

Article

Industrial Policy-Making in the Auto, Textile and Clothing Sectors: labour's strategic ambivalence¹

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Introduction

Globalisation and the drive for international competitiveness have become the defining characteristics of the forces for change in manufacturing sectors worldwide. Governments appear to be increasingly unable to protect national markets from international competition and neo-liberal forces demanding trade liberalisation in the interests of economic freedom, organisational efficiency and competitive rationality. After decades of protectionism and a policy favouring import substitution industrialisation, South Africa's manufacturing industries are progressively being exposed to foreign competition as a result of a major shift in state policy to open markets, export orientation and international competitiveness.

The automobile and clothing/textile industries are no exception to this general pattern. In accordance with the country's commitments under the General Agreement on Tariffs and Trade (GATT), tariff reductions are being phased in over a number of years. As intended, the South African government's policy is precipitating industrial restructuring in both industries and competition between domestic producers is being replaced by 'real' competition as imported products, particularly from low-wage Asian economies, challenge two long-protected and relatively uncompetitive South African manufacturing sectors.

The state's approach has been framed, in the absence of an alternate politically acceptable policy paradigm, to facilitate the country's re-integration into the world economy and to re-establish the attractiveness of South Africa as a destination for foreign investment. As an approach to industrial policy, trade liberalisation and limited generic supply-side support

for industry appears to run contrary to the experience of the fastest growing late-industrialising countries, which combine comprehensive sector-specific supply-side measures and export incentives to help develop internationally-competitive industries, while protecting domestic markets from foreign competition (Amsden 1992).

Unlike other late-industrialising countries, where unions have typically been emasculated by state repression, the labour movement led by COSATU grew from strength to strength in the late 1980s. During the political transition and social and political upheaval in the early 1990s, an aggressive and ascendent labour movement exploited the inability of a weakened state and an uncertain business community unilaterally or jointly to change policy and opened up opportunities to assert a role for itself in socio-economic policy-making. As a result, for the first time industrial policy would be developed on a consensual basis by government, business, and organised labour. The political transition thus created a unique opportunity for the social partners to develop and implement consensus-based industrial policies in these two sectors in order to restructure them to ensure their long-term viability.

Of three attempts at tripartite industrial policy-making in the early and mid 1990s, the auto and clothing/textile industries represent the only two manufacturing sectors in which enduring attempts have been made to formulate industrial policy on a corporatist or multi-partite basis in the 1990s. An attempt by the National Union of Mineworkers (NUM) to establish a tripartite process to plan the future of the gold mining industry in the face of substantial down-sizing lacked commitment from government and business and slowly disintegrated with little impact on policy, other than in the area of health and safety (Urqhart 1996).² Subsequently, however, NUM's persistence succeeded with the establishment of a tripartite social plan to cope with industrial restructuring.

Because unionisation rates are over 80 per cent and a powerful affiliate of COSATU is the major representative of organised labour in each sector, these industries represent the 'best case' examples for assessing (a) how close the social partners come to meeting the demands of corporatist industrial policy-making, and (b) the potential for organised labour to play a meaningful role in tripartite industrial policy-making in South Africa. If unions fail to make an impact on policy-making in these sectors where they are strong and well-represented, the prospects for unions in other sectors are not encouraging.

The involvement of organised labour in economic and industrial policy-making began in the early 1990s. At the macro level, organised labour succeeded in its demand for the formation of the National Economic Forum, a tripartite economic policy-making forum to prevent unilateral economic restructuring during the political transition. SACTWU (SA Clothing and Textile Workers Union) and NUMSA (National Union of Metalworkers of SA) were the first manufacturing unions to participate in policy-making at industry level. In both industries the state established comprehensive industrial policy/strategy reviews in 1992. As part of these reviews these two unions, and the labour movement as a whole, formulated South Africa's GATT proposals with business and government and agreed to the progressive reduction of tariffs in order to reintegrate South African industry into the global economy.

These two industries provide a useful opportunity to observe, compare and assess two extended examples of tripartite industrial policy-making. During the political transition COSATU was able to impose corporatism on a weakened state. However, since the first democratic elections, the state is leading the policy-making process and has adopted a clearer trade policy by boldly implementing tariff reform. However, the ability and commitment of the state to provide the resources required to fund a comprehensive industrial policy remains unclear and it is extremely slow in delivering supply-side measures.

While the state has demonstrated a willingness to open up opportunities for unions to participate in industrial policy-making, this door may not remain open perpetually if labour fails to take advantage of the current opportunities. Given the state's ambivalence, this paper seeks to identify some of the key questions that face the labour movement when assessing its strategic role and continued participation in the industrial policy arena.

The research is primarily based on an extensive series of open-ended interviews which were conducted with key role players from organised business, the trade unions, and government in the second half of 1996. The interviews were conducted for a paper for NALEDI's Long-Term Research Project on Co-Determination and Tripartism to help identify options for organised labour.³ The purpose of that investigation and this paper is not to evaluate the merits of the industrial policies per se, but to assess how the policy-making process has evolved and what challenges this poses for the labour movement in these sectors and others.

The structure of the paper is as follows. We begin by outlining the characteristics that define industry-level or meso-corporatist policy-making as an ideal type. We then discuss the cases of industrial policy-making in the auto and textile sectors, emphasising how they measure up against our ideal. Before concluding we assess how well equipped the social partners were to engage effectively in corporatist policy-making.

Conditions for Meso-level Corporatism

This analysis of the efficacy of industrial policy making at meso-level in the auto and textile sectors is framed against the background of the following criteria which represent a corporatist ideal type. While this ideal type does not represent a standard to which, we believe, the interest groups should aspire, it provides us with a helpful analytical framework. Following Schmitter and Cawson, corporatism can be defined as 'the process of negotiation and implementation of agreements between sectors of the state and powerful monopolistic interest organisations whose cooperation is indispensable if desired policies are to be implemented' (Maree 1993:25). In specifying the characteristics of this ideal type, it is useful to distinguish between the general requirements for effective corporatism and the specific requirements for meso-level corporatist industrial policy-making.

At all levels the effectiveness of corporatist policy-making depends on interest groups, such as business associations and unions, that:

- are highly representative of their constituency and able to bind them to agreements;
- have an independent capacity or resources to engage in policy-making, and the ability to implement any agreement reached between them;
- recognise the legitimate participation and contribution of other interest organisations and their respective capacities to contribute;
- agree with other 'social partners' on the participatory framework, and the functioning and scope of the consensus-based policy-making process.⁴

In addition to these general requirements, Atkinson and Coleman (1985) argue that the successful development and implementation of corporatist industrial policy depends on:

- the existence of a state strong enough to develop and defend a conception of the public/national interest that is autonomous of sectoral interests;
- the development of a centralised, sectoral bureaucracy or independent industry authority that can coordinate a range of sector-specific policy instruments of various government departments and tripartite agencies,

and can commit the financial and other state resources and exercise the powers required for effective implementation.

The corporatist institutions of cooperation that were established to rebuild national economies after the Second World War endure today as the foundation of policy-making in many European countries. In contrast, South African industry must now restructure rapidly to survive an enforced baptism into an increasingly competitive global marketplace.⁵ Consequently, in addition to the above criteria identified by Atkinson and Coleman (1985), we suggest that effective corporatist industrial policy-making requires that organised industry, the state and labour succeed in formulating an industrial strategy which complements firm strategies, is responsive to changing patterns of international competition and ensures the long-term viability of the industry.

