

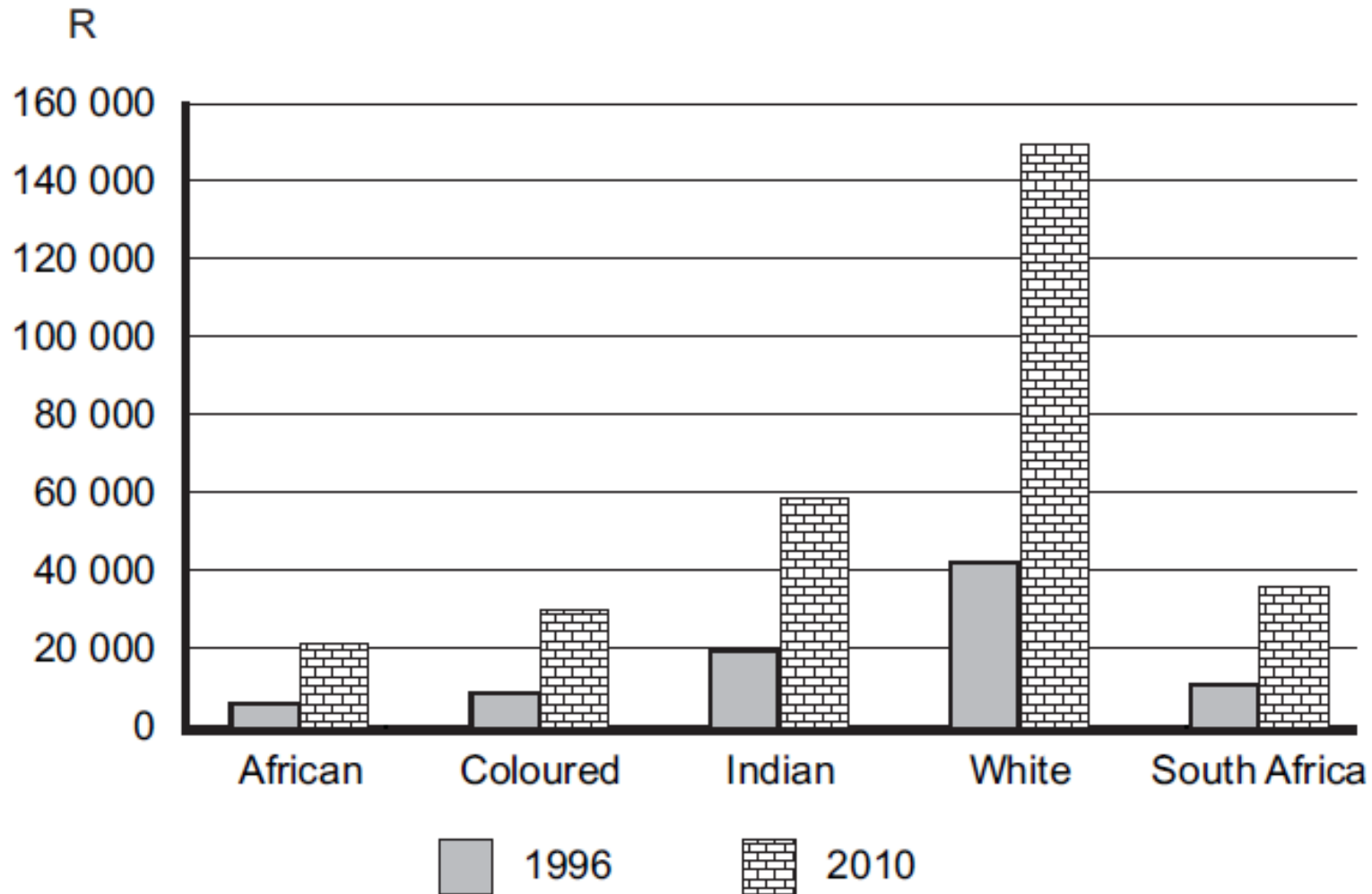
Workers against the poor? Will reactionary rhetoric prevail?

