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UNEQUAL TRADE CRISIS AT WTO

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Umsombomvu Youth Fund

MOVES INTO HIGHER GEAR TO ENSURE
ECONOMIC ACCESS FOR SA YOUTH



The Umsobomvu Youth Fund (UYF), established in January 2001 and mandated to create a platform for job creation, skills development and transfer for the South African youth, has over the past two years made great strides in developing programme models aimed at increasing the outreach and impact of the various UYF initiatives.

UYF CEO, Malose Kekana, says the UYF has committed approximately R461-million to programmes over the past 24 months. "Our policy is that there is a close connection between our activities and access to economic opportunities in the form of jobs or self-employment," he says.

Kekana says the UYF has focused on ensuring that efficient programme models are in place to manage the funds and projects effectively. "The reality is that although R1-billion can make a noticeable impact, it is not enough to address the challenge and the UYF has had to forge partnerships with a range of institutions, organisations and government departments and stakeholders to ensure the ongoing success of UYF initiatives."

"During the past two years, we have developed the infrastructure and policies, piloted programmes and methodologies, and we are now moving into higher gear to ensure better economic access for the youth of South Africa," says Kekana.

The UYF has identified three major programme areas, namely Information and Counselling; Skills Development; and Entrepreneurship Support, with R200-million, R300-million and R500-million allocated to each programme area respectively. To date, more than R44-million has been committed to Information and Counselling initiatives, approximately R124-million to Skills Development, and R264-million to Entrepreneurship Support.

The Information and Counselling programme aims to give young people access to information and counselling support regarding career development, employment and entrepreneurship provided through a Youth Line, Youth Advisory Centres and an Internet Portal.

According to Kekana, an estimated 540,000 young people are expected to access and use the Youth Line and Internet Portal over the next three years. "Some 12 Youth Advisory Centres have been funded to date and we estimate that these 12 sites will offer services to an average of 180,000 young people over three years," says Kekana.

The Skills Development programme has been established to equip young people with skills that enable them to access sustainable livelihoods and offer skills development with clearly defined exit job opportunities for beneficiaries whilst engaging in activities that provide services to their communities. This programme comprises two major projects, namely the School to Work and National Youth Service.

The Youth Entrepreneurship Support programme aims to enhance the economic participation of young people by helping them access sustainable business opportunities, finance and business development services and enterprise funding.

Kekana says R255-million has already been allocated to the Enterprise Funding programme which aims to increase the number of youth-owned and managed SMMEs. "An estimated 700 SMMEs and 3,640 micro enterprises will benefit from the R340-million, and approximately 17,000 jobs will be created," he says.

UYF has also launched a more recent initiative, the 'Take it to the People' (TIP) programme, to create locally based economic opportunities for young people. The TIP fund focuses on income generation and self-employment for young people living in the 21 urban and rural nodal areas identified as significant 'poverty pockets'. TIP aims to develop, in conjunction with local municipalities and donors, local solutions to unemployment in these areas by investigating options for youth development in the form of micro and small businesses and co-operatives.

To learn more about Umsobomvu Youth Fund:
Call centre: 08600 96884

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PPASA TACKLES THE HIV/AIDS CHALLENGES

LEADERS IN SEXUAL AND REPRODUCTIVE HEALTH INTEGRATE HIV/AIDS INTO THEIR RANGE OF PROGRAMMES

The Planned Parenthood Association of South Africa (PPASA), the country's largest and oldest non-governmental organisation working in the field of sexual and reproductive health, has integrated HIV/AIDS training into all its programmes, based on its successful youth model.

From a youth centre in Acornhoek to a sex workers peer counselling group in Cape Town, HIV/AIDS prevention, peer counselling and training are part of a holistic approach to seeing HIV/AIDS as a community concern including youth, parents, teachers, health workers, faith-based organisations and government departments.

As a pioneer in providing youth information centres, PPASA recognised the need to provide sexual and reproductive health services, specifically for young people. PPASA has developed its adolescent-friendly clinics, peer education programmes and educational workshops into a nation-wide adolescent reproductive health service involving community-based youth centres in each province. These centres now provide computer training, entrepreneurial skills development, sports and recreation and soon to be rolled-out HIV voluntary counselling and testing services.

Lerato Louw, a peer educator in Kimberley, Northern Cape, said: 'The PPASA peer education programme has given me the opportunity to work in my community; to encourage the youth to make informed choices, share responsibilities and to be positive about their sexuality.'

Using this experience of developing relevant and targeted sexual and reproductive health services, PPASA is leading the way in a number of other life skills programmes that integrate the huge range of challenges associated with HIV/AIDS. These programmes, often conducted with partners such as provincial departments of health, NGOs, or donors, are specially designed for women, men, school learners, parents, refugees, workers and groups at higher risk, such as commercial sex workers and truck drivers.

Men As Partners

For many years, campaigns around sexual and reproductive health, HIV/AIDS and gender violence focused on empowering women. As important as this work is, very often the people who need the information just as much, if not more, than women - the men - were left out.

Men As Partners (MAP) is a PPASA programme that aims to change that by bringing men on board through specially designed education and training programmes. MAP reaches out to men and women in communities on issues including gender equity, reproductive health, relationships, HIV/AIDS, sexually transmitted infections (STIs), domestic violence and sexual violence. MAP also uses life skills workshops, professional training and educational materials to create awareness and facilitate attitudinal and behavioural change among programme participants.



ABOVE: Members of the PPASA Women's Wellness Programme in Khayelitsha wear Xhosa attire they made in their sewing project. BELOW: Peer educators discuss sexual and reproductive health issues including HIV/AIDS at a national conference.



PPASA is the largest and oldest South African NGO in the field of sexual and reproductive health. It is affiliated to the International Planned Parenthood Federation (IPPF), which works in more than 180 countries around the world. Now over 70 years old, PPASA has developed innovative programmes including:

- Adolescent Reproductive Health Services
- HIV/AIDS Workplace Training
- Groups at Higher Risk
- Men As Partners
- Life Skills Programmes for Schools
- Parent Education Programmes
- Refugee Life Skills
- Teen Parenting
- Women's Wellness

PPASA has a large network of dedicated staff, volunteers and peer educators who work in communities, clinics, youth centres and offices, and on projects in all nine provinces. For more information, contact Martha Molete at (011) 880-1162 or email martha.m@ppasa.org.za or see our website www.ppasa.org.za

PPASA has centres in rural communities such as Nhlanguini, KwaZulu-Natal, pictured here.



THE G20 AT CANCUN

The outcome of the Cancun Ministerial, and the processes in Geneva that preceded it, are the product of a particular balance of forces within the World Trade Organisation. This balance is one in which the demands and claims of developing countries for a more equitable trading order can no longer be ignored even by powerful vested interests in developed countries. This is so, in the first instance, because issues like agricultural subsidies in developed countries, tariff peaks and escalations on products of export interest to developing countries and skewed rules and procedures are both manifestly unjust and have repeatedly been identified as significant barriers to development. These issues also cannot be ignored because developing countries are now better organised and much more effective participants in multilateral trade negotiations. However, while the balance of forces is such that the claims of developing countries cannot be ignored, it is not yet such that there is universal acceptance that the priority challenge, in the words of the Doha Declaration, is to place "the needs and interests of developing countries" at the heart of the WTO's work programme.

In the detailed negotiating processes taking place in Geneva after the November 2001 Doha Ministerial, negotiators from developed countries – responding to the demands of powerful vested interests – continued to operate on the basis that they should seek to minimise concessions to developing countries and that for every concession they were finally obliged to make they should extract a huge pound of flesh in return. It was this pattern of bargaining that led to the negotiation processes in Geneva, ahead of the Cancun Ministerial, missing deadlines and failing to produce sufficient momentum towards something that could credibly be placed before the Cancun Ministerial as progress towards a development round. At Cancun itself negotiators from the rich and powerful countries pursued their now traditional negotiating strategy of combining resistance to demands of developing countries on agricultural trade with playing hardball on demands of their own on the Singapore issues and also on Non-Agricultural Market Access. As usual, they demonstrated flexibility and showed their bottom line only at the last moment. This, in the context of

what had happened at Geneva ahead of Cancun, was a serious miscalculation and the main reason, in my view, why Cancun adjourned without reaching substantive agreement.

The outcome of Cancun has clearly created a new reality and context in global trade negotiations. The fact that Cancun did not adopt a substantive agreement does not mean that the WTO process mandated by the Doha Ministerial has ended. The issues debated at Cancun will continue to be grappled with by officials in Geneva and the outcome of these processes eventually presented again to ministers. The WTO must therefore continue to be a focus in the struggle for a more equitable and development-focused multilateral trading system. In my view, progress will depend on finding ways to push forward the case that South Africa, along with other developing countries, has consistently raised but not yet won, viz. that promoting an equitable and development-focused multilateral trading system is the absolute priority for world trade at this time.

We need at the same time as we continue to engage in the WTO to be aware that the outcome of Cancun will fuel the tendency towards selective bilateralism by major trading blocs. The US has already announced that it will be seeking to build a coalition of the willing in the area of trade, and that this will not be open to those described by the US Trade Representative as seeking "freebies".

The big new development at Cancun was the emergence of an alliance of leading, progressive developing countries known as the G20 plus. This is a major development and progress, requires consolidating and development. The G20 plus is at present an alliance within the WTO on the single issue of agricultural trade. It has great potential to become much more than that – in fact to become an economic alliance of the developing world in its own right. Such a project I believe demands priority attention in the months and years to come.

BY ROB DAVIES

UNEQUAL TRADE CRISIS IN THE WTO

BY XAVIER CARIM, CHIEF DIRECTOR FOR MULTI-LATERAL TRADE NEGOTIATIONS,
DEPARTMENT OF TRADE AND INDUSTRY



The arithmetic is simple: agricultural commodities exported from Africa to Europe come in at zero tariffs and are cheap. If the commodities are manufactured they come in at high tariffs. This handicaps industrialisation in Africa. Primary commodities grown in Europe are heavily subsidised thereby competing with African exports globally. And they are surprised that Africa's economies are stagnant!

These issues are discussed by Xavier Carim in an extensive interview with Ben Turok.

BT We want to talk about Cancun and the collapse of the WTO negotiations recently. How serious was that?

XC It is a very serious set-back. The Cancun Ministerial meeting was supposed to mark the halfway point between the launch of negotiations in Doha in November 2001 and the conclusion, the deadline had been set for the end of 2004. So, Cancun was supposed to give us a sense of how far we had come in meeting some of the objectives in the negotiating agenda. The failure in Cancun has serious implications for the ongoing negotiations with the WTO.

BT I have a newsletter from, the Commissioner for Trade in the European Commission, Pascal Lamy, where he says that 30 Ministers met, "in a windowless room, and we first tackled the so called Singapore issues". Now, was that a ministerial meeting?

XC It was during the conference in Cancun – it was on the last day.

BT I understood that the meeting was focusing on agricultural issues, and the Singapore issues are not agricultural issues. So, why does he say, "we first tackled the Singapore issues"?

XC I'd have to go back and look at the negotiating mandate. Agriculture is probably the single most critical issue in these negotiations. But in addition to that there are many other issues. The Singapore issues are four issues that the European Union had been pushing since the Singapore ministerial in 1996. They managed to put it onto the negotiating table and these include the relationship between trade and investment, trade and competition, trade facilitation and transparency in government procurement.

BT But I was surprised to read this, because I thought that the focus of the Cancun meeting was agriculture.

XC It was one of the issues. The issue that was the most important for Cancun to resolve was agriculture, because we had missed some deadlines on that. We had decided in Doha that ministers would take a decision on how to deal with the Singapore issues in Cancun. So, it was a delayed decision.

BT But there was apparently a very strong division between the developing countries and the developed countries about whether you should discuss the Singapore issues at that stage at all?

XC Ministers didn't take a decision in Doha one way or the other, they said: "We would continue with the negotiations when we get to the

mid-term, we will then make an assessment and decide whether or not to launch". The division was not north and south. The strongest proponent of those issues has been the European Union with Japan. A number of developing countries have also pushed for these issues. A number of Latin American countries have been supportive of it, Korea has been supportive of it. So, it is not strictly a north/south division.

BT Let me just go back to this meeting of the 30 ministers. Was that a green room meeting?

XC You could call it that.

BT Who decided? Who's in the 30?

XC What happens is that there are the main players, the proponents and opponents on a number of issues. So, the idea of the green room is that you put the countries that have the most at stake on those issues together.

BT Who decides?

XC It depends on the issue.

BT Who will invite?

XC It would be the chairman of the conference.

BT In fact he sets the scene?

XC He would make an assessment, he would consult around it. He wouldn't set the scene independently, he would consult with whoever he thinks he needs to. He would make sure that there is appropriate regional representation America, Africa, Asia, and Europe. The Europeans and the Americans would always be in, but he would make sure that the least developed countries are represented. *(LDC)*

BT But would you say that that leads to a balance or is this a fix? Would you say that these meetings are now democratic?

XC I think you have to look at the whole process. What happens is that you put these key ministers, big countries there, China is there, India will be there. You cannot get any deal in the WTO if you ignore some of these big players. You can't ignore Brazil.

BT So they will be in the green room?

XC They will be in the green room. And it would include some of the key players on a particular issue. So if it was on agriculture you would have to bring in Switzerland, a small country, but which has very clear agricultural interests. One or two of the Cairns group of main agricultural exporters would have other views on agriculture. Ever since Seattle and Doha you have a minimum of five African countries in the green room. Now they cannot take a decision. They hammer out the issue and try to put forward a proposal that they think can fly with the rest of the membership. Because they sort of represent other groupings, they have to go back and consult and test any compromises, any new proposals that have come in.

BT So, would you say that the chair does not manipulate these meetings by inviting friends?

XC He can't. He has to include those who had difficulty with an issue. They have to be on board. If he tries to get a deal amongst them alone and then goes back to the wider meeting it will get blocked.

BT Well, that is very interesting, and it leads me to a report that I have read, in that Cancun was very different from Seattle. Seattle was an

undemocratic process, Cancun was much more inclusive. Is that true?

XC That's a correct assessment. One of the points that trade and industry minister Alec Erwin in particular emphasised was that those earlier type of green room meetings would not fly any more. At Seattle, you'll recall that the Africa group and the Caribbean declared at some point in the meeting that they would not accept anything that was agreed in that green room as a matter of principle, because the procedures were wrong. They were not properly represented. In Doha and in Cancun it was much better. I didn't hear any complaints about the green room. We had ACP represented, LDC's, Kenya, Botswana, Mauritius, South Africa, Egypt and Nigeria.

BT What are the power blocs? Can you just sketch out the key power blocs at these meetings?

XC There are the big four – the Quad. The Quad would be the US, the EU, Japan and Canada, who are not as cohesive as they were in the past.

BT But it does represent one power bloc?

XC On some issues. But, it is not a bloc as such.

BT What other blocs are there?

XC You would no longer see the Quad as a bloc. It's a name that comes from the past, but these are the four that would always participate in the green room. You would have the Latin Americans. Mercusor, you would have the Cairns Group, you would have LDC's, the ACP countries and the Africa group. Those would be the main ones.

BT So if the chair was calling a meeting on any topic, he would make sure that each of those groups is represented. Who was actually at Cancun?

XC About 5 000 or 6 000, with 3 000 at the meeting itself. The delegations would be led by either the Minister of Trade or Foreign Affairs, they would be supported by officials from different government departments.

BT How big was the South African delegation?

XC There were about 47.

BT All official and public servants?

XC Not all, we had public servants, but we also had Nedlac represented, two or three from business, two or three from labour, and I think one from the community organisations and parliamentarians. Other delegations do not always include civil society.