While the corporatist ideal-type remains a useful standard against which to evaluate recent industrial policy-making, it is helpful to introduce the concept of tripartism adequately to describe a policy-making dispensation that is less rigorous than corporatism. Grant (1985, cited in Maree 1993), for example, regards tripartism as a weak form of corporatism in which business, government and labour engage in policy discussions which guide policy but impose no firm obligations on them to implement agreements and are not articulated with policy discussions at different levels.

The strength of the South African labour movement during the political transition provided the initial thrust behind the establishment of corporatist policy-making structures. However, it remains unclear whether corporatist policy-making was a contingent development brought about by the conjuncture of a strong union movement and the political transition, or if the new government will continue to promote corporatism or tripartism as an enduring dimension of our political economy. We begin to address this question by outlining the policy-making experiences of the auto and clothing/textile industries before applying the analytical framework outlined above to these cases.

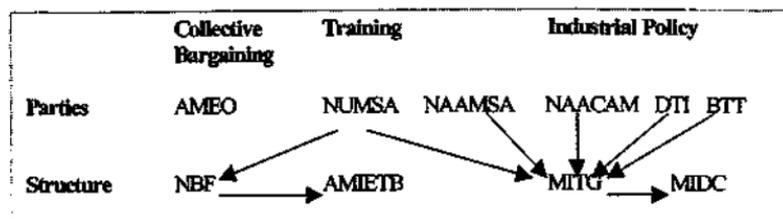
Auto Industry

Approximately 85,000 people are employed in the auto assembly and component sectors which constitute the major sectors of the auto manufacturing industry. Like many other areas of South African society the industry is characterised by an alphabet soup of acronyms which can be bewildering to the uninitiated. The firms are organised into two industry

associations – NAAMSA (National Association of Automobile Manufacturers of SA) and NAACAM (National Association of Automotive Component and Allied Manufacturers) – while NUMSA represents over 80 per cent of workers in the industry. Collective bargaining in the auto assembly sector is centralised in the National Bargaining Forum (NBF) where employers are represented by AMEO (Automobile Manufacturers' Employers' Association).⁶ NUMSA and AMEO jointly established the Automobile Manufacturing Industry Education and Training Board (AMIETB). In the industrial policy arena, the state established the Motor Industry Task Group (MITG) to develop an industrial policy or strategy for the industry which culminated in the Motor Industry Development Programme (MIDP) and the establishment of the tripartite Motor Industry Development Council (MIDC) to monitor the implementation of the MIDP. The relationship between these organisations is represented in Figure 1 below.

Industrial Policy Context

Figure 1: Collective Bargaining, Training and Industrial Policy Structures



As was the case in many other developing countries, South Africa introduced an import substitution policy to facilitate the local manufacture of components and vehicles, rather than the assembly of imported components. While auto plants in other developing countries became increasingly integrated into the global operations of multinational firms from the 1970s, the South African industry remained internationally isolated and developed behind a protective tariff wall. Because both sectors produce a wide range of products in low volumes for the domestic market production, their cost structures are not competitive with international mass producers.

In the late 1980s government began to place greater emphasis on the need for export-oriented manufacturing (Oberhauser 1993). To enhance international competitiveness, encourage exports and save foreign exchange, the state introduced Phase Six which increased local content requirements,

which could be achieved by sourcing locally or by exporting vehicles or components to secure duty-free imports. This policy had little impact on productivity, exports or improving manufacturing efficiency. If anything, the policy had perverse results. Car firms increased unproductive overheads to meet the Phase Six local content requirements while the components sector underwent major restructuring.

Following the report of the Motor Industry Task Group (MITG) in 1994 the government ushered in a new phase of restructuring. The state hopes this strategy of steadily reducing tariff protection and progressively infusing more intense international competition will improve efficiency, productivity and competitiveness. Tariff protection, which was reduced from 115 per cent to 80 per cent in 1994 to 54 per cent in 1998, will decline to 40 per cent by 2002; to a lower level and at a faster rate than that required under South Africa's GATT commitments. Although assemblers still remain highly protected from international competition, the progressive reduction in tariffs has already resulted in increased sales of imported vehicles and intensified competition, particularly for component suppliers.

In order to compete internationally and domestically, South African firms will have to restructure their production techniques, work organisation and human resources policies to compete with 'lean production', the Japanese-style production system that emphasises flexibility in technology and the organisation of production (Womack et al 1990). In addition to multiple skills, workers will need a conceptual grasp of the production process as well as the analytical skills to identify and solve problems on- and off-line. To face these challenges, the National Bargaining Forum (NBF) and the Automobile Manufacturing Industry Education and Training Board (AMIETB) have developed a human resource development strategy to provide operators with the incentives and training required to develop the skills required to undertake quality control, routine maintenance, and problem-solving.

In analysing the industry's response to the challenges of increasing international competition, our discussion of the industrial policy-making process takes cognisance of the sectoral policy-making process leading to tariff reform, the training and human resource development initiatives of NUMSA and employers in the NBF and AMIETB, and the interaction between these domains of policy formulation and implementation.

Industrial Policy Reform – the Motor Industry Task Group

In October 1992 Trade and Industry minister Derek Keys established the MITG to develop a long-term strategy for the industry based on the consensus of key stakeholders. Keys appointed representatives from the trade unions, assemblers, components suppliers and government to the MITG to develop a strategy that would (a) ensure the industry's growth, develop human resources and create employment opportunities, (b) minimise the use of foreign exchange, (c) encourage the industry to become more productive and increasingly internationally competitive, and (d) reduce tariffs to meet South Africa's commitments under the 1993 GATT. While it may have been a break from the past to invite NUMSA to participate, the establishment of the MITG could best be considered a holding action during a period of political uncertainty, rather than signifying a new state vision for industry policy-making (interview with Anthony Black, NUMSA MITG nominee and MIDC chairman, Cape Town, August 13, 1996).

In early 1994 the MITG presented a delicately balanced consensus-based programme that focussed on tariff reduction and incentives to discourage the local production of low volume models. By proposing that tariffs be reduced even faster than the rate required under GATT, the MITG argued that increased competition from imported vehicles and parts would force improvements in efficiency and competitiveness. To implement and monitor the industry development programme, the MITG also proposed that the minister establish a statutory Motor Industry Authority, with interest groups represented in an advisory capacity. Despite NUMSA's attempts to keep supply-side issues as an MITG priority, relatively little attention was given to these issues. The recommendations focussed on tariffs which have long been the core of South Africa's industrial policy.

The MITG report was submitted to the Board of Tariffs and Trade (BTT) which is responsible for making recommendations to the minister on trade and industrial policy. The BTT, a nominally independent statutory body, agreed with the MITG's long-term aim of developing an internationally competitive industry that would become integrated into the international market, but rejected the MITG proposals on model rationalisation as interventionist and inconsistent with GATT. On the BTT's recommendation, the Minister initiated an accelerated tariff reduction process in August 1994, cutting tariffs from 115 per cent to 80 per cent in the midst of an industry strike.

