Interest Mediation and Democratic Transitions: NEDLAC and South Africa's Experiment in Corporatism

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Contents

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INTRODUCTION

The release of Nelson Mandela in 1990 marked the beginning of a transition process during which South Africa would finally move from an authoritarian apartheid state to a democratic state that respected and upheld the basic principles of human rights. The field of "transition politics" is huge. It necessarily encompasses and is a reaction to the years of history prior to the period of transition, which may have (and has often) been marked by struggle, whether it was violent or passive, against the former regime. It covers areas as broad as the field of politics itself from constitution design to public administration reform. Ultimately the raison d'être of a political transition period is encapsulated in the attempt to create a utopian ideal state or political entity which corrects the perceived injustices and faults of the system it is attempting to replace or redesign. This dissertation focuses on a small but nonetheless significant area of that attempt to create the ideal political system. It is an area than has been and remains particularly pertinent in South Africa and was particularly important during the transition period, namely the intermediation of the demands of interest groups, and in particular, the mediation of the demands of key producer interest groups. The following quote encapsulates the importance of such relationships in emerging democracies:

"The tension between demands for consultation and participation versus Governments' tendencies towards technocratic decision making has obvious relevance for the political sustainability of economic reforms in the short run. Less obvious but equally important are the implications for the longer run consolidation of democracy. The ways in which initial policies are made and early disputes are managed are shaping emerging interest groups' ideas of what they can expect of their new Governments and therefore of what strategies and tactics they should adopt. The mindsets and organisational arrangements formed in this period will influence the characteristics of politics for years to come" (Nelson quoted in Raker, 1994: 8).

Interest group-State relationships

I define interest groups as "any group of people with shared attitudes and goals who try either spontaneously to or consciously to protect or promote their interests by influencing the governmental decision making process in order to realise those goals." (Venter, 1998: 280). They are distinguishable from political parties by the fact that they do not seek power, they have narrower interests or goals, and their membership reflects this. Key producer groups represent a distinct group within this description or understanding of interest groups. They are distinct in that they are organised, sectional peak association groups whose key function in society is production in the economic sense. By organised, it is meant that they are constructed to pursue certain objectives. By sectional, it is meant that they advance or protect their members' direct interests, as opposed to promotional groups that exist to advance shared or common values or ideals. By peak association it is meant that it is a conglomerate interest group that organises several sub interest groups into one body. It may be useful to introduce Offe's distinction in categorising types of interest groups into "market participants" and "policy takers." "Market participants" are described as "all organised collectivities representing the supply or demand sides of either labour markets or goods and services markets". Key producer groups in South Africa encompass trade union federations such as COSATU (Congress of South African Trade Unions) and business groups such as SACOB (South African Chamber of Business). Such groups, despite being included in the same categorisation above are rarely in consensus with each other, and tend to be in conflict with

each other. Business seeks to maximise profit whilst Labour seeks to maximise wages or conditions, and frequently one is to the detriment of the other.

Whilst this dissertation focuses on the market participant variant of interest groups, those groups who are "policy takers" or those "whose members are directly affected by state polices" (Offe, 1981: 138) are not completely excluded from this study. It is necessary to remind ourselves constantly that the activities of both types of groups and the structure of their activities within the arena of the state is likely to have an affect on each others roles and capacities and on the role and capacity of the state itself.

Offe places the study of interest groups into three distinct categories or dimensions of analysis. Broadly, these can be described as: the perspective from below, or an individual's dynamics in the role of interest groups: the organisational perspective, looking at the dynamics within an organisation; and finally, the system within which an organisation functions and how it is shaped by that system and how it in turn influences that system. It is the latter to the dimensions that I wish to examine in the context of South Africa: namely how South Africa chose to mediate key interest producer groups in the new democratic state post 1994.

But why is such an area important? The thesis presumes that interest groups in some form can and do influence public policy, government action and non-actions, decisions and non-decisions. It presumes that outside influences shape or play a role, whether it is in the form of interest groups or another configuration, and policy making or implementation does not occur in a vacuum. No groups play a more important role than key producer groups, and this is particularly true in South Africa, where such groups played important and unique roles both within the apartheid system and in the struggle against it. In addition it is clear that there was a need to mediate the influence of key producer interest groups and indeed incorporate them into policymaking post 1994. The economic problems that the post apartheid Government inherited in 1994 and the need to deliver economic growth and polices which addressed the inequitable distribution of wealth within South Africa all contributed towards a massive task for a new Government and State that could ill afford to alienate key producer groups in its efforts to deliver sustainable policies and ultimately, sustainable results. As Grant points out this point is comparable to the problems faced by all Governments. In reference to the British Government during the Thatcher years he asserts that "the rejection of consultation and negotiation almost inevitably led to implementation problems because those groups/agencies affected by the policy failed to co-operate" (Grant, 1985: 85), and the same threat is present in South Africa. The need for Government to listen to groups that control capital and labour and therefore dominate the economy is clear: The power of key producer groups "rests on the ultimate sanctions of economic obstruction or withdrawal" (Offe, 1981, pg. 146). I will address these issues in more depth at a later point in this dissertation, but it is clear nonetheless that the relationship (whether it be formal or informal) between state and key producer interests groups and the form such a relationship takes is a crucial and critical issue. Below is a brief description of how that relationship has been set up and formalised in South Africa.

South Africa's Choice - NEDLAC

Key producer groups in South Africa today currently enjoy a privileged role in terms of their ability (even if this remains theoretical) to influence policy in a manner which other interest groups cannot. NEDLAC is an attempt to set up a system of Corporatism, a system where

certain groups are afforded privileged access to Government, hitherto common in Western European states until the late 1970's. The existence of NEDLAC and a Corporatist system of interest group mediation again indicates the importance of key producer groups in the modern state, in particular in South Africa.

NEDLAC was formed in February 1995. Its website declares that "at NEDLAC, Government comes together with organised business, organised labour and organised community groupings on a national level to discuss and try to reach consensus on issues of social and economic policy. This is called *social dialogue*. NEDLAC's aim is to make economic decision-making more inclusive, to promote the goals of economic growth and social equity". It exists to "organise a partnership between government, labour and business in the socio-economic arena ... it is therefore a negotiating and not an advisory body, whose brief is to produce agreements, not recommendations ... agreements negotiated in, and proposals recommended by NEDLAC are expected to be promulgated by parliament." (See NEDLAC Act No. 35, 1994, section 5(1), as quoted in Venter, 283, 1998).

NEDLAC's structural plan encompasses four chambers, one of which deals with socio-economic development and includes community based interest organisations. However, representation in the remaining three chambers, which deal with monetary, industrial and labour policy respectively, is dominated in representational terms by key producer groups and the Government. Organised Labour is represented by COSATU, FEDUSAL (Federation of Unions of South Africa) and NACTU (National Council of Trade Unions), representing between them over 2 million workers, or approximately 35% of the formal employment sector. Business is represented by BSA and NAFCOC (National African Federated Chamber of Commerce). Government provides representatives (both in the form of elected politicians and officials) from the Departments of Labour, Finance, Trade and Industry, public works and other all departments on an ad hoc basis. Representatives from the South African Reserve Bank and the Industrial Development Corporation are also participants.

The South African Labour Bulletin described the work and structure of NEDLAC as it was intended to function in 1995 thus:

"Six delegates per constituency sit in each chamber. The chambers meet twice a month to draft reports and reach consensus. Experts and advisors are brought in to assist the representatives with their work. The Chambers make recommendations to the NEDLAC Executive Council. Up to 18 delegates per constituency sit on this council, which meets quarterly. The council receives report-backs from the chambers, reviews progress and concludes agreements. Only if there is full consensus in the Executive Council can a recommendation from a chamber be changed." About 300 participants attend the annual NEDLAC summit, which is chaired by President Mandela or the Deputy President. Participants receive feedback and inputs from a broad range of organisations and individuals." (SA Labour Bulletin, 1995: 87).

The Executive Council has the power to conclude agreements and send them to parliament for approval. The issues considered are far reaching. The 1995 Act "requires that all labour legislation" and "all changes to socio-economic policy" which "affect the world of work" are to be discussed at NEDLAC before parliamentary scrutiny or implementation. According to the Act, NEDLAC should:

- *strive to promote the goals of economic growth, participation in economic decision making, and social equity;*
- *seek to reach consensus and conclude agreements pertaining to economic and social policy*
- *consider all proposed labour legislation relating to labour market policy before it is introduced in parliament;*
- *consider all significant changes to social and economic policy before it is implemented or introduced to parliament*
- *encourage and promote the formulation of co-ordinated policy on social and economic matters*" (Clause 5 of NEDLAC Act as quoted in Bernstein, 1999: 40-41).

Why NEDLAC?

Why did South Africa choose a corporatist route? Was it the most appropriate choice then? Is it the most appropriate choice now? What were and are the alternatives? Has it achieved its goals? Is it likely to be able to in the future? It is these questions that I seek to address in my examination of the relationship between key producer groups and the state in South Africa. Ultimately I argue that the attempt to establish corporatism as a policy-making forum and system of key producer group mediation was an *appropriate and necessary political choice in the light of various trajectories that were occurring in the transition period.* The choosing of corporatism and the establishment of NEDLAC was an instance of transition politics and could not be expected to function as more than an instrument of the transition or persist after the transition period[1]. NEDLAC and the attempt to instil a system of corporatism was a decision guided by transition politics as opposed to a policy orientated, or policy management decision: In addition, it is questionable whether NEDLAC, the outcome, is a genuine form of corporatism as theory, past experience or practice would suggest.

Chapter Outline

In Chapter One I return to the theory of interest groups and their interaction with the state and their role in politics. I examine further the theory of corporatism and draw on the empirical example of a previous illustration of corporatism in Western Europe (I review the Austrian Case, termed by some as the "model generator" of Corporatism) in order to understand the benefits that can be derived from such a system and examine some necessary, sufficient and helpful conditions for the successful functioning of Corporatism. I close chapter One by examining the criticisms of corporatism to begin our enquiry into whether corporatism was an appropriate choice for South Africa regardless of domestic transition related factors that might have suggested it was.

In Chapter Two, I examine the reasons behind South Africa's choice, looking at the apartheid precedence and transition impetus towards negotiation. Each of the constituent's views are examined and their relative positions both prior to and and at the time of NEDLAC's formation. Chapter two will attempt ultimately to examine how close or far is NEDLAC from the theory of Corporatism and the evidence from examples reviewed in Chapter 1. Additionally it seeks to assess what factors were present or absent in South Africa both at the time NEDLAC was set up and currently that have an affect on the makeup and functioning of NEDLAC.

[1] For the purposes of this study, the transition period is defined as starting with the negotiations that began in 1990 until the second National elections in 1999.

Chapter Three seeks to assess whether or not NEDLAC has or is functioning as intended and I review some empirical evidence as to its successes and failures before reviewing the gains and losses derived from participation in NEDLAC of each of the three main constituencies.

In Chapter Four, I attempt to establish whether NEDLAC can be considered a corporatist institution and if it has impeded or constrained other options that may have led to more successful state-key producer group relationships. If NEDLAC is not functioning as a corporatist body, then how are key producer group interests being mediated, and finally, what are the future options for NEDLAC and the mediation of key producer group interests.

CHAPTER ONE

Introduction

This chapter aims to examine and account for the existence of groups within the state, and further the relationship between the state and groups or organised interest representation in politics. It aims to provide a solid starting point for the examination of why South Africa chose corporatism, and in my conclusion of this chapter I begin that enquiry. In particular the chapter focuses on the relationship between the state and key producer groups, and turns to examine the existence of formal relationships between such groups and the state in the form of corporatism.

The focus on corporatism begins by tracing its roots and outlining its perceived benefits and costs, which contribute to an understanding of why corporatism should be chosen as a method of interest intermediation by those groups who are party to it. A review of corporatism in Austria is used as an example of how one successful corporatist structure functioned, and the benefits that were derived from it. As an example of corporatism, Austria also allows us to examine the conditions that might be deemed necessary for a system of corporatism to function. Of all conditions, perhaps the most crucial is the need for a balance of power between all three parties (state, business, labour). It is the loss of this balance impacted by other factors that is blamed for the decline of corporatism in Europe. The balance of power is the final focus of the review of corporatism as a theory of and model for state- interest group intermediation and recurrent issue throughout this study.

Groups, the state, and politics

The binding force for groups is a common interest. At a most basic and implicit level of understanding, "groups of individuals with common interests usually attempt to further those common interests" (Olson, 1971: I)[2]. Individuals are unlikely to belong to a group merely to belong; rather they will belong in the hope of attaining something they might otherwise not be able to attain if they were acting as an individual. That interest being pursued therefore will be in the common interest of all members.[3]

Additionally, humans appear to have a propensity to form groups. "Private organisations and groups are ubiquitous... this ubiquity is due to a fundamental human propensity to form and join associations: (Olson, 1971: 17). Gaetano Mosca refers to the herd instinct of humans which "underlies the formation of all the divisions and subdivisions that arise within a given society and occasion moral conflicts" (Mosca in Olson, 1971: 17). It is suggested by some that the group forming impetus is an aspect of human evolution, with humans moving from primitive kinship groups to non-kinship groups reflecting the change from primitive to modern society.

Groups are omnipresent in society and can be found in many forms, functioning in many different ways and with many different interests. This study, however, seeks to study the way groups function within and with the State. Such groups are separate and distinct from the state and will be formed spontaneously, privately and voluntarily by citizens, in contrast to the compulsory and coercive character of the state. Olson quoted political theorist A. D. Lindsay

[2] In *The Logic of Collective Action* Olson infact argued that "rational, self interested individuals will not act to achieve their common or group interests" (Olson, 1971: 2) and neither would groups.
[3] Of course, as Olson points out, the word group can be used as a label for a number of people with no necessarily unifying characteristics, but for the purpose of this study, this issue will be disregarded.

to elaborate this point: "The common life of society is lived by individuals in all manner of social relationships – churches, trade unions, institutions of all kinds. The religious, the scientific, the economic life of the community develop through these. Each has its own development. There is in them a sphere of initiative, spontaneity and liberty. That sphere cannot be occupied by the state with its instruments of compulsion" (Lindsay quoted in Olson, 1971: 112).

Group and group formation is therefore a pervasive characteristic of modern society. Indeed, the freedom to (or not to, in the case of Switzerland) associate and form groups is in most liberal democratic states a formal, if not constitutional, right. But the distinction from the state does not preclude groups' involvement with the state in an effort to pursue the common interests of their members and it is these groups that are more commonly known as interest groups. As such, the inquiry into the role that groups play in the state or the relationship that groups have with the state and their involvement with and in politics is both valid and crucial.

But what is meant by the use of the word "state" and "politics"? The state is commonly understood to be "the territorial area in which a population is governed by a set of political authorities, and which successfully claims the compliance of the citizenry for its laws and is able to secure such compliance by its monopolistic control of legitimate force (Roberts, 1971: 203). South Africa can be described as a liberal democratic state, and as such is characterised by popular sovereignty, political equality, popular representation and majority government[4]. A Liberal Democracy is "a system of representative government by majority rule in which some individual rights are nonetheless protected from interference by the state and cannot be restricted even by an electoral majority" (Dunleavy and O'Leary, 1987: 6).

Government however, must make decisions as to how to govern, how to allocate resources, who to allocate resources to and when, and such a system of decision making is usually described as or is commonly known as politics with the decisions being made known commonly as public policy. Politics can be described as "the process in a social system by which the goals of that system are selected, ordered in terms of priority both temporally and concerning resource allocation, and implemented. It thus involves both co-operation and the resolution of conflict, by means of the exercise of political authority and, if necessary, coercion. Politics usually involves the activities of groups of various kinds, including sometimes groups of a specifically political type, such as political parties. It is distinguished from other social processes by its concern with the public goals of society." (Roberts, 1971: 169).

As political decisions and public policy outcomes effect all areas of life or society, it must be expected that those areas affected by certain decisions will want to influence the decisions being made, hence the involvement of groups in politics. I return to the definition of interest group given in the introduction: "any group of people with shared attitudes and goals who try either spontaneously to or consciously to protect or promote their interests by influencing the governmental decision making process in order to realise those goals." (Venter, 1998: 280).

