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### Trade unions, social policy & class compromise in post-apartheid South Africa

Jeremy Seekings<sup>a</sup>

<sup>a</sup> Departments of Sociology and Political Studies, University of Cape Town,

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# Trade Unions, Social Policy & Class Compromise in Post-apartheid South Africa

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*Jeremy Seekings*

The poor benefit greatly through redistribution through the budget in South Africa: Poor children attend public schools in large numbers and poor households benefit from a public welfare system that is exceptional in comparative terms. Trade unions have championed these apparently pro-poor policies, even though the trade union movement is not a movement of the poor in South Africa (there are very few union members in the poorest half of the population). Trade unions' record in acting as a movement for the poor is shaped by their primary objective of looking after their members' interests. In education, teachers and unions engage with the state as the employer more than as the provider of a social service. Teachers' unions were primarily responsible for securing more expenditure on poor schools in the mid-1990s, but this was the result of increased salaries. Self-interest has led teachers and their unions to oppose, block or impede some reforms that would improve the quality of schooling for poor children. In welfare reform, trade unions have championed the cause of the basic income grant, which is in the interests of the poor. A close analysis suggests that organised labour is also acting here in part out of self-interest. The socialisation of welfare costs will reduce the burden on working people and would deflect criticism of union-backed policies that, arguably, contribute to an economic growth path characterised by high wages but low employment. In previous work I argued that post-apartheid South Africa entailed a double class compromise, between capital, labour and the poor. The evidence from these areas of social policy suggests that this argument overstated the power of the poor and underestimated that of organised labour.

## Class Compromises in Post-apartheid South Africa

The African National Congress (ANC) likes to present itself as 'social democratic', located somewhere between the free market fundamentalism of the 'neo-liberal' right and the socialism of the 'ultra-left'. Critics from the so-called 'ultra-left' deride this claim, arguing instead that the ANC serves the interests of a nascent black bourgeoisie as well as domestic and international capital. They point to 'neo-liberal' policies, including fiscal conservatism, trade liberalisation, cost recovery in the provision of basic services, tax cuts for the rich, and privatisation. Persistent (and probably rising) inequality and unemployment are not what one would expect in a social democracy. In some other respects, however, the ANC-led government has shortened title to two lines enacted the kinds of policies that are associated with social democracy, including most notably labour market policies that favour organised

labour (including, especially, the Labour Relations Act) together with corporatist institutions for the discussion of a range of public policies (primarily, the National Economic, Development and Labour Advisory Council (NEDLAC)).

It is this mix of pro-capital and pro-labour policies that led Webster and Adler (1999) to describe South Africa as moving towards a class compromise. Curiously, Webster and Adler overlooked a key ingredient in class compromises under capitalism: social policy and the 'social wage'. In the classic work of the 1980s, Korpi (1983), Przeworski (1985) and Esping-Andersen (1985, 1990) argued that the European social democracies were class compromises in that the working class conceded its demand for the socialisation of the means of production in return for the capitalist class accepting a high level of redistribution through the budget. The welfare state was the institutional embodiment of 'social citizenship', as Marshall (1949) had earlier put it.

Social policies have long been neglected by South African social scientists. For supposed 'marxists', it was production that mattered, not distribution or redistribution. For supposed 'liberals', it was racism rather than inequality *per se*. The marxists were right in that South Africa's welfare system developed on the basis that the welfare of white people would be safeguarded primarily through policies affecting the workplace – especially the colour bar and the institutional architecture for wage bargaining. 'White' South Africa was, like Australia, a *wage earners'* welfare state, in which the 'living wage' was maintained through labour market policies and the social wage played a relatively residual role (Nattrass & Seekings, 1997). The 'liberals' were also right, in that racism played a central part in the welfare system, with systematic discrimination in favour of white South Africans and against black South Africans in the allocation of public funds.

These different bits of the story amount, even together, to only one half of the whole story (Seekings & Nattrass, forthcoming). Despite the importance attached to ensuring that white men were paid a living wage that supported their families and allowed them to live at a level appropriate for white people (meaning, they could employ a black domestic worker), and despite the racial discrimination that pervaded social policies, South Africa nonetheless developed an unusually *advanced* and wide-ranging welfare state. One pillar of this welfare state was public education. Public education was integral to the apartheid project. It provided the mechanism for ensuring that the children of poor white parents acquired skills, faced good opportunities and in time would no longer need the overtly racist colour bar and so on to maintain their economic privileges. The second pillar was the provision of public welfare through old-age pensions, disability grants and support for families with poor children. These took the form of non-contributory social assistance (supplementing a more conventional system of contributory social insurance for working people). From 1944 most of these grants were extended to black South Africans, even if benefits remained discriminatory.