A year later the government finalised the Motor Industry Development Programme (MIDP) which led to the further reduction of import duties on vehicles from 80 per cent to 65 per cent and a planned phase-down to 40 per cent by 2002. Local manufacturers are allowed to import some components duty-free and may reduce import duties on other components by exporting cars or components. According to the assembly firms, the impact of the MIDP will be to

progressively, but in a gradual and balanced way, expose the domestic vehicle and component manufacturers to the pressures of international competition and the need for efficiency improvements, thereby facilitating greater affordability in the domestic market. Moreover, the programme will reinforce the industry's export momentum, thereby providing a better balance between the industry's forex usage and earnings. (NAAMSA1996:9)

As a result of the MIDP's export incentives the industry is becoming increasingly integrated into global production chains of the major multinational car companies, and both components firms and assemblers are restructuring their production strategies and product ranges to secure export business. However, because of falling tariffs, imports of components have also risen markedly.

The Department of Trade and Industry (DTI) did not establish a statutory tripartite industry authority but appointed Anthony Black, a former NUMSA advisor, as a consultant to monitor the implementation of the MIDP. In recognition of the need to listen to the views of all stakeholders and to develop common goals for the industry, an informal Motor Industry Development Council (MIDC) was established to represent the major interest groups – NUMSA, NAACAM (component industry), NAAMSA and DTI. The MIDC monitors the implementation and effects of the MIDP and provides a discussion forum in which all players can make policy proposals for the benefit of the industry as a whole.

Anthony Black, who chairs the MIDC, suggests that the MIDC is not intended as a policy-making body, as this role resides with the government which leads the process and determines the parameters within which policy should be formulated. A critical function of the MIDC has been to draw on the resources of the DTI, NAAMSA and NAACAM to develop a reliable database on all aspects of industry performance in order to monitor the effects of the MIDP. At the same time the DTI has been restructured along sectoral lines and established an auto industry directorate, which is currently

primarily responsible for tariff policy administration rather than policy development.

Progress in the National Bargaining Forum

In 1989 NUMSA used its shopfloor militancy and organisational strength to force the seven assembly firms to establish a National Bargaining Forum (NBF). NUMSA soon initiated discussions on restructuring to enhance the industry's international competitiveness and to formulate a comprehensive human resource development strategy. The first milestone in this process was marked by the 1991 NBF agreement in which the parties committed themselves to the long-term growth and viability of the industry, the protection of employment, the improvement of quality, and the negotiation of work reorganisation to ensure international and local competitiveness (Bethlehem and Von Holdt 1991). At the time, however, because of economic isolation and tariff protection, management largely ignored international competitive developments and remained locked into a siege mentality, focussing on domestic political and labour problems (Smith 1995).

Because NUMSA took the initiative while management's attention was focussed elsewhere, the union provided the vision and framework for the assembly sector's human resource development strategy. NUMSA recognised that the industry had to become world class

capable of meeting the changing demands of the domestic market while maintaining a high export profile in order to provide employment growth. Performance benchmarks, based on issues such as export growth, skill formation and quality measures, should be put in place in order to determine the rate of reduction in tariff protection. Incentives should be available in order to assist companies and regions to restructure and adjust to changing patterns of location and employment. (1993:4)

To achieve these objectives NUMSA developed a systemic bundle of human resource development principles on which the 1993 and 1995 NBF agreements were based. NUMSA adopted key elements of the lean production framework, coupled with progressive ideas based on developments in the Australian metal industry and the German auto industry. Vocational training is seen as an integral part of an approach to restructuring focussed on job reorganisation to facilitate productivity improvement and greater union participation. According to Kraak this strategy

entails the introduction of more participatory forms of work organisation and the use of new technologies which bring benefits to both capital and labour. This economic growth path is premised on a strong trade union movement participating in the process of industrial restructuring. Multi-skilling, active labour market [policies] and life-long job-security are some of the human resource benefits which accrue to workers in this new accord between capital and labour. (1992:404)

The NBF agreements provide for competency-based training by individual firms that will be recognised across the industry and provide workers with career paths from general to specialised skills. Training is linked to the broad-banding of grades and aims to lay the basis for career-long learning so that workers can acquire workplace skills and keep pace with technological change. Training is to be provided in modules and is competency-based to accommodate the employers' need for flexibility in combining workers' skills. To encourage workers to continue learning they progress through the first four grades based on the completion of certified competencies, irrespective of whether or not the skills are utilised on the shopfloor.

Automobile Manufacturing Industry Education and Training Board

In 1991 NUMSA and AMEO, which represents the auto assembly firms in the NBF, decided to establish a jointly-controlled, employer-funded, Automobile Manufacturing Industry Education and Training Board (AMIETB) to determine the detailed content of the education and training principles concluded by the NBF. While the NBF provided a conceptual framework for the parties to work with, the principles of education and training left significant room for disagreement and dispute when AMIETB had to design and implement the training system in detail. On paper the parties had common aims. However, it took training management, who had not been party to the NBF negotiations, a long time to understand the meaning and implications of the agreement that had been concluded (interview with Leon De Klerk, Volkswagen SA, August 19, 1996). Furthermore, Volkswagen management admits that the industry was unprepared for the major cultural shift required to move from a low-wage strategy towards a system founded on equity and a skilled workforce (interview with Brian Smith, Volkswagen January 1995).

The critical factor that underlies this process is the acknowledgement by management that the human resource development agreements in the NBF

were conceptualised and structured by union leaders, who provided the vision of what was required for the industry to become internationally competitive and who created a blueprint at the intellectual level. In the NBF, employers were in a weak position because the industrial relations managers who represented them in negotiations had a limited understanding of training issues and were primarily in a reactive mode. Training managers, who do not participate in the NBF, were effectively marginalised from the design of the framework. However, when it came to interpretation and implementation of the agreed principles in AMIETB, Volkswagen's De Klerk argues that training management has had to adopt a pro-active mode to ensure that the training meets employer needs as well as NUMSA's stringent requirements (interview with Leon De Klerk, Volkswagen SA, August 19, 1996).

AMIETB operates on the basis of joint labour-management control and thus needs to reconcile the often conflicting objectives of employers, who are primarily concerned with improving productivity, and NUMSA, which is primarily interested in uplifting its members (interview with Leon De Klerk, Volkswagen SA, August 19, 1996). The slow progress in AMIETB reflected NUMSA's failure to secure precise financial commitments from employers in the NBF and highlights the ongoing tensions between firm and industry strategic choices. Initially AMIETB was operated purely by a part-time training specialist and a shopsteward from each plant. These plant-level training specialists and shopstewards are now full-time and AMIETB is now staffed by a small secretariat.

Employers did not enter AMIETB enthusiastically and were ill-prepared conceptually and organisationally for the challenges it posed. While AMEO exists on paper, it still commands no resources of its own as employer attitudes are dominated by the culture of competitiveness and they lack the desire to make AMEO work (interview with Harry Gazendam, Toyota SA Human Resources Director, September 2, 1996). This attitude was also evident in AMIETB as employers initially failed to realise the importance of standing together. Each firm believed that they would be able to 'go their own way' and impose their own approach to training on all other firms in the industry (interview with Peter Best, chairman, AMIETB).

Employers also had great difficulty in harmonising and synergising their collective efforts because they were only bound together by the threat of the union (interview with Leon De Klerk, Volkswagen SA, August 19, 1996). Competing car firms were not accustomed to working cooperatively

with one another, or with NUMSA in an industry-wide initiative, particularly to provide training, a field that had traditionally been regarded as one of firm-level competitive advantage and exclusive managerial prerogative. Some firms believed that their competitive advantage rests on human resource development and remained reluctant to reveal details of their training programmes.

