

Chapter 1

Neoliberal Corporatism: Origins and Implications for South Africa

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Introduction

In 1994, the major challenge facing the ANC Government was how to forge a process of accelerated growth that would raise the country to a higher status of development, whilst relieving the socio-economic backlogs and imbalances acquired from the past regime (Coetzee, 1993; Murray, 1994). The policy positions adopted by the South African Government to meet these problems were in many respects predictable, centred on a World Bank approved structural adjustment programme known as the Growth, Employment and Redistribution Programme (GEAR). This neoliberal package was, however, very different to the Reaganite and Thatcherite paradigm associated with neoliberal conservatism in North America and the United Kingdom, in that it employed a corporatist programme reminiscent of the accommodation between labour movements and capital common to post-war Europe. In other words, the South African government has adopted what we might call 'neoliberal corporatism', a phenomenon not dissimilar to the models used by Hawke and Keating in Australia (Bramble and Kuhn, 1999), Cardoso in Brazil, or even Menem in Argentina (Munck *et al.*, 1987). All of these – to varying degrees – employed corporatist arrangements to ensure the acceptance of neoliberal free market policies on the part of the trade union leadership. Such political strategies commonly promise the trade union leadership a stake in the state's economic decision-making process in return for containing the radicalism of their membership.

This chapter considers neoliberal corporatism and its implications for South African labour. It firstly identifies the traditional or 'welfare' model of corporatism typical in the post-war decades through to the 1970s. Such corporatist arrangements are defined as a form of state-structured class collaboration, with its overwhelming usefulness to the bourgeoisie – in particular the business classes – being recognised. This section examines the role of the state in corporatist institutions in order to demonstrate that the state is capable only of taking action in the rational interests of capitalism. The account then proceeds to evaluate the decay of the welfare corporatist model and the alleged demise of the nation state, in light of the rise of free market polices of the 1970s and 1980s. It acknowledges the changing,

yet still significant, role of the state since this period and the use that governments have made of neoliberal corporatism. Finally, the South African experience of neoliberal corporatism in the 1990s is examined, and an assessment made of whether the South African labour movement can benefit from such a model.

The heyday of welfare corporatism

The classic definition of corporatism is provided by Panitch (1981, p. 24) who describes it as '... a political structure within advanced capitalism which integrates organised socio-economic producer groups through a system of representation and co-operative mutual interaction at the leadership level and mobilisation and social control at the mass level'. Whilst corporatism usually requires a formal tripartite commitment by labour, capital and state, established within long-standing institutional arrangements at industry and national levels, the essence of corporatism is not institutional but political, crucially the voluntary subordination of sectional or class interests to the requirements of the 'national interest' (Bramble and Kuhn, 1999, p. 5). The institutionalisation of the trade unions, inherent in the corporatist strategy, works as a mechanism of social control, and aims at integrating sections of the working class into capitalist society. Hyman (1975) argues that the strategy is particularly useful to the state when the working class is strongly organised, yet adversely affected by changing economic policies.

Advocates of corporatism claim that the working class can obtain genuine benefits from corporatism in situations when labour is strongly organised, when the state does not have the power to be coercive, and when the interests of the bourgeoisie are divided (Crouch, 1977). Writers such as Cameron (1984), Korpi (1983) and Stephens (1979) concede that whereas not every labour-inspired reform will usher in socialism, social contracts may still promote some of the short-term interests of workers within capitalism. Supporters of corporatism point to the strong tripartite relationships established between trade unions, states and employers in countries such as Germany and Sweden in the post-war decades. The Northern European variants of corporatism are credited with advancing wages and social benefits for the working classes of these countries (Marshall, 1996).

Critics of corporatism, such as Panitch (1976a), argue that social contracts are detrimental to working-class interests because social democratic parties are invariably forced to adapt their programmes to operate within the confines of the capitalist state and economy. Panitch (1976a) accepts that the capitalist state enjoys a transitory degree of autonomy from the ruling class and that it can respond to working-class pressure (within limits), but argues that corporatism operates overall to the detriment of workers.