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GLU Alumni Summer school
Cajamar, 29 September 2012

Background on South Africa

- Organized labour played a critical role in liberation through
 - Mass organizing
 - Alliance with civil society movement
 - Strategy of ungovernability
- Great expectations?
 - Industrial relations
 - Economic and social performance: 40% unemployment, low growth rate except in 2000s but led by credit-fuelled consumption, extensive casualization of labour
 - As a result...

ANNUAL PER CAPITA INCOME BY RACE, 1996 AND 2010



Source: SAIRR, Fast Facts 2012

DA March on COSATU headquarters on 15 May 2012: 423K jobs vs. 0?





ZILLE IS THE ATROCIOUS QUEEN OF CAPITALIST
EXPLOITATION & OPPRESSION OF WORKERS AND
THE POOR, THE CREATOR OF POVERTY & INEQUALITY
WHO BECAUSE OF OUR DEMOCRACY NOW BLAMES
THE VICTIMS OF CAPITALISM FOR THEIR POVERTY
INFlicted BY HER BOSSES

BUZZ OFF YOU OPPRESSOR
REPRESENTATIVE OF CAPITAL

ZILLE DON'T MISTAKEN US
FOR COWARDS & DON'T MESS
WITH US WE WILL BRING YOU DOWN

SACT

The 'academic' onslaught on labour

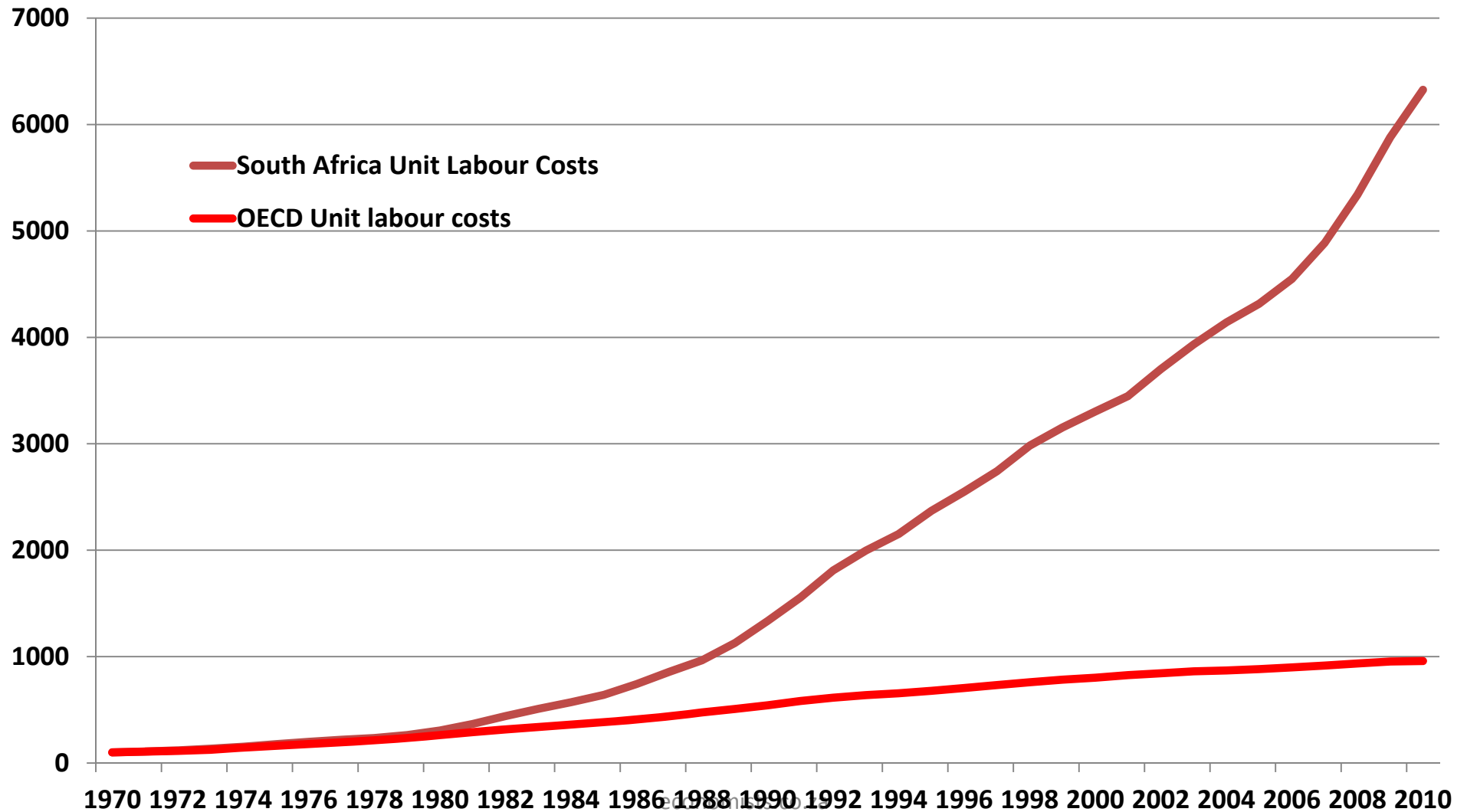
- 'Organized labour & labour law are responsible for unemployment and poverty'
- 3 main sources: Loan Sharp (Adcorp) / Mike Schüssler (UASA) / Nir Klein (IMF)
- 3 main arguments
 - The labour market is rigid
 - LM rigidity causes/worsens unemployment
 - Organized workers are over-paid, and are obstructing poverty reduction

