

**GLOBALIZATION AND DEMOCRATIZATION IN SOUTH AFRICA:
A Case Study of the Clothing Sector in KwaZulu-Natal**

By

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DECLARATION

This dissertation represents original work by the author and has not been previously submitted in any other form to any University. Where use has been made of the work of others, this has been duly acknowledged and referenced in the text.

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“All who are not lunatics are agreed about certain things. That it is better to be alive than dead, better to be adequately fed than starved, better to be free than a slave. Many people desire those things only for themselves and their friends; they are quite content that their enemies should suffer. These people can be refuted by science. Humankind has become so much one family that we cannot insure our own prosperity except by insuring that of everyone else. If you wish to be happy yourself, you must resign yourself to seeing others also happy.”

- Bertrand Russell

“Only if man masters society and subordinates the economic machine to the purposes of human happiness and only if he actively participates in the social process can he overcome what now drives him into despair – his aloneness and his feeling of powerlessness”

– Erich Fromm

“Don’t gain the world and lose your soul. Wisdom is better than silver and gold.”

- Bob Marley

1. Introduction

In 1994, South Africans at long last triumphed over one of the most archaic and cruel political regimes of the twentieth century. Dividing the nation along racial lines, apartheid forcefully subordinated the majority of South Africans to White prerogative. Inheriting a legacy of horrific poverty and deprivation, the Government of National Unity led by President Nelson Mandela vowed to embark on a process of active democratization, or the redistribution of both wealth and power. However, the struggle for a more free and equitable society – the struggle for development – does not end in the political realm. While maximizing the accountability of political institutions is essential to development, perhaps even more fundamental is the need to question and challenge a society's economic relations. Given the extreme levels of poverty and inequity in South Africa, this research is primarily concerned with the urgent need for economic democracy. As Steve Biko (1978) argued, "In South Africa, there is such an ill distribution of wealth that any form of political freedom which does not touch on the proper distribution of wealth will be meaningless."

Since capitalism, the internationally dominant form of economic organization, is based upon an inequitable division of wealth and labour, workers in almost every country have engaged in some form of struggle for democracy. The means of achieving a more equitable distribution of power and the success of such struggles have obviously been contingent upon a broad range of historical factors. The racial division of economic and political power in South Africa under apartheid has left the country with a legacy of conflict, violence, and gross inequity of wealth and opportunity. However, the quest for democratization in South Africa is complicated not only by historical domestic trends, but also by an international economic system dominated by the interests of capital.

This research is motivated by one central question: Since the achievement of a representative democracy in 1994, has South Africa achieved a more equitable distribution of power in its economy? In order to gain insight into this question, a case study of the KwaZulu-Natal clothing sector was conducted. This sector was chosen for a number of reasons. Given the extremely high levels of unemployment facing South Africa, a labour-intensive industry such as clothing could make a valuable contribution towards job creation. The sector is also capable of providing South Africans with one of their basic needs and has traditionally been an important component of the KwaZulu-Natal economy, particularly in Durban. Finally, since globalization has played a

significant role in the clothing sector over the past decade, it provides an opportunity to examine how workers, firms, communities, unions and governments have responded to international trends. It is hoped that the way in which this labour-intensive industry has coped with the forces of globalization will shed some light on South Africa's progress towards democratization.

The working hypothesis of this research is pessimistic – that historical domestic factors combined with strong international trends are deterring a process of economic democratization in South Africa. Section 2 will explain the underlying values and methodology of the study. Section 3 will explore those aspects of globalization that impact on economic democratization in South Africa. Section 4 will examine possible democratic responses to global trends. Section 5 will present the findings of the case study of the KwaZulu-Natal clothing sector. The case study will examine international trends in the clothing industry before discussing those factors specific to South Africa that influence democratization. Section 6 is both a final discussion of trends in the KwaZulu-Natal clothing industry and an examination of those factors necessary for development in the sector. The goal of the study is to make a contribution towards the reconciliation of globalization and democratization in South Africa.

2. Implicit values and methodology for the case study

This dissertation is premised on the assumption that democratization and ‘development’ are essentially the same concept. This perspective on ‘development’ deserves clarification because the term is usually associated more with economic growth than democracy, and because a ‘developmental’ perspective conditions this research.

Amartya Sen (1999: 3) has argued that “development can be seen as a process of expanding the real freedoms that people enjoy.” If human freedom is a relative concept, then its maximization must depend on limiting unnecessary or unjust power of one over another. The expansion of real freedoms then, implies a change in power relations. Therefore, ‘development’ can perhaps best be defined as a continuous process of questioning and challenging power relations with the intent of maximizing human freedom. This definition is based on the relatively common belief that people have an instinct for liberty. As Proudhon (1840) argued, “Liberty is the original condition of (humanity): to renounce liberty is to renounce the nature of (humanity).” (in Ishay 1997: 178) Similarly, Bayat (1991: 2) argued that “if there is one single characteristic that might be considered uniquely human, it is perhaps the desire for freedom and the struggle against domination.”

Although the meaning and significance of ‘freedom’ can be rather subjective, what is likely the most humane conception of freedom is that all people are of equal inherent value and that freedom for one can be no more important than freedom for another. This belief is grounded in the collectivist concept of *ubuntu* - people are people through other people. Simply put, people must have the freedom to look out for one another. Collectivities, whether it be families, communities, organizations or societies must have the freedom to curb individual excess when it threatens their liberty. Certainly, “a society which becomes more individualized in the sense of placing greater importance on individual autonomy and freedom requires not less but more collective action if it is to be stable and legitimate.” (Gamble 1996: 96) These beliefs are tempered by the recognition that whether instinctual or socialized, empirical evidence also suggests a human tendency towards power and greed. For the individual, perhaps the arbiter of this great struggle is the powerful emotion of love. If one loves, then one desires happiness for others – one desires freedom for others - not for one or two or even one hundred selected others, but for all. For such a person to believe both in freedom and equity is to reject unjust relations between any two people.

If development is a process of questioning the justice of power relations with the intent of maximizing freedom, then democratization, or the relatively equal dispensation of power throughout society, must be a just end. While this concept should logically be extended to encompass all aspects of people's lives, it is commonly confined to the political realm and excluded from the economic and social. For example, general consensus has been achieved in many societies that the authority exercised by a political dictator over a population is unjustified. Conversely, while most people now accept that men should not exercise power over women on the basis of anatomical differences, many argue that such a paternal relation is justified. Similarly, most would argue that the master-servant relationship that divided apartheid South Africa along racial lines was unjust. However, many who accept the injustice of racial discrimination concurrently support the worker-boss relationship embodied in capitalist economies. Such apparent contradictions and value-laden judgements are the essence of development. Without an active dialogue around such power relations, people and their institutions can not evolve.

Clearly, the indicators employed to discover the extent of democratization in an industry are essential. How does one best identify the nature of power relations in an industry and how are they being effected by domestic and international factors? This dissertation can not hope to create a comprehensive methodological framework with which to measure democratization. Both Jarvis (1999) and Antsey (1990) recommend that workplace democracy be measured according to level, extent, and type. This paper will employ each of these categories as subsets in the broader realms of political, economic, and social.

Democratization is a concept not easily quantifiable. Much of the research is therefore dependent on subjective variables. In the 'social' category, development measures are entirely qualitative, including worker job satisfaction and management's attitudes towards workers. In the political category, measures are also empirical, focusing on the extent to which workers control decisions made in the workplace. In the 'economic' category, development measures are more quantitative, primarily focusing on wage levels and profit retention. Each of these indicators directly relates to development – each are intended to assess power relations in the workplace and examine whether or not they are becoming more or less equal, or just.

An extensive literature review in the field of economics and workplace democracy both in South Africa and globally was conducted to establish a theoretical basis for the dissertation. To gain insight into the dynamics of the KwaZulu-Natal clothing industry, a series of open-ended interviews with key stakeholders were conducted. Formal questionnaires were not used and the subject matter of the interviews differed according to the experience of those interviewed. For example, while speaking with the Natal Bargaining Council's legal advisor the discussion centred on domestic constitutional and legislative issues. Conversely, while interviewing a number of shop stewards from Durban factories, the conversation focused on their personal opinions regarding workplace power relations. All the interviews were aimed at gaining a better understanding of power dynamics in the clothing industry and the unstructured, qualitative approach was consciously chosen for its flexibility and its ability to elicit a wide range of knowledge from the interviewees.

While there is obviously a significant amount of theory behind the concept of democratization, comprehensive measures of power relations in the workplace are scarce. The results of any study employing primarily qualitative measures are certainly open to interpretation. However, whether or not an individual firm or an entire industry is transforming social relations in a democratic fashion can perhaps best be determined through subjective dialogue. Likely the greatest shortcoming of the research is that it focused on representatives for labour and management rather than on the workers themselves. Still, the responses from each of the interviewees were remarkably similar in content. Indeed, there is almost unanimity on the question of democratization in the clothing sector. The more contentious and challenging aspect of such a study is to come up with explanatory variables. The explanations for the findings in the study will be based primarily on theory and on empirical observation rather than on quantifiable indicators. Although this may be a significant shortcoming, the exploratory nature of the study makes a more comprehensive analysis difficult.

3. Globalization

Stated generically, globalization is the process of increasing economic integration and growing economic interdependence between countries in the world economy. (Nayyar 1995) This paper, however, will examine globalization as it has been manifest since the end of the Second World War; that is, as a capitalist-guided experiment of economic growth. Globalization is not only a process of expanded communication networks, nor is it merely a process of opening borders to capital transfers. As Hahnel (1999) argues, “globalization is an ideology that generally opposes governmental or societal interference in the process of accumulation.”

Since globalization is currently dominated by institutions that are representing primarily First World capital and enforcing a global order aimed at facilitating accumulation by working against democracy, the current system is perhaps best characterized as imperialist. Therefore, the concept of ‘imperialism’, defined as “the extension or attempted extension of authority, influence or power by any person, country, or institution,”¹ can be accurately applied to the internationalization of capitalist relations.

This section will briefly explore the roots of the current global order before discussing its developmental implications for the ‘developing’ world. The terms ‘developed’ and ‘developing’ in reference to human societies are usually employed to describe a level of economic accumulation. However, given the definition of ‘development’ with which this study is working, the application of ‘developed’ to the First World or ‘developing’ to the Third World is meaningless and rather absurd. Instead, more powerful countries (MPCs) will be used in place of ‘developed’ and less powerful countries (LPCs) will be used in place of ‘developing’. Globalization will be examined from a political, social, and economic perspective. Though the distinction between these three categories is never clear, the division promotes a holistic approach to an analysis of globalization.

3.1 Roots of globalization

At the heart of globalization is the expansion and strengthening of capitalism. The United States and its Washington Consensus allies have made no secret of their agenda to open the world to free markets. In a free market, capital interests dominate. The mode of production most

advantageous to capital and the system responsible for their dominant power is capitalism. Therefore, understanding the power relations implicit in capitalism is an essential foundation for any examination of globalization.

A capitalist system concentrates power with those who own the means of production. Workers employed by owners are typically given only minimal economic, social, or political power in the workplace. Although this productive system is clearly undemocratic, it is often accepted as legitimate and justified. This inequity is justified in theory by the principle of methodological individualism. This principle, dating back to Adam Smith in the eighteenth century, makes a number of fundamental assumptions about human nature. First, it assumes that all individuals are born equal, but with varying subjective preferences. Second, it assumes that all rational individuals seek maximum return on resources and maximum utility from their returns. This natural self-interested maximization can only occur in the context of competition in the free market. The “market” refers to the free exchange of goods and services between producers and consumers, or sellers and buyers. An efficient market, in which benefits outweigh costs, will allow rational individuals to freely accumulate wealth. Further, an “invisible hand” will coordinate the market (ensuring equilibrium of supply and demand) and efficiently allocate resources, thereby ensuring maximum collective utility. Therefore, a society of equally competitive individuals each pursuing their own interest will, with abundant labour, land, and capital, result in a perpetual process of accumulation that will lead to an increase in general welfare.

In a capitalist utopia, the winners of a Darwinian competition for resources will rent the losers in order to further boost profits. If capital can continue to be productive and to innovate, then the losers of the competition, or the poor, should be absorbed into the workforce. Once employed, the wages, or rents, demanded by the working poor should be sufficient to provide the basic necessities of life. At this point, “the functional distribution of income moves against wages and in favour of profits.” (Ingham 1995: 121) As the rented workers vie for higher wages, they will compete to earn a place in the essential ‘coordinator’ class. Often referred to as the ‘middle’ class, these workers are the supervisors and managers of other labourers on behalf of capital (or in the more modern economy, workers able to perform skilled services in capital-intensive sectors). The loyalty of this class to the ‘upper’ or ownership class is assured through high wages and a strong identification with the culture of capital rather than labour. Those who can not rent

¹ Collins English Dictionary (Collins, London, 1979).

themselves to capital also play an important role in maintaining low wages and profitability. So long as there is an ultra-poor underclass willing to work for very low rents, then capital can ignore labour's demands for higher wages. Efficient allocation in an unfettered market system is achieved when those owners of capital who can best exploit their workers and their resources are able to accumulate a disproportionate share of wealth and power, thereby perpetuating the cycle of economic growth. From this perspective, inequitable power relations are a natural phenomenon of little concern.

However, there are a number of conditions necessary for a properly functioning market. First, private property must be guaranteed so individuals have incentive to accumulate. Second, competition must be assured through an absence of power and the presence of perfect information. Of course, even the most loyal disciple of classical economics recognizes that these conditions are unlikely to occur. However, the objective of capitalist policies is to attain conditions as close to these as possible.

The closer the real world resembles this ideal formulation of the market, the greater the potential for wealth accumulation, or economic growth. For classical capitalists, micro-economic assumptions of individual maximization are translated into macro-economic assumptions: the more wealth accumulated in a national economy [Gross Domestic Product (GDP)], the more collective welfare will improve (GDP per capita). With these theoretical assumptions in hand, capitalist policy-makers craft agendas aimed at accomplishing the ultimate end of economic growth in a perfectly free, competitive, efficient, and productive market in which all individuals have equal opportunity to benefit.

Currently, the policies advocated by the major institutions representing capital are driven by neo-liberalism. The emergence of neo-liberalism as the dominant paradigm of capitalist development must be understood as an extension of historical political, economic and social processes.

3.2 The rise of neo-liberalism

Classical economics experienced its first major crisis in the early 1930s with the onset of the Great Depression. The failure of orthodox economic theory to account for this major depression allowed a competing theory of capitalism, Keynesian economics, to gain notoriety among Western (most notably US) policy-makers. Keynes' analysis of the Depression concluded that

markets, left to their own, would not automatically reach equilibrium and that the downturn in production, or supply, was largely due to a sharp, sustained drop in aggregate demand. In order to stimulate demand, Keynes recommended large-scale government intervention to create jobs and boost incomes. Once aggregate demand increased, it was assumed that production would also rise, thereby renewing profitability. The economic recovery that followed the implementation of demand-side policies established Keynesian economics as the dominant capitalist paradigm.

As World War II was ending, the United States had “literally half the world’s wealth, incomparable military power and security, and it was in a position to organize much of the world.” (Chomsky 1998: 4) The first opportunity to exercise this undisputed supremacy arose in 1944 as the victorious allied powers convened at the Bretton Woods conference to formulate a new economic global order. Shortly after this conference, relatively benign financial institutions [the World Bank and the International Monetary Fund (IMF)] and an international trade regime [General Agreement on Tariffs and Trade (GATT)] were created to provide international economic stability. Indeed, under this system of fixed currencies (anchored to the US dollar) and liberalized trade, western creditors were encouraged to loan extensively to developing states. The developing states, in turn, could finance their industrial expansion projects with heavy injections of foreign currency. This doctrine of state-led growth, or the developmental state, was largely based upon Keynesian foundations. The following twenty-five years, between 1945 and 1970 were characterized as the ‘Golden Age’ of capitalism. During this time, profits in the advanced capitalist blocs (United States, Japan, and Europe) boomed while states in the developing world attempted to ‘catch-up’ by rapidly pushing for industrialization.

International development strategies in the post-War era have been dominated by the United States and have been “essentially oriented towards the needs of US investors.” (Chomsky 1992a: 140) Since the mid-1970s, the primary need of US investors has been to regain or maintain profitability in the face of a systemic decline in aggregate profitability. Inter-capitalist competition among the major blocs has led to a pattern of over-accumulation and over-production that perpetually squeezes profits and drives capital into non-productive activities such as real estate and financial speculation. As real productive investment decreases relative to electronic wealth generation, economic opportunities for the majority disappear, thereby lessening the demand for products and aggravating the crisis of over-production and under-consumption. (Brenner 1998)

The demise of the 'Golden Age' and the decline in aggregate profitability was accompanied by the persistence of high inflation and high unemployment (this phenomenon of 'stagflation' was thought to be impossible by Keynesian economists). Moreover, after their taxing, lengthy invasion of Indochina, the United States was operating on large current account deficits, losing its relative economic pre-eminence for the first time in the 20th century. In response to this crisis, President Nixon floated the US dollar, thereby ending the Bretton Woods system of financial regulation. This deregulation allowed a controlled devaluation of the US dollar, thereby providing American exporters with a competitive advantage. However, as the global economic downturn worsened with two successive oil crises in 1973 and 1979, the stage was set for a dramatic re-thinking of Keynesian economics.

Mainstream attempts to explain the global economic downturn beginning in the 1970s have largely avoided any diagnosis signaling a systemic flaw with capitalist accumulation. Rather, by the mid-1970s, monetarists such as Milton Friedman gained credibility by emphasizing the failure of demand-side policies to ensure increasing productivity. Friedman advocated a shift to supply-side policies, or the need to attract more private investment and capital into the domestic market. A neo-classical economic revival followed shortly thereafter, claiming that capitalist competition had been inhibited and markets had been rendered inefficient because of excessive state interference. Thus, by the time Ronald Reagan and Margaret Thatcher ascended to power in the United States and Britain, monetarist critiques had been absorbed into the neo-classical revival, and the synthesized doctrine of neo-liberalism emerged as the dominant doctrine of capitalist economics.

Neo-liberalism is perhaps best understood as the ideological paradigm constructed by international capital interests (primarily transnational corporations and financial speculators) around this relentless drive for accumulation in the face of systemic decline. This ideology is backed by the powerful 'Washington Consensus', a term used to describe the alliance between the US Government, the World Bank and the IMF. Essentially 'capitalism with the gloves off', neo-liberal reforms have primarily advocated the removal of unnecessary state interference from market forces.

Since the early 1980s states have been instructed to deregulate, liberalize, and submit to the powers of international markets. This trend has further concentrated power in the MPCs and has

eroded the power of workers and communities all over the world. The remainder of the section will highlight how globalization has been actively working against democracy at the political, economic, and social level.

3.3 Political globalization

On a political level, globalization serves to transfer power from elected bodies to unaccountable capital interests, primarily in the more powerful countries. Representative democracy, where it exists in less powerful countries, is severely constrained by globalization. Indeed, the consolidation of power in a number of political institutions representing the interests of capital is arguably the world's greatest source of poverty and injustice.

For policy-makers in Washington, one of the most convenient circumstances which arose out of the era of Keynesian state-led growth was the enormous debt accrued by much of the developing world. By the early 1980s, this debt had been compounded by two successive oil crises, worsening terms of trade, currency de-valuations and higher Western interest rates. When Brazil defaulted on its loans in 1982, the Third World debt problem graduated to a crisis. In order to finance their external debts, the developing world was forced to turn to the IMF for assistance. The IMF, and later the World Bank, has since been providing conditional loans to indebted countries throughout the developing world. The conditions attached to these loans, called Structural Adjustment Programs (SAPs), have allowed the Washington Consensus to virtually dictate policy for much of the developing world. Since the United States has the largest single country block vote in the IMF (and the World Bank), the policies will consistently reflect the needs of the most powerful American capital interests. (Wade 1996: 36)

International Financial Institutions reflect the interests of US capital by prescribing programs that are aimed at "getting the fundamentals right" and involve measures such as fiscal austerity, trade and financial liberalisation, and privatization. Because SAPs are so deeply rooted in the dogma of neo-liberalism and the interests of primarily US capital, the programs are thought to be applicable universally. Since most countries are so deeply in debt that they have no choice but to implement such policies, "indebtedness continues to foster de facto dependency and poverty by imposing major constraints on development efforts, as precious export earnings are used to finance debt repayment." (Mohan and Zack-Williams 1995: 482) From the perspective of the majority in the less powerful countries, these programs have been unequivocally disastrous,

resulting in even greater inequity and hardship than would be expected from a more restrained or democratic version of capitalist expansion. Even neo-liberal economists such as Jeffrey Sachs have realized the absurdity of the situation: "It defies logic to believe that the small group of 1000 economists on 19th Street in Washington should dictate the economic conditions of life to 75 developing countries with around 1.4 billion people." (Sachs, in Bond 1998) However, from the perspective of capital interests in the 'developed' world, particularly in the United States, the 1990s brought a slight resurgence in profits, and the programs must therefore be considered quite logical and moderately successful.

An equally effective tool in the international capitalist class' armory is the World Trade Organization (WTO). Membership in the WTO requires the adoption of a certain set of institutional norms including nondiscrimination in trade and industrial policies, transparency in the publication of trade rules, and WTO consistent patent and copyright protection. (Rodrik 1999: 31) As Beinefeld (in Boyer and Drache 1996: 433) points out, "the current trade regime is actively eliminating the use of an ever wider range of national policy instruments by threatening users with collective retaliation." Indeed, the World Bank confirms that "those that attempt to use more interventionist versions of the export-push model will risk retaliation from industrial-economy markets or punishment under the GATT." (World Bank 1993: 365) Trade policy, in this light, is not so much an option as a requirement in the international system.

