University of the Witwatersrand

Research Report

The Class Compromised?
Satawu and Organised Labour's 'THE RECONSTRUCTION OF SPOORNET' Initiative.

Submitted to the Faculty of Humanities in partial fulfilment of M.A. Degree

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DECLARATION

I declare that this research report is my own unaided work. It is submitted for the degree of Master of Arts to the Faculty of Humanities in the School of Social Sciences at the University of the Witwatersrand, Johannesburg. It has not been submitted before for any other degree or examination at any other University.

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Warren McGregor

14th day of March 2018

DEDICATION

To the workers of South Africa, Africa and the world, whose daily struggles, but unyielding commitment to social change continues to inspire. To my fellow anarchists, our time will come again.

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CHAPTER 1

INTRODUCTION AND RATIONALE

This research project evaluates the radical reform strategy of the Congress of South African Trade Unions (Cosatu). It locates its theoretical departure point as the debates between those commentators and activists for and against radical reform both within and outside of the trade union movement. Many of these debates, some taking place at the onset of South Africa's democratic transition in the 1990s, a period in which Cosatu made some of its most important strategic political and economic choices, are investigated in Chapter two. Much has been written about these choices, most arguably from particular ideological perspectives. Yet, little research exists that seeks to examine these choices in practice. As such this report uses, as a case study, union involvement in and proposals for restructuring the state freight transport parastatal Spoornet (renamed Transnet Freight Rail, or TFR, in 2007).

"The Reconstruction of Spoornet" document and initiative was developed by Cosatu affiliate, the South African Transport and Allied Workers' Union (Satawu) (COSATU, 2000). This initiative – a union-designed plan for Spoornet/TFR restructuring, embedded in the Cosatu vision of radical reform – was formally adopted by Spoornet/TFR management and the South African government, the sole owner of TFR and its parent company, Transnet. This was, on the face of it, a major breakthrough for labour and radical reform in that it halted full scale privatisation of the parastatal, and was hailed as a victory by the unions and a vindication of their strategy (von Holdt, 2005). Indeed, Satawu remains involved in the ongoing restructuring process of the parastatal.

This report seeks to clarify and investigate the goals set by Satawu in its engagement with TFR restructuring. In Chapter four it argues that although Satawu has been able to achieve certain goals set, it has failed to meet others. This report will also contend that halting privatisation, one of these key goals, may not have been the solely the result of union involvement, including presenting an alternative restructuring plan to the state and TFR management. In fact, the state's apparent reversal was also as a result of local and international freight rail market conditions inhibiting the state's resolve at full-scale parastatal ring-fencing and privatisation, leaving the state with little option to restructure the enterprise, but keep it under state control.[1] Thus this paper argues, that despite claims that it was the union's dual ability to mobilise support amongst its members for worker action and presenting an alternative plan to the state on one hand, and on the other being able to create support from key state and government players that prevented privatisation, evidence shows that it was, instead a convergence of market forces that forced the state's hand.[2]

Radical reform (or strategic unionism) is a particular strategic orientation in the use and building of the power of organised labour. It stresses corporatist engagement by labour with the state and capital (including social pacts) and aims at using this power to influence macro-level socio-economic policy as well as workplace and industry management. This is backed up by using unions' ability to mobilise workers against employers in the interests of organised labour (Webster & Adler, 2000; Friedman & Shaw, 2000). It seeks, in short, to secure social democratic reforms via legal struggle to achieve the long term goals of co-determination in the workplace and throughout industry, and eventually a Socialist economy (Adler & Webster, 1995; Webster & Adler, 2000).

In the short-to-medium term, radical reform is described as a "left version of [S]ocial [D]emocracy" (Adler & Webster, 2000, p. ix) channelling workers into a "conflictual process of class compromise" with capital and the state (Webster & Adler, 2000, p. 3). The strategy seeks to democratise the workplace and state policy creation through union participation in corporatist structures, securing radical reforms that create (cumulatively) a more democratic dispensation and, eventually, socialism. Through such engagement, worker organisations seek, for example, consultation and, in some instances, joint decision-making in production issues "prefiguring the Workplace Forums provided for in the...Labour Relations Act" (Webster & Adler, 2000, p. 16).

Cosatu is afforded a vital opportunity, it is contended, to forge consensus around and shape policy through its engagement in the National Economic Development and Labour Council (Nedlac), the country's highest policy discussion body (Webster, 1995). It is able to do so, it is claimed, not only due to its ability to mobilise large numbers of members to strikes and protests, but also its relationship in a formal alliance with the African National Congress (ANC). This alliance with the governing political party in

[1] Interviews with Bethuel Maserumule and Richard Goode.
[2] Ibid.

South Africa is a key component of the radical reform strategy as it provides Cosatu intimate access to policy makers and, indeed, its officials to key positions in the state via the ANC electoral ticket. As such, in terms of economic policy, radical reform seeks a labour-intensive strategy and an active industrial policy aimed at industrial expansion and a progressive tax system directed towards greater welfare provision in order to boost demand. These are to be agreed to by the three macro-level actors of business, unions and the state.

Chapter five of this report, however, argues that despite Cosatu's position in the Alliance with the ruling party, neo-liberalism has been at the core of ANC socio-economic strategy since it took power in 1994, thus curtailing the demands of the more pro-worker and Left forces in the Alliance at the dawn of democracy. This insertion into a neo-liberal global order also meant barriers to more transformative policies that necessitated greater state interventionism.[3] Harvey's (2016) accuses neo-liberalism of being a political project to stifle and ultimately break the power of the organised working class in favour of ruling elites. If this point is taken seriously, the inability of Cosatu to change the ANC's socio-economic path undermines their position in the Alliance and thus a central pillar of the radical reform position. Chapter provides an overview of SA and the ANC's path to neoliberalism and its place at the core of that political party's thinking. Not only has state policy been underpinned by this particular form of free-market capitalism, it is also embedded into the fabric of its policy-making, acting in stark contradiction to the social democratic, state-centred developmental vision of Cosatu (and radical reform). The effectiveness of the radical reform strategy is called into question in the face of rising inequality and joblessness (Forslund & Reddy, 2015; SAVision2020, 2016).

Socialism is defined by Cosatu to mean a "transitional social system between capitalism (and other systems based on class oppression and exploitation) and a fully classless, communist society" (Cosatu & SACP, 1999, p. 62). Socialism requires "working class hegemony" in society and its four core features are democracy, equality, freedom, and the predominance of the "socialised" sector of the economy (ibid) via a Socialist state (Cosatu, 1997). This means that over time the state-controlled, or nationalised, portion of the economy would be the largest portion thereof. Therefore, the success of a state-orientated strategy, e.g. radical reform, would have to show a path towards this

[3] Interview with Bethuel Maserumule.

greater state control.

The South African Communist Party, which Cosatu is in a formal Alliance with alongside the ANC, identifies this form of socialism as workers' power exercised through the state controlled by a party of the working class, the Communist Party (SACP Politburo, 2002; SACP, 2012). The strategy to achieve this is not a revolutionary, but a social-democratic one – a series of ongoing reforms that enable, gradually, the development of a mixed economy through which working class hegemony via democratic means is to be created. To achieve this, a developmental state has to be built (Cosatu, 2012).

However, as both Chapters four and five show, socialism, or even a more pro-worker dispensation, cannot be solely reduced to state ownership of sections of the economy. Indeed, despite large-scale state control over the economy, the ANC's determination at holding its neo-liberal socio-economic programmatic course, evidenced by the restructuring of its parastatals, puts arguments for nationalisation as a progressive policy prescription into serious question. This report uses, then, a concrete case study to evaluate whether the radical reform strategy, including corporatist engagement, has been able to achieve its short and medium term objectives. Obviously, a failure to achieve these goals, despite the consistent pursuit of the strategy in contemporary South African conditions, must raise, in terms of the radical reform strategy's *own* vision, serious questions about the feasibility of this route to socialism.

"The Reconstruction of Spoornet" initiative emerged from the late 1990s. In 2000 organised labour – Satawu, joined by two smaller trade unions affiliated to the Federation of Unions of South Africa (Fedusa), the United Transport and Allied Workers' Union (Utatu) and the Salaried Staff Association (Salstaff), which has since merged with the United Associations of South Africa (UASA) – embarked on a campaign against the South African government's plans to restructure Spoornet (von Holdt, 2005; RSA, 2000). These neoliberal plans entailed breaking Spoornet into six separate businesses concessioned to the private sector, thereby closing those rail lines not concessioned. Internal cross-subsidization would cease, thus releasing these proposed new entities onto the market in a drive to achieve renewed profitability and efficiency.

In place of this vision, organised labour's alternative, "The Reconstruction of Spoornet," was in line with the radical reform approach. This proposal was developed by the unions, in conjunction with labour researchers attached to Cosatu's research wing, the National Labour and Economic Development Institute (Naledi).

Labour's document offered an alternative vision to privatisation with a model that stressed a well-functioning and efficient rail service geared towards customer satisfaction, regional socio-economic development via the maintenance and development of regional, or branch lines servicing smaller towns and rural areas, job creation and service to the working class as the main aims of railway restructuring (Cosatu, 2000). It stressed the continued ownership of the entity by the state, and hoped that this would allow the unions to influence the restructuring process through the government and Nedlac. Organised labour also aimed at greater democracy at the workplace allowing for worker participation in decision-making and greater investment in human resources. The initiative fits adequately into the radical reform perspective in terms of demands and aims.

In 2000, the proposal was submitted to the state committee overseeing the restructuring of the parastatal. Remarkably, while most of labour's proposals for an alternative non-neoliberal restructuring model in other sectors have usually been summarily rejected (see, for example, Musi, 2010, and Ndlozi, 2010), the "The Reconstruction of Spoornet" proposal was formally adopted by government and Spoornet management in place of its original neoliberal proposals. Since then, however, some years have elapsed and the available data indicates that the outcomes have been far from what labour desired with the state and the parastatal continuing to seek market-based alternatives for its operations (see for example, Makgetla, 2006; Transnet, 2017).

Thus I have selected this case to investigate the extent to which Satawu's ongoing engagement and apparent triumph has met the shorter and longer term goals of radical reform as a means of assessing the larger record and potential of this strategy.

Trade unions and their federations have played and continue to play an instrumental role in the fight against capitalism and the state and for social reconstruction within capitalism throughout the world. Their strength has affected the social order and their ideological approaches have led to different outcomes for labour. In some cases, predominantly social-democratic movements altered social relations in the interests of the poor and working class by seeking accommodation with capital and the state (Sweden, Great Britain, France in the 20th century to name a few). Other more radical labour movements, at times, have revolutionised societies and also, like social-democratic movements, influenced global politics and the desires of the working class (the Russian, Ukrainian, Manchurian and Spanish Revolutions, also of the 20^{th} century).

Unions' potential to shape society lies in their ability to mobilise vast numbers of the working class and poor in organisations that fight and campaign to improve conditions for their constituency. These formations can exist as organisations of struggle for better conditions within capitalism, as well as organisations of education and mobilisation for workers seeking an alternative to capitalist (economic) and state (political) domination (Rocker, [1938]2004).

The history of the previous two centuries in particular has shown the power and ability of worker organisations to shape society. Ideological and strategic objectives are vitally important to the everyday lives and futures of workers and their organisations. An understanding of and an ability to analyse society is imperative to workers' movements that seek to reshape our world. How workers struggle to change the world has important consequences on the outcomes of those actions – the means shape the ends. Choosing the appropriate strategy thus has important consequences for society in general.

Cosatu, for example, played a fundamental role in South Africa's political transition from apartheid. The size, strength and militancy of this federation mark it out as continuing to be a major player in the South African polity post-1994. Its strategy and tactics in propagating the interests of its constituency have a profound effect on the nature of South African society. According to Adler and Webster (2000), by the 1990s labour had "established itself as a strategic actor [in the South African polity] with a capacity to mobilize both in and outside the workplace" (p. viii) to "resist apartheid and to reconstruct a new South Africa" (p. ix). It also shaped the social and economic policies of the ANC's 1994 election manifesto, the Reconstruction and Development Programme (RDP) and was fundamental in the development of multibody institutions (like Nedlac) that have given labour a role in shaping state policy (Webster & Adler, 2000).

It is thus vitally important for those who seek to understand not only South African society, trade unionism and industrial relations, but those who are interested in the future possibilities for a society without domination and exploitation, to understand the nature of trade union ideology, strategy and tactics. Additionally, the impact these ideas have on their own struggles and society in general – with specific reference to Cosatu.

Radical reform is the formal strategy of Cosatu and its affiliates. As the largest and most powerful trade union federation in the country, it plays a vital role (directly and indirectly) in the way South African (and regional southern African) society is shaped and managed. Thus, like Ndlozi (2010), my research considers whether the radical reform strategy is feasible as a strategy to improve working class conditions and enable a move to socialism.

There exists, however, a remarkably limited amount of research on the record of radical reform in South Africa as a means of realising trade union aspirations. Much of the research on labour tends to focus on issues such as union organisation, without focusing much attention on the ideological drivers of worker organisations. Other research takes the workplace as its focus, looking at case studies rather than examining overall labour strategy in national industries and macro-economic policy. There is little recent material that systematically evaluates the record of radical reform.

Regarding the Spoornet/TFR case itself, the material is quite dated. There is limited amount of research on Satawu and its involvement in the Spoornet/TFR restructuring process. Besides von Holdt's (2005) illuminating research and Howard and von Holdt's (date unknown) counter-proposal to Spoornet restructuring, very little has emerged beyond newspaper articles and union statements. Von Holdt's (2005) key research deals mainly with the period until 2002 and it adopts a generally positive attitude towards the outcomes for organised labour. While noting that the unions have conceded to inevitable job losses, it argues that Satawu's engagement with the parastatal's management in the negotiated restructuring process was a victory, inasmuch as a pro-worker model was adopted. More recent material, however, suggests that labour's interests have, in fact, been marginalised despite the agreements reached, as retrenchments and privatisation remain on the agenda (Makgetla, 2006). These accounts do not, however, shed much light on Satawu's approach to the ongoing restructuring process, except to mention its pleasure at being consulted (ibid).

It is for these reasons that I sought to undertake my research, providing an overview of the Spoornet/TRF restructuring process and the record of radical reform since the 2000 agreement. My research attempts to answer the question by identifying what has happened to the restructuring process since von Holdt's (2005) pioneering research, with particular reference to the success or otherwise of Satawu in achieving its aims and objectives.

I assess, specifically, whether Satawu's engagement in negotiated restructuring has led to:

- preventing mass job losses;
- halting privatisation;
- the implementation of a management structure that includes worker participation and thus a democratisation of the workplace environment; and
- regional, or branch line maintenance and expansion under state-centred development for broader socio-economic development.

The focus on these enables me to assess the record of radical reform; on Satawu as it is the majority union in TFR and the driver of "The Reconstruction of Spoornet" proposal. I examine this proposal as it reflects Satawu's position on restructuring and it reflects the radical reform orientation more generally. Also, its adoption and fate provides an ideal case study to examine the larger record of radical reform. Given that the Spoornet/TFR case was hailed by unions as a victory, it provides an ideal case to examine these issues. My research also seeks to add to the body of knowledge on TFR restructuring and Satawu's involvement in this ongoing process.

CHAPTER 2
LITERATURE REVIEW

This chapter looks at the key arguments for and against the corporatist strategy – a strategy that aims legislated tripartite agreement between organised representations of business/employers on one hand and workers on the other mediated by the state so as to organise and plan for and manage industry and settle dispute. As stated above, the corporatist strategy is fundamental to radical reform. This review critically engages both sets of arguments by focusing on key analytical sources. The arguments for corporatist consultation highlight the sets of protections provided for workers and their organisations in such arrangements, ensuring a representative voice for workers and that these can be used as stepping stones toward increased worker participation in industrial management and process. Those against argue that corporatism blunts the sources of workers' power, in particular their ability to mobilise to withdraw their labour. As importantly, these authors contend that it ensnares the working class into the very mechanisms of their own exploitation at the cost of worker militancy against capitalism, in favour of ruling elites in the ongoing class struggle. The chapter begins by briefly detailing the radical reform strategy and corporatism proceeding to an analysis of the arguments for and against and against corporatist, or statutory consultation.