In the late apartheid period, the benefits of both public education and the public welfare system were extended more and more generously to black South Africans. School enrolments rates were high and rising among black and even poor black children, and the old-age pension system provided ever-more generous pensions to almost all poor and even not-so-poor elderly people. When the ANC came to power, committed to reducing both poverty and inter-racial inequality, it inherited social policies that required high levels of public expenditure: More than 20% of the budget and over 6% of GDP on public education, about 10% of the budget and 3% of GDP on

welfare programmes, and about as much again on public health. Since 1994, the ANC has made social policies more redistributive, primarily through making education expenditure more egalitarian. As Van der Berg (2001) shows, between 1993 and 1997 there was a marked swing in the allocation of public resources to poor families. Overall, by 1997, the first or poorest quintile (i.e. fifth) of households in South Africa received approximately 33% of the total value of benefits paid in cash or kind through the government's social policies. The shares of the other quintiles were estimated at 25%, 19%, 14% and 8% for the fifth, or richest, quintile (Van der Berg, 2001:148). Since 1997 there has been further reallocation of public resources towards the poor through education. All of this is substantially overlooked in most work on political economy in South Africa.

## Trade Unions & Social Policy

Until recently the dominant explanation of the expansion of the welfare state in the advanced industrialised societies of the north emphasised the role of the industrial working class, and especially organised labour. In these societies, workers had both an obvious interest in and the solidarity and organisation to act on redistributive social policy. Countries with stronger labour movements (Europe, generally) thus saw more extensive welfare provision than those with weaker labour movements (such as the US or Japan). More recent work, however, has emphasised other dimensions of policy reform: the political imperatives of providing for mothers and war veterans (Skocpol, 1992), alliances between the working class and small farmers or other middle classes (Baldwin, 1990), and even the self-interest of capital (Swenson, 1999).

The picture is even more complicated in the later industrialising societies of the south, where the organised working class occupies a different position in the social and economic structure than that of their counterparts in Europe. In South Africa, at the end of the 20th century, there were still few union members in the poorest half of the population, because there are few workers in the poorest half of the population and those there are (the 'working poor') are in poorly organised, 'marginal' sectors (especially farm-workers and domestic workers). South Africa's poor comprise, above all, the jobless. The core working class, as well as increasingly unionised white-collar and service occupations, mostly lie above the median but below the mean in the distribution of incomes in society. They are certainly poor relative to managers and professionals, but at the same time they are advantaged relative to the jobless and the working poor (Seekings, 2003a, 2003b, 2003c). In a series of articles, Nattrass and Seekings (1996, 1997, 2001) argued that the interests of the poor need to be distinguished from those of the organised 'working class'.

The consequence of this in societies like South Africa is that pro-poor social policies do not necessarily benefit organised labour. Indeed, in Brazil, the trade union movement has long been ambivalent (if not hostile) to pro-poor welfare reforms (Malloy, 1979; Weyland, 1997). Yet, in post-apartheid South Africa, the labour movement has been at the forefront of calls for some apparently pro-poor policies. One of the criticisms made of government policy by the Congress of South African Trade Unions (COSATU) and its constituent unions has been that the government has starved social programmes of the funds required to tackle adequately the challenges of poverty and inequality. The unions' position has been articulated through, *inter alia*, the 'People's Budget' initiative. The People's Budget comprises an alternative to government policies, developed by the unions together with churches

and NGOs. One of the pillars of the People's Budget proposals is a call for increased state spending on the 'social wage', i.e. the benefits provided in cash or in kind through the government's social policies. The People's Budget (2001) called for increased social spending, by between R44 billion and R56 billion by the 2002/03 financial year. This would raise government spending (by about 20%) and, in the absence of matching increases in taxation, the budget deficit. The additional spending would cover apparently pro-poor policies, including treatment programmes for HIV/AIDS, education, infrastructure in poor areas, and perhaps even a 'basic income grant' payable to all South Africans.

