

Secretariat Political Report to the CEC held on the 25 - 27 February 2008

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1. Introduction

The CEC is historic because it takes place after the ANC Polokwane Conference. There is no doubt that Polokwane ushered in a new situation and its outcomes will be debated for years to come. The strategic task facing the CEC is to reflect on the meaning of Polokwane and to define COSATU’s political strategy to navigate this exciting yet complex political terrain. The aim of this paper is to stimulate debate by identifying strategic questions facing the Federation. Therefore it does not pretend to conclusively and exhaustively canvass all the issues.

By definition a political report is not gospel and the CEC must engage with all the issues raised particularly those that deals with COSATU stance going forward. The paper poses questions for reflection rather than offer all the answers. Ultimately, the CEC has the responsibility to guide the Federation and issue an unequivocal position to steer COSATU and its members going forward.

Polokwane has opened up new opportunities yet it is still early to conclusively define the shape of the new terrain. It represented the rejection of a particular

mode of managing the movement while the new vision is still taking shape. The coalition that made Polokwane possible still has to elaborate its vision beyond the rebellion against the old regime. We are in a fluid period made more difficult by the existence of 'two-centres of power'. What happens between now and 2009 remain uncertain and the post 2009 election scenario is still in some distant future.

What is however clear is that the working class must defend the gains made in Polokwane and repel the rightwing backlash that seek to drive a wedge between the leadership in Luthuli House and the Union Building. The DA has on a number of occasions urged President Thabo Mbeki to ignore the democratic wishes of the ANC conference and the directives from Luthuli House. Underlying this response is a fear of a radical shift in the policy direction of our society. It also demonstrates that the privileged will do everything to protect their interests.

2. The Road to Polokwane – Historical Background

2.1 Overview

COSATU's political preparation for the ANC 52nd Conference can be traced back to the *September Commission Report* tabled at the 1997 Congress. The Report was the first major reflection by the Federation of the challenges posed by the transition from apartheid and the process of economic restructuring. The main argument of the September Commission was the importance of putting redistribution back on the national agenda after GEAR was imposed on the country. It was also aimed advancing the struggle to oppose the self imposed Gear constraints and to build COSATU as an organisation. COSATU had to be sharpened as an instrument in the hands of the working people.

The Report also sought to define the role of COSATU in the post apartheid period and proposed that the Federation continues on the trajectory of revolutionary or transformative trade unionism. Since then, numerous political papers and reports placed on the table strategic options for the Federation. These documents interpreted the trajectory of the transitions and what was possible given the set of balance of forces domestically and internationally.

COSATU's Eight National Congress in 2003 adopted the 2015 Plan following the conclusion that the working class was being sidelined and capital had reaped substantial benefits from democracy. Key strategies of the 2015 Plan are the decision to '*swell the ranks of the ANC*' with working class cadres aimed at changing the direction of the ANC towards a consistent working class agenda.

It is the 9th Congress in 2006 that plunged the Federation into new terrain by adopting the resolution that COSATU should identify its preferred candidate on the ANC NEC. Additionally, the Congress called for an *Alliance Electoral Pact* to define a new approach to the Alliance coupled with the resolution to take stock in June 2008 whether there has been any measurable shift to the left. Implicit in this approach is that COSATU's support for the ANC depends on the measurable shift to the left.

An extended Central Executive Committee was convened to discuss the political discussion papers prepared for the ANC Conference including but not limited to Strategy and Tactics and Economic Transformation. Following that, the 4th Central Committee deliberated on the meaning of the 9th Congress Resolutions in respect of the list of preferred candidates as well as the notion of the Pact. The Central Committee then agreed on the list of preferred candidates for the officials and mandated the NOBs and political commission to identify further names.

The decision to identify a list of preferred candidates combined with a momentum in ANC structures. It coincided with the grouping within the ANC that was disillusioned about the general direction of the movement and therefore was punting for change. This momentum proved to be so decisive and many attribute the eventual triumph in Polokwane to have been occasioned amongst others by the bold step and unusual step to debate and announce preferred leaders of another organisation in a COSATU constitutional meeting. We argued that the situation was abnormal and that the working class could no longer sit idle whilst the organisation they have built over decades was facing a danger of being hijacked by what is loosely known as the '1996 class project', which was forming a new alliance with capital. Abnormal circumstances sometimes demands abnormal responses. Our intervention was a rescue operation and a class intervention.

Obviously there was a backlash. The rightwing in the ANC was absolutely incensed by what they regarded as extra ordinary arrogance and interference by COSATU. Even moderates in ANC leadership were also uncomfortable and felt that COSATU was committing an error that will come back to haunt it in the future. The SACP did not back our decision to name preferred candidates openly. They nevertheless published a letter to the delegates calling for either a change of attitude or change of leadership in Polokwane.

All these interventions firmly placed COSATU into a particular camp in opposition to another camp in the ANC. We were suddenly firmly part of an organised faction in the ANC fighting against another organised faction. In the process we got tainted by whatever criticism against what became known as a "Zuma camp". We could no longer play a neutral role to unify the two camps that existed – we were in one of those two camps! The environment allowed little space for neutrality. You had to be working for change in the ANC or defending the status quo!

This somehow put pressure on our own internal unity and cohesion. A few comrades irrespective of their union's position on the matter are loyal to particular personalities and are broadly sympathetic to the political direction pursued by one on the other camp in the ANC. This small group has not been comfortable with the general direction the Federation has taken and had on many occasions expressed discomfort with the role COSATU played in the post 2004 period. It was not surprising that some COSATU leaders appeared on the list of the other ANC camp.

This did not necessarily destroy all together our cohesion. No South African could argue that he/she was confused as to what COSATU wanted in the run up to Polokwane. Members were never confused about what we are pursuing even though they would express discomfort that some of the leaders were perceived to be working against the mandate.

2.2 Strategic considerations informing the Federation's approach to Polokwane

In this section we outline some of the key strategic questions that informed the federation's posture going to Polokwane. First, the imposition of GEAR in 1996 signalled a shift towards a conservative stabilisation project largely supported by capital and rightwing opposition parties. Political centre shifted towards the *centre left* and this became the dominant discourse in our society. It was a discourse that favoured cautious approach to questions of economic management, privileging markets over the state. At the factory level, economic liberalisation and capital's response to the new labour laws unleashed an unprecedented restructuring of the working class via retrenchments, sub-contracting and casualisation.

Capital itself experienced major restructuring as some of the big corporations 'transnationalised' shifting primary listing to New York and London. Simultaneously some sections of capital were devastated by economic liberalisation, especially small businesses and elements in manufacturing.

The second consideration was the political ethos that was linked to this economic conservatism. The constitution promised a radical democratic political culture but this was limited by the overwhelming influence of capital and the closure of democratic participation on the economy.

Third, this political culture spilled into the ANC and the alliance. The ANC and the Alliance were largely sidelined in shaping the economic future of this country, as decision-making was concentrated in the Executive. Even in the executive, the Treasury loomed large and had the final word on developmental question, which were subordinated to deficit reduction. In this political climate the alliance functioned more as a crisis manager than a driver of the transformation process.

The last ten years since 1996 have been characterised by major conflict in the alliance on a number of issues, including the very nature of the alliance. In 2001 the alliance was on the brink of collapse as a witch-hunt against the so called 'ultra-left' was launched through the briefing notes. Alliance membership rejected this approach and urged the leadership to find solution to the political disagreements. In this context, the *Ekurhuleni 1 and 2* played an important role in bringing the parties together even though the resolutions were largely not implemented.

A fourth consideration driving the political thinking of the federation is the palace politics that have characterised the alliance in the recent past. Political intrigue has taken the place of genuine engagement around strategic issues facing the movement and our society. In this climate there were charges of state

institutions being used to settle internal party disputes, especially through the selective use of the corruption stick.

The working class was not a passive observer of this unfolding tragedy. In the post 96-period the working class remobilised and mounted several campaigns on jobs, poverty and basic services all targeted at neo-liberal economic liberalisation. The working class also challenged the bosses at the factory level fighting restructuring and to improve working conditions. Working class communities also resisted the 'commoditisation' of water, electricity and other basic services.

Political upheaval in the country led variously by the trade union movement or social movements in part account for the outcomes of the NGC in 2005, the Policy Conference in 2007; and the National Conference in Polokwane. It is important to remember this fact, that it is mass struggles not shenanigans among the leadership that tilted the balance of forces.

2.3 The Federation's Preparation for Polokwane

COSATU took some flak from across the political spectrum for announcing its list of preferred candidates. We must unequivocally defend the decision of the Congress on this question as correct under the political climate it was adopted. Ultimately, history will judge whether this was a decisive or divisive move by the Federation, but we must be steadfast in defending that decision.

The CEC must however discuss whether this resolution now applies to the ANC Provinces, regions and branches. The North West Province has already come out in the open with its preferred list of candidates for the ANC PEC in that province. Mpumalanga PEC wanted to publish its own preferred list but was stopped by the COSATU Deputy General Secretary. Only the CEC can provide a proper interpretation of this resolution in the aftermath of the 52nd Conference.

The list of names adopted by the Central Committee COSATU was in tandem with the list of the forces campaign for comrade Jacob Zuma led NEC. COSATU had to work with these forces to ensure the decisive victory of the Zuma led list in the leadership contest.