The most visible manifestations of international capital interests are transnational corporations (TNCs), such as Coca-Cola, Nike, and Mercedes-Benz. Since export-led industrialization is usually fuelled by foreign investment and technology (similar to the Latin American model of import-led industrialization), an increasing presence of TNCs in the less powerful countries has become the main "development strategy for the capitalist global system." (Sklair 1994: 168) For TNCs, "there is a world to be carved up for inclusion in the firm's profit and loss account." (Madeley 1992: vii) Indeed, TNCs are almost exclusively controlled by a small number of shareholders in the major capitalist blocs and have no obligation to represent any interests other than their own. Considering this increasing concentration of power in the centre of the global system, considering that TNCs operate only to accumulate private capital, and considering that TNCs can strongly influence domestic policy and practice (exerted either directly or through their representative institutions like the World Bank, IMF, NATO, CIA) the increasing role of TNCs in less powerful countries is alarming.

Another institutional mechanism of imperialism is rule by proxy, a popular holdover from the era of direct rule. It is unsurprising that nearly two-thirds of developing countries continue to suffer under authoritarian rulers. (Kohli 1993: 672) By ensuring that an ideologically compatible regime remains in power (ie: upholds private property rights and opens borders to foreign exploitation), populist movements dissatisfied with the slow pace of change (or the worsening of conditions) can be crushed, quelled, or ignored. As Munro et al (1998: 10) observe, Washington Consensus reforms seem to create “states that are willing to design, implement and enforce difficult and painful adjustment policies that may hurt the popular base of the regime but promote the interests of international capital.” Some of these proxy leaders likely carry a deep faith in the benevolent power of the market; others have been forcefully coerced into compliance (most notably Aristide in Haiti), while some (perhaps most) are fascist and brutal leaders committed to personal power. These regimes are typically classified as “democracies” so long as populist, nationalist, or socialist sentiments do not sway them. The World Bank openly recognizes that trade liberalization policies are most ‘successful’ when countries have a “stable regime, *of whatever shade.*” (Papageorgiou et al. 1991: 115) The World Bank also emphasizes with due delight that the deterioration of income distribution, or greater inequality, has in all but one case “not been instrumental in killing off a liberalisation.” (Papageorgiou et al. 1991: 112)

Where the powers of International Financial Institutions, the World Trade Organization, transnational corporations, and ideologically compatible governments fail to adequately represent capital interests, more direct force is needed. The United States government is the ultimate institutional mechanism through which power is consolidated and dissent quelled. Intent on consolidating and expanding its role as global hegemon, the United States is a country founded upon the interests of the landowning capitalist class. (Chomsky 1999) Throughout the 20th Century, the United States has employed economic, political, military, and social pressure on the rest of the world to meet the needs of their domestic capitalist class and their allies. The primary motivation for US intervention in foreign countries, it seems, is the prevention of any nationalist movements that could immediately or potentially harm US investors. Such nationalist movements, such as the ANC in South Africa up to the 1980s, are consistently demonized with titles such as ‘terrorists’ and ‘communists’. Terror committed in the name of capital interests, of course, is legitimate intervention to restore ‘peace’ and ‘democracy’. US terrorist and interventionist campaigns overseas have been too numerous to catalogue in this short paper, but have been recorded at length elsewhere. Former CIA and State Department worker William Blum (1998: 8) has found that:

“Every socialist experiment of any significance in the twentieth century – without exception – has either been crushed, overthrown, or invaded, or corrupted, perverted, subverted, or destabilized, or otherwise had life made impossible for it, by the United States. Not one socialist government or movement – from the Russian Revolution to the Sandinistas in Nicaragua, from Communist China to FMLN in Salvador – not one was permitted to rise or fall solely on its own merits; not one was left secure enough to drop its guard against the all-powerful enemy abroad and freely and fully relax control at home.”

Whether the United States acts unilaterally (the continued genocide in Iraq, 1991-present), through NATO (the 1999 terrorist campaign in Kosovo), through the United Nations (Zaire in 1960), or through the CIA and other covert channels (Nicaragua and virtually every other Latin American nation), the United States offers its investors and its allies a sound insurance policy.

On a political level, globalization prevents the nation-state from effectively moderating the inequitable tendencies of capitalist production. Rather, globalization serves to utilize governments as partners in the process of accumulation. When elected officials become more accountable to capital interests, both domestic and foreign, the ability of civil society to achieve a more equitable distribution of political power and material resources is severely limited.

3.4 Economic Globalization

The economic policies prescribed or required by the powerful institutions driving globalization have a fundamental impact on power relations within and between societies. Whether described as SAPs or neo-liberalism, the fundamental tenets of orthodox economics are today manifest in trade and financial liberalization, deregulation, privatization, and fiscal austerity. The stated goals of these policy programs are to boost economic growth, thereby allowing a general improvement in welfare (according to capitalist assumptions). Although elaborate theoretical justifications have been created to support these policies, empirical evidence has failed to produce a successful result for neo-liberalism. While the stated goals have not been achieved, the actual but unsaid motivations have been realized. The economic policies prescribed by the institutions representing capital are intended to either marginalize or co-opt government and civil society in the pursuit of material accumulation. The following section will illustrate the developmental

implications of neo-liberal economic policy prescriptions by taking a more in-depth look at trade liberalization and export-oriented industrialization.

3.4.1 Trade liberalization and export orientation: Stated intentions

Trade liberalization is assumed to produce high levels of economic growth because it allows the market to efficiently allocate resources. As productivity and investment improve, demand for labour should increase and wages should rise, thus producing equilibrium between supply and demand. Joseph Stiglitz, like Adam Smith, argues that “by allowing each country to take advantage of its comparative advantage, trade increases wages and expands consumption opportunities.” (Stiglitz 1998: 11) Consumers in turn will be protected by an open market because it will prevent monopoly producers from charging high (above international market) prices. The prevention of rent seeking through open competition provides desirable incentives for firms to constantly improve productivity. (Wade 1995: 123) An open economy should also attract foreign investment, providing a country with foreign capital, advanced technology, sophisticated managerial practices and distribution networks in export markets. (Chang 1998: 99) Finally, the share of exports in an economy should increase, thereby helping a country’s balance of payments and fostering macroeconomic stability.

In order to facilitate this macro-economic stability, countries are strongly encouraged to pursue a path of export-oriented industrialization. Essentially, capitalist theory envisions each country competing for niches in the global market. (Sklair 1994: 165) Once a niche is found, a nation must consolidate and expand to become increasingly competitive. Ideally, countries should try to move up commodity chains to the highest value-added segments that generate the greatest domestic linkages, profits, and employ the most skilled workers. (Gereffi in Sklair 1994: 211-231) Of course, major MPC producers possess most of the space in the global economy, but capitalist theorists are confident that LPCs will be able to locate unattended crevices and possibly even challenge certain occupied markets. As the World Bank (1993: 361) argues, countries can “safely assume that demand for their products is infinitely elastic”; meaning that so long as the price is right, there will be demand for products.

Should a country become competitive in international markets, the effects on economic growth should be highly beneficial. Apart from providing countries with foreign capital, forcing firms to contend with international competition is thought to improve overall productivity and growth in

an economy. Intense competition in the export market should provide higher incentives for firms to invest and innovate. As Stiglitz (1998: 169) argues, “a firm that succeeds in the export market is more likely to be economically efficient.” Moreover, competition in international markets should allow firms to increase technological capacity and marketing and production know-how, which will in turn have a positive spillover effect in the home economy. (World Bank 1993: 23)

3.4.2 Trade liberalization and export orientation: Actual intentions

In a system governed by methodological individualism there is no reason to believe the benevolent intentions propagated by capitalist institutions. Trade liberalization and export orientation are encouraged and enforced because the policies provide MPCs with a comparative advantage. Employing the jargon of classical economics, more powerful nations (representing international capital) pursue their narrowly defined rational self-interest and exert their comparative advantage, power, *by any means necessary*.

The fact that free trading relations between nations will always benefit the most powerful player has long been recognized in economic discourse. Although speaking primarily to the wealthy and ‘civilized’ European nations, Adam Smith argued that governments should not unilaterally open markets because “without reciprocity, free trade will simply give trading partners lopsided advantages.” Smith well understood that “the mean rapacity, the monopolizing spirit” of capital, should they dominate, would have grave implications. Indeed, in the mercantilist era of British development, “merchants actively used the sword and lash to persuade those reluctant to accept the virtue of trade.” (Cole et al. 1991: 24) Following the industrial revolution, the use of force and coercion to protect trade routes and profit margins ensured that industrialized nations would dominate the terms of trade with the rest of the world. As a result, during the last two centuries, less powerful countries “have been increasingly marginalized in international trade, owing mainly to their high dependence on the production and export of primary commodities.” (Shafaeddin 1995: 13)

The terms of trade in a liberalized global market will favour more powerful countries by valuing capital-intensity above labour-intensity. According to the laws of supply and demand, what is scarce in supply and high in demand will command a high price, while what is abundant in supply and low in demand will beget a meager sum. On the international level, there is a great demand for capital, but the supply is concentrated in the more powerful countries. At the same time, there

is an abundance of labour, particularly in the less powerful countries, but shrinking opportunities for employment. The more concentrated the supply of capital, the less bargaining power will labour possess. Therefore, since the comparative advantage of less powerful countries is their cheap and abundant supply of labour, it would be extremely difficult to benefit equally from an open trading environment. LPCs that hope to integrate into the world economy and avoid economic growth through low wage production are now pursuing a path of export oriented industrialization. This strategy is based on the hope that a liberalized trade regime and greater levels of foreign competition will allow domestic industry to learn and adapt to the demands of the export market. It is hoped that once these countries foster successful capital-intensive industries, their terms of trade would improve and their workers would be more skilled and better paid. Unfortunately, this strategy also tends to ignore the 'mean rapacity' of capital interests in the more powerful countries.

Judging from empirical evidence and capitalist rationality, trade liberalization is intended to strengthen the terms of trade in favour of the MPCs and to open foreign markets for low-cost production points, cheap labour, abundant resources, and a massive consumer base. Certainly, neither trade liberalization or export orientation was ever designed, theoretically or practically, to meet the needs of the poorest segments of the population. As one World Bank study revealed: "There is no evidence that lower income groups derive particular advantage from liberalisation." (Papageorgiou et al. 1991: 112) In South Africa, and throughout the non-OECD world, the majority of the population belongs to those "lower income groups." Therefore, the World Bank's blunt concession that "export growth does not mean improved welfare" confirms that the stated and actual intentions of trade liberalization and export orientation are simply inconsistent. (Papageorgiou et al. 1991: 183)

3.4.3 Trade Liberalization, Export Orientation and Development

The major benefits of a liberalized trade regime are supposed to be economic growth through increased export market penetration and lower prices for consumers through increased domestic competition. Even if both of these expectations are realized, however, the effects of trade liberalization will still be negative from a developmental perspective. While foreign, and sometimes domestic, capital interests will no doubt become more powerful, the relative bargaining power of workers and national governments will decline.

In order for the stated intentions of trade liberalization to be realized, a country needs to experience high levels of economic growth. However, the benefits of liberalization for economic growth are far from certain. A series of econometric studies have found that liberal trade regimes and export-orientation do not seem to have much effect at all on economic performance. (Hout 1996; Sarkar 1994) Studying Mexico, for example, Iscan (1998: 123) found that “the effects of trade liberalisation on long-term productivity growth rates are found to be statistically insignificant.” Similarly, Hamilton and Thompson (1994: 1388) conclude that: “export-led growth is too narrow a strategy for sustained growth.”

Perhaps one of the most significant reasons for the absence of robust growth after liberalization is that the role of the state is largely removed from the process of domestic industrialization. Policy makers in the MPCs can not conceal the hypocrisy of their demands for rapid trade liberalization. Industrialization has never been achieved by market forces alone. Indeed, both Britain and the United States developed their industries behind protectionist measures and brutally exploitative, state-sanctioned labour practices, which in the United States included the elimination of the indigenous population and slavery. (Chomsky 1999) Since, virtually every successful industrial economy (most notably Japan and the former East Asian Tigers) has followed a relatively protectionist path and has resisted comprehensive trade liberalisation “until their industries seemed strong enough to stand the competition.” (Goldsmith 1995: 646)

Still today, the most powerful countries, particularly the United States, rely heavily on protecting domestic industry while prying open foreign economies. As American Noam Chomsky (1992a: 161) explains:

“We, of course, do not accept free market principles and capitalist structures for ourselves. No businessman would ever tolerate being subjected to the ravages of competitive capitalism and the free market without a government to protect him and a public subsidy, etc. But we do insist upon that for our victims. It makes them much easier to exploit.”

Protection in the United States and other ‘developed’ capitalist economies is achieved through enormous state subsidies, foreign intervention, antidumping and countervailing duties, ‘voluntary’ agreements to limit levels of exports, and the use of escape clauses under GATT. (Jenkins 1992: 17) These measures are referred to as the “new protectionism” because traditional

protective measures such as tariffs and quantitative restrictions have been largely forbidden by the World Trade Organization. Although Kaplan and Kaplinsky (1999: 1787) have referred to these protectionist measures as “market distortions” such a classification is misleading because uneven development based on economic or political comparative advantage is in fact the basis of a normal, not a distorted, market.

Unable to develop local industry behind protective barriers and unable to foster industry with financial support (in a climate of fiscal austerity), governments in LPCs essentially become bystanders, hoping for the private sector to perform. Domestic business, it is hoped, will learn quickly and benefit enormously from the added competition of a liberalized market, boost productivity, consolidate a niche in the high-end export market, and employ domestic skilled workers. Perhaps more importantly, policymakers in LPCs gear national policies around the needs and desires of foreign capital, hoping that an attractive investment climate will produce a growing economy and a significant number of jobs. Certainly, as governments in less powerful countries, both elected and unelected, scramble to create the most investor-friendly climate, the range of policy choices available to the people of the Third World are severely limited.

Certainly, some domestic businesses and some workers will benefit from success in the export market. Focusing production around high-end export markets should increase the number of high wage, skilled jobs. Moreover, some consumers will certainly benefit from cheaper and more diverse imports. However, it appears that the greatest beneficiary of trade liberalization and export orientation is foreign capital.

For developing countries trying to gain access into export markets dominated by large corporations, it is often essential to integrate into the company’s transnational production chain. This allows transnational corporations owned and controlled in the First World an increasing presence in the Third World. As domestic workers become more dependent on foreign employers, the political leverage of foreign capital over national governments will increase.

Even if an LPC industry could squeeze into an unclaimed crevice in the world market, should that niche become a major market then the more powerful producers would likely seize control. (Henderson, in Sklair 1994: 281) For example, Bell Equipment, regarded as one of South Africa’s industrial success stories, was bought out by American firm John Deere in 1999. With the assistance of the IMF or the other capitalist institutions, corporations from MPCs can easily

purchase successful domestic businesses, thereby increasing foreign ownership of the less powerful world. The East Asian crisis of 1997 illustrated this trend, as North American and European investors were treated to a fire sale of Asian businesses. The IMF encouraged this foreign buy-out by imposing a host of conditionalities on countries in collapse. In the case of South Korea, these conditionalities included: “submit legislation to abolish restrictions on foreign ownership of land and real estate; permit foreigners to engage in securities dealings, insurance, leasing, and other property related businesses; permit equity investment in nonlisted companies and eliminate aggregate ceiling on foreign investment in Korean equities.” (Hahnel 1999: 77) In the current global order, realizing competitiveness in a liberalized market may simply allow foreign capital to increase their equity in less powerful countries.

Of course, given the severe shortage of capital in most of the less powerful countries, higher levels of foreign investment can be a valuable, even essential, contribution to national employment and economic growth. However, while the flow of speculative capital to the Third World has increased, the growth of productive investment has been much less certain. One of the direct results of this competition to attract foreign capital and corner export markets is a decline in wages and labour standards, particularly for the unskilled majority in the ‘developing’ world. As Albo (1994: 157) argues, “the asymmetry of all countries pursuing export markets can only add to the competitive pressures to bargain down national wage and social standards.” Certainly, in those industries that can not consolidate a niche at the high-value end of production, jobs created will be characterized by “low wages, poor working conditions and meager social benefits” for an “often predominantly female labour force.” (Child Hill and Lee, in Sklair 1994: 294) As working conditions become poorer and the nature of employment becomes increasingly informal, collective organization of labour becomes more difficult and less likely. With a progressively weakening workforce, the power of capital relative to civil society will increase substantially.

Downward pressure on wages is exacerbated by the ‘short-term costs’ of liberalization – large-scale retrenchment from collapsing domestic industry. As markets are flooded with imports and foreign competitors, industries in less powerful countries must either scramble to maintain its domestic sales, or adapt its production to the needs of foreign buyers. No sudden shift to export-orientation will be without victims. If new jobs are of low quality and existing jobs are disappearing due to a liberalized domestic market, then hopes for a decent livelihood turn to the high-wage, high-skill, capital intensive sector.

However, in countries with low skill levels, a conflictual industrial relations environment, and a large pool of unemployed workers, pursuing the high-end export market does not bode well for immediate job prospects. Even if countries are able to successfully occupy a niche market on the high-end side of production, increased productivity and competitiveness may make some jobs redundant. Heintz (1998: 33) points out that if productivity increases faster than the rate of economic growth, jobs will be lost.

The long-term job generation potential of export-orientation is not only limited by a low base of skills in a country or the likely negative correlation between productivity and employment, but also by a saturated export market with little room for expansion. Since demand in the much of the less powerful world is almost perpetually low, most producers must pursue European or North American markets. However, as the World Bank reports, no economy exposed to European competition could foster infant industry while struggling to become competitive. (World Bank 1993: 365) Helleiner (1980: 37) also emphasizes that scale economies, technological knowledge, and the ability of vertically integrated firms to undercut independent enterprise all constitute “important barriers to entry which favour the perpetuation of high degrees of market concentration.” In other words, there is limited potential for export expansion in the current global market.

Even where firms from less powerful countries do create a product with a competitive advantage, the ‘new protectionism’ of the more powerful countries present considerable barriers to trade. Kaplan and Kaplinsky (1999), for example, have found that the deciduous fruit canning industry in South Africa is “clearly the most competitive producer” in foreign markets but still cannot increase its volume of trade due to protectionist barriers. In the current global system, highly concentrated power is the comparative advantage of the major capitalist blocks and ceding this advantage by easing protectionism is unlikely without supranational regulation.

As uneven development continuously concentrates resources, demand declines not only in LPCs but in the capitalist blocs as well. Henderson argues that this “declining demand in the world’s principal markets may well be structural rather than cyclical.” (Henderson, in Sklair 1994: 281) Certainly, the limits of global expansion seem to have been reached. Competition now means that one country’s development will ultimately come at the expense of another. (Wallerstein, in Sklair 1994: 15) This structural downturn in the world economy, which began with the advent of stagflation and the breakdown of the Keynesian consensus in the early 1970s, is a crisis of over-

accumulation and declining profitability. In other words, as workers pay is increasingly separated from the value of what they produce their ability to consume is drastically reduced. For example, McNally (1999) reports that the automobile industry is currently over-producing by 30% - that is, 23 million cars per year are not sold. Similar trends are occurring in a variety of other industries, including computer chips, steel, ships and metals. As more productive ventures become unprofitable due to over-production, investment increasingly turns to "wasteful activities like financial speculation." (Bond 1999: 64)

As countries become more dependent on foreign investment and transnational corporations, a liberalized trade regime creates vulnerability to the brutal systemic forces of global capitalism. Gereffi (in Sklair 1994: 228) points out that "even the obvious job creation and foreign exchange benefits of Export-Oriented Industrialization for Third World nations can become liabilities when foreign buyers or their East Asian intermediaries decide because of short-term economic or political considerations to move elsewhere. Unless gains in exporting can be integrated into a domestic process of development, vulnerability to such shocks will increase.

Finally, most LPCs have a very low level of skills in their labour markets. Gearing the productive mechanisms of society around skilled jobs essentially exempts the majority of workers from the country's growth path. Although South Africa's export model is supposed to foster the export of high-end manufactured goods, the rural economy is still largely focused on primary goods. Forcing rural populations, particularly women, to produce for the export market seems rather perverse when their communities suffer from such acute material deprivation. Moreover, the type of products demanded by foreign markets and tourists, such as arts and crafts, are not consistent with the basic needs of South Africans. The integration of women into the market economy and into export production as 'entrepreneurs' has often "destroyed women's control over their independent subsistence base and eventually increased their poverty." (Mies, in Sklair 1994: 119) If South Africa is genuinely committed to the democratization of society then the poorest of the poor, which are all too often women, must be included in its 'growth' strategies. Even from a purely economic point of view, "countries tend to reap what they sow in the field of investment in health and quality of life." (Sen, in Chomsky 1992b: 247) Though raising the skill level of workers and achieving higher wage jobs is certainly positive, such a transition is a long-term. Moreover, many of the short-term results of neo-liberal policy reforms may actually prevent a long-term transition to a more skilled, wealthy population.

In conclusion, a liberalized trade regime and an export oriented industrialization path will in most cases strengthen the power of capital, sometimes domestic but usually foreign, over national governments and working populations. As Rodrik (1999: 13) emphasizes, an open trading regime will likely exert pressures that widen income and wealth disparities within countries. For example, Chile's gini coefficient jumped 12 points during its period of liberalization between 1971 and 1989. (Rodrik 1999: 13) It must be recognized, therefore, that accepting the growth formulas currently associated with economic globalization are not easily reconciled with "demands of greater social justice, of continued social stability and employment, and of greater popular empowerment." (Gills 1996: 686)

3.4.5 Comprehensive economic reform

Trade liberalization is but one facet of an imperialist regime enforced by institutions of the MPCs and designed to perpetually strengthen capital relative to labour. Given the fact that over US\$1.5 trillion in financial flows traverse across the globe every day, a country's financial liberalization policies are likely even more pressing than its trade policies. The IMF imposed/encouraged financial liberalization policies were one of the major causes of the collapse of the East Asian 'tiger' economies in 1997.

Over the last twenty years, as collapsing profitability in the productive sector has driven the capitalist class to pursue accumulation through financial speculation, the growth of electronic wealth has been astonishing. With the scarcity of capital in the 'developing' world, Third World governments have strong incentive to court these international investors with macroeconomic policies intended to encourage speculative flows. Should this incentive prove unpersuasive, the political institutions representing capital interests, mainly the IMF, will enforce the 'right' policies. International creditors therefore find themselves in a commanding position relative to most national governments. As Rodrik (1999: 8) points out, international capital markets are quick to punish countries that pursue policies that are perceived to be incompatible with macroeconomic sustainability.