Why have unions been strong proponents of some pro-poor reform, when very few of their own members are among the poor? Can the labour movement be a movement for the poor even if it is not a movement of the poor? This article provides summary analyses of two case studies, welfare and education; further elaboration is available in two much longer and more detailed accounts (Seekings, 2003d; Matisonn & Seekings, 2002). I argue that organised labour has adopted positions that are consistent with the interests of the unionists most affected. Pro-poor education spending can be in the interests of teachers and welfare reform can serve the interests of workers who are supporting poor dependants. Calls for 'pro-poor' reforms have been driven, in part at least, by the self-interest of sections of the non-poor.

## Education

Education is the largest area of public expenditure, accounting for between 21% and 24% of the total budget. This is equal to about 6% of GDP, placing South Africa in the very top rank of international spenders on education. Moreover, the proportion of the public education budget spent on schools, as opposed to universities, is also unusually high, which means that South Africa is investing far more of its GDP in public schooling than almost all other developing countries. Yet pupil achievement in South Africa is greatly inferior to other countries. Cross-national studies have shown repeatedly that South African students performed worse, on average, than students in almost any other developing country that participated in these studies. In recent years the pass rate in the South Africa's formal school-leaving examination – 'matric', at the end of Grade 12 – has risen, but primarily because the number of candidates has actually been in decline (as weak candidates have been deterred from writing the examination). The uneven but generally low quality of schooling in South Africa impedes economic growth and underpins continued inequality.

Since 1994, the post-apartheid state has achieved some apparently progressive reforms. It has restructured the schooling system, consolidating the former racially segregated system. It has sought to revise the curriculum, replacing the rote learning of 'Christian National' and 'Bantu Education' with a supposedly skill-oriented 'Outcomes-Based Education'. And it has transformed the allocation of public expenditures, reallocating funding from children in rich areas to children in poor areas (as we shall see further below). Yet these reforms have been slow to achieve major changes in the *quality* of schooling provided to poor children. Spending more money on the schools attended by poor children and reforming the curriculum do not seem to have resulted in those children actually acquiring more skills in school. The reasons for the failure of many schools are evident in studies of so-called 'dysfunctional' schools: They are badly managed, their teachers use inferior teaching methods, there are too few textbooks, physical conditions are not conducive to learning, teachers and pupils are too often absent, and many teachers do not display even basic subject competence.

Teachers are at the heart of efforts to achieve a higher quality of schooling. First, teachers' salaries absorb the lion's share of public spending on education. The major shifts in resources towards poor children are really shifts towards teachers in schools attended by poor children. Secondly, teachers are of very uneven quality. Many teachers are diligent, exceeding 'even the high expectations placed on them by the system and the community', as the Department of Education has acknowledged: 'these are the heroes of our schooling system, and there are many of them' (DoE, 2003b:11). But there are also teachers who break the rules, fail to prepare for classes, or are simply incompetent.

Third, teachers and their unions comprise a powerful vested interest willing and able to delay if not thwart policy reforms. Teachers are a powerful political force. As the Department of Education itself recognises: the 350,000 educators working in public ordinary schools represent about 3% of all employed adults in the country, and are therefore a powerful political, cultural and economic group (DoE, 2003b:7). The South African Democratic Teachers' Union (SADTU) is one of the largest unions within COSATU, and the current COSATU president (Willie Madisha) is a former teacher and SADTU president. SADTU supports the ANC in elections, but explicitly links its support to the ANC continuing to act in pro-SADTU ways. Teachers are also a relatively affluent and well-educated constituency, and are influential within the ANC as well as civil society. Former SADTU leaders serve as ANC Members of Parliament (where they are especially influential in the parliamentary Education Portfolio Committee), in government (including the current Minister of Labour) and in the Department of Education (including the current Director-General). Unsurprisingly, teachers exert strong influence on education policy, including both reforms that are enacted and the kinds of reform that fail to get onto the agenda.

### **Teachers' Salaries & the 'Pro-poor' Reallocation of Public Resources**

Since 1994 the post-apartheid state has directed considerably more resources to children from poor families, primarily through reallocating expenditure. Data for spending in the mid-1990s is unreliable, but the trends are clear: spending (both in total and per pupil) rose sharply in real terms to 1996, then fell for three years, and has been rising slowly since 1999 (DoE, 2003a: Figure 2). Critics are correct to view the 1996-99 period as one of mild fiscal retrenchment, with cuts in real spending of about 12% over three years. But the overall period 1995-2003 has seen a small real increase in public investment in education. More importantly, however, the allocation of funding has been transformed since 1994. Van der Berg (2001:148, 155) calculates that the share of public expenditure on schooling that went to children from the poorest income quintile in the country (i.e. from the poorest 20% of South African households) rose from 23% to 29% between 1993 and 1997. At the same time, the share spent on white children declined from 22% to 10%. Since 1997, resource allocation has shifted further towards children from poor families. Expenditure per pupil remains unequal, but very much less unequal than in the past.