Undoubtedly, this is not a homogenous group as it brought together comrades with different class and other interests. This group was unified by the desire to bring change in the ANC leadership and internal political environment even though there is no unifying vision of what this means. For that reason, COSATU and the working class must assert its agenda and continue to work with all forces for change around a progressive platform.

At the Congress, COSATU lobbied for a number of its leaders to be included on the list. In principle, most of the names were welcomed, but due to technicalities could not make it on the final list. It also became embarrassingly obvious that we did not study the Election Rules, which implies that our level of activism in the ANC leaves a lot to be desired as individuals and as a collective.

This to some extent exposed the extent to which we have allowed the decision of swelling the ranks of the ANC to unfold on its own without any tight monitoring by the centre. This also raised a question of the extent to which COSATU cadres link their trade unionism with political activism where they reside. It also brought to fore the weaknesses in COSATU's internal processes of identifying leaders. This particular weakness continues to manifest itself particularly in the unity and cohesion of the federation. Put crudely, we may ask a question where did COSATU leaders receive their 'baptismal of fire' and how did this relate to their conduct inside the federation and how they perceived challenges facing the movement as a whole?

There is no doubt that the ANC was deeply divided towards the 52nd Conference. Results for the leadership illustrate the extent of such divisions as groups voted for their own slate with few 'cross-over'. The message of unity in this context is very important to heal the cracks that were reflected in Polokwane. It is also correct, that there should be no vindictiveness as this will only serve to further divide the ANC.

Divisions in the ANC spilled over into COSATU for the better part of 2007. We saw the emergence of media leaks or faceless individuals contradicting or challenging official positions of the Federation. The division further manifested in COSATU leaders appearing on different list at the conference. However, the CEC mandated NOBs to identify COSATU leaders to be released and other comrades were on the list in their capacity as ANC activist. However, at the heart this reflects different political alignment within the Federation and the question is whether we are facing ideological rifts in COSATU? This has to be confronted to put this issue in its proper context and clarify what are the political dimensions of these divisions.

3. The meaning of Polokwane – Assessing the outcomes of the Conference

3.1 Does Polokwane represents the status quo or what is the nature of the shift

Going to the conference we plotted several scenarios and we here evaluate the outcome of Polokwane against these scenarios. In addition, we provide an analysis of the resolutions of the Conference. The analysis is based on overall political reading of the outcome of the conference and events since the Conference. The next section will unpack the resolutions of the conference.

Notwithstanding the victory of the collective under the leadership of JZ, it is still early to definitely conclude as the political situation is still in a flux, suggesting that we are in no particular scenario. A few general indicators are worth elaborating and discussing – we cite these development to reject the idea of a business as usual conference. However this is not a comprehensive and exhaustive list.

First, it is only die-hards that can argue nothing has changed in Polokwane, although there are different interpretations of the outcome. The ANC mass base revolted against the status quo and installed a new leadership with the hope that it will lead the revival internal democracy. This revolt was against the *'technocratic-near authoritarian style'* of managing the movement and its subordination to the executive. The revolt was essentially about political accountability and democratisation and rejection of the culture of closed decision-making. By rejecting the third term option, the membership also opposed the idea of indispensable leaders who possesses all wisdom and knows what's best for the movement. Still, a sizeable section of the ANC, i.e. 40% of delegates still supported this option and this group is not to be easily dismissed.

Second, a business-as-usual analysis of the resolutions of conference totally misreads the outcome of the conference. The alternative reading, that Polokwane represented an overhaul of policy does not also stand up to scrutiny. Contrary to attempts to downplay the policy shifts emanating from these conferences, Polokwane (and the NGC and Policy Conference that preceded it) signalled the need for policy shift on a number of issues.

In some cases, the Polokwane conference consolidated the shifts that were beginning to emerge from within the state for example around the developmental state: industrial policy and on poverty eradication and education and health care. In some areas of policy, conference emphatically rejected existing or proposed policies on key questions. The next section deals comprehensive but not conclusively with the resolutions from Polokwane.

Third, we should not lose sight of the fact that this conference did not spend inordinate amount of time trying to preach to the perceived ultra-left. Previous ANC conference had a tendency to distance the ANC from the perceived ultra-left and to reiterate the non-socialist credentials of the ANC. In contrast, this conference was a one marked by a constructive spirit to find answers to challenges facing our society. It may not have adopted resolutions that live up to our expectations but it certainly has opened the political space for new politics and relations to emerge. The challenge is for COSATU and the working class organisations including the SACP to consistently and vigorously give their own interpretation to these resolutions or we run the risk of allowing the prevailing view of no policy shift to gain hegemony even within the ANC.

Fourth, the new NEC is the most representative of many layers of the ANC even though there is still a gap of social movement representation. Cabinet members and those with business links have dominated the NEC in recent past. This NEC comprises of MPs, business people, the executive and others drawn from the women and youth sections of the ANC. Whether it will remain as diverse post 2009 elections is an open question. COSATU must debate its attitude towards proposals to grant COSATU leaders for ex-officio status on the NEC. We can't be happy with the fact that only one serving trade unionist is part of the NEC. We need to have a discussion with the leadership and lobby for more unionists to be co-opted to ensure the balance is improved.

The NWC includes many SACP leaders, which is both positive and concerning. What are the implications for the SACP that many senior leaders serve on the NWC? While there is nothing inherently good or bad about political independence, will the Party be subordinated to the ANC and be constrained to pursue its independent programme? The blurring of the ANC and the SACP requires strategic reflection in the context of how we pursue the socialist struggle.

Fifth, post conference a number of events have taken place that deserve some attention, namely the January 8 statement; the extended NEC Lekgotla; the state of the nation address by the President; and the Budget speech by the Minister of Finance; and the charges placed before comrade JZ. We briefly underline key issues raised by these developments.

The January 8 statement was significant for two reasons. First, in the preparation of the statement, COSATU's views were solicited, which is unprecedented. Second, the message of the statement is one that focuses on the correct priorities for the movement and our society. There is also political willingness to address the rifts that has emerged within the Alliance.

We did not have the advantage of sitting in a session of the Lekgotla where the ANC NEC was interacting with the government leaders. The Lekgotla itself was so remarkably different from the previous meetings. Unlike being subject of ridicule and spirited attacks, COSATU, SACP and SANCO leaders were received with open comradely spirit. The new spirit that we are in this together underlined the debates in the commission. We made few further advances in the Lekgotla in particular to further improve the economic programme of action.

The pronouncement by President Zuma urging parliamentarian to stop being lapdogs and hold the executive accountable is refreshing. This comes against the backdrop of parliament being subordinated to the executive demonstrated forcefully by the appointment of the SABC Board and the probe in the arms deal.

The President, in his state of the nation address, argues that it cannot be business as usual in relation to the challenges facing our country, especially the energy crisis. The expectation was that the budget would give concrete meaning to this sense of urgency. While not a complete disaster, the budget however fails the test to scale up resource allocation and has squandered some of the resources by giving tax breaks to individuals and companies. We must debate the extent to which the state of the nation address and the budget speech lives up to the test set by the ANC Conference.

The NPA decided to charge comrade Jacob Zuma and the court case is slated for August 2008. The COSATU Central Committee called for the charges to be withdrawn on the ground that comrade JZ rights have been infringed hence he will not receive a fair trial. The ANC NEC has in the meantime established a commission to review the entire arms deal saga.

There is no unanimity within the alliance on how we approach the charges against comrade Zuma, save that all parties agree that he must be given support. At the one extreme is the COSATU position that the charges be withdrawn and at

the other end is the ANC position that the legal process takes its course. The CEC must discuss what should be COSATU's position in the current context where comrade JZ himself is taking legal steps to protect his rights. In particular what should be the course of action in view of the CC resolution that charges be dropped?

3.2 Overall assessment of Resolutions of ANC 52nd National Conference

3.2.1 Introduction

The Polokwane Conference Resolutions are extensive, and span 47 pages. It is not intended, in this assessment, to attempt a detailed analysis of these Resolutions, section by section, but rather to assess their overall thrust, progressive dimensions, ambivalences and contradictions, as well as problematic areas, and to suggest an approach towards engagement.

It is worth noting that the Resolutions are clustered into 9 broad areas, and that some of these areas subsume numerous policy areas e.g. Social Transformation covers more than 10 major policy areas. While all the Resolutions are relevant to COSATU, the most key strategic areas are identified with an asterisk below:

1. *Organisational Renewal*
2. *Social Transformation **
3. *Economic Transformation **
4. *Climate Change*
5. *Rural Development, Land Reform and Agrarian Change **
6. *Transformation of State and Governance **
7. *Peace and Stability*
8. *International Relations*
9. *Communications and the Battle of Ideas*

Nevertheless in our assessment, we will incorporate consideration of 7 of the 9 clusters identified above. We have not been able to include consideration of the Resolutions on Climate Change and Peace and Security (although these Resolutions were scanned to see if there were major issues). It should also be noted that a detailed comparison of the resolutions is being prepared for CEC, and will be attached to the report.