It took a long time for the parties to agree that AMIETB would not design training modules but would ratify industry standards and the competency outcomes of each module and regulate the provision of training. AMIETB began by developing the training structure for grades below artisan level, with the syllabus covering modules in adult basic education (ABE), core business and technical skills for each wage band. Progress was extremely slow because both sides had conflicting, but educationally valid, arguments (interview with Peter Handlinger, Training Manager Toyota SA Manufacturing, August 27, 1996).

Following the MITG tour to Australia, the UK and Germany (described below), Australian employers and unions were invited to share their recent experience in developing and implementing a multi-skilling training structure on an industry-wide basis.⁷ Exposure to the Australian experience provided NUMSA and employer representatives at AMIETB with a breakthrough because their approach matched the broad vision embodied in the NBF agreements and provided both sides with a working understanding of the relationship between national standards and competencies that are central to the training system. The detailed manuals from the Australian system then provided a template to adapt and develop local standards that would be internationally competitive.

As an equal partner with unequal resources, NUMSA is clearly under enormous pressure to monitor training implementation as shopstewards are also required to complete their regular tasks. In 1996 joint union-management teams across the industry engaged in a Recognition of Prior Learning (RPL) exercise to assess the technical competencies of every operator in his present and past jobs. Initial projections of the failure of almost all workers to progress up the skills hierarchy as a result of this assessment threatened the entire RPL process, and exposed the industry's neglect of human resource development and the massive investment in training required to become globally competitive.

Interface between Industrial Policy and Training

An ongoing challenge lies with integrating the policy-making processes being driven by DTI and the negotiations between NUMSA and the employer association AMEO in the NBF and AMIETB. In its final report the MITG recognised the progress made by the NBF in addressing training and related issues and emphasised the need for government assistance to facilitate the skill development and training required to prepare the industry for integration into global markets. Subsequently, the MITG sent 25 delegates on a tour of automobile plants in Australia, the United Kingdom and Germany to examine the process of change in industrial relations and work organisation. The industry hoped to replicate a similar process which the Australian union movement had initiated in the mid-1980s to prepare for the challenges of international competition. This tour exposed a large group of key players – human resource and production managers, union officials and shopstewards, and government officials – to overseas developments and the magnitude of the challenge posed by restructuring and catching up with a moving target of improving quality and productivity.

The key recommendation of the delegation was that the 'restructuring of the industry should not be piecemeal but proceed from a coherent package of tariff reductions, supply side measures and labour market adjustment programmes'. To date implementation has been piecemeal. The tariff reduction programme was introduced in 1994 and 1995 but, as in the case of all other industries, DTI and other state departments failed to develop or deliver the sector-specific supply-side measures required to facilitate restructuring. Despite this failure employers and NUMSA are addressing the key supply-side issue of human resource development in AMIETB.

Following the MITG visit, Australian unionists and employers were invited by AMIETB to run extensive workshops on their auto industry's competency-based training system that had been developed since the 1980s. The workshops were critical to breaking the logjam in AMIETB which had made minimal progress in two years. The mode of engagement at AMIETB shifted from a debating forum to a problem-solving workshop and AMIETB was able to develop the new training framework literally overnight by building directly on the Australians' experience.

We move now to discussing developments in the textile and clothing industry before comparing the progress of the two industries in jointly developing and implementing industrial policy.

Textile and Clothing Industry

The South African textile sector primarily produces a wide range of fabrics for the clothing, household and automobile sectors. It is dominated by a few large companies, many of which are vertically integrated. The clothing sector is made up of a large number of mainly small firms and is extremely competitive. It produces a very wide range of garments but is focussed primarily on the middle and upper ends of the clothing market. Both sectors are relatively labour intensive and have been susceptible to the threat of low-wage competition, and were consequently protected by high tariff barriers. As a result, most manufacturers produce for the domestic market. Historically, the sectors were deeply divided on the question of tariffs. Textile firms favoured high tariffs on fabric to protect the local market. Clothing firms demand lower textile tariffs so that they can source fabric more cheaply, but seek high tariffs on the finished product.

The firms lobbied for continued tariff protection through their industry associations – *Texfed* (Textile Federation of SA) and *Clofed* (Clothing Federation of SA) – while *SACTWU* (SA Clothing and Textile Workers' Union) represents over 80 per cent of workers in the industry. Collective bargaining is centralised at sectoral level, with a single national bargaining chamber in clothing and nine in textiles. Although initially established by employers, the Clothing Industry Training Board (CITB) and the Textile Industry Training Board (TITB) are now under joint labour-management control.

A recessionary economy, as well as the liberalisation of global trade and the intensification of international competition, placed the two sectors under increasing pressure during the late 1980s. In response, the government introduced a Structural Adjustment Programme (SAP), phasing down tariffs and aiming to promote exports by providing marketable duty-free import permits based on the achievement of very modest exports. While the clothing sector significantly increased exports and generally benefitted from the SAP, it accelerated plant closures and job losses in textiles. As a result the two sectors continued their bitter feud and lobbied the government over appropriate tariff protection (Mollett 1995:110,124, Maree and Godfrey 1995:129).

Debating and Developing Industrial Policy

In this context corporatist industrial policy formulation emerged in response to labour's concern about the sharp declines in textile employment. At its

1991 national congress, SACTWU adopted a resolution on industrial restructuring and then sought to engage government and business to develop an industrial policy to facilitate restructuring. At the time, SACTWU was excluded from policy formulation as the Board of Tariffs and Trade (BTT), which developed industrial policy, mainly consulted the major firms and the industry associations (Clofed and Texfed) and excluded unions from this process. SACTWU made an important intervention when assistant general secretary Ebrahim Patel addressed a Clofed conference on labour's role in promoting international competitiveness. Patel threatened that the union would take the industry out on a strike if the government failed to involve SACTWU in formulating a new industrial policy.

After failing in its call for a conference of all stakeholders to initiate the process of developing a growth strategy for the industry, SACTWU agreed to participate in the Hatty Committee that the minister of Trade and Industry initiated to address the industry's problems. In Hatty, SACTWU failed to get support for its proposals of a broad restructuring programme, comprising a growth strategy, an investment programme, a productivity training and technology policy, and an industrial relations policy. The Hatty Committee focussed exclusively on tariffs and import quotas. Hatty's proposals collapsed within six months mainly because of opposition from small clothing manufacturers who had been marginalised during the committee's deliberations (Maree and Godfrey 1995).

The government introduced a new tariff regime which led to another bout of lobbying by Clofed and Texfed. SACTWU tried to reconcile the two sectors and pressured the government to launch a long-term development plan for the industry. In September 1992 Trade and Industry minister Keys established the Panel and Task Group for the Textile and Clothing Industries (the 'Swart Commission') to formulate achievable strategies to improve the international competitiveness. The Commission included representatives from SACTWU, the textile and clothing sectors, raw material suppliers and retailers, DTI, the BTT and the Industrial Development Corporation (IDC). The government representatives were not mandated and therefore participated but could not bind the government to any agreements reached by the Panel (interview with Dr Nic Swart of BTT, September 2, 1996).