Whether the involvement and activity of groups in politics and policymaking is benign, beneficial or negative is a point of contestation. For example, John R. Commons considered interest groups and in particular key producer groups to be of such crucial importance that he

[4] Popular Sovereignty means that the state is "recognised by the actors in the international political arena." Political Equality means that each citizen has political equality to participate in elections, whilst majority government describes a system of government where conflicts are resolved or decisions made by basis of a simple majority. The definitions of majority government differ from state to state. (Van Niekerk et al, 200: 37-38).

advocated the direct election of representatives of an each interest group to the legislature. This was, he argued "virtually an indispensable means for the achievement of a just and rational economic order" because such pressure groups were more representative of the wishes of the people than legislatures based on territorial divisions. He sought "an occupational parliament of the American people" sourced from economic interest groups which he considered "the most vital institutions in society and the life blood of democracy" (Commons, quoted in Olson, 1971: 115-116). Other theorists particularly those of the new right, argue that groups distort the state's ability to function in a representative and efficient manner. Theorists have therefore considered such merits and disadvantages from a qualitative viewpoint, but nonetheless, it is unarguable that "groups have long been central to the understanding of the policy process" (Smith, 1993: 1) and policy outcomes regardless of the form the relationship between the state and groups take.

At an underlying level, that examination of the relationship between groups and the state is also an examination that addresses the nature of power distribution within political systems and society. Who has power and who exercises it in what manner in order to influence decisions taken and the making of public policy, and conversely who does not have power to exert influence, is an important theme. Power is, after all, according to Dahl : "Where A has the power over B to the extent that he can get B to do something that B would not otherwise do." Groups, in seeking to pursue the common interests of their members, will attempt to exert power in order to ensure that the state meets their demands, and meets those common interests. Conversely, the state must also mediate those demands – as resources are always finite not all demands can be met. Smith reinterprets Dahls' definition of power thus: "In the decision making process, power exists when A gets B to choose policy X when B would have chosen policy Y" (Smith, 1993: 18). He also reminds us that group power depends on state recognition as much as state power depends on the support of groups. Hence how the state and groups structure this relationship and how power is distributed between the group and the state, and the relative influence and autonomy that each constituency has is a fundamental area of inquiry in politics. Schmitter reminds us that such an inquiry also raises, most importantly, the issue of the level of state autonomy that is present, and "whether the state has interests of its own – and the distinctive resources to make them prevail in the face of resistance by those with conflicting interests. This in turn is linked to the question of whether the state can design its own policy instruments, i.e. whether it can choose the terrain and format for its interaction with social groups and can impose upon these groups the conception of interests and mode of collective action that it prefers." (Schmitter, 1984: 35). Corporatism as both a theory and a practice suggests one way in which the relationship between the state and certain interest groups can be brokered, and it is Corporatism that this chapter seeks to examine.

According to Wyn Grant, Corporatism is best understood as lying "between all inclusive general theories of social systems that are too remote from social reality to account for what is observed and detailed descriptions of particular phenomena that are not generalised at all." It is therefore a "middle range theory" (Grant, 1985: 25). As such, it can be seen as an explanatory model at the same time as being an analytical framework. A review of corporatism examines those organised groups or interests which are based on the division of labour and their relationship with the state, and below I review the historical development of corporatism as a theory and as a practical political system of interest mediation in the state. It is worth reminding ourselves at this point that "the concrete shape and content of organised interest representation is always a result of interest *plus* opportunity *plus* institutional

status…we can also say that interest representation is determined by ideological, economic and political parameters". (Offe, 1981: 124).

What is Corporatism?

Schmitter defines corporatism as *"A system of interest representation in which the constituent units are organised into a limited number of singular, compulsory, non-competitive, hierarchically ordered categories, recognised or licensed (if not created) by the state and granted a deliberate representational monopoly within their respective categories in exchange for observing certain controls on their selection of leaders and articulation of demands and supports."*

Schmitter's definition is best understood when compared to his definition of pluralism: "*a system of interest representation which the constituent units are organised in an unspecified number of multiple, voluntary, competitive, non-hierarchically ordered and self determined categories which are not specially licensed, recognised, subsidised, created or otherwise controlled in leadership selection or interest articulation by the state, and which do not exercise a monopoly of representational activity within their respective activities." (Schmitter, 1972: 934-6)*

But perhaps Grant offers a clearer definition: *"a process of interest intermediation which involves the negotiation of policy between state agencies and interest organisations from the division of labour in society, where the policy agreements are implemented through the collaboration of the interest organisations and their willingness and ability to secure the compliance of their members. The elements of negotiation and implementation are both essential to my understanding of corporatism. The arbitrary imposition of state polices through interest organisations does not constitute liberal corporatism as I understand it; equally the negotiation of understandings with no obligation on the part of interest organisations to secure the compliance of their members, does not constitute a corporatist arrangement as I interpret the term."* (Grant, 1985: 26).

The roots of corporatism can be traced back to Catholic social thought. In an attempt to react to the perceived weakening of the role of the church by the growth of trade unionism, capitalism and the state, which were continually encroaching into private and social life, the Roman Catholic Church encouraged group formation. In addition, the Church bemoaned the exposition of workers to the disadvantageous practices of capitalism. The Church sought to encourage the role of self-governing groups which would be responsible for the provision of welfare and mediate conflict in negotiation with the state: In Rerum Novarum (1891) Pope Leo XIII wrote "employers and workmen may of themselves effect much in the matter of which we are treating, by means of such associations and organisations … which draw the two classes more closely together" (Quoted in Grant, 1985: 5). 40 years later the existence of such groups was viewed by his successor as "if not essential, at least natural to civil society." (Pius XI quotewd in Grant, 1985: 5). Of course, the church was not completely selfless in its encouragement. As Gallagher points out, " In a predominantly Roman Catholic society, these groups would be made up primarily of Roman Catholics, so that public policy would be sensitive to the teachings of the church, despite a formal separation of the church and state." (Gallagher, 2001: 399).

Corporatism is commonly associated with fascism. Indeed a variant of corporatism was seen in the fascist European regimes of Nazi Germany, Mussolini's Italy as well as the Franco and

Salazar regimes in Spain and Portugal respectively, where the state sought to organise politically on a functional or occupation basis as opposed to a representational basis. Schmitter usefully distinguishes this type of corporatism as "state corporatism," a distinct and separate entity from societal corporatism, the subject of this enquiry. State corporatism involves the co-option of key producer groups into the state and "the creation of corporations which were created by and kept as an auxiliary and dependent organs of the state" (Schmitter quoted in Grant, 1985: 10). Additionally, in state corporatism, "representational monopoly of the interest organisation is achieved by state imposed eradication of parallel associations" (Maree quoted in Desai and Habib, 1995: 31). It is distinct from societal corporatism, which arose as a reaction to pluralism (described briefly above) and involves groups which are "autonomous in their origins". (Grant, 1985: 10). Societal corporatism conversely does not outlaw other interest groups, although those not granted access through corporatism may have a reduced ability to influence the government and pursue their interests.

Societal corporatism arose, according to Schmitter's hypothesis, following "changes in the institutions of capitalism, including the concentration of ownership and competition between national economies...the need to secure the conditions for capital accumulation forced the state to intervene more directly and to bargain" (Ham & Hill, 1984: 38). As such societal corporatism attempts to deal with the reality of the dominant role that the economy plays in the liberal democratic state. The growth of the state and its role, the increased provision of public goods and its ability to respond to demands of its citizens makes the state reliant on economic development and hence the adoption of corporatism. Middlemas echoes Schmitter's work, suggesting that a close relationship between trades unions and employers groups and the state gradually develops until such groups become incorporated (note, not subordinated) into the governing process in order to maintain stability through the sharing of power (Ham & Hill, 1984: 37). A similar viewpoint can be found in the work of Panitch, who views corporatism as a "political structure within advanced capitalism which integrates organised socio-economic producer groups through a system of representation and co-operative mutual interaction at the leadership level and mobilisation and social control at the mass level" (Ham & Hill, 1984: 39). As such, the distinguishing character of corporatism is the involvement of those groups that can make and deliver effective bargains. This will necessarily restrict corporatism to the state and key producer groups, whose power and ability to make or deliver effective bargains "rests on the ultimate sanctions of economic obstruction or withdrawal" (Offe, 1981, pg. 146). Key producer groups are in control of key economic resources, which are exchangeable with government.[5]

Who Gains?

On a practical level, what benefit is derived from or delivered by a system of corporatism? What factors make corporatism unique when compared to other forms of interest mediation and thus make the benefits of corporatism unique?. Corporatism is not, as Grant and Schmitter suggest, necessarily State-led, and if this were the case it would suggest that the benefits were biased in weighting towards the state. Rather he argues the establishment of corporatism is "an osmotic process whereby the modern state and modern interest groups seek each other out" (Grant, 1985: 3). There must be benefits for all three actors otherwise the rationale for the actors to participate is absent. Grant refers to corporatism as a non-zero sum game. All actors gain something, even if it is only marginally more than what would be gained from non-participation or is lost by non-participants. Significantly, groups need not be equal as such but, as Schmitter points out "must be in a situation of mutual deterrence – each

[5] Much argument revolves around how powerful business is vis-à-vis labour in its control of resources, and this argument will be examined in further detail later in the study.

sufficiently capable of organised collective action to prevent the other from realising its interests directly through social control and/or economic exploitation, and sufficiently incapable of unilateral manipulation of public authority to impose its interests directly through the state (Schmitter, 1984: 36). Echoing Grant's non-zero sum game description, Schmitter further points out that corporatism is the ultimate in compromise: "state actors would usually have preferred authoritative regulation; business representatives an allocation through market forces; and labour leaders a redistribution of wealth and/or a redefinition of property rights. Neo-corporatism satisfies non of these projects, but incorporates elements of all of them" (Schmitter, 1984: 37). Corporatism thus indicates a certain balance of power: if any of the groups involved were autonomous, they would not rationally need nor participate in a corporatist system.

For the state, the benefits derived from the enhanced ability to implement policy will be the most attractive factor. "The incentive for the state to share its authority in this way is that it can build support for the enactment and implementation of its polices by granting privileged participation to a sectoral interest group sufficiently powerful to deliver support of its benefiting constituency" (Grant, 1985: 3). Governments ultimately encourage such a system to gain the benefits of co-operation and expertise of the groups and their support in policy implementation. For groups, corporatism affords access to Government and the ability to influence decision making or policy creation and in doing so, groups will hope to be able to further their member's interests. Groups must be regulatory as well as representative, and in being so, they are awarded unrivalled access to policymaking and also may "receive certain institutionalised or ad hoc benefits in return for guarantees by the groups' representatives that their members will behave in certain ways. Conversely, groups may be also able to extract such benefits. In addition, in being awarded representational monopoly, groups may further seek to enhance the power and standing of the group vis-avis the state and other groups that have been excluded from the corporatism system.

Although Lehmbruch disagrees with the definition of corporatism thus far, his work suggests why corporatism or at the very least the corporatist method should be so attractive to groups and the state. In the opinion of Lehmbruch, the corporatism label is over-simplistic and misleading and we should examine and understand corporatism as two subsystems under a broader label. Sectoral Corporatism is the representation of a corporate interest limited to a specific sector of the economy – i.e. there is a single organised interested with privileged access to a particular policy area. A prime example of this is agriculture or mining. Corporate Concertation, on the other hand, is plurality of organisations with antagonistic interests who "manage their conflicts and co-ordinate their actions with that of the Government expressly in regard to the systemic requirements of the national economy." Government and group leaders will veer towards such a system on the basis of an exchange calculus or rationality. It is inherently more logical to reach concertation of policy through exchange and consensus than it is to engage in adversarial confrontation. Similarly, Cawson and Saunders suggest that corporate politics, or relations, tend to characterise the politics of production (labour and industrial policy), whilst competitive politics will be dominated by the politics of consumption (i.e. welfare or education policy). (Ham & Hill, 1984: 39).

Olson sums up the costs and benefits of formal group participation with the State into eight points. Benefits gained stem from the ability to influence policy, the benefits of cartelisation (through exchange of information and co-ordination with other groups), the benefits derived from efficiency and the division of labour, and finally, the benefit derived from the conferment of legitimacy by the state, or public recognition of the status of the organisation.

Costs stem from the loss of freedom, or the implicit need to recognise and implement agreements, the loss of purity, from the possibility of having to compromise a groups' position, the cost of responsibility and finally, the costs which stem from the loss of control which might arise from involvement with the state. (Richardson & Jordan, 1979: 177-178).

For business, which inherently believes in the ideology of the minimalist state, individualism, free markets and the pursuit of profit, the reasons for co-operation through corporatism must be particularly compelling. "The main concern of chief executives is to make a profit. The costs of participating in politics in terms of time, money and risk are high and therefore business will only participate if its interests are directly affected. Business distrust of the state means that it does not want to participate in activity which might encourage intervention in its industry". (Smith, 1993: 23). Indeed, Vogel suggests that business only organised politically or sought to involve itself in politics or influence politics because of issues that were placed on the political agenda by other groups (such as the environment) which threatened their interests and the environment within which they existed. Nonetheless, corporatism allows business and other producer groups "to make reciprocal agreements with each other and with government while avoiding overt conflict" (Smith, 1993: 33) hence ensuring stability. Similarly, trade unions and groups representing labour may also support corporatism to ensure the stability of the environment that such group's function in. For labour, the benefits must be equally compelling. The benefits of stability must outweigh the benefits that could be gained through action taken of a more confrontational or militant nature, such as through striking, and those benefits have to be visible and communicable to the members of the workforce who are represented by trade unions. Truman, for example, hypothesises that "there has been a series of disturbances and dislocations consequent upon the utopian attempt, as Polanyi calls it, to set up a completely self regulating market system. This attempt involved a policy of treating the fictitious factors of land, labour and capital as if they were real, ignoring the fact that they stood for human beings or influences closely affecting the welfare of humans. Application of this policy inevitably meant suffering and dislocation – unemployment, wide fluctuations in prices, waste and so forth. These disturbances inevitably produced associations – of owners, or workers, or farmers – operating upon government to mitigate and control the ravages of the system through tariffs, subsidies, wage guarantees, social insurance and the like. (Truman quoted in Olson: 1971: 123).

Hence, according to Schmitter, the emergence of corporatism as commonly seen in post World War 2 Europe can be seen as a result of "largely the unintended outcome of a series of disparate interest conflicts and policy crises in which none of the class or state actors involved was capable of imposing its preferred solution upon others. (Schmitter, 1984: 37). In other words, corporatism is the "best worst option" for all groups.

Who Loses?

The main losers in corporatism will be those groups who are not awarded representational status by the state – all groups who are not considered key producer groups are effectively excluded from policy making even though the policies considered, or the agreements made may affect them directly, for example, groups representing the unemployed. Corporatism also has a questionable role or status vis-à-vis democracy, parliament or the legislature and citizen participation. Ultimately corporatism overrides the core principles of democracy and democratic functioning within the state. Schmitter points out that "corporatism's very success at keeping political life ruly and effective has been purchased at the price of organisational sclerosis, rigidification of differentials, perpetuation of inequalities, and most of all, disregard

for the individualistic norms of citizen participation and accountability characteristic of a liberal democratic order" (Schmitter, 1981: 313).

Austria: the Model Generator

The theoretical review of corporatism above provides an understanding of the perceived benefits and drawbacks of a corporatist system, however to discover how corporatism functions and what conditions it may need to function (and function as it is intended to) it is appropriate to look at a working example of corporatism. Corporatism as a practical political arrangement became a prominent feature in many European states in the three decades following the Second World War, and was largely deemed successful due to the economic expansion that was taking place at the same time. This was explained by the "positive relationship between economic performance and the degree of corporatism in the industrial relations system that passes through a political exchange mechanism between a labour union ready to slow wage demands and employers and government willing to keep employment levels high and to maintain fiscal equity" (Treu, 1992: 28). No case is more infamous than the case of Austria, which I focus on below

Much of this case study is taken from the work of Bernd Marin, who reviews corporatism in a succinct manner in *Austria – The Paradigm Case of Liberal Corporatism* (Marin, 1985). As one example of corporatism, Austria, is often referred to as the "model generating" or prototype example of corporatism. Post Second World War corporatism took shape in the "Wirtschafts – und Sozialpartnerschaft (WSP) which enjoyed success and support well into the 1990's.