3.2.2 Factors to consider in our assessment

It is critically important that we develop a balanced assessment of the Resolutions, since an exaggeration of either the positives or the negatives, would have serious strategic implications. Also, we need to depart from the understanding that, while considerable space exists for contestation, the ANC has specific dynamics which mean that, *in some respects*, their policy positions

will not be identical, or may even diverge from, those of the Federation. This is not in any way to suggest that we need to accept that all problematic policy positions, which the ANC may take, are somehow inevitable, and must simply be accepted. Conversely, it is important to recognize that the broad constituency, experience and strategic tasks of the ANC, may not only result in positions which lag behind those of COSATU's. In certain instances, these dynamics may result in policies which are in some respects, *in advance* of those of the Federation, for example on the issue of Rural Development.

In responding to the propaganda of the right, that Polokwane was only about leadership, and that everything remains on track, there is no shift in policy, do we respond by saying that there has been a 'radical shift'? Certainly anyone trying to argue that there is no shift is pursuing an ideological agenda. In relation to existing *government policy and practice* the approach adopted at Polokwane certainly does constitute a major shift. However in characterising the nature of the shift, we need to be careful not to go overboard in claiming that in *ANC Policy terms*, the Polokwane resolutions represent, in all respects, a radical shift. As we discuss below, there may be elements where this is true and other elements where shifts may not have taken place, in areas where they should have.

Another *caveat* or qualification worth noting, is that it may not be useful to undertake a 'biblical' analysis of the Resolutions, without considering the context within which they were adopted, or without reading them together with other policy positions and strategy documents of the movement, as well as considering their relationship to government policies (while accepting the important political principle that government policies need to reflect and advance those of the movement). On the negative side for example, problematic formulations on social security are softened when we read the resolution with previous documents, as well as the ANC POA for 2008. We return to this below. On the other hand the implications of some progressive formulations on economic policy, which were largely advanced by working class activists, have arguably not been understood by some in the movement, and are partially contradicted by other formulations in the Resolutions, and therefore will have to be fought for

Further some of the formulations in the resolutions are deliberately vague, and open to different interpretations, both progressive and conservative. Thus the Resolutions themselves will be subject to ongoing contestation. In the past those in government have dominated the spin doctoring of the Resolutions. Again this has been true post-Polokwane, particularly on the issue of economic policy. Progressive forces are therefore challenged to reclaim and assert the intentions of the Polokwane delegates, in the face of this counter-offensive.

An additional complication to consider is that the particular circumstances of Polokwane, and the inevitable emphasis on the leadership issue, meant that to a certain extent the resolutions were rushed. This has resulted in areas of vagueness, inconsistency, and even contradictions, within and between resolutions. In some instances, this means that where there was greater clarity and progressive advances at the Policy Conference, some of this was lost at Polokwane, not necessarily as a result of debate, but probably because of time

(and perhaps some deliberate omission of key issues by technocrats). We see clear examples of this below in the discussion on the Economic Resolution.

It is therefore important to situate our interpretation of the Resolutions in the context of the factors outlined above. Further, to understand that there will be ongoing contestation around their meaning, as well as around further elaboration of general formulations, and therefore it is important to engage, both within the context of the ANC, as well as the Alliance, to ensure that the most progressive possible perspective emerges.

3.2.3 Overall Assessment

Having stated these qualifications up front, it is possible to make an assessment of the overall political trajectory of the Resolutions, in relation to Government, previous ANC positions, as well as COSATU perspectives. Firstly, **in relation to Government policy positions**, the Resolutions, taken as a whole, represent both a clear progressive advance, as well as a departure in certain respects.

While some may question whether this yardstick is relevant, particularly given the pending 'regime change', it is an important measure in a number of respects: it is well established that government has ignored a number of previous ANC conference resolutions; however one of the clear messages from Polokwane was that this would no longer be tolerated, and clear positions were taken asserting that there is only one centre of power; further, in the run-up to the Policy Conference as well as Polokwane, there were concerted efforts by ANC leaders in government, as well as government technocrats, to ensure that government positions were endorsed by delegates- therefore the rejection of some government positions, however dressed up, should be seen as a deliberate decision by delegates to chart a new course, despite these attempts to direct them otherwise.

This is most clearly seen by comparing the *draft policy documents* largely influenced, or written from within government, to the radically different final versions adopted at the policy conference and Polokwane resolutions e.g. in the area of economic policy, as well as rural development- see below. Nevertheless some elements of the resolutions, particularly those on Social Transformation, remain unduly influenced by problematic elements of government policy, such as the resolution on social security, which reinforces the notion of 'deserving and undeserving' poor, and takes an ideological view on the issue of dependency.

Gradual progressive shifts in government policy, particularly post-2003, in relation to the role of the state in the economy, the retreat from privatization, retreat from market-driven strategies e.g. on industrial policy, a de facto acceptance of the need for comprehensive social security etc., constitute a partial, albeit contradictory, and at times incoherent shift towards the types of policies demanded by all Alliance partners. Polokwane resolutions attempt to consolidate these progressive shifts in certain areas, and do begin to challenge some areas of government policy, which contradict the logic of this emerging development strategy. This is clear in for example resolutions on rural

development, and to a large extent, on economic transformation. Both these resolutions, taken as a whole, while attempting to consolidate certain shifts, go far beyond existing government policy, and promote an entirely different, more progressive, logic - see the analysis below.

The 2nd general barometer for assessing Polokwane is to compare the Resolutions with **previous ANC policies**. As indicated, previous ANC policies were (with some exceptions) *relatively progressive*, and certainly far more progressive than post-1995 government policies. The problem being that many of them failed to be implemented. A more detailed comparison, resolution by resolution, with previous ANC Conferences, would need to be done, to fully assess areas where Polokwane was an advance, or a regression, in relation to previous policies. Nevertheless, the sense is that on the big strategic issues, many of the previous formulations had tended to fudge their critique of government policy and Gear, and that a coherent perspective demanding a qualitatively different direction, only emerged after the 2005 NGC, when the revolt on leadership and organisational issues, began to be linked to the policy questions.

The 2007 Policy Conference and Polokwane continue this trend. While, as indicated above, certain issues have still been fudged, there is little doubt when reading resolutions, and taking e.g. the Economic Transformation resolution as a package, that Polokwane represented a qualitative shift in approach, and that one could begin to see, instead of a series of disconnected policy positions, elements of a radically different growth path emerging, as well as a vision of a progressive developmental state. A different strategic posture also began to emerge on the relationship to capital and the working class. It needs to be stressed however, that while this was the dominant trend, certain regressive elements persist in the Polokwane resolutions, as well as a number of ambivalent areas. Nevertheless, the dominant trend is definitely progressive.

While this advance at the level of policy is no doubt significant, perhaps the most important dimension of Polokwane is the political shift which signals the determination of the new leadership to compel government to advance ANC policies. If previous progressive ANC policies were consigned to the archives, Polokwane now for the first time held out the possibility that these policies could be translated into government policy and implemented.

3.2.4 Areas of Progressive Advance

Without attempting a detailed analysis of the Resolutions here, it is useful to identify major areas of progressive advance, or consolidation of existing progressive positions of the movement within an overall progressive framework. Here, we concentrate mainly on those areas of specific concern to COSATU.

In terms of the 'big' crosscutting issues, key areas of advance include:

- Clearer elaboration of the notion of a *progressive developmental state*, which has a bias towards the working class, and a less neutral relationship

to capital (than was previously elaborated) - and a more democratic and less top-down character;

- A shift from the notion of growth as the solution to everything (and an emphasis only on intervention in the '2nd economy'), to an acceptance that *the current growth path as a whole has to be fundamentally shifted*, to be redistributive, employment creating etc - the resolution calls for "an effective strategy of redistribution that builds a new and more equitable growth path"
- An important emphasis on *inequality* has been introduced, where previous documents only focused on poverty and unemployment. The economic transformation resolution now states "the central and most pressing challenges we face are unemployment, poverty and inequality";
- Related to bullet 1, a *partial* move away from the emphasis on the market and competitiveness, and greater emphasis *on the role of the state* in driving the economy, a state led industrial strategy, an expanded role for state ownership, and a more interventionist approach to use of mineral resources;
- While the original ETC policy document had repeated references to the 'correctness' of government economic policy, its continuity, and denied the need for any shifts, all these references were removed from the final resolutions.

Key features of the **Economic Transformation** resolution which represent an advance include:

- The emphasis on creation of **decent work** as a central pillar of economic policy, or as the resolution puts it "the primary focus of economic policies' (resolves 2.1), and the commitment to tailor all government policies and institutions, including macro-economic policies, to achieve this objective. This commitment was strongly reiterated in the January 8 statement;
- The recognition that decisive action has to be taken to act against current patterns of **ownership and production**. Clause 7 (Believing) of the Resolution calls for action to address the 'monopoly domination of our economy';
- The assertion of the need for coordinated **government wide economic planning** to align policies and achieve the objectives set out in the resolution (clause 1 of resolving);
- A commitment to building the human capacity of the state, including by "ensuring **adequate numbers of personnel** to ensure delivery..." (Resolves 1.3)
- **Intervention by the state** in key sectors of the economy, **to transform the structure of the economy**, and ensuring that national resources, including land minerals, and water are exploited to maximise growth,

development and employment, and 'not purely for profit maximisation' (1.5 and 1.6)

- Strengthening the **role of SOE's**, and ensuring that state entities respond to 'a clearly defined public mandate and act in terms of our overarching industrial policy and economic transformation objectives' (1.7)
- While emphasizing the development of **SMME's**, stating that '**we should ensure that fundamental worker rights are protected in small enterprise**' (1.9);
- In addition, formulations on a number of areas which, in part, advance or consolidate existing ANC policies, including: broad based BEE; anti monopoly and anti-concentration policy; state regulation of natural resources, controlling of input prices and promotion of beneficiation; overcoming spatial patterns of economic marginalization; policies to absorb the unemployed; expansion of the social wage; and investment in priority skills and education; ensuring a sustainable energy mix.