The Swart Commission's final recommendations intended that the negative impact of tariff reductions would be counteracted by the positive impact of various supply-side measures to support restructuring and enable the two sectors to compete internationally. Various measures, including

public support, employer support and union capacity-building, aimed to address the social dimension of restructuring. The most important proposed supply-side measures included:

- a strategy for training and skills development, which stipulated that employers should spend four per cent of payroll on training;
- the promotion of participative management to improve productivity;
- investment of R2.7 billion in new technology over eight years, supported by an interest subsidy of about R258 million;
- a wool beneficiation programme;
- additional financial support measures for small businesses; and
- the development of an up-to-date industry data base.

The Commission could not reach agreement on the phase-down of tariffs. While South Africa was committed to a 12 year phase-down period under GATT, Clofed, Textfed and SACTWU proposed an accelerated phase-down over ten years to a level equal to or below the GATT tariffs. The retailers and small clothing manufacturers proposed a period of five years for fabric and seven years for clothing, with end rates well below the GATT offer (see Swart Commission 1994:vi).

The Commission also proposed the establishment of an independent Textile and Clothing Authority (TCA) to further develop and implement their recommendations, and monitor and evaluate their impact. It would report regularly to the minister on progress made towards achieving industrial policy objectives and would conduct a comprehensive review of the industries at the mid-point of the tariff phase-down period, ie 1998/99. Once established, all lobbying activities at government level would be prohibited: the TCA would be the only place that the parties could address their problems (see Swart Commission 1994:170-171).

Minister Keys poured cold water on the Commission's ambitious restructuring proposals, labelling the supply-side measures and state subsidies as unaffordable. Similar sentiments were expressed by his successor, Trevor Manuel. Instead, the government's provisional strategic plan focussed on phasing down tariffs to restructure the textile and clothing sectors. The government accepted the end rates for tariffs put forward by Clofed, Textfed and SACTWU, but proposed that the phase-down period be reduced from ten to eight years. Other recommendations included:

- a three-year extension of the Duty Credit Certificate (DCC) Scheme, which allows a manufacturer to offset exports against import duties, on

condition that the firm, together with an outside consultant and SACTWU, develops and implements a training programme and a plan to improve productivity;

- a 50 per cent subsidy of management consultancy fees for five years;
- the provision of finance by the IDC or other external institutions to upgrade technology;
- that training issues be referred to the Department of Labour and a forum be established to develop a training programme and address the social dimension of restructuring;
- that an independent TCA not be established; instead DTI, assisted by outside consultants, would monitor the industries; and
- that no support be given for stabilising the cotton price or for wool export marketing assistance (DTI would investigate wool separately) (Ministry of Trade and Industry 1995a).

The government's response suggests that the Swart Commission's non-tariff recommendations were either unaffordable or not a priority. SACTWU disputed the alleged unaffordability and proposed that the supply-side measures be financed by scrapping the General Export Incentive Scheme (GEIS).

Tariff Reform as Industrial Policy

In August 1995 the government's final plan for the industry introduced an eight-year phase-down of tariffs. While it reiterated that sector-specific supply-side measures were not affordable, the plan stated that the industries would qualify for the general supply-side measures that the government was developing, and it accepted a proposal to appoint a small working group to pursue supply-side issues (Ministry of Trade and Industry 1995b). The development and implementation of these general supply-side measures has lagged behind the tariff phase-down, which was implemented immediately. Without the protection afforded to local manufacturers by the recent devaluation of the Rand this lag may have resulted in many more job losses.

As the Swart Commission's proposal to establish an industrial authority was quashed, the collection and monitoring of data has instead been contracted out to a consultant. DTI has been reorganised to establish a Textile and Clothing Directorate but it remains unclear whether it has the staff to perform the functions that had been envisaged for the TCA. Consequently, no permanent structure supports tripartite engagement over

the development path of the industry and engagement takes place on an ad hoc basis.

Freddie Magugu of SACTWU argued that the union had not relinquished the idea of an industry authority, but it did not have the capacity to contribute to set up such a body and preferred to focus on campaigns (such as the Project Jobs Campaign) to deal with immediate problems in the industry. Hennie van Zyl, former executive director of Clofed, also regretted that the TCA was not set up as it would not need much funding, would stop much of the current lobbying and would help to build understanding and cooperation between the main players. In contrast, Eben Marais of the DTI argued that an industry authority is not necessary as all parties are consulted on an ad hoc basis whenever adjustments are made to industrial policy. A good example of ad hoc tripartism was the re-negotiation of the Zimbabwe Trade Agreement in 1996 when newly appointed Trade and Industry minister Alec Erwin brought SACTWU, Clofed and Textfed into the South African government's team which negotiated with the Zimbabwean government. All parties were also involved in a multi-party forum assisting the Department of Customs and Excise to plug the numerous holes in the customs system.

Addressing Training Needs

Unlike the AMIETB which was jointly established by employers and NUMSA to develop a training framework for the auto industry, the Textile and Clothing Industry Training Boards, TITB and CITB, were initially formed by employers. Both training boards had shifted their focus from operator training to focus on training supervisors, technicians and management. However, the boards operate quite distinctively. The CITB is older, larger and provides training directly, while the TITB is not a training provider but facilitates training, developing curricula for distance learning. Consequently, the task faced by SACTWU in restructuring training in these two sectors is significantly different from that faced by NUMSA.

While SACTWU began an initiative to secure representation on the training boards in the early 1990s, it only succeeded in 1994. At the same time that the national education and training framework is being restructured, the training boards have had to bring a new partner, with a quite distinctive agenda, on board. Asserting joint union control over the training boards was necessarily the first phase of SACTWU's approach to implementing a strongly centralised national plan. Although SACTWU included the principles of a national, centralised skills-based training plan among their

demands in 1996, no agreement was reached as wages dominated the national bargaining agenda (interview with Tanya Goldman, SACTWU, August 16, 1996).

In both sectors significant differences remain between the union and employers on the vision for an industry training framework. While SACTWU envisages a national plan to develop a multi-skilled workforce, employers favour an incremental approach of training operators when the need arises. Many textile firms remain unconvinced of the need for a new training strategy as they have historically relied on imported technical skills (interview with Mel Clark, former SACTWU official, August 28, 1996). The union has encountered significant resistance to their proposals because employers fear that SACTWU's pay-for-skills approach is not focussed on improving performance but as a way of pushing up wages. In a labour intensive industry, this fear may be justified if employers do not share labour's vision of the future organisation of production. Given the conservatism of the industry and the lack of a single world class production paradigm in the clothing sector, SACTWU's plans may be too ambitious.

Analysis of the Case Studies

Before reflecting on these cases in terms of our framework it is useful to reiterate the common elements of the two cases described above. In 1992 in response to pressures from various quarters, Trade and Industry minister Derek Keys established multi-party commissions to formulate strategies for the auto and clothing/textiles industries to enhance their international competitiveness. Both commissions recommended:

- a tariff reduction policy that was more aggressive than South Africa's commitments under the 1993 GATT Agreement;
- a package of sector-specific supply-side measures to facilitate restructuring; and
- the establishment of a statutory industry authority to monitor and manage the restructuring process.

After hearing industry and union inputs to its draft policies, in 1994/5 the new government with Trevor Manuel as minister:

- introduced a more aggressive tariff reduction policy than required under GATT or than either commission recommended;
- promised the future delivery of generic supply-side measures; and
- appointed consultants and informal multi-party structures to monitor policy implementation.