BT How well organised are these delegations? Do they come with prepared documents?

XC Absolutely, they come with papers, they have very clear instructions. Clearly the delegations with more experience in the system are better prepared. They'd be backed up by research, so if they hear a particular proposal, they are able to respond with evidence or make some kind of assessment of the proposal. Where a proposal comes up, say on agriculture, everyone gets into a huddle, they bring out their agricultural experts, and caucus and they make an assessment of each sentence that is put into a proposal. So, it is taken very seriously.

BT And do they look for allies on every issue?

- XC You're looking for allies, you're looking to build support for any particular position.
- BT So is it possible for the Quad group to break up, and Canada might support South Africa on something against the US and EU?
- XC There is a degree of flexibility, there are times when trade issues are subsumed under, say, more defined policy issues.
- BT Does that mean that the north/south divide is real? If foreign policy dominates trade, then you are saying that the divisions are really quite fundamental.
- XC No, I'm not saying that. What I'm saying is that it is a factor and at certain points in time you can see that political matters or defence-related matters come into play and may carry more weight at a particular time, but it is not necessarily on a north/south basis. There are many issues on which countries in the south would ally themselves with one or another country in the north on a particular issues and stick to it.
- BT Is that because they are corrupted or pressured?
- XC I'm saying it is a more complex picture and we would be looking for alliances that have real interests at stake. We have to recognise that there are differences amongst developing countries, objective differences in terms of levels of economic developments.
- BT Give us some examples.
- XC Well, you would talk of a bloc of developing countries and you would find that in that bloc you have countries like Lesotho, or Chad or very poor LDC countries in Africa, put into the same category as Singapore because in the WTO language they would both be considered developing countries.
- BT I am looking at alliances. The literature has always talked about north/south and you're saying that the lines are not so clear now.
- XC A good example are the alliances around agriculture. On agriculture there are a handful of countries that provide huge support to their parliament sector. For instance Europe, US, Japan, Switzerland, Norway, etc. These are a few northern countries, ~~of the north~~ that have the financial basis to be able to do that. All developing countries are not in that position, so they would be looking in a negotiation to reduce debt support, but in that alliance you also find Australia and New Zealand that don't provide that type of support. They have taken a more liberal approach, they would be joining developing countries on that. Canada is part of the Cairns group. So if we look at agriculture, the Cairns groups is a mix of developed and developing countries.
- BT So, Canada would be with the US and EU on defence and strategic issues, but against them on agricultural issues?
- XC That's how it is.
- BT Can you give me an example of a south country which identifies with the north and on what issue?
- XC A number of Latin American countries have over the course of the last 20 years reduced their tariffs quite fast. Singapore and Hong Kong have zero tariffs. When they go into negotiation on industrial tariffs, they would be aligning themselves with countries that have low tariffs and try to bring everyone else down on industrial tariffs, which is the South.
- BT And this goes against what the south wants?
- XC This is where the south becomes a problem. There are many countries in the south that have higher tariffs and are not willing to bring them down as fast like Brazil. South Africa's tariffs are relatively low. Everyone agrees that you need to lower tariffs. There's probably full agreement that you need to lower it, but what you are talking about is the rate.
- BT So the divide is around the speed of reduction?
- XC It varies, because there are certain areas where even the US would want to hold back on tariffs. They would ask for everyone to agree to a very ambitious 10 years reduction to zero, but they want to keep some of our goods out.
- BT So, it is very hard to divide the world into blocs at the moment, because there are too many variations.
- XC I want to paint a picture of the complexity of it, but I think there are many issues where developing countries have much more in common in terms of development. So the developing countries in general face similar challenges though there are different stages, but I think we have a better chance of understanding one another as developing countries, so that keeps us united.
- BT Is the WTO a technical organisation, or is it a political organisation?
- XC It's both. In many ways it is a very interesting organisation because trade is ultimately political. You are talking about reducing tariffs. That has an effect on constituencies, on companies, on people – it's political. The difficulties that the European Union faces in reducing its support to its farmers is clearly political. In an economic perspective it doesn't make sense why they would provide that support, but from a political perspective you can understand their logic. So the WTO representatives combine politics, political economy, technical know-how, both in an economic sense and in a legal sense. So you need various experts who understand the language, and there is an overlay of diplomacy around it. So it is an interesting confluence of different types of skills.
- BT Stiglitz has written this book "Globalisation" which is a very severe attack on the IMF and to some extent also on the World Bank. Is the WTO different than those two. Is it better?
- XC I think what is different about it is how decisions are taken. In the IMF and World Bank it's weighted voting, which allows the US veto and preponderance in decision making. The WTO is a consensus based organisation – this is not to say that power does not play a role. The US and the EU can pull different levers, they have more leverage in the negotiations, bigger trading powers, but they cannot take decisions in the same way as in the IMF or the World Bank. In Seattle, the fact that developing countries felt that their voices weren't being heard was a major reason for the collapse. A major reason for the success of Doha was that developing countries' voices were heard.
- BT But in the end Cancun failed?
- XC I think this was one of our best chances as developing countries to get a good deal. If the WTO fails, developing countries would be the losers, because you would be without any type of rules governing international trade. You would be completely at the mercy of power. What the WTO does is establish a set of multi-laterally agreed rules that reduce, do not eliminate, but reduce the exercise of uni-lateral power.
- BT But are these rules effective?
- XC There are a number of cases over the last eight years where the US has lost dispute settlement cases.

BT Who adjudicates these rules?

XC It is a panel drawn from various countries. There are times where the US will find other ways of resolving the case, but the US has lost a number of cases. The EU has lost cases to India, so it begins to exercise power. We need to put it into some historical perspective. The rules that were established during the Uruguay round and previous rounds were driven in the main by the interests of developed countries. Developing countries were not major participants. So the rules that we have inherited from the past exhibit a whole range of imbalances and deficiencies and inequities. But through these negotiations, we were trying to strengthen the rules in a way that promotes development.

BT Is it feasible?

XC It is the best chance that we have. For instance, if you look at the imbalance in the WTO and many agreements in the WTO, and you see the way agriculture is treated as opposed to other areas, agriculture provides loop-holes, provides space for developed countries, industrial countries do lots of things that developing countries cannot do. Our objective is to make sure that they live up to their word that when they say they want an open trading system they allow everyone to compete on their same basis. In the agricultural negotiations, that is our best chance of creating a system that allows for African farmers to compete in a global system. We can make progress. We won't get it all in one go, but we can make significant progress.

BT All right, we are moving to a multi-lateral world system.

XC You have a dynamic that is also important at least in terms of trade and economic development. The EU and the US are the big markets, but they are in many respects stagnant – they're growing 2% or 3%. Europe is stagnant and Japan has been stagnant for a number of years. The regions where there are possibilities of rapid economic growth are in the south. In growth in trade, investment, and GDP. Over the last 20 years you have seen massive growth in the south.

BT So what does that mean? So how does that affect the argument about multi-lateralism?

XC These countries are becoming more important players. When you are looking for growing markets today, where are you going to look? India, China, at some point you are going to have to look at Africa and Latin America. These are where the markets are growing.

BT The press made a big issue of the G20 plus. What is the origin of G20?

XC Many of these countries have been talking to one another on a number of issues. I have been talking to Brazil for a number of years on how we could co-ordinate our positions with India. But the trigger for the G20 was a joint paper prepared by the US and the EU in late August on agriculture. The EU provides much greater support to their farmers overall as the US has a smaller number of farmers and provides less support to its farmers. But in order for the US to reduce its domestic support it would require the EU to do as much. But the EU had not been prepared to move and the US stepped back from its original position. That provoked a response from the G20 coming together to put forward a proposal, which is more development-friendly.

BT How much clout does this G20 have?

XC The G20 was effective. Aside from bringing together countries that represent 70% of farmers in the world, big countries with some political weight. They were China, India, Brazil, most of Latin

America, Thailand, Indonesia, South Africa, Nigeria and Egypt. They carried some weight. They put forward a very technically sound proposal and they were able to co-ordinate around agriculture in such a way that when the US and the EU came back with a number of proposals, they were able to respond and give counter proposals to that.

BT Who leads it?

XC Brazil took the initiatives to call it together and did a lot of the initial technical work, but it was really a collective effort. There were six ministers at any given point in time who were leading discussions on particular aspects.

BT Why was Africa only represented by Egypt, Nigeria and South Africa? Algeria?

XC Algeria is not a member of the WTO. They haven't joined yet. They're in a process of accession. There were a number of African countries – Senegal, Uganda, Botswana, a number of African countries who prepared a joint statement supportive of the thrust of the G20 proposal but their particular concern, in these negotiations, is what is going to happen to their preferences that they now receive in the EU market and the US market. Their concern is that by talking about globalisation and opening up markets, the preferential margins that they get would be eroded. So they wanted to make sure that that is accommodated. The G20's position was that we would accommodate it, but we never got to the stage of being able to have a proper engagement on this.

BT But if you said to these people that there is a parting of the ways here, or a new alignment of enormous geo-political importance, surely you can't put your preferences ahead of that? What would their response be?

XC I can't comment on that. Some thought that the G20's views were too ambitious that they were not able to open up their own markets and agriculture.

BT Who supported the G20? Canada?

XC The thrust of the proposals were supported by the Cairns Group, that includes Canada, but there were variations on specific aspects.

BT Is there going to be a back-lash against the members of the G20? Have you already seen signs?

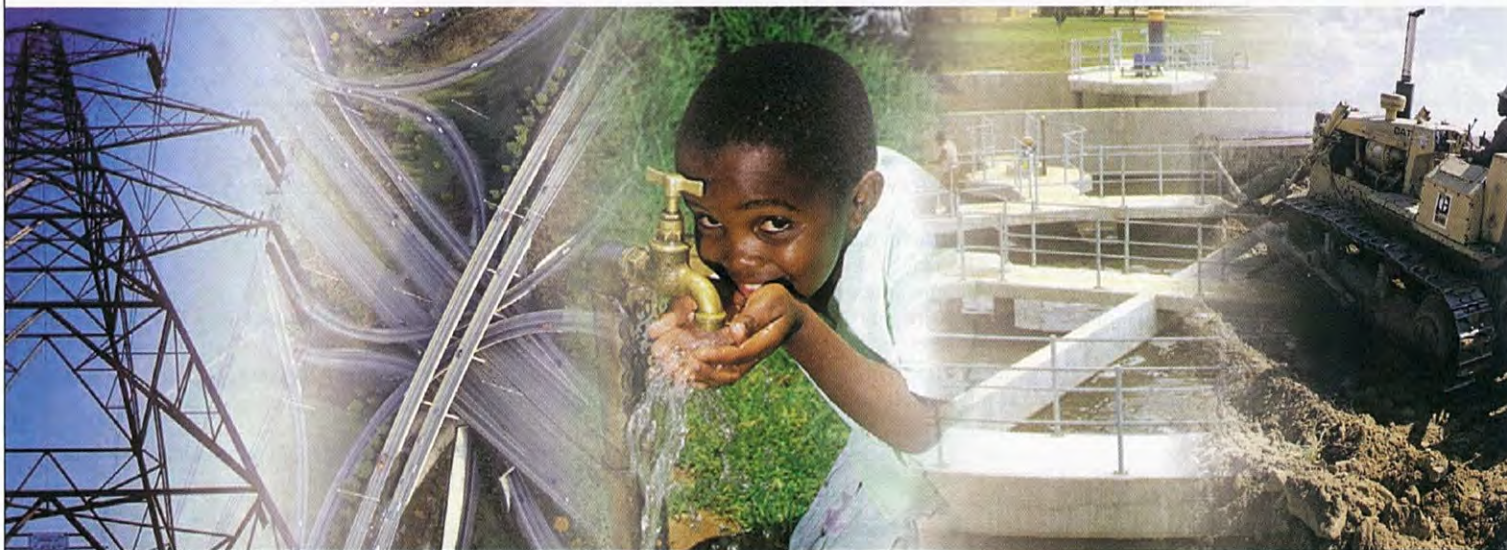
XC South Africa is a strong supporter of the G20, and of this new alignment in the WTO. We went to the US bi-lateral negotiations in the beginning of October and there was no sign of any back-lash. Bi-lateral negotiations continued as normal.

BT What has been the attitude of South African business to the G20?

XC I can't speak for South African business as a whole but the business people that I have spoken to, and certainly those representatives in Nedlac or who were part of the South African delegation and saw what happened, recognise that the thrust of the proposal that the G20 put forward is pro-development, pro-economic growth in Africa. I'd imagine they would be fully supportive of it.

BT What did the NGO's have to say at Cancun? Did they demonstrate?

XC I believe there were some demonstrations, but it didn't affect the meeting. They didn't get into the meetings. Many NGO's that had been accredited held fringe meetings. We met with some of them. An Oxfam representative got up onto the stage and indicated that for the first time in WTO negotiations, they saw a grouping emerge that could get their full support.



THE MUNICIPAL INFRASTRUCTURE INVESTMENT UNIT (MIIU)

What is it?

The Municipal Infrastructure Investment Unit (MIIU) is a non-profit company, created in 1998 by the South African government to channel government grant funding and technical assistance to local governments pursuing municipal service partnerships (MSPs). Partnerships include long-term concession contracts, build-operate-transfer agreements, management contracts, and other partnerships with public and private entities. The unit also supports on- and off-balance sheet borrowing by municipalities, including the sale of municipal bonds. The key objective of this work is to access financing and management expertise to improve and extend municipal infrastructure services, such as water, sanitation, and waste management, for the benefit of all citizens living in South Africa's newly demarcated local and district municipalities.

Who is it?

The work of the MIIU is overseen by a 12-member board of directors appointed by the Minister of Provincial and Local Government. The board includes representatives from local and national government, the investment community, the Development Bank of Southern Africa, private individuals and business. The Chief Executive Officer is Ms Karin Pearce who directs a team of South African and international MSP experts.

How does it work?

The MIIU is a demand-driven organisation, responding to applications from local governments willing and able to consider all reasonable options for improving municipal service delivery. After reviewing the applications, the MIIU offers grant funding to successful applicants, which typically covers 65-80% of the costs of investigating and preparing MSP projects. The money is spent by the municipalities on South African consultants who carry out feasibility studies, prepare contracts, manage procurement processes, and help select and negotiate with public and private MSP partners. The MIIU does not charge for its services.

The MIIU is important, not only because of the project level advice provided, but also because they provide financial and institutional models for sustainable delivery. These models have been piloted and tested in a manner that harnesses existing capacity in the most cost-effective manner. In the longer term, these models create the basis for sustainability going forward.

What has it done?

The MIIU continues to post impressive results, as reflected in the recently published March 2003 annual report. The MIIU disbursed R7,2-million to municipalities for technical assistance in support of 69 projects in sectors such as water, waste and electricity. More than 50% of projects have been in non-metropolitan areas. The MIIU has increasingly been involved in projects at the

request of secondary cities and rural towns, which indicates a growth in the geographical spread of the MSP concept. Significantly, many of these MSPs involve public-private partnerships aimed at improving cost efficiency and service delivery efficiency through operations and maintenance contracts.

MIIU strategy

As is evident from the board approved strategy and business plan for the 2003/2004 financial year, the MIIU has repositioned its strategy in a manner that focuses the interpretation of its mandate, and seeks to create strategic partnerships with both government and non-governmental stakeholders in the municipal service delivery sector. As such, it seeks to be identified as an entity capable of speaking to both strategic and operational challenges in service delivery at the municipal level. The MIIU will do so through a combination of delivery of projects, advice and the sharing of this experience in appropriate ways with stakeholders.