Radical Reform Explained

Cosatu seeks to actively engage in policy making in South Africa through a strategic orientation, radical reform, to consolidate continuing post-apartheid democratisation. It also attempts at societal reconstruction and development of local industry and industrial policy, within a global climate of economic financial and trade liberalisation, aimed at global competitiveness. The commitment to this strategy is reflected in the aborted 1994 "Reconstruction and Development Programme" (initiated by Cosatu), the "Social Equity and Job Creation" document, or SEJC (NEDLAC Labour Caucus, 1996) and, more recently, in engagements in sector job summits (van der Walt, 2009).

According to Webster and Adler (2000), radical reform was a strategy developed during the fight against apartheid in an attempt to shape the process of democratisation. It sought neither a revolutionary overthrow of the state nor abstention from the apartheid state's labour relations institutions. Informed by the idea that management alone cannot be trusted to run companies (Malepe, 1994), it is a strategy that the federation has carried over into the post-1994 South Africa landscape. It seeks, through negotiations with the state and capital in tripartite corporatist industrial relations structures, to influence laws, regulations, guidelines, approaches, etc. adopted by the state at different levels (national, regional and local) and to participate in decision-making at industry, private enterprise and production management levels (Malepe, 1994; Schreiner, 1994). It is willing to back these negotiations up with mass action (Webster and Adler 2000).

It is radical, it is argued, in that it seeks to create a new social order based on non-capitalist socio-economic relations achieved through incremental changes to the existing social order through participation in state policy debate (Friedman & Shaw, 2000). This aims at steady and gradual reforms increasing labour's share in industrial decision-making and control and ownership of productive processes. The intention is to lay "the building blocks for socialism [sic] now" by advancing the national democratic revolution and people's democracy and political control, decommodifying basic needs, such as health, housing, education, etc., placing less onus on market-driven development and more on state-led development through a strong public sector (by "socialising" the ownership and management functions) (Cosatu & SACP, 1999, p. 64-65).

A "sophisticated" labour movement armed with pro-worker legislation is thus supposedly able to "discipline capital" so as to ensure that the social costs of reconstruction are "not borne by workers alone" (Webster & Adler, 2000, p. 3). It seeks an accommodation with capital by ensuring a less militant labour force geared towards improved productivity. This secures a *win-win* for labour and capital in terms of greater profits allied to encroaching worker control and a *win* for the state in terms of greater revenue through increased private sector taxation (Webster, 2000). In Cosatu's favour is the nature of its alliance with the ruling ANC (as well as the South African Communist Party), which allows it, advocates contend, to be able to influence the macro-economic and social agenda of the ANC and thus the state, giving it an edge in corporatist negotiation.

According to Saul, the "future for socialism lies in what [is referred to as] *structural reform,* an ongoing process of social mobilisation in which a strategically-minded ANC, proceeding legally and constitutionally, can widen the scope of reform and move South Africa peacefully in a socialist direction…[recognising] that this requires the direct involvement of civil society pushing the state forward" towards reform in the interest of labour (Saul in Freund, 1995, p. 103). The vision is a Socialist economy and labour is seen as the important and active agent of change shaping negotiated compromises with organised capital and state policy-makers (Webster & Adler, 2000).

Corporatism

Corporatism involves structured, statutory consultation and negotiation between state representatives, organised labour and organised employers (and, at times, other civil society interest groups as in the case of Nedlac) (Vally, 1992; Webster, 1995). Central to the vision of radical reform, or what von Holdt (1992; 1993) refers to as strategic unionism (terms which will be used interchangeably herein this report), is a "class compromise" between the capitalist and working classes brokered through corporatist negotiation mediated by the state (Adler & Webster, 2000, p. ix). The best known example of corporatist engagement in South Africa is Nedlac formed in 1995 as a result of a merger between the National Economic Forum and the National Manpower Commission, the previous platforms of apartheid and transition-era corporatist engagement (Baskin, 1993; Webster & Adler, 2000).

Naidoo (1999), then director of Naledi, suggested that corporatist engagement pre-1994 was a necessary process for a transition process stuck in deadlock. Unions formed new relations with employers and focused on new issues of concern such as productivity, economic development, government and public service functioning (Vlok, 2000). Baskin (1993), another Cosatu intellectual, viewed corporatism, despite its many barriers, as the only choice for South African industrial relations and the labour movement during this transition period. He adds that the alternatives to it, i.e. revolution by the working class, authoritarian, or unilateral rule by the state and maintaining a status quo in favour of employers, are simply "worse" (p. 66). In discussion with these and other authors, Webster (2000) sees the desired outcomes of such a compromise as a preferred option and as a "regulated flexibility in which labour and business negotiate variation in employment standards; social citizenship yielding basic income security; and increased corporate taxes to finance social security" (p. 4).

For Vlok (2000) strategic unionism and negotiated class compromise has meant a union focus on "generating and implementing centrally co-ordinated goals and integrated strategies…; a commitment to growth, wealth creation and more equitable distribution; an emphasis on strong local and workplace organisation; [and] extensive delivery of educational and research services" (p. 54-55). As a result of this historical development between labour and capital, engagement has become, for unions, multipartite collective bargaining institutions, such as industry-level bargaining councils that can, potentially, guard against any unilateral state action. This independence from the state and the evolution of engagement into collective bargaining and corporatist institutions allow for, it is argued, the maintenance of the power of the participants as negotiating partners even if their individual strength decreases (Naidoo, 1999).

Engaging engagement - The debates about corporatism

The concept and practice of class compromise has sparked long-running debate within and outside left circles and the trade union movement amongst worker representatives, activists, academics and intellectuals as regards the benefits and pitfalls of corporatism and the prospects, thus, of realising a socialist economy.

Mainstream debates within the left are seemingly divided (Schreiner, 1994) into two broad camps. On the one hand, anti-corporatist commentators see in tripartism (both political and economic) an inevitable shackling and subjugation of the labour movement to the ramifications of a capitalist economy functioning with limited constraint from either labour or the state (Vally, 1992; Harris, 1993; Panitch, 1996; Ndlozi, 2010). The sort of class compromise envisaged in radical reform, they contend, takes place within the capitalist framework: labour and capital are not equal partners and the terms of the compromise tend to force labour to subordinate itself to capitalist imperatives – profit and worker exploitation.

On the other hand, there are those who accept the presence of corporatism and see the need for labour to pursue it to shape macro-economic and social agenda so as to push for working class demands (von Holdt, 1992; 1993; Baskin, 1993; Webster, 1996; 2000; Naidoo, 1999). They see in corporatist engagement the platform for labour to continually win reforms and class gains. Radical reform advocates are firmly in the latter camp. Baskin (1993), for example, stressed the need for "maximum social consensus" and thus for a corporatist arrangement in the South African transition phase (p. 65). Here, corporatist consultation means social gains in that it allows for better decision-making, an opportunity to build political support bases for reform and for the consolidation of democracy (Przeworski, 1993).

Advantages – attending to the class struggle

Corporatist contracts, it is argued, can mean legislation that protects and extends the rights of workers which secures minimum and, or increased remuneration, platforms for quick resolution of workplace or industrial conflict, regular macro-level socio-economic bargaining and localised tripartite fora dedicated to problems specific to certain sections of industry. It is claimed to also drastically reduce the risks of extreme industrial and social conflict which could undermine democracy and, as the key to corporatism is securing economic development, it is thus beneficial to an economy experiencing downturn (Baskin, 1993).

Vally (1992), who uses the terms social contract and corporatism interchangeably, sees corporatist strategy as founded on a continuation of the capitalist socio-economic system which seeks to address "the conflicting [class] interests that prevail within this system" (p. 3), and on social democratic ideology (a view shared by Webster and Adler [2000]). It is, thus, a contract negotiated between the state, organised labour and capital, or associations of functional interest that exist within an institutional framework (Schmitter, 1974; Hyman, 1986).

Von Holdt (1993), writing as a union strategist, however, contends that this relationship as regards labour to capital is not one based on labour's acquiescence to a seemingly peaceful coexistence with owners of the means of production. He states that the strategy is one "that envisages a far-reaching transformation of the state, of the workplace, of economic decision-making and of the texture of civil society, a transformation driven by a broad based coalition of interest groups at the centre of which is the labour movement" (p. 36). The radical reforms to policy, industrial and social relations won in negotiation by the labour movement would gradually deepen democratic control over production and society for the working class – the majority class. What gives the labour movement its ability to force through legislation in its favour is based on its ability to mobilise and constrain its vast membership at the points of production at key times before, during and after negotiation. Von Holdt, in describing the basis of strategic unionism, added that this can only be effectively implemented if unions organise and create alliances outside its general scope of interest. It should seek to build a broad unity of social forces in rural and urban areas and workplaces – with labour-supporting individuals and organisations and other trade union movements, with popular social movements and by creating and maintaining a long-standing alliance with a political party *able to win elections*.

Cosatu is thus purportedly able to exert influence both inside and outside the state: through mass mobilisation, in political alliance with the ruling party and via corporatist engagement. Webster (1996; 2000) adds that what is also in COSATU's favour is that neither the federation nor the ANC face serious opposition to its power making it attractive to continue the Alliance rather than being left out in a "political wilderness."

As for the gains to trade unions, Vally (1992) contends that corporatist arrangements extend organised labour's representational status beyond the parameters of union work as a result of its participation in national policy discussion. Seconding union leaders to positions in the state at all levels where they are expected to fight on labour's behalf offers labour a crucial advantage at the coal-face of policy decision-making (Webster, 1996). Unions need to develop the technical capacity to comprehend policy issues through a team of trained technical experts who would benefit the union by being able to offer sophisticated analyses and alternative policy strategies.

Corporatism can, from this view, actually encourage unionisation in that it can force union recognition and collective bargaining, fostering a growing belief as to the effectiveness of the union, or federation (Vally, 1992). It can encourage growth in employment especially through the expansion of the public sector and by promoting to capital the benefits of employing labour instead of machinery. In so doing, this increases the bargaining position of labour in negotiation with capital, the state and its status in civil society. Labour legislation since 1995, as a result of the bargaining strength of unions, has meant real benefits and legal protection to workers (Cooper, 1996). Unorganised and poorer-paid workers are brought into the ambit of legislation, potentially acting to grow and unify organised labour. According to Cosatu (2012), before the expulsion from the federation in 2014 of its largest affiliate, the National Union of Metalworkers of South Africa (Numsa), its membership numbers had increased from roughly 1.25 million in 1994 to near 2.2 million in 2012. Much of this had to do with a dramatic rise in the number of state sector workers organised into relevant affiliate unions and speaks to the arguments above.

Furthermore, democracy is expanded in that corporatism allows for representation of social groups with more grassroots structures and representation (trade unions specifically) between elections. As the state is involved in these discussion fora, corporatist structures could exist as a platform to hold policy-makers to account during these periods. It attempts to create worker participation in economic control combating worker apathy through engagement with a government that considers labour a respected constituent – a constituent that can secure it electoral victory which can steer government from unilateral action against the interests of workers.

Social democratic ideology seeks, through reforms and laws, the democratisation of capitalism setting the stage for a Socialist transformation of social and economic relations via a stakeholder-based democratic economy, moving to an eventual decommodification of labour (Pontusson, 1984). Corporatism and co-determination of national policy are seen as the first steps in this process of democratisation. It places emphasis on capital coming to realise that co-determination for the greater national interest can serve its interests, creating space for worker influence in decision-making at enterprise level.

Another benefit of corporatism, according to its supporters, is that it seeks to regulate the economy and the functioning of markets through greater involvement by the state and labour. Commentators claim this as a better solution to market fundamentalism and a pole of attraction to workers in the absence of a revolutionary will or ability. Kelly (1986, in Vally, 1992) suggests that reforms within capitalism shift the balance of power to workers by advocating the immediate interests of workers.

Other gains for labour and the working class in general include a reduction in state repression, as unions act to restrain membership militancy against employers and the state, while also being recognised as active participants in policy development. Additionally, a general democratisation of state institutions can occur as a result of improved decision-making transparency and accountability (von Holdt, 1993).

Disadvantages – reforming the radical?

As has been argued above, involvement in corporatist engagement, the main support pillar of radical reform, carries with it the ability to influence state policy and workplace control. However, according to some writers, so too lurk inherent dangers to the trade union movement.

The nature of the social contract between the state, capital, labour and civic organisations – corporatist arrangement – is fundamentally based on the exploitative function of capitalist relations vis-à-vis organised labour and the broader working class (including the unemployed). As such it places strategic unionism in a contradictory position, in that it sees its eventual salvation from domination via the very system it seeks to dismantle – the processes of increased system productivity and, thus exploitation and capitalism (Vally, 1992; Bassett & Clarke, 2000). Lehulere (1995) places South African worker demands for participation in an economic context of a global drive to competitiveness. Any agreement to come out of this conjuncture, he suggests, intensifies the struggle between workers and employers and does not cool industrial and social conflict. In the current system, taking static and/or shrinking markets as the status quo, increased productivity usually means severe job losses (van der Walt, 2009) amid calls for greater labour market flexibility (RSA, 1996).

The problems of corporatist arrangement are varied and are even recognised by those who advocate radical reform. Webster (1996) sets the scene by stating that historical comparative evidence highlighting transition periods show that labour in those settings has found it difficult to adapt to changing conditions. This calls into immediate question its ability to influence policy and reconstruction. In Cosatu's favour, he contends, is its relative autonomy within the Alliance from the ANC and SACP and thus from the state due to its capacity to function as a financially independent entity.

However, has Cosatu been able to influence state policy and social reconstruction and redistribution? Bassett and Clarke (2000) state that Cosatu has failed to influence ANC policy in a more pro-labour direction. Continuing to promote a class compromise approach, thus, seems counter-intuitive when such a compromise has not worked at all in the favour of workers. For one, they argue, the laws implemented permitting corporatist consultation are heavily restricted so as to, in fact, legislate for greater labour flexibility.

Writers such as van der Walt (2009) point to the dismal record of the local economy over the last few decades. This period has been characterised by neoliberal labour market strategy, trade liberalisation and increased financialisation, all leading to mass unemployment. These and other market-based policy prescriptions are central to the ANC's neoliberal Growth, Employment and Redistribution (GEAR) macro-economic strategy adopted by government in 1996 (RSA, 1996). Its creation and legislation all done without consulting its Alliance partners, in particular Cosatu (Marais, 2001). Corporatist agreement usually has meant workers accepting longer working hours and lower wages in an atmosphere of financial "belt tightening" developed by capital and key state departments (Lehulere, 1995). Von Holdt (1993) points to the ANC's inability to develop a coherent policy towards labour, perhaps explaining why labour was ignored in discussions around and in implementation of GEAR. However, this does not adequately explain the place of Cosatu in the Alliance, the largest constituent thereof according to membership numbers, and calls into question assertions of its influence, or potential influence on the ANC and thus its ability to co-pilot macro socio-economic strategy and development.

In fact, instead of progressive realisation of a socialist transformation, Lehulere (2005) contends that Cosatu has shifted from its stated position of 1985, the year of its founding, which called for socialist struggle against national oppression and economic exploitation, to a position that sees no problem with capitalism itself, but rather with the *management* thereof. This is reflected in the SEJC, whose aims, Lehulere (2005) claims, will not change capitalist relations and ownership. He adds that this Cosatu-developed policy prescription, labour's response to GEAR, actually accepts certain staples of neoliberal ideology, specifically its recognition of the need to open up South African markets and to lower tariff barriers so as to encourage foreign investment and freer cross-border trade. He adds that involvement in tripartite institutions has failed in that government finances have been seen to improve, yet the working class has become poorer.

What is not referred to is how corporatist contracts or sets of institutional arrangements were achieved by labour in the first place. Born out of struggle against employers, acknowledged by Lehulere (1995) and Mantashe (1994), the very nature of being able to force management and the state to for a of participation, collective bargaining and co-determination is undermined by being co-opted into managing capitalism. There are general dangers and more specific problems with corporatism for trade unions. Mantashe (1994) goes on to state that integration into co-determination with capital blurs the lines dividing which constituencies each represent.

Vally (1992) notes a general trend towards the subversion of democracy as it is only the state, organised labour and capital that are generally considered the role players in corporatist relations, suppressing the needs and ideas of other social groups (despite the role allocated to civic organisations in Nedlac).