A key difference between the two industries lies in bilateral labour-management initiatives on training in the auto assembly sector. The existence of a jointly-developed industry training framework through the NBF and AMIETB represents a critical element of supply-side capacity-building. The slow pace of delivery highlights the difficulty of formulating and implementing consensus-based industrial policy instruments.

It is useful, at this stage, briefly to review our ideal requirements of effective corporatist industrial policy-making against which we will evaluate these cases:

- organised business and labour must be representative of their constituencies, able to bind them to agreements, have the capacity or resources to engage in policy-making, and be prepared to recognise the legitimacy and contribution of one another;
- they must agree with the state on the policy framework, and on the scope and functioning of consensus-based policy-making and implementation;
- the state must be sufficiently autonomous of sectoral interests to develop and defend a policy perspective that reflects a public/national interest;
- a centralised, sectoral bureaucracy, or industry authority, is required to coordinate sector-specific policy instruments and commit the financial and other state resources required for effective implementation;
- most importantly, business associations, the state and labour must formulate an industrial strategy which complements firm strategies, is responsive to changing patterns of global competition and ensures the long-term viability of the industry.

In the sections below we do not rigorously evaluate the policy-making processes against the ideal type but use it as a reference point to assess the approaches of the state, business and unions towards industrial policy-making and their capacities to engage effectively in this process.

Does Trade Liberalisation Constitute an Industrial Policy?

The recent tariff reforms reflect a distinct shift in government policy away from import-substitution industrialisation, where industries are developed to satisfy local markets behind high tariff barriers. Under this more liberalised trading environment domestic manufacturers are progressively being exposed to international competition in domestic markets and are now encouraged to export. This new open market policy is in line with South Africa's commitments under GATT. However, tariff reform alone

does not constitute an export-oriented industrial policy as the term is conventionally used until the state implements complementary export incentives and sector-specific supply-side measures.

As Amsden (1992) has convincingly argued, the industrial policy successes of the fastest-growing late industrialising countries – South Korea, Taiwan, Malaysia and Thailand – can be attributed to extensive government intervention to subsidise factor prices and to ‘discipline business’. In these countries the state ‘disciplines business’ by operating according to reciprocity principles, providing domestic market protection and various subsidies in exchange for the achievement of concrete performance standards with respect to output, exports, product quality, investment in training, and research and development. Achievement of these performance standards raises productivity levels and increases cost competitiveness and efficiency levels, which then leads to lower subsidies.

While there is extensive debate about the pace at which trade liberalisation should take place and about the extent to which South African industry should produce for a mass domestic market rather than for niche export markets, there can be little argument that increased exposure to international competition is an essential ingredient in forcing local industry to improve its productivity levels. Amsden recommends that industrialising countries respond pragmatically to the campaign by the United States to eradicate industrial policy regimes in world markets. In contrast to South Africa’s practice of being ‘holier than GATT’, Amsden (1992:80) argues that industries should only be weaned off subsidies ‘when major trading partners won’t tolerate it a minute longer’.

State Policy Direction and Capacity

The industrial policy reviews of the auto and clothing/textile industries were initiated by Minister Keys during a phase in the political transition when the apartheid state was politically incapacitated and unable to drive policy. While government policy had been slowly shifting away from import substitution and protectionism towards export promotion and trade liberalisation, neither attempt to develop a long-term strategy was conducted with clear guidelines from the state. Consequently, both policy-making processes were compromised because of the lack of a clear government commitment to the process and the knowledge that the government was soon to end its term of office.

While the state previously lacked a clear policy, Minister Erwin has argued that the trade liberalisation policy direction is now clearly established.

The state is committed to a policy of involving all parties in policy-making and strategy-developing processes as was the case with the Swart Commission and the MITG. It is also committed to provide labour with resources to strengthen their capacity to engage in policy making on an informed basis, but is not as firmly committed to the principle that labour's involvement should necessarily extend to policy implementation. However, the state will not be held back if labour is unwilling or fails to make the most of the opportunities provided (interview with Alec Erwin, Trade and Industry minister, November 18, 1996).

The state's limited capacity to develop fully sectoral industrial policies is partially attributable to the legacy of an import substitution policy that focussed primarily on tariffs rather than supply-side measures. Under the old policy regime, the DTI was structured to implement policy rather than as a policy think-tank. Consequently, the experience of staff in these directorates is limited to implementing tariffs, not developing industrial policy. Because of this DTI could provide little more than secretarial services to the Swart Commission and MITG and most of the research work had to be contracted to outside consultants or the Industrial Development Corporation. To the extent that there was in-house research, it was assigned to senior members of the BTT, most of whom have retired or are near retirement age.

To address these deficiencies DTI has been restructured into sectoral directorates, including one which specialises in the auto sector and another in clothing, textiles and footwear. Erwin expects an increasing flow of personnel between DTI and the private sector and this concentration of expertise and cross-fertilisation of ideas will no doubt have long-term benefits for the development of industrial policy (interview with Alec Erwin, Trade and Industry minister, November 18, 1996). However, if DTI comes to rely on the inputs of seconded personnel, the state runs the risk of losing its autonomy and becoming captive of industry interests.

While the state has provided strong leadership to direct industrial policy in the fastest-growing late industrialising countries, Erwin envisages that sectoral directorates in DTI will play a more facilitating role, along the lines of Japan's Ministry of International Trade and Industry (MITI). With the state defining the broad policy parameters, the Minister believes that responsibility for determining the 'nitty-gritty' must lie with negotiations between business and labour (interview with Alec Erwin, Trade and Industry minister, November 18, 1996).

Problems with this approach will continue if the delivery of resources depends on a reticent or under-resourced DTI. The policy-making debacle of the Swart Commission may be repeated – while business and labour reach agreement on the necessary supply-side policy instruments, the state is unable or unwilling to deliver. It remains unclear whether the state is prepared to commit the resources required to develop industrial policy as successfully practised in East Asia and envisaged by organised labour. Current practice suggests that the state will not develop a strategic package of sectoral mechanisms to motivate and ‘discipline business’, but that it will rely primarily on the forces of global competition to drive restructuring and enhance efficiency.

The corporatist model suggests that effective industrial policy requires that the state has the capacity (ie resources) to coordinate the sector-specific activities and policy instruments, particularly supply-side measures, of various government agencies. However, DTI is currently focussing on providing generic, rather than sector-specific, supply-side support measures to facilitate restructuring. Consequently, there is little evidence to suggest that DTI recognises that effective industrial policy requires that the capacity to formulate and coordinate sector-specific instruments must become a core competency of each sectoral directorate.

Business Capacity and Commitment

The capacity of business to engage effectively in industrial policy formulation and implementation also remains questionable. Business associations are relatively poorly staffed and rely extensively on their largest members to provide expertise. Consequently, they are rarely prepared to take policy positions on behalf of their industry if the consequences seriously challenge the interests of their largest members. Poor resourcing of business associations by their members reflects an ambivalence about the degree to which firms should cooperate with their competitors and their commitment to relying on their associations, rather than private lobbying, to represent their interests in the policy-making process. The mandating process within business associations also remains problematic, particularly with respect to the limited voting power of small business. The ability of associations to bind their members to agreements is limited by the readiness with which big players lobby the government directly when policy changes may go against their immediate interests, even if they have been party to those decisions.