In order to evaluate the arguments of the supporters and opponents of the corporatist strategy, it is useful to explore the nature of the state and its reasons for adopting corporatism at particular historical conjunctures. Such a discussion helps to assess whether the state is genuinely able to concede labour's demands during corporatist arrangements, or is more likely to use the model as a means of

facilitating class collaboration in the face of labour resistance to unfavourable economic policies.

A materialist view of the state is a useful framework for understanding the nature of the state. Materialism treats the different parts of the system not as things but relations involving the exploitation of labour at the point of production (Holloway and Picciotto, 1980; Holloway, 1996). The state is incapable of escaping its role of maintaining the overall conditions for capital accumulation but must maintain, *inter alia*, the free flow of capital, the education system, the armed forces, the legal system, and, perhaps most importantly in this case, control over the labour force. It undertakes these functions willingly, in part at least, because it is dependent upon the prosperity of capitalism for continued growth of state revenues.

Yet the modern state is not just a state operating in capitalist society, but a capitalist state, since its entire existence is tied to the promotion of the reproduction of the capitalist social relations as a whole. It is possible to recognise that the state is capitalist because it is part of the whole 'bourgeois society'. As a form of capitalist social relations its existence depends on the reproduction of these relations (Burnham, 1996; Holloway, 1996). In extreme cases, such as the former Soviet Union, states have been totally centralised into one national state capital. More common has been the pattern whereby some elements of the productive infrastructure are owned directly by the state (in the form of nationalised industry) while the majority are locked into a mutually dependent relationship with the state. An example of the latter is the arms industries of the United States and United Kingdom which are almost entirely dependent on state orders for their profits (Barker, 1978, p. 123). In no case, however, are states independent of capitalism, as failure of any state to adapt to the constantly changing conditions and ideology necessary to create the surplus for capital accumulation will result ultimately in the collapse of that state.

This is not to argue that the state is a mere reflection of the economic base. It is more complex than this. States are not separate from capitalism; they are part of a world order which compels each individual state to promote capital accumulation. It might therefore be better to understand the way capitals and modern states interact, not by seeing them as distinct forms but by taking a holistic approach and analysing them in the course of historical development (Harman, 1991; Ruigrok and van Tuijthof, 1995). We might use insolvency law as one way of shedding light on the relationship. British insolvency practices, for example, give visibility to conflicts over entitlement to property, assets and claims to future income. These conflicts provide a fertile field for exploring how the institutions of advanced capitalism resolve raw antagonisms over property rights, and, more importantly, how the institutional arrangements for adjudicating financial conflict are themselves socially constructed to preserve class privilege and domination. The class nature of the insolvency system in the United Kingdom, where the 'rule of law' and the 'rule of money' come into play, can be demonstrated through the recent case of a large insurance firm, Chester Street Insurance Holdings, which chose to go into voluntary liquidation in 2000 when confronted by large numbers of claims from asbestos victims (Atherton, 2001). Similarly, American steel firms in financial difficulty have sought protection from pension claims by retired employees by the use of

'strategic bankruptcy' (Delaney, 1992), invoking Chapter 11 provisions of the federal Bankruptcy Code and passing the burden of pension payments onto the US Federal Government (Hufbauer and Goodrich, 2001). The use of the law in this manner is illustrative of the ways in which legal structures operate essentially to further the interests of capital.

To set the foregoing in a more theoretical context, it is the state's modern form that betrays its bourgeois nature. The very form of the state expresses the fact that the capitalist state is not something above and separated from the relations of capitalist production, but is itself directly part of those relations (Barker, 1978; Burnham, 1996). The division of social 'functions' between the state and the market itself does not open up the issue of autonomous action by the state. States are integral to a system whose logic forces both them and individual capitals to continually adopt new methods of achieving profits and accumulation. In short, it is best to view the system as a social whole, contradictory and unstable, with no one individual state or capital in control. Examples of this instability can be found in East Asia, where once booming economies in countries such as South Korea, Thailand and Malaysia underwent financial crashes in 1997-8 that spread to the entire region. Even Japan, the second largest economy in the world and once one of the largest investors in the area, was incapable of assisting its neighbours, owing to stagnation in its own economy resulting from the collapse of an earlier speculative boom in the 1980s based on stock markets and real estate.