Marin argues that corporatism itself is "based on a latent guideline which is that of organising the (capitalist) economic system's rationality into politics… this primacy of economic development not only makes economism/productivism a dominant integrating and latent ideological force of politics, but it also fundamentally changes the basic rules of the political game" (Marin, 1985: 116). However, he reminds us that corporatism does not aim to effect de-ideologisation or the end of ideology within the modern state, rather that corporatism presupposes opposition but also can only take place if there is an ideological undetermination in order to produce a basic consensus.

Austrian corporatism cannot be interpreted as a new socio-economic order as some critics, such as Winckler, would suggest. Neither is it a modern version of state corporatism. It does not imply that there is class or producer group harmony, nor has it instituted the class struggle by subordinating labour organisations, consequently it also not an arena for privileged or elite interests. Rather it is a "system of well organised, mixed capitalism and is fundamentally non-etatist… (where) antagonistic co-operation between functional interests is free of state regulation … it does not challenge a reformist bourgeois hegemony, it is politically undetermined and may benefit labour or capital (or both alternately or differentially in different aspects …is the opposite to reactionary, particularistic, sectional or selective corporatism or clientelistic protectionism" (Marin, 1985, 92-93). Below I briefly describe the Austrian system.

The Chamber system: Austrian Chambers are "statutory, nationwide, universal" and every working citizen is required by law to be a member of at least one Chamber. A large number of regional and sectoral sub divisions ensures complete coverage of representation. Legally

they are obliged to represent non-particularistic common interests, and negotiate fully internally before externalising demands and must function in a democratic manner. Such behaviour affords each of the chambers' consultation and advisory rights.

Parallel free associability: Like most liberal democracies, free associability is a right and is encouraged, and according to Marin, "flourishes." Whilst the voluntary groups' areas of interests overlap with the statutory Chambers, they exist to compensate for weaknesses, underrepresentation or the lack of representation of sectors with traditional or historical importance in the chamber system.

Monopoly business representation: the chamber of commerce is the only business representative. The Austrian state recognises implicitly that the power of business or capital is greater than that of Labour and therefore potentially more disruptive. The statutory existence of one business representative allows for a "measure of indirect political control of the business class... whereas labour must organise freely to act as a responsible interlocutor, free business associability must be regulated in order to reach an equivalent political capacity" (Marin, 1983: 1987).

Industrial and Unitary Unionism. Austrian unionism is additionally characterised by centralisation and concentration – Marin terms these characteristics as "structural conditions of corporatist co-operation" (Marin, 1985: 97)

Concentration, centralisation and modernisation: Concentrated labour relations are a key feature – with four organisations representing the vast majority of labour interests. Negotiations between small number of groups will proceed with more ease than if a multiplicity of groups is involved. Additionally, all actors in the corporatist system are internally highly centralised. "Whereas there is centralisation without co-operation, there is no co-operation without centralisation – a kind of iron law of intermediary interest intermediation" (Marin, 1985: 99). The organisational modernisation of groups has allowed them to handle "internal variety and a multitude of turbulent environments" and the "complex and specialised bureaucracies" (Marin,1985,100) have developed through and are characterised by the rationalisation of administration, and the professionalisation of such associations.

Political Linkages: "In Austria, the links between the subsystems of interest intermediation and that of government/party politics take the form of intensive mutual interpenetration. " (Marin, 1985: 101)

Historical impetus: Attempts to institutionalise corporatistic procedures were attempted prior to the fascist authoritarian state of 1933-1945, and its roots (although ultimately a failed endeavour) can be traced back to the turn of the century. Repeated attempts were not successful until post 1945, when the balance of forces between labour and business made corporatism an unavoidable option.

The Rules: In Austria – the "unwritten rule of not writing down the rules" allowed for indeterminacy which ultimately helps explain how corporatism works or is adhered to by all parties. Indeterminacy has four primary dimensions, including voluntariness, informality, institutional ambiguity and a pyramid of institutionalisation. According to Marin, "conflict regulation between adversary interest associations will be more stable the more it is simultaneously underdetermined formally but over-determined informally. Indeterminacy is

able to create more mutual trust and binding obligations than formal coercive norms or written contracts, pacts or treaties would ever be able to generate between collective political actors" (Marin, 1985, 111).

Popular support: Polls have consistently shown overwhelming popular support for Austrian corporatism. It is contended that this is not only a result of economic growth, but also because of the " extensive political credits of generalised trust, loyalty and legitimacy" that is the outcome of corporatism.

Economic and social structures and policies: The Austrian economy is characterised by mixed capitalism, where the balance is between family, trans or multinational and state-led capitalism. Socially, class forces are also balanced, with an absence of a strong financial or industrial bourgeoisie and differentiation between the upper classes and political and economic ruling class. Economic policies are characterised by the label "Austro-Keynesianism" which seeks to make the attainment of economic goals "structurally dependent on associational participation as well as on co-operation and co-ordination between all economic policy makers" (Marin,1985: 123).

Gallagher et al remind us however, that the success of Corporatism in Austria rests on the cultural values placed on collective accommodation. "Fully fledged corporatism is a comprehensive and deep rooted decision making culture rather than just a collection of superficial institutions." (Gallagher et al, 2001: 218).

Conditions for Corporatism

What can the example of Austria and other empirical evidence and examples of corporatism in Western Europe show us? The existence of such evidence has given rise to the examination of the preconditions, conditions and factors necessary for the existence of corporatism. Gallagher et al argue that structural preconditions must include the following:

- A workforce organised into a small number of powerful unions
- A business community dominated by a small number of powerful firms and organised into a powerful employers federation
- Centralised wage bargaining
- A powerful state, actively involved in the economy
- Employers and Unions should have a fully institutionalised role in policy making and implementation
- Consensus should exist between all actors on broad social values
- All actors should display a preference for bargained outcomes, rather than outcomes imposed or won through conflict
- The state should have a long tradition of social democratic rule
- The economy should be small and open, with high expenditure on social programmes

Economic conditions appear to be a critical factor. It is argued that corporatism can only work under economic conditions that are favourable to all groups in order for all groups to be able to deliver the necessary goods that will cement bargains or agreements. Corporatism, it is argued, tends to fall apart when resources become scarcer and interest groups must bargain more competitively to divide up a pie that is fixed rather than one that is continually expanding" (Gallagher et al, 2001: 406). Whilst policies being discussed may tend to be those of an economic nature which are crucial to the management of the economy, the nature

of bargaining and the groups (particularly labour representing groups) means that the policy discussions may widen to encompass social policy demands, for example, education. If the state cannot deliver or offer compromises based on social policies as an additional bargaining tool, the ability to reach compromise may be hampered.

The size and structure of interests groups within a state is certainly influential. As discussed previously, strong interest groups make agreements easier to facilitate and implement. The existence of a multiplicity of groups will hamper decision-making and implementation as certain groups may seek to "free ride" on the backs of other groups, benefiting from implementation but avoiding the costs (if they exist) of influence. However, whether the existence of strong interest groups is a cause of corporatism or an effect of it is a contested point. Similarly, state characteristics are an important factor. A fragmented, decentralised state is not likely to lend itself to corporatist arrangements. Centralised government will tend to lend itself to centralised interest group mediation styles. Political culture is an additional important factor. As seen in the case of Austria, the willingness to compromise is crucial. The emergence of corporatism and social partnerships post World War 2 in Europe was based on the need to establish an economic policy geared towards restructuring the state, industry and business. Such an impetus enabled the emphasis on and the popular acceptance of the legitimacy of functional representation in policy making. Corporatism works, it is suggested "if government, employers and unions recognise their necessity and work to reduce the hardship (adjustment) they cause" (Gallager et al, 2001: 409). Grant argues that corporatism was characteristic of a type of European structural adjustment, which was facilitated through intervention. Such intervention needed expertise, which was not available within the state, hence, the establishment of corporatism.

In sum, Lehmbruch points out that corporatism "was produced by long term influences that could not be short circuited" (Lehmbruch & Schmitter, 1982: 125). In reviewing these conditions, we can conclude that "it is conceivable that there are societies that, for whatever reasons, have not and cannot acquire the capacity to develop corporatist structures" (Streeck quoted in Grant, 1985: 11).

Balance of Power

Perhaps the most critical element in both the theory and the practice of corporatism is the issue of the balance of power between the three actors. The ideal model of corporatism assumes a triangular state-social structure, where all three partners are roughly equal or at least hold a mutual deterrent against each other. Much criticism of corporatism stems from the likelihood or reality of that assumption, and it is argued that in fact the balance of power is likely to be uneven resting either with the state or the interest groups co-opted into corporatism. For example, the state may be beholden to those interest groups it has chosen to co-opt into corporatism. As Dunleavy and O'Leary suggest, the state may become "a machine which implements bargains struck by the peak associations negotiating inside state forums and delivering their members compliance with eventual decisions...elected governmental and administrative elite's are passive functionaries who simply facilitate the bargains." (Dunleavy & O'Leary 195, 1987).

Conversely, for governments, if the balance of power is in their favour, corporatism allows it to pick and choose whom to negotiate with – it creates its own insider groups, often at the expense of all those left outside. "Sham" corporatism can be used by the state to great advantage. In this scenario, Governments will create organisations, institutions and rhetoric

to propose it is fully committed to the ideology of consultation and co-operation. Ultimately, however, it is quicker, more convenient and produces social control more economically when dealing with a small number of organisation leaders than to seek to achieve a dialogue directly with citizens. Group leaders can easily be bought of in some way, and once co-opted can usually deliver a quiescent membership in support of the status quo" (Dunleavy and O'Leary, 1997, 164). Offe also argues that corporatism, in terms of bureaucratic policy making and implementation, gives the state an additional element of control. By admitting corporate groups into the public policy process, decisions that are made by consensus are less likely to be resisted or obstructed. Interest group organisational discipline can be used to prevent opposition from within the groups, further extending Government control and enhancing implementability. Opposition from within interest groups in any case will be less likely as the opposition will have to attack both Government and the leadership of its own group.

Finally, Trade Unions are commonly perceived as the weakest group in corporatism. Panitich and other critics go as far as suggesting that corporatism is little more than a "political structure designed to integrate the organised working class in the capitalist state" (Quoted in Grant, 1985: 24). Winckler further suggests that corporatism only exists to the extent that it is functional for the state and business. The gains supposedly derived by labour groups are illusory.

This examination only touches on these issues, and I further examine the issue of the balance of power within corporatism in Chapter Four. Despite the perceived benefits and the theoretical arguments behind corporatism that to many are compelling, Corporatism was subject to decay throughout Europe in the latter part of the 20th century. Several reasons are suggested for this decline. Firstly, corporatism had become fiscally unviable in changed economic circumstances. "Citizens seemed unwilling to pay the taxes that would finance the increases in social expenditure that would grease the wheel... Governments were constrained by the threat or reality of deficits" (Gallager, 2001: 122). The presumption of a division between employers and employees began to fragment as industrial restructuring occurred. "The very success of neocorporatism systems had produce standards of living that were so high that they encouraged class decomposition." (Gallager, 2001: 123). The ideological arguments favouring free markets and the minimal state began gaining ground, whilst new issues, such as the environment, the crisis in the welfare state, and international development arose which could not be dealt with within a neocorporate framework but were nonetheless economically important issues. Finally, the economies that corporatism resided in stopped performing at levels over and above non-corporatist states.

Other commentators such as Bell and Bonefeld link the decline of corporatism to the ascendancy of post industrialism and post-Fordism. Whilst post industrialism refers to the breakdown of heavy industry and the shift towards service oriented economies, post-Fordism refers to the "diversity, differentiation and fragmentation" of production and consumption versus the Fordist "homogeneity and standardisation of the economy and the organs of the state" (Bell in Smith, 1993: 78). The result has been a change in the status and power of certain groups and hence the change in relationship between the state and such groups. Bonefeld predicted that "people's prime economic category will change from producer to consumer and so their main political interests will be as consumers rather than producers. This greater complexity and diversity of interests should also weaken the power of the state. The declining legitimacy and control of peak organisations will lessen the chances of making

the types of corporatist arrangements indicative of the past." (Bonefeld quoted in Smith, 1993, 79)

The obvious choice for South Africa?

South Africa did not choose an innovative system for key producer group - state relations - rather the choice it made in choosing corporatism could be said to be innovative. The choice of corporatism appears contradictory to many aspects reviewed in this chapter: many of the factors purported as necessary for its successful functioning are not present, and South Africa displays relatively few of the characteristics present in previous examples of corporatism. Little comparison, if any, can be drawn between Austria and South Africa. It is questionable whether a model based on social and economic partnership in Western Europe is applicable to South Africa. After all, such economies were characterised by "near full employment, a phenomenal work ethic and mass literacy. South Africa, conversely, is a "labour surplus economy in a labour surplus region: its work ethic resembles that of Latin America far more than Europe, and its population suffers from a 30-40 illiteracy rate and an even greater lack of numeracy" (Bernstein, 1999: 53). If corporatism is characterised, and is reliant on the monopoly representation of each particular interests, then it is striking that each South Africa's key producer groups feature disunity and a lack of monopoly interest representation. Friedman argued in 1991 that "there are not interest groups anywhere near that status" in South Africa and that any attempt to institute corporatism would have been a mistake and likely to be a system which "entrenches unrepresentative elites." These issues are examined in further detail in chapters three and four. Especially important is the issue of the balance of power between the three groups, which whilst only touched upon in this chapter will be further examined in the South African context at several points throughout this dissertation.

Perhaps, however, we need to look past the previous examples and understandings or theories of corporatism that have been examined in this chapter to understand why South Africa chose the path of corporatism and what it is attempting to achieve through such a choice. It must not be forgotten the uniqueness of the position that South Africa was and remains in, and as such, chapter three attempts to reconcile that position with the choice of corporatism.

CHAPTER TWO

Introduction

Throughout the 1980's, corporatism was in retreat. The trend was the same in one country after another. In Britain, a weak legacy of corporatism was defeated by Thatcherism; in Sweden a strong legacy was weakened by "globalisation." Among advanced industrialised countries the trend was almost universal ... South Africa appears to be trying to defy the global trend." (Webster, 1995: 25).

Why then, if corporatism was in its decline throughout the rest of the world, did South Africa choose such a path in defiance of global trends and the existence of several factors and evidence militating against its success? Chapter Two seeks to answer this question. Anne Bernstein asserts that NEDLAC's origins lie in the special circumstances that characterised South African labour relations in the 1980's and 1990's whilst the establishment of NEDLAC itself should be seen as a necessary public partnership at an important stage of South Africa's development. (Bernstein, 1999: 40-41). Certainly South Africa presents some unique factors which must be taken into account, and it is those origins and special factors that the chapter seeks to examine. Through an examination of all constituencies' positions, I examine why corporatism was either deemed necessary or at the very least supported or engaged in, and what the impetus behind such support was.

Perhaps one of the most important and unique factors to incorporate into any evaluation of corporatism in South Africa is the unique relationship that exists between the dominant and ruling political party (the ANC) and one of the trade union federations, COSATU. COSATU is also dominant in its representation of employees in the formal employment sector within the trade union movement. It is this relationship which I examine first.

The ANC- Trade Union Relationship

COSATU's predecessor, FOSATU (Federation of South African Trade Unions) was not politically active. Most commentators argue that FOSATU's support of the mass stay-away staged in November 1984 that involved approximately 800,000 people should be seen as the beginning of formal political involvement. The formation of COSATU followed and following the formation of COSATU in December 1985 talks were held with the ANC, at the time in exile in Lusaka. The excerpt below is from the joint statement that was issued at the culmination of the meeting.

As a representative of our working class, COSATU is seized with the task of engaging the workers in the general democratic struggle, both as an independent organisation and as an essential component of the democratic forces in our country (Quoted in Desai & Habib, 1995: 30).

