

The African Trade Union movement in the face of global socio-economic challenges: in continued search of a development model?

**Presented by:
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Quote by (Ul Haq, M. 1995: Reflections on Human Development, Oxford).

“..the human development paradigm performs an important service in questioning the presumed automatic link between expanding income and expanding human choices. Such a link depends on the quality and distribution of economic growth, not only the quantity of such growth. A link between growth and human lives has to be created consciously through deliberate public policy – such as public spending on social services and fiscal policy to redistribute income and assets. This link may not exist in the market place which can further marginalize the poor..”

African Trade Union

thoughts/dilemma over the years ...

- Development of framework of Africa in the context of the on-going global socio-economic challenges that has a legacy persistent and recurring crisis manifested in widespread poverty
- Critically analyse Africa's development crisis and how that crisis has been eased or exacerbated by more than three decades of economic and social structural adjustment

Guiding Questions on this...

- **What is/are the main problem(s) with the current neo-liberal economic policies and management?**
- **What are the policy related challenges and evidence?**
- **What are the building blocks/set of policies for the new/alternative development model ?**
- **How should Africa finance its development model(s)**
- **What should be the trade offs?**
- **How should we get our views reflected in policies at the national, regional and international levels?**

Why continued search for devt. model?

- They are **top down**; they are made in Washington or the West (and only transplanted to other countries as a **one-size fits all prescription**)
- Neo-liberalism does not give regard to **social imperatives and objectives** - social issues (including employment) are regarded as a residual of economic growth.
- They end at the **stage of stabilization** only
- They result in **de-industrialization**

Why continued search?

- They take away **policy space** of government/undermine the role of the state and undermine allied developmental institutions
- They focus on **economic aggregates** (and not human development)
- They are **gender-blind** (and thus have deepened gender inequality)
- They entrench **dependency**

Why continued search?

- They entrench **'informalisation'**
- They **'commodify'** basic social services
- They destroy **national planning**
- They focus on **'exportables'** and thus entrench food insecurity
- They undermine decent work

Why continued search?

- They entrench **enclavity** and **duality**
- They reinforce dependency on **primary goods**
- They lead to widespread **poverty and inequality**
- They lead to **environmental degradation**
- They erode **cultural values**

What are the policy related challenges and evidence?

- **Monetary Policy and Central Bank**

- Central bank's mandate narrow and restrictive: ideological preoccupation with monetary aggregates -too much emphasis on price stability. Price stability is often seen as an end in itself and not a means

- **Restrictive fiscal policy space**

- Regressive tax regimes [e.g. corporates benefit from tax holidays while workers, consumer and SMEs heavily taxed.
- Dependency on external finance [e.g. PRSP implementing countries rely on external budget support by IFIs]
- Narrow sources of internal revenues/ narrow tax base [e.g. taxation focused on formal employment

What are the policy related challenges and evidence?

- **Wage Policy /Labour Market Policies**
 - Labour policies designed to weaken social dialogue and thus collective bargaining
 - Designed to lead to flexible labour markets leading to new atypical forms of work
 - There is a wage cap in many developing countries e.g. in public service wages cannot exceed 5% of GDP
- **The state and the market-institutional arrangement**
 - The “state” of the state: not accountable to people but to global capital
 - State minimalism

What are the policy related challenges and evidence?

- **Trade Policy (regional integration and WTO)**
 - Too much emphasis on export-led development at the expense of the need to achieve self-sufficiency.
 - An extrovert trade aimed at satisfying foreign needs, which only demand raw materials with low added-value
 - Weak sub-regional and or regional integration
 - The implementation of the EPAs leading to losses of incomes, dis-industrialisation, regional disintegration and other negative consequences for the region.
- **Environmental Issues/Climate Crisis**
 - Environmental degradation
 - Weak environmental rules and regulations
 - Absence of climatic justice
- **IFIs**
 - Not democratic, dominated by western interests
 - Promoter and custodian of neo-liberalism

What are building blocks/set of policies for the new development model?

- **Designing and implementing a holistic/integrated policy framework**
- Adopt the Alternantive to Neo-liberal in Southern Africa (ANSA) to Framework and transformed to Alternatives to Neo-liberalism in Africa (ANA)by reviewing situational analysis and broaden it to cover the whole continent.
- ANSA framework encourage bottom-up, auto-centric, developmental and proactive state, incremental, strategic delinking, regional integration.