It is worth quoting the Resolution on **industrial policy** in full, given its importance: "[Transforming the structures of production and ownership, including through] Active and well-resourced industrial and trade policy aimed at creating decent work through expansion of labour absorbing sectors, diversifying our industrial and services base, pursuing an active beneficiation strategy, building sustainable export industries, and expanding production for domestic and regional consumption. In general, industrial policy should lead our overall approach to sector development, whilst trade policy should play a supporting role and be sensitive to employment outcomes." (2.3)

This above formulation on industrial policy leading trade policy, is complemented by the formulation on **trade**, although it is slightly weaker: "Participating in world trade, pursuing strategic partnerships with countries of the south and agitating for a fairer world trade system. In particular, this means ensuring policy space to find new opportunities for employment should not be compromised. The position adopted by South Africa in global trade reform talks must continue to emphasise the need to retain policy space on tariffs and industry protection for developing countries and avoid obligations to significantly liberalise our manufacturing or services sector."(2.13)

Clearly, the big debate, and contestation at a public level, as always, is about the stance on **macro-economic policy**, with government spin-doctors (inside and outside the ANC) arguing that existing policy is endorsed, and that there is no change. To the extent that detailed proposals made by ANC Provinces in the run up to Polokwane and the Policy Conference on fiscal and monetary policy, are not reflected in the resolution, there was a partial setback. Thus concerns raised about monetary policy, interest rates, inflation targeting, the role of the Reserve Bank, and aspects of fiscal policy, including the budget surplus, are *not specifically* elaborated in the Resolution, which only has a general formulation. It could be argued, and should be argued, however, that the clear intention of the delegates, and the progressive thrust of the resolution on issues such as redistribution, employment etc, supports the viewpoint that delegates want a realignment of macro-economic policy. However the general, and extremely brief

nature of the formulation on macro economic policy makes it difficult to decisively 'prove' the intention of the delegates.

What does Polokwane call for? **“Macro-economic policies that support and sustain growth, job creation and poverty eradication on a sustainable basis” (2.14)**. Although brief, this formulation, if unpacked, clearly supports our critique of government monetary and fiscal policies. Do contractionary monetary policies, high interest rates, inflation targeting etc, support growth, employment creation and poverty eradication? Similarly for a relatively conservative budget that has a fiscal surpluses etc? The argument by the spin-doctors of the right has been that the use of the word 'sustainable' shows that the intention of the Polokwane delegates was to retain existing 'prudent' macro economic policy. However there is nothing in the Resolution, which lends support to this view - the opposite, is true. Again the question can be asked, whether current conservative fiscal and monetary policies are sustainable, if they are - choking off growth in the economy through use of high interest rates in pursuance of the inappropriate inflation target policy; retarding employment; increasing people's cost of living; deepening inequalities etc? Of course we need to make out a clear case that this is the impact of these policies, and this is something COSATU has endeavoured to do over time, and there is widespread support for this view. Equally, there are strong arguments on our side that these policies increase the vulnerability of our economy, deepen the trade deficit and balance of payments imbalances, increase financial speculation, undermine investment in infrastructure and service delivery, and therefore are *unsustainable*.

The point, however, is that because the Resolution confines itself to such a brief and general formulation, it makes interpretation of this policy an issue of massive contestation. Nevertheless, the formulation remains broadly progressive, and lays the basis for a more detailed Alliance consensus as to what type of policies would be in line with the spirit of the Resolution.

Finally, on progressive aspects of the Economic Resolution, delegates recognised that economic policy has been the preserve of technocrats, and that the movement needs to reclaim its right to oversee this area, and empower members to debate the policy options. Therefore the resolution proposes mechanisms to take this objective forward, by resolving: "To enhance the capacity of the African National Congress to monitor and evaluate the implementation of economic policy, including through: Establishing dedicated capacity, with the requisite resources, to monitor policy implementation and conduct ongoing assessment and engagement around economic policy issues, at national, provincial and regional level. A national programme of economic literacy for ANC members." (3)

In relation to the **Social Transformation Resolution**, there are some positive features, but the Resolution is weak on the whole. (A number of problematic or ambivalent areas are pointed out in the sections below). Some features which more or less consolidate/ advance progressive perspectives include:

- The emphasis on attacking poverty and inequality, although commitment to this objective may be undermined by some of the proposals on social security;
- Commitment to extend the child support grant to 18 years, and equalise the pensionable age at 60;
- Commitment to expand no fees schools to 60% by 2009;
- Commitment to progressively introduce free education 'for the poor' until undergraduate level;
- The commitment to make education and health the 'two key priorities' of the ANC (although this raises the question of the impact of this on other areas);
- Strengthening the public health care system, hospital revitalisation, and ensuring adequate provision of funding (although there is ambivalence on the National Health Insurance - see below)
- Roll out of comprehensive health care, including the provision of ARVs
- Explore the possibility of creating a state-owned pharmaceutical company to provide affordable medicines;
- Provide alternative housing stock, including rental; curb the cost of construction; coordinated planning of human settlement, acceleration of land acquisition etc. (although we indicate below that the resolution is unclear in key respects);
- Progressive proposals on land, which are dealt with in detail on the rural development resolution.

The **Resolution on Rural Development, Land Reform, and Agrarian Change** is generally progressive, although it has some areas of ambivalence, and some gaps. Taken as a whole, it constitutes a major intervention, and strategic shift from current government policy. In effect the Polokwane resolution, read together with the ANC's 2008 programme of action, rejects existing policies on rural development as woefully inadequate, and proposes the formulation of a new, comprehensive rural development plan, a White paper on rural development, land reform and agrarian change, and a legislative programme to implement these changes.

It is worth quoting extracts from the resolution at some length (although the resolution is far more detailed) to indicate some of its progressive dimensions. It resolves inter alia to:

- Embark on an integrated programme of rural development, land reform and agrarian change;
- Strengthen the voice of rural South Africans, empower poor communities and build the momentum behind agrarian change and land reform by supporting the self-organisation of rural people;

- Build stronger state capacity and devote greater resources to the challenges of rural development, land reform and agrarian change;
- Ensure that the state regulates the land market effectively with a view to promoting the goals of rural development and agrarian change, limiting the unsustainable use of land for elite purposes;
- Review and change all institutional, legislative, regulatory and tax-related policies that create a bias in favour of large-scale, capital intensive, environmentally damaging agriculture and under-utilisation of land and which constrain the emergence of a vibrant, pro-poor rural economy;
- Support the growth of rural market institutions including through the provision of infrastructure and by helping rural communities and small farmers to build organisations which help them to access markets, build links with formal sector value chains and coordinate their activities to realise economies of scale;
- Where necessary, expropriate property in the public interest or for public purpose in accordance with the Constitution to achieve equity, redress, social justice and sustainable development;
- Work together with the progressive trade union movement, government agencies and civil society to realize the rights of farm workers and farm dwellers, combat human rights abuses and super-exploitation, and provision of support and advice to communities living on farms. To ensure the vigorous implementation of laws that protect farm workers and farm-dwellers by strengthening the capacity, resources and resolve of government to protect and advance their interest;
- Ensure that the allocation of customary land be democratised in a manner which empowers rural women and supports the building of democratic community structures at village level, capable of driving and coordinating local development processes;
- Find ways to stabilise food prices in order to prevent inflationary surges, protect food security and combat hunger;
- Accelerate the roll-out of rural infrastructure, particularly roads but also other services including potable water, electricity and irrigation and ensuring in particular that the former Bantustan areas are properly provisioned with an infrastructural base for economic and social development.

The **Resolution on Organisational Renewal** focuses mainly on internal organisational questions, which are obviously important in terms of the revitalisation of the ANC, and its ability to take the new perspectives of Polokwane forward. We focus here on those aspects, which deal with the relationship of the ANC to governance, as well as the Alliance. In this regard there are a number of important statement and proposals:

- (There must be) greater coordination between work of the ANC structures and governance work, to give strategic leadership to cadres deployed in the state and to improve capacity to hold cadres deployed accountable.
- Constitutional structures (must) strengthen caucuses as instruments for robust oversight, mutual accountability, collective leadership and discipline among cadres deployed to government, parliament, legislatures and municipalities.