Desai and Habib observe that "this meeting signalled the beginning of COSATU's shift into a broad based Congress Alliance. Despite vigorous contestation of this strategic shift, by its 1989 Congress, COSATU had accepted "the ANC as the leading organisation in the fight for National liberation" (Desai & Habib, 1995: 30). The late 1980's also saw COSATU affiliate itself with the United Democratic Front, which grew to become the largest, unbanned anti apartheid federation. The UDF was allied to the goals of the ANC in exile, and was replaced post 1990 by a formal tripartite alliance between the ANC, the South African Communist

Party (both having been recently unbanned) and COSATU. The alliance was further formalised by the agreement that 20 COSATU representatives would be elected onto the ANC National Parliamentary Electoral slate, a practice that was carried forward from the 1994 elections to the 1999 elections.

Roger Southall, in evaluating the relationship between the three partners, cited the view of some commentators: "the relationship between the ANC, SACP, and COSATU represents a strategic compromise between competing tendencies within the liberation camp ... the first is the national democratic tradition of the ANC and SACP, which sees the liberation as a two stage process, with political democracy, involving a multi-class alliance of the oppressed, preceding a transition to socialism. The second is the community based trade union tradition, which view struggles in the factories as ultimately subordinate to political struggle. The third is the "workerist" union tradition, which emphasises participatory democracy in the shopfloor and in politics" (Southall, 2001: 35). Nevertheless, writing on the alliance, Sam Shilowa, former General Secretary of COSATU wrote: "the fact that we are in alliance with the ANC and SACP does not make us one organisation. It does not mean that there will be no differences on major polices, strategies and tactics ... the alliance consists of independent organisations... there is nonetheless agreement to co-operate, consult and take joint decisions on collective action in pursuit of social and economic emancipation" (Shilowa, 1997: 68-69).

This description is at best brief and simplistic, but nonetheless a basic understanding of the relationship and its origins is necessary when examining the dynamics behind the establishment of NEDLAC, both immediately prior to and during the transition period as the review below attempts to assess. This theme will be re-examined in Chapter Three when I evaluate the success of NEDLAC.

Transition politics – the consensus on consensus politics

In 1991 Steven Friedman wrote that "a post apartheid democracy can be created only by a compromise between the major political forces ... compromises will be essential, but none may be more vital, or more difficult, than that over the economy" (Friedman, 1991, 2). This compromise was all the more urgent when one considers the minority ownership of resources that characterised the South African economy that was reflected in the political system. For many black South Africans, therefore, the end of white rule meant not only political freedom but also economic betterment, and this was frequently a focus of the anti-apartheid struggle. However, the symbolism of the anti-apartheid resistance movement which had served to unite disparate groups into one force had provided unity, goals and aspirations, and eventually succeeded in conquering the apartheid regime, failed to offer tangible polices for economic restructuring and change[6]. Not only were economic issues enormously important in themselves in the South African context, but as Habib and Padayachee note "political transitions enable new social groups to enter the political arena; in so doing they create the possibility for significant changes in the economic policies. The debate around future economic polices has in some instances become on of the central contests among contending social groups and organisations" (Habib & Padayachee, 2000, 245).

[6] "Resistance movements cannot seek the consent of all in their own camp to specific compromises unless they acknowledge that the camp is made up of particular interests, not all of whom will benefit to the same degree from a given policy. But this would risk dissolving the cement which binds the movement; particular interests would be encouraged to organise around their differences because not everything they want can be achieved through the movement alone. To maintain symbolic unity, they therefore avoid specifying the compromises particular groups must make, and insist that none will have to make sacrifices at all. . (Friedman, 1991: 4).

Thus the ANC faced a double edged dilemma when it considered the economy. Firstly it had to decide what policies to adopt and secondly it had to consider how it would mediate between groups with different interests which had previously been united under one banner, fighting a common cause, but under democratic conditions would be allowed and encouraged to pursue interests independently. The ANC was forced, as a matter or urgency, to recognise the existence of special and diverse interests and mediate them. The ANC's solution to this problem was corporatism. In choosing to mediate through a corporatist institution it sought to "reduce pressure on the state by recognising the demands of organised interests ... forcing them to bargain with other contenders."

The priority for economic policy was, in its most simple terms, that it had to be seen to be capable of delivering change. As mentioned above, the nature of the resistance movement denied the ANC the opportunity in exile to formulate coherent policies and it is arguable that it was perhaps neither a priority nor feasible in terms of its actual ability to do so. It was COSATU'S advanced familiarity with policy (as compared to the ANC), due to its involvement with and as a major player in the economy whilst the ANC was in exile, that became the main influence and impetus behind the economic policy workshop decisions taken in Harare in 1990 which broadly favoured a "growth through redistribution" orientation.

However post 1990 the ANC was seen to be moving toward a more independent position, dealigning itself from the views of COSATU and the trade union movement in general. What emerged was a distinctly more "neo-liberal" economic agenda which Habib and Padaychee argue was a result of "the ANC's perception of the balance of economic and political power at both the global and local level" (Habib & Padaychee, 2000: 245). From 1991 onwards the ANC began mooting a move towards neo-liberal polices and "began projecting more conciliatory sentiments to business people". A particularly significant turning point, according to Tom Lodge, was the ANC National Conference in 1991. At the conference the "growth through redistribution" phrase was conspicuous in its absence and appeared to have been dropped from ANC rhetoric and policy altogether. Its absence was in explained by the explicit suggestions and propositions within the Draft Policy Guidelines of certain neo liberal policies, such as the introduction of privatisation in order to achieve a reduction in the size of the public sector. Habib and Padaychee sum up the shift thus: "interviews, statements by ANC leaders, and party documents, then, show that structural factors constrained the behaviour and choices of key actors. Political elites perceived an unfavourable distribution of power in the economic arena (defined by) the ideological hegemony of market discourse, and the state's dependence on the financial resources of international financial agencies, foreign investors, and the domestic business community. This structural distribution of power conditioned the behaviour and decisions of political elites in the ANC and the state, and led them to rethink their earlier economic proposals" (Habib & Padaychee, 2000: 255).

Such moves influenced the content of Reconstruction and Development Programme, published in 1994, which outlined the ANC's economic policy and served as the ANC's 1994 election manifesto. As Lodge points out, although its origins can be found "within COSATU's policy establishment ... its intellectual evolution became increasingly complicated and drew upon a progressively broader range of tributaries" (Lodge, 1999: 10). The RDP aimed to alleviate poverty and reconstruct the economy, but aimed to do so through "neither commandist central planning nor unfettered free markets." It sought, for example, to establish development forums which would "bring together all major stakeholders" (Bond quoted in Lodge, 1999: 11) in order to formulate and implement projects.

However, the decision to follow a neo-liberal path provided little guidance as to how the ANC would implement such policies. Habib suggests that the problems of implementation, and the possibility of these problems being exacerbated due to a lack of support, were the key factors in the South African ANC Government to institute corporatism. Habib supports his argument with theoretical explanations of the emergence from three schools of international literature, as reviewed by Habib (Habib, 1997). It is the latter of the schools of thought reviewed that Habib favours,[7] which suggests that corporatism is little more than "state creations in time of crisis" (Habib, 1997: 69). Stepan's review focussed on the institutions of state corporatism implemented by Latin American states. "State economic elites entered into an alliance with the military and multinational corporations in order to achieve the social peace that was required for the realisation of their national development plans" Corporatism therefore was a natural political response of elites in the developing world (Habib, 1997: 70). In recognising that this theory is only applicable to those countries who have a form of state corporatism, Habib furthers his argument by reviewing the work of Charles Maier. Maiers' work seeks to apply the crisis response to Western European societal corporatism and echoes the study of corporatism theory in Chapter one. Maier argued that Western European corporatism "was motivated by state elite's sense of political and economic vulnerability." Sustaining these corporatist features in subsequent decades was facilitated by the rise of social-democratic parties and the legitmation of social democratic ideology which "was built upon the premise of continued bargaining between class actors for political and social gains" (Quoted in Habib, 1997: 70).

Thus, in a similar vein, the ANC realised that the adoption of a neo-liberal economic policy was bound to be the cause of contention within the alliance and quite possibly amongst the population as a whole possibly resulting in mass discontent and unrest. It therefore sought, through corporatism, to co-opt the labour movement as the vanguard of popular support thus neutralising potential opposition having given the labour movement a "privileged" position in the area of economic policy making. In addition the ANC recognised that immediately pre and post 1994 the party was still politically and economically vulnerable, and therefore sought to consolidate support and alienate those who chose not to support it. NEDLAC arose, in sum in attempt to "neutralise opposition to this new political and economic order. This became an urgent priority particularly because of the fragility of the transition, and the fact that the political and economic settlement represented a significant compromise[8] that did not permit the ANC to address the material grievances of and deliver on the electoral promises it made to its constituency" (Habib, 1997: 71).

Further conditions at the time also contributed toward the establishment of corporatism. The "ideological rubric of national unity" (Habib, 1997: 61) was dominant throughout the transition period – and as such, corporatism was seen as the natural extension of the normative impetus. Alec Erwin wrote, in reference to the proposed RDP:

"In unions, civics, peace structures and forums, all manner of organisations and people are grappling with very serious problems – communists, racists, nationalists, workers, capitalists,

[7] The former two schools of though reviewed by Habib are the "historical continuity" and "societal reflection schools. The "historical continuity" school "focussed primarily on Latin America and argued that corporatist political features on the continent have their roots in a political culture grounded in hierarchy, status and patronage". The "societal reflection" school "suggested that corporatist political arrangements were merely a reflection of the natural organisation of particular societies." (Habib, 1997: 68-69).

[8] By adopting a neo liberal agenda to appease business, the National Party and the majority of the white population.

humanitarians, - and just ordinary people. We must rank as negotiating capital of the world. Organisations and people are dealing with the very same problems that will and are being posed by reconstruction and development – conflicting interests, tension, corruption and hard choices (Erwin, 1994: 40).

The unity impetus was clearly present within the tripartite alliance, enforced by the overlap of membership between the three organisations which meant that the ANC had little option but to introduce some form of formal co-operation with the labour movement which also at the time was in support of corporatism (as discussed below). To not do so may have caused "debilitating divisions and tensions within the ruling party itself" (Habib, 1997: 71). The strength of COSATU itself, as an independent body outside the alliance was also a significant factor. Its ability to mobilise mass reaction was again a factor that could easily be used to disturb or threaten the fragile transition. A mass reaction against the ANC may have also threatened economic stability and discouraged investment, further alienating business and hampering economic reconstruction attempts.

Jeremy Cronin suggests an altogether different interpretation of the initial move towards bargaining and consensus broking and later to formal corporatism. The ANC, as he saw it, recognised that "negotiated transition has to be managed as a process of elite pacting. Elites[9], capable of delivering major constituencies, jointly manage the transition towards a new institutional dispensation. In the process a new centrist bloc is consolidated and right and left forces are marginalised" (Cronin, 1994: 7). Such an argument is backed up the marginalisation of the Pan Africanist Congress and the Freedom Front. He further argues that "popular aspirations are a threat to elite pacting on the democratic rules of the game" (Cronin, 1994: 8) hence the need for elite bargaining over mass action.

Trade unions – apartheid, transition and beyond

That the South African Trade Union movement played an integral role in the anti apartheid struggle is unquestionable. The trade union movement is viewed by many as the vanguard of the liberation struggle whilst its political counterparts (the ANC and SACP) were underground, formally banned by the state. Indeed the Apartheid State recognised the power trade unions had to turn the tide of apartheid and until 1978, the state sought to deny recognition of any black labour organisation. However, in 1978 "confronted with a growing militant, unregulated African trade union movement the state scrambled to fashion an alternative strategy to neutralise the emerging threat" (Habib, 1997: 58) and legalised African (Black) trade unions, seeking to co-opt them into the National Manpower Commission. With registration brought legalisation and most trade unions used this position as a tool for increasing membership, enhancing their organisations and pushing forward labour demands. These "embryonic" years saw membership grow from 700,000 in 1979 to 3 million in 1993, and the development of the trade union as an independent movement from both the ANC and SACP. The fear that political agitation may have "led to a neglect of workplace organisation whilst inviting repression" (Adler & Webster, 17) meant that the union movement in the early 1980's was not overtly politically engaged. The emphasis was on "building industrially based structures, concentrating on shopfloor issues while remaining – for reasons of survival – unaffiliated to the exiled liberation movements" (Adler & Webster, 18). According to Adler et al, the movement towards political alignment arose from the threat of marginalisation, where a growth in social movements threatened the separation of the trade union worker/class struggle from the national democracy struggle. Baskin notes that "industrial citizenship

[9] This presumably includes government, business and labour elites.

without political citizenship was a fundamentally unstable arrangement. The result was a politically engaged union movement combining socio-political and bread and butter demands" (Baskin, 1996: 8). Hence, as examined above, the allegiance with the ANC was constructed in 1985. The allegiance also marked a shift in the unionist tradition in South Africa, as Desai and Habib note, to political unionism, which can be described as "a form of union organisation that facilitates an active engagement in factory based production politics and in community and state power issues. It engages in alliances in order to establish relationships with political organisations on a systematic basis" (Lambert & Webster quoted in Desai & Habib, 1995, 30).

Unions played an integral role in the anti apartheid struggle but their role and interaction with the final years of the apartheid regime had ramifications that ultimately lead to the formation of NEDLAC. "The strength of COSATU prior to and during South Africa's political transition in the early nineties created a unique opportunity to lever the National Party Government and business to develop and implement consensus-based policies" (Hirchson et al, 2000: 101). That they were integral in laying the ground for the establishment of corporatism is best demonstrated by two incidences: the Labour Relations Amendment Act in 1988 and the establishment of the National Economic Forum. NEDLAC was a result of a merger between the National Manpower Commission and the National Economic Forum.

The 1988 Labour Relations Amendment Act sought to remove various Trade Union rights and was the focus of campaigns and mobilisation against the changes from COSATU and NACTU. Two years of campaigning resulted in the establishment of an accord between COSATU, NACTU, the South African Consultative Committee on Labour Affairs (SACCOLA), the National Manpower Commission and the Department of Manpower. Knowm as the Laboria Minute, the agreement led to further negotiations on an improved LRA, passed in 1991. Further negotiations led to the promise by the state to pass legislation affording basic working conditions to new categories of employees hitherto not covered by legislation.

The National Economic Forum was established after protests surrounding the introduction of VAT (Value Added Tax) in 1991. Union led strikes were twinned with a demand for a national macro economic forum whose membership would include business, the state, unions and political parties. "A year after the strike the state conceded a non-statutory NEF" which comprised various groups including the state, business and trade unions " (Habib, 1997, 65).

Thus the preconditions for corporatism emerged prior to and during the transition period. In 1993, Baskin wrote that "an institutionalised role for labour and capital in the formulation and regulation of economic policy is emerging." However, he went on to add "the union movement has little alternative but to engage with this trend – and they are doing so through the NEF, NMC and similar bodies (Baskin, 1993: 1). In this period the role of trade unions again shifted and many commentators have noted the move from the politics of resistance to the politics of engagement in line with political trends elsewhere. Van Holdt further labelled the change as the emergence of "strategic unionism" or the "facilitating of the labour movement's participation in the determination of macro-economic policy" (Quoted in Desai & Habib, 1995: 30). At the time, Von Holdt was enthusiastic about the prospects for the Labour movement within the NEF and identified the NEF as a problem solving body and as a proactive body where key producer groups and the state could seek to "agree on macro-economic policy and a new growth path for the South African economy" (Desai & Habib, 1995: 30). However he warned against the development of corporate unionism which he

believed would have serious consequences for the labour movement. There were many critics of the move towards corporatism but supporters tended to outweight or be more vocal during the transition period[10]. If there was not unqualified outright support of a corporatist shift (see Baskin quote) within the trade union movement there was at the least an acknowledgement among the majority of trade union leaders that corporatism represented the "best worst" option for South Africa and the trade union movement. The reasons for this support are discussed below.