The pro-poor shift in education expenditure was not entirely or even primarily due to the government's commitment to the education of poor children. Improved equity in the allocation of public funds was in part the product of a salary agreement that the government was pushed into in 1996. The purpose of the agreement was not equity *per se* but rather securing acquiescence from a powerful constituency with its own interests: teachers. Greater equity in the incidence of expenditure is in large part the product of changes in teachers' salaries. More money is being spent on poor children because more money is being paid to the teachers who teach poor children.

Fiscal incidence analysis suffers from a serious flaw with respect to the value of public services delivered in kind (such as education) rather than cash (such as the old-age pension). Paying higher salaries to teachers entails directly a cash transfer to a non-poor group (three-quarters of South Africa's teachers are in the top decile of earners and the rest are in the next richest decile; the mean earnings of teachers are approximately three times the mean earnings of all working people<sup>1</sup>). Paying higher salaries to teachers benefits the poor only if teachers then provide a superior quality education to poor children. In South Africa, greater 'equity' in expenditure does not appear to have led to any levelling of educational outcomes for pupils.

Remuneration is, of course, a primary concern of teachers and their unions. The salary increases that drove the supposedly pro-poor shift in expenditure were agreed in March 1996. Remuneration increased sharply, in part through re-grading teachers onto a new grading system. Lower-paid teachers benefited most from the increases, with some seeing their salaries double in real terms between 1993 and 1997 (Baskin, 2000:162; see also Garson, 2000:214-215). Overall, personnel expenditure rose by 20% in real terms between 1995/96 and 1997/98 (DoF, 2000). 'It is hard not to see the three-year agreement as a major gain for public sector unions', assesses Baskin; the government 'clearly miscalculated the cost of the deal' (2000:152). Because teachers in schools in poor areas enjoyed the sharpest increases in salaries, the result was an apparently 'pro-poor' reallocation of funds.

The deal bought acquiescence from teachers: 'teachers have been relatively calm because of this agreement', commented a former SADTU official (quoted in Garson, 2000: 215; see also Garson, 2000: 215-216; Adler, 2000: 20-21). But, as Crouch (1997:1, emphasis in original) showed: ... **educator salaries and related costs are very high in South Africa**, compared to other countries at similar levels of GDP per capita, and this represents a major burden on taxpayers that makes it difficult to lower learner: educator ratios. This is one incontrovertible fact. Salary and related costs are also higher than appears to be fully justified by the age **of educators, their level of education, and other labour market factors**. The ratio of the average cost of a teacher to GDP *per capita* in South Africa was about double that in countries with similar levels of GDP *per capita* (Crouch, 1997:5). The following year, a joint team from the Departments of Education and Finance went so far as to call for real wages to be decreased by about 5% in real terms (DoF, 1998:28).

## Fiscal Crisis & Teacher Redeployment

As in any other sector, unions in education have protected their members against retrenchment at the same time as lobbying for wage increases. Indeed, teachers' unions have consistently sought smaller class sizes, which would require that *more* teachers are employed. In practice, teachers in post-apartheid South Africa have failed to prevent 'down-sizing'. The massive salary increase of 1996 led directly to a 15% reduction in the number of teachers employed in public schools. But teachers have dictated some of the terms on which this happened. They fought successfully to preserve centralised procedures for 'post provisioning' that impeded progress toward a more equitable fiscal allocation to poor schools. And they negotiated agreements over redeployment and retrenchment that were very costly in terms of both skills and finances.

The ANC came to power in 1994 with a pre-election commitment to improve schooling in poor areas by redeploying teachers from relatively over-resourced schools. The obvious way of doing this would be to allocate funds to schools on the

basis of pupil numbers; schools that attracted better and hence more expensive teachers (perhaps because they were in more attractive locations) would end up with fewer posts. But the teachers' unions were resolutely opposed to the decentralisation of decisions over post provisioning to schools, for fear that it would undermine teachers' bargaining position. The Department of Education's concession on this issue was, in Fleisch's assessment, 'perhaps the most important education decision that was taken immediately after the election' (2002:45). In 1998, following a three-day strike, the teachers' unions prevented the government devolving post-provisioning policy to the provinces (Fleisch, 2002:57-58; Garson, 2000). The unions also negotiated an agreement that redeployment would be largely voluntary; the 'right-sizing' of over-staffed schools would be achieved primarily through generous voluntary severance packages. The result was a temporary net *increase* in the number of teachers as under-staffed schools recruited new teachers faster than over-staffed ones lost them, whilst large numbers of the most experienced teachers took voluntary severance.