Panitch (1996), similarly to other critics of corporatism, notes the economic policy response by the post-1994 state as "progressive competitive accommodation to globalization" (p. 6). Such an accommodation to international capital allows little room for independent national policy development, leaving trade unions even less space for alternative policy implementation, as these ideas might upset this global and local alignment of forces. Thus, unions, co-opted into the institutions of a state clear as to its neoliberal agenda, will inevitably serve a capitalist agenda of state asset and workplace restructuring culminating in wage restraint, plant closures and mass job losses. This questions Webster's claim that "labour retains the capacity to block the most negative aspects of 'economic reform'" (Webster, 1996, p. 6).

This global and national shift in the balance of forces in favour of capital and the state and alterations to the national economy means that corporatism can only be a short-term and unstable solution (Vally, 1992). The decisions made in Nedlac, Panitch (1996) contends, reflect this imbalance, as the terms for debate are set by capital and the state before discussion is had with organised labour through various tripartite structures. Thus, there exists the fragility of the class compromise – its success, ideally, resting on the pretext of a balanced debate between equally powerful capital and labour constituents mediated by the state. South African labour does not have a veto in collective bargaining, which is allowed the state and capital, subjugating labour to junior status in this "social partnership" (Lehulere, 1995). Agreements are made in the "national interest," sidelining worker demands as narrow constituency concerns. This forces labour into the weaker position within the corporatist arrangement (Mantashe, 1994). By seeking to co-manage enterprises, which include workers buying shares, worker militancy may also be constrained (Mantashe, 1994) and worker organisations may find themselves in the contradictory position of part-owner seeking profitability and, thus, greater worker exploitation.

The state is a key role-player in corporatist engagement. As such, it is important to engage the idea of the state and its role in social organisation to understand the varying viewpoints of the effectiveness of its use. The ideological conceptualisation of the state, how one defines it, determines not just one's attitude towards it, but the choices made as regards this important institution, its purpose and use in modern society and strategies for social change.

The social democrat ethos of radical reform and as conceptualised by Cosatu, identifies the need for a developmental state. The goal of a developmental state is to transform an underdeveloped or undeveloped economy via industrial policy. The aim is to achieve a technologically advanced, manufactured goods export economy and the creation of a state based on a Weberian meritocratic bureaucracy able to discipline both labour and capital (Pape, 1997; Williams, 2014). This implies an activist state, able to place itself outside the influence of both labour and capital, when deciding to do so. Williams (2014) argues, though, for a rethink on the very conceptualisation of a developmental state – its goals and strategies for industrialisation - within the constraints of modern day neo-liberal restructuring, national politics, ecological crises and shifts in knowledge. Despite these differences in thinking of and rethinking the developmental state, it does presume for the state Weberian embedded autonomy, that the state can choose to act outside the influence of labour and capital when necessary.

Marxism, another key influence on Cosatu, argues that the nature of the state and who it legislates for is determined by who the dominant economic class in society is. Thus in capitalism, the state serves the necessities of capitalist exploitation (Mandel, 1976; Kashin & Cherkasov, 1987; Ritzer, 2000). Conversely, the Socialist state will serve the interests of the working class, which would have become hegemonic in this epoch. Despite differing opinions thereof, both developmentalists and Marxists view the state as being able to be manipulated in favour of labour, or an exploited class or social grouping.

Anarchist writers, organisations and activists, however, have long questioned the idea of a potentially neutral state. In fact they move beyond certain Marxist conceptions which see the state as a reflection of the dominant economic class at a particular historical point (Bakunin, [1871]1971). Rocker ([1938]2004), in critiquing social democracy, or what he terms "parliamentary socialism" (p. 54), counters the claim that the state and its institutions can be used as a means to a socialist economy. It is clear to Rocker that the pursuit by workers and socialists of political influence through parliamentary and other state institutions is doomed to failure and argues that the attitude towards the state should be the same as the attitude towards capitalist exploitation. The injustices of the system, he adds, are not to be found in the mismanagement of the systems of exploitation, but in the systems of exploitation and domination itself.

For anarchists, the critique of capitalism and the state arises not only out of its socialist character, but, fundamentally, out of critique of all forms of social hierarchy and, thus, class-based society. The state is seen as a ruling class-based institution built on hierarchical structure. It has a monopoly on decision-making and the control of the forces of administration and coercion in a given territory “through which a minority rules a majority” (Schmidt & van der Walt, 2009, p. 52). The state is not just “a body of armed men serving the dominant class” (p. 53), but a set of institutions that concentrates authority in the hands of the political elite. The state is always the privileged preserve of a particular ruling class, whether “a priestly class, an aristocratic class, a bourgeois class…a bureaucratic class” (Bakunin, [1871]1971). As such, trade union organisation and strategy needs to be “of such a character as to afford workers the possibility of achieving the utmost in their struggle against the employers. And at the same time provide them with a basis from which they will be able in a revolutionary situation to proceed with the reshaping of economic and social life” (Rocker, [1938]2004, p. 61-62).

Choosing to become entrenched in corporatist engagement has, arguably, meant trade union centralisation and bureaucratisation (van der Walt, 2009). A growing layer of union bureaucrats and technical experts is immersed in corporatist processes, creating a deepening divide between the leadership, invested in co-determination and compromise agreements. This leaves the rank-and-file membership isolated from the halls of decision-making (van der Walt, 2009; Vally, 1992). Interestingly, this is a gap which Webster (1996), too, identifies. These processes weaken the union’s ability to interact in mass mobilisation. This counteracts its perceived strength at the bargaining table – its ability to mobilise at the point of production against the employer if and when necessary.

Radical reform, it is suggested, thus leads to the institutionalisation and curtailing of union power (Panitch, 1996). This could see to increased rank-and-file anger with and revolt against union leadership as this leadership is increasingly viewed as advocating for policies that are contrary to worker interests, such as workplace restructuring, wage restraint and accepting the inevitability of job loss, etc. (Vally, 1992). Radical reform and corporatist agreement itself demands that unions act to restrain their membership from militancy (Webster & Adler, 2000). This may force the union leadership into a policing role vis-à-vis its members, acting as preservers of employer-employee relationships and into contradictory positions regarding the traditional conflict relationship between the employer and the employed – such as becoming "labour lieutenants of the capitalist class" (van der Walt, 2009, p. unknown).

According to its critics, strategic unionism is thus complicit in an *anti*-working class system in which unions find themselves conceivably acting against their very constituency, despite pre-existing intentions. They do so by attempting to co-manage a system they seek to overthrow, taking on its logic and curtailing labour's power to act independently outside these agreements (Vally, 1992; Panitch, 1996; van der Walt, 2009). These agreements may include no-strike periods and calls for greater productivity. The very nature and role of trade unions, to intercede against the employer on behalf of workers, is thus put as serious risk.

As the negotiated corporatist agreement is fundamentally bound to the ruling party in government in the state, the union's ability to mobilise on its programme is undermined by a change in government as this could mean a realigned agreement (Vally, 1992). Cosatu's alliance with the ANC places added pressure on the federation to ensure ANC electoral victories. This has meant, it is argued, the imposition of ANC politics and agenda (leading to, in many cases, an anti-working class reality) onto organised labour. The seconding of union leaders to parliament, a key tactic of radical reform, has meant a severe loss of the most capable activists to the state and the logic of ANC party doctrine (Panitch, 1996). This has not only meant the "embourgeoisification" of these former working class activists (p. 7), but also their removal from a working class politics due to the nature of the state and their role as members of the ruling class (Rocker, [1938]2004). In fact, Panitch (1996) contends that as a result of continuous engagement with capital and their removal from rank-and-file control, union leaders begin to adopt the logic, dress sense and language of the representatives of the ruling class it engages with.

Strategic Unionist perspectives usually point to the Scandinavian Keynesian Welfare States and Sweden, in particular, as exemplars of the desired corporatist model. Vally (1992), Pape (1997) and van der Walt (2010) highlight that corporatist arrangement is not simply policy reconfiguration, but are events particular to historical and political periods. These conditions, within a context of the post-World War II Cold

War US-Soviet imperial battle, the dominance of Keynesian and state-led developmental policy regimes, access to key American markets and investment and a capitalist economic boom no longer exist for most developing economies in the world. This then further undermines labour's ability in any corporatist and collective bargaining agreement, and as regards being able to shift state policy, as for the last four decades the balance of forces has shifted decidedly in favour of capital and its class partners in the state.

For Panitch (1996) however, the question facing SA labour is not whether or not to leave Nedlac. It is the very nature of unions to engage employers and state managers in the interests of their membership. The questions are, rather, what the criteria for engagement are, what is on the agenda and how these processes affect union autonomy. For other critics of corporatism and radical reform, the solution would seem to be a militant abstentionism from state institutions, based on militant worker organization and education against capital and the state (the ruling class) founded on direct democratic worker control of their organizations of counter-power. The question, again here, is not ignoring policy change, or engagement with employers or the state, but how such issues are dealt with as this will have a direct impact on the way unions operate and what they, ultimately, fight for (Rocker, [1938] 2004; Schmidt & van der Walt, 2009; van der Walt, 2009; 2010).

What is clear, however, is that despite the highly contested terrain of debate, radical reform persists as the strategic choice of Cosatu. The arguments regarding working class strategy raise key issues about how organised labour should utilise its power, in particular its ability to mobilise large numbers of workers for action and what that action can and should be used for. Certain authors prefer a more reformist approach to social change by calling on labour to pursue more conciliatory relations with capital, proposing that ideal society be viewed set of relations between social partnerships (e.g. between labour and capital) for the progressive realisation of more equal socio-economic conditions. Another set of writers, although not necessarily more radical, view statutory corporatist negotiations as instruments developed to stifle working class power in favour of employers and management. Although in agreement with this latter view, more radical thinkers, although proposing engaging ruling classes, argue that workers should do it on their own terms outside tripartite structures that serve to tip the balance of forces in favour the economic and political ruling classes.

CHAPTER 3
METHODOLOGY

My research involved two data collection techniques: qualitative in-depth interviews with key informants in the unions and the state as well as documentary analysis dealing with articles written on Spoornet/TFR and global rail restructuring. My research approach was qualitative in that my findings did not arise out of statistical procedures or other methods of quantification (Strauss & Corbin, 1990). I was aware at all times in my research adventure as to my bias towards socialist working class ideology and anti-capitalism, in particular my affinity towards anarchism and anarcho-syndicalism. Although my research bias towards the workers and working class ideology may hamper my investigation, it was a source of methodological strength as it engendered a process of constant self-reflection and interrogation of my expedition. I attempted to accurately reflect the outcomes of union engagement in line with its desired outcomes.

My research generally seeks to answer 'what' questions (whether or not radical reform gets workers to a socialist economy and what does worker participation in negotiating restructuring meant and mean presently). It is thus descriptive research seeking to add to knowledge about the nature of our society (De Vaus, 2001).

Document analysis

Mariampolski and Hughes (1978) contend that examination of historical data is crucial to sociological understandings of the past. As interview information was inevitably skewed by memory failure or orientation bias, document analysis provided accurate descriptions of the time period, perceptions and settings being investigated. These were key primary documents, viz. key Satawu policy third Congress documents dealing with rail restructuring and campaigns. These highlighted Satawu's analyses of and responses to restructuring processes and the union's role therein (Satawu, 2011). In particular, a key resource for analysis was the Naledi and Cosatu "Restructuring Spoornet" policy programme. This provided the platform to ascertain the union movement's orientation towards parastatal restructuring and alternative ideas to full scale rail freight privatisation. It was used to evaluate what union strategies regarding engagement with management have achieved and whether or not the union has been able to shift the parastatal and its restructuring process into a more pro-worker direction, as ascribed to it by one of Satawu's main goals. Relevant sections of Transnet annual reports relating to the TFR restructuring were analysed to understand the plans and directions set for it by management. These were measured against the goals set by Satawu and the "Reconstructing Spoornet" document to evaluate whether or not policies laid out by management were in any way relatable to the goals set by Satawu, Cosatu and thus radical reform. The research project also analysed various global studies on rail restructuring globally, providing a selected country-by-country analysis of the history of the national development of rail and the nature of rail ownership and management in recent times. Featured were studies of the United States, certain European and Australian rail markets and set in comparison with the nature of rail freight business and relations of control in South Africa.

Secondary document analysis was carried out so as to detail the adoption of neo-liberal socio-economic policy in South Africa by the ANC. These are important in this study as they provide information that deals with not only the ANC and the transition to democracy, but explore the cementing of the neo-liberal ethos within certain key ANC leadership circles. This is vital so as to investigate the relationship between Cosatu and the ANC in alliance and the prospects of Cosatu being able to influence ANC socio-economic policy - a cornerstone of the radical reform strategy. Documents analysed included analyses of the development of neo-liberal economic policy in South Africa both before and after the 1994 democratic transition, the changing nature of the ANC from an organisational to a ruling political party in government and the entrenchment of neo-classical, or orthodox economic ideology amongst key ANC and state leaders. These latter arguments speak to institutional capture not just by figures espousing neo-liberalism, but that this orientation was able to embed itself within the framework of institutional operation and outlook.

In-depth interviews

Weiss (1995) states that interviews allow us insight into the ideas of others. It affords us knowledge of that we do not know, or clarity and additional information as to observations and perceptions we might already have. Qualitative interviews are useful to the objective of contextual knowledge. What is lost in qualitative data capturing such as breadth and generalisability, is gained in terms of “coherence, depth and density” of data (p. 3). This was key to my study project as I sought data regarding people’s perceptions, experiences and interpretations and what meanings they attached to events and ideas. After all, it is people who decide on ideology and strategy based on their understanding of society around them.

I made use of non-probability purposive sampling incorporating a snowballing approach. Shuman (2002) notes that the value of the sample comes not from its size, but how the sample is obtained. Thus non-probability sampling allowed me to choose respondents who can offer key information as to my research project.

I conducted seven in-depth interviews with key former Cosatu, Satawu and Naledi officials and strategists who were involved in the process of Spoornet restructuring into the 2000s, viz. Randall Howard, the former General Secretary of Satawu, Jane Barrett, the Satawu’s former Policy Research Officer, Karl von Holdt, the former senior researcher at Naledi and Bethuel Maserumule, a former Naledi researcher. Interviews were also undertaken with Satawu officials holding office presently, viz. Desmond Mpofu, the Head of Department for Transnet and Xolile Chubana, the National Coordinator for Rail overseeing TFR, Transnet Rail Engineers and Operating Divisions. These interviews focused on union ideological orientation and how this impacts on present day union strategic and tactical measures, as well as on the ongoing Transnet Freight Rail restructuring process. To ascertain the state’s perspective at the time, Richard Goode, the then Director of Defence and then Transport in the Department of Public Enterprises involved in restructuring talks, was interviewed.

The interviews with union representatives involved unpacking their understanding and experience of the union’s engagement with and challenging initial restructuring of the parastatal. It aimed at understanding what the union’s goals for this engagement were and whether or not these were achieved. Interviews also sought to gauge individual and union perspectives on what has transpired since agreement was reached between parastatal management and the unions in 2000/01, as this is key to assessing whether or not certain goals have been realised. Interviewees were asked their opinions on corporatism and whether or not they viewed it as an appropriate strategy for the unions to maintain.

The interview with the state's representative aimed at understanding the state's initial rejection of original privatisation and the adoption of the 2000/01 restructuring plan. Additionally, it sought to reveal the state and management's goals for the restructuring process and whether or not these dove-tailed with those of labour. Initial research had uncovered a strained relationship between labour representatives and executive management of Transnet and TFR. As such, the interview looked at the reasons for this and whether or not these issues had been resolved.

Ethical considerations

There are no ethical issues regarding my research. I was constantly aware of ethical considerations when engaging human participants. I attempted to make clear the nature of my research to interviewees and obtained their voluntary consent to being interviewed and tape recorded. At all times in the phases of my research project I tried to adhere to issues of sensitivity and confidentiality requirements and also when and if stated as such by the participant. Each participant was given an informant participation sheet and during the interview provided their consent to being questioned and their audio responses recorded and that I would be the only individual with access to the recordings.

CHAPTER 4

Satawu and Transnet Freight Rail Restructuring

This chapter evaluates the main goals set by Satawu as part of its engagement in the restructuring of TFR. Research identifies that 4 key goals[4] were set by the union through its "Reconstruction of Spoornet" document and this engagement. These goals are:

- preventing mass job losses;
- halting privatisation and keeping TFR and Transnet under state ownership;
- the implementation of a management structure that includes worker participation and thus a democratisation of the workplace environment; and
- regional, or branch line maintenance and expansion under state-centred development for broader socio-economic development.