Baskin identified four "compelling" union-specific arguments for corporatism. Stability and legitimacy during the transition period was a necessity – South Africa needed "maximum possible social cohesion, despite the limits this places on necessary and far reaching change." As a fragile emerging democracy it needed "the support of institutional arrangements which can channel conflict, moderate it where appropriate and resolve competing claims on national resources." Secondly, corporatism was perceived as economically necessary, given the economic decline that South Africa was experiencing at the time[11]. Baskin argued "No political party or economic class is strong enough alone to reverse these trends and effect economic restructuring. But both capital and organised labour are strong enough to block key changes ... unless the cake grows the outlook is bleak. And without agreed economic policies the cake will not grow." Thirdly corporatism was desirable in itself, in that it would "bring a meaningful say, for the first time, in the development of national policy ... unions can help guide the process (economic restructuring) and also cushion workers from some of the negative effects." Finally the alternatives on offer at the time were either unlikely or unbeneficial for the labour movement, from his viewpoint the alternative options were revolution, authoritarian government or the status quo (Baskin, 1993: 6-7). He later concluded that "in the process of transition and development labour must either be a participant, an observer or a victim; and that clearly participation is the optimum route." (Baskin, 1993 (II), 67). Baskin went further and suggested that a corporatist arrangement in South Africa could be expected to deliver the following benefits, and indeed if a corporatist institution that was to be set up in South Africa could be judged on its ability to meet the following criteria:

- *"stabilise the democratic transition*
- *aid the achievement of reasonable economic growth*
- *make gains for workers directly (by, for example, increasing wages) or indirectly (through the social wage);*
- *soften short term hardships associated with economic restructuring*
- *go beyond temporary arrangements and institutionalise a role for labour in economic policy formulation*
- *result in increased union strength and representatives*
- *Enhance worker participation/control at the workplace and improve the quality of working life"* (Baskin, 1993: 8).

COSATU also supported the move towards corporatism and further encouraged its extension for distinctly political reasons. Habib argues that "the conversion of COSATU leaders to corporatism was facilitated by their participation in the tripartite alliance under the hegemony

[10] These arguments are examined in closer detail in chapters three and four.
[11] "Gross Domestic Product has shown negative growth during the 1990's – the economy contracted by over 2% in 1992" (Baskin, 1993: 5).

of the ANC. This conditioned their strategic choices and tied them into support for the new consensual capitalist order negotiated primarily between the ANC and NP." In ideological terms, the collapse of communism and the likelihood of a socialist revolution practically obsolete left the trade union ideological stance in retreat. For trade unions "the only available ideological home was that of social democracy (which) accepted the reality of capitalism, but it also intended to negotiate a better future for the working class" (Habib, 1997: 71). As a NUMSA official is quoted as saying: " it is important… not to resort to Marxist rhetoric and dogmatism but to provide answers to questions facing the working class today. What do we tell the 9000 workers in the tire manufacturing industry when tariffs are removed and their jobs are at stake? Do we tell them to wait for a socialist revolution?" Bird and Schreiner (NUMSA officials) in 1992 sought to encourage the move to "socialist democracy" in the transition era. They argued for "an ongoing process of empowering institutions and organisations, outside of the state, to participate in the decision making process and thereby to exercise meaningful control over that state between elections…. Our conception is of a lean interventionist state which regulates the market through a range of instruments, including nationalisation, but does not do so on its own. It seeks to gain consent for policies from civil society through appropriate negotiating institutions" (Bird & Schreiner, 1992: 23). Corporatism was seen as one mechanism of ensuring the existence of negotiating institutions.

Adler and Webster argue that the move to corporatism was a continuation of the radical reform strategy of the labour movement that had been apparent since the 1970's. "Disciplined and sophisticated social movements may, through a strategy of radical reform be able to inject more progressive content into the democratisation process and wrest important concessions from reformers and moderates alike" (Quoted in Habib, 1995: 36). The developments starting from FOSATU's registration in the 1970's through to the establishment of political allegiance in 1985 and to the establishment of the NEF are evidence of such a strategy. Hence corporatism is the natural progression of such a strategy. Roger Southall reiterates this point, and in returning to coporatist theory he attempts to explain what the trade union movement may have considered to be the benefits of the adoption of corporatism in a capitalist state:

"the strength of the corporatist perspective is that it tries to grapple with the realities of the post socialist world ... global experience shows that a working class that is industrially and politically organised can counter the polarising effects of capitalism and provide for a relatively just society. The Scandinavian social democracies of Europe and Germany where unions work in codetermination with capital are all capitalist states yet their capitalist systems are more equal and socially just than the capitalism of the United States. They are far from perfect societies, yet the power of organised labour has forced capital to reach a working compromise" (Southall, 2001: 36).

However, in reality, COSATU also had to deal with a very real political marginalisation. Despite its perceived power, its application to attend CODESA (The Convention for a Democratic South Africa) in 1991 was rejected and from this point onwards many perceived COSATU as the much weaker partner in the tripartite alliance. The adoption of a negotiating, compromising stance was according to Habib merely illusionary and "belied a vigorous contestation as both capital and labour sought to position themselves in the post-election period. It is in this context that corporatist solutions were posited a reasonable outcome." (Habib, 1995: 32). In reaction to the reduction of its autonomy and authority in political terms, COSATU sought to "extend the transition's process to include economic restructuring" through the NEF, which "allowed the labour movement to have a direct purchase on policy

decisions, something it had lost in the political negotiations which took place between political parties" (Adler and Webster, 1998: 21). Indeed, Adler and Webster argue that NEDLAC is a direct result of COSATU influence. "Its structures and powers were largely designed by COSATU intellectuals (as opposed to those within the ANC) who had previously conceptualised the NEF and had for many years been attempting to transform the NEC" (Adler and Webster, 1998, 22).

Business- apartheid, transition and beyond

The role of business in the Apartheid State and the relationship between the two were complex issues. However brief this examination of the two may be, they are necessary in order to understand why business supported the establishment of NEDLAC, particularly in the light of the percieved economic power held by South African Businesses. Innes argued in 1990 that "one thing is for sure: the maxim that the business of business is business is not applicable within a phase of fundamental political and social transformation." He suggested that communication and engagement were key factors, more important even than the content of discussions. The transition period would be a "phase of testing who really has power in the country and what the extent of that power is. Within this context business will have to ask itself the key question: what power does business have, especially in relation to other organised groups." (unknown source)

Labelling business as one distinct group in South Africa is misleading. An important protrusion from the apartheid era was and remains the plethora of business organisations and the fractured nature of the relationships between groups. "Given that the Apartheid State discriminated against black workers and entrepreneurs, whilst actively favouring Afrikaner capital over English Capital, another legacy of the past is the language and racial fault line which persists in the national multi-sectoral trade associations" (Natrass, 1998: 22). Four multisectoral employer organisations exist, with three being represented by BSA along with 16 other sectoral organisations at NEDLAC[12], and the fourth association, NAFCOC stands alone and represents itself at NEDLAC[13]. It is estimated that 30% of the total number of active businesses are represented at NEDLAC through these organisations, but that the element of formal employment and GDP represented is a significantly higher percentage. (Bernstein, 1999: 45).

Despite the divisions ingrained by the apartheid state, there is no doubt that many businesses benefited from the policies of the Apartheid State and businesses contributed in turn towards the apartheid state's continuing economic viability and ability to derive support from the minority white population. "The apartheid economy ensured that small groups of white capitalists became enormously wealthy, secured the privileges and incomes of the white middle and working classes, crushed nascent black business and impoverished the black majority (Macun & Karl Von Holdt, 1998: 70). But a historical overview reveals an ambiguous relationship between the state and business that eventually reached a decisive turning point. By the 1980's there was a broad realisation within the capitalist business sector that the apartheid regime was at best unsustainable from an economic point of view and at worst an immoral institution. In short, as the economic and political crisis became more apparent, so to did the need for business to increase pressure for change. Obviously, due to the fractured nature discussed above, collective action was difficult, but in addition, as

[12] The three are FABCOS, the Foundation for African Business and Consumer Services, SACOB, the South African Chamber of Business and the AHI, the Afrikaner Handelsinstituut.
[13] NAFCOC is the national black employer organisation and is affiliated to the black management council

Natrass points out, "opposing the Apartheid State had ramifications that extended way beyond the business environment. It challenged beliefs, relationships and social attitudes as well" (Natrass 1998). Nonetheless, as the economic crisis deepened, accompanied by a growing agitant black middle class and an increasingly articulate labour movement, business began to openly press for change.

Business, despite the benefits it gained from the National Party Government, did not have a happy relationship with it. Frankel termed the relationship as an "unhappy bed-fellowship" and criticised the Government which he said was "largely incapable of comprehending the economic consequences of its single minded pursuit of political ideology" (Frankel, 1990: 393).

Business found itself "situated between an authoritarian state indisposed to receive advice from a pressure group outside the ruling party, and mass society sceptical of its sincerity" (Frankel, 1990: 409). Recognising that its primary role was ultimately in the generation of profit, many from the business sector nevertheless sought to question what sort of role business could or should play in a post apartheid order. Chris Ball of First National Bank wrote that business was the "engine room of the economy and by virtue of this has not only the right but indeed the duty to the community at large to make a positive contribution to socio-political development in South Africa" (Ball quoted in Frankel, 1990: 396). Frankel concluded: "A workable post apartheid system will be unavoidably different from the present order. Business should therefore seriously re-evaluate its commitment to unrestrained free enterprise principles in favour of various alternative formulae for economic development which advocate both growth and distributional goals." He added "the private sector has a function to assert its political rights as the primary element in the community responsible in the production of wealth and the making of public policy." (Frankel, 1990, 401).

In 1985 business representatives began talks with the ANC in exile, and dialogue with the future government was matched with dialogue with organised labour, the result of which is examined in the review of trade unions in this chapter. Bernstein argues that "these achievements were coupled with the concern of both organised labour and organised business that their interests and those of their constituencies could be marginalised in the post-election period" (Bernstein, 1999: 40). Hence the support for corporatism, or at least a form of corporatism, from the business constituencies. Following the publication of the RDP, Bobby Godsell, Executive Director of Anglo American wrote "Significant progress in the economy and in society will only occur if we as a nation design good policies, and implement these effectively. This will indeed require a partnership between government and civil society… this partnership will have to commence with policy design and extend to its effective implementation." (Godsell, 1994: 46).

In *Business and Democracy: Cohabitation or Contradiction,* Anne Bernstein argues at length that business has a vital role to play in both instituting and consolidating democracy and that business in South Africa played a vital role in the 1994 elections. Furthermore she asserts that it is vital for business to play an active role in consolidating democracies which present an "an extremely fluid environment" in order to establish and maintain the best environment for businesses to flourish in and deliver economic growth. Stability, economic viability and growth were crucial and critical issues in South Africa during the transition and were particularly crucial for business in its decision to support corporatism.

Factors

The review above examines the position of three distinct groups that currently participate in South Africa's corporatist project and looks at the conditions behind their support for corporatism. The review of each of the constituencies positions above seems to suggest, and corporatism theory would support, the theory that each group considered corporatism the least worst option - a necessary path to take given various trajectories both before and during the transition period.

Needless to say, dissenting voices in all groups were present, and many argued that quite simply, the conditions for corporatism as reviewed in Chapter One, aside from the support it received from all three constituencies, were simply not present to make corporatism either a viable option or a successful one. These arguments draw on theoretical evidence as examined in Chapter One, and factorial evidence as regards South Africa's position pre, mid and post transition. Several commentators, such as Baskin at the time argued against corporatism. Baskin reviewed several factors, which he saw as necessary for the successful functioning of Corporatism. Although his review was in reference to Trade Union involvement, it nonetheless is indicative of the position of the corporatist project as regards all constituencies. His analysis emphasised the structure of industrial relations which affected the relationship between the capital and labour, and attempted to show "that the existing framework is frequently at cross purposes to the corporatist goals the parties are pursuing" (Baskin, 1993: 9).

Economic prospects are unlikely to assist corporatism in its aims of delivery. "Economic decline is the corporatist trend's raison d'être, but it is also a strong obstacle" (Baskin, 1993: 9). Previous experiences show that corporatism is at its least successful when introduced to tackle economic problems, and most successful when pre existing corporatist arrangements are faced with emerging economic problems. In addition, "previous examples of success occurred in politically stable nations with economies that were significantly less under international duress and influence than the South African economy in 1999. The current economic conditions signal less regulation, yet corporatism exists to introduce successful regulation". Finally, Baskin argued, "basing policy formulation too heavily on consensus may be extremely time consuming and result in lowest common denominator polices and sluggish economic performance" (1993: 10).

In reference to the Trade Union movement in South Africa, Baskin questioned whether COSATU etc were capable of meaningfully engaging in a corporatist institution. "When it comes to capacity, the union movement is no match for its intended corporatist partners" (1993:11). Further he questioned the actual representation within the Trade Union Movement, which accounted for a minority of the economically active population which was an even smaller percentage of the population given high unemployment levels. High Unemployment levels were a critical factor in the inapplicability of any corporatist arrangement in South Africa. In addition, the density of representation between sectors was uneven, with certain industries being vastly more active on the union front, and therefore unequally represented.

Equally, however, he argued that "employer organisations are often unrepresentative and unable to present a common front" and due to the Apartheid inheritance as discussed above, this was particularly true in South Africa. In addition there was a tendency in South Africa

for large companies to ignore employer and trade associations favouring unilateral engagement with Government or Trade Unions.

Finally, Baskin argued that it was not a culture of unity that was characteristic in South Africa, rather an inheritance of adversarial, conflictual relationships which ran both deep and counter to any corporatist attempt. It is further questionable whether corporatism as was examined in Chapter One can function when two of the constituencies have such a close formal relationship or alliance prior to the establishment of corporatist relationships[14]. It is equably doubtful that corporatism is either necessary or possible without a rough balance of power between the key producer groups and the Government. Further, it is striking that both business and labour have joined NEDLAC without any formal agreement over basic economic aims and the mechanisms for achieving them. "COSATU is still formally committed to socialism and "the transfer of power to workers": business is committed to greater liberalisation and the expansion of market principles" (Bernstein, 1999: 54).

But despite such conditions militating against the application of corporatism in South Africa, there were those that argued that that lack, or the uniqueness of South Africa's conditions made corporatism viable or at least "worth a try: "*A growing economy, rising employment levels and improvement in both productivity and material well being are, at the very least, important contributions to the success of any corporatist project.* " None of which are present in South Africa. But, "given that the alternatives to concertation may be worse for a country which has emerged from decades of conflict, and that there may be a commitment in the interests of development to a codetermined labour relations outcome, the economic circumstances may be less of a make or break matter than theory and experience of other countries might suggest." (Baskin, 1998: 10).

Hence, Douwes Dekker suggests that South African corporatism is unique in its formation which reflects the very unique economic and political factors South Africa is trying to address and does not refer to NEDLAC as a form of corporatism[15]; " South Africa ensured its form its form of tripartism and social dialogue could incorporate experience from other countries by designing structures and processes to meet local requirements and challenges … not conceived of during the post World War II Western Europe experiment …. Thus NEDLAC emerged a critical institution from the 1990-1994 phase and has since 1995 facilitated legitimacy of new systems of governance to ease the transformation phase into the institutionalisation phase" (Douwes Dekker, 1998:8).

In order to assess South Africa's supposed unique form of corporatism, and to further examine whether or not NELDAC is a form of corporatism at all, it is necessary to ask what NEDLAC has achieved, whether or not those achievements were intended, and conversely what it has not achieved. It is these issued that Chapter 3 seeks to address.

[14] The exception to the rule is Great Britain, where the Labour Party had formal links with Trade Unions until 1994. The
link provided trade unions with significant power: "this trade union power that has bought successive Governments to a standstill in recent years" (Finer, quoted in Marsh, 1992, 46). Indeed the linkage and the subsequent power derived form unions were a major factor in Thatcher's backlash against the unions post 1979.
[15] Whether or not NEDLAC is a form of Corporatism at all is addressed in greater detail in Chapter Four.