- Debunking reactionary arguments
- A progressive take on South Africa's economic problems
- Making sense of the recent onslaught on labour

The labour market is rigid

- Two key arguments:
 - High cost of labour (graph)
 - Difficulty in firing
- On the contrary, the LM is far too flexible:
 - Labour law is not that protective / largely delegated to bargaining councils whose coverage is uneven, some SDs
 - Labour law is not enforced / labour inspectors
 - Empirical work shows that reality of LM is increasing casualization, chain subcontracting, and no benefits
- Further, unit labour costs comparisons are misleading because of the commodification of workers' reproduction

Nominal unit Labour costs. SA rockets up up up and away.



LM rigidity causes/worsens unemployment

- “the rapid growth of the real wage, which outpaced the labor productivity growth in most sectors, played an important role in suppressing employment creation.” (Klein, 2012)
- Neoclassical theory of unemployment: rigidity in adjusting the labour market to the equilibrium wage.
- But...
 - How little can workers be paid?
 - At 40%, is unemployment frictional, or is it *structural*?

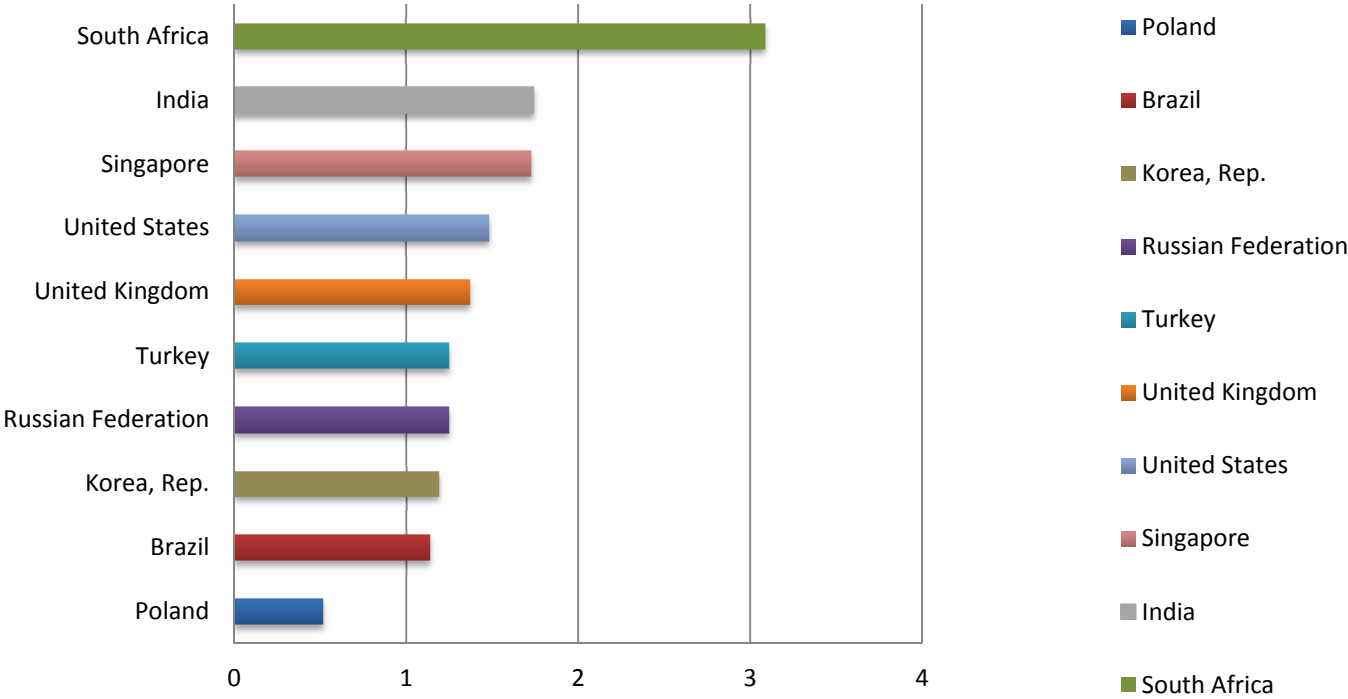
Organized workers are over-paid, and are obstructing poverty reduction

- “We must realise that things have change and the old slogans are no longer true. The Working class can now be called the comfortable class” (Schussler, 2011)
- Argument is clearly political (debate on productivity figure with D. Forslund) and aimed at pitting ‘the poor’ against workers and supporting the youth subsidy
 - Who are ‘the poor’?
 - Is poverty residual (skills) or relational?
 - How did these people get to Johannesburg for the march?
 - Who would benefit from the subsidy?

A progressive take on South Africa's economic problems

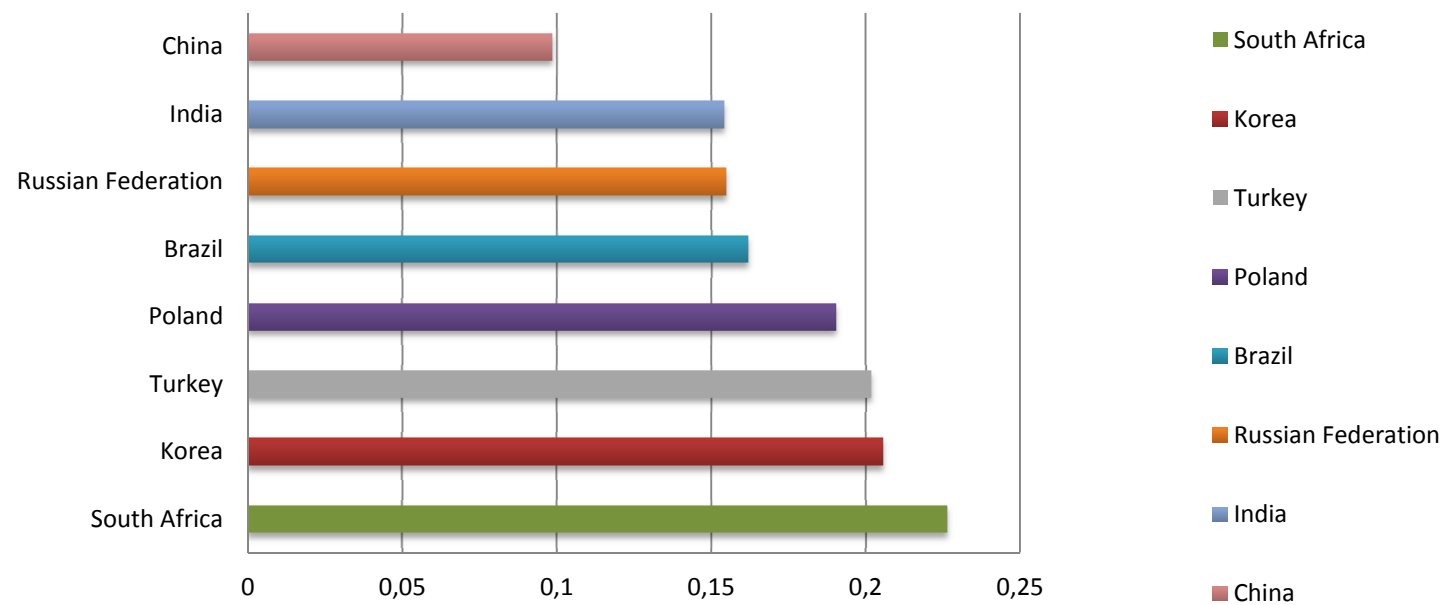
- Uneven growth path centred around Minerals-Energy Complex, with rapid financialization since the 1980s
 - Obstacle to economic diversification
- Increasing capital intensity reflecting reluctance to employ, or train, workers
- 2000s growth driven by consumer debt, employment growth linked to outsourcing of low VA services
- The key issue: financialization