The 'right' mix of policies for international speculative investors typically include high domestic interest rates and an absence of exchange controls combined with the usual host of neo-liberal macroeconomic stabilization measures. These policies weaken national governments because they limit the range of available policy options. International capital creditors are strengthened

because they are assured high rates of return and because they can ensure a perpetual advantage by demanding interest rates greater than the productive capacity of the borrower. Organized labour and civil society, however, will only benefit from increased foreign capital flows if it is invested productively. However, there is no necessary connection between speculative and productive investment. In fact, just 2% of the \$1.5 trillion daily flow of speculative capital is used for productive purposes. (Hahnel 1999: 16) This trend is predictable because the high interest rates and tight monetary policies demanded by international creditors “not only stop productive investment in its tracks, stampeding savings into short-run financial investment instead of long-term productive investment, they prevent many businesses from getting the kind of month-to month loans needed to continue even ordinary operations.” (Hahnel 1999: 55) Stagnant or dropping levels of productive investment in an increasingly liberalized, competitive environment will lead to more unemployment, less production, and shrinking levels of income. (Chang 1998: 68) Therefore, financial liberalization will likely decrease the relative bargaining power of labour and civil society.

As financial and trade flows are increasingly liberalized, “work forces, communities and countries are forced to compete to attract footloose capital.” (Brecher in Hahnel 1999: viii) The competition for productive international investment leads many governments to deregulate its labour standards, environmental standards and other social protections. As the Trade Union Research Project (1997) has found, “global competition drives down wage levels in the global economy as workers are made to underbid each other.” This ‘race to the bottom’ allows capital to pick and choose among the poorest and most desperate populations. Certainly, a country that chooses to, or is forced to, relinquish state protection of its workers and its environment, leaves itself vulnerable to “the mean rapacity” of capital interests and shatters its prospects for democratic development. Indeed, Samir Amin (1990: 219) affords that this chronic competition renders capitalism incapable of pursuing common long-term interests. This seems all the more apparent when we discover that “the capitalist economy has developed on the basis of the growing socialization of risk, whereby risks involved in economic changes are borne by society rather than individuals.” (Chang 1994: 79) Indeed, allowing ‘the market’ to set all prices (usually referred to as ‘getting the prices right’) means that the social cost of production can not be factored in to consumption. (Albert 1997)

Deregulation is typically accompanied by privatization. Although the stated intention of privatization is to increase efficiency through market competition, the inevitable result of the

policy is to increase the power of capital relative to government and civil society. Hahnel (1999: 55) points out that privatization of public utilities is almost always accompanied by retrenchment, exacerbating unemployment in countries already reeling from high jobless rates. Although domestic capital will in many cases reap the benefits of privatization, the East Asian experience has indicated that in the event of economic collapse, First World capital owners will take control of many Third World businesses. In short, forced or encouraged privatization of state assets is yet another neo-liberal policy prescription designed to strengthen the accountability of Third World governments to capitalist institutions.

A final means of increasing the power of capital relative to the state and civil society is through fiscal conservatism. The stated intention of fiscal austerity measures, or efforts to balance the budget, is to provide a country with macro-economic stability, thereby attracting productive investment. International creditors benefit from fiscal austerity in the 'developing' world because it ensures that governments will not spend beyond their means and default on loans. Macro-economic stability is also supposed to keep inflation low and protect domestic consumers from severe price fluctuations. However, neither national economies nor consumers necessarily benefit. Depressing the supply of money in an economy to provide stability will also lower aggregate demand. As purchasing power drops, so too will productivity, which leads to job losses and a further decline of demand. This tendency is aggravated by the spending cuts that governments must make in order to balance their budgets. Often, the provision of social services such as health and education will be limited. For many LPCs, where the majority of the population lives in poverty, the removal of the state's redistributive capacity is devastating. In many countries, the task of responding to human need has been 'decentralized' to charities, NGOs, cooperatives, and volunteers. Although this devolution has been framed as democratization, Maureen Mackintosh (1992: 87) points out that "there is no necessary connection between localizing the operation of the state sector and democratizing it." Redressing the inequity of a capitalist system requires an enormous financial commitment. Philanthropy, charity, and the NGO sector simply do not have the ability to correct or even to substantially alleviate the injustices of globalizing capitalism. In short, fiscal austerity measures tend to weaken civil society, lessen the ability of the state to act a redistributive agent, and strengthen the position of capital.

Any of the neo-liberal policy prescriptions in isolation will work against democracy by concentrating power with capital. As a comprehensive package of reforms, these economic

policies have been ruinous, exacerbating inequity both within and between nations. A comparison of 56 countries shows that the spread in GDP per capita between the richest and poorest increased from 40:1 to 72:1 between 1973 and 1992. Just in the past four years, the world's 200 richest people have doubled their wealth, while the number of people living in absolute poverty has increased by 200 million. (Brecher J, in Hahnel 1999: vii) During this neo-liberal era, "for every wealthy beneficiary of rising stock prices, rising profit shares, and rising high-end salaries, there were 10 victims of declining real wages, decreased job security, and lost benefits. (Hahnel 1999: 12) Certainly, "after 15 years of neo-liberal shock treatment, the world economy remains stalled, awaiting the promised benefits while struggling to cope with the 'transitional' costs." (Beinefeld 1996: 415) Globalization in its current form is concentrating economic resources in the more powerful countries, limiting the role of government to a partner in the process of capitalist accumulation, and continually lessening the share of wealth and power for the vast majority of the world's population. In this economic climate of unchecked capital power, the prospects of democratization seem slim.

3.5 Social globalization

Political institutions and economic policies alone cannot account for the current process of globalization. If a set of beliefs, values, and behavioural traits that uphold an inequitable social order become culturally entrenched, then the system will begin to perpetuate itself and the need for forceful coercion or centralized, conspiratorial planning will be greatly reduced. Globalization is much more than a mechanical process of expanded communication and opening borders, it is also very much an ideology powerful enough to influence people's actions and core values.

Globalization and social relations are in many ways increasingly interrelated. By creating a perpetual competition with winners and losers, capitalism creates a culture of inequity and adversarialism. For the majority of the world that has 'lost' the competition before the game started, people will likely be more concerned with earning a decent livelihood than reforming the system. Without the means, the motivation, and often without the sense of efficacy necessary to organize resistance to inequity, the majority of people in a capitalist system will likely develop a level of resignation and apathy.

The feeling that there are no alternatives is strongly re-enforced by the spread of Anglo-American culture. Through the proliferation of American movies, television, music, sports, literature, and philosophy, capitalist culture is portrayed as generally benevolent and prosperous. Unlike the colonial age of direct rule, the current era of imperialism is well masked behind an appealing veil of soap operas, talk shows, summer blockbusters, popular music, and cultural icons. Therefore, an imperial system that might rightly incur anger instead inspires envy.

For those who reap disproportionate benefits from the system, the surest way to preserve their comparative advantage at the expense of the majority is to create a comprehensive belief system around the justice of inequity. In his study of human civilizations, sociologist Jared Diamond (1998) found that kleptocracies, or regimes that successfully transfer net wealth from the lower to the upper classes, have retained power with a mixture of force and gentle coercion. Perhaps most importantly, those who benefit inequitably from a particular social arrangement “construct an ideology or religion justifying kleptocracy.” (Diamond 1998: 277) Once internalized by a population as a cultural norm, this ideology or religion will then voluntarily find voice and re-enforcement in its education system, its governing bodies, its communications networks, its entertainment industry, its academic and popular literature, etc.

At least in North America, but increasingly in the rest of the world as well, the ideology of capitalism has succeeded admirably in winning popular support. Certainly, not only the capitalist mode of production, but also the globalization of capital control is widely believed to be natural, rational, free, and fair.

Capitalist theory claims that human nature and rational decision-making lead people to selfishly compete for personal gain. One major flaw in this theory is its ignorance of the fact that humans been given emotions and minds to move beyond barbaric trials of survival. Capitalist assumptions about human nature and rationality entirely ignore genuine emotions of love and compassion. As Fromm (1956: 133) argued, “If it is true that love is the only sane and satisfactory answer to the problem of human existence, then any society which excludes, relatively, the development of love, must in the long run perish of its own contradiction with the necessities of human nature.” The absence of emotion is strange given that the incentive to accumulate is supposedly based on maximizing utility, or happiness. Indeed, if collective freedom brings happiness, and accumulation limits freedom, then accumulation must limit happiness. Therefore, it is irrational to accumulate.

Even if one does not accept that collective freedom brings happiness, the sharp inequities produced by capitalist social relations and the competition for resources will still not maximize utility. As power becomes increasingly concentrated and individuals become increasingly isolated in their pursuit of wealth, so too will the exploitation of humanity and the natural environment increase. Conflict is the inevitable by-product of such a competition. If people are forced into a 'survival of the fittest' scenario, then they will obviously fight to survive. The anger, the hatred, and the fear produced by such conflict will be manifest in crime, violence and war. Classism, sexism, racism and other prejudices will arise in order to justify the power of one group over another. Moreover, the severe social and environmental damage inflicted by capitalist competition is unsustainable. As McMurty (1999: 256) points out, "what global market competition is, at bottom, competing against without realizing it, is life's vital capacities themselves." Individuals concerned only with maximizing personal utility are still acting irrationally if they follow capitalist logic and engage in a competition for accumulation that produces a violent, crumbling society.

Despite its weak foundations, capitalists have creatively adapted the English language to suit their needs. 'Democracy' has been roughly translated into government accountability to the interests of capital. Similarly, the concepts of 'development' and 'growth' are applied in mainstream discourse as natural metaphors meant to "obscure and obfuscate the violence and crude exploitation that continue to characterize the relationship between development and underdevelopment." (Mies in Sklair 1994: 108) Even the seemingly indisputably positive concept of 'human rights' has been primarily utilized in capitalist dogma to defend the rights of individuals to accumulate and to consume resources as they see fit. (Wade 1995: 136)

Capitalist ideology plays cleverly on the human instinct for liberty by conflating freedom with the right to accumulate. Certainly, cultural imperialism owes much of its success to its theoretical and semantic emphasis on freedom. Free markets and liberalized trade create the illusion of freedom while actually narrowing the choices available to people. Capitalist doctrine advocates free elections, in which people can freely choose governments with no power and social movements with no ability to challenge the status quo. People are free to compete with one another in the market, even though their ability to derive benefits is diminishing. (Beinefeld 1994: 43) Consumers are free to maximize 'utility' by choosing amongst a wide range of products, but with the influence of a multi-billion dollar advertising industry, people "do not have a say in

defining their needs and fall victim to the artificial needs that the commodity market creates.” (Bayat 1991: 186)

Arguing that liberty “has nothing to say about what an individual does with their freedom,” liberalism absolves the capitalist of responsibility towards others. (Friedman 1962) Capitalists accept as inevitable the suffering and unhappiness of others, some berating the poor for being too weak to survive, others bestowing charitable donations upon the poor like a consolation prize at the end of a fierce game. Capitalism and liberalism are based upon narrow selfishness and the defense of the individual against the masses. In other words, capitalism is based on the unabashed principle of maximizing one’s own freedom at the expense of others and liberalism’s individualist conception of freedom justifies this greed. Perhaps more important, however, is that such liberal notions have been widely accepted in Western culture, among both the haves and have-nots.

Convincing people that capitalism is natural, rational, and free requires the illusion that the system is fair. One of the most deeply entrenched cultural myths that serve the interests of capital is that everyone is born equal and free to compete for resources. This is the epitome of the ‘American dream’ whereby any citizen from any town and any background can achieve massive personal wealth. The assumption of equal opportunity is crucial, for “freedom without opportunity is a devil’s gift, and the refusal to provide such opportunities is criminal.” (Chomsky 1999: 91) However, although people are born with equal inherent value, people are not born of equal opportunity or capability. Unfettered individual competition for resources is not a fair game and will not produce fair outcomes. A belief in the ‘American dream’ will perpetuate capitalist values by “creating the illusion of upward mobility even though relative status remains unchanged.” (Hymer in Bowles and Edwards 1990: 125) In a world sick with rampant classism, racism, sexism and other hateful excuses aimed at justifying the subordination of others; in a capitalist economic order that has concentrated power with those who can most productively exploit people and resources, it is completely absurd to assume that people have equal opportunities to ‘succeed’.

Whether persuaded by the rhetoric or truly indifferent to democracy, many have internalized the values of capitalism and have pursued the system’s expansion with a religious fervour. Marais (1998: 114) points out, for example, that “free trade has become an almost sacred ingredient of the global economy.” Certainly, to indiscriminately impose trade liberalization on less powerful

countries requires a fanatical level of self-righteousness and faith that such actions are ‘for the best’. Economist Wei Ge (1999: 1284) exhibits these religious tendencies in arguing that:

“Economic liberalisation is like performing major surgery on a very ill patient. Not only does the surgeon have to know what he or she is doing, the patient also has to be in acceptable physical condition to survive.”

Not only do such statements reveal a frightening antipathy to democracy, but they also reveal the deeply held belief that the means (liberalization), regardless of the human costs, justify the ends (capital accumulation). This valuation of money over life is exactly why global intervention causing “malnutrition, poverty, unemployment and crime” is an acceptable price to pay. (McMurty 1999: 149)

Perhaps this rise of a consumerist culture whereby the accumulation of money and belongings becomes an end in itself – the object of personal happiness – has been the most significant impact of the globalization of capitalism. Certainly, when people are divorced from the production process, they will no longer take pride in what they produce so much as what they consume. Moreover, a competitive, inequitable climate of hyper-individualism deters collectivist instincts. In such an environment, compassion becomes a sign of weakness, aggressiveness a sign of strength, and love is given more to objects than to people. Suddenly those that have most aggressively exploited labour and resources and those that have accumulated the most wealth become heroes while those pursuing a more equitable society become naïve dreamers.

The phenomenon of a consumerist culture whereby products and profits are valued above human life does seem to be on the rise. As one musician has commented on modern North American society “the reasons for being are easy to pay; you can’t remember the others - they just kind of went away.”² Still, the emptiness and the alienation produced by an individualistic pursuit of material possessions is likely an indication of the human need for the collective – the need to feel like we are a valuable component of something bigger than ourselves. Many people find meaning not in their possessions but in their human relationships – in their love for others and in their desire to see others free.

² Matthew Good Band, from “Strange Days” on the album *Beautiful Midnight* (Universal Music, Canada, 1999).

In conclusion, the globalization of capitalist and imperialist power relations has resulted in a widespread and religious devotion to consumerist values and 'free market' principles. Of course, the mechanics of cultural globalization and the resulting transformation of social relations are too complex a topic to discuss at length here. Nevertheless, the fact that these social processes are actively marginalizing and isolating civil society, not only in the less powerful periphery, but also in the capitalist centre, is directly relevant to the study. Where the majority of people in an inequitable society, or even an inequitable business, are convinced that they can not affect change and that there are no alternatives, then democratization becomes impossible.

However, if there really were no alternatives or avenues for change, if the world's most powerful institutions really were impermeable, there would be no need to cloak the motivations of capital in a deceptive ideological guise. Far from openly declaring their intentions, capitalist institutions have constructed elaborate, complex, and often impassioned justifications for the inequity that they create. The need to construct an ideology focused on furthering freedom and democracy indicates that 'the masses' must have a strong instinct for liberty and equality. The next section will outline how this human inclination towards collective freedom has found expression in various democratic responses to globalization.

4. Democratization

As globalization actively concentrates power with capital, the prospects for economic democracy narrow. Still, nations, unions, cooperatives, and communities always have and always will instinctively strive for freedom. Responses to globalization have varied drastically, some attempting to break from the capitalist system, most attempting to work within the existing parameters to find a reasonable balance of power.

4.1 There are alternatives

Since the end of the Cold War capitalists have celebrated the demise of alternative ideologies. Communism and socialism, it was declared, died with the Soviet Union. However, to think that two long-standing political ideals could suddenly collapse with the transformation of a single nation-state is rather absurd. The Cold War was largely an American creation, propping up the Soviet Union as the ultimate ‘bogeyman’ to justify its continued pillage of less powerful countries. So long as the United States could convince its liberal press core that committing and supporting mass terrorism, violence, and genocide in countries from Vietnam to Granada was all in the name of stopping Soviet-supported communism, then its brutal exploitation could continue unfettered by domestic pestering. It is telling that since the demise of the Soviet Union, US barbarism has continued and has, in fact, escalated. Since its ruthless slaughter of civilians in Panama in 1989, the United States has gone on to murder or condone the murder of hundreds of thousands of people, in countries such as Iraq, Yugoslavia, and East Timor, all without the justification of deterring communism. The fundamental tenet of United States foreign policy, condemning all forms of national self-determination that could *potentially* threaten any American economic interests, has remained unchanged since 1989. The end of the Cold War signaled the demise of a great American bogeyman, not the end of ideologies posing alternatives to capitalism.

Having left the door open for alternatives, however, this dissertation intends to defend neither communism nor socialism. Instead, the concept of economic democracy will be advocated as a practical alternative to capitalism. Far from being a vague academic concept, this alternative to capitalism was advocated by Nelson Mandela and the African National Congress in its 1994 Reconstruction and Development Programme:

“Development is not about the delivery of goods to a passive citizenry. It is about active involvement and growing empowerment Thoroughgoing democratization of our society is, in other words, absolutely integral to the whole RDP. Democracy is not confined to periodic elections. It is, rather, an active process enabling everyone to contribute to reconstruction and development”

Bucherz (in Reibel, in Vanek 1975: 46) commented that “democracy in the political order and a nearly absolute monarchy in the working place are two things that cannot long coexist.” Cole (in Vanek 1975: 64) agreed that “political democracy must be completed in the workshop” and Bayat (1991: 177) pointed out that “workers’ participation in the enterprise, or industrial democracy, can contribute to the institutionalization of political democracy in general.” Studying Chile, Espinosa (1978: 19) found that “experience with local democracy is necessary to teach people how to participate effectively at higher levels.” Rousseau (in Espinosa 1978: 188) once commented that general equality and an economy of independent producers were necessary for democratic government. Even Milton Friedman (1962: 8) argued that “economic freedom is an indispensable means toward the achievement of political freedom.”

This section will discuss the concept of economic democratization as a response to capitalist globalization. No doubt, the social, political, economic, and military barriers standing in the way of realizing economic freedom are overwhelming, but the alternative does exist. This section will briefly explore the concept of economic democracy: what it might look like, its strengths, and its weaknesses.

4.2 Defining economic democracy

An equitable distribution of power is the central concept underlying democracy. Economic democracy shall, therefore, be defined as a process of achieving a more equitable distribution of power amongst those participating in production and services in the workplace and in the economy as a whole. This process of democratization involves “a change in power relations from authoritarianism to a more democratic and egalitarian work environment.” (Bayat 1991: 4) Jarvis (1999: 132) concurs that worker participation is aimed at “creating a more participatory and cooperative relationship between managers and workers on the shop floor, as opposed to the hostile and conflictual relationship that has existed historically.” The end result of this process

should be “a company owned and controlled by all the people working in it” and eventually a national economy where the majority of firms are democratic. (Ellerman 1990: 1)

The democratization of the economy or the workplace is a process more than a destination. Although it is useful to have a vision in mind when advocating change, the reality of capitalist work organization has been firmly entrenched in most societies for many generations. Therefore, there is no one formula for achieving a more democratic economy and there will likely be many trade-offs required along the way. As those concerned with development continuously debate the justification of particular working relations, it is important to applaud any changes that contribute to a more equal, democratic distribution of power. Such power is not only economic (wages and ownership), but also political (control of the workplace) and social (equity, solidarity, and dignity).

4.3 Towards economic democracy

As producers all over the world are encouraged and forced to compete in global markets, the search for comparative advantage becomes a matter of survival. For the producers of cheap, low-end products comparative advantage in an open trading environment comes from low input costs (ie: very low labour bills and access to appropriate technology). Owners and coordinators of capital in countries with little if any protection for its workers can prosper by flooding international low-end markets with their cheap products. On the other hand, countries that do not think that it is appropriate to industrialize based on ultra-cheap labour must increasingly look to the high-end market to sell their products. In this high-end market, wealthy elite consumers increasingly demand a variety of quality products, often custom made that can be delivered quickly. As more and more producers are forced to compete for small niches in this saturated high-end market, those countries that cannot exercise their comparative advantage through institutional coercion or other sources of imperialism, must depend on enhancing productivity in the workplace.

The original model for optimal productivity in the workplace was Taylorism – later adapted to the industrial setting as Fordism. This system was designed to omit superfluous movements by labourers, to separate each function to its most simple segment, to give a group of workers each segment, and to put all the thinking and conceptualizing in the hands of management. Fordism essentially devalued the immediate producer and transferred control over the labour process to

owners and managers of capital. (Bayat 1991: 184) However, as trade became increasingly globalized and producers were forced to adapt to more wealthy, demanding consumer markets, many industrialists began implementing a more flexible production process, often termed post-Fordism or flexible specialization. (Kaplinsky 1994: 6) Post-Fordist innovations, popularized by Japanese economic success, have become, at least at the level of theory, one of the most influential responses to globalization.

If implemented correctly, post-Fordism should allow producers to quickly assemble high quality, well-marketed, attractive products for consumption by the wealthy. Of course, it is not only the wealthy who purchase such expensive products. In a consumerist culture with advanced marketing techniques, need for such products can be created through emotional or social manipulation. Whatever the personal reason, be it status or personal satisfaction, 'high end' products are often purchased by those who can not 'rationally' afford them. Apart from satisfying the consumerist desires of the 'winners' and the victims of capitalist competition for resources, post-Fordist innovations can potentially increase firm level productivity and profitability, allowing firms to move up the value chain. If firms can corner a high-end value-added market, then theoretically, profitability could be increased and wages could be higher because the production process would demand well-trained, skilled labour.