This chapter provides a history of the development of Transnet and freight rail transportation in South Africa and briefly points to the union's responses to the initial state attempts at rail restructuring in the late 1990s. It locates South African freight rail policy internationally by investigating key foreign examples and argues that despite South African state attempts at privatisation, as mentioned in Chapter one, international rail freight trends indicated an increased role for the state in this sector. There were simply no local or international buyers for concessioned Spoornet entities, forcing the state to maintain freight rail transportation as a parastatal[5]. Despite this apparent victory for Satawu and Cosatu's radical reform strategy, TFR management and the state have continued to pursue neoliberal restructuring, undermining the union's attempts at meeting some of its stated goals and those of the radical reform project. Throughout this chapter, Satawu's achievement of its stated goals is evaluated.

Restructuring Spoornet

In 2000 organized labour, in particular Satawu, joined by two smaller trade unions affiliated to the Federation of Unions of South Africa (FEDUSA), the United Transport and Allied Workers' Union (UTATU) and the Salaried Staff Association

[4] Identified also in interviews with Jane Barrett, Randall Howard and Karl von Holdt.
[5] Interviews with Bethuel Maserumule and Richard Goode.

(SALSTAFF), which has since merged with the United Associations of South Africa (UASA), undertook continuous action to fight the South Africa government's plan to restructure Spoornet, the state-owned freight rail transport parastatal (RSA, 2000). According to von Holdt (2005), Satawu (the majority union at the entity) engaged successfully in the restructuring process through engagement with the state and Spoornet managers and militant mass action, by halting the state's original privatization plan (splitting the parastatal into separate self-financed and privatized entities [RSA, 2000], that would have meant massive job loss). This was motivated by the state's neo-liberal trajectory as well as its desire to have the freight rail entity, at the time inefficiently managed and with negative impacts on sustainability and customer approval, run as a sustainable profit-making business (Powell, 2006).

Organized labour had initially encountered what von Holdt (2005) refers to as a policy juggernaut - a grouping of personal, economic and institutional interests impervious to alternative ideas to market-based solutions. However, through mass action to force engagement and the presentation of an alternative strategy in corporatist structures, unions were able to offset the initial privatization programme, weaken the "juggernaut" by playing on disagreement within the state apparatus, and allow for labour's proposals to be taken seriously in a reformed restructuring process.

Crucially, the "Reconstruction of Spoornet" document, the joint union policy response to wholesale privatisation of the state entity, was formally adopted by Spoornet's management. The plan involved:

1. Developing a framework for reconstruction that addressed ownership, volumes, integrated transport solutions, development of regional transport markets, investment in infrastructure and human resources, improvements in the quality of management, job security and proper consultation with labour.

2. Identifying projects that support the framework (Cosatu, 2000).

Through a process of mass action and engagement with key state departments and officials and Spoornet management, the unions claimed to have halted privatization (von Holdt, 2005). Transnet and its five operational divisions, TFR being one of them, remained in state hands. In 2011 the then Transnet Chief Executive, Brian Molefe, continued to reject calls for privatisation claiming that government control "means that any reform undertaken can benefit from prior experiences, avoid costly and long-lasting mistakes and assist in leapfrogging stages of development" (Business Day, 2011).

Satawu

Satawu considers itself, as does the federation it is affiliated to, "revolutionary Marxist-Leninist[6]." Satawu considers it strategically important that freight rail and the bulk goods transport sector in general, be maintained under state control. For Satawu, state control equals job security due to the huge labour intake of state industry[7].

This rhetorical description, however, may serve more to appease its members than exist in reality as contradicts the very strategic application, radical reform, the union and its federation embark on. Despite its self-defined description, Satawu's strategy in the transport sector is Social Democratic, seeking corporatist agreement with management and the state. It seeks to contribute to the development of the transport sector, particularly bulk transport, as a tool for job creation and social development. As a strategically important sector, Satawu considers it vital for it to play a role in the management of the transport sector, through dedicated corporatist engagement with the management of the transport agency, Transnet. It seeks to do so through the Transnet Bargaining Council (the TBC) and the subsidiary bargaining fora such as that for Transnet operational divisions like Transnet Freight Rail. However, those interviewed considered the biggest danger to continued consultation as that, despite a good relationship with top Transnet management under the leadership of former Chief Executive, Brain Molefe, and current Chief Executive, Siyabonga Gama, it is at subsidiary division and operational division level where management continues a process of implementation without consultation. Satawu continues to seek and develop a "conducive relationship with management which must be based on communication and mutual interest[8]." Past agreements, however, are being reviewed by the union, based on contestation raised by workers through their shop stewards' councils. Despite this, interviews with the Satawu officials consistently raised concerns as to the lack of such a conducive relationship and management intransigence at not consulting workers' organisations via the appropriate consultation channels. This casts doubt over the goal to achieve worker participation, in particular at Transnet operational division

[6] Interview with Desmond Mpofu.
[7] Interviews with Bethuel Maserumule, Richard Goode, Randall Howard and Karl von Holdt.
[8] Interview with Desmond Mpofu.

level and thus the union programme of democratising the workplace. If this is proving a big stumbling block, the radical reform strategy that seeks incremental increases in workers' power at the workplace is threatened. Despite the corporatist TBC and operational division bargaining fora, actual factory-floor worker involvement in decision-making is reduced to technical inputs into daily operations. Satawu officials note a "partial success"[9], but there is little involvement in day-to-day management decision-making[10]. As such, worker involvement in industry management is proscribed to union officials in bargaining councils.

The bulk transport sector is, for Satawu, a major contributor to social development. Generally it is a sector that potentially provides mass employment and can do so through growing infrastructure maintenance and development (particularly in the freight rail sector) and industry profitability. Infrastructure development equates to regional/branch line maintenance and development and as these lines run, or would run through most of the largely rural South African interior, job creation through infrastructure maintenance and development would mean rural development and upliftment for the majority impoverished rural population. Line infrastructural development would have knock-on effects such as the development of larger service industries to developing markets within these developing rural areas. Profitability equates to greater employment and Satawu seems proud of the fact that Transnet has gone "from state bailouts at the start of the 2000s to a profitable corporation today with a near doubled workforce[11]."

For Satawu labour stability (preventing job losses) and development is meant as infrastructural and line maintenance and development and worker skills development and training through using the knowledge skills of generally white workers to train and educate black workers[12]. A positive outcome of this cross-race work was the unintended or unexpected unity of workers across race and union[13] in contesting initial privatisation and later in consultation with management. Worker development would fit into the radical reform strategy of increased worker involvement not only in plant-level management, but also in industry coordination (Webster and Adler, 2000).

[9] Interviews with Desmond Mpofu and Jane Barrett.
[10] Interviews with Xolile Chubana, Desmond Mpofu, Bethuel Maserumule and Randall Howard
[11] Interview with Xolile Chubana.
[12] ibid
[13] ibid

However, according to interviewees, labour instability is an increasing problem within the Transnet body. There has been a discontinuation of regional, or branch line infrastructural development. In what resembles management decisions in other commercialised state-owned monopolies, e.g. at Eskom, the energy parastatal, there have been massive cuts in infrastructural spending with money flowing not to, ultimately, rural development, but grand projects like the Port of Ngqura. This has a major impact on the potential social developmental role of freight rail assigned it by both the state[14] and labour. This also shows the socio-economic priorities and ideologies of both the state leaders and managers (neo-liberal), which are at odds with those of labour (social democratic). Outsourcing and labour broking are two of the main concerns facing the union in Transnet, although outsourcing does not seem to be a problem in TFR[15]. Additionally, the union discourse of profitability is in line with neo-liberal orthodoxy and has served to act against the expansion of rail service from main to branch lines.

A Brief History of Transnet and Transnet Freight Rail

TFR is the rail freight, long distance passenger and largest operational division within the Transnet company. It currently employs approximately 31 013 workers (Transnet, 2017), down from 34 000 employed in 2002 – then as Spoornet (Barrett, 2005). As such, although there have been lay-offs, Satawu, in its continued engagement with TFR management, has managed to keep job losses to a minimum[16] and, thus, achieved one of its stated goals. However, the substantial increase in outsourced and labour-brokered workers raises concerns as to the union's ability at counter-acting the continuous impact of neo-liberal restructuring, of which both forms of labour contract are characteristic of.

According to Transnet (2014), TFR operates a huge rail network in South Africa and one "that connects with other rail networks in the sub-Saharan region, with its rail infrastructure representing about 80% of Africa's total.[17]" This division, operational in 17 sub-Saharan African countries (Transnet, 2017), is made up of the following businesses:

[14] Jeff Radebe's Budget Speech, 1999; subsequent ministerial reports on Transnet's social development role.
[15] Interview with Xolile Chubana.
[16] Interviews with Jane Barrett, Desmond Mpofu, Bethuel Maserumule and Xolile Chubana.
[17] Available at: http://www.transnet.net/Divisions/FreightRail.aspx

- General Freight Business Commercial (GFB)
- Coaline
- Ore Line
- Blue train and Shosholoza Meyl.

TFR is structured into 3 regions across which the businesses conduct their affairs: the Central, Western and Eastern regions. For example, GFB has operation across all three regions, Iron Ore operates and the Western region only and the coal operations in the Eastern region. Transnet State-Owned Company (SOC) Ltd is the South African rail, port and pipeline parastatal that delivers goods from ports to urban and rural centres throughout South Africa. It is a commercialized entity wholly owned by the state government which acts as the only shareholder. Transnet is governed by its Board of Directors and it Chief Executive, Siyabonga Gama (Transnet, 2015). These individuals are appointed by the government in its role as the single shareholder. The Ministry responsible for Transnet (as well as other state-owned enterprises, or SOEs) is the Ministry of Public Enterprises. Transnet and its divisions are not subsidized by the state, with money for investments accrued via revenue and commercial borrowing (Transnet, 2014; Transnet, 2013; Barrett, 2005). Transnet is currently made up of the following five operating divisions:

- Transnet Freight Rail (TFR, formerly known as Spoornet – the freight rail division)
- Transnet Rail Engineering (TRE, formerly Transwerk - the rolling stock maintenance business)
- Transnet National Ports Authority (TNPA, formerly the National Ports Authority (NPA) – it fulfils the landlord function for South Africa's port system)
- Transnet Port Terminals (formerly South African Port Operations (SAPO) - managing port and cargo terminal operations in the nation's leading ports), and
- Transnet Pipelines (formerly Petronet - the fuel and gas pipeline business, which pumps and manages the storage of petroleum and gas products through its network of high-pressure, long-distance pipelines) (Transnet, 2014).

Transnet is a mass employer of labour. Recent figures suggest that Transnet employs approximately 386 000 workers[18] across all divisional operations and linked businesses. This consists of 59 000 jobs within the company, 145 000 indirect jobs and 164 000 in the wider economy.[19]

TFR too is governed by its Board of Directors and its current Chief Executive, Ravi Nair. Thus, although Satawu's aim of ensuring state control of the entity has been maintained, privatisation in the neo-liberal era is not limited to private sector control over a former state-owned company. TFR has been corporatised, in that its management structure, as mentioned above, is identical to that of a private sector corporation. Like other South African parastatals, it is also commercialised in that it has been ring-fenced so as to operate fully on the profit motive and is not subsidised by the state. It thus seems as if the goal of maintaining TFR (and by association, Transnet) as a nationalised entity has done little to halt the march of corporate-style profit-making and the liberalisation of rail freight functioning in South Africa. As stated above, TFR also functions much like a multinational corporation, outdoing competition from both local and international rivals.

The Early Years: the Discovery of Precious Minerals and Government Control

Rail and freight transportation is traced back to the 1850s – its construction so as to develop the ports of Cape Town and Durban. The discovery of diamonds in the Kimberly area in the 1860s and gold on the Witwatersrand in the 1880s meant an expansion of railway and freight transport business between major developing inland towns and cities and the coastal areas, in particular its harbours.

By the 1870s, the two main railway lines located in the Cape and Natal colonies had been taken over by colonial government authorities (Transnet, 2014). In 1910, with the formation of the Union of South Africa, the national government created the South African Railways and Harbours (SAR&H) administration – a state-owned entity. In doing so it combined the Cape Government Railways, Natal Government Railways, Transvaal Government Railways and the control and administration of the ports of those regions that had them (Transnet, 2014). This was borne of a desire by state leaders to unify the railway and port transportation systems for more integrated and improved economic

[18] As cited in the article "Transnet Tones Down Jobs Forecast" in *Mail & Guardian*, 29 May 2012.
[19] Ibid.

development. In 1934 the South African Airways (SAA) company was incorporated into SAR&H (Transnet, 2014).

The economic conditions created by and the centrality of mineral discovery and extraction to the development of the South African economy, played and continues to play, according to Fine and Rustomjee (1996), a crucial role in government socio-economic planning and its view of its role in the economy. They argue that the subsequent creation of a powerful minerals-energy complex (MEC) influenced and continues to impact on government policy and the development of primary and secondary industry. Fine and Rustomjee (1996) contend that this centrality of the MEC convinced government policy-makers about the necessity of parastatal formation and maintenance in the 1910s and 1920s. Parastatals created in the 1910s and 1920s such as those in the steel, chemicals, minerals and energy industries, participated directly in this minerals-energy complex. Alongside these, SOEs created in telecommunications, railways, harbours and fuel pipeline industries provided indirect assistance to the MEC, subsequently creating a close relationship between the state and private capital (Fine & Rustomjee, 1996).

Southall (2007) argues, additionally, that "the parastatals have always been central to class and ethnic mobilisation, and just as the National Party (NP) used it to promote the development of Afrikaner capital[20], so the ANC today views them as key instruments for black economic empowerment" (p. 201). The development of parastatals were, for example, accompanied by the promotion of white Afrikaners by the National Party when in power to management and other senior positions in these entities; similarly, the promotion of black Africans to leading roles in the state by the ANC-led government since 1994, albeit within the parameters of a now more democratic state.

The conclusion, then, to be drawn from these arguments is the importance of state-ownership in capitalist economic development and state formation in South Africa. It speaks to the necessity of state involvement in this kind of developing and resource-based economy so as not only to conduct social and class formation, but also,

[20] From 1948, National Party rule saw to the establishment of new and the expansion of existing SOEs, among them SAR&H, under the direction of the Industrial Development Corporation, or IDC (Southall, 2007).

through policy and intervention, to direct the use of labour, force and other resources for nationalist and state creation objectives[21].

A Changing Social, Economic and Ideological Landscape

The 1970s and 1980s witnessed growing industrial unrest, organized black working class formation and political contestation in South Africa within conditions and increasing levels of international sanction (Webster & Adler, 2000; Southall, 2007; Lacom, 1986; Lacom, 1989). As importantly, owing in part to a global crisis of capitalism and loss of faith in the dominant theoretical approach, and the increasingly social and economic evident failures of Communist and post-independence interventionist States, neo-liberal economic theory was gaining ground and overtaking Keynesian and other state-centred approaches to economic development. Encouraging market dominance in economic activity and globalized investment, privatization of state resources was seen as a cure for stagnant and inefficient state-centred, or state-interventionist and welfarist national economies. This period saw to a rebranding and corporatisation of SAR&H. Reconstituted as the South African Transport Services (SATS) in 1981 and modelled on a private business management structure, initial corporatisation as explained above, it focused on greater localised management of newly constructed units and divisions incorporating railway, harbour, road transport, aviation and pipeline operations (Transnet, 2014).

By the mid-80s, due in part also to perhaps some unintended results of the success of parastatal development, state investment in the economy stood at 64% as compared to 30% in 2016 (van der Walt, 2015). The government began proclaiming that it was too heavily involved and that it would see to a reduction of its role in the economy (Southall, 2007). This prompted then State President P.W. Botha to announce in 1988 a programme of parastatal commercialisation. It was an attempt to turn these entities into profit-making companies so as to eventually privatise them (the continuity of state planning regarding parastatals between the apartheid-era and ANC-led governments is delved into in more depth in Chapter five here). These plans involved the breaking up of large SOEs along the lines of their divisions or subsidiaries, to be

[21] Southall (2007), in citing Lipton (1985), notes that in response to the perceived threat of international sanctions and the ANC's armed struggle, the Nationalist government further expanded the state sector in the 1960s by creating the state-led arms industry and companies like Armscor, Atlas Aircraft Corporation, the Atomic Energy Board and the Uranium Enrichment Corporation, or Ucor.

sold, eventually, on the market. As such, by 1990 SATS was given company status and reconstituted as Transnet SOC Ltd. Transnet, a state-owned company, had in it five incorporated subsidiaries, viz. Petronet (pipelines), Autonet (roads), Railnet (later renamed Spoornet - railways), Portnet (harbours) and South African Airways (SAA).