Looking forward

For the next year, the MIIU will focus its efforts on the delivery of essential services through both public and private MSPs, supporting BEE in the advisory market, and stimulating financial sector activity in the municipal market. It is a challenging time for municipalities, but with the imminent passing of the Municipal Finance Management Bill and related Municipal System Act Amendment Bill, there will be no other window such as the present to conclude the transition of the local government sphere with accelerated sustainable service delivery. The MIIU will continue to provide valuable support to municipalities, but will also put in place a platform for service delivery through partnerships over the next three years, which will offer a useful legacy going forward.

How to Contact the MIIU

For applications and general information, see the MIIU website at <http://www.miiu.org.za>. For specific inquiries, please call: (011) 313-3413 or fax: (011) 313-3358.



- BT** And do you think the G20 will give them space in some institutional way as partners?
- XC** I think we need a dialogue. We need to encourage a dialogue and not only with Oxfam. There are a number of other NGO's whose documents are very useful. But the WTO remains an inter-governmental organisation.
- BT** Looking at real trade relations, take a case like cocoa. Ghana produces cocoa and Europe produces chocolate. What are the tariffs and duties that are at work?
- XC** This is at the core of the development agendas. Many developing countries continue to produce primary products that are not benefited. The value that is added to those products is done elsewhere. The mechanism that perpetuates this is tariff escalation whereby the tariffs on cocoa into Europe are probably at zero, so it is quite easy for cocoa producing Ghana to sell that produce to Europe. But if Ghana tries to develop an industry that would refine it and process it and package it, as chocolate, they would find high tariffs in Europe, so effectively locking African countries into primary production. So a key part, from our perspective in negotiations is to tackle tariffs escalation. The Americans and Europeans say that their average tariffs are less than 4% and Africa's tariffs are 10 – 12%, while Latin American tariffs are even higher. If you look at the tariffs on a product by product basis, you will see that in particular areas tariffs can be very high and those are the particular areas where developing countries have some kind of comparative advantage. It is keeping them out of manufactured exports, or even in agriculture – certain agricultural products are kept out of those markets. A study at the end of 1999 indicated that if tariff peaks and tariff escalation were removed, it would generate something in the region of \$700 million to developing countries. That is where you see the inequities in the previous round of negotiations which was totally against developing countries in a number of areas.
- BT** The EU says it is reforming its policy in agriculture, but most people believe that in fact that the reductions are really a token. Is that right?
- XC** I think that is correct. In the agreement that came out at the mid-term review, which is an ongoing reform of Europe's common agricultural policy, the impact on global trade is probably quite minimal.
- BT** So it doesn't lessen asymmetry?
- XC** It moves in that direction but at a very slow pace.
- BT** Europe says it has conservative farming forces who are voters and who do not allow the political structures to remove those subsidies. Africa also has conservative elements and there are people in Africa who want cheap labour for manufacture, for mining in particular, and they also resist certain changes. We know this in South Africa – certain business interests who do not like certain elements of transformation. Surely it is possible to say that: "Yes, you in Europe have the vested interests, but Africa has vested interests too. It is not a one way stream." Would you agree?
- XC** If Europe is not able to provide leadership, it makes it difficult for us. The fact is that they are in a better position to absorb adjustment costs. We are talking of 4% of the population employed in farming, holding up the whole negotiation to the detriment not just of farmers' development in Africa, but also to the benefits that other European industrialists would get as well consumers. So, it does require political leadership and that's something I think Europe has to grapple with. But the impact is disproportionate for Africa.
- BT** I understand that there is a new mood in Europe in favour of dialogue with Africa which relates to security needs, terrorist threats, voting at the UN and a general feeling that the world is a dangerous place. Can't Africa use this as a bargaining chip in bringing more equity in the economic field?
- XC** It probably deserves a lot of attention. I think that we need to strengthen multi-lateralism and look for new forms of dialogue.
- BT** Do you believe that we need to strengthen south/south trade because of the failure of Cancun? Is it an alternative?
- XC** I think it is not necessarily an alternative, but it is certainly a complement but we need to continue the negotiations with the WTO, we need to find a way to put it back on track as quickly as possible. Developing countries have the most to gain from putting it back on track and the most to lose from seeing it just drift over the next period. From a South African point of view, we have always said that we must improve south/south trade. Over the last 10 years, the biggest increases in trade globally, have been amongst developing countries. We are finding that our exports on aggregate are growing fastest to countries in the south.
- BT** So, basically you are saying that there is a shift in global economic relations which is very significant and the changes in economic relations also lead to growing political relations of a new shape.
- XC** We are at a very interesting period with these types of shifts. Also, with the south trade, we are trading in higher value added goods. So, when we open up our trade, in Africa, Latin America, and in Asia it's at higher value added.
- BT** So one day Ghana will be producing high quality chocolate, not to be sold in Germany, but to be sold in Africa and we will be buying it at a lower price.
- XC** One last point, were there any contradictions between the South African negotiating position and African groups?
- XC** There are countries in Africa that are very concerned about what happens to their preferences, Mauritius being an example of an economy almost entirely dependent on preferences and therefore it has a particular perspective on how globalisation should unfold. There are countries that are highly dependent on one or two products.
- BT** So they would be more cautious than we were?
- XC** They would be more cautious, but many of them also realise the fact that their vulnerability is because they are dependent on these goods and some of them see that the possibilities that arise out of a wider process of market opening. They could diversify out of primary commodities and also into different markets. The picture is more nuanced now. There are some issues where we have a strong alliance with African countries, but on occasion we have nuanced differences where we don't hold the same position. On the Singapore issues, for instance, our position has always been that we see this as part of a trade-off that can be done. In some respects South Africa has taken a very strong stand. We would argue the point strongly and we would not back off from this.
- BT** Do you want to add anything.
- XC** Only one point you raised about bi-lateral and multi-lateral relations which is an important consideration. The setback in Cancun is serious and we need to do something about that, but at the same time we will pursue negotiations bi-laterally to look for advantages and to improve our competitive position in different markets at a bi-lateral level, but without losing sight of multi-lateralism.

SOCIAL SERVICE DELIVERY UNDER GEAR

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THE KEY SOCIAL POLICY ISSUE CONFRONTING SOUTH AFRICA IS HOW TO REDUCE PERSISTENT POVERTY AND UNEMPLOYMENT. ONE OF THE INSTRUMENTS TO DO SO IS THE GOVERNMENT BUDGET AND SOCIAL SPENDING IN PARTICULAR. THE CONTRIBUTION OF THE EFFECTIVE DELIVERY OF ESPECIALLY HEALTH, EDUCATION AND HOUSING TO GROWTH AND PARTICIPATION IN THE ECONOMY HAS BEEN WIDELY DOCUMENTED.

The conundrum in South Africa is that relatively high levels of spending in these areas have not produced the expected returns (see Woolard, 2001; Seekings & Nattrass, 2001; and Taylor, 2002). Two hypotheses have been advanced to explain this phenomenon. Government, and the National Treasury in particular, claims that it is largely the result of inefficiency in the delivery of these services. They point to teacher absenteeism, persistent underspending and the theft of medical supplies as examples of such inefficiency. As a result the Treasury has focussed its efforts on enhancing efficiency through the budget reform project, which gave rise to key efficiency instruments such as the Public Finance Management Act (PFMA) and departmental strategic plans.

Another explanation that has been advanced by the "Left" broadly and COSATU and its civil society allies in particular, is that government has in fact reduced spending on social services under Growth, Employment and Redistribution (GEAR) in order to reach its budget deficit targets. This reduction in spending would have reduced the quantity and quality of social services that could be provided. They argue further that even inefficiency problems could be addressed by spending more on personnel and human resource development.

The answer to these questions has a bearing on a number of debates that are currently taking place. The first such debate is the redesign of the equitable share formula that is used to divide funding between the nine provinces. If you take the position that poor provinces have poor delivery because they don't have enough money, you will redesign the formula to move more money to poor provinces than the previous formula. If you believe that inefficiency is the problem, you would keep the formula as it is and in fact not be too interested in this debate.

The second debate hinges on redistribution of education expenditure between and within provinces. If you think that the reason for poor education performance is a lack of funding, you will design a minimum package of education services and cost it and prescribe the resulting budget commitment as a minimum norm. If not, you would, for example, be more interested in ensuring that teachers spend more time on the job. Similar debates are also unfolding in the health and local government sectors.

The third key debate is on the realisation of socio-economic rights listed in the Bill of Rights. After the "Grootboom" case and the Treatment Action Campaign Anti-retroviral (TAC ARV) victory, a number of parties are arguing that government should cost the full realisation of socio-economic rights and provide for them in the budget. But this argument assumes that the lack of delivery on these rights is the result of insufficient inputs, not the inefficient translation of these inputs into outputs. If the analysis points to insufficient outputs, then the emphasis would fall on the performance of delivery agents, rather than just on levels of budgeted and actual expenditure.

Even while the above positions are not mutually exclusive, the debate is broadly between those who claim that we can do more with what we have and those that say we need to spend more. In this paper, we endeavour to examine one claim in this debate, namely that budget allocations to social services were reduced under the GEAR policy and that this reduction had a negative impact on the quality and quantity of services. The importance of this issue is that it will have an influence on how we proceed in addressing social issues in South Africa. If the problem is predominantly low levels of spending, the solution is straightforward. If the problem is inadequate translation of spending into service delivery outputs, the solution may be more complex, but would not hinge on increased spending.

We start by analysing the GEAR document from a social policy perspective in order to outline the stated intention for the levels of social expenditure. Subsequently we examine budgetary trends from 1996/7 to 2000/1 for the social sector departments of health, education, welfare and housing in order to test the claims of reduced social spending. After this analysis we undertake a brief examination of trends in social service provision under GEAR in order to form a preliminary impression of whether the levels and quality of service provision did in fact decline.

In this paper we take GEAR's "lifespan" as running from the 1997/8 to the 2000/01 financial years. The reasons for this assumption are firstly that GEAR set targets from 1997-2000. Secondly the 2001/02 budget was clearly marked by a more expansionary approach with the deficit being relaxed and large new commitments to infrastructure spending being made – a

clear departure from the logic of GEAR. In the analysis we include 1996/7 as a comparative base.

What GEAR proposed for social spending

In 1996 the South African government introduced GEAR as its macroeconomic strategy to rebuild and restructure the country's economy. The GEAR framework set specific targets for economic growth (6% per year by 2000) and job creation (400 000 per year by 2000) (Department of Finance, 1996:1). GEAR was an integrated strategy with its core elements including the acceleration of the budget reform process, the reduction of the budget deficit, tax reform as well as the relaxation of exchange controls. Microeconomic strategies included trade and industrial policy reforms (Department of Finance, 1996:4).

GEAR called for budget restructuring to contain costs, the strengthening of the redistributive efforts of government spending and improved service delivery. (Department of Finance, 1996: 4.7). The strategy did not provide much information on proposed levels of social spending, but did call for:

- the restraint of expenditure on education through the reprioritisation of spending to historically disadvantaged communities;
- the redirection of health expenditure to primary health care, especially in poor and rural communities;
- the focussing of welfare spending on assistance to the poor, with less spending on institutionally based services and
- increased expenditure on housing aimed at accelerating the provision of housing and related services (Department of Finance, 1996:15,16).

The Left's interpretation of GEAR

Since the adoption of GEAR in 1996, the Left has criticised the strategy's commitment to deficit reduction. COSATU claimed that GEAR's commitment to "conservative deficit targets" means "real spending cuts" (Vavi, 1997:1). COSATU also stated that the main goal of government's economic policy should be to alleviate poverty for both the employed and unemployed and that this could only be attained by redistributive policies. These policies should focus on increased productive activity, meeting the needs of all South Africans and economic democracy. According to them, GEAR failed the key test for successful economic policy, namely to bring about job creation and the redistribution of wealth and income (Vavi, 1997:3,4).

In their responses to various "GEAR" budgets, COSATU criticised what it perceived as cuts in social expenditure (brought on by GEAR's deficit targets) and restated its belief that government would be unable to address Apartheid disparities within the constraints of GEAR (COSATU, 1998:3; Sikwebu, 1999:1-3).

In 2000 COSATU, together with the South African Council of Churches and the South African NGO Coalition, established the "People's Budget" in response to what they perceived as "deep budget cuts in public spending since the introduction of GEAR in 1996" (The People's Budget, 2001:1). In its 2001 budget proposals, the People's Budget called for a "social wage" consisting of government services and grants which would ensure a minimum standard of living for all South Africans (The People's Budget, 2001:9). It also showed how expenditure on what it called "the social wage functions" (comprising education, health, welfare, police, transport and communication, housing and water) declined in real terms over the period 1996/97 to 1999/00 (The People's Budget, 2001:11).

WERE THERE "DEEP CUTS" TO SOCIAL SPENDING?

The level of government spending can be measured in many ways and at many different phases of the budget cycle. In this section we examine trends in budgeted as well as actual spending on social services. For the sake of comparison, we adjust these figures for the effects of inflation and population growth. We also examine the implicit priority given to social spending in the budget by expressing it as a share of total spending and of Gross Domestic Product (GDP).

Expenditure on Social Services

Table 2.1 below gives an overview of total social spending, measured in 5

different ways, for the period 1996/7 to 2000/01. In the subsequent paragraphs we discuss the trends in total social spending as well as the trends displayed by the specific social sectors when examined in the various manners.

Table 2.1: Expenditure on Social Services: 1996/7 to 2000/01

	1996/97	1997/98	1998/99	1999/00	2000/01	% change 1996/97 – 2000/01
Total Budgeted Real Expenditure (R billion)	75.7	77.2	82.6	85.1	80.0	5.70%
Total Actual Real Expenditure (R billion)	86.3	91.6	88.1	84.7	90.4	4.71%
Actual Per Capita Expenditure (Rand)	2127	2224	2098	1978	2069	-2.7%
Actual Expenditure as % Share of Total Expenditure	45.9%	48.2%	48.3%	45.5%	47.1%	
Actual Expenditure as % of GDP	15.52%	14.13%	13.53%	12.40%	12.69%	

Budgeted Expenditure

Total budgeted expenditure on social services shows a real increase of 5.7% over the whole period under consideration. It shows a steady increase from 1996/7 up to 1999/00 before decreasing markedly in 2000/01, mainly due to a decline of R5 billion in expenditure on housing. Despite this decrease, budgeted expenditure on housing alone increased by almost 100% over this period, with expenditure on health increasing by 12.5% and education (+1.2%) and social development (-0.2%) remaining relatively stable. The large variations in housing can largely be explained by a cycle of over and underspending brought about by the uneven nature of capital expenditure as well as often inadequate planning for such expenditure.

Actual Expenditure

Over the period under review, there were significant variations between budgeted and actual expenditure. The two main reasons for this were departmental over- and underspending, as well as additional allocations being made in the Adjustments Estimates (The Adjustments Estimates are the proposed amendments to the appropriations voted in the main Budget for the year). The reason for the latter was often to adjust for large over-runs in revenue collection.

Total actual social expenditure increased by slightly less (4.71%) than budgeted expenditure over the GEAR period. In contrast to decreases in budgeted expenditure, actual expenditure on social development increased by almost 50%. This is largely the result of the inability of provincial governments to estimate the number of grant recipients in their provinces, often resulting in unexpected increases in the take up of specifically the child support grant. Actual expenditure on housing increased by 24%, while actual real expenditure on education and health decreased by 2% and 14% respectively. In 1996/97 actual expenditure on health was more than R6 billion in excess of the budgeted amount. Over the rest of the period real actual spending was much closer to the budgeted amounts, with the result that actual expenditure in 2000/01 was less than in 1996/97. The uneven trends in social development expenditure is the result of the introduction of new grants as well as the controversial "cleaning-up" of lists of existing grant recipients.