The weakness of business associations is exacerbated by the long history of antagonism between the components sector and the car assemblers, and the textile and clothing manufacturers respectively. While this antagonism has resulted from their conflicting interests around tariff reform, it also undermines the potential to develop cooperative relations between suppliers and their customers. Cooperation between industries and their key suppliers is essential if South African industries are to become players in international markets, where a key to competitive advantage lies in the ability to add value at all steps in the supply chain. In many situations the unions, which have members in both sectors, have been observed to play the role of broker between these conflicting interests.

Interface between Bargaining, Training and Industrial Policy

The agreements reached by labour and employers to establish a jointly-controlled sectoral training authority and implement a human resource development framework in the auto assembly sector suggest how bilateral agreements can effectively complement a corporatist industrial policy-making process. The devolution of responsibility for the development of certain supply-side measures to the interest groups which are directly involved may speed up the decision-making process and may be preferable to solutions that rely on state intervention or the provision of subsidies from the state.

Despite this complementarity, no formal interface exists between the National Bargaining Forum and AMIETB, on the one hand, and the MIDC, on the other, to facilitate the coordination of the supply-side elements of industrial policy. The lack of coordination reflects the traditional focus of business and government, and hence the MIDC, on tariff issues and the relatively low priority that they place on supply-side measures. While the same union officials and shopstewards may be involved in all the forums, business is represented by different organisations in these two domains – the employer association and the industry association – and by different functional specialists.⁸

While AMIETB was jointly established by an NBF agreement, the training boards in the clothing and textile sectors were initially established by employers. Even though they are now under joint control, SACTWU had great difficulty in transforming their agenda. In trying to restructure the training boards, reform who is trained, how training is provided, and what principles should inform and guide the training provided, SACTWU

had to contend with the vested interests of the training board staff in addition to those of employers.

The case of training highlights the difficulty of developing and coordinating a comprehensive package of industrial policy measures that integrate the activities of different state departments, DTI and the Department of Labour, bilateral institutions such as training boards and bargaining forums, and the key interest groups themselves. Progress with a joint initiative involving the clothing and textile directorate at DTI and the Department of Labour to establish a pilot training project with SACTWU, reflects the need for labour to keep up pressure on the state to deliver the sector-specific supply-side measures essential to effective industrial policy.

Conclusion

In the 1980s COSATU utilised its powerful shopfloor organisation, militancy and alliances with civil society to challenge the state. The early 1990s posed a completely new set of challenges as the extended political transition and the inability of the apartheid state to act unilaterally created many opportunities for labour. Instead of wielding power against the state and employers 'from the outside', COSATU shifted strategy and pursued its ambitious agenda for social and economic transformation by demanding, and securing, an institutionalised role in tripartite policy-making to exercise influence 'from within the power structure' (Patel 1993).

Unions then began to engage in many new domains – economic policy, tariff reform and industrial restructuring, training and human resource development. One of the greatest challenges was the need to craft new institutional arrangements in which organised interests could formulate policy. In the turbulence of the transition, when the old order was not quite dead and the new era was yet to be born, the institutional foundations for participatory policy-making were not agreed to; the state had no clear policy direction; the social partners were neither 'social' nor 'partners' in their modus operandi, and all sides lacked the underlying commitment to compromise on which stable corporatist systems must necessarily be founded.

The state has clarified many policies in the democratic era and tripartism has been institutionalised statutorily with the establishment of the National Economic Development and Labour Council (NEDLAC). However, corporatist policy-making has not yet taken firm root and an institutional framework for tripartite industrial policy-making has yet to be put in place.

A prerequisite for effective corporatist policy-making is mutual recognition of the legitimacy of other interest groups to engage in the process. However, the state and business remain ambiguous towards the role of labour in industrial policy-making. While their practice suggests that business leaders may be coming to terms with the need to negotiate with labour on a wide range of policy issues, their rhetoric suggests that they have yet to convince the majority of their constituency.

For its part, the state provides the opportunity for labour to participate, but actual participation depends on whether labour gets its act together. If labour wants an ongoing role it has continually to assert itself, particularly in the policy implementation phase. The failure to establish an industry authority, consultative forum or development council in any industry, other than auto, suggests a lack of state commitment towards consensus-based industrial policy and the low priority that unions have placed on involvement in this type of institution. It also inhibits the development of a shared database and an ongoing opportunity systematically to monitor the impact of the new industrial policy regime. Furthermore, it forces all parties to address issues on an ad hoc basis, which limits the likelihood of taking a long-term perspective on the challenges facing the industry.

With this unsettled constellation of interest groups and institutions, it is not surprising that COSATU and its affiliates remain ambivalent about engagement in corporatist policy-making structures 'as an agent of social integration'. Labour must now decide whether continuing dialogue over policy formulation and implementation is preferable to marginalisation from decision-making processes that will otherwise continue without them. Unions appear to face three choices.

The first involves a withdrawal from the industrial policy making arena due to a lack of capacity and a reversion to what Chris Allen (1990:270n) calls 'oppositional militance' - 'a traditional, defensive, anticapitalist militance, unable (or unwilling) to formulate an alternative to the status quo'. While unions clearly helped to set the policy agenda, persistent failure to make use of opportunities to participate in industry-level structures is likely to lead to progressive marginalisation. Withdrawal or abstinence from the industrial policy arena will signify labour's retreat from 'radical reform' that has always characterised COSATU and its affiliates (see Adler and Webster 1995). It would also mark the abandonment of the movement's objective of restructuring the economy in the interests of labour. Withdrawal will leave unions without ready access to, and influence on, a ministry in

which Minister Erwin believes labour has an important role to play in influencing thinking 'because in DTI there's a lack of appreciation for IR [industrial relations] matters' (interview with Alec Erwin, Trade and Industry minister, November 18, 1996). Most importantly, abstention exposes unions to the risk that DTI becomes captured by, or exclusively responsive to, the interests of business.

The second option involves an incremental approach of 'muddling through', developing policy step-by-step in a process in which 'one simultaneously chooses a policy to attain certain objectives and chooses the objectives themselves' (Lindblom 1992:228). Muddling through appears consistent with the observed patterns of passive or ad hoc participation by NUMSA and SACTWU. This reflects the perceived constraints faced by these unions. Not only do senior union officials have enormous demands on their time but the 'brain drain' to the civil service and politics, particularly from the leadership cadre, has placed enormous pressure on their capacity to engage effectively in NEDLAC and industrial policy-making forums. As long as unions believe that they cannot afford the luxury of dedicating resources to set up tripartite institutions (interview with Tanya Goldman, SACTWU, August 16, 1996), they must continually rely on the mobilisation of power to ensure that they can participate with business and government in policy formulation.

Muddling through is also vulnerable to changes in the style or approach of the minister of Trade and Industry. Despite his neo-liberal approach it was Derek Keys who first involved COSATU affiliates in industrial policy-making as he valued ongoing dialogue between the 'golden triangle' of business, labour and the state to exchange opinions and ensure shared responsibility for the economy. Business and labour have found Alec Erwin to be much more accessible than Trevor Manuel. The aggressive trade liberalisation policies implemented during Manuel's term highlight the need for labour to ensure equitable access through formal participatory structures.

Through continued participation in tripartite structures like the MIDC unions can secure an ongoing role in monitoring policy implementation and its impact. Labour can thus (a) keep in touch with the complexities of policy implementation, (b) ensure that their perspective and interests are adequately represented as policies are adjusted on an ongoing basis, and (c) gain access to information about the industry that can be distributed broadly in the sector.