Advocates of post-Fordism claim that flexible specialization contributes to democratization not only by boosting wages and skill levels, but in a number of other ways as well. Rather than the mindless, monotonous work characteristic of Fordist production, post-Fordists argue that increased worker responsibility on the shop floor makes work more enjoyable and makes labour a more valuable resource to capitalists. Kaplinsky (1994: 34) characterizes flexible specialization as "a system which makes relatively light use of embodied capital and intensive use of human beings." Certainly, the use of production techniques such as just-in-time, total quality control, continuous improvement, integrated supply chains, team work, and constant waste reduction, often lead to the intensification of work, but does greater worker responsibility and intensity in order to produce better products for the wealthy improve workplace power relations? (Hunter 1998: 15)

On this point, Kaplinsky (1994: 26) ventures into the absurd, arguing that "once workers are required to perform a variety of tasks and to be responsible for quality, the hierarchical imposition of managerial authority is no longer relevant or functional." According to this perspective, the

social inequality and the authoritarian work organization fundamental to Fordist production is entirely absent from the post-Fordist workplace. Indeed, Kaplinsky (1994: 285) claims that flexible specialization “overturns many of the social relations of domination which were so important in the evolution of Taylorist forms of production management and control.” The old hierarchy of Fordist production is supposedly flattened “by removing management layers and devolving responsibility to ‘work teams.’” (Kaplinsky 1994: 28)

‘Flattening’ the workplace hierarchy by removing management layers has no obvious benefit for workers. If workers take on increased responsibility and their jobs become more intense while the owners concentrate power in upper-management, then the benefits to labour are slim to none. The ability to stop production if a flaw is spotted does not translate into a significant shift in workplace power relations. Studying the South African automotive sector, Hunter (1998: 15) found that post-Fordist reforms not only led to work intensification, but to greater managerial control as well. Lewchuck and Robertson (in Hunter 1998) came to a similar conclusion in their study of 5635 Canadian automotive employees, finding that in post-Fordist plants, “workers had very little control over the labour process under lean production.” In terms of power dynamics at the workplace then, it seems that post-Fordism is little different than its Taylorist precursor. Hunter (1998: 27) notes that “industrial sociologists have been almost unanimous in concluding that lean production is primarily an adaptation of mass/Fordist production and not a break from it.” Therefore, Kaplinsky’s argument that “the hierarchical imposition of managerial authority is no longer relevant or functional” could not be further from the truth.

Far from reversing the hierarchy and authoritarianism underpinning Fordist production, post-Fordist theory often re-enforces social inequity and the capitalist antipathy towards democracy. One British Industrial manager boasted that “the beauty of (flexible specialization) is that with every pair of hands you get a free brain,” apparently seeing no problem in demanding more of a worker without compensating them in terms of economic, political, or social gains at the firm. (Kaplinsky 1994: 3) Kaplinsky (1994: 6) constructed a Table of ten potential benefits arising from the successful introduction of flexible specialization; not one had a direct positive developmental implication – not one necessarily benefited workers or the majority of people in a country.³ Indeed, Kaplinsky (1994: 15) can ardently support post-Fordist reforms even after

³ Figure 1.1 lists ten “potential benefits arising from the successful introduction of Japanese Managerial Techniques in Developing Countries”. According to this figure, Japanese Management techniques: do not cost much to adopt, have low barriers to entry, are not capital extensive, are not foreign exchange intensive, increase productivity growth and reduce production costs, are beneficial to corporate profitability, allow

observing that their successful implementation in Japan contributed to “the destruction of independent trade unions, overwhelming peer-group pressure to conform and to participate and the continuous intensification of work.” Nor does Kaplinsky (1994: 26) appear to understand that making the “category of unskilled labour all but redundant” may not reflect the needs of a largely unskilled workforce in most of the ‘developing’ world. For hierarchy to become irrelevant and for social inequity to become a thing of the past, newfound respect for workers as human beings and an allegiance to freedom and equity as positive ideals will be required.

Understandably, much literature on post-Fordism is concerned with winning the support of workers. Bessant and Kaplinsky (1995: 139) assume that plying workers with “free drinks and cake” will lead to a happier work place. The importance of civil relations between management and workers, however, is not a recent innovation. Nor is an emphasis on multi-tasking a significant break from traditional manufacturing techniques. Indeed, ensuring that many workers can perform a variety of tasks is essential for maintaining productivity in the face of high absenteeism rates. (Bayat 1991: 190) Moreover, multi-tasking, or the ability to perform a number of equally mundane exercises, does not necessarily translate into up-skilling. (Hunter 1998: 16) Therefore, workers in a post-Fordist plant are likely little more valuable to management than in a traditional Taylorist factory.

Even if power relations at the firm level are unchanged or worsening, many would argue that workers still benefit from post-Fordist innovations through macro-level gains. Ignoring the logic of inter-capitalist competition leading to a cycle of over-production and under-consumption, authors such as Kaplinsky (1994: 9) argue that the prolonged slump since the 1970s has merely been a lag period as production systems became more flexible. According to this suspect hypothesis, employment levels will eventually rise as firms in a national economy become more competitive. However, creating more specialized products for an ever-shrinking group of elite consumers is unlikely to lead to any significant employment gains. In fact, the drive to become increasingly competitive often leads industrialists to downsize their workforce. After studying the relationship between productivity and employment in the OECD from 1978 to 1993, Charles Meth commented that it is “surprisingly easy to find evidence amongst the members of the OECD – the most advanced capitalist economies – of productivity growth being associated with a rising unemployment rate and falling absolute levels of employment.” (in Valodia 1996: 63) The

firms to better serve customer needs, reduce economies of scale, facilitate exports, and allow firms to respond to exogenous shocks which affect the demand for their products and the supply of their inputs.

demands for more 'flexible' production have also led to an increasing informalization of the workforce, whereby labour is contracted to work for lower wages with fewer, if any benefits and little or no union or legislative protection. (Bayat 1991: 187) Moreover, the need to open up domestic markets to transnational corporations and to focus production on export markets in order to facilitate firm-level learning not only eliminates jobs by destroying thousands of small-scale businesses, it also leaves countries' balance of payments vulnerable to the 'animal spirits' of international capital.

In conclusion, duping workers into feeling like they're part of a team with the occasional offering of "free drinks and cake" may in some cases "help to mitigate the dehumanizing impact of capitalist production," but it is structurally impossible for a capitalist economy to achieve any semblance of democracy. (Ellerman in Vanek 1975: 158) Although much research is still required on the developmental effects of post-Fordism, available empirical and theoretical evidence appear to indicate that the globalization of flexible specialization is incompatible with democratization.

The limited gains for workers associated with firm-level restructuring mean that workers require broader institutional support to achieve a more democratic workplace and a more democratic economy. Perhaps the form of worker empowerment most easily accommodated by capital is collective bargaining, whereby labour organizes behind union negotiators and demand broad standards by which all legal firms must operate. Such bargaining is often primarily concerned with wages and benefits, though social aspects of work, such as length of the workday or occupational health and safety are also addressed. Where unions are strong enough and the government is not entirely dominated by the interests of capital, countries may attempt to implement a corporatist system. Theoretically, a corporatist system should divide political power in a country relatively equally between government, business, and organized labour. In some models, NGOs and CBOs also gain a seat at the bargaining table. In practice, the power of capital often closely aligns business to government, pushing labour and the community sector to the margin. Still, should corporatism succeed in redressing some of the inequity inherent in capitalist relations, it must be regarded as a positive step forward in the development process. The key, of course, is not to treat a corporatist arrangement as an end in itself, and to continue to question and challenge power relations in pursuit of a more free and democratic society.

A potentially more direct method of worker empowerment is what Jarvis terms 'consultation', whereby union officials or workers themselves gain representation on company boards. Such representation should not only ensure decent living wages but should also give workers more control over the workplace. For Bayat (1991: 161), co-determination would allow trade unions to "move beyond their traditional role of struggling simply for better wages and conditions" and "adopt active participation in the management of the enterprises and the national economy." However, labour's presence on private sector boards is often substantially below fifty percent, thereby severely limiting its influence. Such arrangements may smooth the collective bargaining process but are unlikely to lead to any further gains for workers.

Transferring partial ownership to employees in the form of stocks is another method of achieving a more equitable distribution of resources. These programs, often called Employee Stock Ownership Programs (ESOPs), may bring workers material benefits but are unlikely to change workplace power relations. Company owners may implement ESOPs for a variety of reasons. In theory, dispersing income more widely in an economy should boost demand, thereby raising private sector productivity and profitability. In countries where production is largely geared to the export market, however, concern with domestic demand may be minimal. Even if it were a relevant factor, boosting aggregate demand is very likely too broad in scope and too long-term an investment for firms to seriously consider. More likely, companies implement ESOPs either to avert hostile takeovers from other capital interests, or to appease worker demands for more power. (Ellerman 1990) Like proponents of post-Fordism, company owners realize the potential productivity gains associated with making workers feel as though they are a part of a team. However, in South Africa employee shares have averaged 5% of total shares and have never exceeded 24%. (Jarvis 1999: 195) Allocating such a small minority of shares, ESOPs do not lead to any real political gains in the workplace. In some cases, ESOPs may even isolate workers in a particular company, weakening union strength. Therefore, should labour's power in the collective bargaining process wane, workers could actually lose power as real wages stagnate or decline.

One way of ensuring that ownership rights produce more substantive developmental gains for workers is to pursue a path of 'co-determination'. (Jarvis 1999: 139) Co-determination arises where work councils, which are essentially trade unions at the enterprise level, work with management in determining the way in which a firm operates. This model, centred on democratically elected work councils with institutional power rivaling that of capital, is based

upon the Scandinavian experience since the 1950s. Similar to corporatism, co-determination depends on the relatively equal distribution of power between capital, coordinators, and labour. Though there is little disputing that co-determination, should it be implemented, would lead to significant developmental gains, it does not break from capitalist production and it is, therefore, incapable of achieving economic democracy.

Countries that attempt to fast track democratic reforms by nationalizing the means of production often replace one hierarchical and authoritarian structure with another and still face a number of practical barriers. Perhaps the greatest problem with centrally planned economies is that while workers may have greater control over the workplace, they do not own the means of production. If workers are separated from their labour, as in a capitalist economy, incentive will wane and productivity will suffer. Without ownership, workers may be reluctant to choose productive investment over higher wages. Central planning may also lead to a misallocation of resources, as non-viable operations are publicly subsidized. Such an economy will likely stagnate and be unable to compete with capitalist economies. (Antsey 1990: 16)

Rather than place all enterprises under state control, the 'Third Way' implemented in Tanzania under Julius Nyerere and in Yugoslavia under Marshal Tito encouraged or enforced collective ownership of enterprises. (Bayat 1991) In theory, collective ownership is more equitable because it erases the division of classes between capital and labour, it allocates resources more evenly, and it holds managers and supervisors directly accountable to workers. As Ellerman (1990) points out, in the typical capitalist firm absentee owners appoint a board which selects a general manager who appoints middle managers who have absolutely no accountability to the workers they supervise. In a collectively owned firm, workers would elect a representative board, which would then select a general manager, who would in turn select any necessary middle management who are always accountable to the workers. This level of worker control is a positive step towards a truly democratic workplace, whereby hierarchy is eliminated and all aspects of work-life are balanced.

Collective ownership of the means of production may produce more material equity but does not necessarily signal the arrival of economic democracy. Where elected managers and supervisors maintain decision-making power, worker control is there in theory but unimplemented. Moreover, the allocation and accumulation of resources, even in a collectively owned enterprise, might still be based on ownership rather than labour. Some workers or elected managers may

earn more based on inequitable ownership rather than effort. A more democratic workplace would re-connect people with their labour and would attempt to balance the quality of work life in every possible way.

One of the purest forms of economic democracy is the cooperative. As Jaffee (in Antsey 1990: 194) argues, “the cooperative is an instrument for both economic and social progress.” Often occurring in the traditionally ‘informal’ sector, cooperatives are “collectively and democratically owned by all who work in them.” (Jaffee in Antsey 1990: 193) Translating the principles of equity and freedom into production values, a democratic, or cooperative workplace would be based on a few guiding principles. First, in order to benefit from production, people must contribute to it. Second, when people do contribute to production, they should benefit in proportion to their effort. In a capitalist economy, people benefit primarily in proportion to their capital investment. Keeping in mind that equity of outcome is the only way to ensure meaningful development and that the acquisition of capital through market competition is neither fair nor equitable, there is no justifiable reason why further material reward should be allocated on the basis of accumulation rather than effort. This allocation system would require a re-thinking of the concept of work. Work need not involve a worker-boss relationship, and it need not be a competition for resources.

The concept of a democratic firm is based on the anarcho-syndicalist belief that social relations at the point of production determine social relations at the societal level. (Bayat 1991: 37) If a free person should be able to have some control over matters directly affecting them, why should this not be extended to the workplace? Michael Albert (1997: 108) argues that power in a democratic firm should be distributed “more or less in proportion as he or she is affected by the decisions.” Beyond ensuring a relatively equitable balance of power, socially, politically, and economically, it is difficult to theorize about the precise structure of a democratic firm since those involved in the production process must decide for themselves. It is likely, however, that all those working in such a firm would desire relatively equal outcomes. Perhaps workers would decide that more skilled positions would earn slightly higher dividends, but that this economic inequity would be balanced by shorter workday for the unskilled positions. In this example, political power over the workplace would remain balanced, and the inequitable economic power would be justified by limiting the effort of unskilled positions. In other words, in order to benefit disproportionately, skilled workers would have to produce more effort than unskilled workers. Another firm might decide that those who are able to perform more desirable functions would have to work longer

(put in more effort) than those who perform more mundane activities. For example, if people in a firm collectively decided that marketing was a more desirable task than cutting or trimming garments, then in order to ensure equal outcomes (whereby each benefits in proportion to their effort), the former would have to work more than the latter. Such ideas have been called 'Balanced Job Complexes', whereby tasks are combined such that "the overall quality of work and overall empowerment characteristics of the total job are equilibrated to those of other jobs." (Albert 1997: 111) And if one task requires more skill than another, should not the remuneration be adjusted accordingly? Again, such a decision must be decided upon democratically, but theoretically, if our natural talents or our educational opportunities are superior to those around us, do we expect to have more material wealth and more power? Certainly, many socialized in a capitalist system believe that the very point of education and work is to surpass 'competitors'. However, people socialized in a democratic economy may think that talent and education are gifts to be shared, thereby maximizing not only individual, but also collective utility.

4.4 Strengths of economic democracy

The desirability of achieving a more equitable distribution of resources within a society is rarely disputed. Even mainstream economists like Joseph Stiglitz (1998) have realized that a relatively equitable distribution of wealth is an essential factor for economic growth. Most debates on how to achieve a more equitable society have focused on the role of the state and its redistributive capacities. Certainly, a country's taxation regime, its social security system, and its provision of physical and social infrastructure are essential elements in the development process. However, no welfare state, especially in a climate of fiscal conservatism, can hope to create a fundamentally more equitable society through its redistributive capacity alone. To target government as the only relevant institution in the pursuit of equity is to place unfair and unrealistic pressure on any political body. This reliance on government to redistribute wealth is all the more absurd when the productive forces of a society actively work against equity. Capitalism is based upon a closed-loop financing system, where the rich get richer and the poor get poorer. As Ellerman (1990: 106) points out, "new wealth accrues primarily to equity ownership, so until workers get in on equity ownership, they will remain permanently outside the loop." Efforts to solve this problem within a capitalist framework have included the introduction of ESOPs. As discussed above, while ESOPs often do result in economic gains for workers, they do not necessarily entail political or social gains and may even lessen labour's power in an economy by weakening their allegiance with unions. Moreover, with ESOPs, "dividends are distributed not according to

labour, but according to capital shares.” (Ellerman 1990: 108) This violates the principle that workers are entitled to the fruits of their labour. For these reasons, unions in South Africa tend to argue that “such schemes do little to resolve fundamental inequalities and injustices in the economy.” (Antsey 1991: 18) Therefore, while a wider base of ownership must on its own be considered positive, without more fundamental reforms involving a renewed allocation system, greater worker control and solidarity, unnecessary inequity will persist. A holistic process of economic democratization would not only satisfy developmental needs by removing unjust power relations between capital owners and labourers, it would lessen the burden on the state by actively redistributing income.

The more equitable allocation of income would not only boost aggregate demand and revive domestic markets in the ‘developing’ world, but it may also solve the traditional Keynesian riddle of stagflation. It should be no great surprise that a ballooning supply of money could be accompanied by high levels of unemployment if the wealth is not distributed with any degree of equity and is not invested in productive activities. In an economic democracy, workers would have greater incentive to invest their savings in their own productive activities, thereby maximizing work opportunities and eliminating wasteful financial speculation. As Gamble (1996: 64) argues, economic policy should “promote the broadest possible individual ownership of productive assets as well as new collective ways of maintaining and controlling the ways in which they are managed.” Increased equity at the point of production not only offers a “genuine third way that is structurally different from classical capitalism and socialism” (Ellerman 1990: 206) but it also promises to rectify the economic inefficiencies inherent in these systems. Certainly, “large scale inequality is more likely to act as an obstacle to efficiency rather than a spur.” (Gamble and Kelly 1996: 96)

If in fact a more equitable society is a necessary component of sustainable economic growth, then workplace democracy is certainly the most efficient way of achieving this end. However, despite the imperative to restructure democratically, achieving economic democracy at the firm level is no simple task.. One obstacle to workplace transformation is the entrenched capitalist belief that a division of labour is essential to firm level efficiency and productivity. As Milton Friedman (1962: 11) argues, “even in relatively backward societies, extensive division of labour and specialization of function is required to make effective use of available resources.” While relatively backward societies (capitalist economies) require inequity for growth, more progressive

societies value equality and solidarity above hierarchy and competition and can achieve socially responsible economic efficiency.

As Vanek (1975: 29) argues, “self-management and participation, and more generally economic self-determination, are a very efficient *modus operandi* for firms and economies, both humanly and economically.” Studying the Chilean economy between 1970 and 1973, Espinosa and Zimbalist (1978: 185) found that “higher levels of participation were clearly correlated with greater increases in productivity.” More than simple participation, however, workers must be given ownership of the production process. Ellerman (1990: 144) advises that “ownership must be realized at the shop floor level through worker participation in order to deliver the maximum effect on productivity.” To explain why democratic firms outperformed capitalist firms in Chile, Espinosa and Zimbalist (1978: 19) argued that “the economic costs of capitalist work organization manifest themselves in higher absenteeism, higher turnover, poor work motivation, production sabotage and stifled initiative.” It seems intuitively obvious that worker incentive to perform and innovate would be greater if they enjoyed the basic right to reap the benefits of their own labour. Such incentive is absent in both capitalist and socialist economies. In Japan, although there was no transfer of ownership, where changes increased job satisfaction, productivity was enhanced. (Antsey 1990: 23) Few will dispute the necessity of improved industrial relations or “the importance of the quality of working life in contributing to increased productivity.” (Jarvis 1999: 131)

Beyond simply offering incentive to work harder, more democratic firms can effectively utilize the skills of all its workers, and can instill a greater sense of individual responsibility through an improved atmosphere emphasizing collectivity and community. (Bayat 1991: 24) As opportunities for education become equitably distributed, economic performance would be strengthened. In a democratic economy, workers would not only be more educated, but would likely have a better quality of life as well. Espinosa and Zimbalist (1978: 185) found that democratic firms in Chile rapidly expanded the social services available to their workers, including “plant medical facilities, day-care centres, consumer cooperatives, athletic fields,, libraries, etc.” These services and skills would also allow a democratic firm to be productive and prosperous. Hart (1995: 45) concurs that “industrial debates cast in terms of low wages versus high technology are missing a key point: the imperative for redistributive institutional innovations that will enable people to use resources more productively.” Certainly, an educated, well-cared for workforce with secure jobs would remove many capitalist impediments to innovation. It is

entirely possible that should other impediments be removed, democratic firms would out-compete capitalist firms.

4.5 Weaknesses of economic democracy

Even if the desirability of economic democracy can be agreed upon, removing the impediments to its realization would be exceedingly difficult. Perhaps one of the greatest barriers to economic democratization is the absence of real world examples. Although there are thousands of cooperatives around the world, they are often informal and small-scale. Large-scale cooperative movements have been attempted, and in cases such as the appliance manufacturers of Mondragon, Spain or the sugar producers of India, or the housing contractors of Poland, they have succeeded. (Laidlaw 1980) However, as illustrated in Section 3, an imperialist world order whereby those with large amounts of capital dominate has not and will not easily permit alternative forms of production.

Some of the best known examples of large-scale worker participation movements in the 1970s and 1980s were easily quelled by international capital. In Chile under Allende, the international banking system blocked an extension of loans in an attempt not only to cripple the economy but also to destabilize the regime. At the same time, multinationals cut back orders and stopped sending raw materials to the worker-controlled enterprises, thereby raising unemployment and threatening the power and existence of worker councils. (Bayat 1991: 87) As US Ambassador Edward Korry revealed, American policy towards the Allende regime was to “do all within our power to condemn Chile and the Chileans to utmost deprivation and poverty, a policy designed for a long time to come to accelerate the hard features of a Communist society in Chile.” (Chomsky 1992b: 395) When Allende first ran for office in 1964, the US spent more money on the Chilean elections than it did on both parties in the American elections of the same year. (Chomsky 1992b: 395) Despite assassination attempts by the CIA and increasing levels of American funding for the Chilean opposition, Allende was democratically elected in 1970. That same year, American transnational ITT circulated an internal memo expressing its hope for “a wave of violence leading to a military coup.” (Blum 1998: 211) International capital interests like ITT had to wait three years for their dream to come true, but by 1973 the CIA had successfully assassinated Allende and had installed a military regime under General Augusto Pinochet. (Blum 1998: 214) The case of Chile is not unique. Rather, it is a consistent cornerstone of American foreign policy to ensure that no country pursues its own national self-

interest. The fervour with which the US fought against the democratic regime in Chile can not be attributable to special economic interests in or relations with the country. As Henry Kissinger stated eloquently (though with questionable credibility), he “never gave a shit about the business community.” “What really underlay (the subversion),” said Kissinger, “was ideology.” This ideology has allowed private and international capital to destroy many worker participation movements, including that of Zambia under Kaunda and Jamaica under Manley. (Bayat 1991: 157)

Overt force is only required where the international economic system fails to adequately deter the pursuit of collective utility. As Jaffee (in Antsey 1990: 207) points out, “the major problem facing all cooperatives in a market economy is that they are forced to measure viability in terms of market competition and not in terms of social utility.” The market rewards anti-social behaviour and it is understandably difficult for democratic firms to compete in such an environment. Indeed, Espinosa and Zimbalist (1978: 182) has found that there may be a “negative correlation between the strength of the market mechanism and worker participation in enterprise decision-making.” Institutions and pricing systems must eventually be transformed to raise the cost of exploitative production. Just as many countries levy high taxes on alcohol and tobacco, so too can systems exert fiscal pressure on industries or firms that are geared around anti-social production. The creation of alternative pricing and incentive mechanisms is a topic in desperate need of attention.