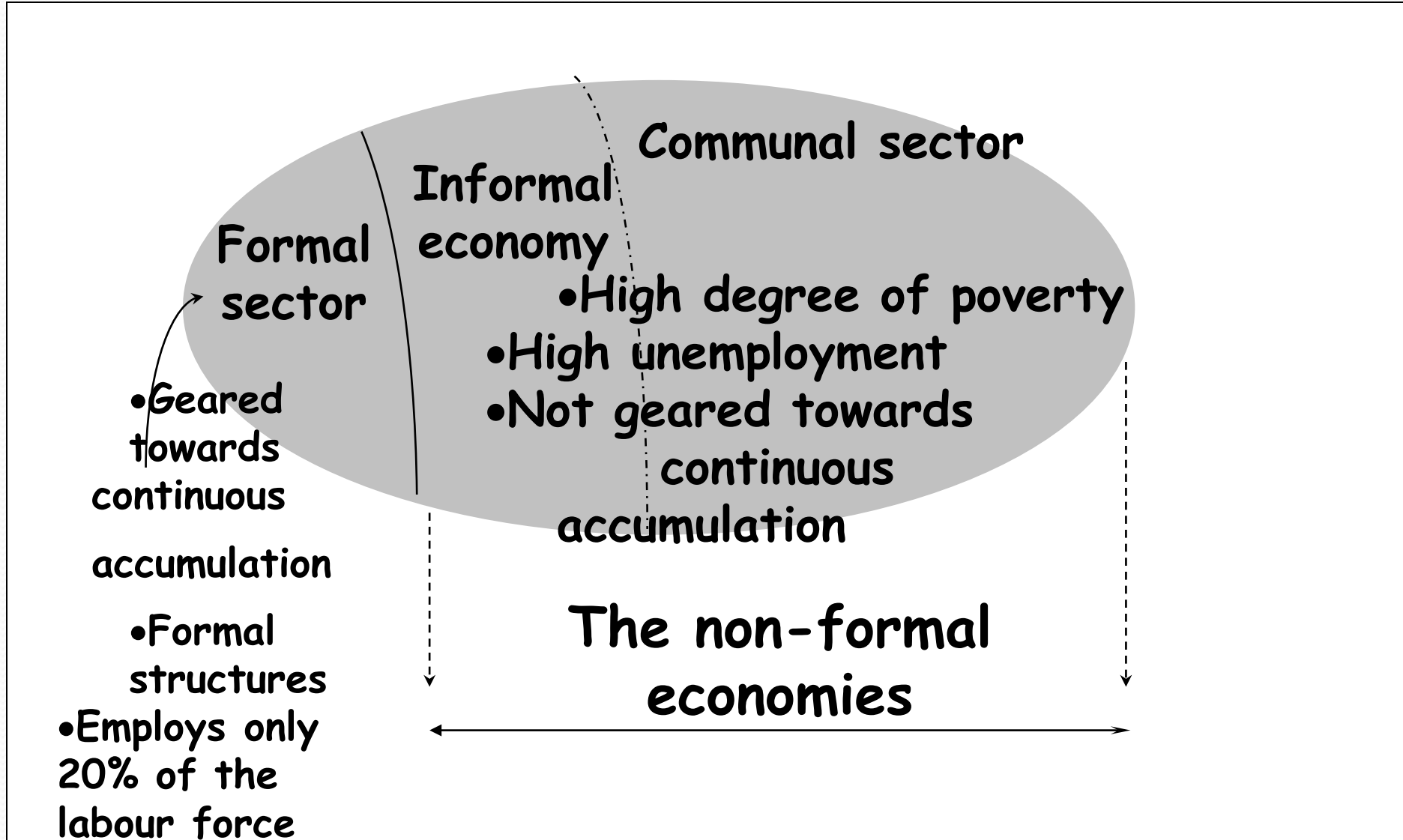
Moving from ANSA to ANA...

ANOTHER AFRICA IN THE MAKING???

Conceptual Analysis of ANSA

- There are various forces that shape our societies and can bring about the fundamental changes that are needed to improve the lives of working people.
- The major players are firstly, **the people themselves** and their organisations at grassroots level: key agents of change and must drive the process.
- Secondly, there is the **state**, which is a very important site of struggle. States rule in the interest of those who control it and thus working people have to regain control over the state, not only at national level but also within the SADC region and Africa as a whole.
- Thirdly, there are the **global actors** including the World Bank, IMF, the World Trade Organisation (WTO), G8 and Transnational Corporations (TNCs) who have a strong influence over African states and whose interests are opposed to those of working people. These global actors can be described as “the Empire”.

Structural Socio-economic analysis: question of enclavity



Formal economy distortions

- This sector is driven by **external interests** as shown by its exports (mostly of primary products and lower level manufactured goods).
- The sector tends to be influenced by **external/imported technology** and techniques of production.
- It has benefited from **government policies** such as subsidies, infrastructure, foreign exchange allocation, research, education and training, land allocation, favourable legal frameworks, linkages to donor aid and FDI.
- The formal sector generates **most income and taxes and benefits from most government expenditure**. However, **most workers in the formal sector are underpaid**, although they are better off than those in the informal and communal sectors.
- The formal sector is currently **biased towards large-scale enterprises and against the evolution of small and medium-size enterprises**.
- It is also biased in favour of **relatively capital-intensive** methods that cannot absorb the large number of unemployed.