The consequence of the redeployment policy combined with the 1996 pay increases – i.e. two areas of policy driven in significant part by teachers' unions – was a fiscal crisis for the provincial governments (because they were responsible for administering public schooling). Actual expenditure in 1996/97 exceeded the budgeted amount by a massive R6.5 billion. Non-personnel budgets – including for textbooks and teacher support programmes – were squeezed to the bone (Department of Finance, 2000: 32), to the clear detriment of the quality of teaching. The state chose to respond by reducing overall employment (Baskin, 2000:153-157, 166). By demanding – and securing – higher salaries, teachers plunged education into a fiscal crisis in the late 1990s and ensured that fewer teachers would be employed. By protecting the rights of existing teachers, unions contributed to the failure to implement redeployment. On both of these issues, there was a tension between the interests of teachers, as workers, and the goal of expanding educational opportunities for poor children.

### Appraisal & Accountability

On salaries and deployment, teachers forced the government into agreements that had real benefits to teachers but a range of direct and indirect costs to the quality of education. But perhaps the most important achievement of teachers and their unions has been elsewhere: in preventing efforts to render teachers (and principals) more accountable for their performance. The actual and prospective opposition of the teachers' unions, especially SADTU, has deterred the state from even attempting major reforms.

The background to the contemporary politics of teacher appraisal was the collapse of the apartheid educational inspectorate in the early 1990s, when SADTU concluded a 'No to Inspectors' campaign. The union's campaign had the possibly unintended consequence of eroding all authority in schools. In the Eastern Cape, as recently as 2000, principals were said to be unable even to enter teachers' classrooms. There was no way of holding teachers to account for their performance. Better-paid but incompetent teachers are of little value to poor children.

The post-apartheid state has made weak efforts to introduce reforms 'from above', generally in the face of opposition from teachers and their unions. Parents were given increased roles in running schools (over-riding opposition from SADTU) in new 'school-governing bodies', but these did *not* include the power to hold teachers



to account. A South African Council of Educators was established (over-riding opposition from SADTU), with responsibility to formulate a disciplinary Code of Conduct for teachers, but the focus is with clear breaches of discipline not incompetence. In 1998, after seven years of negotiations, unions and state reached an agreement on a new performance appraisal system for teachers. But the system, designed in part by the unions, lacks bite, and implementation is still being negotiated. Classroom visits have finally been reintroduced, but improving teacher performance continues to rely almost entirely on effectively voluntary in-service training.

Recently the national Minister of Education has begun to criticise his department's over-reliance 'on the good will of our teachers' (who proved to be less 'motivated and altruistic' than in the 'years of struggle' – Asmal, 2002). But the only rewards for good performance are symbolic and there is no general system for penalising poorly-performing teachers. One constraint on teacher (and school) appraisal is the lack of reliable indicators of the quality of schooling in terms of the skills acquired by pupils. Teachers and their unions have been strong opponents of the introduction of *external* assessment of pupils' performance just as they have opposed external appraisal of their own performance. Recently some provincial education departments have begun to experiment with more radical approaches to accountability. Probably the most innovative of these is the Education Action Zones (EAZs) programme of the Gauteng Department of Education. Workshops, in-school support and additional resources for textbooks were provided to poorly-performing secondary schools. At the same time, there was close monitoring by specialist teams (that would arrive in schools unannounced). A range of action could be taken against teachers and principals. Pass rates in the matric examination in the schools improved dramatically (Fleisch, 2002:111-112). Unsurprisingly, the EAZs have been opposed by SADTU. Similar programmes have not been implemented in the provinces where education is poorest, because those provinces lack the managerial capacity and probably political will to do so.