Stock Market Capitalization-GDP Ratio in 2008



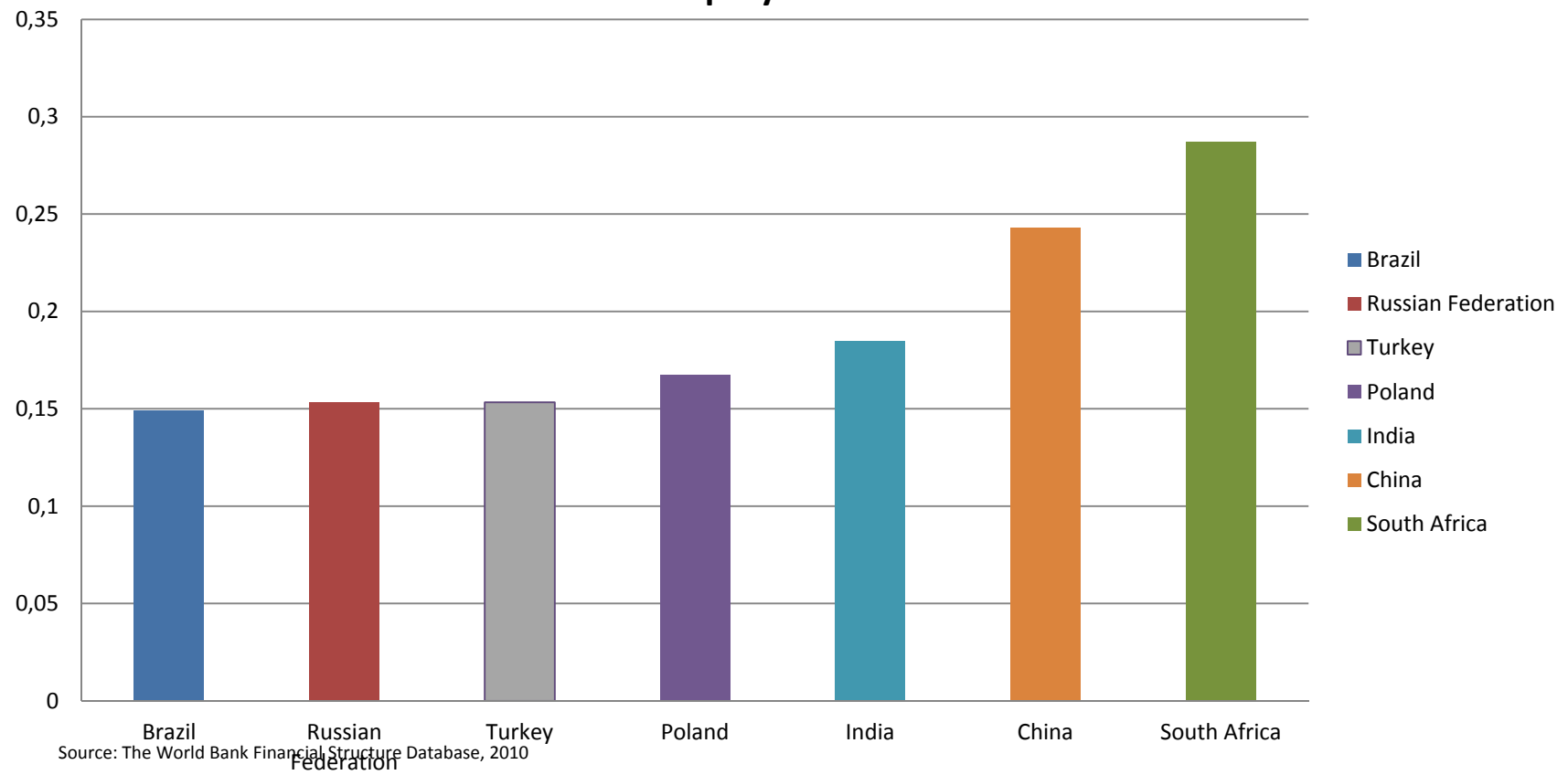
Source: The World Bank Financial Structure Database, 2010; Data on China not available