A critical point here is that no one state or capital directly controls the process of accumulation. All parties are struggling to obtain domination in what is inevitably a contradictory and uncertain terrain. Moreover, this terrain involves not just conflicts between and within capitals and states but also conflicts arising out of the class contradictions of capitalism, based on the contradictory relationship between labour and capital – a mutual but exploitative relationship (Burnham, 1996; Holloway, 1996).

Although the central function of the state may be to discipline the labour force and to undertake policies that support the dominance of the surplus-appropriating class, the state may also take independent action, which at times may mean overriding the immediate interests of capital, by granting concessions to labour in order to contain any serious resistance to capitalism. It is the tensions and contradictions intrinsic to capital-labour relations that account for the changes in the various modes of state regulation. The reality of class contradictions can force the state – on occasions – to acquiesce to labour's demands for reform and compromise, in order to minimise resistance to capitalism and thereby maintain the status-quo (Giddens, 1981; Burnham, 1996). However, there are strict limits to which the state can prioritise the demands of labour over business, precisely for the reasons outlined.

Class contradictions forcing concessions from the state were, as Panitch (1976b) explained, clearly evident in the United Kingdom in the 1970s. The British state's initial response to the economic crisis posed by inflation and increased worker militancy in the early 1970s was to resort to repression under the Heath Government (Taylor, 1989). This was swiftly followed by a return to corporatist arrangements under Labour from 1974 to 1979, in the form of a Social Contract

which aimed to resolve the economic crisis by reducing labour costs and controlling trade-union behaviour by incorporating union leaders into various government structures. Union leaders agreed to restraint and self-discipline only after extracting the promise of industrial democracy and a framework of progressive legislation. However, as Panitch (1976b) points out, many of these promises failed to bear fruit. Instead, trade union leaders were enmeshed into the apparatus of the state and effectively 'policed' a policy of wage restraint, which reduced the value of real wages for members and undermined the traditions of lively rank and file militancy which had driven the major union mobilisation of the late 1960s and early 1970s (Darlington and Lyddon, 2000).

Other examples of how welfare corporatism has been used to minimise resistance to capitalism include the much more developed model of corporatism in place in Northern Europe, which played an important role in undermining class conflict in countries such as Germany and Sweden (Marshall, 1996; Upchurch, 2000). The 1952 *Works Councils Act* in Germany, for example, served to consolidate the power of the entrepreneur and evict the trade unions from small businesses. In large enterprises, trade unions were given protected status in law and rights to co-determination but only in return for a 'peace obligation' involving bureaucratic control over rank and file activity and restrictive strike-ballooning rules (Upchurch, 2000, p. 69). Similarly in Sweden the state introduced corporatist institutions largely in response to the threat of industrial conflict and in order to win a commitment by trade unions to wage restraint (Marshall, 1996, p. 6).

Corporatism and state institutionalised regulation is, therefore, effectively a tool used by the state to conceal the centrality of conflict in the fundamental structures of capitalist relations of production (Hyman, 1975). The extent of this concealment means that the Trade Union leadership is prepared to concede ever-greater proportions of its power in return for apparent concessions from the state. In practice, as Friedman and Reizes (1996) explain, whilst corporatist experiments may appear to offer greater access to state decisions by organised labour, the ability of workers to influence state decision-making is fundamentally weakened by their interior bargaining position in relation to employers: an employer has the power to take his or her business elsewhere, and while individual workers can move to different labour markets, this option is not available to the whole labour force. Under such a system, labour appears to have considerable formal power and political leverage, but in reality cannot match the strength or resources of the full force of capital (Hyman, 1975).