Per Capita Expenditure

Data in this section refer to expenditure adjusted for the effects of inflation, population and budget realisation. Total per capita social expenditure decreased from R2 127 per capita to R2 069 over the period under consideration. The largest decreases were registered in health (from R611 to R487 per capita), and education (from R1 038 to R945 per capita). Per capita expenditure in social development (from R396 to R544) and housing (from R80 to R93) increased over the GEAR period. Of interest is that while total actual per capita spending decreased by 2.7% over this period, overall per capita expenditure decreased by 5%. This lends credence to the government's claim that social spending was prioritised under GEAR. The

main limitation of the population figures used for these calculations is that Statistics South Africa's mid-year projections do not take account of the likely effects of HIV/AIDS. This almost certainly results in an overestimation of the population and a progressive underestimation of per capita expenditure.

Share of the budget

Total social spending as a share of total actual expenditure was higher in 2000/1 than 1996/7. There is, however, some variation over the period, with this share decreasing in 1999/0, but growing every other year. When we look at the individual services, education and health have seen their 2000/1 share drop lower than their 1996/7 share. While education's share declined gradually, spending on health as a share of total expenditure varied significantly over the period. The same variation can be seen in social development and housing's share of the budget. Both these departments, however, have a higher share of the budget in 2000/1 than in 1996/7.

Social Spending as percentage of the Gross Domestic Product (GDP)

The need for social services is closely linked to the overall level of economic growth and the distribution of the benefit from such growth. Total social spending decreased from 15.5% of GDP to 12.7%. With the exception of spending on social development, spending on all social services as percentage of GDP was less in 2000/01 than in 1996/7. Over the same period, total expenditure as percentage of GDP declined from 33.8% to 27%, reflecting government's commitment to deficit reduction and increasing the efficiency of spending. It should however again be noted that social expenditure as percentage of GDP declined by slightly less (18%) than total expenditure's share of GDP (20%).

Table 2.2 below summarises the above paragraphs on social spending under GEAR and presents a mixed picture. While budgeted and actual social spending and social spending as a share of the budget increased, actual per capita social spending and social spending as share of the GDP decreased. There is therefore very little unambiguous evidence for the claim that social spending was drastically reduced under the GEAR policy.

Table 2.2: Summary of social spending over the GEAR period

	Real Budgeted	Real Actual	Per Capita	Share of Total Expenditure	Share of GDP
Education	▲	▼	▼	▼	▼
Health	▲	▼	▼	▼	▼
Social Development	▼	▲	▲	▲	▲
Housing	▲	▲	▲	▲	▼
Total Social Spending	▲	▲	▼	▲	▼

The level of expenditure is not the only factor impacting on social service delivery. The efficiency with which such expenditure is translated into actual services delivered is at least as important as the level of funding allocated. Indeed the National Treasury has regularly argued that social service expenditure in South Africa is already comparatively high and that problems of inadequate service should rather be addressed by efficiency improvements. In the next section we attempt to form a preliminary impression of the quantum of social services delivered under the GEAR policy.

Outputs of Social Spending

Social Development

Expenditure on social grants makes up almost 90% of total social development expenditure. As such it is the most important output of the social development department. The child support grant, currently the second largest grant in terms of beneficiary numbers, was introduced in 1999. This grant is the main contributor to the overall growth of 42% in the number of grant beneficiaries from April 1997 to April 2001. The number of beneficiaries for two other major grants also increased over this period. Old age grant (the largest grant in terms of beneficiary numbers) beneficiaries increased by 8%, while the foster care grant increased by 105%, albeit from a much lower base. Only the beneficiaries of the war veterans grant

(probably due to natural attrition); the disability grant (due to the controversial "clean-up" of the system) and grants in aid (an additional grant awarded to recipients of old age, war veterans or disability grants) decreased over this period.

Table 2.3: Trends in grant beneficiary numbers

	Apr-97	Apr-98	Apr-99	Apr-00	Apr-01	% change '97-'01
Old age	1,737,682	1,697,725	1,812,695	1,860,710	1,877,538	8%
Child support grant	0	0	34,471	352,617	974,724	
Disability	732,322	660,528	633,778	612,614	627,481	-14%
Foster care	41,865	43,520	71,901	79,937	85,910	105%
Care dependency	2,895	8,172	16,835	24,438	28,897	898%
Grant in aid	10,082	9,183	8,496	8,748	9,489	-6%
War veterans	12,047	10,525	9,197	7,553	6,175	-49%
TOTAL	2,536,893	2,429,653	2,587,373	2,946,617	3,610,214	42%

In conclusion it is clear that the overall number of beneficiaries increased dramatically over the GEAR period. This trend is echoed in the fact that although real budgeted expenditure on social development decreased slightly over the GEAR period, actual real spending increased dramatically. It therefore appears that delivery on social development has increased over the GEAR period.

Housing

Budgeted and actual real spending on housing increased over the GEAR period. The housing subsidy programme is the main programme through which national government assists households to access housing (National Treasury, 2003:165). The table below shows that the total number of subsidies increased by 9% over the period. In contrast to the trend observed in the number of subsidies approved, the number of houses built or under construction decreased from 1998/99 to 2000/01.

Table 2.4: Number of housing Subsidies approved and Houses Completed or Under Construction under the housing Subsidy Programme

	1998/99	1999/00	2000/01	% change 98/99-00/01
Number of housing Subsidies approved	225,980	233,531	246,988	9%
Houses completed or under construction	227,947	263,763	204,507	-10%

Given the cyclical nature of capital projects, one should probably not read too much into the decline in the number of houses completed, especially given the growing number of subsidies approved.

Education

With the exception of 1997, school enrolment decreased over the period 1996 to 2001. This was largely the result of the admissions policy for ordinary public schools introduced in 1998 which set "appropriate" ages for learners in each grade as well as increasing the minimum school-going age to 7 (National Treasury, 2001:34) that dramatically reduced the number of over and underage learners in the education system. Total enrolment remained largely stable until 1999. From there it dropped significantly for the next two years.

Table 2.5: Learner Enrolment (Public Ordinary Schools & Independent Schools)

	1996	1997	1998	1999	2000	2001	% change 1996-2001
TOTAL	12,313,000	12,440,347	12,364,943	12,313,899	11,903,455	11,738,126	-5%

The table below shows the learner: educator ratio for 1996 and 2000. There was a slight decrease from 33.7 to 32.7 in the average number of learners per educator. This points to a slight improvement in the quality of this education input. The decrease is largely the result of

reduction of learners brought about by the admissions policy discussed above.

Table 2.6: Learner: Educator ratio (public schools)

	1996	2000
National Average	33.7	32.7

The grade 12 (matric/senior certificate) pass rate is one of the key measures of success in a school system (National Treasury, 2003:69). Table 2.7 shows that for the period 1996 to 2001 the total pass rate increased by 14% (see below). This could again however partially be the result of the admissions policy – with smaller numbers of learners being allowed to sit for the exams. It could also be the result of other quality enhancing inputs that were also introduced over this period, such as increased spending on learner support materials and in-service training for educators.

Table 2.7: Senior Certificate Passes (as% of learners who wrote senior certificate)

	1996	1997	1998	1999	2000	2001	% change '96-'01
TOTAL	54	48	49	49	58	62	14%

One could therefore conclude that while the admissions policy reduced the number of learners, the quality and targeting of education that was provided, improved.

Health

The data on the performance of the health sector is quite slim. Table 2.8 below shows that while fluctuating, the overall number of staff in provincial health departments remained relatively stable over the period from 1997/8 to 2000/01.

Table 2.8: Number of Personnel in Provincial health Departments

	1997/98	1998/99	2000/01	% change 97/98-00/01
TOTAL	213,765	228,444	216,958	1%

The overall number of public hospitals grew between 1998 and 2001 while the total number of public sector hospital beds declined.

Table 2.9: Number of Public Sector Hospitals & Public Hospital Beds

	1998	2001
Public Hospitals	343	375
Public Sector Hospital Beds	107,634	105,441

Despite the overall reductions in health expenditure, the data (albeit limited) shows no clear trend of a decline in the quality or quantity of services provided.

CONCLUSION

In this paper we found that while budgeted and actual social spending and social spending as share of the budget increased, actual per capital social spending and social spending as share of GDP decreased over the period. We also find that social spending as share of GDP declined by less than total expenditure's share of GDP. The evidence is therefore not conclusive enough to substantiate the claim that social spending was drastically cut under GEAR. Nor does the data surveyed show clear evidence of a decline in the quality and quantity of services provided. However, on all measures of spending, social spending drops less dramatically than total expenditure. This lends credence to government's claims that it "protected" social service delivery, while reducing the budget deficit.

One could also argue that service delivery became better targeted over the period under review. Examples of targeting at policy level would include the introduction of the child support grant, the prioritisation of primary health care, free primary health care for women and children, the introduction of norms and standards for education funding etc. In 1999 the then Department of Finance commissioned incidence analyses to measure

the overall targeting of the budget. While dated, the study found that over the period 1993 to 1997, social spending was relatively well targeted to the poor, with expenditure on the poorest 20% of the population increasing from 27.4% to 30.7% of total spending. The second poorest 20% saw their share increase from 21.9% to 25.8%, while the richest 20%'s share of expenditure dropped from 12.7% to 8.7% (National Treasury, 2000:145). Such improvements in targeting could also mean that any social spending cuts that may have been made did not necessarily affect the poorest of the poor.

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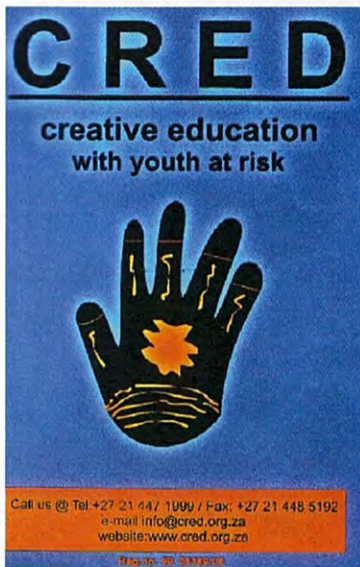
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NOTE ON DATA SOURCES:

All budgeted and actual expenditure data was taken from official National Treasury documentation and refers to consolidated national and provincial expenditure. When calculating change rates, expenditure data was adjusted for inflation using CPI inflation numbers National Treasury Budget Reviews because CPIX was only introduced after the "completion" of GEAR. Real expenditure figures were adjusted for population using Statistics SA's Midyear Estimates. Performance data was drawn from the 2001-2003 Intergovernmental Fiscal Reviews of the National Treasury as well as Day, C. & Gray, A. 2002. "Health and Related Indicators" South African health Review. Health Systems Trust.



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To Pass...Not to Pass?

Since the 1990s there has been a heightened awareness of the plight of children accused of crimes and their treatment within South Africa's criminal justice system. There has been a concerted effort by NGOs committed to children's rights to bring appropriate law reform into this sphere.

Two organisations, Creative Education with Youth at Risk and Conquest for Life, have been working towards law reform for three years; since the reform process progressed and resulted in the South African Law Commission's Project Committee on Juvenile Justice releasing its report together with the Child Justice Bill in July 2000.

Creative Education with Youth at Risk (CRED) and Conquest for Life (CFL) have an established history of working with youth at risk in prisons and the communities. CRED and CFL are section 21 non-profit organisations that started as collaboration between community-based artists and youth workers committed to the development of creative and educational programmes for youth at risk. Their aims are to promote art and culture as an alternative to crime, to reduce the stigmatisation of youth released from prison and to convey empowering messages to the broader communities. It has become imperative to challenge the present situation in which crime has become an attractive option facing youth. We believe that through the constructive and creative engagement of the youth, a substantial difference can be made in their rehabilitation

and ultimately their active participation in building a safer society. Each programme focuses on different aspects of the problems faced, and targets different age brackets in the youth sector. Their continual evaluation process means that their programmes remain responsive to the changing needs of our evolving community.

What concerns CRED and CFL in relation to the Child Justice Bill, is that an action plan needs to be implemented to ensure that civil society is aware of the issues relating to child justice, and that if there is insufficient support for the Bill, there exists the possibility that the proposed legislation might not be passed. The purpose of CRED and Conquest for Life is to advocate and lobby to garner support for the Bill and the implementation of its new child justice system.

Support should be gathered from NGOs and civil society and this must be achieved through informed debate and the dissemination of accurate information about child justice issues.

As concerned members of civil society, we have specific channels through which we can and should make our voices heard. It is within our capacity to ensure that the children of our nation are afforded fair treatment in the hands of the law.

Nashira Abrahams

SOCIAL ACTIVISM AND SOCIO-ECONOMIC RIGHTS

ADDRESS BY ARCHBISHOP NJONGONKULU NDUNGANE
AT IDASA'S DEEPENING DEMOCRACY IN SOUTH AFRICA CONFERENCE.

When where?

As we address the challenges that face social activists and place our socio economic rights under the microscope, my intention is not to preach to the converted but to encourage and enthuse you as you tread the path of what is always a treacherous and often an unappreciated journey.

It was interesting, but not surprising, to note that a recent survey commissioned by the World Economic Forum revealed that the public believes the three most trustworthy pillars of society are the United Nations, NGO's and faith based communities. Needless to say, politicians fared poorly in this measure of public trust.

Another recent survey revealed that our general media is not serving the nation, as it should. What is coming through is that the voice of power is being reflected far more strongly than those the media professes to serve. In other words, the tradition of the media seeking to measure the effect of policy, laws and custom on its readers and the weak has, in the euphoria of our fledgling democracy, been seriously eroded.

Is this a conscious attempt by editors not to be seen as unpatriotic?

You and I know that there must, by the nature of things, always be tensions in these arenas and it is our calling or vocation – not just a job or a passion – to bring these things into balance, just as it is the state's role to co-ordinate national resources for the well-being of the people.

Ours is indeed a higher calling to alert the world to prevailing injustices. In the church we refer to this as a prophetic ministry and it is not exclusive to priests, pastors or evangelists. It is as much your vocation as it is mine. There is, however, a common misconception that prophetic ministry has little to do with politics, sociology or economics. This calling has since the time of Moses been about all three. The Hebrew tribes that set out for the desert with Moses were an oppressed and economically exploited people and the Exodus was a direct challenge to Pharaoh and a government corrupted by power, greed and social elitism.

As my predecessor Desmond Tutu once pointed out, if we removed politics from the bible, it would be a very thin book.

It is indeed our responsibility to identify with the poor, the oppressed

and the vulnerable and to provide value teachings that guide and inspire our own followers and others to bring about change. It is the premise on which Liberation Theology was built. Going back a lot further – to a time when religion was far more dominant – it was the premise on which many a democratic principle and most modern western philosophies and principles were built.

Thus in the past the Scriptures were reinterpreted and gave birth to new theologies that have driven the likes of the anti-slavery campaign and given new meaning to environmental and gender issues. In truth, secular philosophies and theology – although often out of tandem – share an umbilical chord. We are all linked by an acceptance of mutual interdependence and responsibility, as taught by the ancient prophets, the Greek philosophers, Buddah, Jesus Christ, Muhammad and others.

It is widely recognised that the three pillars of society are state, civil society and business. We here today are an interesting, influential and powerful sub-section of civil society. When we form constructive partnerships, the resultant synergies can be more powerful than those wielded by state and business combined. We in the faith communities and NGOs reach deep into communities and we operate at all levels.

If we must be measured by economic benchmarks, we are still a force to be reckoned with. The non-profit sector is a major economic force in South Africa – employing more people than the mining sector or national government – and its size and significance are far greater than previously thought.

This emerged last year from groundbreaking research conducted by the Graduate School of Public and Development Management at Wits University in co-operation with Social Surveys (Pty) Ltd.