Imperialism and market mechanisms aside, even those who accept the social and psychological desirability of economic democracy can attack the concept by questioning its feasibility in the real world. In most societies, governments and national institutions are not set up to provide cooperatives with financial or other forms of support. Attempts to start up cooperative micro-enterprises often suffer from a shortage of capital and a lack of expertise in managing and running a business. Even cooperatives that are successful are often limited in scope and dependent on scarce external funding. (Jaffee in Antsey 1990: 207)

On a larger scale, the prospect of democratizing existing industries with an extensive division of labour and firmly entrenched hierarchical structures seems all the more unlikely. One of the most obvious barriers is that of time. In industries where time is money, stopping the production process to take part in voting or democratic discussions or training seems unrealistic. (Jarvis 1994: 35) Moreover, managers and owners of capital will no doubt argue that workers have

neither the capacity nor the desire to run their own business and that decisions are best left in the hands of those trained to make them. Certainly, in much of the world where the majority of the population has been deprived of a decent education and has toiled endlessly at monotonous tasks, democratic transformation becomes all the more unlikely. Where one is without savings and entirely consumed with the rigours of daily survival, gaining control of the means of production is likely not a priority.

Even those poor people with the skills necessary to run a successful enterprise often lack capital and may be hesitant to invest personal savings in relatively high-risk ventures. (Antsey 1990: 16) Business skills and capital, however, are not enough ensure a successful democratic enterprise. As Jaffee (in Antsey 1990: 210) points out, “where general cooperative education which teaches the philosophical side of cooperative development is lacking, cooperatives have tended to degenerate into capitalist enterprises.” Educational systems, both in society and in the workplace, must aim at providing people with “decision-making skills, debating, analytical skills as well as skills which enable each member to understand the entire process of production.” (Jaffee in Antsey 1990: 209) This is a far cry from the World Bank’s call for increasingly specialized education intended to increase the market value of each student. (Stiglitz 1998)

None of these obstacles are insurmountable. Should there be a will to change power relations at the point of production, transformation is inevitable. However, owners and managers of capital socialized into positions of power are unlikely to voluntarily cede control and those socialized into positions of subordination and subservience are unlikely to expect workplace democracy. Certainly, the current problems of “hierarchical and alienating division of labour in today’s workplace lies not in their inherent unchangeability but in the interest and the ideology of the dominant groups in society who benefit, in terms of power and profit, from a specific form of organization.” (Bayat 1991: 200) Perhaps Michael Albert (1997: 116) is correct in arguing that “the real question is whether those now enjoying great advantages could ever manage to undo their socialization and lunatic value structures and belief systems to function in a humane and responsible fashion.”

4.6 Need for Encroachment

Certainly, a democratic workplace is not something that can be achieved overnight and it is not something that can be achieved without a great deal of institutional support and political will.

Owners and managers of capital need to be convinced of the efficiency and productivity benefits of employee ownership schemes. Moreover, management must be convinced that there will be a place for them in a democratic workplace so long as they accept as positive the ideals of freedom and equity. (Jarvis 1994: 78) Should owners and managers of capital remain unconvinced, governments could provide firms with financial incentives to democratize. Production subsidies, tax breaks, or credit schemes could be offered to firms that make positive steps towards development in the workplace. If businesses cannot be persuaded that such contributions are in their best interests, government could explore various alternatives including the implementation of a corporate charter of social responsibility.

For economic democracy to develop, a number of wider conditions would have to be met as well. Democracy would have to extend beyond production, to allocation and consumption as well. Hoarding resources for personal use would be prohibited as an infringement on the freedom of others. Consumption would have to be relatively equal, and a pricing system reflecting social cost would have to be established. Rather than unbridled competition in open markets whereby many companies vie for the same market thereby driving down profitability and leading to stagnation, resources would be utilized more effectively, producing for need rather than profit. The lingo surrounding 'high-end' and 'low-end' production would eventually be eradicated rather than entrenched, realizing the perversity of making the working poor produce for the wealthy while 20 million people in a country live below the poverty line. Even more radical is the necessity for countries to be given the sovereign right to determine their own trade and financial policies. Of course, such ideas of democracy and self-determination directly violate US foreign policy and repeatedly incur the wrath of international financial institutions. Still, it is not inconceivable to imagine an international system whereby a country could decide that it wanted to protect local industry with tariffs and not have to fear being condemned, sanctioned, or bombed. Unfortunately, the current international trade environment has such a profound antipathy to democratic ideals that is hard to even imagine a world where naked imperialism did not exist. Supra-national movements are required to implement already existing United Nation Charters. Interference in the internal affairs of another country is strictly prohibited but exercised regularly, particularly by such staunch defenders of capital interests as the World Bank and the IMF.

It would be unrealistic to expect transition without struggle. Espinosa and Zimbalist (1978: 188) argue that "worker participation presupposes struggle and confrontation between those who wish

to gain power and those who already have it.” Workers and concerned citizens must be prepared to mobilize in the form of trade unions, syndicates, or other activist organizations in order to challenge the right of capital to monopolize power in the economy. Such movements must not only struggle to transform unjust relations at the point of production, but must also “encompass the class, gender and racial divisions in the society at large.” (Bayat 1991: 206) Development is not a process that can be limited to a workplace or an economy; development must occur in every aspect of people’s lives. Of course, mobilization can not occur without consciousness. Fundamental injustices that are often obscured or absent in any discourse surrounding ‘development’ must be re-introduced into mainstream culture.

4.7 Conclusion

It can not be emphasized enough that economic democratization is a process, not merely a destination. Capitalist relations have been entrenched in modern societies through many generations. To restructure economic relations requires a change not only in business operations but also in human consciousness, a redefinition of ‘work’, and the ability for people to collectively organize. For those that believe not only in the desirability, but in the absolute necessity of undoing capitalist socialization with a more democratic alternative, the conflict and confrontation involved in such a transition must be accepted and expected. As Espinosa (1978: 191) points out, “any economic system organized around the private appropriation of socially produced profits cannot surrender economic control to the mass of producers without threatening its very existence.” Therefore, in contemplating the logistics of workplace democracy, it must be borne in mind that no policy action or institutional concession alone will be sufficient. The fact remains that organized capital is highly mobilized and well financed and in that sense has the upper hand in any struggle for change. However, to immediately surrender in the face of overwhelming odds would be a pathetic and irresponsible action.

Existing power relations need to be constantly questioned and challenged with an alternative. Such is the nature of development. The previous sections have been intended to provide the conceptual tools required in an assessment of the developmental status of a relatively small economic unit in South Africa. The following section is intended to contribute to the process of development in South Africa by questioning existing power relations in the KwaZulu-Natal clothing sector, and where necessary, challenging them with a more democratic alternative.

5. A case study of the KwaZulu clothing industry

Is South Africa adapting to globalization in a democratic manner? Is development occurring for South Africa's working families? This section takes a closer look at one of the most labour-intensive sectors in the country – the clothing industry. Although primary research was conducted in Metro Durban, the findings of the study are inextricably linked to the rest of KwaZulu-Natal and likely to the South African clothing industry in general. The section hopes to answer a number of key questions. First, what international trends in the clothing industry are significant to democratization in South Africa? Second, what aspects of South Africa's historical industrial relations and macro-economic policies are significant for the development of the clothing industry? Third, is the KwaZulu-Natal clothing industry responding democratically to international and domestic trends? Finally, what are some of the implications of these findings?

This study is based on an extensive literature review, an examination of available data on employment and wage trends in the KwaZulu-Natal clothing sector, and on ten interviews conducted in February 2000 with key stakeholders in the industry. Interviews included: Jabu Ngcobo [former General Secretary of the South African Clothing and Textiles Workers Union (SACTWU)], Reggie Nyager (Natal Bargaining Council), Brent Walker (Natal Bargaining Council), Len Smart (Natal Clothing Manufacturers Association), Brett Smart (Director, Prestige Clothing), Francie Lund (Professor at the University of Natal-Durban), and three shop stewards from large factories in the Metro Durban area who prefer to remain anonymous. Interviews were primarily qualitative and open-ended. Each of the conversations was intended to gain insight into power relations in the KwaZulu-Natal clothing sector. Given that the majority of workers in the clothing sector are women, the absence of female interviewees is a major, though unintended, weakness of the study. Another significant shortcoming is an emphasis on larger firms at the expense of smaller Cut, Machine and Trims (CMTs). Although I had hoped to meet with a significant number of workers and a broader range of businesses, it was exceedingly difficult to gain either management or union cooperation in the short period of time afforded to this study. Moreover, the uniformity of responses among all interviewees was overwhelming and indicated that answers would likely be similar throughout the sector.

5.1 International context: the clothing industry

Power in the international clothing industry is heavily concentrated in more powerful countries, particularly in the hands of multinational corporations (MNCs). Multinational corporations so strongly dominate trade in clothing that “according to one estimate, about one third of world trade is between parent MNCs and their subsidiaries while a further third is accounted for by trade between MNCs and other firms.” (Netshitomboni 1998: 3) By reducing manufacturing to small, simple tasks, MNCs have been able to maintain power in the First World while contracting production out to unskilled, poorly paid, easily exploitable labour in Third World. (Salinger et al. 1999:14) This division of labour is firmly entrenched by the international trade regime. In 1974, the Multi-Fibre Agreement (MFA) was created by owners of capital in the ‘developed’ world to protect their domestic industry from large quantities of exports from less powerful countries. The MFA was essentially “a battery of bilateral agreements on quota restrictions between individual developed and developing countries.” (Netshitomboni 1998: 3) Since the MFA is now being phased out and by 2005 will be fully incorporated into the WTO, there is potential for some businesses in less powerful countries to realize advantages in quality, efficiency, marketing, or ethnic fashions, and make inroads into the export market. Certainly, business owners in LPCs that manufacture low-end garments with cheap labour will prosper in an open trading environment. However, the gains for workers, even in those businesses that successfully find niches in the global export market, are limited. Moreover, the international trade regime around clothing still favours established exporters at the expense of newer entrants. As neo-liberal inspired globalization forces countries to deregulate and liberalize, they become powerless to stop industry giants from exploiting their populations while maintaining profits in the MPCs. While those countries most adept at bowing to the interests of international capital may find increased employment stemming from liberalization, most countries have seen their domestic labour-intensive industries decimated. Still, mainstream pundits encourage increased liberalization and deregulation with the intent of establishing linkages with industry leaders.

Leaders in the clothing industry are now primarily a few large retailers who contract out production. In competing for contracts, manufacturers must restructure, which more often than not means slashing overhead and labour costs. The lowest overhead and labour costs are best

achieved by homeworkers and sweatshop factories. (Delahanty 1999) Countries hoping to achieve success in the clothing industry are therefore encouraged to accommodate international capital in their drive to discover unregulated, unprotected workers too poor to organize or fight for their rights. Unsurprisingly, women account for two-thirds of the global garment workforce and often produce in very poor conditions.

Unorganized, poor workers, usually women, allow greater flexibility in production. Rather than squander funds on full-time wages and benefits, capital owners have discovered the advantage of subcontracting and outsourcing on a contractual basis. Subcontracting allows producers to cut production costs “through reduced fixed labour costs as a result of a shift from direct to indirect forms of employment.” (Delahanty 1999: 27) Outsourcing to informal, flexible workers also allows buyers at the top of the value chain to achieve low inventories and just-in-time production. (Delahanty 1999) When competitiveness depends on ‘market responsiveness’, the needs of wealthy consumers tend to far outweigh any concerns for worker dignity or economic democracy. As a USAID study points out, “increasingly sophisticated” wealthy consumers in the ‘developed’ world are demanding high quality garments that will set them apart “from the masses around him or her.” (Salinger et al. 1999:18) Although the capital benefits of flexible production can be realized in MPCs where women are willing to work from home for low wages, major clothing firms are increasingly locating in LPCs where an imperialist world order has ensured an abundant supply of easily exploitable labour. As Delahanty (1999: 11) points out, “movement of apparel products to developing countries may encourage needed investment and jobs in those countries, but it will also increase the competition for poorer countries to offer the cheapest workers and the most flexible (unregulated) conditions.” As the international trade regime increasingly opens borders to international competition, workers in the clothing industry can expect increasing downward pressure on wages, growing insecurity of employment and poor working conditions.

5.2 South African context: industrial relations

Industrial relations describe general power dynamics between capital and labour. Dunlop (1993) has pointed out that “the major characteristics of a national industrial relations system appear to be established at a relatively early stage in the development of a country,” and that this system “appears to retain these characteristics despite subsequent evolution.” Of course, relative power will vary between industry and between workers. For example, “factors such as skill, gender, and age do not only impact on levels of unionization but also on levels of influence within the labour

movement.” (Klerck 1999: 29) In South Africa, the history of apartheid and the systemic oppression of the majority have made a lasting impact on its domestic industrial relations.

Although South Africa developed as a capitalist economy, the division between owner and worker has historically been based more on ethnic than class lines. A system of racial segregation affording different resources to each group has been in place for centuries. When Afrikaner nationalists gained political power in 1948, the system of apartheid was constructed, thereby depriving “the majority of South Africa’s population of access to almost every mechanism by which most people in a society gain a share in economic development.” (Lewis 1990: 35) As the White population gained almost exclusive control of the nation’s economic resources and political institutions, Blacks were increasingly marginalized and deprived of liberty.

In the mid-1970s, socio-economic changes in South Africa dramatically altered the political and economic balance of power. As the strength of White urban and industrial capital grew relative to Afrikaner farmers and labourers, pressure mounted on the government to de-racialize its labour laws. Black workers also became more organized, using legal enterprise level committees to form illegal independent trade unions. (Lipton 1985: 328) A combination of industrial action and pressure from business to reduce discrimination against Black workers led the government to incrementally liberalize the country’s labour laws throughout the 1970s. (Lewis 1990: 31) By 1979, Black workers were granted the right to form trade unions and to bargain collectively. (Klerck 1999: 8) The growth of organized black labour in this era was rapid. In 1969, Africans had just 2 unions with 16 000 members; by 1984, there were 35 unions with over 400 000 members. Although unions still represented less than 10% of the workforce, militancy increased after 1979, and business in South Africa was hurt badly by a wave of strikes and consumer boycotts. (Lipton 1985: 342)

While Black labour began to achieve some gains, the basic characteristics of apartheid remained. There was still a vast disparity in education, skills, economic opportunities and political power. It is likely that the waves of unrest that plunged South Africa into a state of emergency during the 1980s occurred not despite gains for black labour, but because workers began to gain higher skill levels and real incomes. (Lipton 1985: 350) As Malcolm X (quoted in Lipton 1985: 352) argued, “the door that squeaks gets the grease.” Certainly, the drive for a more equitable distribution of power only increased with the extension of civil liberties.

Violence subsided only when the apartheid regime ceded power to the Government of National Unity. By 1994, “the highly unequal distribution of the ownership of private assets, the greatly skewed distribution of income among citizens, the unequal distribution of employment opportunities in all sectors, and the inequality in access to social services” meant that distributional issues became an immediate priority for the post-apartheid government. (Lewis 1990: 156) The government also inherited a statist economy “marked by high levels of government activity, large parastatal organizations, and state regulation of economic activity at a highly detailed level.” (Lewis 1990: 146) Many speculated that the close alliance between the ANC and COSATU would translate into a government committed to limiting the power of capital. However, to balance the need for economic stability and growth with the need for redistribution, the government chose to pursue a corporatist framework of industrial relations aimed at consensual decision-making. In this system, industrial relations are mediated and negotiated at the macro level through NEDLAC, at the meso level through bargaining councils, and at the micro level through workplace forums. (Klerck 1999: 1)

The assumption that a corporatist, power-sharing framework can lead to stability and mutual benefit in the workplace faces a number of severe limitations, particularly in the context of South Africa. First, race and class are still strong determinants of bargaining power. The political changes that culminated in the democratic elections of 1994 were not accompanied by any significant shifts in the ownership and control of economic resources. Second, capital interests, both domestic and foreign, for reasons discussed in Section 3, have largely determined the government’s policy agenda. As Klerck (1999: 2) points out, the corporatist path chosen by the ANC Alliance is inherently limited by “the international mobility of capital and its unwillingness to engage in hostile or unfriendly policy-making forums.” Third, the strength of organized labour is waning as unemployment continues to rise. Between 1996 and 1999, despite the government’s expectation of creating 650,000 new jobs, 300,000 jobs were lost. (Bond 1999: 50) Though manufactured exports increased during the 1990s, this gain came largely in the capital-intensive industries of petrochemicals and basic metals. (Osborn 1997: 28) Between 1994 and 1997, formal sector manufacturing grew by 14% but shed at least 40,000 jobs. (Kaplan and Kaplinsky 1999: 1788) South Africa’s dim industrial prospects are characteristic of a post-apartheid SA that has been plagued by slow growth, rising unemployment and an alarmingly poor rate of delivery of social and physical infrastructure. (Munro et al. 1998: 85) Finally, the “consciousness of black workers in South Africa is still in large part shaped by the collective memory of racial

discrimination, state repression, economic disempowerment, autocratic employers, and appalling living conditions.” (Klerck 1999: 8) A highly conflictual environment with concentrated power and an absence of trust now characterizes industrial relations in South Africa. The collaborative corporatist approach to industrial development appears to have failed to adequately redress the severe inequity of power in South Africa.

5.3 South African context: macro-economics and the clothing industry

During the post-War period, the South African government chose to industrialize by replacing imports with local capacity and by producing largely for the domestic market. The clothing industry in South Africa therefore developed behind a wall of tariff protections and quantitative restrictions (quotas and licenses). (Valodia 1999) With its location on a harbour and its availability of large pools of cheap labour, Durban boomed in this protectionist atmosphere. As import controls increased, primarily through quantitative restrictions increased, and as Durban developed industries that were dependent on raw materials, the clothing and textiles sectors grew at a rapid pace. By 1976, just 25% of textiles consumed in the region were imported. Fifty years earlier, virtually all of Durban’s textiles were imported. (Valodia 1999)

In the 1980s, South Africa’s manufacturing sector began to unravel experiencing an average 1.9% drop in industrial output throughout the decade. (Salinger et al. 1999: 9) Although there were likely many factors leading to the economic decline of the 1980s, including the policy of apartheid, civil unrest, and international sanctions, the country’s inward oriented industrialization path was seriously questioned. The high levels of protection required to sustain local markets for typically inefficient domestic producers proved unworkable. The tariff regime had become extremely complicated, with different levies being applied to very small product variances. Moreover, Altman (1994) argues that the domestic market was too small and growing only in the low-income segments. Indeed, the massive inequity produced by apartheid apparently destroyed the industrial base of the regime. Along with poor domestic demand, by the 1980s the government was under pressure from the international community to conform to its imperial order.

A new reinforced system of export incentives was introduced in 1980 to encourage South African producers to penetrate foreign markets. (Bell 1993) However, as the Rand appreciated and the global economy went into a recession in the early 1980s, South Africa’s export performance

declined. In 1989, the government implemented a Structural Adjustment Program (SAP) to completely undo industry's inward orientation and further encourage export activity. (Altman 1984) Supporters of the SAP believed that export oriented production would allow South African firms to find and consolidate niches where they could specialize and improve productivity. As Dunne (1998) explains, competition from low cost producers in Asia (primarily China) forces South African clothing enterprises "to concentrate production on high quality, high fashion garments for upper market segments in order to retain a share of the domestic market." In this respect, South Africa follows a familiar pattern in the 'developing' world - employing low-paid workers to produce items for the very wealthy.

To facilitate this shift in production to the high-end export market, the government introduced the General Export Incentive Scheme (GEIS) and other export subsidies, and also began to liberalize its trade regime. By 1992, the Swart Commission had realized the potential dangers of tariff reductions and recommended that a series of supply-side measures accompany the liberalization programme. However, such measures as training and skills development, participative management, investment in new technology, and financial support for small business were thought by government to be too expensive and were not prioritized. (Hirschsohn et al., no date) Other influential policy bodies of the early 1990s, namely the Economic Trends Group and the Industrial Strategy Project (ISP), also recommended supply-side measures, particularly workplace restructuring along the lines of post-Fordism. Such policy groups realized that despite South Africa's advantage of never having been restricted under the MFA, the sector was largely "unable to produce basic goods of a suitable quality and at an affordable price; it was unable to produce goods that successfully penetrated international markets." (John Gomomo in Altman 1994: Foreword) Although the ISP was optimistic about the prospects of South Africa's growth path, they were "more ambiguous about how changed work organization (would) benefit workers." (Hunter 1998: 10)

Government's attitude towards worker benefits and employment gains, however, did not seem to be ambiguous so much as narrowly defined. South Africa had focused, at least at the level of rhetoric, on creating jobs – any jobs - and clearly believed that finding niches in the high-end export market was the best way to create employment. Pinning job creation on the back of export performance while rapidly flooding the domestic market with imports, however, was an extremely dangerous policy, particularly in the clothing sector. International evidence suggests that capital interests in the clothing sector, including South African firms, tend to relocate to

lower wage, 'developing' countries should the opportunity arise. (Altman 1994) Whether due to a failure to attract investment, relocation of domestic firms, or poor productivity, overall manufacturing performance in the early 1990s declined by over 2% per annum. (Harrison and Morris 1996) For workers in the clothing sector, this meant the loss of 14,000 jobs, nearly 20% of total employment, in the first three years of the decade. (Altman 1994) The textile industry in South Africa was also hit hard, shedding more than 20,000 jobs between 1989 and 1995." (Netshitomboni 1998)

Any explanation for the decline of the clothing industry in South Africa must be multi-faceted. Certainly, any examination of development in the industry must include the factors that make industry competitive. In other words, what are the major factors inspiring workplace changes in the clothing sector?