### **Symbolism & Power in Policy Reform**

The appearance of reform in the Department of Education belies a lack of real reform on some of the fundamental obstacles to the provision of good schooling opportunities to poor children. Teachers' power in salary and deployment negotiations have constrained the availability of funding for non-personnel items and resulted directly in reduced employment levels (and hence larger class sizes). And teachers' power in negotiations over performance appraisal and rewards has resulted in the reforms that are largely toothless. Jansen (2001) has recently suggested that 'non-change' in education policy is perhaps because policies were *not* really intended to transform the realities of teaching and learning in classrooms. Policy was driven by a concern to be seen to be doing the right thing – i.e. breaking with apartheid – rather than to implement meaningful change. Syllabus revision, for example, was 'simply about achieving a symbolic and visible purging of the apartheid curriculum in order to establish legitimacy for an ANC-led government under unprecedented criticism for its failure to deliver in education' (Jansen, 2001:275). One of the reasons for this emphasis on symbolic change, according to Jansen (2001:281), was fiscal: 'in the absence of fiscal capacity to enact new policies in education, the state has no alternative but to resort to playing up the symbolic value of policy'.

Contrary to Jansen's interpretation, greatly increased funds have been allocated to poor schools. This is a very substantive change – but one that was atypically easy to implement, in that it entailed primarily salary adjustments that enjoyed the support of the teachers' unions. What has been very difficult to change is what happens *inside* the classroom. And here it has not simply been a problem of implementation. Rather, teachers' unions have impeded the enactment of substantive reforms. On what happens inside the classroom, the government's rhetoric of reform may well reflect its very failure to address the fundamental labour relations (and, ultimately, *political*) problem.

## Social Welfare

In social welfare, unlike education, the overwhelming bulk of public expenditure goes to the recipients of grants, in the form of cash. Whereas salaries absorb 90% of the schooling budget, administration absorbs only 15 to 20% of the welfare budget. The politics of welfare reform is thus more a matter of delivery than of employment; the state provides a service rather than being the employee. This means that the unions have engaged with the state in a very different way than in education. They have less direct interest, and less power. But they still have interests, and act on these. This is clear in the case of the biggest issue in welfare reform, i.e. the proposal to introduce a basic income grant. In May 2002, a government-appointed Committee of Inquiry recommended that the introduction of a basic income grant (BIG), i.e. a grant of R100 per month to every South African citizen, regardless of income. This would represent a major extension to public welfare in South Africa. A major increase in taxation would be required (Le Roux, 2002), but the benefit would be a massive reduction in poverty (Samson, 2002).

Major extensions of public welfare are uncommon in the South because the prospective beneficiaries are poorly organised and weak, whilst a variety of more powerful players have a vested interest in maintaining the status quo. In countries where organised working-class and public sector workers have secured corporatist welfare arrangements, trade unions may be among the constituencies with an interest in the status quo, and may therefore be ambivalent about, or even oppose, the establishment of a universal welfare system. When organised labour enjoys privileged access to scarce welfare funds, for example, through a state-subsidised, employment-based social insurance system, then they have a clear incentive to resist replacing the existing system with a universal social assistance scheme (or even an extended social insurance scheme where the very poor will have superior claims to public monies). In South Africa, however, the trade unions have been vocal supporters of progressive welfare reform. The BIG is on the agenda not as a result of support from the ANC, which might have been concerned with its electoral appeal, but because of pressure from civil society. Churches and civil rights NGOs (such as the Black Sash) have also played important roles in promoting the BIG (see Makino, 2003), but it has been the unions that have provided most of the momentum and political muscle behind the proposal.

What makes radical welfare reform imaginable in South Africa is, above all, the fact that South Africa already has a welfare system that is exceptional in terms of Southern countries (Seekings, 2002). Since the 1940s, when non-contributory oldage pensions and disability grants were extended to black people, South Africa has enjoyed *de facto* universal provision for the elderly and disabled (albeit with racially discriminatory benefits).

In the 1980s, the National Party government raised the benefits paid to black pensioners such that the welfare system became generous and highly redistributive. Whilst exceptional in comparison with other Southern countries, South Africa's social safety net is all too obviously full of holes (Nattrass & Seekings, 1997, 2002): provision is made for the elderly, the disabled and children, but not for the long-term unemployed or their dependants. Deep poverty persists, especially in rural areas. In the 1994 elections, the ANC campaigned under the slogan 'A Better Life For All', with an election manifesto (its Reconstruction and Development Programme) promising (among much else) 'basic welfare rights' that included the right to 'income security ... with special provision made for those who are unable to provide for themselves because of specific problems'. Social and economic rights were explicitly recognised in the final Constitution adopted in 1996. For its first few years, the ANC-led government was distracted by the administrative chaos it inherited. Critics, worried that the government was renegeing on the bold promise of 1994, pushed for consideration of the extension of the welfare system to reach all of the poor. After COSATU raised the idea, the relevant government departments began to explore the possibility of a BIG. In 2000, the government appointed a Committee of Inquiry into a Comprehensive System of Social Security for South Africa (the 'Taylor Committee').