- Improve capacity of ANC structures to monitor and evaluate the implementation of policy by cadres deployed in government. A monitoring and evaluation mechanism should be developed and include annual assessment of public representatives by branches and regions and mid-term performance evaluations by provinces and HQ.
- The National Policy Conference should become a consultative platform for policy review and debates in the run-up to National Conferences and a consultative body for the development of the Election Manifesto in the run-up to national and local government elections.
- The Policy Institute should be actualised as a matter of utmost priority
- We should strengthen list guidelines and processes for public representatives to enhance democratic participation, ensure that we select and deploy the best cadres for public office and involve the broader community in our candidate selection processes.
- Champion the introduction of a comprehensive system of public funding of representative political parties in the different spheres of government and civil society organisations, as part of strengthening the tenets of our new democracy. And (implement) an effective regulatory architecture for private funding of political parties and civil society groups to enhance accountability and transparency to the citizenry.
- Confirm the relevance of the alliance, united in action for the joint programme of social transformation, using its collective strength to continue to search for better ways to respond to the new challenges. We must enhance coordination amongst alliance partners, and strengthen the organisational capacity of each individual component. We should respect the right of Alliance partners to discuss and arrive at their own decisions on how they seek to pursue their strategic objectives.
- The leadership role of the ANC places on it the primary responsibility to unite the tripartite alliance and all the democratic forces. Within three months after Conference the NEC must convene an Alliance summit to discuss a joint programme of action, including strengthening local structures of the alliance, and an approach on how the alliance manages with differences and discipline.

The Resolution on **Transformation of State and Governance** has some progressive dimensions, including proposals to:

- Abolish *floor crossing*;
- The creation of a *single public service* needs to involve an engagement by the NEC sub-committee with relevant Alliance structures;
- The resolution on *transformation of the judiciary* has a number of progressive proposals, but the detail needs to be carefully scrutinized. The proposal for integration of courts into a single court system proposes that the Labour Appeal Court should be integrated into the SCA as a separate chamber and the Labour Court be integrated into each division of the High Court 'possibly as separate Chambers'. We need to respond to this proposal;

- Introduce *measures to combat corruption* both by “those who corrupt as well as those who are corrupted”. The resolution however is short on detail;
- On *post-tenure employment rules* for elected representatives and public servants, the NEC needs to urgently develop a framework to regulate “the flow of skills between the public and private sector”. The resolution proposes elements, which must guide this framework.

The **Resolution on International Relations** includes a number of progressive dimensions, inter alia:

- That the ANC, should ensure that the intensification of what it calls ‘economic diplomacy’ leads to “changes of colonial patterns of economic relations, and creates possibilities for equitable and balanced North-South relations, transformation and beneficiation of African natural resources, sustainable flows of Foreign Direct Investment (FDI), market access for products from the South to generate employment, and contribute to poverty eradication”.
- Related to the above the Resolution calls for a legislated code of good business practice, for South African companies doing business in the continent, and for the ANC to interact with countries in Africa to: encourage them to strengthen their labour and trade laws; and encourage the private sector/business to comply with the standards of the International Labour Organisation (ILO). The code of conduct should have general standards that guide it, such as prohibition of child labour, criminalisation of bribery, the encouragement of recruitment of local labour, imparting of skills, and contribute to the social responsibility programmes of that country;
- On Migration, Immigrants and Xenophobia, it was resolved that the ANC needs to review the current policy, legislation and systems; harmonise policies in SADC; called for humane treatment of refugees; and embark on programmes to combat xenophobia.
- Decided to convene a meeting of progressive parties and movements in Africa, as a run-up to holding a global meeting of all progressive movements; and formalise relations with progressive movements particularly in Latin America and Asia;
- Resolved to support various international struggles of oppressed peoples, but very weak on Zimbabwe (see below);
- Resolved to reject, with other African countries, current moves by the USA to enlarge its military presence in Africa by establishing the African Command military Centre (Africom).

The **Resolution on Communications and the Battle of Ideas** correctly notes that “the Media is a contested terrain and therefore not neutral, but reflects the ideological battles and power relations based on race, class and gender in our society”. It then goes on to undertake “to vigorously communicate the ANC’s outlook and values (developmental state, collective rights, values of caring and community solidarity, ubuntu, non sexism, etc) versus the current mainstream media’s ideological outlook

(neo-liberalism, a weak and passive state, and overemphasis on individual rights, market fundamentalism, etc.)”

The Resolution proposes a number of important interventions and objectives:

- To encourage a more representative and diverse media environment which must also address the qualitative transformation of the newsrooms that reflect the transformation agenda of the country;
- An investigation should consider the establishment of a Media Appeals Tribunal as a statutory institution, established through an open, public and transparent process, and made accountable to Parliament. The investigation should consider the mandate of the Tribunal and its powers to adjudicate over complaints expressed by citizens against print media, in terms of decisions and rulings made by the existing self-regulatory institutions.
- The proposed Tribunal has to be understood as an initiative to strengthen the human rights culture embodied in the principles of our Constitution Section 36 ...on the need to balance the right to freedom of expression, freedom of the media, with the right to equality, to privacy and human dignity for all.
- The state must substantially and urgently increase its funding of the public broadcaster from the current 2% to a minimum of 60% by 2010, so that the SABC can properly fulfil its public mandate.
- In accordance with the Broadcasting Act, the appointing body, (must) ensure that the SABC Board is representative of all sectors broadly in our society.

The expressed objectives of the proposed Tribunal are well understood. However COSATU needs to consider whether any of the concerns expressed about unintended consequences of this initiative may have validity.

3.2.5 Areas of Ambivalence

There are a number of areas in the Resolutions where either vague or ambivalent statements are made, which can be interpreted to mean different or even opposite things. In some cases Resolutions are silent on areas, even though they may have been debated at the Policy Conference or Polokwane. As indicated above, some of this may be because of the time pressures on the Conference, clumsy drafting, or even deliberate attempts by some technocrats to fudge issues. Of course it may mean that in some areas there is still insufficient clarity or coherence on one perspective, and a meshing of a range of different perspectives in what is sometimes a messy compromise. The latter situation obviously poses greatest challenges since in effect it means that some policy questions have not been fully settled, and that various interests will attempt to appropriate the direction of policy, using this gap. This is both a danger and an opportunity for progressive forces. But clearly there is a particular concern that those in government will attempt to dominate this policy debate, using their particular leverage. This is something that is already being witnessed in the post-Polokwane period.

Again, we will not attempt a comprehensive analysis of such areas in the Resolutions, but just point to those areas, which could have particular strategic importance for the Federation.

As was seen in the above analysis the **Economic Transformation** resolution, taken as a whole, is largely progressive, and reverses the market-driven, business as usual perspective of the original ETC document, on which the Resolution was originally based. However it still retains remnants of the original formulations, which creates a tension in the Resolution. The progressive, transformative and state-led dimensions of the Resolution are slightly watered down by the formulations on *BEE and anti-monopoly policy*, while raising some important issues, retain elements of the market-driven competitiveness model:

- “Broad-based BEE aimed at broadening and deracialising the ownership and control of productive assets by black people, women and youth, promoting new black enterprises which are engaged in the production of goods and services, building the skills required by the economy and advancing employment equity in every area of work and economic endeavour.
- Anti-monopoly and anti-concentration policy aimed at creating competitive markets, broadening ownership and participation by our people, addressing monopoly pricing and other forms of rent-seeking and anti-competitive behaviour and overcoming barriers to entry that inhibit the growth of small enterprises, including strategies to increase competition by promoting the emergence of new players in both South Africa and the SADC region.”

The formulation on *world trade*, quoted above while generally a progressive improvement on previous government policies, includes a formulation which might suggest that a degree of additional liberalization is acceptable, as long as it is not ‘significant’: “The position adopted by South Africa in global trade reform talks must continue to emphasise the need to retain policy space on tariffs and industry protection for developing countries and avoid obligations to significantly liberalise our manufacturing or services sector.”

Of course the most serious gap in the Resolution is any meaningful discussion on *macro economic policy*. The proposals by Provinces are not reflected in the Resolution, and to that extent, it should be accepted that delegates took their eye off the ball, and government technocrats managed to achieve their objective of avoiding clear policy directives from Polokwane on this holiest of holy cows. As discussed above, however, while the resolution is vague and ambivalent on this point, the formulation certainly lends itself to progressive contestation on the direction of macro-economic policy. It may be important in this discussion, to assemble the resolutions of ANC provinces on this question, since they raise a number of important questions on both monetary policy and fiscal policy.

An important element where there is some silence and ambivalence in the Resolution is on the question of *State ownership*. Again it is unlikely that this was the result of a deliberate decision by delegates, but rather the combination of time pressure, and a failure to bring forward the deliberations of the Policy Conference. In the Policy Conference Resolution, a number of decisions were ‘parked’ because it was determined that they ‘required further discussion’ before

Polokwane. The Policy Conference Resolution included the following important areas:

- “Commissions proposed the establishment of a State Bank to fast track development and that we establish a bank to provide start-up capital to small and micro enterprises and co-operatives.
- Retain and expand state ownership of strategic assets in sectors of the economy that are critical for the success of our economic transformation agenda, such as mining, steel, energy, ICT and land.
- The proposal that the state establish a mining company to exploit our mineral resources and direct the proceeds towards social needs should be discussed.”

None of these issues are included in the Polokwane Resolution. It is unlikely that this was as a result of a deliberate decision by delegates. Comrades who were in this Commission need to clarify whether these issues were incorporated in the Draft Resolution, which was put before the Conference. If they weren't, it might suggest a deliberate manipulation of Conference documents. If this were the case, obviously this would be a serious matter. If it was in the document, clarity is needed as to how these issues fell through the cracks.