As Salinger et al. (1999) explain, South Africa "has opted for comprehensive and rapid reductions in trade tariffs and a complete eradication of quantitative restrictions." Between 1994 and 1998, import tariffs on clothing fell from 72% to 40%. (Dunne 1998) For South African firms previously dependent on the domestic market, the sudden flood of cheap imports from China, Taiwan and elsewhere destroyed their businesses. Prior to 1989, domestic producers were supplying 90% of the value of local demand. (Altman 1994) By 1994, this figure had shrunk to 60% and by 2000 will likely be well below 50%. (Altman 1994) Even productivity improvements are unlikely to recapture domestic markets, especially as large volumes of illegal imports manage to undercut all legal producers. (Altman 1994) Netshitomboni (1998: 10-11) reports that up to 50% of total clothing imports are smuggled and that South Africa loses R3 billion annually due to customs fraud. However, Netshitomboni's argument that "the garment industry's decimation is directly attributable to the inexorable flood of illegal imports" understates the problem of liberalization and the enormous amount of legal competition facing domestic producers. The national economy has also suffered as a result of trade liberalization, as it has "contributed to the present deficit on the current account of the balance of payments." (Salinger et al. 1999: 11) Indeed, recent data from the Southern African Customs Union indicates that the manufacturing sector accounts for about 63% of exports and about 89% of imports. (Salinger et al. 1999: 12)

Although many firms in Durban think that "the export market has long-term growth potential while the local market is saturated and highly competitive," Valodia (1999) found a general sense

in the industry that trade liberalization is "proceeding too rapidly for them to adjust positively." Many firms, particularly smaller CMTs, have been unprepared to suddenly meet the demands of international markets. Most firms "struggling to adjust to the rapid and extensive exposure to foreign competition" wanted a longer phase down of tariffs on garments. (Salinger 1999: 11; Netshitomboni 1998) Why could South African clothing manufacturers not make the leap to the export market fast enough to compensate for domestic losses?

All the major policy groups, from the Swart Commission to the ISP, recommended that liberalization be accompanied by significant supply-side measures. Such measures would be essential for firms to reorient themselves to compete on the export market. Salinger et al. (1999: 25) comment that "any successful export growth path for the clothing and textile industries will have to be built on a set of effective and complementary state policies." Although the Department of Trade and Industry does offer subsidies that are conditional on training and has set aside funds to assist small to medium clothing enterprises, there exists "no coherent, industry-sanctioned, export promotion strategy." (Salinger et al. 1999: 22) When South Africa joined the WTO in 1994, its main export subsidy scheme, GEIS, was scheduled for elimination. GEIS was an important incentive for firms to shift production into the export markets and its removal hurt the clothing industry. As Valodia (1999: 89) reports, "almost all firms interviewed reported that the scrapping of GEIS in 1997 was a major factor impeding export growth." Other state supply-side assistance, including marketing support, has not been established to compensate for the loss of export subsidies. Indeed, the South African government appears to have adopted a very conventional neo-liberal stance of non-interference in the affairs of the market. Even where limited support schemes are in place, "there is a lack of awareness among producers on the services available to exporters." (Netshitomboni 1998)

Of course, firms can not rely upon government support to become viable or competitive. Harrison (1998: 9) argues that "much of the onus of competitiveness rests on the individual firms' ability to re-strategize and restructure successfully in line with market demands." However, the ability of firms to take on bold new strategies is limited by a number of macro level factors. First, as profit margins fall with the collapse of traditional markets, less capital will be available. This shortage of capital has been aggravated by high interest rates at the national level. Where firms can not invest in market development and product design, new markets will be difficult to crack. (Valodia 1999: 92) As Salinger et al (1999: 59) point out, "the presence and success of investment and technology-upgrading policies is a crucial complement to export promotion

strategies.” In South Africa, however, there is little evidence of public-private research in applied technologies for the clothing industry. Indeed, the absence of domestic technological capacity and the South African clothing industry’s reliance on imported machinery may inhibit innovation.

Another barrier to international competitiveness may be the cost of textile inputs. As Netshitomboni (1998: 15) reports, “several studies have noted that the South African garment industry is internationally competitive if the cost of textile inputs are removed.” Valodia (1999: 90) also found that “one large clothing exporter in Durban was in a position to increase exports substantially, but was unable to do so due to high prices of textile inputs.” Apart from high prices, clothing firms in South Africa complain that domestic suppliers often have trouble delivering on time, may produce fabric faults, and are prone to incorrect deliveries. (Netshitomboni 1998)

However, neither technological capacity nor high fabric input prices are perceived as barriers to productivity among one of the largest and most successful clothing manufacturers, the Seardel Group. One of the firms in the Seardel Group, Prestige Clothing in Durban, is focusing on improved quality as a means to greater competitiveness as they pursue a greater share of the high-end market in Europe and North America. Essentially, Prestige believes that continuous quality checks will reduce errors and reworks, thereby allowing a greater number of garments to be produced in the same amount of time. Prestige also noted that its labour force is 60% less productive than its leading competitors in Eastern Europe and Europe. Although Prestige does offer a few performance based bonus schemes, it is focusing on improving productivity through increased quality, rather than increased incentive. (Interview with Brett Smart, Director at Prestige, February 2000)

To achieve the level and quality and productivity necessary to export to the high-end European or North American markets, firms must be large enough to invest heavily in capital equipment. Most firms in the clothing sector are simply not large enough to meet either the volume requirements or the quality standards required in export markets. (Valodia 1999) Salinger et al. (1999) found that in 1996/97, all firms surveyed with less than 50 employees made a loss, while all firms employing 50 to 200 workers recorded a profit. However, while the number of small registered firms seems to have dropping rapidly, at the same time CMTs appear to be proliferating in the non-registered, or informal sector. Netshitomboni (1998) argues that “economies of scale are not conducive to raising productivity” and that “small firms are

extremely cost efficient.” Indeed, many large firms in Durban, such as AM Moolla, are subcontracting out to smaller CMTs in decentralized regions, and the workforce in the central region is declining. Although small producers may achieve cost efficiency through extremely low wage bills, there is no necessary connection between scale and productive efficiency (ie: quality or speed). Moreover, Dunne (1998: 38) points out that large retailers “have supported the growth of the CMT industry as a way of limiting the power of full manufacturers, and concentrating power at the retail end of the pipeline.” Therefore, it is power politics and low labour costs more than productive efficiency that led to the decentralized manufacture of clothing.

Dunne (1998: 39) found “only limited evidence of any dynamic firm level response to changing market conditions, either in relation to supply chain or with regards to firm level organization.” Certainly, most South African firms were novices at exporting. Most did “not care or know how to penetrate export markets.” (Salinger et al. 1999) This means that many firms in South Africa tried to weather the storm of trade liberalization by remaining largely inwardly focused. Harrison (1996) found that 47% of firms in her survey neither increased nor decreased their level of export activity as a result of trade liberalization, while 13% actually reduced exports. Firms in South Africa have not only largely failed to adapt to new markets, but they have “typically adopted static strategies that emphasize labour cost flexibility.” (Altman 1994: iv; Dunne 1998: 38) Faced with a literal “do or die” situation, it is unfortunate that firms could not creatively adapt production to be more competitive. As discussed below, this author thinks that firms in the clothing sector are missing an opportunity to achieve efficiency, productivity, and most importantly, developmental gains, by implementing a process of economic democratization.

So what firms have survived the shift to export orientation? Large firms in centralized regions have managed to somewhat compensate for lost domestic sales on the export market and maintain competitive productivity levels. Studies have indicated that South African producers are cost competitive if the price of textiles is removed, thereby signaling potential gains in the export market. (Harrison 1998) Len Smart of the Natal Clothing Manufacturers Association concurs, emphasizing that as fabric prices drop competitiveness in the export market will increase. Smart places high hopes in the sector’s export prospects, predicting that “there will massive increases in exports over the next two to three years.” (Interview, February 2000) However, Salinger et al. (1999) found that few firms in KwaZulu-Natal are actually exporting at present and “it appears that only those firms that have the resources at hand to acquire information about niche markets” can exploit any comparative advantage in international trade.

Small firms in centralized regions, which have long been the majority of firms, have been largely decimated by trade liberalization.⁴ The collapse of these firms is likely due to a combination of many of the factors discussed above: traditional markets rapidly flooded with cheap imports (both legal and illegal), a lack of institutional support, high costs of domestic textiles inputs, high labour costs (compared to decentralized regions), a lack of technological investment, the inability to achieve the scale required to penetrate export markets, and a lack of experience and creativity in changing production patterns to meet new demands.

CMTs in decentralized areas, on the other hand, appear to be thriving. Although it is likely that these small firms thrive on contracts from MNCs and retailers producing for the domestic market, there have been no comprehensive studies on the 'informal' clothing producers of KwaZulu-Natal. Where are the contracts originating? How significant is the presence of MNCs in KwaZulu-Natal? How much of decentralized CMT success can be attributed simply to low overhead and low wages? How much of decentralized CMT success can be attributed to their flexible production and their ability to produce quickly at intermittent periods? Does export production for the high-end market require that small firms boost their quality standards or have central producers contracted out only simple functions requiring little skill? Further research is required on the increasingly informal production of clothing in the outlying areas. Although this study has focused attention on Greater Durban, clothing workers in one region of KwaZulu-Natal can not be analyzed in isolation of those from other regions.

Have these macro level trends encouraged democratization in the clothing sector? The next section will analyze economic, political, and social variables in responding to this question.

5.4 Economic democracy in the KwaZulu-Natal clothing industry

Ownership of the means of production in the clothing industry is heavily concentrated with racial minorities (Whites and Indians) and therefore highly undemocratic. White and Indian-owned corporations such as Seardel and AM Moolla, typically based outside of KwaZulu-Natal, own most of the large factories in Durban. In 1994, the four largest firms in Durban accounted for 21% of employment in the sector. (Netshitomboni 1998) While Whites typically own the major

corporations, Indians own the majority of small firms. Former SACTWU General Secretary Jabu Ngcobo estimates that blacks own just .0001% of the clothing industry. (Interview, February 2000) In terms of employment, however, Ngcobo estimates that 56,000 of the 120,000 workers in the South African clothing sector are Black. Salinger et al. (1999) report that although the KwaZulu-Natal clothing sector employs more Indian workers than any other province, between 1986 and 1993, Black and Coloured workers collectively made up 78.6% of the clothing sector's labour force. Moreover, all those interviewed for this study indicated that the workforce was predominantly female (also see Salinger et al. 1999). This observation was confirmed by my visit to the Prestige factory in Chatsworth, where Black and Indian women made up the vast majority of the workforce. Men in this factory could only be found working heavy machinery or sitting behind desks in the executive suites. Ngcobo reports that "the big problem for (black labour) is that we are still working for someone and there is no benefit for us." Owners of the clothing industry are themselves largely dependent on a small number of multiple retailers, such as Edgars. Such retailers account for 60% of the clothing sold in the country. (Netshitomboni 1998) There is no evidence that clothing manufacturers or retailers are making any moves towards dispersing ownership amongst their employees. (Interviews conducted with NCMA and Prestige Clothing, February 2000)

Although it is often taken as a given that workers will not own the means of production, in a corporatist system of collective bargaining, the bigger the collective – that is, the more workers in a sector – the more likely they are to organize and encroach on the prerogative of capital. As Altman (1994: xv) argues, wages are not so much determined by productivity as by "industry margins and the bargaining power of worker organization." Employment numbers in the clothing sector of Durban, however, have been plummeting, weakening union power in the process. Employment in the clothing industry of Greater Durban has declined by almost 43% between 1995 and 1999 from over 35,000 to just over 20,000. In the same years, 233 firms disappeared, 55% of the total. (see Figure 1) Although the national Department of Trade and Industry may argue that jobs lost in the recorded formal sector are largely being replaced by jobs in the informal sector, both the Natal Clothing Manufacturers Association and the Natal Bargaining Council insist that not even half of the retrenched formal sector workers could possibly have been absorbed into the informal sector. One obvious reason for the inability of clothing sector workers to recoup employment in the informal sector is scale. The machinery required for the

⁴ Interviews with the Natal Bargaining Council and former General Secretary of SACTWU, February 2000; also see Figure 1 for the shrinking number of registered firms in the Metro Durban area, most of which

manufacture of clothing is extensive, as each garment produced is typically assembled by a chain of relatively expensive machines. Therefore, most workers with little capital will find it almost impossible to set up their own shops, instead relying on contracts with CMTs in decentralized areas. (Interview with NCMA, February 2000)

Figure 1: Employment trends in the Durban clothing sector (registered firms)

	EMPLOYEES	EMPLOYERS
1999	20,171	190
1998	22,123	222
1997	27,161	307
1996	29,353	368
1995	35,197	423

Source: Natal Bargaining Council

Figure 2: Wage trends in the Durban clothing sector (registered firms) – selected job categories

	Grade I	Grade II	Cutter/Trimmer	Mechanic
1999	400.00	347.50	401.00	686.00
1998	375.55	326.00	376.70	645.00
1997	347.85	302.45	349.60	601.60
1996	320.60	278.75	322.25	554.50
1995	295.50	256.75	297.00	514.50

Source: Natal Bargaining Council

*All amounts are in Rand per week

*All listed wages are maximum wages for each category (after 18 months for Grade I, after 6 months for Grade II, after 24 months for cutters and trimmers, and after 42 months for mechanics)

*Grade I employees include Machinists, checkers, pressers, factory clerks, etc.

*Grade II employees include cleaners, fusers, sorters, service hands, dispatch packers, layers, general light workers, etc.

were small to medium enterprises.

In a country such as South Africa, where hundreds of thousands of working age adults are without work and struggling to sustain a livelihood, the decline of labour-intensive industry is frightening. Clothing is the most labour-intensive sector in South African manufacturing, requiring a capital investment of just R2400 per employee. (Jarvis 1994: 28) Jarvis (1999: 59) estimates that “about 100 times more jobs are created in a clothing factory than in a chemical factory with the same amount of investment.”

Those workers who remain employed in the sector have, since 1995, been earning wage increases to keep pace with inflation. For almost every category of employee, wages have increased by approximately 35% between 1995 and 2000 (see Figure 2), keeping the wages slightly above the Consumer Price Index, which increased 31% during the same period. (Statistics South Africa: figures for metropolitan areas, all items) For the lowest paid workers, including cleaners, sorters, fusers, layers, baggers, service hands and general light workers, yearly wages total approximately R18,000 before taxes and deductions (as of February 2000). As Altman (1994: iii) reports, “wages are still below subsistence and are low relative to other middle-income countries.” Salinger et al. (1999), however, point out that “average wages in the clothing sector have risen at a rate higher than labour productivity, generating higher real labour costs.” Implicit in Salinger’s argument is the friendly concept that rented labour should only be paid more if they work harder for their owners, even if the wages are below subsistence. The relationship between owners and labourers in the Durban clothing industry is a perfect model of capitalist exploitation. While the owners, often based elsewhere, enjoy sizable profits and their appointed managers are kept happy with high wages, the bulk of the workforce are given (maybe) just enough to survive. Still, workers in the formal sector do receive benefits such as retirement pensions and sick pay. For workers in the growing informal sector, wages are often 50% or more below their formal sector counterparts and include no benefits. As of February 2000, the Durban clothing sector consisted of 190 registered firms employing just over 20,000 people. However, it is estimated that there are an additional 400 non-registered firms employing at least 10,000 operating at locations unknown around KwaZulu-Natal. (Interview, Bargaining Council, February 2000)

Future trends for wages in the Durban clothing sector look bleak for a number of reasons. First, there is a growing tendency for firms not to register with the Natal Bargaining Council. (Interview with Brent Walker, February 2000) The Bargaining Council is charged with ensuring that all clothing firms operating within their jurisdiction (essentially the Greater Durban area) abide by negotiated wage rates. In order to disperse benefits to workers, the Bargaining Council

deducts certain percentages of wages and allocates the funds from a central location. In theory, the existence of a bargaining council at the meso level complimented by a corporatist system at the macro level, both intended to safeguard the rights of workers in a capitalist production system, would be a step towards a more equitable balance of power and therefore democratization. However, in Natal, the Bargaining Council is quickly losing its share of power and corporatism in South Africa, as discussed above, has largely been a failure.

There are a number of reasons for the decline of the Bargaining Council's strength. First, in 1994 the government decided to implement a Rural Development Strategy aimed at creating jobs in non-central areas. For the clothing sector, this meant that the jurisdiction of the Bargaining Council was limited to the Greater Durban area and that capital owners were encouraged to set up shop in decentralized areas, free of regulation. (Interview with Brent Walker, Natal Bargaining Council, February 2000) In deciding to 'trade-off' dignity, stability and democracy for the possibility of extremely low wage job creation, the government made an enormous gamble with people's lives. This decision to have two standards for capital owners – one in centralized areas and one in decentralized areas – has seriously weakened the ability of labourers and their representative organizations to fight for a decent standard of working and living. Such differential wage scales are one component of the government's increasing tolerance of and support for a more 'flexible' labour market.

The second reason for the decline in the Bargaining Council's strength is that firms, even in Greater Durban, increasingly flee the responsibility of registering. Even those employers sympathetic to the plight of workers are finding it difficult to compete while paying negotiated wages in a two-tiered system. As one shop steward of a large clothing firm in Durban commented: "The law in this country has changed to benefit parties unequally. You must regulate for both sides." (Interview, February 2000) Brent Walker at the Bargaining Council (Interview, February 2000) concurred that "as long as the playing field is not level, where you have one set of rules for those that are registered and another set of rules for those who aren't registered, (the situation for workers) is going to get worse."

A third blow to the strength of the Bargaining Council was the amendment of the Labour Relations Act in 1995. Prior to 1995, the failure to pay civic debt (wages or benefits) was a criminal offense. Owners of companies who refused to abide by negotiated wage rates would be heavily fined and imprisoned. According to Brent Walker, the decriminalization of civic

obligation has “led to a general trend of non-compliance.” (Interview February 2000) The new procedure for dispute settlement is long and arduous, including rounds of conciliation and arbitration before eventually trying a case in the Labour Court. The Natal Bargaining Council notes that it took two years for their first case to actually reach the Labour Court. “To put it bluntly,” says Walker, “We’re helpless. There’s now talk of amendments but every council is in dire straits at the moment because there is no way of enforcing our agreements.” On a national level, where the legal system favours capital interests over worker interests, the chances of democratization are slim. Where one can deprive another of a livelihood and receive nothing more than a slap on the wrist, democracy has taken a back seat to capitalism.

Although it could be argued that the threat of capital flight has further eroded labour’s bargaining power, it is difficult to imagine a scenario whereby the decimation of employment in the clothing industry could have occurred more rapidly. Rather, the willingness of government to deregulate the sector must be attributed primarily to ideological allegiance to capital interests.

Overall, in the KwaZulu-Natal clothing sector, workers neither own the means of production nor benefit in proportion to their effort. Workers in the sector typically work very hard in less than pleasant circumstances and are often paid significantly less than a subsistence wage. As formal sector jobs with negotiated wages and benefits disappear, and clothing production is increasingly transferred to decentralized, deregulated areas of KwaZulu-Natal, remuneration and benefits tend to decline and disappear. Therefore, rather than push firms towards a more equitable distribution of resources, increased competition in the global marketplace combined with South Africa’s history of racially-based ownership has led to a significant decline in the economic position of clothing workers in KwaZulu-Natal.

5.5 Political democracy in the KwaZulu-Natal clothing industry

Although there has been much dubious discussion among academics about the greater levels of worker control resulting from flexible production, or post-Fordism, there is absolutely no evidence of democratization in the clothing sector of Durban. As Len Smart of the Natal Clothing Manufacturers Association stated bluntly: “Workplace change? Post-Fordism? That’s textbook stuff. We work in sweatshops.” Reggie Nyager at the Natal Bargaining Council concurred that there is a definite trend in the Durban clothing industry towards lower wages and more sweatshop-type operations. None of the three shop stewards interviewed in this study could

think of any examples of employee ownership or significant participation in the clothing sector. One shop steward argued that: "Apartheid still remains in the workplace. It is not over yet. There is still a lot of tension between employers and employees." Brett Smart at Prestige Clothing discussed participation only as a means towards greater product quality. In the Durban clothing sector there is no pretense of democratization; there is no indication that owners and managers are moving towards a more inclusive or participatory workplace.

The lack of democratization in the Durban clothing sector is consistent with broader trends in South Africa. Commenting on South African industry, Jarvis (1994: 11) argued that "coercive techniques, or an increase in work intensity seem the obvious way of increasing productivity. It is only with participation that management are able to argue that they are also embarking on a program that benefits workers." Workers are involved in the production process of clothing manufacturing, but only in the sense of ensuring quality in their own work. In larger firms workers may be able to voice opinions through shop stewards and in smaller firms workers may have a sort of paternalistic relationship with their boss. (Interview with NCMA, February 2000) As discussed in Section 4, however, the ability of workers to catch mistakes in their own work hardly constitutes a move towards economic democracy. As the Communications Workers Union (CWU) argues: "Work re-organization holds no benefits for workers. It leads to a reduction in wages, an intensified pace of work, unemployment and lower standards of health and safety. Its sole aim is to increase profits." (Jarvis 1999: 39) Jarvis (1994: 4) concurs that "participation as it is being implemented in South Africa is in fact resulting in an increase in coercion and work intensity on the shop floor." Moreover, such a minimal level of participation is not a new innovation in the clothing sector. Len Smart of the NCMA notes that the workplace has remained largely the same for the last five decades. In fact, management consultants Ernst and Young found that in South Africa, "workplace democratization actually declined between 1992 and 1996" and that "South African companies have a very low level of employee involvement compared to other countries." (Jarvis 1999: 143)

At the present time, most participative programs in South Africa are dominated by management's perspective. Management sees "participation as a benefit to the company through increased efficiency and productivity." (Poswa 1993: 47) Workers have therefore been highly skeptical of worker participation schemes implemented by management. Poswa (1993: 67) found that 45% of workers at the firm he studied thought that participation schemes were introduced by management as a way to boost profits at the expense of workers. Similarly, a shop steward

interviewed by Buhlungu (1995: 54) recalled that “even though they were stating this change process would benefit everybody, we believed that the bigger share would go to management, and the majority of the people who were contributing to the wealth of the company would be left penniless.” Indeed, Jarvis (1994: 34) found that it “is more coercion than participation that has led to any benefits in productivity.”