The Taylor Committee found that half the population would remain below the poverty line even if there were a 100% take-up of existing grants. The Committee therefore proposed the phased introduction of a BIG. The government was less than enthusiastic and commissioned research into possible flaws in the Taylor Report. Ministers raised doubts about the capacity of the state to administer the grant and worried about the overall cost. In June 2002, a government spokesman told the press that the Cabinet was moving toward a rather different 'philosophy' to that underlying the Report: only the disabled or sick should receive 'hand-outs', whilst able-bodied adults should 'enjoy the opportunity, the dignity and the rewards of work', to be made possible through massive public works programmes and renewed support for small businesses (*Sunday Times*, 28 July 2002). At the ANC's policy conference in September 2002 and its national conference in December 2002, advocates of a BIG mobilised sufficient support to block attempts by the ANC leadership to pass resolutions rejecting the BIG. Finally, in July 2003, the Cabinet finally announced its rejection of the BIG proposal, although grants for poor children would be extended.

### **Trade Unions & the Socialisation of Welfare**

South Africa's trade unions (and union-linked intellectuals) have played the leading role in calls for a BIG. This unusual stance on the part of a relatively privileged section of society may be driven in part by altruism or ideology, but it also has a clearly rational and self-interested base. Trade union members stand to gain financially from the socialisation of welfare even if most of the recipients are not members of trade unions and even if trade union members end up paying more in taxes (negating in whole, or in part, the direct benefits of a basic income grant). This is largely because of the persistence of a private welfare system in South Africa, in the form of remittances, and the relationship between public welfare transfers and remittances. In addition, an emphasis of the social wage allows unions to defend high wages (and a high wage growth path) against criticisms that there is a trade-off between high wages and job creation (such that high wages are bad for the poor and inequality). Moral concerns and self-interest combine to push the unions toward welfare reforms that are, in the first instance, pro-poor.

As the trade unions and their ideologues have frequently pointed out, the 'working class' has played a major role in mitigating poverty in South Africa through the private welfare system of remittances. For example, the Labour Caucus at NEDLAC claimed it is the employed workers who provide the social security net for the unemployed ... Given the absence of a publicly-funded welfare net in South Africa, workers provide accommodation, food *and other help to the unemployed family members* (cited in Borat & Leibbrandt, 1996:144). Similarly, Torres (1996) wrote that 'there is no doubt as to who is currently carrying the major burden of redistribution, it is the working class'. About 5% of all wage income is redistributed through inter-household transfers (or remittances), with substantial redistribution from the richer half of the population (including trade union members) to the poorer half. For the poor as a whole, remittances are slightly less important than old-age pensions. But working people also support dependants living in the same households. If the value of inter- and intra-household support is combined, then the poor are certainly supported more through private than public channels.

Trade unions supported the socialisation of welfare because they preferred the burden of supporting the poor to be shouldered by taxpayers rather than by their own members. In South Africa, the top 20% of households pays the lion's share of both income and sales taxes, primarily because its share of income and expenditure is so high. Most trade union members are in income quintiles that pay small shares of total taxation. Shifting from a private remittance-based welfare system to a public welfare system (such as a BIG) funded out of taxation serves to focus the burden of supporting the poor from the richest half of the population in general to the richest quintile in particular. Of course, workers *might* not reduce their support for the poor if a BIG was introduced. But there is weak evidence from survey data suggesting that public welfare transfers do have a 'crowding-out effect' on remittances: private remittances already vary in inverse relation to the value of old-age pensions received by poor kin (Posel, 2000). In South Africa, unions have a clear self-interest in socialising welfare provision because their members currently bear much of the responsibility for looking after the poor but pay little tax.

A second reason why unions have a real interest in welfare reform is their need to deflect criticism that the high wages they bargain for are bad for job creation and hence maintain poverty and inequality. The unions have been strong advocates of improving skills and productivity in order to make possible increased wages. But such a strategy is only defensible in the short term if there is some compensation for the unskilled who are squeezed out of employment. Union-linked intellectuals are clearly alert to this criticism. Many argue that unions should adopt 'social movement unionism' or 'social dialogue' approaches to avoid the risks of unions becoming the vehicles for protecting a labour elite; the unions need to work together with other organisations, including NGOs, that have stronger bases among the working poor and other poor (see, for example, Naidoo, 2001).