The government was facing challenges to its privatisation plans and not solely from the anti-apartheid mass democratic movements (the trade unions and civic movements located in the United Democratic Front) of the 1980s (Greenberg, 2006). Cross-subsidisation between more, less and non-profitable entities within parastatals was vital to subsidiary existence and fears of increased energy tariffs effectively halted further plans at unbundling the SOEs and selling them (Southall, 2007).

The unions located in the Congress of South African Trade Unions were further disavowed of any affinity to liberalisation when 26 000 workers went on a twelve-week long strike from November 1989 to January 1990 to contest SATS's decision to rationalise its workforce which would lead to 23 000 dismissals. Additionally, workers demanded that SATS adopt a recognition agreement with the South African Railway and Harbour Workers' Union, Satawu's forerunner (Koenderman, 1990).

According to Southall (2007), restructuring of the transport parastatal had seen 100 000 job losses between 1982 and 1990 and a further 50 000 in 1992 so as to leave Transnet with a workforce of around 116 000. Despite these retrenchments, Transnet saw its first profit only in 1994.

Political Transition

By the late 1980s and early 1990s, many trade unions, civic movements and the now unbanned ANC were opposing and attempted to scupper state privatization plans (Southall, 2007). They were also continuing to develop their abilities to topple the very racist and capitalist structure of South African society and governance and to capture state power. In 1990, then ANC deputy-president Nelson Mandela, upon his release from prison, stated the ANC's continued commitment to nationalisation as located, he claimed, in the Freedom Charter of 1955 (Southall, 2007).[22]

In 1994, according to Southall (2007), the new ANC government inherited an extensive state sector of 300 entities employing around 300 000 people. However, ANC policy towards state ownership had begun to change (explored in Chapter five). With

[22] See also Mail and Guardian article 26 January 1990 titled "We Will Nationalise – Mandela"

the introduction of the neo-liberal GEAR macro-economic policy and despite the earlier claims by Mandela, by 1999 the ANC-led state was determined on a path of SOE privatisation. As a division of Transnet, the now renamed rail operations company, Spoornet, renamed TFR in 2007 (Transnet, 2013), was a target of this policy, which continues. This continuation of policy despite concerted attempts by Satawu and Cosatu in particular (see below), calls into question the strategy of corporatist-style engagement with TFR management and more broadly SOE management and thus a central pillar of radical reform strategy. Attempts at privatisation have been halted less by the union's ability to offer counter-proposals to privatisation, as other neo-liberal restructuring plans have been put into place (e.g. corporatisation, commercialisation, rationalization of the workforce, outsourcing of labour and labour broking – all mentioned above). Additionally, the ANC's continued commitment to neo-liberal socio-economic reform continues unabated (see Chapter five).

Locating SA Rail Policy Internationally

Satawu's engagement and the prevention of full scale privatisation of Spoornet/Transnet Freight Rail (TFR) was considered a victory not only for the union and its members, but claimed as a victory for Cosatu's radical reform strategy (von Holdt, 2005). The union's ability to use its connections to key individuals within the ruling ANC government, to create an alternative socio-economic plan for the parastatal as well as, at times, its ability to mobilise its members in protest action, allowed it to break the state's neo-liberal "policy juggernaut: [the] dense cluster of institutional, personal and economic interests which coalesces around a particular policy decision…, has an overwhelming momentum of its own, and is relatively impervious to rational dialogue or debate over alternative policy options" (von Holdt, 2005, p. 417).

However, how important was the strategy employed by the union in stopping wholesale privatisation? Was union action the only or even *the* key factor in the particular restructuring path followed by Spoornet/TFR management and the state? Despite a broad commitment to policies advocating economic liberalization, primarily through its GEAR policy, was the state's policy juggernaut as impregnable to alternative policy as is claimed making it easier for the union to provide an alternative plan to privatisation and for it to be argued for by certain state officials? The state continues to hold firm to the ideological orthodox, neo-liberal macroeconomic strategy as it is firmly entrenched, ideologically, in the fabric of the SA state post-1994, continuing its commitment to restructuring, profit-making and privatisation.

This chapter now aims to locate South African (SA) rail policy internationally by initially providing a brief historical overview of rail regulation in key global regions and countries and argue that international conditions were and are key in shaping and re-shaping the state's plans for rail restructuring. This research report aims to show that as important as union action may have been, the international trajectory of rail ownership vis-à-vis the state, played a vital role in shaping the state's ideas as regards rail restructuring; that, in fact, key aspects of rail control globally had reverted back to state control.

This chapter also seeks to link with the next chapter detailing the SA state's path and commitment to neo-liberal macro-economic policy – the ideological foundation of the attempted drives by the state to privatisation – to explain the depth of ideological entrenchment and the commitment to neo-liberal restructuring. This is important to understand as the very claims made by radical reform, a progressive realization of social democratic, pro-worker socio-economic policy due to union ties to the governing party and its ability to mobilise in protest, this research report argues, are called to question. If neo-liberalism was adopted by the ruling party, autocratically, ignoring its Alliance partners (Cosatu and the SACP) and if neo-liberalism has continued as the foundation of state policy despite mobilisations against it and alternatives provided by the union movement[23], where does this leave the radical reform strategy if workers are no closer to its conceptualization of socialism and further away from social democratic, pro-worker policy, as set down in the original RDP?

Rail Regulation: key global case studies

Railway operations began some 200 years ago as a network of competing private companies in the United Kingdom (UK) and the United States of America (US). However, the 20th century generally saw rail infrastructure control, expansion and service provision as the domain of state and provincial government policy and control globally.

By the 1970s, rail industries were experiencing falling demand as a result of the rise of other transportation competitors (road, air and waterways) and increasing budget deficits. In the US, UK and Europe the 1980s ushered in a decade of state-

[23] See Cosatu's (2000), "The Restructuring of Spoortnet: Labour's Plan"

sponsored research and movement into rail deregulation, privatization or both (Evans, 2010). It is to note that these occurred within a period of a global ideological shift from state-centred macroeconomic strategy to more neo-liberal prescriptions for arresting and accelerating slowing development and declining profitability (Helleiner, 1994). What resulted were global transitions to rail reform and commercialization, opening tracks to third/private party access and attempts at rail profitability.

Two main ownership models emerged in practice:

- the *vertically separated* rail operation with track infrastructure managed and owned by the state separately from multiple (usually private) operators; and
- the *vertically integrated* railway industry with or without separate internal business units.

The separation model has been adopted in some countries, notably in Great Britain, Germany, The Netherlands and Sweden (Nash and Preston, 1994; Jansson and Cardebring, 1989, in Ferreira, 1997). A similar approach has been adopted for inter-state rail freight in Australia, following the competition-related proposals adopted by federal and state governments (Hilmer et al., 1993, in Ferreira, 1997:336).

Under the vertically integrated model, operators and track owners have a customer and service provider relationship. This means the infrastructure provider exists to service the needs of its clients. The latter may consist of several business units such as passenger services and various types of freight services (ibid). Examples of countries that have adopted this model include Japan, Argentina, Canada, the US and New Zealand (Everett, 2006).

What follows are brief selected country-by-country overviews of their paths to deregulation and the resultant impact on state rail agencies and rail ownership.

The United States of America

Rail became the first fully regulated US industry with the Interstate Commerce Act of 1887. This Act came about as a result of fierce competition and mergers and the ensuing abuse of monopoly power (Jahanshahi, 1998). However, rail worldwide, both passenger networks and freight haulers, were by the middle of the 20th century generally state-owned. Much of the shift to state control (ownership of infrastructure and operations), particularly in North America, was as a result of financial crisis and bankruptcy in the 1920s and 1930s. Mexican railways, largely controlled by US interests, were nationalised in the same period. By the 1970s, much of the US rail industry was in the hands of the state (Resor & Laird, 2013).

Grimm, Kling and Smith (1987) argue that the deregulatory drive of the 1970s was driven by the lacklustre nature of the US rail industry. They state that arguments for its liberalisation were driven by declining freight haulage market share and employment levels. These, they state, were as the result of an over-regulated industry and an inefficient and stagnated management structure resulting in poor profit performance and general industrial decline.

After World War Two, in the US continued and stiffening competition from other transportation networks (who were not responsible for infrastructure maintenance and development) had a dramatic impact on the relations of rail ownership in an industry facing financial crisis and near bankruptcy (Jahanshahi, 1998).

Resor and Laird (2013) provide a brief overview of US regulatory reform from the 1970s, a decade characterized by Larson (2013) as the "decade of deregulation" (p. 11). Resor and Laird (2013) contend that despite the creation of the US rail parastatal Consolidated Rail Corporation (CRC) in 1976 so as to assume control of six bankrupt rail companies in the American northeast, there was already much discussion of deregulation as a way forward for government and the industry. With the passing of the Regional Railroad Revitalization Act of 1973 and the Railroad Revitalization and Regulatory Reform Act of 1976 (the very Act that allowed for the creation of the CRC), regulatory controls were loosened. This set the scene for the Staggers Act of 1981 which dramatically reduced state regulation in the railroad industry, paving the way for the privatisation of the CRC.

Contrary to other countries' experiences, since its formation in 1828, US rail assets have historically tended towards private ownership (Jahanshahi, 1998; White 1994). According to Resor and Laird (2013), what favoured the trajectory of rail deregulation in the US from the 1970s were the long-distance nature of hauls, low costs, a freight-dominated network and a large national economy. This coalesced to create a large transport market share for the rail industry. Liberalisation of the US rail industry was also a result of other state regulatory measures that involved the upgrading and expansion of alternative transport sectors and its infrastructure (highways, airports and waterways). These initiatives resulted in the dispersal of populations and industries from historically industrial centres. A financial crisis ensued in this period challenging the strong hold previously enjoyed by state-owned rail transportation.

According to Larson (2013) the massive mergers of the late 1990s has restored the monopolistic character of US rail. Whereas in 1970 there had been 71 Class One railroads[24], by 1999 there were only eight, including the US's Canadian operations.

According to Morrison, Yarrow, Lawton-Smith, Yamauchi, and Murakami (1995), "privatization [sic]…is a form of deregulation: although in principle state-owned enterprises can be required to operate as fully commercial operations, in practice they are frequently used as instruments to achieve certain types of political or public policy goals" (in Larson, 2013, p. 12). As such, he notes Winston's (2009) argument that "there has been little if any "pure privatization [sic]," since the [US] government often maintains some form of regulation such as maximum rates and limits on entry. Pure privatisation and deregulation are transformative policies where government transfers ownership, operation and/or control of transportation assets and decisions to private firms and does not regulate their rates, services, expansion and contraction" (in Larson, 2013, p. 12).

However, in different economic conditions elsewhere, an alternative form of liberalisation was implemented, it is argued, to break monopoly control and engineer profitability (Jahanshahi, 1998). What we learn from the US case is more recent re-regulation of freight rail, while proceeding with liberalisation of operations under state control.

Europe

Much of European rail policy has focused on freight rail in the last 20 years (Nash, 2010). A 1991 ordinance from the European Community Governing Council stated that rail networks, previously owned and ran by member states, are to be managed independent of state control and according to commercial principles "with accounts related to infrastructure management and transport operations kept separately" (Directive 91/440, in Jahanshahi, 1998:73; Else, 1996; White, 1994). European moves at deregulation, as identified by the European Commission in 2001, had to do with poor

[24] Class 1 railroads are giant rail freight lines that span the North American continent. See: http://trn.trains.com/en/Railroad%20Reference/Freight%20Railroads/2006/06/Class%201%20Railroads.aspx

financial and market performance (Jensen & Stelling, 2006). These included high state company deficits, the need to reduce operating costs and a decrease in demand for rail transportation services as well as environmental concerns, particularly in the 2000s (Santos, Furtado & Marques, 2010; Ferreira, 1997). Nash (2008) contends that the aim of European deregulation did not have rail privatization as a general goal as much as the improved efficiency and competitiveness of rail in Europe as regards international traffic.

Sweden

Around the end of the 1980s and into the 1990s Sweden (along with Great Britain) was the first to embark on a programme of deregulation. This deregulation process had three key features:

- the vertical separation of infrastructure service provision from traffic operations;
- the introduction of competitive tendering for passenger transports on some lines; and
- the opening of the railway freight transport market (Jensen & Stelling, 2006:518).

The vertical separation of the industry meant separating control of the operation of trains from infrastructure service provision, a model generally followed elsewhere in Europe and certain parts of Asia (Nash, 2010; Nash, 2008; Jensen & Stelling, 2006; Link 2004). This generally involved the splitting of the rail company into components for third-party (private) initiatives, or "open access" (Jahanshahi, 1998:73). The state would generally reserve ownership of infrastructure by maintaining and dispatching trains and charging use-tolls to, usually, privately-owned train operators. Other deregulatory measures included allowing private access to existing rail networks and calling on private sector ownership through unbundling state parastatals or other stimulatory incentives (Resor & Laird, 2013; Nash, 2008; Jensen & Stelling, 2006; Link 2004).

Swedish state directives were generally promoted as cost-efficiency measures (Jensen & Stelling, 2006). Jahanshahi (1998:74) argues that restructuring was in part motivated by the environmental and safety advantages of rail over highway traffic, unfair subsidization of the latter compared to the former sector and the deteriorating financial position of the national railroad. In the mid-1980s, the rail parastatal, Statens Jarnvagar (SJ), was identified as a target for deregulation so as to meet financial development satisfaction. The new railway law of 1985 aimed at improving the financial status of SJ and so as to allow it to act commercially in some respects. This law saw to the separation of the accounting of infrastructure from that of traffic operations, the increase in total investment appropriation to SJ, and decreased central state management of SJ. Financially, things did not improve. As such, new transport policy in 1988 meant that Sweden became the first in the world to separate the construction and administration of the railway infrastructure organisationally and legally from the operation of trains. The infrastructural responsibility fell to the Swedish National Rail Administration, Banverket (BV), created in 1988 (Jensen & Stelling, 2006; Jahanshahi, 1998). SJ maintained track operations and exclusive freight transportation rights throughout the expanding rail network. However, if SJ should be faced with constraints, BV would pass the transportation right to a third party. Private operators were allowed entry following legislation passed in the early 1990s.

It is important to note here that both SJ and BV were not privatized, but, much like TFR in South Africa, SJ was charged to run an efficient commercial enterprise (Jahanshahi, 1998). In 2001 SJ was broken up into 6 state-owned companies, in so doing separating passenger and freight enterprise into two distinct entities.

Great Britain

According to Jahanshahi (1998, p. 74) and Cole and Cooper (2004) the restructuring of British Railways (BR) has involved extensive unbundling along functional lines (separating infrastructure from operations), business lines (separating services such as passenger rail, unit train operations, car freight, maritime intermodal freight and parcel freight) and geographic lines. The result has been the creation of approximately 100 enterprises including 25 passenger operations, five freight companies, three equipment leasing companies and dozens of relatively small-scale associated businesses. By the start of 1997, BR was completely unbundled and privatised, freight business having been privatized the year before (Brewer, 1996).

According to Else (1996) and Cole and Cooper (2004) this process was supported by 3 newly-formed state-owned organisations:

- Railtrack, a commercial entity which provides access to rail infrastructure, but which also subcontracts rail maintenance and renewal,
- the Rail Regulator, which sets access charges, and
- the Franchise Director which manages passenger-provider relations.

These organisations were tasked to assist with maintaining the separation of the management of infrastructure from operations. Freight access was designed to be based on negotiated contracts between service operators and Railtrack on an individual basis (Else, 1996).