To gain a fair degree of control over one’s own affairs is a fundamental tenet of human freedom and therefore of development. However, political control in the workplace is not merely a theoretical necessity. The way in which company profits are reinvested can be of enormous importance to the workforce. For example, the introduction of new technology in a firm can have an enormous impact on employment, skills, working conditions, job satisfaction, health and safety, and other important issues for workers. As Jarvis (1999: 70) points out, “whether this impact is negative or positive can depend on whether workers and unions are sufficiently informed and organized to take some control over technology.” While technological innovation is often blindly condemned as a negative influence on workers, it is more the way that technology is introduced and the way that work is organized that really counts. (Delahanty 1999: 30) As businesses struggle for a competitive advantage in an increasingly globalized capitalist market, employers primarily invest in new technology to increase productivity and reduce labour costs. In the ‘new’ post-Fordist workplace, technology is geared around “market responsiveness”, thereby allowing firms to be more flexible in their location and in their labour practices. (Delahanty 1999) However, technology need not destroy people’s livelihoods or serve only the interests of capital owners and managers. If workers had greater control over decisions affecting the firm, then such innovations might not only be used to increase profits, but also to “improve wages, working conditions and skills, relieve workplace stress and monotony, and ensure employment security.” (Jarvis 1999: 57)

Given the apparently strong support for economic democratization among the new elite of South Africa, the lack of development in industry is surprising and disappointing. In 1994, the RDP (Section 4.8.9) stated that “legislation must facilitate worker participation and decision-making in the world of work.” Cyril Ramaphosa said in 1986 that a key objective of COSATU was “to work for a restructuring of the economy which will allow for creation of wealth to be democratically controlled and fairly shared.” (quoted in Bayat 1991: 165) Similarly, Jay Naidoo said in 1987 that he would strive for “worker controlled socialism.” (in Bayat 1991: 165)

Beyond government and union officials, workers clearly yearn for more control of the workplace. The three shop stewards from large Durban clothing firms I spoke to all agreed that “we would certainly like to benefit from feelings of ownership. The discussion on how to improve productivity and working life should be expanded.” If one accepts that people do have an instinct

for freedom, then such impulses must also be realized in the workforce. To be subordinated to and dominated by those with greater amounts of capital robs people of the dignity associated with having a sense of control over their own life. Such feelings are likely exacerbated by the racially-based inequity of South African industry. One shop steward in a Johannesburg company told Buhlungu (1994: 57) that “we wanted to be represented in decision-making structures of the company. We did not want management dictating to us.” Another argued that “before the General Manager does anything in the company there must be a committee of worker representatives that he consults first.” (Buhlungu 1994: 57) These shop stewards were both retrenched shortly after making such comments.

If owners and managers refuse to grant workers any control of the workplace then workers must find a method of encroachment. COSATU advocates a process of ‘strategic engagement’ where unions can “prevent unilateral restructuring and make substantial gains for workers.” In South Africa the most effective means of worker participation is currently the collective bargaining system whereby trade unions negotiate with firms at the level of bargaining councils. Poswa (1993: 92) notes that collective bargaining “appears to be the only form of participation that has improved the quality of working life for workers.” Faced with “a reactionary and racially oriented managerial class which predominately tried to maintain Taylorist structures of control”, bargaining at the meso and macro levels appear to be the only feasible avenues to pursue democratization. (Kaplinsky 1994: 301) However, the potential transformative powers of collective bargaining are severely limited. As discussed in Section 4, collective bargaining in a corporatist-type system can not in itself transform capitalist production relationships, especially in the current international order dominated by the interests of capital. As Klerck (1999: 25) argues, “the notion of a consensual strategy to increase the quality of working life now seems manifestly utopian.”

Union leverage in the collective bargaining system is further eroded by the trend towards deregulation and informalization of the clothing sector. Certainly, with formal sector employment levels dropping by half in the last decade, the strength of SACTWU is quickly waning. As the Director of Prestige Clothing commented: “unions here are starting to peak or even decline in their activity.” The new challenge for SACTWU must be to find a way to incorporate the ever-growing number of informal sector workers. Although Altman’s 1994 study found that informalization was not yet a major problem in South Africa, it also warned that informalization can devastate worker organization and regulations within a very short period of

time. Is it possible for unions or government to regulate the hundreds of unregistered small-scale clothing operations in KwaZulu-Natal? The Natal Clothing Manufacturers Association recommends that the union: "Recognize that this is a sector they can't organize and they must stick with the sector they can organize. That would be better for everyone. That would be better for jobs." Certainly, the challenge of organizing clothing producers is increasingly difficult. In South Africa, the globalization of elite capital control along with the country's history of highly conflictual industrial relations and the marked trend towards deregulation and informalization, make collective bargaining an increasingly feeble tool in the hands of organized labour. This trend is especially relevant to the clothing sector.

This study has found that firms in the KwaZulu-Natal clothing industry have not been responding to increased competitive pressures democratically through increased employee participation. Further, the national government has limited the power of labour to achieve democratic gains at the meso level by deregulating much of the province, by weakening the Bargaining Council's power with their amendments to the Labour Relations Act. The extent to which these trends are attributable to the existing imperial world order is debatable. However, the virtual uniformity with which countries appear to be deregulating and bowing to the interests of organized capital would certainly indicate that there are strong forces at work on a global level. In brief, the current wave of globalization combined with South Africa's history of intense racial conflict and inequity, are not proving to be compatible with political democratization in the KwaZulu-Natal clothing sector.

5.6 Social democracy in the KwaZulu-Natal clothing industry

When asked if the relationship between management and workers have improved since 1994, Len Smart of the Natal Clothing Manufacturers Association commented: "I would tend to think they're actually getting worse." This view that social relations in South African industry have not progressed significantly in the era of 'truth and reconciliation' was confirmed by virtually every person with whom I spoke.

If social democracy is the ability of two people to relate to one another on an equal level, then capitalist production clearly prevents such an exchange in the workplace. One manifestation of the animosity between workers and management is fear. During our interview, one Indian male shop steward was reluctant to comment on the concept of economic democracy, saying that he

“can’t speak badly about (his) company because it provides the bread and butter.” Hunter (1998: 33) also observed in his study that most workers “appeared very frightened of management.” Despite the post-Fordist teamwork espoused by management at the factories in Hunter’s study, conflict between workers and management remained strong. In the KwaZulu-Natal clothing sector, there is no pretense of team work or employee participation. Workplace relations appear to be characterized by fear and animosity and there is no sign of improvement. At the firm I visited, absenteeism and labour turnover figures have reportedly remained consistent over the past decade. When asked if workplace relations were improving at the firm, one Director commented that the shop stewards are now dealing with management more constructively. However, both the NCMA and the Director at Prestige were quick to note that conditions at this large factory were likely among the best in the country and that workers in most firms, small or large, were not faring so well. It seems safe to conclude, then, that social relations in the clothing sector are highly undemocratic and are certainly not improving.

The unique history of apartheid in South Africa no doubt accentuates the typical animosity one would expect to find between labour and management, and prevents substantial workplace restructuring. In the clothing industry, White men typically own large firms, Indian men typically own small firms and Black and Indian women typically make up the workforce. In the large factory I visited, White managers worked behind desks in spacious, air-conditioned offices. Black women worked mainly in two large areas, standing for most of the day performing repetitive tasks. Indian women sat or stood in another large area performing different, but monotonous tasks. With over 1,000 workers in this single factory, the space was cramped, hot and noisy. As bells rang to signal the arrival of break-time, the workers shuffled in single file with heads down from the coffee room to their workstation.

Racism and racial differences are still tangible factors in the workplace. The NCMA pointed out that in the clothing industry, “we’re mainly dealing with African females with low levels of education.” A Director at Prestige Clothing thought “the labour force, being black, is not as motivated as the Indians.” Both White managers and Indian shop stewards accused Black workers of being lazy and hiding behind union protection. Clearly, in South Africa there are differences between the races – Whites and Indians have generally had far more educational opportunities than Blacks. Unfortunately, rather than working constructively towards a more level playing field, people with whom I spoke preferred to condemn other groups with racist slurs.

Gender divides represent an equally important stumbling block to democratization. Perhaps the greatest weakness of this study is its lack of input by female clothing workers. Certainly, any comprehensive study of development must include worker's feelings of efficacy, dignity, pride, and fulfillment. Hunter (1998) found in the auto component sector that female workers in so-called 'post-Fordist' plants experienced shocking levels of stress and humiliation. One woman reported, "I have to run to the toilet," and that "the process of asking for a disc each time one wants to go to the toilet is humiliating." (Hunter 1998: 31) It is typically African women who bear the brunt of sexist and racist prejudices. The shop stewards with whom I spoke argued that women should not have equal rights in the workplace.

Though it is certainly true that most African women have been largely deprived of an education, it is absurd to believe that these people can not or should not control their own affairs or make important decisions in the workplace. A single woman supporting an entire family, who likely commutes to work where she stands for hours on end performing monotonous activities in an undignified, tense environment only to return home to cook, clean and maintain her household is clearly capable of enormous levels of responsibility. Certainly, such a woman's capacity for self-management is just as good if not superior to most of the wealthy, White, middle-class male managers who find it necessary or empowering to maintain authoritarian control over Black women in the workplace. Of course, managers would argue that it takes a special knowledge to learn how to manage a firm, to market products, to increase productivity. However, it does not require a degree in business management to conclude that a workforce motivated by a sense of pride in and ownership of their labour will be more productive than an isolated, demoralized group of workers. Moreover, a democratic firm would likely invest heavily in training – ensuring that all workers had the potential to gain specialized skills.

Of course, many smaller firms simply cannot afford to invest heavily in their workforce. Even in cases where relations are paternalistic and employers have a "very strong sense of duty" to provide for their employees, democratization is failing to occur. (Salinger et al.: 49) Given the rapid demise of the clothing sector, one would expect to find creative responses to global trends. However, whether for financial or psychological reasons, the benefits of a more democratic workplace, it seems, are lost on the majority of employers in the KwaZulu-Natal clothing sector.

Salinger et al. (1999) emphasized the severe limitations on productivity created by an alienated labour force: "Smaller CMT operations said that because they had worked so much short time,

their workers were demoralized and demotivated, but also tended to “go-slow” in order to stretch their work out to ensure they received a week’s wages.” Indeed, the USAID study (Salinger et al. 1999) found that “very few firms had any sort of incentive scheme in place” and that conflict remained high in the sector. The current trend towards outsourcing to the unregistered sector and the resulting casualization of work are further eroding job stability and are likely contributing to a “progressive de-skilling of the workforce.” Salinger et al. (1999) concluded that only a move towards a more participatory workplace “offers the hope that labour may ultimately be able share in the gains accrued from globalization.”

There is no indication that social relations in the Durban clothing sector are becoming more equitable or democratic. Workers are divided amongst themselves along gender and racial lines, despite their common conflict with managers and owners. Management resists innovative democratization in large part due to their capitalist values, their racial prejudices and their gender stereotypes. The absence of social democracy in the clothing sector may be a significant factor in the poor level of labour productivity. A democratic workplace in which labour operates without fear in a dignified environment with stability and solidarity would greatly contribute to efficiency and productivity. Unfortunately, severe class, race and gender divides in the KwaZulu-Natal clothing industry may prevent such a democratic restructuring of the workplace.

5.7 Implications

Why is it significant that democracy is not occurring economically, politically, or socially in the Durban clothing industry? For South Africa, with “as much as forty percent of the employable labour force unemployed in some parts of the country, labour intensive development strategies are key political topics of discussion.” (Standing, Sender and Weeks, 1996) Since clothing production is one of the most labour-intensive occupations, it has the potential to play an important role in South Africa’s employment strategy. Should South Africa be courting capital to create more clothing sector jobs? Is South Africa in a position to demand better standards for its workers? The results of this study are significant because they indicate that the jobs being created in South Africa run counter to the nation’s goals of equity, redistribution, and democratization. The final section will explore the possibility of pursuing both social justice and economic growth in the clothing sector.

6. Ways Forward

Just as the process of democratization can not be limited to the political realm and must be extended to encompass the social and economic, so too must democracy be pursued beyond the firm to the level of national government. Improvements in the clothing industry are unlikely to occur in isolation of wider trends towards democratization. Despite the limitations imposed both by globalization and historical domestic factors, there are a number of possible responses that could foster democratization in South Africa, particularly in the clothing industry.

6.1 Recognize that change is possible

Despite global trends to the contrary, workers in the clothing sector can organize and can construct alternatives. It is important to recognize that change is possible and that alternatives do exist. While some argue that “in the interests of job creation, zealotry must be moderated” (Salinger et al 1999: 60) and others would argue that it is better to be exploited than not, such caution should not prevent the search for alternatives. It is important for academics not to be dogmatic at the expense of people’s livelihoods, but it is equally if not more important for scholars to search for workable alternatives with the intent of maximizing freedom. Unfortunately, the current dialogue surrounding South Africa’s reintegration into the global economy has been largely stifled by a defeatist mentality in which there are no alternatives. To believe so strongly in the inevitability of capitalist globalization is to have an almost religious awe for market forces. Even a cursory glance at history will reveal that today’s empires are tomorrow’s ashes. If capitalist domination is indeed inevitable for South Africa, “it will not be because it is decreed in heaven, or because it is technologically determined, but because people have been persuaded by others that it is so.” (Beinefeld 1994: 39)

6.2 Recognize that the clothing industry is worth saving

As Jabu Ngcobo of SACTWU argues, “If an industry is dying, government should let us know. We need to know where we should encourage our kids to go.” If the present situation remains unaltered, the industry will more than likely stagnate, and any jobs created will be of increasingly poor quality. Certainly, no parent would encourage their children to pursue employment in a sector with rapidly deteriorating conditions. For the clothing industry to succeed, on both a human and economic level, it will require assistance. Given its labour intensive nature and the

potential to create thousands of jobs, the clothing industry should be protected and fostered by the national government. One of the most important lessons emerging from the industrial success of the East Asian “tiger” economies is the instrumental role of the state. Indeed, the South African government must become actively involved in the direction of industry should it hope to achieve greater democracy at the point of production.

6.3 Recognize that democratization is compatible with economic growth

In the KwaZulu-Natal clothing industry, the main obstacle to improved productivity is psychological. As Altman (1994: vi) argued, “firms tend to focus their cost-cutting efforts on wage and work intensification. Instead, a shift in thinking about productivity must occur emphasizing the productive system.” The potential efficiency and productivity gains of a more democratic workplace have been discussed above and need not be repeated. Recognizing that productivity can be increased by means other than human exploitation is likely more a task of “small-scale social engineering” than of policy or legislation. (Sogge 1999: 65)

6.4 Increase workers’ stake in the industry

The present situation in the clothing industry, whereby Whites typically own large firms, Indians typically own smaller firms, and Blacks consistently own nothing, is entirely unacceptable in the new South Africa. Devolved ownership could be achieved in a variety of ways:

- 1) Owners who recognize the efficiency gains of workers producing for a business in which they have equity shares could voluntarily grant stock options to labour. The limitations of this possibility have been discussed above.
- 2) Trade unions could pool worker funds and invest in company ownership.
- 3) Government could offer financial incentives in the form of tax breaks or subsidies to firms that devolve ownership. A sliding scale could be established whereby small gestures (ie: devolving 10% of shares) would given small but significant breaks and more meaningful actions (ideally the devolution of at least 51% of shares) would be given large tax relief or subsidies. Clearly, cooperative business ventures would then have a significant advantage in the economy, paying far less in taxes and benefiting from some

degree of public investment. In order to compensate for lost revenue, taxes on undemocratic firms should be raised significantly.

- 4) Government could give preferential treatment to cooperatives in SMME policy. Government could build on its current success in allowing relatively wide access to small business loans by boosting the availability of capital for cooperative ventures. Encouraging the proliferation of cooperative ventures would not only realize the government's goal of thoroughgoing democratization, it would also encourage job creation. As Cormack (in Antsey 1990: 224) points out, "jobs in cooperatives could be created at a third of the cost that jobs in the current government decentralization schemes."
- 5) Government could legislate in favour of worker ownership and control, noting that labour in South Africa has the right to own the means of production.

Short of increasing worker ownership of the economy, wages could be increased to redress the gap between workers and management. In KwaZulu-Natal, this means that the jurisdiction of the Bargaining Council must be extended. Unregistered firms must be found and held accountable for their exploitative labour practices. Salinger et al. (1999) concur that, "at the very least, government should try to decrease the wage differential between these areas." The government's strategy of developing rural areas through deregulation does not contribute to democratization. To leave a population of workers unprotected and vulnerable to "the mean rapacity, the monopolizing spirit" of capital is not only unethical but unsound from an economic point of view. Moreover, the failure to pay civic debt must be re-criminalized in South Africa. Workers and their representatives must be given much greater leverage over capital interests at the bargaining table.

6.5 Increase workers' participation in the industry

The benefits of increased participation on the shop floor are espoused by the staunchest of capitalists, including post-Fordist advocates. Kaplinsky (1994: 31) notes that "many believe that it is this process of worker-initiated incremental change that the long-term comparative advantage of the Japanese is to be found." Salinger et al. (1999) concur that the clothing sector needs a "management style which encourages shop floor teams to organize production and management."

Unfortunately, Kaplinsky (1994: 302) puts the cart before the horse in arguing that improved productivity will engender participation. If employees truly are such a valuable commodity in the production process, then certainly their active participation should be encouraged and rewarded with more than “free drinks and cake.” Surely workers with more responsibility should be given more remuneration and more control over the workplace. Participation, like economic ownership, could be brought about either voluntarily by management or with the help of government incentive or regulation.

6.6 Encourage production for the domestic market

South Africa has been compelled by the WTO to rapidly liberalize its trade regime and remove itself from domestic industry as much as possible. The only argument in favour of such blanket liberalization, other than fear of international sanction, is that domestic consumers will pay less for basic commodities. However, if these same low-priced basic commodity imports also destroy jobs and livelihoods, then in real terms, the products will become more expensive for the poor consumer. South Africa’s development strategy must be centred on job creation and the economic empowerment of the majority, not around access to low-end goods at decent prices. There is no reason to surrender the domestic market to cheap Asian imports.

South Africa has also accepted neo-liberal orthodoxy in its reliance on export orientation. Although Salinger et al. (1999) found that there is export potential in “African ethnic fashions” and other ‘cultural’ items that wealthy people in the MPCs may find chic and fashionable, basing an industry on the manufacture of such garments is precarious to say the least. While production for this high-end market may allow larger firms to maintain profitability and smaller firms to rely on their contracts, it makes it extremely difficult for cooperatives and small businesses to establish themselves in the industry. As Altman (1994: ix) argues, “since South Africa is unlikely to be wildly successful in export markets, it would be unwise to ignore the need to recapture the local market.”

Securing the domestic market for South African clothing producers is extremely important because it is unlikely that most small producers have the capacity to meet the batch size or the quality requirements of export markets. Producing basic products for local consumers is the most realistic way for small clothing ventures to establish themselves. Of course, the majority of clothing businesses in South Africa work on contract from larger producers or retailers. In a

deregulated market, transnationals will be drawn to invest from the low cost of labour. In a regulated market, domestic firms would be responsible for contracting out on fair, negotiated terms. Small cooperative operations would then compete for contracts on the basis of quality and efficiency rather than on the basis of labour costs.

Enabling domestic clothing firms to produce for domestic need should be one aspect of a holistic inward oriented development strategy. Writing about the South African debate over trade and industrial policy in 1994, Munck (1994: 210) reported that: "What seems to be emerging is a pragmatic recognition of the need to encourage manufactured exports, while retaining the central commitment towards an inward-oriented growth model geared towards meeting the basic needs of the people." The ANC alliance, said Munck, had accepted that inward-oriented growth did not preclude an export strategy, but that the emphasis should be on satisfying basic needs through sustainable growth.

By 1995, Munck's comments were proven inaccurate as the ANC alliance adopted an orthodox model of export-led industrialization. Today, the debate over productive orientation is marred with misleading caricatures of alternatives. For example, though it is clear that South Africa can not return to the brand of import substitution industrialization (ISI) that predominated throughout the apartheid era, blaming ISI for all of South Africa's industrial woes is "an untenable position." (Bell 1996: 17) While ISI certainly seemed to be plagued with inefficiencies arising from rent-seeking behaviour, equating an uncompetitive environment with an industrial orientation policy is inappropriate. Stiglitz (1998: 11) points out in reference to the East Asian experience that:

"The usual argument – that protectionism itself stifled innovation – was somewhat confused. Governments could have created competition among domestic firms, which would have provided incentives to import new technology. It was the failure to create competition internally that was the cause of stagnation."

ISI should not be confused with an inward orientation. Although not the case in South Africa, throughout Latin America ISI encouraged "foreign penetration of the economy", thus rendering the industrial structure monopolistic. Rather than encouraging domestic capital to produce for domestic needs, ISI has often allowed transnational corporations to earn a rent and produce for the local market. Therefore, as domestic wealth and power was increasingly concentrated

overseas, ISI encouraged transnational integration and national disintegration. This model of ISI has striking similarities with the current model of export-led industrialization (EOI) in South Africa.