## Conclusions

Social policies are integral to the compromises struck to mitigate inequality in capitalist market economies. In the North, organised labour has advanced its interests through promoting such compromises. In the South, the self-interest of organised labour results in more complex patterns of political behaviour.

Unions' position on education policy is dominated by the fact that the most affected unions are those representing teachers as employees, not unions representing

citizens as consumers of public schooling. Teachers' self-interest pulls them and their unions in directions that have ambiguous or mixed effects on the poor. Increases in teachers' salaries were a key reason for the apparently 'pro-poor' reallocation of education spending in the mid-1990s. Whether this reallocation of spending had any positive effect on the educational opportunities facing poor children is very unclear. Little progress has been made in addressing the quality of what actually happens inside the classroom in part because teacher power and self-interest has inhibited reform. Teachers' salary increases in 1996 and teachers' influence on the redeployment process contributed to the fiscal crisis of the late 1990s and hence to the constraints on non-personnel expenditure. Further, teachers have successfully blocked the introduction of a teaching appraisal system with any real teeth. Indeed, teachers have impeded severely the introduction of the monitoring systems that provide the information necessary to monitor the performance of schools. As Jansen has argued, much reform in education has been 'symbolic' rather than substantive. I argue that this was not simply due to fiscal constraints, but also due in significant part to the power of teachers and their unions. Teachers ultimately want a well-paying public school system, not necessarily an efficient one.

Other unions represent workers who may be consumers of public schooling in that they are parents of school-going children. Their perspective on public schooling might be somewhat different. But the public sector unions are a powerful constituency within COSATU. Indeed, the 1990s saw a massive increase in the importance of the public sector unions and decline in the importance of the industrial unions, within COSATU (see Naidoo, 2001). It would not be easy for other unions to challenge the teachers' union.

COSATU appears to be acting more altruistically with respect to welfare reform. Unlike in education, organised labour does not have a major vested interest in welfare policy as employees. COSATU has been the champion of the proposed basic income grant, in the face of opposition from ANC leadership. But organised labour is not acting entirely altruistically. The unions have good reasons for socialising welfare provision, because at present union members play a major role in supporting poor dependents within their households and especially living elsewhere, through remittances. Even if union members are not themselves net beneficiaries of a BIG, taking into account increased taxation to pay for the programme, they would be indirect beneficiaries if the provision of a BIG allowed them to reduce their support for the poor. In addition, the BIG would deflect criticism from the unions' support for policies that, it can be argued, promote an economic growth path characterised by high wages and high productivity but low employment.

These two case studies reveal both some of the strengths and some of the weaknesses of organised labour in South Africa. The teachers' unions could block or impede a variety of reforms, but have been unable to secure further big salary increases since 1997, and were unable to prevent the reduction in teacher numbers. Similarly, organised labour had sufficient interest in welfare reform and strength to get the issue on the agenda, but not to secure policy reform in the face of opposition from the ANC leadership and government. On some issues unions can be expected to fight strongly: privatisation and labour market policies are the most obvious examples, given the vested interests of public sector or parastatal workers in the former and of all current formal sector workers for the latter. But an issue like BIG is of insufficient importance to the unions for them to adopt a confrontational strategy.

In previous work, Natrass and I argued that the distributional effects of social policy indicated that post-apartheid South Africa enjoyed a double class compromise: A capitalist economic system with neo-liberal macro-economic policies (in the interests of capital) in return for a high wage growth path and public expenditure on urban working and middle classes (in the interests of organised labour) and some redistribution through taxation and the prospect of job creation (in the interests of the poor). We suggested that the poor could secure some benefits in part because they constituted an important electoral constituency for the ANC. But a closer examination of some of these supposedly pro-poor policies suggests that the force for change was not the poor, as consumers of the public schooling, but the non-poor teachers, as the salaried employees in this sector. Similarly, the force behind the BIG was in part the self-interested, non-poor labour movement, not the political party competing for the votes of the poor. The double class compromise seems less inclusive than first thought. We should beware *over*-estimating the power of the poor in influencing 'pro-poor' social policy reform.

*Jeremy Seekings*, Departments of Sociology and Political Studies, University of Cape Town; e-mail [jseeking@commerce.uct.ac.za](mailto:jseeking@commerce.uct.ac.za)

## Endnote

1. According to the September 2002 Labour Force Survey data.

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