In summary, welfare corporatism is in essence a mechanism of social control aimed at integrating sections of the working class into the state (Hyman, 1975). The state is an integral part of the relations of capitalist production (Burnham, 1996), without any institutional separation from the immediate process of production. In certain circumstances, a social democratic government in alliance with a trade union federation may be able to legislate and implement a wide range of radical changes, and in that sense conduct class struggle through the state. However, there are limits on the measures that the state can take – which are ultimately set by the

superior ability of business (both domestic and international) to mobilise against government measures that threaten its interests (Vally, 1992).

Corporatism with a neoliberal face

The welfare corporatist model was implemented in its most complete form in Northern Europe in the decades of the post-war boom. The rapid expansion of the OECD economies came to an end with the severe recessions of 1974-5 and 1981-3, since which time states have been under immense pressure to facilitate increased international economic integration and restructuring, thereby reducing their ability to control their own national economy (Moody, 1997; Bond, 2000a). Neoliberal proponents of free-market capitalism have argued that the new global order has basically ruled out the possibility (if there ever was one) of states intervening to successfully manage their economies through Keynesian policies (Self, 1993). Any attempts to do so, they suggest, would create havoc, and in the final analysis be entirely catastrophic for those countries naive enough to attempt it. More specifically, under current conditions of capital accumulation, any attempts by governments or workers to push labour rights and wage demands 'too far', will only result in companies simply 'packing their bags' and moving to another country. Globalisation, therefore, is used by its proponents to justify major changes in the economy and organisation of labour (Self, 1993; Bishop *et al.*, 1994).

Thus, neoliberals who support the unfettered free-market ideologies, although not averse to calling on the state to control labour, insist that given the mobility of capital, governments would be well advised to confine their activities to ensuring their workforces become more compliant and cost-efficient, in the hope of attracting international investment. The ideologies associated with such 'reforms' have frequently been described as 'globalisation' and 'marketisation'. Yet, interestingly, such doctrines – presented as 'new' forms of capital accumulation – appear on reflection not to be essentially different from what has gone before, with the role of the state still one of facilitating the accumulation of capital (Weiss, 1998; Catchpole and Cooper, 1999).

In practice, changes in the world economy in the last two decades of the 20th century reveal not the transformation of capitalism but the increasingly evident inability of governments to manage the regular cycle of booms and busts. Failure to handle the constant restructuring and periodic recessions has meant that states have retreated from promises to do so and have returned to promoting the ideology of 'market forces' (i.e. the rule of big business). Hence the changes in the system prompted by periodic economic crises in the 1970s and 1980s are accounting for conscious shifts by states in favour of market reforms, involving changes to relationships between capitals, between states, and between states and individual capitals (Ruigrok and van Tulder, 1995).

However, while marketisation may have been brutally imposed on many formerly 'planned' economies of the Eastern Bloc, arguably diminishing the role of the state in those countries, and while privatisation may have resulted in control

being transferred from the state to the private sector, the importance of the state to capitalism remains the same, not least in the form of the huge subsidies from the state to many privatised industries. Examples of state support and intervention can be found in Britain's privatised industries of water and electricity, where the regulator, rather than risking insolvency, regularly intervenes to set prices to ensure such firms earn sufficient revenues to meet their financing and investment obligations. A further clear example of state intervention in the private sector is found in the British railway fiasco, where commercial success remains dependent on rail networks securing continuing financial support from the government (Bishop *et al.*, 1994; Wolmar, 2001). In many cases, the role of states has actually increased as they regularly intervene to make conditions ripe for privatisation (Arnold and Cooper, 1999). Moreover, despite the neoliberal rhetoric, state bureaucracy continues to expand. Vogel's (1996) comparative study of regulatory reforms in Britain and Japan found that in most cases of deregulation, governments had combined liberalisation with re-regulation, resulting in the reformulation of old rules and the creation of even more new ones.