Our non-profit sector emerged as a vital bridge between government and business.

In 1998 we mobilised resources worth R13.2 billion and spent R9.3 billion, which was 1.2% of the nation's Gross Domestic Product. The research, which was both qualitative and quantitative, revealed that South Africa has a larger non-profit sector than all but a handful of developed countries. Its paid and volunteer workforce is larger than the average among the 28 countries used for comparable data.

Another recent survey revealed that our general media is not serving the nation, as it should. What is coming through is that the voice of power is being reflected far more strongly than those the media professes to serve. In other words, the tradition of the media seeking to measure the effect of policy, laws and custom on its readers and the weak has, in the euphoria of our fledgling democracy, been seriously eroded.

Very much in keeping with President Thabo Mbeki's call for South Africans to contribute to the African Renaissance, close to 1.5 million volunteers gave time and energy in 1998.

This important research into the size and scope of the non-profit sector in South Africa was the first and most comprehensive attempt in this country to map the size and shape of civil society. It was also the first in the world to factor faith-based communities into the equation.

Too many leaders and other public sector agencies have viewed civil society as simply an expenditure item and not a significant generator of cash and kind revenues. When we accept our prophetic responsibility – we are all too often rated as minor, eccentric, impractical, ignorant or unpatriotic.

Now that we are reminded of our often untapped and under appreciated strength, it may be as well to step back for a macro-view.

We must consistently weigh our democracy against the principles of our enlightened constitution. Somebody has to keep government in check. This is a reality and responsibility of any democratic society and it demands an internal and an external approach.

Firstly, church and civil society are called upon to set standards and values against the backdrop of misplaced patriotism and religious fundamentalism. We are called to advocacy on vital issues like corruption, the arms deal, anti-retrovirals and odious or unpayable debt.

Secondly, we have an advocacy role to play in the international arena, where multinational companies have become adroit at making governments feel loved. It is these multinationals that really drive the global economy and consistently widen the gap between haves and have-nots. Governments that worship at the feet of foreign business and exploit their people and the country's resources are helping to create a global economic imbalance. This threatens the rich and the strong along with the poor and the weak. It is an imbalance in which people are not poor because they are lazy and stupid. They are poor because they are caught in a trap of economic injustices. Of course, people go into business to make money, but when they leave a swathe of poverty – and all this means – civil society must intervene, for the sake of rich and poor alike.

In South Africa we have become accustomed to the theme of racial reconciliation, which will continue to be needed. But the reality is that we must also deal with the wider issue of reconciliation between the poor and the rich. To some extent, but no longer entirely, that means also between black and white. In that, we are definitely part of the wider world in which the gulf between the poor and rich is not only a devastating chasm, but also continues to widen as a result of globalisation.

For example, new one-bedroom apartments in Cape Town are being sold as soon as they come onto the market for millions. So there are very

rich people in this country. On the other hand, our latest census shows us that 4.5 million people of working age are unemployed; 60% of our people live below a very miserly poverty line, including 27% of employed people; and the gap between the rich and the poor in terms of income has risen substantially between 1995 and 2001.

In which countries do you think that poverty levels, both absolutely and proportionately, have risen since 1970? Where do you think there has been a rise in the number of homeless, the incidence of chronic disease, mental illness and suicide, crime, abandoned street children, gangs, money laundering, drug abuse and drug-based crime, and spending on prisons and police? Where has there been a decline in the quality of public education, public health, public transport and public spaces, and in the sense of personal safety? The answer is: ALL COUNTRIES in the world. This has happened at the same time that new technology has increased the wealth available to the world by something like 250%.

This matters to all of us as citizens and those concerned with civil society. It goes without saying that this contradicts the Christian message of love and concern for our fellow human beings.

If people are forced through the social and economic system to compete against each other at all costs, they lose the sense and value of community. If people lose their self-respect because they are treated with contempt, if children are not lovingly cared for, if men and women are deprived of the opportunity to work with meaning and pride, then they will fall prey to drugs, crime and other means to ease the pain. If poverty forces people to leave their families in poor and rural areas and to compete at the expense of others in inhuman conditions they lose the vision that God has set before us. If our system of political economy creates scarcity, despite the abundance that God has given us, we are throwing God's gifts back in God's face.

We need to affirm the deep and urgent longing that people feel. The poor need justice and dignity. We need to encourage our people to know that they are right when they judge as inadequate contemporary systems of power, which deny justice for the poor.

This is a matter of power. We are dealing with power and who has the power to decide the system of political economy that people have to live under. Because governments are paying more attention to owners of capital than the needs of society, this leads to gross financial imbalances and social injustices. If the large financial institutions were not deciding how all governments will run their economies we would find less uniformity in the outcomes around the world.

Because capital can leave any country, which does not fulfil their requirements – whereas people cannot – business has the power to call the tune. It certainly doesn't work for anyone else, as the rising levels of unemployment and poverty show. This undermines democracy and denies poor people their dignity and their voice.

It is widely recognised that the three pillars of society are state, civil society and business. We here today are an interesting, influential and powerful sub-section of civil society. When we form constructive partnerships, the resultant synergies can be more powerful than those wielded by state and business combined. We in the faith communities and NGOs reach deep into communities and we operate at all levels.

APARTHEID

The inadequacies of contemporary systems of power are revealed in a number of ways. They allow rich countries to decide, for instance, that repaying foreign debts taken out generations ago is more important than human life. The highly indebted developing countries must starve their people of all the means to educate and heal their people. In order to continue servicing debts to rich countries that they have paid many times over because of the compound rates of interest charged, these countries are also denied all the means to invest for the future.

Let us remember that those debts mostly started in the 1970s when the rich world was seeking ways to invest the surpluses that derived from the huge increase in the price of oil. Poor countries were persuaded to take these loans at a time when the interest rates were very low. They were persuaded that these loans would be easily repayable out of the fruits of the investment of that money. That advice proved incorrect: the projects that were set up at that time were mostly white elephants; the rate of interest rose meanwhile; and the bill for that incorrect advice has been paid ever since by poor people in the indebted countries.

The rich governments in the G8 continue to debate each year how to manage or reduce that debt: they call it "forgiving" the debt.

The debts may have been mismanaged by developing countries, even corruptly used by some. But not by all: many countries in Africa and elsewhere have been governed well and cleanly. But they are in the same boat. It is the historic system, which is oppressive to the people, however well, or badly, they are governed. It is the ordinary people who suffer as a result.

Current systems of power also allow rich countries to insist that the markets of poor countries should be made available to them – even while they continue in many respects to protect their own markets. In South Africa, for instance, we lost hundreds of thousands of jobs when our government, in good faith, dropped tariff barriers that were protecting our infant industries. We had been advised – by the same financial institutions – that to do this would make us quickly competitive internationally, that it would attract a great deal of international capital to create new employment, and thus this leap of faith would bear fruit. It has not done so. Again it is the poor people – the ordinary redundant factory workers, their families and other dependants – who are paying for this wrong advice. Perhaps in future we should insist that payment for advice should be dependent on the extent to which it proves correct!

Similarly, developing countries have been told to end all subsidies, including those on food and support for farmers. Subsidies, it is said, "distort the markets". Meanwhile, virtually all rich countries support their agriculture, especially food – some more than others. Our exports have virtually no hope in their subsidised markets. Challenged with this hypocrisy, the governments of those countries explain to us that they can only do what is politically possible. They mean that their own votes depend on not upsetting the agricultural community. And that is

understandable. But how is it that our agricultural community – or indeed our textile and footwear communities – are not worthy of similar consideration! I fear that the answer is related to the differential in power between our countries.

The result of the current system is that people who used to be able to feed themselves by their own efforts on their own land have been displaced by agribusiness for export. Formerly food-growing areas in Africa and elsewhere are now growing crops like flowers for European markets. That may increase the countries' gross domestic product, but the people who gain are the already-resourced; the people who lose are the poor who become even poorer.

Again, the governments of developing countries are under constant pressure from rich countries and international institutions to revoke hard-won labour laws that protect the conditions under which people work. It is called having a "flexible labour force" – meaning one that can be hired and fired easily and paid whatever an enterprise can get away with. In conditions of extreme unemployment and poverty that would mean very little indeed. Our city streets are lined daily with men waiting for any work at any money. That will be familiar to people from many other parts of the world.

Current systems of power allow rich countries to commit billions of dollars to war in Iraq while commitment to the war against the international scandal of AIDS suffering and death is by contrast parsimonious. Accounting to each other for the way that we use our resources – our stewardship – is a strong Christian principle and actually a good system for competent governance.

We need to apply our judgement to the way that rich people and governments use their wealth.

It makes a mockery of what the non-profit sector preaches i.e. that nothing is more important than human life – not even repayment of a loan. We preach that to remove the means of survival is murder. We preach that the poor have the same dignity as the rich and should have the same voice and the means of survival.

In conclusion, civil society should pronounce on the emperor's nakedness. We should step back and reflect on questions like patriotism, profiteering and fundamentalism, and to critically comment on them. At the same time we must recognise our own participation in the very society we critique.

We are presented with different life choices. And, as we map our way forward, let us remember the words of that wise African leader Julius Nyerere, who never failed to remind us of the familyhood of humankind:

"To plan is to choose
Choose to go forward
Let us choose to go forward together"

WHO WAS TO BLAME FOR APARTHEID

resp # blame
argh.

BY MARINA CARMAN B.A. (HONS) SYDNEY
PHD SUBMITTED MARCH 2003, UNIVERSITY OF NEW SOUTH WALES

SOUTH AFRICA

Abstract: In dealing with a past marked by human rights violations, South Africa's Truth and Reconciliation Commission (TRC) has been seen as an international model. Beyond its work with individual victims and perpetrators, the TRC tackled questions of social responsibility and systemic abuse more directly than any other commission. This paper deals with the political, philosophical and practical problems it ran up against, using the example of the TRC's hearings into the role of business. It looks in detail at the difficulties the TRC faced in establishing business responsibility for abuse and for reparation and argues that other critics have paid little attention as to why this was the case, and if it was in fact ever possible to do so.

In any society attempting to come to terms with a past marked by human rights violations, an important question which arises is that of responsibility. Why did we have to suffer as we did? Who is to blame? Towards the end of the 20th century, truth commissions have come to be seen as the preferred institutional option for dealing with these questions. This has been prompted partly by the failure of previous attempts at prosecution, and partly by the recognition of the need for extra-judicial structures to promote healing and discuss the future. Twenty commissions have been held over the last 25 years. (Hayner, 2000: 34) Internationally, South Africa's Truth and Reconciliation Commission (TRC) has been seen as an important success, and as a model.

While commissions have generally dealt with the stories and needs of individual victims, or been focussed on amnesty for perpetrators, their investigations have inevitably raised questions about broader responsibility. These include questions about the role of various state structures and social institutions, about the nature of the past social system, about what responsibility can be taken, for what, and by whom. The TRC tackled these questions more directly than any other commission, and it is a fascinating example of the difficulties of answering them. This paper aims to deal with one aspect of this, the TRC's discussion of the responsibility of business for the past.

This issue has been brought into the public arena again with the government's announcement in April of a one-off reparation payment of R30 000 to those found to be victims, costing R900 million in all. The TRC

itself recommended an annual payment of R22 000 (estimated to cost R3 billion), and suggested a one-off tax on business to fund this, and broader transformation for all the victims of Apartheid. In announcing the slimmed-down reparation payment, the government ruled out a business tax. In addition, it condemned another attempt to collect from business through a multibillion-dollar lawsuit brought by Jubilee 2000 and the Khulumani victim support group against 21 international companies that operated in Apartheid South Africa. (Merton and Kindra, 2003) Business responsibility for the past is still a burning contemporary issue in South Africa.

The TRC and responsibility

The TRC is generally recognised as one of the most wide-ranging and comprehensive commissions of its type ever. It was the largest in terms of staff and budget that had ever been held. It was the most public in terms of participation and discussion. It also included unique hearings. (TRC, 1998: Vol. 1, Ch. 4, Section 25) Special hearings were held to elicit the experiences of children and youth, women and those involved in compulsory national service. Institutional hearings were held into the health sector, legal system, business sector, prison system, the media and faith communities.

These hearings were established in response to criticism that more needed to be done to bring out the social context, and what many saw as the systemic nature of abuse. For example, Mamdani argued publicly that the TRC's overall framework produced a focus on an individualised victim/perpetrator dichotomy and failed to explore the systemic victim/beneficiary dichotomy. (2000: 60) Despite the TRC's attempts, however, many are critical of the analysis and picture presented by the TRC in these hearings, and thus in its final report.

In this paper, I intend to outline in detail how the TRC found it hard in the business and labour hearings to pin down who was responsible, and how in turn this weakened its arguments for business contributions towards reparation. Other critics have paid little attention as to why this was the case, and if it was in fact ever possible to do so. I will draw on the transcripts of the hearings themselves, and on original data collected during fieldwork in South Africa in 2002. The difficulties the TRC faced fall into three main categories – political, philosophical and practical problems.

"The institutional hearings were a somewhat ad hoc attempt to deal with a problem they knew they had. They had a mandate which limited the scope of their enquiry to gross human rights violations within the discourse of law and individuals, but everyone knew that they were acting in the context of a system and that system needed to be put under scrutiny. The hearings were a laudable attempt, within the context of their mandate, to put some emphasis on the systemic aspects of Apartheid. It was partial, incomplete and gestural. But it registered a broader responsibility." (interview conducted May, 2002)

Political problems

In carrying out its work, the TRC was constantly mindful of the political context within which it was operating – one based on compromise and consensus-building, coming out of the political settlement which ended Apartheid in 1994. The TRC sought to ensure the widest possible participation in its discussions. It drew on the individual testimony of representative cases, in a way that it hoped would illuminate the past for everyone. It tried to add to the settlement a common moral framework of denunciation of the past across all sides – based on the values of forgiveness, reparation, social reconstruction and socio-economic transformation. The settlement itself changed the ideological and political basis of state power, but it still left open the question of the degree of socio-economic transformation required and the means of providing it. The TRC tried to construct hearings which would consolidate, and bring business further into, a consensus based on socio-economic change – using a moral argument.

From the beginning, controversy and confusion surrounded the role of the hearings, and what they implied about the role of the TRC. The TRC was mandated to bring out the "antecedents, circumstances, factors and context" (Government of South Africa, 1995: Ch. 2, Section 3 (1a)) of human rights violations. Deborah Posel, academic at the University of the Witwatersrand and author on the TRC, provides a good summary of the uneasy balance sought by the TRC in constructing the hearings:

"The institutional hearings were a somewhat ad hoc attempt to deal with a problem they knew they had. They had a mandate which limited the scope of their enquiry to gross human rights violations within the discourse of law and individuals, but everyone knew that they were acting in the context of a system and that system needed to be put under scrutiny. The hearings were a laudable attempt, within the context of their mandate, to put some emphasis on the systemic aspects of Apartheid. It was partial, incomplete and gestural. But it registered a broader responsibility." (interview conducted May, 2002)

However, many were not satisfied with what the hearings achieved in terms of establishing responsibility. Some specifically link this back to the settlement. Terreblanche argues that the TRC's "restrained" findings on

business culpability were influenced by the perceived need to maintain "friendly" relations between business and the new government. (2000: 272) More generally, it is possible to identify and outline problems that came about as a result of the TRC's philosophical confusions and consensus-building approach.

Philosophical problems

The main philosophical problem that the TRC came up against in its work was the relationship of individuals and society. The business hearings were an attempt to assuage those who took a more structural/systemic approach in analysing the past, an approach which held much currency in South Africa. But the hearings themselves were based on individual testimony. This raised some difficult questions. Are there individuals who can be blamed for Apartheid as a social system? Is it possible to produce those people?

