get detailed inputs from relevant Ministries, and look at the vision contained in the RDP.

On food security, the Alliance needs to look at the question of redistributing government land (it was said government owns 65%+ of the land)

Concern was expressed that the BOP is opposing the NHI proposal on the basis that it will increase tax. It was recommended that the Alliance needed to discuss how to take the NHI forward, and to mobilise to this end.

A HIV summit needs to be .convened at a high level.

It needs to be established what has happened to the poverty relief allocation of R400 million.

The Alliance working group on the social wage and labour market needs to look at what is achievable in terms of a comprehensive social wage over the short to medium term

3.3.

3.4.

3.5.

3.6.

3.7.

SOCIAL WAGE/SOCIAL NEEDS/SOCIAL SECURITY

1.

Basis for Agreement

1.1.

1.2.

1.3.

1.4.

The RDP, the constitution and the White Paper on Social Welfare commit the democratic government to providing a comprehensive social security system of some sort, affordable housing, transport, health, land and access to retirement benefits - all of which together constitute a basic 'social wage' package - an economic floor below which no one should sink.

The social wage comprises of direct income transfers (such as social security benefits, retirement) and social subsidisation of the costs of basic needs (such as housing, health and transport).

Alliance partners have put forward proposals on a number of these areas (social security system, retirement fund, public housing, public transport and the national health system).

The RDP and the COSATU discussion paper see these benefits as not only addressing poverty, but having a developmental and economic logic.

The issue which requires close scrutiny is the form, organisation, delivery mechanisms and financing of these elements of a social wage, as well as the level (amount) and the coverage (means-tested or otherwise) of the population. Another issue which needs to be addressed is the balance between the direct levying of employers and workers, eg. for health care and social insurance, and the payment of the social wage from the fiscus.

2.

Problem areas

2.1.

A number of problems have been raised with the current approach:

2.1.1. Lack of a clear government process or coherent vision to set up a comprehensive social wage and social security net, although elements of such a vision exist, such as proposals for a National Health System.

2.1.2. One view is that the tight fiscal targets of GEAR have negative implications for

expanding the social wage, while others argue that reprioritisation of expenditure allows for development of the social wage.

2.1.3.

It is unclear whether there is actually agreement to establish a comprehensive social

wage, or whether we are simply aiming at equalising the fragmented and ad-hoc system inherited from apartheid. Strategy for a comprehensive social security system has been largely absent from government policy documents. If we regard the development of a social wage package as unrealistic or unviable, this needs to be explicit.

2.1.4.

It is argued that there is a trend of moving to privatise or commercialise (subordinate to profit) provision of basic needs, in areas such as transport.

2.1.5. COSATU has argued against what it sees as a concentration on market driven

programmes of delivery into infrastructure and housing. In its view this both makes housing unaffordable and inaccessible to the majority of workers and the poor, vulnerable to "downward raiding", and entrenches apartheid geography.

3.

Summit, Recommendations

3.1.

The Alliance should agree on what constitutes minimum standards in terms of the social wage.

3.2.

The Alliance needs to discuss its approach to a comprehensive social wage. This discussion

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- 5.8.

organisation and mobilisation of our mass constituency. This strategic approach is contained, for instance, within the "people-driven" notion of the RDP.

However, our common commitment to this general principle does not mean that, in practice, it is always easy to achieve an effective complementarity between decisive, state-led transformation and mass participation.

On the one hand, there is often a major disproportionality in capacity. The technical and policy-making capacities of government are (should be) far in advance of our mass formations. This can lead to technical impatience with mass formations, on the part of comrades in government. This impatience is often sharpened by the enormous pressures on government to 'deliver'.

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On the other hand, government structures, especially those responsible for technical functions are barely transformed. What might seem like a technical matter, may in fact be a serious deviation from our NDR goals.

We have, generally, failed to elaborate a clear mobilisational programme for our mass constituency. Over the past three and a half years, formerly active and mobilised constituencies have been marginalised spectators and anxious would-be recipients of delivery. This is a recipe for confusion, disgruntlement and a lack of a shared understanding of where we should be going.

All of the above problems are further exacerbated by the relative weakness of our organisational structures - this probably applies especially to the ANC and SACP. It also applies to our broader mass democratic movement formations.