In most cases 'marketisation' has simply been a project of the state to help it improve the way it disciplines its population, and more notably its workforce, to the needs of accumulation (Catchpole and Cooper, 1999). Capitalism is not dispensing with the services of the nation state; on the contrary, multinational companies still need a national base from which to operate. The state still plays a key role in establishing and maintaining key firms, providing the necessary research and development, specialist skills, education and other important functions (Hirst and Thompson, 1996; Weiss, 1998).

The fundamental change evident since the mid-1970s has been not the withdrawal of states from the process of capital accumulation but their retreat from the collectivist welfare state programme. Neoliberalism involves an offensive against the gains made by workers during the long boom (most especially in the area of the social wage), a purging of the weaker and smaller companies through a process of concentration and centralisation of capital involving mergers and acquisitions, and the opening of new areas for realisation of surplus value through processes of privatisation.

The shift to a free market ideology is not free of complications and must still recognise the contradictory relationship between capital and labour (Rees, 1998). These contradictions were especially evident in the 1980s in the industrialising countries of the South, most evidently South Korea and Brazil, which underwent rapid proletarianisation of formerly rural and petit bourgeois sectors of the population and where union membership rose rapidly (Seidman, 1994; Moody, 1997). In some countries, such as the United States and the United Kingdom, the neoliberal revolution of the 1980s was implemented without any consultation with trade unions. Indeed, it was premised on an offensive against trade unions in the two respective countries. The situation was very different in South Korea, where the unions fought not just around wages and conditions of employment but also around political demands for liberalisation and an end to authoritarian rule (Moody, 1997). The strength of the organised working-class within these countries has

compelled their respective states and bourgeoisie to adopt neoliberal corporatism – involving elements of corporatism alongside neoliberal economic policies – in an effort to constrain any major resistance to this system.

The South African experience of neoliberal corporatism

The political economy of South Africa in 1994 comprised similar elements to the earlier situation facing the governments of Brazil and South Korea, in that the country's major unions, linked to a very rapid class formation, compelled the government to include representatives of organised labour in bipartite or tripartite consultative structures. The government has made this 'bargain' in order to prevent the disruption of the overall process of capital accumulation by unions taking widespread industrial action aimed at winning improved wages and benefits. This strategy represents a significant shift in relations between state and unions in the South African context.

Throughout the 20th century the South African state colluded with capital to ensure a steady source of cheap labour. The apartheid system was at its base a doctrine and practice sustaining and reproducing capitalist relations of production in a particular social and economic context (Wolpe, 1972; Legassick, 1974 and 1995). Apartheid allowed South African capitalists, with the help of government legislation, to secure cheap labour through the system of migrant labour, with African workers accepting paltry wages whilst being subsidised by their families, maintaining subsistence agriculture in the reserves. The relationship between the state and capital was further strengthened in the post-1948 era, when a coercive homeland policy of tighter controls was instigated to safeguard the continuing supply of cheap migrant labour for South African industry.

Post-war development of manufacturing industry occurred within the context of what Gelb (1991) calls 'racial Fordism', the peculiar combination of Fordist technology and labour process without the allied mass consumption associated with Fordism in North America and Western Europe, since consumer goods were absorbed largely by the small, mostly middle-class, white community. A strategy of import-substitution and protection of indigenous manufacturing, plus the profits yielded by the country's internal mineral resources, all contributed towards raising living standards for the white population (Catchpole *et al.*, 1998).

However, apartheid did not go unchallenged. The early waves of mass strikes in the 1970s and 1980s, steered by the black trade unions, brought not only collective bargaining rights and rapid union growth, but also a broader fight for political inclusion. As Murray (1994) explains, the growth of the shop stewards movement and rank-and-file militancy, although complex and uneven, radically undermined long-institutionalised managerial prerogatives and brought to the fore the power of black trade unionism, posing a dual threat to apartheid's cheap labour system and the political control of the apartheid regime (Friedman, 1987; Baskin, 1991).

The dynamics of these struggles forced South African unions to link workplace conflicts with much wider battles in the townships and communities. At various times and places, the black trade union federations used their powers of mobilisation to carry out a number of national work stoppages, which resembled, in a rudimentary way, Rosa Luxemburg's strategic conception of the 'mass strike' (Luxemburg, 1986). In the process of struggle, the unions were pulled towards other sectors of the working class and emerged as leaders of a broader class-based movement aimed at radical social change (Callinicos, 1988; Kraak, 1993; Murray, 1994).