Share of Financial Services Sector Value Added to GDP in BRICS and Other Countries: 2007



Source: UN Statistics Division National Accounts Data and OEC

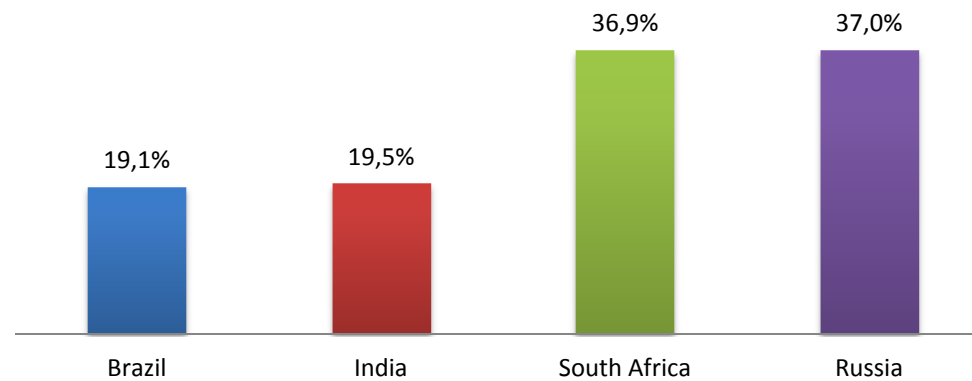
Banks Returns on Equity



Compensation of Financial Sector Employees as Percentage of Total Value Added

Compensation of Financial Sector Employees as Percentage of Total Financial Sector Value-Added in 2007

■ Brazil ■ India ■ South Africa ■ Russia



Source: UN Statistics Division National Accounts Data,

Making sense of the recent onslaught on labour

- COSATU protest against labour brokers (Zuma promise to ban them) – useful if belated response to casualization
- Perceived shift to the left of ANC
- Domination of neoclassical approach in SA academia and media
- Attempt by capital to shape the perception of reality to evacuate class struggle, or better
- *Transform* the class struggle in an internal WC struggle between labour aristocrats and worthy poor

Response?

- Battle of ideas is crucial as it shapes our understanding of an arguably untenable situation
- Need for critical scholarship articulated with progressive movements and universities
 - Challenge dominance of NCE in academia
- The labour movement must become serious about organizing casual workers, or it may live up to capital's stereotype
 - Marikana, Sikhula Sonke