It is also of concern that issues flagged in the Policy Conference resolution for further discussion on BEE, are not contained in the final resolution. These include:

- “Commissions highlighted the need for better monitoring of BEE implementation to avoid abuse and opportunism in the implementation of policy.
- BEE remains relevant and must be strengthened, with greater emphasis on collective benefit and ownership, including support to community business formations, micro-enterprises and cooperatives.”

The **Social Transformation Resolution**, as already indicated, is extremely weak and contains a number of confusing formulations. These include:

- The formulation on Health might create confusion as to whether the ANC is still supporting the creation of a NHI, or is opting for the problematic SHI, since the resolution doesn't take a stance on the SHI proposals. The Resolution states: “Reaffirm the implementation of the National Health Insurance System by further strengthening the public health care system and ensuring adequate provision of funding.”
- The Housing formulation is unclear and does not give a coherent directive in relation to the new housing strategy of integrated human settlements, and combating apartheid geography. It also does not clarify an approach to the provision of public housing, and public land.

The **Resolution on Rural Development, Land Reform, and Agrarian Change**, as indicated, is largely progressive. There are a few areas, however, which require clarity, or raise strategic questions:

- Although the resolution has a progressive statement on democratising the allocation of communal land to empower rural women etc, it is silent on the ANC's approach to the Communal Land Rights Act (CLARA) legislation, which COSATU opposed, which entrenches traditional leaders power over land, and privatises communally held land;
- The resolution also appears to be silent on the issue of publicly owned land, collective ownership and the promotion of rural co-ops.

The **Resolution on Organisational renewal** is relatively progressive but suffers from one major omission, namely:

- It is silent on the discussion of the relationship of the Alliance to processes of governance, the political centre, policy formulation, and the Alliance Pact.

The **resolution on the Transformation of State and Governance** requires additional scrutiny in the following areas:

- The part of the Resolution on Transformation of the Judiciary contains complex and detailed proposals on a range of areas, which we have not been able to do justice to for the purpose of this analysis. It therefore requires additional scrutiny;
- The Resolution although strong on the need to fight corruption, is largely silent in proposing concrete measures to fight corruption
- Under 'defending the democratic state' there is a confusing formulation which might be one-sided only in condemning violence by protestors and not condemning violence by the police: "The use of force during public demonstrations and mass protests resulting in such unacceptable actions as violent assaults against the people, intimidation in various forms, looting and destruction of property should be unequivocally condemned."

A further general observation which applies to a number of the Resolutions is that the spirit of the Conference, also reflected in the January 8 speech, of unleashing the creative energy of the people to address various issues, deepening democratic participation, and the relationship of this to governance, is not given clear expression in the Resolutions. The one exception to this is the formulation in economic transformation resolution which calls for "Building the capacity of the state to mobilise the people as a whole, especially the poor, to act as their own liberators through participatory and representative democracy" (1.10)

3.2.6 Problematic areas

Finally, we briefly identify here a few openly problematic formulations and decisions. We are not dealing here with silences or ambivalent areas. It should be stressed that these are exceptions in an otherwise largely progressive set of Resolutions

The **Social Transformation Resolution**, as already indicated, contains a number of problems. A key one is:

- Contradictory, ideological and confusing statements on social security. Including that it must be 'comprehensive' and 'targeted'- a contradiction; that grants must be 'linked to economic activity' suggesting a coercive USA style workfare approach – (this is a system wherein to be entitled to welfare you must prove that you have not refused any job on offer – this force workers to accept any job no matter how bad or poorly paying); and excludes the statements from the Policy Conference resolution that “There is a need to expand the social wage”. And “targeted interventions in this regard should include measures aimed at unemployed adults”. Therefore it again (as in previous resolutions) claims to be advancing 'comprehensive social security' but only focuses on children and pensioners, thereby leaving the huge gap occupied by unemployed adults.

The **transformation of State and Governance** Resolution contains the following problem area:

- The Resolution to retain the current PR (proportional representative) electoral system (and therefore rejection of our demand to introduce a constituency based element at national and provincial level)

The **International Relations Resolution** has one major problem

- Its approach on Zimbabwe is very weak and merely states: “The people of Zimbabwe in the main would find a solution to their current problems. The Conference expressed support for South Africa's mediation effort as mandated by the SADC region.”

3.2.7 Conclusion

Let us re emphasize that the resolutions from Polokwane are largely progressive and does not represent business as usual. Shifts happened consolidating in some areas the shifts that we celebrated after the ANC Policy Conference. But as we have indicated in some areas there is ambivalence, confusion, contradictions and outright problematic areas in few areas. The challenge COSATU we faces is how do we consolidate the advances and fight for a more progressive interpretation of resolutions. How do we deal with the ambivalences, contradictions and problematic formulations? Overall how do we position the Federation to continue the march of ensuring that our revolution is leads to fundamental change? The section below seeks to address some of these questions.

4. Strategic Options and Challenges for COSATU

Polokwane represented a sea change in the ANC, generally in the positive direction. It has definitely opened new exciting possibilities that the working class must grasp to maximise its political gains. At the same time there are certain risks in the political climate. The most obvious risk is the unravelling of the coalition of forces that coalesced around the 'JZ-led' leadership collective campaign. Another risk is that the legacy of the past 10 years is still with us for example the email saga; special browse report, suspension of the NPA director has not been settled. How we handle these delicate issues will set the tone for the coming few years. This section discusses political strategy for COSATU to navigate this exciting and complex terrain.

COSATU's political strategy must be informed by the principle of empowering the working class and placing its concerns at the centre stage. The working class must win more allies towards its goals and interests and therefore avoid alienating potential supporters. This is easier said than done and the temptation to take short cut or path of least resistance can be tantalising. The temptation for triumphalism in view of the decisive outcome of Polokwane must be avoided. Still what adjustments is necessary post-Polokwane? We have definitely entered a new period but what should be our posture and tone?

The first option is to be exceedingly cautious to avoid rocking the boat and the fragile coalition emerging from Polokwane. In this option the Federation will moderate its stance, particularly in public because it fears to alienate the new ANC leadership. This places tacit faith in the ANC leadership collective to consistently pursue a worker-friendly political rhetoric and perhaps even interventions. This posture must however be evaluated on the ground whether the working class is being empowered and is on the driving seat. Another danger of this approach is to place too much faith in leadership processes while demobilising members in the long run. COSATU will then fall into a false sense of comfort until it is rudely awoken one day.

Within the contours of this option, if it is seriously considered by the Federation the question then is what is our leverage? COSATU's source of strength in any of the scenarios includes the moral obligation on the new leadership to respond to wishes of the popular masses that placed them in office. Capacity to mobilise is also COSATU source of strength but should not be taken for granted.

If it is accepted that the situation is fluid, reflected for example by the contradictory approach of reassuring capital and labour, then a different strategy is required altogether. It is a strategy that first and foremost places COSATU's organisational muscle as the key decisive factor to tilt balance of forces. It is therefore, not a strategy based on a belief in messiahs that somehow will act on behalf of the class.

The objective constraints as well as opportunities facing the current leadership must be fully unpacked to avoid unrealistic expectations on what is possible or feasible. It must also be borne in mind that things may further change in 2009

when the new leadership moves into government and no one can tell how things will shape up.

Having said that, it goes without saying that political approach and tone of the Federation may have to adjust to the new reality, but there is no compelling reason for the federation to abandon its multifaceted strategy of engagement. The Federation cannot place all eggs in one basket as class contestation is still intense and the working class is reasserting its power. The best assurance for COSATU is not mere undertakings by leaders but a concrete programme with clear implementation strategies, as well as monitoring and evaluation. In this context, the mooted alliance summit and the electoral pact should be considered as important vehicles to obtain strategic agreement on the way forward. The CEC must therefore confront the following questions:

- a. What should be on the agenda of the Alliance Summit including the issues of an Electoral Pact and election Manifesto?
- b. How do we knit the different engagement processes to achieve clearly set out goals. How should we use NEDLAC, the President Working Group, bilaterals with Ministers, and so forth?
- c. In terms of deployment, should we revisit the decision to deploy COSATU leaders as MPs and in other positions of power in 2009?

5. National Elections

The ANC has correctly started to prepare for the next elections, which will take place around April – May next year. COSATU already is being drawn into task teams to prepare for these elections and is participating.

The National Congress whilst calling for the strengthening of the Alliance made it clear that it will no longer sign a blank cheque. In this context the congress called for the restructuring of the alliance and the introduction of the Alliance Pact or a programme of action for governance.

The CEC must discuss the totality of the political report and indicate if the shifts that we have seen on Polokwane, January 8 statement and Lekgotla are good enough and satisfy the congress demands. Further we must however relate the shifts to the practical reality of the government programmes. To measure the shifts in the context of the effective two centres of power makes the whole assessment a little bit more complex than it would be after 2009.

Lastly, we need to discuss if COSATU will back any of its leaders to stand for parliament and government in 2009. This cannot be just a debate about advancement of the career of tired unionist or even those ejected upwards, but must involve a serious debate about what we seek to achieve. The broader assessment of our deployment strategy in the context of the congress resolution has to be made. Congress demanded that we should have a broader right to recall those we deploy to government.

6. Conclusion

Granted this political report was rushed and could have been better but it does allow for a start to discussion that may also be a good start to analyse our efforts in the run up to the 10th National Congress in September 2009. A number of questions that were asked in the framework that is in the annotated agenda may have not been all answered. The duty of the CEC will be discuss this and interact with the ANC President and other officials of the ANC who will be present at the CEC.