The creative use of mass action and the success of large-scale stay-aways all helped the labour movement to become a force to be reckoned with. Even after the release of Nelson Mandela in February 1990, further mass actions, such as COSATU's anti-VAT (Value Added Tax) campaigns and the nationwide marches and accompanying general strike in November 1991, were used to force the apartheid state from power. Such protests were equally credited with encouraging business to participate in forums such as the National Manpower Commission, later to become the cornerstone of corporatist institutions in South Africa (Kraak, 1993; Seffel, 1995; Callinicos, 1996; Catchpole *et al.*, 1998).

On taking power in 1994, the ANC Government faced pressure from large South African businesses which sought to re-enter world trading and investment relations on a competitive footing and whose agenda involved tax cuts, deregulation of the labour market, privatisation of state assets, and liberalisation of foreign exchange. Internal pressure from the South African Chamber of Business, employer federations, banking houses, and the major corporate blocs led by the Oppenheimer, Rupert/Hertzog, Gordon and Venter families, and external lobbying by the international financial institutions, was relentless. At the same time, the newly-elected Government also faced pressure from its voting base, which was overwhelmingly poor and black and which had great hopes that the incoming Government would undertake radical measures to rectify the racially-based economic inequity. Furthermore, the ANC relied for significant logistical and political support on its formal political alliance with the Congress of South African Trade Unions. And, finally, there was the ANC's own political culture; prior to 1994, the ANC argued that a strong state was needed to create a more equitable and acceptable economic system. The eradication of poverty and unemployment was deemed to be the incoming Government's most important objective, and there was less emphasis on economic growth and more on nationalisation as a means of obtaining capital for the redistribution of wealth in the country. In summary, pressure from big business helps explain the evolving economic programme of the ANC Government; pressure from the trade unions and the large voting poor explains the corporatist political framework which was established to secure the political legitimacy of the Government and which was used to overcome opposition to its economic agenda.

The ANC Government's Reconstruction and Development Program (RDP) of 1994 represented a commitment to delivery of basic services previously marginalised communities and an overhaul of the public

However, the RDP was itself some distance away from the principles enunciated in the ANC's Freedom Charter, with its declarations of popular control of the land, mines and industry. The RDP made no reference to restructuring or regulating the financial sector, and even proposed that the role of the public sector might be reduced through privatisation. Although this was quickly revised to 'reducing the public sector in certain areas in ways that will enhance efficiency, advance affirmative action and empower the historically disadvantaged...', the overall tone of the RDP was highly supportive of market forces (Nattrass, 1994; Catchpole and Cooper, 1999).

The RDP was hamstringing from the start by budgetary restraint, and within two years it was marginalised with the announcement of the GEAR programme (see Lèhulere and van Driel, in this volume). Despite coming under political attack from its allies in the Tripartite Alliance, and despite the failure to achieve growth, investment or employment targets, the Government pressed ahead with its GEAR commitments to privatisation, cuts to public spending, tariff cuts and economic deregulation. By the end of the decade the ANC Government's commitment to neoliberalism and fiscal austerity was complete (Daniels, 2001).

The costs of GEAR for the already impoverished black working class are set to be colossal. Thousands of local government employees – many of them black and 'coloured' – are tormented by the threat of retrenchments contained in the Government's 1998 White Paper on Local Government, which advocates the corporatisation of existing utilities (Swilling, 1998). In Johannesburg alone, the City Council planned to cut more than 40 per cent of the workforce under its *Igoli 2002* master plan (Matlou, 2000). Further plans to fast-track the privatisation of state industries will also mean a severe threat to employment in the parastatals, including large numbers of the 33,000 employees of the rail network, Spoornet (Daniels and MacFarlane, 2001).