The springboard for the radical transformation of British rail is traced to the Railways Act of 1993, the culmination of a policy-makers' discussion and legislative process begun in late 1980s and 1992 respectively (Cole & Cooper, 2004; Yvrande-Billon & Menard, 2004; Brewer, 1996; White, 1994). Brewer (1996) states that much of the research that influenced the Act was undertaken by Mercer Management Consulting Limited, whose report trumpeted the virtues of fragmented freight rail operations and the positive impacts on efficiency that would have. Cole and Cooper (2004) argue that the privatisation wave of the 1990s was consistent with the pervading neo-liberal ethos of the state and has resulted in ever-increasing subcontracting and casualisation of work within the British rail industry. Much of the same impact can be seen in TFR and Transnet more broadly. However, in focusing attention on not just privatisation, but overall institutional and policy reform advanced by deregulation, Yvrande-Billon and Menard (2004) contend that a continuity exists between the Thatcherite neo-liberal deregulatory reforms of the 1980s and their impact on British rail policy. Interestingly, the authors claim that rail was privatized much later than other industries due to it being less attractive to private investors. They contend that the reasons for deregulation and creating space for market competition in the industry were:

- general declining market share due to increased road use; and
- increasing debts and decaying infrastructure –assets and stock – meaning high operation costs and low levels of innovation.

These seem to be not peculiar to the British rail, as much as they seem to reflect global trends at the time. Yvrande-Billon and Menard (2004) argue that these waves of state deregulation and the eventual privatisation of BR occurred within a policy environment bent on reducing state deficits, that was increasingly neo-liberal, which saw private ownership as a panacea to state inefficiencies and that saw state enterprise as "suffering capture by special interest groups (e.g. unions)" (p. 682). According to Cole and Cooper (2004) "[s]tate assets were sold at bargain basement prices, a significant proportion of the workforce were [sic] sacked, liabilities were written off, the accounting profession provided consulting and ideological support and their clients benefited from the process" (p. 603). Furthermore, they contend that workers suffered massive job losses at all levels, the myriad of new entrants had little to no experience of rail and that central control of the industry, or at least segments of it, was lost with the radical unbundling process. This mix of privatisation and fragmentation has thus meant loss of knowledge and work pride and a serious drop in public safety (Cole & Cooper, 2004).

Germany

In 1994 the state-owned rail monopoly Deutchse Bahn (DB) followed the examples of Britain and Sweden and embarked on a process of separating transport services from infrastructure control. It thus introduced rail competition by pioneering third party access to DB-controlled rail networks subject to access rules and usage fees. Usage fees are charged for track access, rail network operation and timetable scheduling.

According to Link (2004), despite the fact that on-track competition was not the explicit intention of rail reform, Germany's access to rail provision is the most open in Europe. Historically, private companies had to provide passenger and freight services using their own tracks. Today, many of the around 150 private companies run their services on DB tracks (DB, 2014), although the number is unclear (Kink, 2004).

Rail deregulation was based on the assumption that rail service provision and functioning would be improved via market contestation, provided the non-contestable track network was separated from pure service provision (Link, 2004).

DB is a multinational company operating in 130 countries (DB, 2014). It functions as a vertically integrated entity with DB Holding housing both the track access provider, DB Netz, and the 3 DB transport companies:

- DB Travel and Tourism;
- DB Cargo; and
- DB Leisure.

The first phase of deregulation (from 1994-98) saw the division of DB into 4 divisions:

- tracks network;
- long-distance passenger transport;
- regional passenger transport; and
- freight transport.

In the second phase (from 1999) these 4 divisions became the 4 public limited companies listed above with DB Netz maintained within the DB Holding entity.

Portugal

EU deregulation directives had, by 1998, reached Portugal which undertook a process of vertical division of rail services into two distinct entities: the management of rail infrastructure and the provision of transport services (Santos, Furtado & Marques, 2010). Regulatory bodies became charged with reducing "market distortions and promoting competition" (p. 94). What has come to distinguish Portuguese rail deregulation is the implementation of the "price-cap regime [which], as it is applied at present, limits the annual increase in the essential services access charges" (p. 98).

Portuguese rail is described as having gone through 4 phases as regards its organization. Its inception some 150 years ago was based on private initiative. However, for much of the period preceding 1975, a blend of state and private ownership characterized the rail sector. In 1975, the rail industry was nationalized leading to the formation of the parastatal Portuguese Trains (Caminhos de Ferro Portugueses – CfP) in 1977. It was only in 2000 that this model was finally broken up (Santos, Furtado & Marques, 2010).

In the late 1990s, CP was unbundled into two separate state-owned entities: the

National Rail Network (Rede Ferroviaria Nacional – REFER), responsible for the operation, maintenance and upgrading of rail infrastructure and the Portuguese Trains Comboios de Portugal (CP), the state rail operation transporting people and cargo. In 2000, the High Speed Rail Organisation (Rede Ferrovia´ria de Alta Velocidade – RAVE) was created charged with promoting research into, financing and constructing a future high-speed network. The financing model for the construction of this network, in addition to relying on government and EU support, rests on the implementation and strength of public–private partnerships in the sector, as with other sectors of the Portuguese transport industry (Santos, Furtado & Marques, 2010).

In 1998, the government created the National Institute of Rail Transport (Instituto Nacional do Transporte Ferroviario – INTF) a state-owned entity with administrative, financial and legal autonomy, with the functions of regulation and supervision of the sector. In addition to rail, INTF has responsibilities over all entities of the various modes of transport that use their own infrastructure, like the metro rail service, the tram service and other guided systems. Santos, Furtado & Marques (2010) argue that despite some autonomy, EU regulators do not see INTF as having effective decision-making capacity and as truly independent from the state as it is partially funded by it with the state able to select and remove INTF board members (see also IBM, 2006 in Santos, Furtado & Marques, 2010).

In 2006, the INTF merged with the General Traffic Directorate, the General Directorate for Transport and Inland Waterways to form the Institute of Mobility and Inland Transport (Instituto de Mobilidade e Transportes Terrestres – IMTT). In this new entity rail regulation was transferred to the Unit of Rail Regulation (Unidade de Regulaçao Ferroviaria - URF). Its responsibilities are licensing, setting of rules for capacity allocation, setting usage fee rules and the approval of the figures provided by the Infrastructure Manager, the definition and control of appropriate performance regimes and the mediation of conflicts between the Infrastructure Manager and the Rail Undertakings. Nevertheless, the independence of the URF from government, its independence within the IMTT and the resources to be allocated to the regulation of rail are unclear.

Australia

In 1997, the Australian Commonwealth Government established the Australian Rail Track Corporation (ARTC). It was responsible for administering the interstate rail network and to provide a "one stop shop" for private companies seeking rail access under a deregulated rail model. These developments and strategies for rail reform more generally followed similar strategies implemented in other parts of the world. This formation foreshadowed the breaking up of state (or provincial) government rail monopolies and the privatization of certain urban rail services (Everett, 2006; Mees, 2005; Ferreira, 1997).

Rail in Australia was developed by colonial and state governments at the end of the 19th century, which meant that these systems were designed for *intrastate* transportation of people and cargo. State government ownership and operation of the railways had led to the creation of state government monopolies and these monopoly positions were protected by legislation. This ensured that state government rail operations were confined and protected by state borders (Everett, 2006:76).

The process of deregulation is said to have originated in 1993 with the publication of the National Competition Policy and the Hilmer recommendations which aimed at structural reform so as to break the state monopolies. The argument suggested that considerable savings could be expected from separating the role of the owner of the infrastructure from that of the operator. States would retain ownership of the track and related infrastructure, while competition would be introduced by removing the monopoly position of the state operators and allow private operators access to the rail tracks (Everett, 2006, p. 77). Around the mid-1990s, legal regimes were implemented to allow for access to rail infrastructure, now deemed of national significance to combat state monopoly activity as service operators and owners of the tracks, for third parties (Mees, 2005; Ferreira, 1997).

In the preceding decades, rail, run under the mandate of public service provision, regularly made losses. In fact annual deficits in the later 1970s peaked at around A$2 billion. Dramatic rail reform in the 1980s saw to the introduction of a phased approach focused on improving efficiency levels, raising productivity and also implementing a commercial focus on rail operators (Ferreira, 1997). It was founded on seeking cost-recovery, limiting political interference and increased managerial accountability (Everett, 2006). In addition, labour market reform and downsizing was a major feature of rail reform. The workforce in the New South Wales freight sector alone was reduced by nearly 60%, from 16 300 in 1989 to 7000 in 1996. By 2002, at the onset of privatization, numbers had dwindled to around 2 500 (Productivity Commission, 1999, in Everett, 2006).

State	Structure	Access provider	Regulator
Victoria	Vertically separated dual system	ARTC interstate Pacific National intrastate	Essential Services Comm.
NSW	Vertically separated dual system	Rail Infrastructure Corporation intrastate	Independent Pricing and
		ARTC Interstate	Regulatory Tribunal
Q'land	Vertically integrated	QR	Q'land Comp. Authority
WA	Vertically separated	ARG WA	Rail Access Regulator
SA	Vertically separated dual system	ARTC interstate ARG intrastate	Exec. Dir. (Dept of Transp.)

Table: State-based rail reform model (Everett, 2006:78)

The cases above place South African freight policy into clear perspective. The late 1970s and 1980s ushered in government policy aimed at neo-liberal rail liberalisation and attempts at privatisation in particular. However a range of local and international market conditions pre-conditioned the nature of this restructuring, delinking infrastructural control, maintained, generally, under state ownership, from its use by private operators. These had, in many cases, drastic impacts on workforces in the name of turning state enterprise operations profitable.

As regards the aims, or goals of Satawu's engagement with rail restructuring, TFR and its parent company Transnet continue to be wholly owned by the state. However, despite this seeming victory for the union and its "Reconstructing Spoornet" alternative policy document, research shows that the both Transnet and its operational divisions, of which TFR is one, have been corporatised and commercialised. This is in line with global neo-liberal restructuring practice and Satawu's aims for the company, as stated above, are to maintain the profitability of the enterprise as a foundation for any further development of the parastatal and its divisions.

Satawu has been able to prevent massive job losses. Only down by a few thousand in a ten year period relative to the size of the workforce is, at first glance, an apparent success for the union and its strategy, with initial TFR retrenched workers relocated to other divisions of the Transnet company[25]. However, there has been a dramatic rise in outsourced and labour broking work within the company altering employment relations and creating a more highly flexible workforce – in other words, these precarious works are easier to fire as they generally have less recourse to union representation. Additionally, the neo-liberal narrative of profitability as foundational to parastatal development and it free market rationale is embedded not only within TFR and Transnet management, but has made its way into union discourse conditioning how it seeks to frame its engagement with management. As Bezuidenhout and Fakier (2006) show in their work of the impact of neo-liberalisation on state-controlled South African universities and workers, and as is evidenced by the changing nature of conditions of employment towards more precarious, or vulnerable forms, this market narrative and state institutional restructuring has had a serious exclusionary impacts on workers, in stark contrast to the goals of radical reform.

Interviews with key Satawu officials show that the outcomes of their challenges to consistent state and managerial programme of rail restructuring have given rise to a national Transnet Bargaining Council and sectoral, or divisional bargaining fora. These however, have had little influence on broadening worker control over the industry, nevermind being unable to lay a pathway to co-determination of the transport industry. Interviews show that workers are far removed from these fora, occupied instead by union leaders removed from members intended to be represented. There is little worker control over the input in these meetings and there are also many instances of management making and implementing decisions under discussion at consultation fora while these meetings are still taking place[26]. Although still vital sounding boards for rail workers issues, there are serious limitations to the ability of these fora in furthering worker influence and developing worker co-management over the industry.

A vital element of the "Reconstructing Spoornet" initiative is the investment in the maintenance and development of branch, or regional lines off main lines between major cities into under-developed areas in South Africa. This, it is argued, who serve a developmental agenda and create the opportunities for a range of much needed investment in, in particular, the rural areas in the country. Research, however, shows little investment by TFR, preferring to focus on main lines to the detriment of branch

[25] Interviews with Jane Barrett and Xolile Chubana.
[26] Interview with Desmond Mpofu.

lines.

Overall, Satawu's engagement over the last 18 years with TFR and state managers has yielded lots of potential, but pyrrhic victories. This engagement has been unable to halt the march of neo-liberal restructuring. Evidently, although it is claimed the "Reconstructing Spoornet" document played a vital role in providing the state with an alternative plan, much of the plan, beyond rhetorical commitments to socio-economic development, has not been adopted by management. Crucially, the very process of creating the alternative was contrary to the spirit of democratisation through expanding worker control. According to one of its key contributors, then-Naledi researcher, Bethuel Maserumule, "The process really became really technical. It almost narrowed down to a small group of people talking on behalf of the workers. The project didn't translate into a very visible worker involvement. My expectation would have been that the demands themselves should have been a product of mobilisation alongside analysis and research and not just R[esearch] and A[nalysis] alone. In a sense we were going to workers to insert them into the issues through research instead of informing our own approach on what the workers were saying. So I think it had a very dangerous marginalising effect…[on] the workers. Even if it had positive outcomes, but the point is really the workers were spectators. They may have undertaken one or two demonstrations and that was just about it. Again, organised around what was decided, not necessarily what they wanted.[27]"

The global turn towards neo-liberal policy prescription was felt in South Africa during the 1980s, but unable to be fully implemented by the apartheid government of the day. However, the ANC launched into state governance on the back of massive local and global goodwill, its policy choices open to it, without the risk of negative market reaction. However, instead of fulfilling the early 1990s promises made by Mandela to create a more pro-working class socio-economic dispensation, the ANC very quickly turned to economic globalisation and its neo-liberal underpinnings, in an attempt to address years of social and economic isolation, despite many alternatives available to it. Its time in power has seen a deepening of its commitment to free market principles, despite many challenges from within South African society, in particular from its Alliance partners and the working class organised, more broadly, in a variety of community-based organisation. It is to this development within the ANC and its

[27] Interview with Bethuel Maserumule.

imposition of neo-liberalism onto the South African landscape that we turn to in the following chapter. Many of the arguments presented below as regards the ANC's path to neo-liberalism are well-known to scholars, but are presented here to cement this report's argument that a key component of radical reform strategy, its contention that the nature of the relationship to the governing ANC gives Cosatu unions an upper hand in its ability to influence state socio-economic policy, as opposed to working class and other anti-neo-liberal social formations outside the Alliance.

CHAPTER 5

SOUTH AFRICA'S PATH TO NEO-LIBERALISM

From 1994, as South Africa continued to emerge from the years of apartheid and partial socio-economic and political isolation, its ANC-led government identified key domestic structural socio-economic problems. These included an ongoing reliance on agro-mineral, or raw material and uncompetitive exports, poor manufacturing performance, exchange rate instability, small local markets, its position in the global economy, inadequate job creation, high levels of unemployment and a massive shortage of skilled labour (Department of Finance [DoF], 1996). The currency crisis of the mid-1990s and the desire to maintain currency stability (so as to, particularly, ensure balance of payments) was set as a prime motivator for the drive to liberalise the SA economy and implement the Growth, Employment and Redistribution (GEAR) macroeconomic strategy (DoF, 1996). GEAR was attempted as a policy framework that, according to Marais (2001), could "reconcile the country's insertion into the global division of labour with the commitment to improve the living standards of the majority" (p. 110). Through GEAR, the government espoused a dictate that centred on trade and financial liberalization and policy restructuring based on the theoretical socio-economic model of neo-liberalism. The government thus identified as its main priority macro-economic stability and aimed at creating a positive atmosphere for foreign direct investment (FDI) and market-led economic growth (Marais, 2001). It saw the redistribution of wealth and resources and general social upliftment as afforded it by economic growth leading to job creation, "a primary source of income redistribution" according to the GEAR policy (DoF, 1996, p. 1).This model of economic growth was to be based on international free trade and encouraging private direct investment both local and international, in the belief in market distribution as more efficient than any role played by the state in economic intervention.

However, was this neo-liberal model the only developmental path available to South African leaders and decision-makers and what were the reasons for its adoption? In addition, does the crisis theory advocated by policymakers solely account for the adoption of free-market macroeconomic strategy? Can it also convincingly explain why neo-liberalism and GEAR are still the ideological cornerstones of current South African macroeconomic strategy? In the face of such commitment to free market prescripts, what chance is there for Cosatu and radical reform and corporatist proponents to shift the ruling party, or any ruling agent towards more pro-worker social democratic policies? What follows is a brief overview of some key arguments seeking to answer these questions.