7. **Annexure A: ANALYSIS OF ANC 52ND NATIONAL CONFERENCE RESOLUTIONS AGAINST COSATU POLICY**

NO	ANC RESOLUTIONS	COSATU POSITION	COMMENTS
ORGANISATIONAL RENEWAL			
1.	<i>Policy Formulation, Monitoring and Evaluation</i>		
	National Policy conference should become the consultative body for policy review and the development of the election manifesto. Actualisation of Policy Unit.	Policy development and implementation should be informed by a collective endeavour through the alliance as the political centre. Structured and binding alliance pact with conditions and minimum agreed goals, and that would form the basis for an alliance manifesto for 2009 elections.	Considerable gap between two positions, with no explicit mention of alliance role in policy formulation. Arguably may be further weakened by strengthening of ANC capacity through Policy Unit in the absence of corresponding alliance centre. No mention of alliance pact, raising questions about the enforceability of the election manifesto.
2.	<i>Alliance, MDM and Civil Society</i>		
	Confirmed the relevance of the alliance in pursuit of joint programme of social transformation. Policy conference resolution confirmed regarding individual alliance partner's rights to make own decisions. ANC's has primary responsibility to unite tripartite alliance. The NEC to convene Alliance summit within 3 months to discuss joint programme of action.	While led by the ANC, alliance partners should recognise one another's independence and equal status. Review of alliance structure so that all partners play a meaningful role in NDR. Alliance constituted as the political centre with authority over deployments, governance, policy formulation and implementation. Review of functioning and co-ordination to include regular and dedicated convening of alliance secretariat and ten-a-side meetings.	No provision for alliance as the political centre. However, it is positive that the policy conference resolution stating that ANC is the leader of the alliance in the execution of the NDR has been dropped. Convergence between positions on independence of individual partners. Opportunity to take up COSATU proposals on co-ordination between partners at the proposed Alliance summit.
SOCIAL TRANSFORMATION			
3.	<i>On Social Security</i>		
	Emphasis on <i>comprehensive</i> security net, with condition that grants to be linked to economic activity so not to create "dependency". Mandatory system of retirement fund to be created for low-income groups.	Maintains call for the BIG (Basic Income Grant) as part of <i>comprehensive</i> social security system.	Extension of CSG to children up to 18 years is major advance. However, absence of BIG combined with misconceptions of creating dependency reflects wide gaps between two

	<p>Child support grant (CSG) to be gradually extended to 18 years and equalisation of pensionable age to be set at 60 years.</p> <p>Rejection of proposal for grant to those living with HIV/AIDS</p>		<p>positions.</p> <p>Also fundamental differences in what constitutes a "comprehensive" social security net. ANC proposals are selective and would allow many living in poverty (with or without an income) to be excluded since they do not qualify for any of the conditional grants.</p>
4.	On Education		
	<p>Education to be one of priority programmes for next 5 years, with emphasis on quality.</p> <p>Need to develop comprehensive strategy on Early Childhood Development (ECD).</p> <p>Progressive expansion of school nutrition programme to include high school learners.</p> <p>No fee schools to be expanded to 60% by 2009, with progressive introduction of free education until undergraduate level.</p> <p>Building of schools to be included in EPWP.</p> <p>Review of ABET to ensure that it responds better to skills demand.</p>	<p>Supports free quality public education for all (including for ECD, ABET and FET) as a basic right.</p> <p>Education transformation to be based on equity and equal access for all with funding mechanisms to achieve this.</p>	<p>Resolution on free education until undergraduate level constitutes major advance of ambiguity of ANC Policy Conference resolution.</p> <p>Emphasis on ECD, expansion of nutrition programme, and building of schools also positive.</p> <p>Insufficient commitment given to ABET in ANC resolution, which is lacking in substance in relation to implementation.</p>
5.	On Health		
	<p>Alongside education, healthcare is a key priority over next 5 years.</p> <ul style="list-style-type: none"> • Reaffirm implementation of the NHI • Government to intervene in high health costs and prices, including through a state-owned pharmaceutical company. • To consider making HIV and AIDS notifiable, with a distinction being drawn between the two. Negative consequences, such as stigma, also to be considered. <p>Accelerate the rollout of ARVs at all health facilities, whilst strengthening capacity to monitor side-effects.</p> <p>Acceleration of hospital</p>	<p>Call for public health sector to be qualitatively strengthened.</p> <p>HIV/AIDS intervention should be prioritised by ensuring all access to adequate solidarity, information, prevention, testing, treatment and nutrition.</p> <p>Support the encouragement of voluntary counselling and testing and disclosure, with emphasis on voluntary nature of testing and disclosure</p>	<p>Convergence on most proposals with following qualifications/exceptions:</p> <ul style="list-style-type: none"> • Conflict between ANC proposals to make either HIV or AIDS notifiable and COSATU support for voluntary testing and disclosure. • Although COSATU supports the introduction of a NHI, there is likely to be conflict with ANC's proposed model which is closer to a SHI. <p>Accelerated rollout of ARTs would find support. While reference to side effects appears to be an attempt to weaken resolution, real gap is omission to make explicit proposals on financing.</p>

	revitalisation programmes including through reliance on "partnerships".		Worrying reference to partnerships may mean reliance on PPPs.
6.	On Housing		
	<p>Development of appropriate legislation to prevent mushrooming of informal settlements.</p> <p>Alternative housing such as rental stock to be considered.</p> <p>Consolidation of housing-related grants</p> <p>"Once-off injection" of resources and extraordinary effort to be considered to fast track housing delivery.</p> <p>Dedicated housing development agency to be employed to accelerate land acquisition.</p>	<p>COSATU position broadly supports the right for decent housing, including prioritising specific sectors such as farm workers or farm dwellers.</p>	<p>Overall ANC proposal is an insufficient response to housing crisis.</p> <p>It is a concern that the response to informal settlements is a legislative one when socio-economic factors drive the creation of informal settlements as well as apartheid determining racial based spatial patterns, especially taking into account location of work and schools in relation to households.</p> <p>Correct acknowledgement by the ANC that slow pace of delivery is linked to financial provision. However, failure follows up with a more instructive resolution.</p> <p>Role of housing development agency is a concern, not only because of agentisation but also the likely fragmentation of State response to housing provision.</p>
7.	On Land and Agriculture		
	<p>Discard market-driven land reform and review the willing seller willing buyer principle. State must exercise its legal right to expropriate property.</p> <p>Proposed regulation of ownership of land by non-South Africans.</p> <p>Review adequacy of post settlement for beneficiaries of land reform programme.</p> <p>Allocation of customary land to be democratised and "should not only be the preserve of traditional leaders".</p>	<p>Accelerate land reform to reduce income inequality and support household food security and production of basic foods.</p> <p>Large-scale land reform is required to address apartheid legacy and increased budgetary allocation for this purpose.</p> <p>Support increased use of government's right to expropriate land.</p>	<p>Significant convergence between the two positions. However, likely difference to arise in respect of determination of appropriate budgetary allocation for the implementation of proposals.</p> <p>Support for proposals regarding customary land. However, contradiction in that the 2004 Communal Land Rights Act finally about to be brought into operation in 2008.</p>
8.	Water, Forestry and Sanitation		
	<ul style="list-style-type: none"> ANC reaffirms objective of realising universal access to free basic water, electricity and sanitation. 	<ul style="list-style-type: none"> Access to free basic services should be implemented on a universal basis and as an absolute right. 	<p>While ANC proposals are to be supported especially in relation to free universal basic services,</p>

	<ul style="list-style-type: none"> Review the mandate and composition of water service institutions and align to development imperatives. <p>Increase infrastructure timelines to allow more labour intensive construction.</p>	<ul style="list-style-type: none"> Sufficient free basic water and electricity per person per day should be implemented with a progressive rising block tariff. No one should be disconnected from the initial free amount. <p>Calls for the outlawing of pre-paid meters.</p>	<p>implementation/delivery lies in appropriate budgetary allocations.</p> <p>Further there is need for more unequivocal rejection of the role of water service institutions, essentially PPPs.</p>
ECONOMIC TRANSFORMATION			
9.			
	<p>Strengthening the role of the state including through the creation of an institutional centre for government-wide economic planning, integration and harmonisation across all government spheres, ensuring a strategic role for the developmental state in shaping key sectors, building and strengthening of development finance institutions.</p> <p>Focus on the building of small and micro enterprises, whilst ensuring that fundamental worker rights are protected.</p> <p>Emphasis on the creation of decent work in economic policies, the terms of reference of development finance institutions, public procurement, industrial and trade policy reforms and macroeconomic policy stance.</p> <p>Adoption of anti-monopoly and anti-concentration policy aimed at creating competitive markets, broadening ownership and participation, addressing monopoly pricing and other forms of rent seeking.</p> <p>Labour-intensive production emphasised as a mechanism for absorbing the unemployed.</p>	<ul style="list-style-type: none"> 9th Congress resolution on re-emphasising Freedom Charter and RDP provisions on nationalisation, including of key and/or monopoly industries such as mining, telecommunications, petrochemicals and banks. Pass legislation enabling state takeover of industries that have been abandoned or are in financial trouble. <p>Drastic steps to redistribute wealth, including scrapping VAT and increasing tax on company profits.</p>	<ul style="list-style-type: none"> While ANC resolutions contain positive anti-monopoly elements, not far-reaching enough. <p>ANC proposals on the state are generally positive, but in contrast to COSATU position, still do not reflect strong enough active roles for the state.</p> <p>Need for clarity on the role of government-wide institution for economic planning. May be positive if it reverses the approach of the current Office of the Presidency in undermining public consultation and NEDLAC's status in economic planning.</p> <p>Greater emphasis on worker rights and decent work reflects major advancement from ANC Policy Conference resolutions.</p>
RURAL DEVELOPMENT, LAND REFORM AND AGRARIAN REFORM			
10.	<i>Land Reform and Farm Workers</i>		
	Integrated programme of rural development, land reform and agrarian reform based		Proposals should be generally supported. However, omission to provide for