This brings us to the third, and potentially the most attractive, option, that involves an offensive incursion by unions into policy-making arenas that remain dominated by employers and the state. With a policy of 'innovative militance' – 'the use of union mobilisation that points to a strategy and tactics that can be used for more potentially transformative processes' (Allen 1990:270n) – unions can begin by forcing the establishment of permanent industry-level corporatist structures. By accepting the logic of change to the competitive environment and dedicating substantial resources to research capacity, unions can seek to transform the industrial policy agenda, rather than merely react to imposed change.

The important roles played by NUMSA and SACTWU in the MITG and the Swart Commission suggest that this option is not beyond the capabilities of the labour movement, particularly given the relatively limited policy capacities of the state and industry associations. However, proactive participation in policy-making requires continuous involvement and support of the rank-and-file. In addition to developing research capacity, unions will have to dedicate sufficient resources – financial and human – to disseminate information, and to provide education and training to keep officials, shopfloor leadership, and study groups up-to-date and informed about policy debates.

Given the opportunities that the second and third options offer to advance labour's agenda, it seems surprising that unions have demonstrated such limited commitment to ensuring the establishment and success of tripartite and corporatist structures. This can be understood by recognising that although unions were instrumental in driving the establishment of corporatist structures, COSATU remains at heart a social movement: a movement ambivalent about the risks associated with becoming engrossed in corporatist policy-making, ambivalent about the risks of being compromised by participation in processes where it has little control and may have little expertise to offer, ambivalent because it is struggling organisationally to remain true to its roots and underlying philosophy of worker control.

Like the 'tempered radical', labour wants to pursue an ambitious agenda, but does not want to get so caught up in the game that it violates or abandons its own organisational principles and beliefs (see Meyerson and Scully 1995). While Patel (1993) argued that labour wanted to exercise influence 'from within the power structure', it may be more accurate to describe COSATU's radical reform strategy – combining negotiation

inside with mass mobilisation outside – as indicative of ‘living on the edge’. This, Meyerson and Scully (1995) suggest, provides access to the insight of the insider with the associated opportunities to change the system, while retaining the detachment and independence of an outsider. While union leaders may be forced to adopt the language of insiders to gain legitimacy in the policy arena, they risk losing their outsider language and identity. By staying on the edge, they may be most effective if they can communicate with each audience in their own language.

Given the hesitancy of the state and business to commit fully to tripartite institutions and processes at industry level, and labour’s social movement character, labour has not adopted ‘innovative militance’ but a type of ‘muddling through’ that we label *strategic ambivalence*. In making this choice, labour has retained strategic flexibility and is not been subjected to ‘interest intermediation’ – whereby collective interests are shaped and union members are subject to a range of social controls in exchange for union influence (Schmitter 1981) – which is strongly associated with integration into corporatist institutions and fits uncomfortably with labour’s social movement character and independent ethos. Instead, labour retains its private voice in the corridors of power and decision-making but remains as sceptical as business and government about the benefits of, and its commitment to, tripartite institutions. Labour stands with one foot inside and one outside, and picks its battles and chooses its allies, inside and out. Whenever necessary it utilises mass mobilisation as a resource to drive institutional reform, while avoiding the risk of becoming a governing party.

It remains to be seen, however, whether COSATU can continue down this ambivalent path, as the forces of globalisation and the drive for international competitiveness could compel it to go one way or the other. Furthermore, *strategic ambivalence* still requires that labour develops the independent research capabilities to explore policy alternatives and the organisational capacity to take a pro-active stance to transform industrial policy in pursuit of its strategic interests. If it fails to do this, the most likely scenario is a return to ‘oppositional militance’.

Notes

1. The research on which this paper is based was commissioned by Naledi for their Long-Term Research Project on Codetermination and Tripartism in South Africa. An earlier version appeared as a 1997 Naledi working paper titled ‘Muddling through tripartite industrial policy-making: the auto, textile and clothing sectors’.

2. NUM and the Chamber of Mines organised a Mining Industry Summit in 1991 to which all role-players were invited. A number of task groups were established to deal with issues on an ad hoc basis. With the exception of the Health and Safety task group, which recommended the establishment of a government Commission of Enquiry, the task groups made little headway in dealing with the challenges despite intense efforts by the union. The Ministry responsible, Mineral and Energy Affairs, took no initiative in the process. The Commission of Enquiry resulted in legislation introducing joint labour-management control over health and safety at industry, mine and shaft level. The initial summit is discussed in 'Summit on the mining crisis', *South African Labour Bulletin* 15(8), 1991.
3. Because the interviews were conducted in 1996 the paper does not fully reflect all subsequent developments.
4. We thank the reviewer for pointing out that in the corporatist literature the term 'social partners' connotes a commitment to work towards consensus in their engagement. While we agree that it is debatable whether the basis for such a style exists in South Africa, we use the term for the convenience of identifying the key role-players.
5. In the emerging context of hyper-competition corporatist-style industrial policy-making often conflicts with the competitive instincts of individual firms in many industries. However, because many South African industries have long been protected by tariff barriers, firms have recognised that they must supplement their competitive strategies by pursuing their collective interests through their industry associations.
6. Employer associations primarily deal with labour issues and industry associations primarily deal with tariff and trade issues.
7. The Australian experience was regarded as illustrative for South Africa for a number of reasons. The auto industry faced similar problems in the 1980s and had made some progress towards addressing them on an industry-wide basis. The lessons of 'strategic unionism' and the Accord with the Australian Labour Party in the 1980s, and the influence of Chris Lloyd in NUMSA are other factors.
8. In the auto industry industrial relations and human resource management specialists represent firms at the NBF and training specialists represent their firms at AMIETB, while chief executives represent firms at NAAMSA meetings and technical specialists represent the industry on the MIDC.

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- Eben Marais and Susan van der Merwe, Director and Deputy Director of Clothing, Textiles and Footwear Sector, Department of Trade and Industry, Pretoria, August 29, 1996.
- Johan Meyer, Chairman, T&N Holdings and NAACAM Chairman, Durban, August 23, 1996.
- Judy Parfitt, Former Industrial Relations Manager, Volkswagen SA, Vanderbijlpark, September 4, 1996.
- A. Pearce, Executive Director, Wool Board and Swart Commission member, Port Elizabeth, August 20, 1996.
- Roger Pitot, Samcor representative on MIDC, Pretoria, August 30, 1996.
- Alan Plummer, CEO Metair and NAAMSA representative on MITG, Johannesburg, September 3, 1996.
- Bernard Richards, Managing Director Seardel and Chairman of Clofed, Cape Town, October 10, 1996.
- Peter Riches, Director, Clothing Industry Training Board, Cape Town, October 3, 1996.
- Brian Smith, Human Resources Director, Volkswagen, January 1995.
- Percy Smith, Industrial Relations Manager, Volkswagen SA, August 21, 1996
- Shirish Soni, Consultative Business Organization (small clothing firms), Durban, August 23, 1996.
- Len Smart, Executive Director, Natal Clothing Manufacturers Association, August 26, 1996.
- Dr Nic Swart, Chairman of Swart Commission and member of BTT, Pretoria, September 2, 1996.
- Hennie van Zyl, Executive Director, Clofed, Johannesburg, September 3, 1996
- Nico Vermeulen, Executive Director of NAAMSA, August 28 and 30, 1996
- Clive Williams, Executive Director, NAACAM, Johannesburg, September 5, 1996.