The main way that this was posed for the TRC was whether to deal with business as individuals or as a group. Business representatives in the hearings argued vehemently that they were only individuals, and could not be held responsible. However, others argued that business was collectively responsible because of the power and position it held as a group in the social relations of the time. An inter-related problem which then arose was establishing whether business had benefited from Apartheid. The TRC report outlines the two main views which emerged during the hearings:

"One view, which sees apartheid as part of a system of racial-capitalism, held that apartheid was beneficial for (white) business because it was an integral part of a system premised on the exploitation of black workers and the destruction of black entrepreneurial activity. According to this argument, business as a whole benefited from the system, although some sections of the business community (most notably Afrikaner capital, the mining houses and the armaments industry) benefited more than others did ... The other position, argued mainly by business, claims that apartheid raised the costs of doing business, eroded South Africa's skill base and undermined long-term productivity and growth. In this view, the impact of apartheid was to harm the economy." (1998: Vol. 4, Ch. 2, Sections 6-7)

What will be argued here is that the TRC failed to clarify this debate. Its

The TRC is generally recognised as one of the most wide-ranging and comprehensive commissions of its type ever. It was the largest in terms of staff and budget that had ever been held. It was the most public in terms of participation and discussion. It also included unique hearings.

lack of clarity about who it was trying to find responsible, and for what, was further complicated by the practical confines of its mandate.

Practical problems

So, what happened in the hearings themselves? Many business representatives argued strongly that business was not collectively responsible for human rights abuses or the discrimination of Apartheid, and that it was highly differentiated in its actions and response. Mike Rosholt, former executive with the Barlow Rand Group, said:

"... business can never be classified as a homogenous entity. It is made up of individual units, large and small, with many differing policies, objectives and characteristics. It must be remembered too that during the period under review, there was no such body as 'Business South Africa' which now articulates the collective business stance on certain issues. The policies pursued by individual units differ too, in that they are influenced by the views and actions of their chairman and chief executives." (testified November, 1997)

Others argued that they could not be held individually accountable for the policies of previous company boards and directors. Many business representatives stated that they, as individuals, had never supported Apartheid. Others said that they had tried to change things. According to Mike Rosholt his group attempted to do this in two ways:

"First of all, directly in public statements ... And secondly, by supporting both financially, and through the personal involvement of the executives, business-funded organisations, such as the Urban Foundation, the Consultative Business Movement, the South African Race Relations Institute, the Legal Resources Centre and others." (testified November, 1997)

Others said that they had worked away for gradual change from the inside. Johan Rupert, chief executive of the Rembrandt Group, said:

"Now with the advent of apartheid ... One either agreed or you immigrated or you tried to oppose the system from the inside ... we remained what is now called a profile of patriotic bourgeoisie, practising lojale verset [loyal resistance]. We tried to build progress through partnership." (testified November, 1997)

Some did apologise for the past. Desmond Smith, managing director of South African Life Assurance Mutual (SANLAM), acknowledges that business functioned in an environment of human rights abuse, and that SANLAM had benefited from this as "a member of a privileged group". (testified November, 1997) However, most went on to argue that they were not centrally responsible for the system, or for any specific abuse. The obvious difficulty that the TRC ran up against is that its mandate was limited to gross human rights violations.

Extent of inquiry

The institutional hearings were focussed on the role of particular institutions in human rights abuses, but they also began to touch on their role in the overall system. Many made a more or less open criticism of the TRC for straying into this territory. However, Russel Ally, who worked for

the TRC on the business and labour hearings, responded at the time:

"I think we were correct in insisting that a hearing of this kind is fundamental, because fundamental to any reconciliation in this country is dealing not just with the gross human rights violations, as defined in the Act, but with the context in which these were taking place and particularly the social, economic conditions. Because as it's come out very clearly, this is the biggest challenge to reconciliation, the legacy which Apartheid has left: not just around the political exclusion, but more fundamentally around the way in which the majority of people, black people in particular, were discriminated against in the economy, the access to resources." (statement at hearings, November, 1997)

While the TRC opened up this discussion in its hearings, it could not force business to participate in this way. For instance, the failure to adjust wages and work practices which were obviously discriminatory was argued in business submissions to be outside of the mandate and sphere of concern of the TRC. (TRC, 1998: Vol. 4, Ch. 2, Section 11) In the hearings, few business representatives addressed these sorts of abuses in their submissions, or they were mentioned them as aberrations.

However, others did take advantage of the opening to discuss broader abuse. The Congress of South African Trade Unions (COSATU) includes in its oral presentation some of the stories of workers who suffered in numerous ways under Apartheid, particularly those killed in mining accidents (Sam Shilowa, general secretary of COSATU, testified November, 1997). In its own findings, the TRC criticises the mining industry for failing to take proper care of the health and safety of its workers. It notes the alarming number of people killed in workplaces this century. (TRC, 1998: Vol. 4, Ch. 2, Section 70 and 102) It criticises business for failing to take responsibility for its involvement in security crackdowns. It states that the denial of trade union rights was a violation of human rights. (TRC, 1998: Vol. 4, Ch. 2, Sections 164-166) However, the TRC's ability to deal with the role of business as a group was limited because of its mandated focus on gross human rights violations. The limited mandate period (1960-1994) also made it hard to investigate the role of business in a system whose history was laid much earlier. All this made it difficult to establish business responsibility, and to gain commitment to reparation and recompense.

Reparation and responsibility

In its Final Report, the centrepiece of the TRC's recommendations was financial reparation. Reparation was explicitly opposed in many business submissions. A representative of the South African Chamber of Business (SACOB) at the hearings said:

"Perhaps one of the reasons why so many of us opposed apartheid, was it was not in the best interest of business. Many of our businesses would have performed substantially better, had there not been apartheid ... We believe that the high level of taxation that we have in South Africa at the moment is in effect the price that we are paying for the sins of the past and we believe that that system of taxation should be used constructively to build a better future for all South Africans. We would be opposed to a special taxation in the form of reparation." (testified November, 1997)

Cronin states that business argument against reparation is based on the

In any society attempting to come to terms with a past marked by human rights violations, an important question which arises is that of responsibility. Why did we have to suffer as we did? Who is to blame?

idea that past inequalities should be forgotten and the new partners start from scratch (1994). But others in the hearings argued forcefully for business contribution to reparation. Terry Crawford-Browne from the Black Management Forum stated:

"A genuine apology is an imperative and that includes the payment of substantial reparations by the beneficiaries of Apartheid, rather than the tax-payers. There is no merit to an apology that I'm sorry that I stole your bicycle, but I'm now not going to give it back. Or alternatively that someone else should bear the cost." (testified November, 1997)

In order to side-step these debates, the TRC tried to establish moral responsibility and a common moral response. It spends a great deal of time in its section on the business and labour hearings in the Final Report addressing the issue of whether business could have done more against Apartheid.

Moral responsibility

In its Final Report, the TRC notes a clash in the hearings between those who argued that business could and should have done more, and those who "denied that business could or should have acted from a moral standpoint". (TRC, 1998: Vol. 4, Ch. 2, Sections 140-146) Hopefully, the TRC concludes that: "Business (not least for reasons of enlightened self-interest) is coming to recognise that morality is an important ingredient of viable business". (TRC, 1998: Vol. 4, Ch. 2, Section 147-148) This position reflects the ANC's optimism about the possibilities of a consensus-building approach. In its written submission to the business hearings, the ANC writes: "If these hearings produce a new commitment on the part of business to work together with government and other stakeholders to overcome problems of inequality and underdevelopment, they will, in our view, have been worthwhile." (ANC, 1997)

However, it could be argued that rather than constructing agreement on socio-economic change, the hearings in fact exposed some important underlying divisions. Business representatives tended to argue that socio-economic amelioration was necessary, but that the priority was growth in the economy. In his submission, Mohamed Taki, a representative of the banking industry said:

"In the interest of all South Africans, we also have to be careful to limit the damage to the actual wealth generating machine itself, while we try to fix up the past. As an industry we are convinced that the repair work can only be done if we all work together. All of us will have to make sacrifices in the interest of future generations of South Africans." (testified November, 1997)

In arguing this, he stated that Apartheid created an inward-looking economy which was not easily able to cope with the changing demands of a globalising world economy. The implication was that in the past everyone suffered, and if business could prosper on the basis of a newly stabilised system, then all will benefit. Many expressed similar support for consensus, as long as it supported business interests - which were re-cast as the common interests of the nation.

Eventually the ANC itself came out with a similar position. Trade and Industry Minister Alec Erwin said on April 15 that a tax on companies was

not going to be pursued, because: "The existing tax level can provide for social needs whilst not acting as a disincentive for saving, investment or enterprise development". (SAPA, 2003) SACOB and the Chamber of Mines welcomed the decision. When president Thabo Mbeki announced the reparation payments in April, he stated that talks would continue with business about how to contribute to reconstruction, "proceeding from the premise that this would be in its own self-interest". (Merton and Kindra, 2003)

Without challenging the assumption of "win-win", the TRC attempted to integrate reparation into the consensus of the settlement, using a predominantly moral argument. It perhaps hoped that it could influence business to voluntarily fund reparation. However, the fund for voluntary contributions set up after the TRC has received only R800 million in donations - a small portion of the profits reaped during Apartheid years.

Such a strong emphasis on moral consensus meant that the TRC underestimated the inherently contradictory positions with which it was dealing. For instance, the ability of business to make profits was sometimes included in the new consensus - as long as it was done in more moral and non-discriminatory ways. However, trade unions and others argued in the hearings that many exploitative conditions remained intact - even if these were no longer allocated on a formally racially-discriminatory basis.

In casting the issue as a moral one, the TRC inadvertently tipped towards business arguments. It allowed businesses/business-people to appear as individual actors in "civil society" who could have acted to influence things towards change, but did not do so adequately. (TRC, 1998: Vol. 5, Ch. 6, Section 110) The TRC did try to bring business to account. However, it ran into the difficulty of how to deal with business - as individual business-people, individual firms or as a corporate or social category. As will be shown below, its unclear theoretical framework, combined with the confines of its mandate and its perceived role in consensus-building, seems to have produced an ambiguous and fairly unsatisfying picture.

Results

The business and labour hearings actually seem to have fuelled anger in some cases, rather than assuaged it. Some felt that business representatives had not participated in full sincerity or with a genuine willingness to accept responsibility and commit to change. Sam Shilowa forcefully argued against the business version of the past:

"For the past three days the TRC have heard how all South Africans, black and white, big business and workers, were all freedom fighters for liberation. We have also heard about the fact that businesses were victims of Apartheid and have never benefited from it. Furthermore, that they are not a homogeneous mass group. It would be very nice if we were all revolutionaries. Oppression, exploitation, humiliation, discrimination, starvation wages, the migrant labour system, child labour, dismissal of strikers, particularly those who went on legal strikes, or engaging in political strikes, would never have happened." (testified November, 1997)

In its Final Report, the TRC tries to construct a compromise in the debate it identified as running through the hearings. It outlines different "orders of involvement" of business sectors in designing, cooperating with and benefiting from the racial policies of the Apartheid state. (1998: Vol. 4, Ch. 2,

Business representatives in the hearings argued vehemently that they were only individuals, and could not be held responsible. However, others argued that business was collectively responsible because of the power and position it held as a group in the social relations of the time.

Section 164) Its main finding on business lends a certain amount of credence to the business argument - business could have promoted reform more forcefully, but most of the blame lies with the Apartheid state. (TRC, 1998: Vol. 4, Ch. 2, Section 49)

On the other hand, the TRC notes inconsistencies in business arguments that they too were "victims of Apartheid", pointing to ongoing business collaboration with the Apartheid regime even in its later years - participation in the Apartheid regime's crackdowns in the early 1980s and undermining of sanctions. (TRC, 1998: Vol. 4, Ch. 2, Section 124) It also, however, criticises the alternative position:

"Alternatively, the analysis of the ANC, COSATU and the SACP [South African Communist Party] seems to imply that the involvement of business in the racial capitalism system of Apartheid was such, and the benefits so great, that it would not have been in its interest to take issue with apartheid." (TRC, 1998: Vol. 4, Ch. 2, Section 9)

This is a caricature of these submissions, which attempted to address the complex relationship between different sections of business and the state from the late 1970s onwards. In its written submission to the business and labour hearings, the ANC argues:

"Despite business' retrospective claims that it was always at the cutting edge in seeking democratic reform in South Africa, there was, in fact, a good deal of common ground between leading business circles and the Botha regime over the ultimate objective in seeking "reforms" that would draw historically oppressed communities into a new political dispensation while at the same time preserving ultimate control by the white minority ... While significant groupings within historically privileged business began to grope towards the idea of a negotiated democratic transition, considerable vacillation was evident and leading personalities from major corporations continued simultaneously to give a degree of political support to the Botha regime's states of emergencies." (ANC, 1997)

Fuad Cassim from the Black Management Forum stated that the relationship between business and Apartheid changed over time and that this had been inadequately addressed by the hearings:

"If we look at the period from 1960-1973 ... we had a massive generation of wealth and simultaneously the intensification of Apartheid ... from 1974 onwards, we had the South African economy suddenly experiencing a decline in its growth rate ... what happened was that the Apartheid growth model began experiencing problems and the growth process was being arrested and thereby the growth capacity of the economy. In other words, the cost of Apartheid began to outweigh the benefits or the gains." (testified November, 1997)

An important point is that the TRC did not clearly distinguish between business benefiting from Apartheid and business support for Apartheid. While some businesses clearly did both, others benefited from, but did not wholeheartedly support, Apartheid. Over time, support for Apartheid waned, but many of the benefits to business remained. The contradiction between the benefits and costs of Apartheid for business played itself out in

different ways for different sectors, groups and individuals - leading to different and sometimes ambiguous positions.

Overall, many are critical of the TRC's role in establishing business responsibility. Head of the COSATU parliamentary office, Neil Coleman, says:

"Thousands of us in COSATU experienced direct repression at the hands of the state, but the feeling was that business was getting off very lightly. All the responsibility was being lumped on the Apartheid state and its agents. The role that business had played in reinforcing the social and economic destruction of the lives of millions of people was being overlooked." (interview conducted June, 2002)

Others felt that the hearings may have contributed to a situation where abuses were blamed on the individual operatives. Russel Ally suggested that white workers were being blamed for wanting Apartheid. (statement at hearings, November, 1997)

The TRC's ambiguity over who was responsible for Apartheid led to an ambiguity over who should pay. This was added to the fact that the "consensus" coming out of the settlement had not resolved deep differences about how much socio-economic change was needed and how it should occur. Debates still raged about whether individual or collective recompense was preferable. Some views were mutually contradictory - property rights were contradictory to the redistribution that many were demanding, for instance. Options floated in the TRC for accumulating funds included: the government, Apartheid politicians and functionaries, individual perpetrators, whites as a whole, individual whites, individual businesspeople, South African business, multi-national companies and financial institutions. This confusion is not a product of the TRC. Rather, it existed when the TRC was convened, bedevilled its whole process and remained unresolved at the end.

Overall, the TRC generally held faith with the ANC's vision of post-Apartheid South Africa: structural racism had been removed, and through programmes of socio-economic advancement aimed at black South Africans, a new era of racial equality would result. What this vision failed to take into account was the way in which continuing socio-economic inequality and increasingly neo-liberal economic policy decisions being taken by the ANC would perpetuate relationships of domination and injustice.