CHAPTER THREE

Introduction

If, as Chapter two suggests, corporatism was considered as necessary or the best worst option then one would expect NEDLAC to be a successful venture - because all parties appeared committed to it, they would therefore work towards its successful functioning and the fulfilment of its mandate. This chapter seeks to examine whether NEDLAC has been able to successfully broker corporatist style agreements as its founding Act suggests it must. The Act "requires that business, labour and Government seek consensus on matters that directly affect them before a law or any regulations are passed" (Bernstein, 1999: 40). In reviewing the activity of NEDLAC in the immediate years following its formation, I examine firstly three examples of polices or Acts which NEDLAC has dealt with. I then turn to examine the position of each of the constituencies, where I look at the gains, successes, losses and failures that each perceive to have arisen from participation in NEDLAC.

What has NEDLAC achieved?

According to NEDLAC, between its formation in 1995 and 1998, 35 agreements were reached successfully. However this figure does not reveal whether these agreements were actually amendments to existing agreements or legislation, how important such agreements made were, and what cost or trade offs (if any) were involved in the culmination of the agreement. It tells us very little about the position or opinion of each of the parties to the agreement, or the opinion of those who were not party to agreements. In addition, it is impossible to gauge whether such issues would have been agreed upon without an institution such as NEDLAC. Finally, there are no figures available for the number of issues that failed to reach agreement at NEDLAC. Such factors are crucially important when considering whether or not NEDLAC as an institution is functioning as intended, and delivering to the electorate or citizenry at large.

Achievements have nonetheless been made and are broadly of two kinds – those that resulted in tangible agreements which are quantifiable, and those achievements that have built up trust and opened dialogue in areas previously considered not negotiable. The latter, however, are invisible and not tangible, making efforts to quantify them impossible. Below I review one tangible instance of success, the Labour Relations Act, which many perceived as the first and crucial test of NEDLAC and one which to many observers proved that consensus through NEDLAC was possible.

Labour Relations Act

In February 1995 a new Labour Relations Bill was tabled for discussion in the Labour Market Chamber. The aim of the new Bill was to introduce " a Rolls-Royce system of labour relations" (Finer quoted in Bernstein, 1999: 44), and according to Habib the Bill, now law, "transforms the model of labour relations in South Africa (Habib, 1997: 68) and amongst other issues, it introduced:

- An extensive right to strike, and enshrined the right of employers to lockout strikers
- Voluntary centralised bargaining
- A mechanism for the establishment of intermediate institution in case of the inability to set up voluntary centralised bargaining

- The establishment of workplace forums in all firms with 100 or more employees.

Negotiations between the three parties in the Labour Market Chamber began in May with each party presenting responses and, after ten weeks and over 49 hours of formal meetings, agreement was reached in July. Habib observes that as part of the process NEDLAC "established a negotiating committee to reach consensus on the draft bill. After a number of negotiating sessions, two special NEDLAC tripartite workshops involving senior representatives from each constituency, and the assistance of a Committee of Principals[16] and a technical committee, a number of agreements were concluded" (Habib, 1997: 66).

Nonetheless, despite the widely heralded and lauded achievement of consensus, Labour and Business reached deadlock on several occasions, with Unions resorting to a campaign of mass action to ensure its demands were addressed. Despite the disagreement that at times marred the procedure, Webster argues that "the process through which this consensus was reached is remarkable in itself. Labour was able to exercise both mass action and negotiation in institutions to reach tripartite arrangements that drew the major stake holders together into a compromise agreement in which all parties had an interest ... (the process is) time consuming and elusive and arrives at agreements not completely satisfying to all participants, (but) they can improve the quality of decisions, build political bases of support for the proposed reforms, and help consolidate democratic institutions" (Webster, 1998: 23).

The Basic Working Conditions Act

Whilst the Labour Relations negotiations heralded success, such optimism was short-lived. The Basic Conditions of Employment Bill, laid in February 1996, failed to reach agreement despite discussion at NEDLAC for 6 months on a green paper on employment standards. A particular area of discontent and disagreement for all three constituencies were the labour movement's demands for a 40-hour working week and six months statutory maternity leave. Business was concerned with the cost of the measures and argued that such policies would have a deleterious effect on job creation and labour flexibility. By October 1996, after deadlock had been reached, The Department of Labour effectively bypassed the negotiating procedure and published the draft bill, inviting comment from the public and encouraged further negotiation at NEDLAC. In response COSATU launched a programme of mass action in response to the Bill. Despite an attempt in May 1997 at further negotiations which ended within a month, ongoing protests by the labour movement and their supporters both in and out of Parliament, the Bill became Act in November 1997. (Bernstein, 1999: 44). None of Labour's demands had been heeded to.

GEAR

If the Labour Relations Act and The Basic Conditions of Employment Act are examples of whether or not NEDLAC has been able to function as a successful negotiating forum, GEAR has questioned the fundamental desire of the Government to allow NEDLAC to play an engaged and participatory role in economic policy at all.

GEAR (Growth, Employment & Redistribution), published in June 1996, represented a new economic policy orientation and outlined the Government's macro-economic strategy. Its publication was in the wake of the failure of the RDP to reach many of targets and falling

[16] According to Webster & Gostner, the Committee of Principals evolved from late night "conversation groups" of negotiators who had begun, informally, to discuss issues. (Bernstein, 1999: 44).

support of the RDP both within and outside the Government. In March 1996, the Office/Ministry set up to implement various programmes as mandated by the RDP was dismantled. Jesmond Blumenfeld maintains that "more generally, the RDP, intended perhaps as a device for reconciling the demands of those who recognised the urgent need for polices that would promote rapid economic growth and those who perceived an equally urgent political need for more redistributive polices, proved able to satisfy neither set of protagonists" (Blumenfeld: 2000: 41).

GEAR was published without consultation of either the public or the involvement of NEDLAC. Indeed on publication, Minister Trevor Manuel described GEAR as "non-negotiable." This move was particularly significant given the emphasis of GEAR – firmly neo-liberal – which went against traditional ANC party policy and certainly against the policies or ideologies of the ANC's tripartite partners, the SACP and COSATU. In addition, a major influence of GEAR appears to have been the publication *"Growth For All"* by the South Africa Foundation, an organisation that comprises the Chief Executives of the top 50 businesses in South Africa, separate from BSA and not represented at NEDLAC. Blumenfeld adds that the "adoption of GEAR was of fundamental importance, both politically and economically, in that it signalled not only the Government's acceptance of market-imposed criteria for the evaluation of its conduct of macro-economic policy, but also its eschewal of continuing calls from its radical constituencies for more "populist" measures" (Blumenfeld, 2000: 43). GEAR also signalled the Government's willingness to bypass NEDLAC when necessary in order to implement certain economic or labour policies.

As a result of NEDLAC's inability at times to reach agreement on several key issues as examined briefly above and as a result of a general assessment of NEDLACs functions, each of the three constituencies have evaluated the rationale behind NEDLAC's existence. They have also had to evaluate what they have gained and stand to gain from participation within it. It is to these issues that I now turn.

Government

Government's involvement in NEDLAC is examinable on 2 fronts. Firstly, its involvement with NEDLAC as one of the constituencies and secondly as the creator and ultimately sustainor of the institution. Thus any criticism on the working of NEDLAC can also be perceived as being directed at the Government itself.

The flexibility that is built into NEDLAC means that no two items are treated in the same manner. "Each is handled differently depending upon constraints of time, their importance to different social partners, as well as their linkage to other items" (Bernstein, 1999: 41). Such flexibility is a double-edged sword: it has enabled a more fluid and adaptable negotiating environment, but equally it has given each party the ability to delay the culmination of negotiations. Such flexibility may also result in the culmination of negotiations without adequate consultation. It is because of these drawbacks that some have called for system that is defined through rules: "perhaps it is time to define ... some binding deadlines. In this way, parties would be given every opportunity to negotiate without being able to hold up the process unduly" (Bethlehem, quoted in Bernstein, 1999: 43). Despite its supposed fluidity, NEDLAC's formal structure has led to the development of structures for informal negotiating outwith NEDLAC, for example. the Committee of Principals that was formed during the LRA negotiations. Such structures rely on the interaction of individuals and is reliant on the personal whims of each negotiator, and indeed, increasingly it is perceived that the trust that

has been built up between labour and business is "subject to the vagaries of leadership" (Bernstein: 1999, 7). These moves can be seen as an attempt to "achieve the spirit of NEDLAC rather than the letter" (Gostner & Joffe, 2000: 80) and perhaps can be seen as an implicit acknowledgement that tangible agreements through the formal procedures may not be possible. Gostner & Joffe warn that " While the extra-constitutional structures represent an innovative response to the challenges of multi-partite policy formulation, they also hold the potential for undermining the structure of NEDLAC ... as the constitutional structures become no more than rubber-stamps for less-than transparent negotiations" (Gostner & Joffe, 2000, 81).

Equally problematic is the definition of which issues are examined at NEDLAC. As the example of GEAR shows, Government has shown a level of ambiguity on this issue at by bypassing NEDLAC on the crucial issue of macroeconomic strategy. It is Government who decides which issues are examined and more importantly, what issues are not examined. But even within Government there is disagreement about "what constitutes important legislation and about whether such legislation will have an impact on the economy." (Bernstein, 1999: 47).

In terms of representation, some have criticised the dominance of national level Government at the expense and absence of representation from regional and municipal tiers of Government, despite the fact that the result of policy negotiations may have consequences for them.

Like unions and business, Government, according to Les Kettledas, Deputy Director General of the Department of Labour, also suffers from capacity problems, broadly stemming from the sheer amount of work and number of meeting generated by NEDLAC. Lack of capacity, particularly in relations to the provision of adequately informed personnel or representatives has led some to comment that NEDLAC "structures are dysfunctional, no one can say that there is even a semblance of functionality." (Confidential interviewee, quoted in Gostner & Joffe, 2000, 92).

Labour

For Labour, involvement in NEDLAC has been problematic for several reasons. Representation is seen by many as being dominated by COSATU, leaving little space for representation by other union federations. This is exacerbated by the perception that COSATU, due to its alliance with the ANC enjoys an immediately privileged position. In addition, many question the dominance of representation of formal labour, particularly when one considers that trade union representation covers 35% of formal employees in a country where as many as 30% of the workforce is unemployed or working in the informal sector. Employment generation is a critical economic issue, and the lack of representation of the informal sector or the unemployed is a serious flaw in NEDLAC's make up. Decisions necessarily reflect the interests of those privileged enough to be in employment, which may be at the expense of the interests of those less fortunate. Some within COSATU believe this is an unwarrented criticism and point to the historical precedence of representation beyond COSATU's own formal narrow band of representation. Many considered COSATU the "formal" or "legal" focal point of the anti-apartheid struggle, but it is questionable whether COSATU can continue to claim such support or representation in a post apartheid era. Indeed Von Holdt argued that corporatism itself would speed up the process of isolation for the trade union movement in South Africa from its initial position as a broad-spectrum representative

organisation. "Corporatist Unionism tends to represent the narrow interest of its own members ... and loses its capacity to articulate a broader national interest" (Von Holdt, 1993: 50).

The perceived "negotiations behind closed doors" character of NEDLAC has lead some to question the ability of union members or the "grassroots" to influence negotiations at the NEDLAC, and hence argue that corporatism is a factor behind the devaluation of democracy within the union movement. Negotiations, often technical in character combined with internal infrastructural problems within the union movement, have lead to weakened links between leaders and grassroots members, who have little say or input into negotiations and often know little about the results.

In addition to questions regarding representational issues, some have questioned the ability, and ultimately the willingness of COSATU to make compromises, necessary in an institution like NEDLAC, which are perceived as essential in the South African context vis-à-vis economic growth and development. "Government expects union leaders to deliver restraint – plus increased productivity – from their members. They are expected to play a dualistic role, first, that of sacrificing their narrow interests to the overall demands of national development; and second, the representation of the job interest of the rank and file members. The argument for the reversal of the primary role of unions to be developmental rather than representational is based on the belief that trade unions represent a small and privileged proportion of the labour force" (Webster: 1995: 29).

Alternatively, from an ideological perspective, some have argued that NEDLAC serves as a forum for the consolidation of an elite band of Labour and Union bureaucrats who use NEDLAC as a mechanism to perpetuate their power and positions. The effect on the union movement of corporatism is disastrous: Corporatism is perceived as a mechanism which leads ultimately to the "demobilisation of the mass base of the unions, and an alienation of the members from the leadership ... (and) co-opts labour into accepting the economic perspectives of capitalism ... (it) stabilises capitalist society and ensures that the labour movement cannot struggle for socialism. The labour movement is tied into corporatism and loses its capacity for independent action." (Von Holdt, 1993: 48).

From the Trade Union movement's own perspective, developments within NEDLAC are increasingly viewed in a negative light and this has been further impacted upon by disillusionment with the ANC alliance on the issues surrounding GEAR and privatisation which are examined below. The trade union movement has at several junctures resorted to the use of mass action, notably during the negotiations surrounding the LRA and the Basic Condition of Employment. For some this has signalled the movements lack of commitment to NEDLAC, but for the union movement it reflects it frustration with the programme of reform that South Africa is following. Unionists argue that the need to use mass action is important to protect against the domination of capital, while some go as far as suggesting a return to a more militant, defensive style of unionism. In reference to this protectionist attitude, a NUMSA official asserted that "when we negotiate, we never exclude the possibility of taking up a campaign. How seriously labour is taken at NEDLAC is always in relation to the threat other parties perceive outside the institution. There have been lots of areas where labour has not felt very happy about what's happened. At the end of the day, we're only going to be taken seriously if other players can see what we have behind us. Unless we can maintain the capacity to challenge, we're going to be totally ineffective" (Ehrenreich quoted in Collins, 1996: 31).

During the LRA negotiations, Von Holdt reports that mass action was driven by the perception of gap between the grassroots and the ANC leadership & "impatience and scepticism about the intentions of the ANC led government" (Von Holdt, 1995: 32). The action undertaken did however result in some concessions being won by the labour caucus. He suggests however that the LRA experience reflected the "deeply differing views on the place of trade unions in our future" (Von Holdt, 1995: 34) and this in itself put in place an insurmountable barrier between trade unions, the Government and Business.

Negotiations surrounding the Basic Conditions of Employment were a turning point for COSATU and the union movement. Inability to articulate its demands within NEDLAC or win concessions led to increasing concern regarding the marginalisation of the movement. Commentators noted that "recent experience in NEDLAC casts doubt on the commitment of the social partners to win-win compromises ... the federation hinted at ditching NEDLAC and pursuing other avenues. It is becoming equally obvious that both capital and the state sees NEDLAC as an unnecessary burden" (Collins & Ray, 1997: 15). The labour movement ultimately resorted to mass action, with little effect, and its attempts to lobby the COSATU-ANC caucus in parliament were equally ineffectual.

Unionists themselves doubt the ability of the movement to play an active role in NEDLAC due to infrastructural and resource problems. Deanne Collins points out that "Business is better resourced than the unions, whilst most labour unions also have unions to run. Absenteeism from key meetings is common, and representatives are inadequately prepared for debate. Thus labour reacts to government and business proposals, putting forward only a few positions and not presenting a programmatic vision." One reason for this is due to flaws in the makeup of NEDLAC (which I examine below) but there is also a capacity and skills crisis in the labour movement itself which restricts it from playing a more meaningful, active role in NEDLAC. Staff turnover since 1994 has been high, with many of the movement's most talented and educated leaders leaving to join business, politics or the civil service. Additionally many unionists have joined part-time politics, reducing the time that can be spent on union business. In 1995 the National Union of Miners had a total of 101 officials elected as local government politicians. Infrastructuraly the union movement has struggled to effectively use the negotiating spaces that it has been given within NEDLAC and there are many causes of this, from financial, personnel to ideological challenges. A "capacity crisis" has lead to numerous attempts at "capacity building" which aim to restructure unions in the face of the increased trend towards negotiation.

The disillusionment within the Union Movement, interalia, of the ability of NEDLAC to deliver advantages for the Labour movement and its perceived marginalisation revealed severe weaknesses within the movement and inspired the launch of September Commission by COSATU in 1997. The publication of the September Commission report by COSATU in 1997 argued for a move towards social unionism which reflected COSATU's move away from its position as a major political force and echoes its current attempts to formulate a role or position which fosters co-operation with business. "COSATU'S central role as a player in the struggle to defeat the apartheid system is today matched by its inability to determine the agenda of economic and social transformation... (social unionism) will enable COSATU to proactively contest the transition... the aim is to harness the organised power of COSATU, its capacity to mobilise, ... to make important contributions to national, economic and social development" (Von Holdt, 1997: 12). Nonetheless the report favoured the continued existence of NEDLAC.