Writers commenting on macroeconomic policy debates and its outcomes in the South African transition to democracy in the 1990s stress the need to view this period and its present-day repercussions as a process of continuity between periods pre and post-1994 (Freund, 2013; Marais, 2001; Michie & Padayachee, 1997; Padayachee, 1997; Pons-Vignon & Segatti, 2013; Segatti & Pons-Vignon, 2013; Webster, 1998). Generally, neo-liberal macroeconomic policy choices implemented by the ANC government (realised as the GEAR strategy of 1996) were, it is argued, the result of domestic and global economic downturns, crises of socialist and Left ideologies due to the socio-economic failures of state-interventionist, import-substitutionist economies in the Global South, poorly performing Keynesian Welfare States in the Global North and the collapse of the former Marxist Communist East Bloc. This saw to the rise to global prominence of neo-liberal free-market ideology in programmes for and international institutions focused on socio-economic development.

However, these writers are unconvinced that these internal and external pressures and historical movements *solely* came to bear on an ANC elite in power in shaping its course towards neo-liberalism. As mentioned above, Harvey (2016) characterizes the global neo-liberal project of the last 40 years as one of class struggle by ruling elites against the power of organised labour in their national scenarios. In fact, writers put forth the following key developments:

- from the later 1980s, a conscious and sustained process of relationship-building with and conversion of key ANC figures to the Washington Consensus (or neo-classical, neo-liberal, orthodox economics) through elite pacts made between ANC elites on the one hand and white South African private capital, officials of international financial institutions and the apartheid state hierarchy on the other[28];
- the ANC's lack of a central macro-economic policy at the end of the 1980s;

[28] See also van der Walt (2012).

- the sidelining of heterodox alternatives[29] before and during the onset of ANC state power; and
- the restructuring of the South African state apparatus by the ANC and technocratic capture by key personnel staunchly adherent to neo-liberal ideology.

According to Michie and Padayachee, "...the present government [the ANC and thus its macroeconomic ideological outlook] is not simply the result of an electoral outcome, but is the product of – or at least heavily conditioned by – the negotiations conducted under the old apartheid regime" (1997, p. 9).

Segatti and Pons-Vignon (2013) argue, in citing the work of a host of authors, that "the myth of a sudden conversion of the liberation movement from old-fashioned socialism to orthodox economics at the turn of the 1990s has long been dispelled...[these authors cited by Segatti and Pons-Vignon] point to the historical affinities between the ANC and orthodox economics and to the development of an original position combining adherence to the core principles of macro-economic orthodoxy with the local imperatives of rent-distribution on the one hand, and the ambition to nurture an indigenous model of growth on the other" (p. 541-542). This attempt at balancing general economic orthodoxy with a need for indigenisation as well as the "key figures" argument (see list above) rest aside Freund's contention that the chief planner of the ANC's shift to neo-liberalism, Thabo Mbeki, is "the most important single architect of the 'new South Africa'... [he had a] dislike for Western political power in the world and [was] primarily committed to intensive racial 'affirmative action' domestically, while accepting the existing economic world order as a given" (2013:521).

Before an overview of the arguments is set out, it is useful to briefly highlight the main ideas of the ANC's most prominent macroeconomic policy document. GEAR (DoF, 1996) seeks as its outcomes:

- "a competitive fast-growing economy which creates sufficient jobs for all workseekers;
- a redistribution of income and opportunities in favour of the poor;

[29] Particularly of the work of the Macro-Economic Research Group (MERG), the International Strategy Project (ISP) initially and Cosatu's Economic Trends Research Group (ET) (Freund, 2013). In this transition period, these groups, the MERG in particular, proposed a more Keynesian macro-strategy modelled on the principle "growth through redistribution" (Freund, 2013:252).

- a society in which sound health, education and other services are available to all; and
- an environment in which homes are secure and places of work are productive" (p. 1).

It identifies economic growth, dependent "in part on attracting foreign investment, but also requir[ing] a higher domestic saving effort" (DoF, 1996: 21) as the primary driver of job creation which would lead to social equality through redistribution of income and wealth, and to finance the provision of social services. This, seemingly, links it to the aims set out in the previous economic framework, the Reconstruction and Development Programme adopted in 1994 (RDP, 1994). As growth thus precedes distribution, GEAR argues however, in contrast to the RDP, that the main priority for the South African economy is to increase production for the international market – a shift towards export-orientated growth (ILRIG, 1998), or an "outward-orientated economy" (DoF, 1996, p. 1). To achieve these broad socio-economic goals, GEAR aims at an annual growth rate of 6 percent as well as creating 400 000 jobs per annum by the year 2000. GEAR identifies wholly with neo-liberal prescriptions regarding the primary driver of economic expansion which it sees as the private sector and the most appropriate vehicle for this economic growth as international free market competition driving by direct private sector investment. To achieve the measures, it sets out for "a stable and competitive environment for significantly improved export and investment growth" (DoF, 1996: 5). GEAR does advocate for a range of state activity, wholly in line with the infrastructural maintenance role set out for it in neo-liberal thought (see Friedman, 1962). Besides a focus on supply-side economics, GEAR proposes that the state practice fiscal discipline by reducing its budget deficit to 3 percent, cutting is expenditure, thus acting to maintain financial stability, reduce inflation and, according to ILRIG (1998), reducing the state's role in the economy as a producer.

In order to compete internationally, South African labour needs to produce more goods via a "social agreement to facilitate wage and price moderation" (DoF, 1996, p. 5) increasing labour demand and reducing inflationary concerns. This would serve to promote a structured labour flexibility of collective bargaining, contract and labour standards. GEAR also seeks to introduce a levy system to facilitate funding for training that meets domestic private and public sector needs.

GEAR also proposes a programme of public sector asset restructuring through corporatization, commercialization and privatisation, which seeks greater participation from the private sector and to "optimize investment resources" (p. 2). To encourage foreign direct and private investment and promote a strengthening of competition policy, GEAR advocates a programme of trade, or economic liberalization in line with World Trade Organisation (WTO) agreements. These includes relaxing exchange controls, trade and policy reforms to lower tariffs, as well as measures to promote competitive tax incentives, with a shift towards taxing retirement funds, sin tax and improving tax collection as revenue boosters. This is accompanied by an effort for effective exchange rate stability to provide the environment necessary for export-industry expansion. The state is to play a role in increasing public infrastructure investment to provide for more "adequate and efficient economic infrastructure services" (p. 4) to encourage industrial development and to meet the service provision backlog at municipal and rural levels.

These and other neo-liberal socio-economic underpinnings prevalent in it continue to dictate the macro-economic policies set out after GEAR by the ANC-led government, viz. the Accelerated Skills Growth Initiative for South African (ASGISA) (2006), the New Growth Path (NGP) (2011) and the National Development Plan (NDP) (2011).[30] This despite disagreement from within the Alliance by Cosatu and the SACP (see its Social Equity and Job Creation economic strategy released in 1996, for example, set out as an alternative to GEAR).

Social Uprising, Elite Transformation: the ANC takes Control

Increasing township and union militancy from the 1970s into the 1980s met with harsh reactions by the apartheid state headed by the NP (Ginsburg, Webster et al, 1995; Webster, 1998). It was a period of great political instability for the apartheid regime both internally, as mentioned above, and externally, characterized by its raids deep into Angola (Padayachee, 1997). In response to growing conflict between the state and the trade union and civic movements, the apartheid government imposed a severe state of emergency in 1985 (the same year of the formation of Cosatu) that saw to the arrest and detention of hundreds of labour and civic activists over the next 4 years. These repressive measures could not stem the tide of reaction to oppression and civil

[30] See Hattingh (2012), van der Walt (2012), Coleman (2013) and Fine (2012).

disobedience in South Africa, which by the end of the 1980s were unified and well-coordinated into programmes of action by the MDM. The activists of the MDM were the leaders of this "internal democratic movement" (Ginsburg, Webster et al, 1995, p. 7). The state faced the choice of either intensifying pressure on the trade union and civic movements, running the risk of further alienating capital seeking economic reform away from restrictive tariff regimes, state intervention and to greater and easier international market access, and without knowing whether or not they would succeed against the rising tide, or on the other hand, seeking political reform. The state opted for the latter, realised in the unbanning of political organisations like the ANC, the SACP and the Pan-Africanist Congress (PAC), allowing for the return of political exiles and the release of prominent political prisoners (Webster, 1998). For the ANC, it became absolutely vital to gain control over the MDM so as to assert its political dominance over the "radical grassroots movements that had emerged during the near-insurrectionary period of the 1980s" (ibid). This period of reform initiated by the NP hierarchy allowed the ANC to shift to the centre of alternative political space, aided by ideological choices made by Cosatu leaders (viewing the ANC as the leader of the necessary first stage of the National Democratic Revolution and thus going into a formal alliance with it and the SACP) and the disbanding of the UDF (ibid). The process of political negotiations, formalized in the Convention for a Democratic South Africa (Codesa), were to be conducted on behalf of workers and the oppressed majority by the ANC and SACP aligned and by other political parties, thus shifting the focal point of resistance to apartheid and alternative policy from more democratic grassroots structures. According to Webster and Adler, "[f]rom this point political parties – not the civil society organisations that were the backbone of the 1980s insurrection against apartheid – were to be at the centre of the transition" (in Webster, 1998, p. 48).

However, the newly-formed Alliance between the ANC, SACP and Cosatu (which guaranteed the role of the ANC as dominant partner and thus political overseer and main vehicle of social and economic transition), geared towards the capturing of state power through negotiations, were in a quandary regarding economic policy and redistributive transformation. According to Ginsburg, Webster, et al, "[n]egotiations for a democratic South Africa began in earnest at precisely the moment when notions of alternative forms of democracy vanished. The collapse of the Stalinist regimes in Eastern Europe and the Soviet Union, and the crisis of social democracy in Western

Europe, had transformed the international climate, delegitimizing radical notions of democracy and reinforcing a global economy that dictated neo-liberal market-based solutions as the only acceptable solutions" (1995, p. 7).

Webster (1998) argues that the RDP, mainly the work of Cosatu, was hastily adopted by the ANC in January 1994 more as a result of the necessities of electoral campaigning than any real commitment to its redistributive policies and notions for transformation. Used as its 1994 election manifesto, Webster continues by adding that there was no deep appreciation of the RDP vision thus laying the basis for its meaning being recast by the ANC from growth and redistribution towards fiscal discipline, attracting FDI and macro-economic balance (p. 49).

The original RDP was first formulated as a response to a proposal by the National Union of Metalworkers of South Africa (Numsa) by Cosatu to create a document that would tie the ANC to a working-class orientated commitment in return for worker electoral support (Webster, 1998)[31]. After a few years of debate about it within the Alliance, particularly within Cosatu and with the Macro Economic Research Group (MERG), the International Strategy Project (ISP) and Cosatu's own Economic Trends Research Group (ET), this document was redrafted by the ANC in 1993. It was met with harsh criticism by the union movement for not having been party to debating the document's reformulation and for its, now, neo-liberal foundation. Despite this serious criticism, however, Webster points out that Cosatu left discussions without proposing an alternative to the fiscal discipline at the centre of the new RDP (1998:49). Now an open-ended document with this free-market centre, "it meant all things to all people" (ibid). Webster (1998) clearly notes the effect the elections had on the ANC transforming from a movement to a party in government. The impact this had was to transform the policy creation process, to remove it from within the Alliance and to centre it in the corridors of political and state power, now dominated by the ANC and to charge the ANC with implementing policy, and thus constructing the implementation of the RDP. The government's adoption of the RDP White Paper, a further revision and neo-liberalisation of the plan, crystallized the state's resolve on fiscal discipline, export-led growth, reducing state expenditure and privatization. This has obviously affected Cosatu's ability to use its radical reform strategy to influence ANC policy now clearly out of its reach outside the Alliance.

[31] See also von Holdt (1990).

By not linking ANC policy to previous attempts by the NP at economic liberalization, Webster (1998) does not show continuities in pre and post-1994 state thinking regarding economic policy. Despite drawing attention to "sunset clauses" (see below), it is posited as a mere speed-bump to the ANC government and not as a mechanism that maintains structural and ideological continuity (a theme picked up by Segatti and Pons-Vignon, 2013). Cosatu played a crucial role in the struggle against apartheid, as well as, for good and bad relative to its own goals, in the transition. All this weakened Cosatu's positon within the Alliance, despite the aggressive claim that "labour retain[ed] its power to block the imposition of economic reform – both at the national and workplace levels. Any attempt to impose neo-liberal solutions unilaterally is likely to take the country down the path of civil war – it will ensure rather than avert chaos. If, at the same time, socialist solutions are unfeasible, this conclusion points towards a class compromise between capital and labour: a left version of social democracy" (Webster and Adler in Webster, 1998, p. 58). History shows, however, the very inability Cosatu has in being able to block attempts to impose neo-liberal solutions unilaterally undermining the claims of this assertion. Despite its place in the Alliance and high level state positions (as members of the ANC in government), the trade union movement and its representatives have been unable to alter the free-market foundation of South African macroeconomic policy. Why the movement was unable to stop this is left uncomfortably unanswered by pro-radical reform proponents. This must surely call into question the strategy employed by the federation: of its place in the Alliance and its electoral support of the ANC. Not only that, but the very nature of state power and how it transforms movements into political parties, highlighted by Webster above, may call into question the very notion of participation of working class movements in government elections via political parties and the effects of state power on these very movements and their representatives.

Padayachee (1997) paints a picture of political and economic instability faced by the apartheid state from the late 1970s. The context of mass insurrection in the townships and workplaces and economic decline - a declining gold price, shifts in the dominant form of foreign capital (from FDI to bank loans) and the structure of its foreign liabilities (from long to short-term) (making it very susceptible to market reaction and "confidence") - sullied South Africa's international economic relationships and forced its monetary authorities to announce a "debt standstill" in August 1985 (p.

29). From the late 1970s, comforted by its "cosy" relationship with the International Monetary Fund (IMF), the government exhibited a commitment to market-orientated economic policy reform (p. 41). Despite earlier doubts regarding IMF influence on policy, by the 1990s South African business, via the Johannesburg Stock Exchange (JSE), was clear as to its orientation, imploring the ANC and NP policymakers to engage with IMF economists in "privatizing and reducing the state's share of the economy" (Padayachee, 1997, p. 41). Heeding this advice, the NP government installed General Corporation's Derek Keys to its Cabinet as Finance Minister and announced the Normative Economic Model, a further attempt at economic liberalization.

Michie and Padayachee (1997), too, frame their argument within the context of the global economy at the time of the transition. Its main characteristics were the increasing prevalence of manufactured exports as compared to primary commodities among developed and mainly certain developing nations of Asia and Latin America, the increasing trade regime intra-industry among developed nations. Additionally, FDI flows increased, but this between developed countries, with flows to developing countries at much lower rates and mainly to emerging economies in Asia and Latin America. South African policymakers were faced with the challenge of developing an economic strategy that could meet serious local demands while at the same time enabling the SA economy to compete internationally. Despite economic havoc and political instability highlighted by Padayachee (1996), local industries had particular advantages relative to global conditions "it manufacturing sector was large and diversified; it had been open to inflows of foreign direct investment and technology for many decades; it had a not insignificant physical, banking and human resource base; it had developed a globally competitive edge in complex activities (metallurgy, mining equipment, chemicals and paper)… and … international investor sentiment [at the beginning of the 1990s due to the political and economic negotiations of transition]" (p. 10).

Michie and Padayachee (1997) state that a tight late 1980s monetary regime meant that inflation rates were kept relatively low. National debt had risen by 1989, but was still comfortably within the parameters of acceptability by Western standards (the standards dominating International Financial Institutional policy). Relative to other middle-income countries, South Africa's foreign debt was quite low. The MERG report (1993) shows that although capital surpluses were not relatively high, capital shortage was not the major stumbling block it was perceived to be. Thus, due to these factors, Michie and Padayachee (1997) argue that the macroeconomic conditions of 1994 were far from crisis with no real worries of excessive instability experienced by other developing countries at the time. Thus, they continue, the focus on inflation and debt reduction should not have been important to policymakers at the time (p. 16).