Conclusion

The TRC tried to establish business responsibility. However, it was impossible for an institution like the TRC to do so adequately. An institution basing itself on individual testimony cannot fully portray a social past. It cannot produce "business" or "the system" to ask them questions. It is unlikely to produce individuals who can take full responsibility - and even if there were such individuals it would be hard to get them to do so. It was relatively easy for individuals to shirk responsibility for the actions of groups which allowed/contributed to human rights violations. It was even easier for individuals (and groups) to shirk responsibility for benefiting, or to deny that any individual moral fault derived from such benefits. These problems were compounded by the TRC's own lack of theoretical clarity, and its adopted role in consensus-building.

However, it could be argued that rather than constructing agreement on socio-economic change, the hearings in fact exposed some important underlying divisions. Business representatives tended to argue that socio-economic amelioration was necessary, but that the priority was growth in the economy.

The systemic nature of Apartheid was stressed by those who wanted to business to be found responsible. Ironically, it was also stressed by businesspeople who wanted to avoid individual responsibility. However, the fact that some "beneficiaries" of the system did choose to valiantly to resist it, made the latter position somewhat less believable. The TRC found this hard to clarify, in part because it did not take a clear position on what "the system" had been. Posel writes:

"If we look to the TRC report for an answer to the question of how and why apartheid emerged, how and why it took particular forms, how and why it survived for over four decades, all the report has to offer is 'racism' ... the TRC report tends to treat racism as an answer not a question." (1999: 25-26)

This meant that the TRC couldn't adequately deal with the complex relationship between structure and agency, and made it hard to outline who was responsible and who should pay. Despite the TRC's good intentions, these aspects of its work may have fuelled anger in some cases - raising hopes that responsibility could be established and failing to deliver.

The response of critics of the TRC seems to be that it should have done more to expose the country's systemic past and outline a plan to fix it. However, in some ways, the TRC ended up with worst of both worlds: it tried to cover systemic issues (inadequately), while assuming that the ANC would follow through on its diagnosis and prescription. Perhaps rather than doing more, the TRC should have done less - and put the responsibility squarely back onto the post-transition state to follow through.

In addition to amnesty and victim testimony, it was important and useful to encourage various social actors to testify - political parties, business, labour, etc. However, it is impossible for an institution like the TRC to hold them accountable - that is a social process which has much more to do with the dynamics of transition as a whole. The most that these sorts of hearings can offer is a space for debate - which they did in fact provide. But the pressure to produce findings and a set of recommendations for institutional reform distorted what could realistically be expected. In the end what the TRC put down on paper has had minimal effect.

Again, the task of dealing with these social actors in any meaningful way lay with the state - levying taxes for reparation, funding programs for rehabilitation and job creation, etc. Legislatively compelling various individuals and institutions to fix the problems they created, or substantially benefited from, is in some ways a much more satisfying way of dealing with the past. It does not require apology or admission of responsibility. Despite the problems of the transition period, it does seem that these sorts of proposals were possible - and perhaps even expected - by white South Africans and business. However, the political will on the part of the ANC to clarify or push the issue does not seem to have been there.

Understanding the problems raised here for institutions like the TRC in terms of establishing responsibility for abuse and for reparation is a lasting, important and potentially positive legacy of the TRC. It has many lessons to offer for others seeking to define the role of such institutions in the future.

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AFRICAN NATIONAL CONGRESS WOMEN'S LEAGUE PROGRAMME OF ACTION

BACKGROUND

The strategic task of the ANC WL remains the mobilizing of women behind the vision of the ANC, which is the creation of a united, non-racial, non-sexist, democratic and prosperous South Africa. The ANC WL also has the responsibility of playing a vanguard role in the championing of women's interests in South Africa.

The core responsibilities for the ANC WL remain the emancipation of women from social, political and economic oppression.

The WL derives its strategic goals and policies from the ANC. It is autonomous in terms of its organizational structures and finances, but its structures have to be realigned with those of the ANC to effect coordination and synergy. The ANC has completed its realignment process following the Mafikeng resolutions of the 50th conference.

The programme of action of the ANC WL is thus based on the resolutions adopted at the WL consultative conference held in October 2001 and on the ANC resolutions adopted at its 51st conference held in December 2002 and resolutions adopted at the recent ANC WL 4th national conference held in August 2003.



TASKS ARISING FROM THE 51ST NATIONAL CONFERENCE

The 51st conference of the ANC reaffirmed that 'as a discipline force of the left, the ANC's policies are rooted in the needs and aspirations of the overwhelming majority of South Africans, many of whom are poor. Their interests are at the heart of the ANC's agenda. To this end the conference reaffirmed the perspective that the central challenges remain the eradication of poverty and inequality through economic growth and development, job creation and social equity. The legacy of the past still imposes a heavy burden on South African society, especially on the poor, on women, youth, children, the elderly and people with disabilities. We are also confronted with many new challenges, including the HIV/AIDS epidemic.

'More than ever before, the ANC must intensify the mobilization of the whole of South African society behind a programme of fundamental change.'



KEY CHALLENGES FACING THE WOMEN'S LEAGUE FOR THE NEXT FIVE YEARS

1. Building the organization

- Build a strong, vibrant and united Women's League.
- Ensure that the Women's League is a women's vanguard leading the struggle for women's emancipation and gender equality.
- Develop a new cadre of the ANC and the League that will participate in the life of the organization.
- Build second layer leadership.

2. Deepen the culture of Human Rights

- Ensure that the League occupies the centre stage in campaigns aimed at deepening the culture of human rights.
- Build partnerships with community-based organizations and communities on matters of human rights.
- Ensure that women participate actively in the organs of civil society.
- Build a strong progressive and dynamic women's movement that will ensure women speak as a strong and united voice.

3. Economic Development and Empowerment

- Ensure that women are integrated into the economic mainstream and that Black Economic Empowerment has a special bias towards women.
- Investigate the possibilities of establishing a Women's Development Fund which is going to focus on skills training, particularly entrepreneurship skills for women who are in the SMME sector.

4. Strengthen the hold of the ANC over the levers of power

- Mobilize women and communities in general to vote for the ANC to ensure that the ANC wins elections with an overwhelming majority.
- Ensure that within the framework of participatory democracy women participate actively in structures aimed at strengthening democracy e.g. community policing forums, ward committees etc.
- Continue to work hard at ensuring women representation in all spheres of government, and that generally all representatives of the ANC in all spheres of government are credible comrades who want to take the struggle of the people of South Africa forward.

5. Build a better Africa and World Order

- Ensure that the League plays a leading role in the struggles of women on the continent and further afield.
- Host the PAWO Regional Conference in the year 2004 and PAWO Continental Conference before the end of 2006.
- Build partnerships with sister organizations in Africa and internationally.
- Continue to participate in the Socialist International Women and the Women Federation of Democratic Women, and ensure that the work of these organizations impacts positively on the lives of ordinary women.

ANC Women's League

FORWARD TO A UNITED, NON-SEXIST, NON-RACIAL, DEMOCRATIC SOUTH AFRICA

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POVERTY AND UNEMPLOYMENT

BY ERIC WATKINSON AND LIESL ORR, NALEDI

The economy needs to be restructured towards job-creating growth and increased access to basic services. In recent times, the labour movement has taken to the streets against privatisation, retrenchments and the government's macro-economic policy, which it argues do not contribute towards improved quality of life for the unemployed, women and young people, especially in rural areas. Central to labour's vision is a developmental state, which will introduce a strong industrial strategy and enable more people to engage in the economy on a more equitable basis.

This article takes a closer look at South Africa's unemployment crisis. It focuses on the gendered division of labour, access to basic services, job creation and job loss.

By international standards, South Africa is regarded as a country with very high rates of unemployment. The overall expanded unemployment rate for 2002 is 41%, an increase of 6% on the unemployment rate for the year 2000. We use the expanded definition of unemployment because it captures discouraged work seekers, and is therefore a more accurate reflection of long-term, structural unemployment.

Unemployment rates, particularly for rural African women, are outrageously high.

The September 2000 and September 2002 Labour Force Surveys show that unemployment rose more for African women than for any other group (by 9% in just two years). Unemployment amongst African men rose by 6% between 2000 and 2002. This has increased the number of unemployed by 757 122 amongst African women and by 528 474 amongst African men.

Table 1: Expanded unemployment rate by race, gender and location

	African	Coloured	Indian/Asian	White	Total
Urban Men	41%	28%	19%	8%	32%
Urban Women	53%	34%	33%	11%	43%
Rural Men	45%	12%	10%	1%	41%
Rural Women	58%	34%	4%	13%	56%

Source: StatsSA, Labour Force Survey CD ROM, September 2002

As Table 2 shows, rates of unemployment rise dramatically according to monthly household expenditure category. High rates of unemployment in urban and rural areas also coincide with low-quality impermanent jobs and serious problems in accessing minimum basic needs like water, food and energy. Almost 7.5 million households are in expenditure categories below R1 200 per month.

Table 2 shows that members of the poorest households are more likely to be unemployed or work in informal or domestic work. It also shows that poorer households are least likely to have members that are in permanent employment.

The very high incidence of problems meeting food needs has disturbing gender implications. International studies have shown that where households struggle to meet their food needs, it is often women and girl-children who are the first to consume less, impacting on their physical and psychological well-being. Some research has revealed that conflict over food may lead to violence in families. In a study in a rural village in

Table 2: Key indicators of household poverty and unemployment - September 2002

Monthly household expenditure category	No. of households	% With problems meeting food needs sometimes, often or always	% Where children below 15 years collect water and/or fuel	% With person/s in permanent employment	% With member/s of a trade union	% With person/s in informal or domestic work	Expanded unemployment rate
R 0 – R 399	3,205,927	54%	13%	22%	6%	32%	55%
R 400 – R 799	2,890,267	42%	15%	34%	13%	26%	51%
R 800 – R 1 199	1,329,752	28%	9%	56%	28%	25%	41%
R 1 200 – R 1 799	831,533	19%	5%	63%	36%	17%	37%
R 1 800 – R 2 499	654,841	12%	2%	73%	46%	13%	24%
R 2 500 – R 4 999	826,267	8%	1%	74%	42%	10%	20%
R 5 000 – R 9 999	554,766	4%	0%	78%	34%	9%	10%
R 10 000 or more	224,252	3%	0%	78%	28%	6%	7%

Source: StatsSA, Labour Force Survey CD ROM, September 2002

The introduction of a universal basic income grant in 2006 needs to be accompanied by a much more equal distribution of land, basic infrastructure and skills to avoid a situation where already established private enterprises take advantage of expanded opportunities for profiteering, especially from the sale of basic foods, medicines and health care services.

Bangladesh, the wife of a sharecropper was quoted as saying: "When my husband's stomach is empty, he beats me, but when it is full, there is peace."

In households where there is limited or no access to electricity and water, it is usually females who are responsible for collecting wood and water. In many cases, this impacts on the schooling and social development of girl-children.

The hours of unpaid labour performed by women increase dramatically with limited access to basic services. Statistics South Africa's time-use survey (2001) reveals that for those households which collected water, irrespective of the distance from the source, women and girls were more likely than men and boys to be responsible for collecting water. It further revealed that, "while those with water within 100 metres of the dwelling spent an average of 44 minutes per day collecting water, those with water at a distance of a kilometre or more spent an average of 71 minutes per day. The patterns in respect of fuel were similar, except that the time spent was longer – an average of 78 minutes per day for those with fuel within 100 metres of the dwelling, and 128 minutes per day for those where collected from a kilometre or further away."

As demonstrated later in this article, these conditions of extreme poverty, inequality and unemployment lead to a high degree of flexibility and insecurity within the labour force. Under these circumstances, being a member of a trade union affords some protection from the worst forms of exploitation and income insecurity in the formal sector.

Figure 1, below, shows that even in households with an income below R399 per month, there is significant dependence on wages and remittances. This highlights extremely low levels of pay as a major contributor to poverty. Massive retrenchments in the mining sector will have had a devastating effect on these households. Farming for food, which is prevalent in poorer households, is a burden that falls mostly on women, adding to other forms of unpaid labour.

Figure 1 also shows that the poorest households benefit less from pensions and grants than those households with a slightly higher income. This bears out studies that have shown that government benefits are not reaching the poorest, mostly rural, and usually female-headed households. Research by the Programme for Land and Agrarian Studies (Plaas) demonstrated that "the worse off you were, the less likely you were to actually receive the grants". The research, undertaken in Mount Frere in the Eastern Cape, showed that only four of the 54 children who qualified for child support grants were able to access them. In that community, the poorest 25% of households live on R150 a month without social grants, but that would increase to R560 with grants. Plaas argued that a Basic Income Grant would "dramatically reduce poverty" and that the "bottom third of

households would be lifted to a level where economic activity or subsistence farming becomes a possibility".

Figure 1: The main sources of household income according to monthly expenditure category in September 2002

Source: StatsSA, Labour Force Survey CD ROM September 2002

Notes: Excludes missing cases

Given the relatively high percentage of households already working for income and food amongst poor households it is also important to summarise existing working conditions and patterns of job creation and job loss amongst black working-class households.

Table 3: Median Monthly Wage Rates Amongst Working Class Black Households (September 2002 Rands)

	Formal Unionised		Formal Non-unionised		Informal	
	Male	Female	Male	Female	Male	Female
Agriculture etc.	900	652	500	448	375	326
Mining & quarrying	2,000	1,700	1,640	1,000	350	350
Manufacturing	2,174	1,652	1,739	1,225	870	400
Electricity etc.	3,000	1,937	1,937	1,937		
Construction	2,000	1,937	1,225	800	800	350
Wholesale & retail	1,937	1,600	1,225	1,000	652	350
Transport etc.	2,958	2,958	1,500	1,937	1,225	500
Financial etc.	1,800	2,000	1,600	1,800	750	500
Community etc.	3,500	3,969	1,937	1,500	707	522
Private households*	1,000	665	470	250	400**	400**

Source: StatsSA, Labour Force Survey CD ROM, September 2002

Notes: Excludes missing values, extremes and outliers. Includes African, Indian/Asian and Coloured workers in households spending less than R5000 per month * Refers to gardeners. ** The same median values apply to domestic workers.

The wage rates in Table 3 should put to rest arguments about the need to reduce wage rates in order to increase employment. The figures show an alarming picture of the differences in wage rates between women and men, and even more dramatically between unionised and non-unionised workers and formal and informal workers. Of course, there are more women working in non-unionised, informal jobs. This is a vicious cycle, where women tend to occupy the worst jobs, which are most vulnerable to exploitation and also more difficult to organise, and therefore conditions remain poor. The informal sector in particular shows appallingly low wages, way below a living wage. The lowest wage of all is R250 per month for non-unionised women in the formal sector working in private households. These statistics demonstrate the importance of unionisation and formalisation of work as a means to improve highly exploitative working conditions.