Urban informal economy distortions

- **Urban informal economy distortions:** This sector has primary, secondary and tertiary activities that cater primarily for a low-income market. It is an absorber of labour “of the last resort” and most of its activities tend towards saturation.
- It **lacks capital, technology and value chains.** The sector specialises in traditional products and services but can hardly offer modern products and services.
- The sector **cannot compete with the formal businesses and tends towards self-exploitation** in the manner it uses its own labour through long working hours and low pay (including “free” family labour).
- Thus, the households, operators and workers in this sector tend to cover the **hidden social costs of production.**

Communal sector distortions:

- This sector does not show dynamic growth and accumulation due to the manner in which it was linked to the modern economy during colonialism and due to the neglect it experienced after independence.
- Essentially served as a pool of cheap labour for the formal economy and this link never served to transform the character of the communal sector.
- Continues to be based on subsistence and effectively subsidised wages in the formal economy.
- sector was not integrated into modern forms of organisation but has to cope with population growth, depletion of resources and natural disasters.
- It shares some of the problems experienced by the urban

International economic linkage distortions

- The global environment **perpetuates Africa's enclave economies**.
- It reinforces **primary exports and import dependency** and thus prevents the transformation of the domestic economy.
- The **terms of trade have been to the disadvantage of Africa's formal sector** as the price for exported raw materials declined relative to the price of imported manufactured and capital goods.
- **Monopolistic tendencies and protectionism among industrialised countries** prevented African producers from competing on an equal footing.
- African countries only **attracted small amounts of FDI** that is not able (and not interested) to transform domestic economies.

ANSA to ANA's Resolve???

- **A human rights or centred approach to development**
- **People are the agents of change**
- **A holistic approach**
- **Engaging with the state**
- **Right to self-determination**

A holistic bottom-up approach

- The “**social factor**”, meaning how people’s basic human rights are safeguarded and how vulnerable people are protected against poverty and exploitation.
- The “**democratic factor**”, meaning how the political system functions, how decisions are made and implemented, how resources and opportunities are distributed and how justice and fairness is achieved.
- The “**global factor**”, meaning how the system works at global level, how decisions are taken and implemented, how global resources are controlled and distributed and how this global system affects Africa.

10 Point Summary of ANA

The main elements of the proposed ANSA strategy can be summarised into 10 points:

- i) It is a people-led (as opposed to an IMF-World Bank-WTO donor-led) strategy. It proposes:
- ii) An alternative production system primarily based on domestic demand and human needs and the use of local resources and domestic savings. It also proposes the “horizontal” integration of agriculture and industry;
- iii) A grassroots-led regional integration as opposed to the current fragmentation by the Empire;
- iv) A strategic, selective de-linking from neo-liberal globalisation and the preparation for a negotiated re-linking to a fundamentally different global production and distribution system;

10 Point Summary of ANA

- v) An alternative policy on science and technology based on harnessing the collective knowledge and wisdom of the people;
- vi) Forging of strategic alliances and networks with progressive forces at national, regional and global levels;
- vii) A politically governed redistribution of wealth and opportunities from the formal to the non-formal sectors of the economy;
- viii) Women's rights as the basis for a healthy and productive society;
- ix) An education system that addresses the needs for sustainable human development by improving technical, managerial, research and development skills;
- x) The creation of a dynamic, participatory and radical democracy, which regards peoples' mobilisation, demonstrations, open hearings as part of the struggle for an **ethical and developmental** state.

How do we finance Africa's development?

- **Overseas development assistance** (*need for aid with exit strategy from aid dependency*)
- **Domestic revenue mobilisation** (*improved tax administration and tax policy reform*)
- **Deficit financing**
 - *Thru domestic and foreign borrowing*
 - *However, must be accompanied by debt management strategies to ensure borrowing is for productive investment rather than consumption*
- **Reprioritization and efficiency of expenditure**
 - *Thru expenditure switching and efficiency gains reforms*

What are the trade-offs?

- To develop a multi-actor social dialogue
- To negotiate a social and economic pact on the basis of common values accepted by all
- Need to balance between macroeconomic stability and social/development objectives
- Need to balance between regional and national interests
- Need to balance between short-term and long term environmental impact of development

What is the Power play? Story of the fig tree...

- The global world can now be expressed into three major players or forces that must shape society:
- **The People (and the workers),**
- **The State** (which suppose to be an expression of the people); and
- **the Global Capital (Business)**

Getting our views policies at the national, regional and international levels....

- Need to continuously and consciously build the capacities of TUs.
- To work out a plan for advocacy and dialogue with the appropriate institutions
- To form strategic alliances with other actors of civil society
- Establish strategic and issue based political alliances
- Leverage existing policy space through sub-regional TUs such as SATUCC and EATUC.
- Continental and International (existing AU, ITUC structures and incorporate ideas and inputs into Global Unions)
- Ensure enforced monitoring & evaluation of all dev. policies

Fig tree.....self interest!

- Thankyou

What can workers do about this?

- **Know the issues**
- **Make our voices heard**
- **Need for solidarity to fight these issues**
- **Fight for new rules and world order by ensuring that comparative advantage is not sought and gained through the violation of fundamental workers' rights**

.....RESEARCH IS KEY TO ALL THIS.....

Conclusion...quote by (Ul Haq, M. 1995: Reflections on Human Development, Oxford).

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