To ensure the smooth implementation of its programme of revitalising South African capitalism, the ANC has had to win the leadership of COSATU over to accepting (or at least not campaigning against) free-market strategies (Harvey, 2000). In this, the ANC Government has come to realise that union activism is far less dangerous if channelled through formal consultation, the pattern being set from the early 1990s as direct negotiations between business and COSATU representatives emerged parallel to the Kempton Park process of negotiated settlement (Murray, 1994; McKinley, 2001a).

Institutions such as the National Economic Development and Labour Advisory Council (NEDLAC) represent an attempt by the ANC Government to incorporate the trade union movement into decision-making processes as one way of eliminating any large-scale opposition to its policies. In return for such involvement, government and business require, in pursuit of their neoliberal economic programme, a disciplined union federation whose leadership is willing to accommodate the free market in return for a 'voice' in the political structures. Allowing the trade union leadership a stake in the national decision-making forums is recognition of the power of the black unions, but is only given in return for sanctioning free-market policies such as privatisation. In this aim, the

Government's efforts to divide its opponents and induce political quietism appear to have been successful. Despite the increased criticism from union members, COSATU leaders have carefully avoided a public showdown with Government and senior ANC officials (ka'Nkosi, 1998). COSATU's leadership is not propose to halting every aspect of the Government's privatisation plans, but consents instead to the restructuring of state assets, in return for a promise by the Government not to privatise basic services for the poor, such as health and education (COSATU, 1997a; Daniels, 2001). The leadership of COSATU appears to be content serving as the loyal labour wing of the dominant ANC, in return for a seat at the central decision-making table (McKinley, 2001a). The political arrangement established in South Africa in the early part of the new century therefore closely accords with the concept of neoliberal corporatism and, despite disagreements with the GEAR programme, COSATU's national leadership is unlikely to fundamentally threaten this arrangement.

Future prospects

The international demise of the welfare corporatist model and the rise of its neoliberal variant confirms that the very form of the state is not something above or separate from the relations of capitalist production, but is itself directly part of those relations. In the South African context, neoliberal corporatism is currently being used to facilitate government efforts to contain the militancy of the country's labour movement, by granting trade union leaders some stake in the decision-making processes of the national economy in return for their acceptance of privatisation and neoliberalism.

The future prospects for neoliberal corporatism in South Africa rest on several factors. First is the willingness of rank and file COSATU members and their families to sanction its continuation. Government, employers and trade union leaders are fully aware of the strength and power of the South African working class, in the trade unions and in the townships – the Government at least owes its very existence to the historic victories won by South African workers in the 1980s and early 1990s. It is this very same strength and power, however, that currently threatens the ANC Government's plans to accelerate its programme of privatisation. The combative mood of the municipal union SAMWU against privatisation measures such as *Igoli 2002* and Cape Unicity has demonstrated a major commitment to stop privatisation (see van Driel, in this volume). Millions of workers striking in August 2001 to protest against privatisation of state assets showed a determination on the part of trade unionists to stop such policies (Barrell *et al.*, 2001).

The COSATU leadership is anxious to channel the strength of its working-class base, partly because it is aware that its participation in structures like NEDLAC can only really bear fruit if backed by action from the grassroots (Qotole, 1999). Yet, conversely, it is the COSATU leaders' close involvement with corporatist initiatives that may serve to undermine the vitality of the labour

movement. Although it is too soon to speculate whether the free market policies currently being adopted by the ANC will result in a shift away from institutionalised industrial relations or even threaten the collective legitimacy of South African trade unions, this danger is nonetheless present. COSATU leaders are already caught up in the complexities of corporate structures, and find themselves increasingly forced to take joint responsibility for the consequences of the state's shift to the free-market. The polarisation between leaders and members within the trade unions may over time weaken their ability to mobilise. In such circumstances, it is possible that South African employers may be tempted to abandon their involvement in corporatist structures the better to pursue a more traditional neoliberal strategy of union-busting on the lines of the Thatcher and Reagan regimes. In such a situation, South African unions would be forced to stand and fight or perish.