Although Bernstein (in Sklair 1994: 63) argues that accumulation centred on the growth of the domestic market is “almost incapable of realization in the conditions of contemporary capitalism in the Third World,” South Africa’s unique situation and its dire need for alternatives should at least warrant a move in that direction. Sklair (1994: 180) believes that “local producer-consumer led industrialization organized around democratic relations of production promises, in theory if not yet in practice, a more genuine form of development.” Helleiner (1980: 217) concurs that “domestic policies can and should be geared to the creation of a relatively self-reliant economy in which incomes, though low, are reasonably equitably spread.”

Inward industrialization would re-focus the government’s attention on redistribution in order to boost domestic demand. Ismail (1994: 57) suggests that South Africa develop its basic needs industries (clothing, footwear, furniture, construction and building materials) in order to generate jobs and produce low-cost consumer goods. In the early phase of East Asian industrialization, those industries not requiring economies of scale (textile, footwear, sporting goods, toys) were used to kick-start the economy. Small shop production with low technology and capital requirements, and a low import content, could compete quickly behind some degree of government protection. Utilizing labour-intensive production techniques to provide jobs for swelling urban populations would maximize the redistributive gains of this strategy. Due to the limitations of industrial job creation, as discussed above, it is important that this policy be just one component of a more holistic employment creating strategy, including industrial support for select technology-intensive, high-end manufacturing. Existing moves to integrate firms (ie: auto component sector) into transnational production chains need not necessarily be abandoned. Certainly, high-end, high-wage production that generates forward and backward linkages in an economy is essential. (Gereffi in Sklair 1994: 226) However, without domestic content or ownership requirements, or other limits on Foreign Direct Investment, without capital controls, without adequate protection or support for domestic industry, and without the active development of local technological and human capabilities, spillover effects of high-end manufacturing will be limited.

Inward orientation, or producing with the intention of meeting the basic needs of society, does not preclude exports, does not imply autarky or de-linking from the world economy, and does not necessarily foster inefficient production. Imports necessary for production would be liberalized and export of surplus production would be encouraged. However, the need to liberalize imports to protect domestic consumers would be subordinate to the need of making local industry competitive enough to produce cheaply themselves. In order to make local industry competitive, South Africa would resurrect some protectionist measures (whether formal or informal) and would expand domestic production in the shielded sectors. (Adelzadeh 1996: 82) Domestic competition in combination with industrial support and incentives would prevent negative rents and foster innovative production. The cycle of growth incited by this more inclusive model of economic development would in turn lure necessary foreign investment. As Chang (1991: 108) points out, economic growth typically leads to foreign direct investment, not vice versa.

It is likely that the KwaZulu-Natal clothing sector would produce thousands of jobs should industry be inwardly oriented. Should producers become increasingly democratic and should workers gain higher wages and a greater share of ownership in industry, savings would increase, thereby opening the possibility of investment in their own business. As the clothing sector became increasingly productive, it could then begin to contemplate gradual liberalization and increased production for the export market.

6.7 Protect the Domestic Market

Even advocates of free trade have long advocated gradual and selective trade liberalization. Adam Smith (1776) recognized that domestic producers suddenly flooded by foreign competition would suffer considerably, and that “changes of this kind should never be introduced suddenly, but slowly, gradually, and after a very long warning.” Shafaeddin (1995: 4) found that “medium liberalizes performed better than the high liberalizes in respect of all indicators” and has documented the dangers of government opening an economy too quickly. Rather than exceed the expectations of the WTO, South Africa must push margins and challenge regulations where necessary.

Though most tariffs and quantitative restrictions have been declared illegal by the WTO, South Africa could use its leverage as an international symbol of liberation to challenge the limitations on protectionism. As Delahanty (1999: 39) points out, “pressure has mounted on the WTO to

link trade, workers' rights, and labour standards through a "social clause" in international trade agreements." Should South Africa enforce a social conscience in their trading practice, the import and sale of products associated with discovered abusers of human rights, such as Nike and the Gap, could be strictly prohibited. Though such measures would certainly not find a sympathetic audience in the WTO, the United Nations may be a more responsive forum. Already, companies around the world have been required to adhere to environmental standards under the ISO 9000. It does not seem terribly farfetched to expect companies to adhere to similar regulations dealing with the treatment of human beings. Accompanied by higher wages and a more democratized workplace through active supply-side intervention, South African producers could become models of fair labour and fair trade. Short of these relatively radical measures, South Africa could follow the lead of the United States and Japan, employing more antidumping and countervailing duties, more 'voluntary' agreements to limit levels of exports, and the creative use of escape clauses under GATT.

Perhaps of equal importance is the need for the South African government to actively combat illegal imports. South Africa must devote resources to weeding out corrupt customs officials and to strengthening the country's ability to police incoming products.

6.8 Form cooperative relations within the clothing industry

Small CMTs, currently relying on temporary contracts from much larger producers or retailers would likely benefit from intra-industry cooperation. Combining resources and cooperating in the production process may allow CMTs to develop "quick response relationships and short-cycle manufacturing techniques." (Altman 1994: ix) In a more protected market, CMTs could combine to create a more democratic and competitive industry producing garments for South Africans. Government and its supply-side contractors could play a valuable role in contributing to this industry transformation.

6.9 Invest in the clothing industry

In order to survive and prosper in the new competitive era, the Industrial Strategy Project (ISP) strongly advocates supply-side measures focused on generating jobs, increasing investment, raising productivity, and improving trade performance. While the ISP seems to have influenced and agreed with much of the current government policy, its major point of departure is its

realization that without the “soothing breeze” of supply-side support, the “chilling winds” of trade liberalization will damage the South African economy. (Kaplinsky and Morris 1999: 734) The state, it is argued, should assist firms to reorganize production to be in tune with international demand, and firms in turn should develop their human resources and specialize production in order to move up the value chain. (Morris, Barnes, and Dunne 1998: 7) These supportive measures focus on raising productivity through micro-level supply mechanisms (flexible specialization in firms) and trade policies. Specific supply-side mechanisms include skills development, workplace training, research and development, technological enhancement, changes in workplace organization, development of industrial clusters and reduced tariff protection. South Africa could commit to implementing some of the supply-side measures advocated by the Industrial Strategy Project. Certainly, some degree of firm-level restructuring to meet competitive demands along with industrial clustering and support would be beneficial. Shafaeddin (1995: 12) argues that trade policy should “aim at the long-run development of supply capacity.”

For the clothing sector in particular, technological investment would be highly beneficial. Currently, all major machinery employed by large clothing firms is imported. The rejuvenation of the clothing sector could inspire upward linkages with domestic machinery producers. Investing in technology would not only create skilled jobs, it would also potentially lower input costs for clothing producers. Salinger et al. (1999) concur that government sponsored technological investment “should figure high on the list of public-private partnerships in the textile and clothing industries in South Africa.”

Another essential supply-side mechanism for the clothing industry is training. Worker training programs are essential to give ‘low-skill’ workers a more diverse range of ability. Although the government does presently require training as a condition for export assistance, much more could be done to upgrade the skill level of workers. Unions and NGOs could also play an important role in training programs. SACTWU currently has a large pool of money earmarked for children of workers, but it does not have any programs available to train workers themselves. Certainly, the acquisition of skills such as accountancy, marketing, and communications would give workers a better opportunity to manage their own enterprises. Altman (1994: xiii) points out that “unless there is some plan to increase wages to exceed subsistence levels, it will be very difficult to introduce substantial training programs.”

Any supply-side measures supported by the national government must emphasize democratization of the workplace. Active redistribution is not just about government transfers, but rather about reorienting society's economic activities. Allowing labour to reap the benefits of what they produce would help break the unsustainable capitalist cycle of over-accumulation and under-consumption. The need to extend democracy to the realm of economics condemns the government's current advocacy of a "more flexible labour market" on a number of grounds. First, relatively high wages are necessary for employment gains to translate into welfare gains. Second, an emphasis on surplus retention by the producers, or a wider share in private accumulation, could well prove to be a "devastatingly effective" formula for redistribution and economic growth. (Wallerstein in Sklair 1994: 19) Third, high wages based on collective performance combined with job security – essentially an equity stake in a firm for labour – have been proven by the Japanese experience to be effective policies to heighten efficiency and productivity. (Child Hill and Lee in Sklair 1994: 300) Stiglitz (1996: 167) concurs that in East Asia, "active policies promoting equality enhanced growth."

After studying the industrial success of East Asia, Amsden (in Gills 1996: 81) concluded that the disciplining of capital was the single most important factor responsible for long term growth performance. Jenkins (in Sklair 1994: 167) concurs by arguing that one of the major obstacles to economic development among periphery nations is "failure of the state to create the conditions under which resources will be channeled into productive investment." As mentioned above, South Africa's financial liberalization policies erase government's power to channel non-productive investment (real estate, speculation) to productive investment. If the South African government thinks that it lacks capacity to assist in targeting corporate investment, it could implement a corporate charter of responsibility, guaranteeing that certain social and environmental obligations are upheld, or it could impose a more progressive tax regime.

6.10 Encourage demand in the domestic market

As Chang (1998: 61) points out, "without some guarantee of demand, investment will not occur and productivity is going to suffer." Although the sort of direct subsidy like that provided by GEIS has been prohibited by the WTO, government could create domestic markets by encouraging savings through bond schemes, such as the "reconstruction bond" proposed by Padayachee (1995: 174). A renewed focus on the production for the domestic market, the accelerated provision of physical infrastructure, and an active rural development strategy could

contribute to the creation of aggregate demand. Moreover, an extension of the “Buy South Africa” campaign already employed by COSATU could potentially convince local consumers to purchase domestic products. Finally, a holistic process of workplace democratization whereby labour increasingly owns and controls the means of production would be the most effective method of boosting aggregate demand.

6.11 Organize the ‘informal’ sector

The power of organized labour to bargain for democratization is quickly waning, especially in the clothing sector. The challenge for SACTWU will be to incorporate the thousands of workers in the ‘informal’ or unregistered sector. Francie Lund (Interview, February 2000) notes that “it is terribly ambitious to try to organize the informal sector where 90% of the producers probably couldn’t read the organizing forms.” Still, Lund believes that it is a promising time for the organization of traditionally ‘informal’ workers. Unions in countries such as Ghana and the Philippines, faced with rapid erosion of their membership due to informalization, have actively sought to incorporate all forms of labour. Certainly, the traditional role of unions – to organize formal sector workers – must be reinvented and creative ways must be found to safeguard the rights of all working people. Incentives for organization must be provided for “informal” workers, such as insurance schemes, benefit packages and training programs.

In KwaZulu-Natal, employers that outsource or subcontract to unregistered producers are often disappointed with cost reductions due to a lack of technology, low quality and little expertise. (Jarvis 1999) A more organized sector offering greater worker incentives in the form of higher wages, ownership, and training could revitalize the ‘informal’ clothing sector of KwaZulu-Natal. Already, SACTWU has begun to establish a registration system for specific labourers (ie: machinists) to lessen the human impact of casualization. Many workers currently rely on just one CMT for work. However, many CMTs only receive contracts occasionally and employ workers for short periods of time. If machinists or pressers were registered with an organizing body, they could rotate among CMTs wherever contracts arise, thereby ensuring greater consistency of employment. Although the Natal Clothing Manufacturers Association and management in larger firms would like to see SACTWU roll over and relinquish all ability to interfere in capital ventures, the need to democratize South African society necessitates further action on the part of the union.

6.12 Encroach on the interests of capital at the national level

Although South Africa has already attempted to implement a corporatist arrangement through NEDLAC, in which government, business, labour, and the NGO sector could negotiate openly, this chamber appears to be largely defunct. (Kotze 1999) Government could reclaim some authority over domestic capital by reinstating capital controls and playing off domestic business against foreign conglomerates. Perhaps if multinationals pose a large enough threat to South African business interests, then the private sector would be more inclined to seek government support. Moreover, the government could reserve the right to restrict foreign direct investment in order to ensure a strong domestic supply-side base. In terms of domestic competition policy, though it seems clear that the smaller the group, the easier it will be to foster cooperation, further concentrating the power of South African conglomerates will likely only lessen the power of the state. It also seems clear that the concentration of resources and market share in conglomerates (domestic or foreign) would likely prevent successful ventures by small to medium sized enterprises. Therefore, competition policies must prevent negative rent seeking and offer incentive for firm-level innovation. The government, in return for private cooperation, could invest heavily in education and technological development, and could offer tax incentives for positive social contributions and productive performance. In line with its commitment to democracy, the South African government must avoid the repressive measures employed by East Asian regimes to prevent civil society's interference in its corporatist model. Rather, the democratization of economic relations would foster the social stability essential for such a corporatist arrangement to succeed. (Ismail 1994: 55)

6.13 Pursue Supra-National Regulation

Of course, even if more workers could be organized and the influence of labour at the national level could be strengthened, the current imperialist world order makes democratic reforms extremely difficult. Certainly, inequitable terms of trade and unfair international credit practices, along with threats of economic sanction, capital flight, and debt bondage are very real factors in the present imperialist/capitalist global order. While this paper argues that individual states do in fact have more room to maneuver than conventional wisdom would have us believe, it is also recognized that there is an urgent need for supra-national solidarity in the struggle to discipline capital. Perhaps existing United Nations conventions confirming socio-economic rights is a good place to begin the pursuit of such global regulation. Or perhaps the WTO could be reformed,

making it more democratic and dedicated to restoring fairer international terms of trade. More promising, international treaties such as the proposed Multilateral Agreement on Investment (MAI) could be rewritten as a global charter of corporate social responsibility by international coalitions of NGOs and citizens movements. Perhaps even the International Financial Institutions could be democratized and restored to their original intents and purposes, to transfer resources from the centre to the periphery of the global economy, compensating countries with balance of payment deficits with only limited conditionalities. (Singer 1994) American economists Gordon, Weisskopf and Bowles (in Bowles and Edwards 1990: 173) argue that the most promising solution is to actively illustrate that “exploitation is fundamentally costly, and that its reduction is compatible with, if not necessary for, a return to economic security and opportunity.” Certainly, by pointing out the irrationality and unsustainability of capitalist dogma, and by pointing to the inequities inherent in the global order, “we can potentially undermine a major source of capitalists legitimacy and strength.” (Weisskopf and Bowles in Bowles and Edwards 1990: 173) South Africa’s unique ability to arouse international sympathy as a symbol of liberation affords the country an opportunity to lead an international coalition intent on restoring a value system in which people take precedence over profits.

6.14 Towards lasting social change

Hopefully, many of the economic and political changes advocated above would help to produce social change. South Africa has already made great strides towards social democracy since the end of apartheid and the creation of civil rights for all. Further entrenching democratic reform in the country’s legal and regulatory environment could greatly enhance social consciousness. However, altering peoples’ perceptions and attitudes can not be accomplished only through government regulation or micro-managing at the firm level. To eliminate racism, sexism and classism would take many generations of South Africans striving towards a more equitable society.

7. Conclusions

Is development occurring in South Africa? This simple but enormous question was the primary motivation behind this Master's dissertation for the School of Development Studies. The first step towards a response was to define the term 'development'. In brief, 'development' can perhaps best be understood as a continuous process of questioning and challenging power relations with the intent of maximizing collective freedom. The second necessary step towards a response was to narrow the focus, or to select a specific set of power relations to analyze. To this end, a case study of the KwaZulu-Natal clothing industry was chosen. This case study was chosen for a number of reasons. First, it is important to extend the concept of democracy out of the political realm and into the economic. Second, the clothing industry is highly labour-intensive and could therefore make a significant contribution to job creation in a country plagued by high levels of unemployment. Third, since the clothing industry has been rapidly transformed by South Africa's re-integration into the global economy, it provides an interesting look at international power relations.

A number of secondary questions guided the study. First, what aspects of globalization impact on democratization in South Africa? Second, how have countries, unions, businesses, and communities responded democratically to these global trends? Third, how do international trends in the clothing sector combine with historically determined domestic industrial power relations to influence democratization in KwaZulu-Natal? Finally, how might the KwaZulu-Natal clothing sector respond to the national priority of redistribution and develop democratically? To answer these questions, an extensive literature review covering capitalist and democratic theory was conducted. This review was complemented by a series of interviews with key stakeholders in the KwaZulu-Natal clothing sector. The interviews were largely open-ended and focused primarily on the informants' perceptions of power relations in the industry. The objective was not to create a comprehensive quantifiable methodological framework, but to subjectively explore the concepts of globalization and democratization using the example of the clothing industry.

Any case study examining economic relations in a specific industry must take into account global influences. Although profoundly undemocratic in theory and practice, capitalism is currently the dominant ideological paradigm and productive system governing international relations. The globalization of capitalist relations is perhaps best understood as an imperialist system aimed at strengthening the power of capital relative to government and civil society. This inequitable

distribution of power is secured by a complex system of coercion, both forceful and subtle. Political institutions representing the most powerful capital interests, including the US government, Wall Street investors, the CIA and the American military complex, NATO, the IMF, the World Bank, USAID, the WTO, and transnational corporations, actively combat any threats of democracy. A host of economic policies, often embodied in Structural Adjustment Programs, despite their elaborate theoretical justifications, are intended to facilitate accumulation and marginalize those unable or unwilling to successfully compete in a free market. Perhaps most important, however, is the globalization of the culture of capitalism. Rather than function openly and honestly, institutions dominating globalization continuously justify undemocratic interventions with propaganda espousing the benevolence of capital. Once people accept the stated intentions as truth, the system no longer requires forceful implementation. Indeed, once the values and justifications of capitalism are internalized on a cultural level, the mechanics of globalization function quite naturally and voluntarily. The combination of these political, economic, and cultural factors give rise to the illusion that the current process of capitalist globalization is inevitable. The human instinct for freedom, however, will continually search for more democratic alternatives.

Democratic responses to the current wave of globalization are possible. Despite the post-Cold War pronouncement that capitalism had finally triumphed over all competitors, there are alternatives to the current wave of globalization. Economic democracy is a process of achieving a more equitable distribution of power amongst those participating in production and services in the workplace and in the economy as a whole. Though post-Fordist production is often marketed by some as a means of achieving worker empowerment, there is no indication that flexible specialization entails democratization in any way. Though unlikely to emerge on a large scale over the next generation, workers, communities, unions and governments should be working towards the realization of a more democratic mode of production. Working within the capitalist system, various governments have attempted to implement power-sharing arrangements, from collective bargaining to consultation, intended to balance the interests of labour and capital. Attempting to undo the capitalist system, other states have nationalized the means of production and have unsuccessfully attempted to centrally plan their economies. Still others have pursued a 'third way', the collectivization of production. Whatever the means, an equitable distribution of power in society and in the workplace must be the guiding principle of transformation.

A case study of the KwaZulu-Natal clothing industry revealed that neither international nor domestic factors are leading to a process of democratization. In the international clothing industry, power is heavily concentrated in the 'developed' world, primarily with a number of large retailers. Maintaining control and profits primarily in the more powerful countries, industry leaders tend to seek out unorganized, easily exploitable labour to produce garments at minimum expense. Despite the heavy human cost of this international division of labour, an imperialist trade regime complimented by neo-liberal institutions ensures a continued allegiance to the interest of capital and wealthy consumers. South Africa, like so much of the less powerful world, has fallen in line with imperialist expectations, liberalizing its trade regime, deregulating its labour market, failing to support domestic industry, and hoping that development will somehow occur through 'market mechanisms'. For the clothing industry, these policies have translated into massive job losses and an increasing tendency towards informal, highly exploitative production patterns.

South Africa's re-integration into the world economy has not altered the racially oriented and highly concentrated ownership of the clothing industry. Although wages in the formal sector have increased for those who have retained their jobs, production has increasingly transferred to the unregulated sector of KwaZulu-Natal where workers are paid at least 50% below negotiated wages, receive no benefits, and are employed on a casual basis. Despite the government's professed allegiance to "thoroughgoing democratization" there is no evidence that workers in the clothing sectors are participating in the production process or the management of firms in any significant way. Although the international economic regime and the government's macroeconomic strategy are not contributing to democratization, historical and cultural barriers, such as racism, sexism, and classism, are also preventing greater equity in the KwaZulu-Natal clothing sector.

Finally, despite the lack of development in the sector and the suffocating restrictions imposed by an imperial world order, this study has found that greater levels of economic democracy are a viable alternative to the existing mode of capitalist production. Short of a renewed international regulatory regime guided by the principles of democracy and equitable development, the South African government must find in itself the political will to challenge existing power holders. Rather than encourage export production and indiscriminately liberalize its trade regime, the government must realize the importance of the domestic market and protect South African workers. Through creative protectionist measures, increased training, technological development,

and the active encouragement of democratization, the South African state could potentially reinvigorate the KwaZulu-Natal clothing sector.

Faced with the reality that global expansion of capitalist economics centred on more powerful countries is actively working against democratization, people concerned with development are faced with a number of choices. People can: a) ignore the problem, b) smooth the accumulation process in hope of eventual welfare improvement, or c) struggle against the tide of inequity by attempting to create a more humane alternative. Although limited in scope, this study was intended to make a contribution towards the latter by attempting to reconcile globalization and democratization in South Africa. By introducing the concept of imperialism into the policy debate, the author hopes to break through the spellbinding authority and religious fervour surrounding capitalist orthodoxy and incite emotional reactions. South Africans liberated from the chains of apartheid should not take kindly to domination by foreign interests. Second, the author has attempted to illustrate by way of a case study that South Africa's current macroeconomic policies are incompatible with the developmental objectives of the RDP. Certainly, the master-servant relationship that divided South Africa along racial lines during apartheid is the very same as the worker-boss relationship that divides people under capitalist relations in the KwaZulu-Natal clothing sector. Particularly government, but businesses, unions, NGOs and community groups as well, must play a more activist role in struggling against external domination and developing industry based on democratic production for domestic needs. At the very least, it is hoped that this paper will inspire an active search for options rather than a tame acceptance of limitations. As Joffe (in Jarvis 1994: 89) points out: "What is at stake in this struggle are the fundamental values inherent in the human right to participation, humanity, dignity, democracy, equity, social and economic efficiency and solidarity."

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