The issue of GEAR and privatisation, briefly reviewed below has led to the perception amongst some trade unionists that neither corporatism, nor for that matter the alliance with the ANC have delivered tangible benefits to the trade union movement and thus the union movement should reject any further involvement with corporatism social partnerships or bargaining in favour of a return to militant agitation and mass protest. Trade Unionist Roger Ronnie argued that "social contracts and co-determination cannot change the nature of capitalism. COSATU needs to change direction and develop militant strategies in support of workers' demands" (Ronnie, 1996: 2). Similarly, Glenn Adler points out that " those who thought the partnership had replaced adversarialism were dealt a blow by the struggle over the BCEA and the war of words over GEAR. Officials from the Department of Labour – the engine room of social partnership – have issued calls for the downgrading of NEDLAC. Sections of Business would not be averse to abolishing it altogether" Alder, 1998: 74). However he warned the union movement that it faced a paradox: "a breakdown of social partnership is not in itself a bad thing: this is someone else's ideology which creates serious traps for labour. But if partnership is replaced by unilateralism, opportunities to advance working class interests will be lost" (Alder, 1998: 74).

GEAR & privatisation – is the alliance breaking down?

As discussed above, the ANC Government's publication of GEAR without the involvement of or consultation of NEDLAC or any of its actors is perceived by many as an indication of the Government's ambivalence towards NEDLAC. For many it is also a sign of the ANC's ambivalence towards the COSATU-SACP Alliance haven chosen not to consult these partners either.

Critics within COSATU have questioned several issues. Firstly, does this signal that the alliance at the very least should be re-established or reworked? Indeed some have questioned whether the alliance should be broken altogether. Secondly, what is the value of an institution like NEDLAC when Government is prepared to override it? Thirdly, what role does the Labour movement have in a state where the Government is incrementally adopting an distinctly neo-liberal position that is supportive of capital and business? In particular, what role does Labour have in NEDLAC, or any corporatist body, if business is the dominant partner? Sitas, quoted by Desai and Habib argues that corporate capital has successfully managed to "create its legitimacy and place it centre-stage in the transition process" hence the focus on "the economic growth debate, in every calculation and consideration its profitability and performance is a the centre of everyone's worries. Such a central role makes it unlikely that any "radical economic agenda would survive the ravages of negotiations within a corporatist institution" (Desai and Habib, 1995: 35).

Nonetheless, many still argued for the preservation of the alliance despite the publication of GEAR. Sam Shilowa argued that from COSATU's point of view "government should subject it (GEAR) to scrutiny and criticism … of course the ANC will argue for GEAR, that is fine, it is their document. But if we are able to show its disastrous consequences, the masses may back us to a point where certain sections may be reconsidered." This did not, however, occur, but equally, many of GEAR's goals have also not been reached. Parsons argues that disagreement over GEAR may preclude the possibility of reaching agreement on several other issues, but nonetheless, "it does not preclude NEDLAC from reaching consensus on a wide array of smaller but important policy issues." (Parsons quoted in Bernstein, 1999: 49).

But if GEAR was to be the source of tension, the issue of privatisation has continued to be a source of fundamental disagreement between the ANC and COSATU and has often had a negative impact on the functioning of NEDLAC. The issue of privatisation has been, similar to GEAR, dealt with largely outside the confines of NEDLAC, again questioning the ambivalence of both the Government and the Unions towards the institution.

The ANC Government have embarked on a process of privatisation, aiming to effect the open sale of state assets, but also other processes that turn state functions over to the private sector and the market. It is one of the major tenants to economic policy as expressed initially in the RDP and further endorsed through GEAR. It was advocated that state institutional reform was needed in order for state assets to be used address the apartheid legacy and promote employment and service delivery to people who were disadvantaged. Government and documents published since have avoided the term privatisation, preferring terms such as "restructuring" or "public-private partnerships.

Realising the potentially divisive nature of a privatisation programme, the Government sought to create a National Framework Agreement (NFA) on the restructuring of state assets and negotiated this framework with Labour outside the confines of NEDLAC as a bilateral agreement, tabling it only information purposes at NEDLAC. Agreement was reached following intensive negotiations between Government and Labour in December in 1995 and January 1996, in February 1996. The NFA sought to "recognise the right of all role players to develop their own mandates, receive advice, and shape their views on the process of restructuring" (NFA, 1996) and set up a three tier structure for the consideration of the "restructuring" process which would allow labour to voice its opinion on the issues and process. In the words of the NFA, it sought to set up a system "to explain the Government's position, share and discuss strategic and policy documents that have a material impact on the restructuring discussion. Since its formation however, Unions have become increasingly dismayed at the failure of the Government to discuss the restructuring programme and the divergence of opinions between the two continue to grow as the state attempts to increase the pace of reform. In August 2000 the Ministry of Public Enterprises published a Policy Framework, "An Accelerated Agenda Towards the Restructuring of State Owned Enterprises." The document outlined the Government's wish to push forward "a more comprehensive framework than has existed to date, in order to ensure a consistent approach to restructuring across Government and to address perceived market uncertainties about Government's restructuring priorities." In the light of "virtually unanimous support for the argument that establishing competitive markets is the most important policy component of any restructuring initiative. The failure to establish such competitive conditions will, at best, lessen the full microeconomic improvements and, at worst, lead to serious economic abuses of monopoly power" (Government document, 2000).

The move towards privatisation is not supported by COSATU and since the publication of the paper it has encouraged members to engage in mass demonstrations, strikes and stay-aways. It has become increasingly vocal in its criticism of the Government, and there has been talk that the privatisation issue is best dealt with by COSATU withdrawing from the Alliance. The most recent official position advocates that the alliance must stand: "Of course COSATU is disappointed that the ANC-led government has chosen to believe naively in the benefits of privatisation. We are disappointed, too, that the ANC has let government departments take policy positions that diverge from those of the Alliance. But that does not mean that the Alliance is under threat. The Alliance is like a marriage: we can have disagreements without heading for divorce. Still, COSATU has long demanded that the Alliance work harder to

develop a common programme on the transformation of the economy and the state, and to ensure that government policies reflect the strategies of the democratic movement. We hope that in the long run, this campaign will bring us closer to these aims" (Cosatu Website, 16 August 2001)

Business

The participation of Business in NEDLAC has also been fraught with difficulty and has drawn criticism from those within the sector as equally as it has from those outside the sector. Representation appears to be the key issue of contention. Business on the whole has won some valuable concessions from NEDLAC, the most visible and successful concessions arising from the Basic Standards of Employment Act.

According to Natrass, "since the 1994 elections, the greatest challenge facing business has been to forge some kind of unity to participate meaningfully in South Africa's tripartite institutions – most notably NEDLAC. The fact that the ANC came to power on the basis of an alliance with the trade union movement made the need for concerted action on the part of business all the more pressing" (Natrass, 1998: 27). Business has been unable to broker any such unity. In terms of representation at NEDLAC, BSA and NAFCOC represent business. BSA was formed in June 1994 but by the time of NEDLAC's launch, had lost NAFCOC, the major organisation representing black business that had withdrawn and now shares representation with BSA at NEDLAC. Hence business representation is still perceived, as examined in Chapter Two, as resting on racial divisions, and this is an obvious a matter of contention.

Within BSA itself there appears to be little unity. BSA represents 19 organisations, and there have been calls from some of those organisations that small businesses are not adequately represented or consulted, with big business being represented disproportionately. This was exacerbated by the Labour Relations Act negotiations where two of BSA's members were particularly against certain aspects that BSA was ready to concede and became frustrated at the lack of mandating or consultation procedures during the negotiations. "Chief negotiators reported back to BSA committees where possible, the time pressures placed on the negotiating process resulted in BSA effectively mandating the negotiators to do the best they could ... different individuals often presented their organisations in BSA meetings – very few had a complete picture of what was being negotiated. Those members with the resources to spare were able to attend more meetings and hence had a greater impact on the BSA negotiating position" (Natrass, 1998: 28). This position was and continues to be further exacerbated by the fact that all members, regardless of size, pay the same membership fees, further consolidating the position of larger businesses.

An additional representational problem is the recognition of the needs of different regions: many perceived BSA to be dominated by the mining and financial sectors. Hence the criticism that NEDLAC is little more than "big business and big labour looking after Gauteng." (unknown source).

Natrass concluded in 1998 "although the creation of BSA represents and important step away from the fragmented and divided structure of organised business under apartheid, important fault lines still exist. Regional, sectoral, material and ideological cleavages remain to make new found business unity distinctly fragile" (1998: 28). Representational issues dominate, but these are not the only problems that surround business's involvement in NEDLAC.

Whilst big business may be perceived to dominate NEDLAC, developments outside NEDLAC may ultimately devalue the business role in NEDLAC altogether. Firstly, the influence that the SAF publication had on the eventual strategy as laid out in GEAR is striking. BSA or NAFCOC were not consulted at any time on the content of the document, nor was the document an issued for discussion by NEDLAC Similarly the establishment of the Brenthurst group signalled the ANC's ease with, and perhaps preference for, listening to or consulting business on a smaller scale. The Brenthurst Group was formed at the request of Nelson Mandela during constitutional negotiations to advise the new Government and give input on certain issues and consists of 15 Chief Executives of some of the largest companies in South Africa. As one executive commented: "organisations... do good work, but organisations look for consensus, and when you look for consensus you tend to water down and moderate your view. I think that when you speak as an individual of substance to somebody else of substance, you can be more frank" (Quoted in Natrass, 1998: 27). The existence of such alternative modes of influence reduces the power and influence, and possibly the credibility of formal business groups and their representation attempts both within and outside NEDLAC. However, Ben Van Rensburg, Director of Economic Affairs at the South African Chamber of Business commented that "You cannot see NEDLAC as the only place of influence in society – there must be various levels of influence. Its all of our duty to use those other areas as far as we possibly can" (Collins, 1996: 31).

Conversely, the small, often informal sector of business, such as one-person shops, informal entrepreneurs are a group completely ignored by NEDLAC and business representation. Bernstein points out that it is these groups that "government and business are firmly committed (at least verbally) to promote and expand, are the least effectively represented in these kinds of forums, mainly because most of them are too busy trying to survive" (Bernstein, 1999: 51).

Bernstein argues that corporatism is not the only way business can assure that its opinions are heard in South Africa. She concedes that NEDLAC's establishment, believed to be necessary for growth and restructuring, was the product of unique conditions but "what might have been the best, the inevitable or the only response by business ... might no longer have positive benefits for business or society." (Bernstein, 1999: 53). The dominance of the bargaining method has led to business neglecting alternative modes of influencing policy and politicians: "it is noteworthy that business funded organisations or NGOs promoting market values and approaches are significantly underrepresented in the plethora of new organisations lobbying parliament with, in many cases, considerable success." (Bernstein: 1999: 53). Corporatism was an arrangement that suited the power relationship as they emerged in 1994. Business's participation in COSATU driven process added to the consolidation of trade union power at a time when all other factors were mitigating against the increase of trade union power, for example, international economic influences. Ultimately, Bernstein assesses the participation of NEDLAC in a negative light: "the constraints of corporatism could inhibit certain business spokespersons from spelling out the implication of many actions take by labour and that will affect South Africa's global competitiveness and internal social stability in negative ways. In other words, one of the costs ... is sometimes to divert and defuse the business voice in public debate on critical policy issues" (Bernstein, 1999: 53).

Nonetheless Raymond Parsons argues that "NEDLAC performs an important function in keeping the constituencies equally informed of significant developments, and provided a forum for the discussion of other non-policy related issues; that it is an important aid in

policymaking; and reduces the ideological and other divides which still characterise the country ... NEDLAC may well be regarded as an important investment in "social capital" that could, in time, result in the development of a high trust society that is synonymous with healthy, prosperous and competitive societies in other parts of the world" (Parsons quoted in Bernstein, 1999: 49).

What is the future for NEDLAC?

Initial successes reiterated the support of and suggested that the choice of corporatism and the formation of NEDLAC had been correct were soon to be overridden by further developments and perhaps the most revealing and significant issue within this chapter has been that of GEAR. The publication of GEAR appears to have fundamentally questioned and challenged the support given to NEDLAC by all constituencies. The Government appears to consider NEDLAC as a non-statutory consultation body, whilst for the Union movement, it has lead to the questioning of its role in NEDLAC and for COSATU, its role in the tripartite alliance and the guarantor and deliverer of political support for the ANC. The business sector participants in NEDLAC found themselves excluded from the group (SAF) that appeared to be the major business influence on Government, when BSA was not consulted by SAF on the document which was to be the major influence on GEAR. Business also began to question whether NEDLAC is the most effective way to influence Government, not only does it appear that NEDLAC is increasingly ineffectual but business had also won major concessions from Government as government policy turns increasingly towards neo-liberal policies which business has always been broadly in favour of.

As Baskin suggests, perhaps NEDLAC should have been viewed as a short-term arrangement: "in the heat of the struggle perspectives were inevitably short term. Business was concerned more with managing shopfloor and industrial relations turbulence than with finding longer term solutions, unions with their survival and with managing bread and butter and political goals simultaneously (Baskin, 1998: 3). As this review illustrates, constituencies appear to hold largely ambivalent if not negative views and responses to NEDLAC, which does not bode well for the long-term prospects of NEDLAC or South Africa's corporatist project. Indeed, support for NEDLAC as a long-term institution is difficult to find. Again, this leads us to ask the question of whether NEDLAC is an example of corporatism or if it was intended to function as a corporatist institution. If not, what sort of institution is it and what can it hope to achieve - or in what form can it hope to survive, if it is to survive at all?

CHAPTER FOUR

Introduction

The preceding chapters suggest that corporatism was perceived as the necessary or least bad choice in line with the situation at the time in South Africa. Much criticism is focussed on that decision and the support it received from the relevant constituencies, and my review thus far has examined numerous counterfactual arguments based on theory and practice that explicitly suggest that corporatism was the incorrect path to follow. It is necessary to acknowledge that other options were available, and but it must equally be acknowledged that it is impossible to assess whether those other options would have been more successful or preferable to the experiences derived from corporatism through NEDLAC. As shown in Chapter 2, commentators such as Baskin believed the alternative positions for the Trade Union movement were the status of observer, victim or agitator. Whilst business, due to the economic power it held, was clearly never going to become a "victim" as such in the post-apartheid order, it could have chosen to be an observer or agitator. An alternative situation to corporatism is a pluralist situation, where extensive participation in the political process occurs through competition between autonomous groups and competing viewpoints. Although each group is not always successful in succeeding in having its demands met, it is assured of equality of access to put their demands forward. Groups are independent of the state, and no group has representational monopoly. Schmitter describes pluralism as a system where "the constituent units are organised into an unspecified number of multiple, voluntary, competitive, non-hierarchical ordered and self-determined categories which are not specially licensed, recognised, subsidised, created or otherwise controlled in leadership selection or interest articulation by the state and which do note exercise a monopoly of representational activity within their respective categories" (Schmitter, quoted in Habib, 1998:59).

Nonetheless, both chose to be participants in a corporatist project, despite counterfactual evidence militating against its success, affording them privileged access over and above other groups. The primary focus in this chapter is the return to the assertion that corporatism and NEDLAC was an instance or instrument of the transformation period in South Africa, and should have been seen as such rather than an ongoing corporatist project or a means to mediate key producer groups interests in the long term.

What then is happening now? This Chapter reviews three issues. Firstly, I seek to address the issue of whether NEDLAC is an example of corporatism at all. If this is the case, i.e. if it is not corporatism, then what is it? Secondly if as chapter three suggests, NEDLAC is not functioning as intended, how are key producer groups interests being mediated, if they are being mediated at all. Finally, I look at the issue of the future for NEDLAC, and look at the likelihood for NEDLAC's continued existence and what might come to replace it.

NEDLAC – a true example of Corporatism?