As a result of all of the above, our shared stated commitment to combining decisive state-led transformation with popular organisation and mobilisation can seem to be little more than lip-service. From the side of government there is the suspicion that mass mobilisation is little more than "sectoral" rocking of the boat, unnecessary disruption of government's transformation efforts. From the side of mass formations there is the sense that government has "sold out", that it is no longer committed to our RDP and NDR goals.

We need to emerge with a much more concrete understanding of our strategic tasks in and out of government. We need to emerge with a practical programme of action that is capable of organising and mobilising our constituency in ways that converge with what we are seeking to achieve in government. We need, also, to appreciate, that mass mobilisation should not be narrowly equated with "marching in the streets". The variety of participatory forms that we have begun to evolve in the context of, for instance, the legislative process, must themselves be seen as mobilisational work.

partners make a similar assessment. This raises the classic questions of strategy and tactics in the interaction of class forces and the interaction of this complexity with economic tendencies and forces. The ANC has put forward positions that argue that it is the capitalist mode of accumulation that continues to dominate the world economy and that the state in the South African situation will have to establish institutions and a coherent policy programme that strategically shapes this process to the benefit of its constituency. The state is working with and against the forces of capitalist accumulation to achieve a defined objective. The relationship is dynamic and is in essence based on an accommodation that seeks to structurally alter the socio-economic order. This can only be done if there is a sufficiently powerful set of social forces that the state can mobilise and thereby influence and give direction to market forces. The state must be capable of a coherence of policy and be able to put in place the institutional structures necessary for change to take place.

This is a complex and dynamic process and it will never be a linear advance. The state will not always be able to act on its chosen terrain. If such an expectation existed in any significant quarter of the Alliance then there will be continuous tension. However, it is equally the case that such a strategy involves judgments and decisive action. The Alliance will accordingly have to be able to manage this process as we have learnt from our experience in introducing GEAR.

If the state is to intervene in the economy it has to develop the institutional instruments to successfully undertake such intervention. On this score it is clear that we confront many challenges. The state machinery remains considerably unreformed. The ANC-led government's capacity to intervene through the state is often undermined, deliberately or unintentionally, by unreformed personnel and institutions. To some extent we have a fragmented state, and the constitutional dispensation recognising three spheres of governance, while progressive in intent, has often in present circumstances further fragmented our efforts.

What is the nature of the state's intervention into the economy? It is necessary to preclude from the discussion those positions that see the only litmus test of state intervention as being the ownership and control of production - anything less is seen as being an accommodation or temporary until the balance of forces is finally tilted to this position. The position whereby the state should only lay down basic laws that facilitate the working of the market is also precluded. State intervention can then be a wide range of actions that seek to alter economic activity. These actions include nationalisation, but this is not the exclusive intervention. Most attention gets focused on the spectrum that ranges from nationalisation to privatisation. This ignores other key interventions that are vital in the transformation. A coherent transformation will require state ownership; policies that influence private investment; changed rights of access to and use of natural resources (eg., land, water, minerals, forests, marine resources) and a range of regulatory and supervisory dispensation.

In this paper, we have focused on the role of the state in the economy. Obviously, the state's transformational role is not confined to its interventions into the economy. A progressive, ANC-led state needs to lead overall social and political transformation. A critical area

upon
which we need to bring state power to bear is in the ideological domain, not least in regard to
the transformation of the media. The largely unreformed character of the media has been one
further factor complicating the attempt of our alliance and the state power we wield
, to
consolidate and foster an understanding and unity around our programmatic perspectives.

We have focused on state intervention, but clearly the state does not act alone in the
transformation effort. Part of the state's activism is precisely to help to mobilise certain social
forces. The very existence of the Alliance indicates that the State envisages that mass
movements and organisations in civil society will play an active role in the socio-economic
transformation. The state will not rely on the direct instruments of government and state
institutions alone to bring about the transformation. There is agreement on this and it is
dealt
with in various ways in recent documentation. Concerns are expressed as to whether there
has
been such mass involvement since the election. However, what is not so clearly dealt with
is
what this requires of the Alliance partners in their own functioning. It is clear that
the
management of this process is also causing problems.

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