At the ANC's National Conference in 1994, the economic liberals circling the ANC elite were seemingly winning the battle of ideas, as shown by its adoption of new economic policies (Michie and Padayachee, 1997). The party endorsed privatisation and FDI incentives and a broad commitment to free trade, responding to calls to encourage market "confidence" (IMF, 1995, in Michie and Padayachee, 1997, p. 20). Within this local and global context, the ANC made concessions in the processes of negotiations that blunted the economic weapons of the larger mass democratic movement (MDM - the trade unions affiliated to the Congress of South African Trade Unions, Cosatu, and progressive civic organisations aligned in the United Democratic Front, UDF, of which the ANC claimed and were given political leadership over in the 1990s [Webster, 1998]). Michie and Padayachee (1997) continue to contend that these concessions not only closed down any space for alternative economic policy options, but also contributed to the slow pace of institutional, structural and personnel reform considered key to economic transformation (p. 11). Allowing for the independence of the South African Reserve Bank (SARB) was one such key concession ensuring the transfer of control of and influence over monetary, interest rate, exchange rate, fiscal and industrial policy from democratic parliamentary oversight. Other concessions included allowing for control over key departments, viz. Finance, Mineral Affairs, by the National Party (NP) as per the requirement of the interim constitution and the Government of National Unity (GNU) power-sharing arrangement. Michie and Padayachee (1997) argue that another key development, a result of Codesa negotiations, but not emanating directly from the interim constitution, was the GNU generally leaving apartheid civil service structures, power, functions and staff intact. These were the "sunset clauses" (Webster, 1998:50). All this, Michie and Padayachee (1997) contend, added to the very slow pace of institutional transformation as part of the drive to appease white apartheid-era bureaucrats and black civil servants who ran the former Bantustans and so as not to appear too radical.

By 1995, then-President Mandela announced his frustration with his party's failure to meet election promises and extolled the primary necessity of economic growth. With these comments the ANC came full circle from being perceived as "socialist, interventionist, development-orientated" to an organisation promoting a "privatized [sic] individual choice approach" (Padayachee, 1997:42).

However, even according to Padayachee (1997), these initial descriptions were off-mark as even by the early 1990s the ANC had paid little attention to economic policy. In fact, Cosatu in 1985 had initiated research into the effect of economic sanctions on the South African economy (Padayachee, 1997). This paved the way for the pronouncement of the RDP, but also contributes in explaining the ANC's attitude towards it, dropping it eventually in favour of GEAR. Padayachee (1997) summarises that "between 1990 and 1995 ANC international financial policy and strategy was systematically stripped of all commitments, or even significant reference, to the regulation or shaping of the nature and character of South Africa's relations with the international financial institutions and foreign investors of all kinds, as part of its national development strategy of reconstruction and development in the wake of the political victory" (p. 45).

Padayachee (1997) argues that the reasons for this cannot be adequately explained by international socialist and Left downturns in fortune. This does not explain why neo-liberal ideas became so attractive to ANC decision-makers and he chooses to focus on local forces operating to infuse these ideas into the post-1994 ANC government. Besides no tradition of economic policy debate within the ANC, Padayachee states that different and, at times, conflicting policy stances existed within the organisation. Importantly, he points to the agreement made by its Alliance partners, Cosatu and the SACP as well as the South African National Civics Organisation (SANCO), *to cede economic policy power to the ANC*. Another facet of Cosatu's ability to influence the ANC through the radical reform strategy is called to question here. Key conglomerate South African businesses, supported by most sections of the media, played a prominent role in that they were able to convince the ANC leadership of the virtues of neo-liberalism, armed, according to Padayachee with ahistorical and acontextual analyses of the East Bloc and developmental states of East Asia. He also points to key appointments made to certain Cabinet and state positions facilitating the inflow of market-based economic policy. However, Padayachee (1997) and Michie and Padayachee (1997) fail to highlight through which relationships business was able to win over the ANC. They clearly position the ANC as an apparent blank policy slate to be enacted upon by domestic players *once in power* – essentially showing business as the clear winner. Yet, they do not propose as to why business won, despite concerted efforts by the trade union movements and heterodox research groups in providing the ANC leadership with policy alternatives. It cannot adequately explain the dramatic shift in ANC policy from 1994-1995. Other authors offer their analyses in response. These are important to reflect on as they further undermine the argument of any form of Cosatu influence in the Alliance, in particular as regards socio-economic policy and being able to shift the ANC from its neo-liberal orientation.

Pons-Vignon and Segatti (2013) introduce their article by citing Padayachee (2006) and his point that the rich scholarship of the 1980s and 1990s lost its ability to remain critical of those in power in democracy. This as their starting point, Pons-Vignon and Segatti proceed to argue that South Africa is an example of neo-liberal "deepening" with its rising profitable financial sector and increasing levels of poverty and joblessness (p. 509) despite the professed commitment to ending poverty and redressing the imbalances of the past. Post-apartheid macroeconomic policy and state restructuring have been to "advance the interests of big conglomerates and finance, thus entrenching neo-liberalism" (p. 509). This combined with selectively drawing elements of the once liberation movement into conglomerates, such as Cyril Ramaphosa. Thus, they contend, that the primary motor for neo-liberal deepening was the transition itself as it "allowed the neoliberal [sic] project, suitably dressed up, to benefit from the historical legitimacy of the ANC and its alliance with the working class" (p. 510).

The adoption of the RDP by government was accompanied by the creation of the RDP ministry, with ex-Cosatu General Secretary, Jay Naidoo, as its head. This office, according to Pons-Vignon and Segatti (2013), could have been used as some sort of central planning agency assuring that government departments commanded treasuries. However, the closing of the RDP office and the adoption of GEAR meant that the policy coordination role would be the domain of the National Treasury and its technocrats (Segatti and Pons-Vignon, 2013). The authors refer to this as a conscious process of policy capture by neo-liberal ideologues from within the ANC. The contestations experienced by the Department of Trade and Industry (DTI) and the Economic Development Department (EDD) in implementing its National Industrial Policy

Framework of 2007 are examples, they argue, of the continuing oversight role played by Treasury and that these departments are concessions to more progressive wings of the Alliance but without real clout as regards implementation of industrial policy.

Pons-Vignon and Segatti (2013) contend that there was a continuity of policy pre and post-1994. The NP's desire for liberalization, ala the ANC's programme from 1996, was shaped by growing tensions within the party and between the private sector and the state and debates around how to manage the growing economic crises from the later 1970s. The NP implemented a programme of privatisation in 1982 which allowed for three key effects:

- the easier transmission of worsening international economic conditions into the SA economy;
- it increased the power and concentration of the large conglomerates; and
- this acted as a springboard for their financialisation (and the emergence thus of a powerful finance sector) (Pons-Vignon and Segatti, 2013, p. 514).

Segatti and Pons-Vignon (2013) examine neo-liberal policy take over and its persistence post-1994 from a political economy and technocratic capture standpoint. They contend that key ANC officials, in particular Mbeki, Tito Mboweni, Trevor Manuel and other figures like Maria Ramos, pre-1994 were exposed to a conscious process of ideological conversion to neo-classical economics through meetings and conferences which influenced the process of state restructuring and macroeconomic policy formation. These were guided using their respective tutelages as Deputy President and then President, Governor of the SARB, Minister of, particularly, the Treasury, and Ramos's role in restructuring the Treasury Department. Concerted efforts at orthodox economics education were launched to convince other such ANC leaders of the virtues of neo-liberalism, by both domestic and international teachers. The technocratic capture argument shows distinct continuities in personnel in departments across the pre and post-1994 eras and argues that, not just as a concession to the old apartheid civil service, but that this was a guided attempt at encroaching neo-liberal ideological control and eventual dominance over those state structures particularly responsible for macro-policy. What their arguments clearly show is that, contrary to what had been written before, much more ANC agency was involved in the neo-liberal shaping of the macroeconomic order from 1996. With the closing down of space within the Alliance for policy debate, the conversion and entrenching of neo-liberal orthodoxy amongst key ANC leaders, and the nature of the ANC in power as the governing party, Cosatu and its strategy have had little room for influence over its Alliance partner. Importantly, this chapter also argues that not only was there little room after the ANC ascended to power, but that the key figures and continuity of economic policy pre and post 1994 arguments shows conversion to orthodox economics before the formation of the Alliance further undermining contentions of Cosatu influence over the ANC. Segatti and Pons-Vignon (2013) show a distinct line of continuity between pre and post-1994 state thinking regarding macroeconomic policy and that ANC leaders and policymakers were not simply tools acted upon by IFI economists and historical shifts. Alternative economic policy options were open to them (Freund, 2013) via those offered by the MERG, ET and ISP groups as well as by continuing Cosatu research, sheds light on the strong neo-liberal institutional foundation laid by leaders in the early years of democracy.

South Africa's path to neo-liberalism shows that certain arguments regarding the South African transition depict the ANC as an organisation provided the opportunity to lead this transition, with little to no economic plan, provided one by new Alliance partners, but shelving those in favour of newly-adopted free market prescriptions realised through GEAR in 1996 due to crises of left and state-centred ideology in various parts of the world. More recent work, however, points to an ANC, at least key leading figures within it, actively engaging global economic orthodoxy and its practitioners before and after the transition in 1994 bent on pushing the South African economy into an increasingly economically globalised world via neo-liberal socio-economics. It had done so by continuing and extending the apartheid-era government's policy of economic liberalisation achieved, in many respects, via the outcomes of the negotiated settlement of the early 1990s. This path was not, and this chapter argues, could not be reversed by Cosatu, neither through its position in the Alliance, nor even by its ability to mobilise mass action and alternatives, against early attempts at economic liberalisation.

CHAPTER 6

CONCLUSION

Revolutionary socialist transformation is a stated principle and goal of Satawu and Cosatu. These organisations aim to continue to mobilise workers in a struggle against capitalism, in particular in its present-day neo-liberal form. Yet its strategy (radical reform) and tactics (seeking statutory tripartite socio-economic and industry-level consultation and co-management) and the outcomes of these, including Cosatu's very formulation of its socialist strategy and vision of socialism are often confused and contradictory. It seeks to achieve these stated aims in an Alliance with a ruling party neo-liberal in its socio-economic outlook and policy implementation. Thus, Cosatu's socialist prescripts are but a rhetorical mechanism used to maintain the support and membership of workers. However, even this has failed, evidenced by the recent expulsions and disaffiliations of Numsa and the Food and Allied Workers Union (Fawu) respectively and key leaders. The Cosatu-in-crisis mantra is not a new one (see Buhlungu, 2010; Satgar & Southall, 2015).

Cosatu's strategy is reformist social democratic, not revolutionary socialist, in a context of the apparent victory, globally, of neo-liberal capitalism. This research report and Chapter five in particular, argues that the neo-liberal ethos and approach to macro-economic development is deeply embedded into the ideological machinery of the South African state, a process initiated before and settled after the transition to democracy in 1994. Despite rising poverty and unemployment and increasing inequality in South Africa, the ANC and state's adherence to free-market fundamentalism indicates an ideological and not a logical commitment. This calls into serious question the ability of any progressive, pro-worker force to change the course of macro-economic strategy via radical reformist means, when the very basis for such reformist engagement as proscribed by Cosatu and radical reform, i.e. corporatist engagement and Alliance partnership, has shown itself wholly ineffectual in meeting its aims of encroaching worker co-determination of industry.

Satawu has been unable to fully meet its goals as regards its engagement with the state and management in the restructuring of TFR. Even when goals have been seemingly met, e.g. preventing privatisation, curbing mass job losses and institutionalizing corporatist consultation, these have not been without casualty.

Chapter four details what the outcomes of achieving those aims have been, including the increasing precariousness of employment, the lack of actual consultation with workers via the various bargaining fora, as well as the neo-liberal ideological foundation of TFR management and restructuring. Satawu has also been unable to meet its aim of ensuring branch line maintenance and development, vital to job creation and rural economic development. As such, South Africa has moved further away from any path setting it on course towards a developmental state, characterized by state protectionism of infant manufactured goods industry and an ability to discipline various fractions of capital towards these ends.

The current crises of capitalism, exacerbated by the financial and housing crisis of 2007/08, has not seen the movement towards widespread adoption of pro-worker policies and dispensations, owing much to the disarray of Left and other worker-orientated organisations and movements. A huge divide exists between union leaders and bureaucracies on the one hand and the workers on the other, meaning very different lives for those at either end of that spectrum. Leaders enjoy the fruits of capitalist development (see Buhlungu, 2010) and participation in corporatist negotiation, while workers largely fight a defensive battle against attacks on existing legislated rights and their livelihoods. It is about "political egoism" rather than working class reality for union and state leaders[32].

The positive feature of corporatism is that engagement with management and industry decision-makers is formalised and recognised by state legislation making it very hard to act to remove those rights for workers and any agreed via those councils. The negative impact is that it has professionalised and institutionalised workers' struggles within compacts, like Nedlac, that have little to no implementation power. This leaves, ultimately, final industrial managerial and macro-economic decision-making power in the hands of ruling economic and political elites much to the detriment of the lives of South Africa's majority working class and poor.

Ultimately, unions have abandoned the shop floor[33] for comfortable corporatist boardrooms. Leaders have become involved in and benefitted from the very processes of accumulation and exploitation they consistently speak out against when addressing union and federation congresses. The very nature of the radical reform and corporatist

[32] Interview with Bethuel Maserumule.
[33] Interview with Bethuel Maserumule.

strategy, propels workers into a process of institutionalized management of their own exploitation. Union leaders have adopted the culture of the ruling elites they profess to be contesting on behalf of workers (see Buhlungu, 2010). Although this seemingly may indicate a review of strategy, the lifestyles, salaries and ruling class mentality amongst the leadership, ideological and political rigidity (a commitment to corporatism and the ANC), the desire for shop steward positions not so as to serve workers, but to escape poverty and access power, lack of political education at shop floor level, etc., means there is a reluctance to do so at leadership levels of Cosatu's organisation. These niceties of corporatism have engendered a "culture of defeat" amongst many within the federation[34]. Corporatism has become "a way of life for unions" which means a "quiet" and complicit shop floor.

Despite its rhetoric, Cosatu's strategy is institutionalised corporatism. Not only is this its strategy, but it is also structured in this way. As such, it is unable to respond to economic, social and political crises without calling for more engagement in statutory structures with management, more voting it Alliance partner, the ANC, and for more capitalist development proposing a model out of step with the macro-economic plan of the very ANC it is in alliance with. Neo-liberalism implemented locally has seen the development of a social democratic-orientated union federation always on the defensive trying to protect workers' rights realised in legislation, but gained in struggle. Thus, despite its size and importance, Cosatu is unable to halt GEAR, job restructuring, casualisation, labour broking, the roll-out of toll roads, etc.

As Buhlungu (2010) notes, Cosatu and its unions have developed a huge, unelected and, therefore, unaccountable bureaucracy, leading to a massive divide between worker members and the decision-makers in their unions. As such, worker control in the unions, one of the central pillars of Cosatu, does not exist as is reduced to the election of office bearers.

The very nature of corporatism means that decisions that affect workers, are made on their behalf by worker leaders, influenced by an unelected union bureaucracy, in conversation with sections of the ruling class (both political and economic). As such, and due to its alliance with the ANC and SACP, Cosatu's very language and strategy of pursuing social development through corporatist dialogue and industry restructuring means placing a focus on the national interest (broad socio-economic capitalist

[34] Interview with Bethuel Maserumule.

industrial development) as defined by the ANC as opposed to the worker's interest (and a path for society towards socialism) that a union movement is alone capable of devising.

So if the very tenets of radical reform do not hold, radical reform may an inappropriate strategy. The radical, as in pursuing radical social, political and economic transformation towards socialism, has been dulled to rhetoric; the reform, as in encroaching progressive legislative gains along this socialist path, is nothing more than defensive blocks against the ruling class onslaught against existing worker rights for greater profitability, and not the envisioned progressive laws. If Satawu has won one gain out of four, and even so not in its entirety, its strategy may be said to have been unsuccessful, and if so, its strategy must be called into question.

However, perhaps recent events, like the massacre of mineworkers at Marikana in 2012, the splits in Cosatu and the formation of a new trade union federation by many ex-Cosatu officials and breakaway unions (Mabona, 2017) and the very "process of accumulation will reawaken workers" which has meant "organising outside their usual sphere[35]." Workers do rise against their unions, like at Marikana, and Satawu officials view this as a major wake-up call for particularly the Cosatu unions[36].

[35] Inteview with Desmond Mpofu.
[36] Interview with Desmond Mpofu.

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