It is arguable that NEDLAC is not an example of corporatism, rather it is an example of tiparitsm. Wyn Grant describes tripartism as "a weak form of liberal corporatism which the state, capital and labour engage in macro level discussions on economic policy which, however, only result in general guidelines for the conduct of policy... with no firm responsibilities on the partners to implement any policies to which they have agreed" (Grant, 1995: 9). Such a definition is comfortably applied to NEDLAC particularly in the light of recent events as reviewed in Chapter 3, which seem to indicate that NEDLAC is increasingly

unable to broker firm agreements between parties, with all parties using alternative means of influence when they see fit.

In addition NEDLAC itself displays characteristics which are obviously "uncorporatist" in character. Most striking of these is the existence of the fourth chamber. The fourth "development" chamber supposedly exists to consider and negotiate social policy. Membership of the Development chamber consists of several interest groups that represent different areas of civil society, for example, the South African National Civics Organisation and the Woman's National Coalition. In 1997, the Development Chamber addressed issues such as housing policy and the draft Water Services Bill. The fourth chamber's inclusion is regarded one of the "unique features aimed at meeting the particular needs of the South Africa situation" and "the decision to incorporate a fourth constituency in NEDLAC and the actual process of constituting this constituency were both novel developments in the history and experience of co-operative institutions such as NEDLAC" (NEDLAC website: http://www.nedlac.org.za/). Its effectiveness, however, is largely regarded as weak, and many civil society organisations prefer to or have resorted to lobbying in parliament and the executive.

However even if NEDLAC is not an example of corporatism but of tripartism, there remains elements of support form some sort of institution. As one commentator asserts: "The fourth chamber of NEDLAC reflects the necessity facing developing countries to restructure tripartism. Tripartism was appropriate for developed countries particularly in their struggle after World War II reconstruction crisis and reflect the belief in full employment. Tripartism remains essential for developing countries to ensure success in measure social as well as economic terms but its legitimacy is enhanced through incorporation of other interest groups. Social progress and social dialogue based on tripartism ensures stability for economic growth" (Douwes Dekker, 1998: 69). I return to this issue later when I examine what possibilities lie ahead for NEDLAC.

A recurring theme has been the issue of the balance of power between the state and key producer groups. In Austria, the Government sought to minimise the imbalance by allowing the chamber of commerce to be the only business representative, allowing a measure of political control if Business was seen to be exerting too much power. Nevertheless, theory suggests the need for at least a rough balance of power, and evidence thus far has shown that the lack of such a balance of power in South Africa may be one reason for NEDLAC's inability to function as hoped. Government has not thus far attempted to counteract a supposed imbalance, as the Austrian case suggests is necessary. It is widely perceived that business is the stronger partner and its strength is derived from the globalisation and mobility of both business and capital. This when coupled with the need to secure economic growth, increased investment and employment opportunities affords Business in South Africa a very strong hand. Trade Union movements are only likely to be able to match such power when the economy is near to full employment; a position South Africa is unlikely to attain in the foreseeable future. Bernstein points out that "the opening of the economy provides business and government with an important new lever. For business its bargaining sanctions have never been as dramatic or visible as mass marches or strikes. What could it do before? Quietly invest less, merchandise more and work it out. There is a new dynamic now and that is South African capital can move to South Africa's neighbours or further afield. This dynamic fundamentally changes the rules of the Game." (Bernstein, 1999: CDE website: http://www.cde.org.za).

A reaction to the power held by business is articulated in neopluralist theory which seeks to address and "acknowledge that the development of an advanced industrial state is not directly controlled by citizens ... power in society is fragmented between economic and political authority systems, but in such a way as to preserve a very substantial capability for reforming the undeniable social problems, economic strains and political dilemmas which must inevitably remain " (Dunleavy & O'Leary, 1987: 285).

A good example of such theories is the work of Charles Lindblom that places business at the heart of control in a polyarchical[17] state, or what he terms a "market orientated polyarchy". (Lindblom, 1977) The decisions regarding production and distribution of goods are decisions that each state must make, or at the very least, have a system of whereby such decisions are made. The importance of such decisions is huge, as is their influence. In the polyarchy, rather than make such decisions within the arena of public policy, the state has delegated such decisions to the market, and its role is little more than ratification or regulation of such decisions. Therefore, the business executive is in fact a public official functioning in the market place.

Conversely, Lindblom argues that the Business executive is also a public official in Government and politics. Because of the importance of economic performance on electoral success, the Government cannot be indifferent to the performance of business. Economic performance in this sense remains an area of public policy in terms of its political effects Government will therefore allow business to play a privileged position in influencing policy which both effects economic performance and is effected by economic performance. In addition, Government is not in a position to command businesses – it must induce businesses to act in the interests of economic growth and as Lindblom points out, this is an imperative for Government: "every government accepts a responsibility to do what is necessary to assure profits are high enough to maintain as a minimum employment and growth" (Lindblom, 1979: 174). Because of the primacy of business's activity, other groups, such as organised labour, have little to offer to induce such a privileged position. Organised labour for example, has to work – their members depend on work and wages to survive, whereas business have much more leverage in deciding whether to engage in the market, in what form and when.

However, Lindblom is careful to point out that disputes between business and government are not uncommon, in fact they are common and often intense. But this is because of the major leadership roles that both occupy within the state. Such disagreements are however "constrained by the understanding that together they institute the necessary leadership for the system – destruction of each other is not an option." (Lindblom, 1974: 176) Disagreement will not centre on primary issues of principle, for example, the right to private property, but will focus on secondary issues such as levels of business taxes or research and development subsidies.

[17] The modern usage of the term polyarchy originates from the work of Robert Dahl and Charles Lindblom who used the word as a way of distinguishing the modern functioning democracy from the ideal, generic and theoretical democracy. A polyarchy can be understood as "a distinctive kind of regime for governing the modern state. Its distinctiveness arises from the combination of two general features: its relatively high tolerance of oppositions and the relatively widespread opportunities for participating in influencing the conduct of the Government". (Bogdanor, 1993: 426).

Up to this point, Lindblom is careful to separate the forms of influence that government officials are open to, that of business, and those from the traditional polyarchical sources, i.e. interest groups. However he further asserts that business, not content with their influential position vis-à-vis policies that directly effect them, will encroach and dominate the forum of traditional polyarchical politics as well. "Both the privileged controls in the hands of business and the additional controls businessmen exercise through their energetic participation in polyarchical politics are established, stable and fundamental parts of government in the system called market orientated polyarchy." (Lindblom, 1977: 193). Again, because of the privileged position that business occupies, the influence they exercise will be unparalleled, sometimes covert and always dominant. Business will win influence and access disproportionately in comparison to other groups for several reasons, largely related to organisational capacity, resources and established access to Government. In this case, Organised labour, for example, is again in a disadvantageous position, as any organisation reliant on a large numbers of members for its support and resources will be in comparison to business. Lindblom further suggests that Labour is disadvantaged in far more subtle ways, for example the relative support it enjoys as compared to business from the general population will tend to be lower simply because business is represented as more respectable and "because their members have a higher social status... the values they hold – private property, authority, etc – are those of the majority". (Lindblom, 1977: 198). Business defends the status quo, whilst organised labour appears to challenge it.

If business is disproportionately powerful, then NEDLAC is merely a showpiece or a tool for managing troublesome (but not powerful) actors, and some argue that this is the main rationale for the state's involvement in a corporatist body. For Governments, corporatism allows it to pick and choose whom to negotiate with – it creates its own insider groups, often at the expense of all those left outside, and as Chapter One showed, "Sham" corporatism can be used by Governments to great advantage. Germany's Chancellor Ludwig Erhard recognised the value of formal co-operation and attempted to introduce a new order in to West Germany in 1965, advertised to the public as "societal formation". The impetus was the need to neutralise the power of interest groups ability to interfere with public policy formulation whilst recognising their indispensability in terms of the monopoly of information and control over their members which would relate to the successful implementation of policy. The aim was make them integral components of the policy process but at the same time neutralise certain aspects of those organisations.

Offe argues that in corporatism the "partial privatisation of political power takes place" with decisions being "depoliticized," as soon as we leave an arena where democratic decision making takes place. (Offe, 1981, page number unknown). As discussed in Chapter one, the implementation of corporatism must also be assessed as a reflection of the state's autonomy and ability to structure relationships with groups as it wishes.

These arguments are resonant when we further consider South Africa's situation. As one commentator reiterates, NEDLAC and corporatism is best seen as "as a necessary public partnership at an important stage of South Africa's development. The rationale of the partnership was simple that co-operation between business, labour and government interests was necessary for sound and sustainable policy development and for stable democratic transition. (Unknown interviewee quoted in Bernstein, 1999: 41). NEDLAC was therefore an integral instrument of South Africa's transition. As the apartheid Government had sought to neutralise the growing power of the trade union movement in the 1980's by legalisation of trade unions, the ANC also sought to neutralise a potentially disruptive movement by co-

option into a corporatist body. However the potential to disrupt has been reduced by the power of business and therefore NEDLAC is perhaps no longer seen as necessary in the eyes of the current Government.

To return to Lindblom's arguments, the current situation sees Government in dispute with business over certain issues, such as taxes, but the broad agreement has been reached on a neo-liberal agenda, or, as Lindblom describes them "primary issues of principle." Government is no longer in a position to negotiate those principles with either business or labour. One can suggest that the power now rests with business and the state, rendering NEDLAC redundant.

For trade unions then, the future looks bleak. Re-examining Baskin's criteria for successful corporatism, it is clear that very few of the criteria have been fulfilled:

- "*stabilise the democratic transition*
- *aid the achievement of reasonable economic growth*
- *make gains for workers directly (by, for example, increasing wages) or indirectly (through the social wage);*
- *soften short term hardships associated with economic restructuring*
- *go beyond temporary arrangements and institutionalise a role for labour in economic policy formulation*
- *result in increased union strength and representatives*
- *Enhance worker participation/control at the workplace and improve the quality of working life"* (Baskin, 1993: 67)

Not only must it decide what role it can or should play in NEDLAC, given both the Government and Businesses antipathy towards it but also must deal with the imbalance of power that rests with Business and a relationship with the ruling party that is increasingly fraught. It is clear that corporatism cannot work for Labour if such an imbalance at NEDLAC continues. Equally, corporatism will not function if labour continues to override NEDLAC as an institution with mass action external to NEDLAC, although it is arguable that this is the only power trade unions have.

As Alder warned in Chapter Three, the union movement faces a difficult paradox: "a breakdown of social partnership is not in itself a bad thing: this is someone else's ideology, which creates serious traps for labour. But if partnership is replaced by unilateralism, opportunities to advance working class interests will be lost" (Alder, 1998: 74). In the case of COSATU, the power the trade union movement has will be determined by the pressure it can exert as an alliance partner on the ANC as opposed to the power it can derive from participation in NEDLAC or any corporatist body. We may see a return to a more militant form of Unionism, and recent strikes on the issue of privatisation could be a signal of the a forthcoming wave or union or labour unrest in an attempt to reassert its power or influence in the wake of the decline in institutional negotiating possibilities.

Labour, like the non-key producer interest groups is also having to learn about other modes of communication with the Government. Lobbying of Parliament and the Executive is a growing phenomenon, and COSATU has increased its activities in this area following the perceived failures of the Basic Condition of Employment process. If NEDLAC persists in not being able to negotiate agreements, this trend is likely to continue if.

Business also senses the need to reposition itself in the immediate post transition era. Corporatism is viewed as a result of a unique relationship that business had with labour during the 1980's and 1990's and a product of the transition period. Bernstein concludes, "the corporate arrangement of representation and participation in NEDLAC locks the country into a particular representation of power relationships as they applied in 1993/4. Instead of allowing for the inevitable change in power and circumstance that liberalising the economy and democratic politics would bring, business participated in a COSATU driven process that entrenched union power at the very time that other forces (strengthening the state, international economic forces) had begun to start changing those patterns" (Bernstein, 1999: 53). Those special circumstances and structures have changed radically (for example, the Government's commitment to neo liberal economic policies) and as such, corporatism is an outdated system. Referring back to issues discussed earlier, the power structure as it exists now renders NEDLAC as unnecessary in the eyes of business. She argues that NEDLAC has also shielded business and other groups from experimenting with other ways that groups can influence and participate in public policy such as lobbying.

The role of the state must also be questioned – does it still need to mediate key interest group demands, as asserted in the introduction? If business is as powerful as neopluralists would suggest, then the state is frequently being overridden by business or the state is negotiating solely with business at the expense of all other interest groups including Labour. It may, however, be more convenient for the state to push for the continuation of a body such as NEDLAC in order to formalise and co-opt Labour to minimalise agitation that could arise.

Commentators in the early days of NEDLAC were immediately sceptical of NEDLAC's abilities. In 1996 Baskin commented that "Unless NELDAC can carve out a role for itself as an active facilitator of policy consensus frameworks or agreements, it runs the risk of becoming discredited and irrelevant as an institution" He ultimately argued that the key factor behind NEDLAC's success would be will of each of the participants to play the corporatist game, which appears to be in steady decline. "None of this can succeed without the commitment or organised business to a more patriotic outlook and a more corporatist society; nor without a new approach from labour, indeed a different type of union movement. In theory there is a way forward. In practice it is hard to avoid the conclusion that the manifest disjuncture between policy direction and reality remains. At least for now" "Baskin, 1996: 14). As has been raised at several points throughout this study, there is a lack of fundamental agreement between labour on one side and business and Government on the other, on basic economic ideology. One of the key factors in the success of Austrian corporatism, according to Marin, was the "ideological undetermination" that was a feature of both groups – an absent factor in South Africa

Conclusion

Whilst NEDLAC may have contributed towards a stable democratic transition (one of Baskin's criteria for judgement of the success of NEDLAC) it is questionable whether that need still exists, and if not, can NEDLAC continue to contribute towards democratic consolidation? From many sides the future of NEDLAC and Corporatism in South Africa is in the light of this analysis, extremely questionable. Chapter Two demonstrated the unique factors that lead to the institutionalisation of corporatism in South Africa, whilst Chapter 3 showed corporatisms' lack of success and the haemorrhaging of support and participation of all partners. It is highly dubious and questionable whether Corporatism itself and NEDLAC remain viable in the post transition period. However commentators argue, echoing the earlier

comments of Douwes Dekker that there is still the need for some sort of relationship between the state and key producer interest groups, but as chapter three suggests, the issues discussed and agreements made will probably become less important – GEAR has set a trend that will continue.

Corporatism was a valid and valuable institution in the transition dispensation, Adam and Moodly argued that economic factors and particularly economic interdependence are a moderating factor in the conflictual inheritance derived from the apartheid era. "Economic interdependence, which gives all contenders a vested interest in the maintenance of the industrial base of the country, and thus creates a common interest, shared by all. What is being contested in this industrial area is the distribution of power and privilege and not matters of absolute value as defined in ideological terms. These economic and political interests, unlike ideological and religious issues are open to compromise and thus bargainable" (Quoted in Esterhuye & du Toit, 1990: 67). Sisk correctly asserts that The key to democratic consolidation will rest with the management or regulation of conflict, as opposed its resolution, through the new institutions" (Sisk, 1994: 73) but NEDLAC as a corporatist institution cannot continue to act as an instrument of the transition, mediating the demands of key producer groups. Gallager contends that "fully fledged corporatism is a comprehensive and deep rooted decision making culture rather than just a collection of superficial institutions" (Gallagher et al, 2001: 218). Streeck further argues that "It is conceivable that there are societies that, for whatever reasons, have not and cannot acquire the capacity to develop corporatist structures (Streeck, quoted in Grant, 1985: 11), and South Africa, in my opinion, fits into Streek's description. The future may be in a less formal tripartite arrangement, as suggested by Douwes Dekker in Chapter Two: " South Africa ensured its form its form of tripartism and social dialogue could incorporate experience from other countries by designing structures and processes to meet local requirements and challenges … not conceived of during the post World War II Western Europe experiment … Thus NEDLAC emerged a critical institution from the 1990-1994 phase and has since 1995 facilitated legitimacy of new systems of governance to ease the transformation phase into the institutionalisation phase" (Douwes Dekker, 1998:8).

NEDLAC has passed its "sell by" date, and the South African corporatist project has all but died.