	<p>on provision of socio-economic infrastructure, quality government services, redistribution of 30% of agricultural land before 2014, reform to support subsistence food production and expanding role of small-holder farmer, and defending rights and economic position of farm workers and farm dwellers.</p> <p>Supporting self organisation of rural S.Africans, and working together with progressive organisations. ANC branches to work with alliance partners to assist in organisation and unionisation of farm workers.</p> <p>Legislative reform and introduction of special land tax to create incentives to dispose of under-utilised land and address ownership concentration.</p> <p>Review national agricultural policies, including those on subsidies, tariffs, marketing institutions, against objectives of land reform, food security and inflation.</p>		<p>appropriate financing arrangements may mean no real change in the long term.</p> <p>Since there are very low levels unionisation of farm workers (estimated at approximately 4%), support of ANC branches would be welcome. However, this should remove the main responsibility of trade unions in this respect.</p>
TRANSFORMATION OF STATE AND GOVERNANCE			
11.	<i>Electoral System</i>		
	<p>Current electoral system (i.e. Proportional representation – PR) should be maintained.</p>	<p>COSATU has maintained its call for the introduction of mixed electoral system incorporating both PR and constituency based systems, with 65% of representatives being elected on the constituency –based system.</p>	<p>Wide gap between two positions. Arguably ANC position shifts even further away since ANC Policy Conference contained a weak proposal on further research on the possible introduction of a mixed electoral stage in the future.</p>
12.	<i>Floor Crossing</i>		
	<p>Floor crossing should be abolished.</p>	<p>COSATU is vehemently opposed to floor-crossing legislation and would be in support of repeal of the relevant legislation.</p>	<p>Significant gain from ANC Policy Conference, which was ambivalent in this respect.</p>
13.	<i>Single Public Service</i>		
	<p>Creation of a Single Public Service (SPS) that will unify <i>administration</i> in the 3 spheres of government.</p>	<p>COSATU resolutions support:</p> <ul style="list-style-type: none"> The rationalisation of conditions of employment and remuneration, which should 	<p>Whilst not opposing the unification of different administrations in government spheres, it is</p>

	<p>Establishment of a structure within Legislature and NEC to support implementation of SPS and facilitate engagements with Alliance and ANC Caucuses.</p>	<p>entail <u>uniform</u> working conditions for all workers across all government spheres. This should also include re-incorporating employees of specific sectors (for e.g. educators) and public entities (e.g. parastatals and government agencies including those at local government level) back into the public service.</p> <ul style="list-style-type: none"> The legislative process should be orientated towards increasing employment through the permanent and quality jobs in the public service, in line with broad developmental objectives. <p>Addressing inequalities especially within local government as well as between the public and private sectors.</p>	<p>problematic to conflate this with unification of employment conditions of workers in government.</p> <p>Of concern is that ANC resolution makes no mention of uniform employment conditions. This reflects SPS Bill at NEDLAC, which will be tabled in Parliament in 2008, and which allows differentiation of employment conditions depending on financial capacity of municipalities. This will entrench in legislation existing disparities in local government that correspond to urban-rural and racial divides. Further ANC should have committed to ensuring adequate budgetary provision for the funding of uniform employment conditions on the public service.</p> <p>Of further concern, the ANC resolution does not envisage the reincorporation of employees of government agencies and public entities back into the public service.</p>
<p>14. Transformation of the Judiciary</p>			
	<p>Single, integrated court system, with the Constitutional Court as the highest court in all matters.</p> <p>Labour Appeal Court (LAC) to be integrated into the Supreme Court of Appeal (SCA) as a separate chamber and the labour court will be integrated into the High Court <u>possibly</u> as separate chambers.</p> <p>Specialist advisory body (consisting mainly of legal practitioners) to advise rules of court, which will be approved by the Minister and Parliament.</p>	<ul style="list-style-type: none"> COSATU has maintained position that the labour courts should be retained as a SEPARATE specialised court, with the inclusion of the retention of NEDLAC's role in the appointment of labour judges as well as developing of labour court rules. <p>Also calls for review of the composition of the Judicial Service Commission (JSC) to include organised labour and community representatives. This would allow these structures to also participate in the process of development of judicial training programmes and a judicial complaints mechanism and appointments of ordinary judges.</p>	<p>The ANC resolution substantially negates one of the most important post 1994 gains introduced by the LRA by abolishing the labour courts. Further the role of NEDLAC (specifically Labour's participation) has been removed both in the appointments and rule-making processes.</p>

	Above resolutions to be urgently implemented before end of present term of current government.		
15.	Review of Provincial and Local Government		
	NEC to ensure that ANC summit is held to input in the development of a White Paper on Provincial Government and review the Local Government White Paper.	The status and powers afforded provincial governments have resulted in the continued fragmentation of the country politically and economically, and has resulted in the promotion of damaging competition between provinces, thereby preventing radical redistributive measures and marginalising citizens in smaller or poorer provinces. Accordingly the review of the current role of provinces would be welcomed.	The ANC resolution does not reflect explicitly on the substance of any policy shift at this stage. However, the initiation of the policy consultation process reflects a valuable opportunity push for constitutional reform around the role of provinces
16.	Post-Tenure Employment Rules		
	The NEC to develop a framework on post-tenure rules. This would include a cooling-off period during which public representatives and senior officials in the public service will be prohibited from accepting appointment to a board, employment or any other substantial benefit from a private sector organisation that has benefited from a contract, tender or partnership agreement with the public service/state in a process that the official has participated in.	COSATU would be in support of very stringent restrictions on post-tenure employment rules.	General convergence between the two positions; however of concern is that the ANC resolution lacks substance, which would have been more appropriately developed at the ANC conference rather than by the NEC alone.
17.	Defending the Democratic State		
	Reaffirmed the need for respect for institutions of the democratic state and public property during the exercise of the right to engage in public demonstrations. "Unequivocal condemnation" of the use of force during public demonstrations and mass protests.	Without condoning the promotion of public violence the 9 th Congress: <ul style="list-style-type: none"> reiterated the right of workers to demonstrate and picket should be defended, and that the police be trained to deal with crowd control in a peaceful manner. condemned police brutality during peaceful demonstrations, and called an immediate stop to unnecessarily violent police response to these situations and the arresting of leaders during marches. Resolved to campaign for the democratisation of the process	There is considerable divergence between the two positions about where the responsibility lies in respect of violence during protest action. The ANC position takes no responsibility for common (proven) cases where workers/ demonstrators have been provoked or also where police have fired on peaceful and/or retreating demonstrators. Also to be noted in this respect is the move to revise and

		of applying for gatherings and marches, including removing the powers of municipalities to unilaterally withdraw the right of workers to gather or march in the course of a strike.	significantly extend the restrictions of national key point's legislation currently at NEDLAC and scheduled to be tabled in Parliament in 2008.
18.	Establishment of a Women's Ministry		
	ANC policies and programmes need to address feminisation of poverty and serious consideration to be given to the establishment of a Women's Ministry.		While COSATU does not have resolutions <u>explicitly</u> supporting a Women's Ministry, its overall approach to prioritise gender equality would be compatible with the establishment of one. Further a high level Women's Ministry may have a more meaningful impact than the Office on the Status of Women currently located in the Presidency.
PEACE AND STABILITY			
19.	Single Police Service		
	The Directorate of Special Operations (Scorpions) to be dissolved and its members to be incorporated into SAPS.	While COSATU has not previously issued an explicit call for the dissolution of the Scorpions, it as been critical of the political motivations underlying the cases that it pursued and the undue influence of the Presidency.	No conflict between the COSATU and ANC position. However, provision should be made for adequate HIGH level checks and balances to counter the possible abuse of power by senior police officials, as illustrated by the charges of corruption against the current Police Commissioner.
INTERNATIONAL RELATIONS			
20.	A Business Code of Conduct in the Continent		
	In principle support for the development of a code of good business practice, that would apply to South African companies doing business on the continent. Other African countries would be encouraged them to strengthen labour and trade laws and encourage business compliance with ILO standards. The Code would entail general standards such as the prohibition of child labour and would also encourage the recruitment of local		In line with general call for the implementation of decent work principles and solidarity with other workers on the continent, the development of the Code represents a valuable opportunity to advance the rights of workers on the continent. It would be important to ensure that this process be completed through NEDLAC.

	labour, skills transfer and social responsibility.		
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