Table 5: Flexibility / insecurity of employment amongst women

Occupation	Job lost 2000-2002	Jobs 'created' 2000-2002	% Informal	% in enterprises > 50 employees	% Unionised	% Aged 15-25
1. Domestic helpers and cleaners	227,966	370,285	97%	0%	1%	16%
2. Farm hands and labourers	97,937	91,343	15%	37%	3%	29%
3. Hand packers & other manufacturing work	51,627	42,341	4%	51%	15%	15%
4. Helpers and cleaners in offices, hotels etc.	44,843	50,236	6%	32%	16%	10%
5. Shop salespersons and demonstrators	38,215	48,720	7%	14%	12%	45%
6. Cashiers and ticket clerks	32,665	40,367	8%	22%	5%	41%
7. Cooks	17,474	17,602	10%	5%	4%	21%
8. Waitresses and bartenders	15,518	13,242	3%	8%	0%	51%
9. Street food vendors	14,573	3,781	81%	0%	0%	18%
10. Sewing machine operators	13,792	17,702	12%	72%	43%	24%

Source: StatsSA, Labour Force Survey CD ROM September 2002

Table 4: Non-Wage Benefits Amongst Working Class Black Households - September 2002

	Formal Unionised		Formal Non-Unionised		Informal	
	Males	Females	Males	Females	Males	
Females						
Medical aid	62%	62%	14%	11%	2%	2%
UIF	94%	88%	91%	86%	37%	33%
Paid leave	92%	88%	40%	34%	11%	18%
Pension	92%	88%	40%	22%	6%	5%
Written contract	85%	81%	48%	36%	13%	13%

Source: StatsSA, Labour Force Survey CD ROM September 2002

Table 4 also demonstrates that formal unionised workers have won the right to a number of benefits, with access to medical aid lower than other benefits, however. In non-unionised and informal work, access to medical aid is virtually non-existent. Given the fact that public health care is extremely under-resourced, this poses serious health challenges for working class households. Women have particular health care needs given their reproductive role, which may not easily be met (despite provision of free health care) without expanded public health care services. Of course the impact of HIV/AIDs on the working class and on the workplace is even greater due to lack of access to affordable treatment.

The lack of access to paid leave amongst non-unionised and informal workers is of serious concern, since a basic measure of gender equality in the workplace is access to maternity benefits. Non-unionised workers in the formal sector are more likely not to have written contracts, demonstrating the importance of trade unions as protectors of workers' rights.

Table 5 gives some sense of the employment insecurity experienced by women of different ages. Of the top 10 occupational categories where high levels of job losses occurred between September 2000 and September 2002, with the exception of street food vending, all show comparable levels of job creation in the same period. This suggests that labour in these occupational categories is highly flexible. Regardless of relatively high rates of unionisation and large enterprise sizes in some cases, employers of women workers in these occupational categories would seem to be able to take on and shed female labour with little hassle.

Conclusion

Although there is wide consensus that addressing the backlog in basic needs is one of the best routes towards solving the poverty, unemployment and growth problem in South Africa, there will continue to be disagreement about how basic needs should be delivered and how rapidly.

The first disagreement about meeting basic needs will surely be the scale and pace of income and asset redistribution and how well they connect

with job creation and equity initiatives. Clearly, the social and gendered impact of privatisation and commercialisation of government services will need continued exposure by labour and communities. Government continues to put the interests of capital ahead of working-class communities.

The introduction of a universal basic income grant in 2006 needs to be accompanied by a much more equal distribution of land, basic infrastructure and skills to avoid a situation where already established private enterprises take advantage of expanded opportunities for profiteering, especially from the sale of basic foods, medicines and health care services. Without effective and affordable state-driven services being available, redistributed assets are likely to go straight from the hands of the poor to profit-making service providers.

Similarly, introducing an expanded public works programme without simultaneously boosting local purchasing power could just create short-term employment without the creation of permanent jobs in basic goods industries and an improved ability for households to pay for public services like water, electricity, sanitation and refuse collection. Expanding the school food programme and extending the age range of people (young and old) who qualify for government grants seems to be the best way to boost local purchasing power before 2006.

Another disagreement about meeting basic needs will centre on the issue of decent work. Obviously reducing unemployment through the creation of quality jobs has a central role to play in raising labour standards. Other interventions may also be required. Here we can recommend:

- proactive interventions by local government in the urban informal economy (home-based work, street-trading, and casual day labour markets),
- improved labour standards in commercial agriculture, domestic work and construction,
- better regulation of contracting and labour broking, and
- promoting trade unions.

In the name of globalisation, employers all over the world are taking advantage of the often unquestioned argument that global competitiveness is more important than working conditions, wages and the well-being of working-class communities. Companies are doing all in their power to avoid trade union, through subcontracting and casualisation, because they are very aware of the significance of the role of trade unions in advancing workers' rights.

To make an impact on poverty and unequal gender relations, government needs to introduce measures to decrease the burden on unpaid labour, and focus on improving conditions in the most vulnerable, exploited sectors of the economy. Most critically, the importance of recognising and promoting trade unions as a means to improving the quality of jobs, and thus reducing poverty, cannot be overstated.

WOMEN AND EMPLOYMENT

BY DEBORAH LEE & INGRID WOOLARD

"Freedom cannot be achieved unless women have been emancipated from all forms of oppression..."
(Nelson Mandela: State of the Nation Address, 1994)

The participation of women in the South African labour market has been rising steadily for several decades. In addition, women are gradually becoming better represented at all levels across a wide range of occupations. Nevertheless, we demonstrate in this paper that women continue to face greater prospects of unemployment and to earn less than their male counterparts even when they do find employment. We go on to show that lower female wages are partly as a result of "occupational crowding" (whereby women are over-represented in certain occupations resulting in excess labour supply and hence lower wages).

A variety of reasons have been put forward to explain increased female labour force participation. Firstly, the conventional role of a woman in today's society has changed. Women are changing their attitudes with respect to their "place" in society and are looking for self-fulfilment as opposed to the age-old ideal of continually serving others (usually family). A drop in birth rates has also had a positive impact on the ability of women to participate more actively in the labour force for longer periods of time (Barker, 1999). Women are also looking for higher wages than before, which provides an incentive for other women to enter the labour force in the hope of receiving more equitable wages (Barker, 1999). Lastly, higher levels of productivity in the household as a result of improved technology are allowing more flexibility when it comes to women who wish to enter the workforce. This improved technology has also been reflected within the economy's infrastructure, which has led to a decrease in the traditional tasks carried out by women, for example, the fetching of wood and water for the household (Poswell, 2002).

Women now account for 43% of the labour force, but female unemployment has also risen, with the latest figures showing that 34.7% of women are unemployed, compared to 26.8% of men (StatsSA, 2002). Even those lucky enough to find formal employment are often confined to jobs in the social services. This is illustrated by the fact that almost a third of African women in employment are employed as domestic workers in private households. Also noteworthy is the low level of women occupying managerial positions in major South African companies. This figure stands at approximately 5% and drops to 2.8% when considering African women (StatsSA, 2002).

More and more research, however, is being undertaken to determine where and how changes can be implemented to ensure that these past gender inequalities fall away with minimal impact on the working of the economy as a whole. The dynamics in the labour market over the past decade have led to certain clearly defined areas that need to be focused on with respect to further research initiatives. These areas include:

- pre-market types of discrimination, including issues such as education;
- employment discrimination, including issues such as sectoral discrimination, occupational discrimination and "occupational

crowding";

- wage discrimination; and lastly,
- changes in the number of women being "pushed" into the labour force and how this affects female unemployment trends.

This paper focuses on employment discrimination, in an attempt to conceptualise the phrase "occupational crowding", as well as the problem surrounding occupational wage segregation.

Conceptualising occupational crowding

For many decades, one of the most salient features of women's status in the labour market was their tendency to work in a fairly small number of relatively low-paying, predominantly female jobs (Blau & Kahn, 2000) such as service sector jobs. This was due to the fact that women were often characterised as care-givers who could use their natural "feminine talents" for these particular jobs. These included formal and informal service occupations and administrative support positions, such as clerical work, cleaning, reception and sales. These jobs typically required relatively low levels of skills and were consequently poorly remunerated. As a result, many women found themselves trapped in these stereotypical "female" jobs where caring and servicing were seen as desirable but poorly rewarded attributes.

Another key issue regarding the relatively low positions of many women in the job "hierarchy" relates to the "family gap". In the past, many women had a fairly sporadic relationship to the labour market, moving in and out of employment in response to their personal preferences, one of these being for example, wanting to have a family. It has been suggested that one of the major barriers to female employment in South Africa relates to the assumptions surrounding gender roles and abilities (Posel & Todes, 1995). The low numbers of women in high paying, secure jobs seem to indicate that employers view women as poor investments due to their family commitments and thus do not wish to train and improve their work abilities in the fear that they will not receive adequate returns from their investment. It therefore appears that there is an invisible "glass ceiling" when it comes to female occupations as their employment prospects are more limited than for their male counterparts.

It is not only in developing countries where occupational segregation occurs, but also in developed countries. This is clear in the fact that there is still strong evidence of "occupational crowding" by gender in the United States (Darity & Mason, 1998). The index of occupational dissimilarity was 53% in 1990, which means that nearly half of women (or men) would have to change occupations to have equal gender representation in all occupations. This index value is lower than the 1970 value of 68%, but it still indicates that substantial differences do persist in occupational employment by gender in the United States. We discuss the index of occupational

Table 1: Working age population and labour force participation

	FEMALE			MALE		
	1995	1999	2002	1995	1999	2002
Working age pop	12 686 000	13 656 000	14 635 000	11 545 000	12 607 000	15 166 000
Number of workers	3 738 695	4 421 982	4 909 685	5 852 561	6 119 635	6 303 320
Broad labour force	6 067 000	8 287 000	9 342 000	8 287 000	8 904 000	9 607 000
Share of broad Labour force	44.4	48.2	49.3	55.6	51.8	50.7
Broad particip rate	47.8	60.8	63.8	65.9	70.7	63.3
Unemployment rate	38.1	43.2	48.2	22.6	30.5	35.6

Source: OHS1995, OHS1999, LFS2002

dissimilarity in the South African context later in this article.

The burden of unpaid labour

The feminisation of the South African labour force is occurring under incredibly difficult conditions for women. Over and above participating in the labour market, women are largely responsible for many unpaid tasks that include child-care, cleaning homes, cooking and looking after the aged and sick (Posel & Todes, 1995). These activities restrict the ability of many women to search for employment or to accept full-time work. A factor that influences a woman's ability to participate in paid employment would be the level of physical and social infrastructure that the country faces. South Africa faces serious structural shortages as well as the general lack of necessary facilities and services that would allow a woman the option of actually entering paid employment. This scenario worsens for women in rural areas, as their levels of infrastructure and services are almost non-existent. The informal settlements situated in relatively urban areas are also subject to problems as their lack of necessary infrastructure places a considerable amount of stress on the average low-income woman working outside the home. The support structures and social networks in these types of areas are not well developed.

Over and above the need for improved physical infrastructure, the burden of unpaid labour implies the need for an improvement in services available to the working mother, such as crèche and after-care facilities. But it is not only the care of children that needs to be considered. In the context of the AIDS pandemic in South Africa, care for sick household members is placing an increasing burden on household members, especially women. Large-scale interventions are required to provide alternative home-based care arrangements in order that women are able to participate fully in the labour market.

Empirical analysis

A general overview

Women accounted for approximately 23% of the labour force in the 1960s, but by the mid-1980s they made up approximately 36%, and by the early 1990s, they made up approximately 41% (Standing, Sender & Weeks, 1996). This dramatic increase gives an indication of the trend in the labour force participation rate of women over time. Looking at table 1 below, one can take this even further and look at female participation rates over the past eight years. Using data from the October Household Survey of 1995 (OHS1995), the October Household Survey of 1999 (OHS1999), as well as the Labour Force Survey of September 2002 (LFS2002), one can see that there has been a considerable increase in the number of women of working age (between 15 and 65).

Table 1 shows this increase to be about two million women between 1995 and 2002. Even though there has been an increase in the size of both the female and male labour force, men's share of the labour force has come down. This can be seen by the increase in women's share of the labour force by 5% and a drop in men's share of the labour force by 5% over the same period. The main issue reflected below, however, is the fact that over the past eight years, women's participation in the labour market has increased, whereas men's participation rates have dropped off.

The number of female workers in the economy has also increased, yet not enough to stop the dramatic increase in the female unemployment rate from 38.1% in 1995 to 48.2% in September of 2002. While the female unemployment rate is still higher than that for men, it is interesting to note that male unemployment has been rising faster – from 23% in 1995 to 36% in 2002. The female labour force has increased from approximately six million to nine million people over the period. These women are wanting to work yet the number of female workers has only increased from 3.8 million to 4.9 million, which is not nearly enough to offset this huge increase in the economically active population. This inevitably led to the increase in the unemployment rate as mentioned above.

The question remains, however, whether these women entering the labour force, who are in fact finding work, are finding it in all occupations and not just in those occupations deemed "suitable" for women.

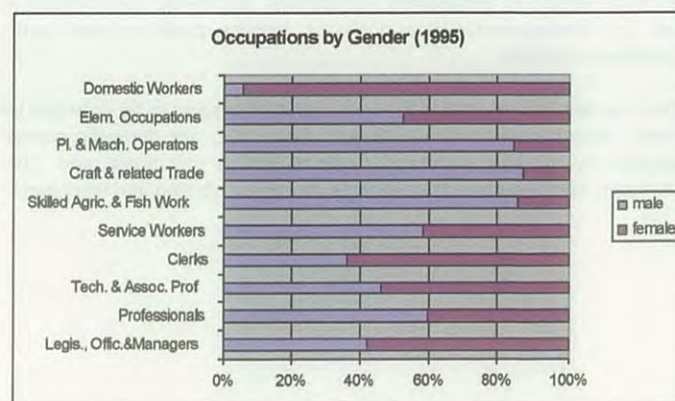
Occupational segregation

When looking at figure 1, one can see that in 1995, women dominated in occupations such as clerks, office administrators, domestic workers and elementary occupations. Men, however, dominated the skilled positions such as operators, trade and skilled agriculture.

This is to be expected as women were mainly seen as part-time employees with "family commitments", so even though participation rates for women were increasing, women were being concentrated into relatively low-paying and fairly unskilled positions.

Looking at figure 2, one can see the divisions by occupation for 1999. Females once again dominate the service type positions, yet there is an increase in the levels of women being employed in most occupations in general.

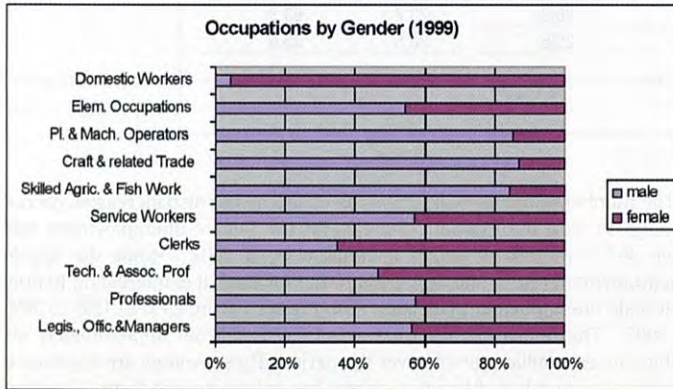
Figure 1



Source: Own Calculations (OHS1995)

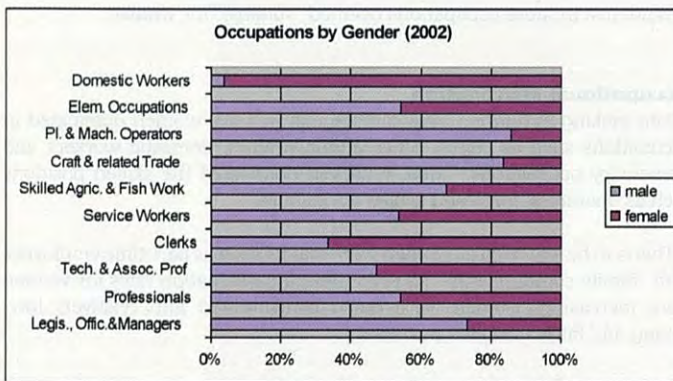
In 1999, males dominated elementary occupations as well as craft and related trade positions. They also represented a large portion of plant and machinery operators. For females, this was fairly similar with regards to elementary occupations yet in 1999, the level of female domestic workers was slowly increasing.

Figure 2



Source: Own Calculations (OHS1999)

Figure 3



Source: Own Calculations (LFS2002)

Figure 3 represents occupational segregation in 2002. Once again there are a large number of women working in domestic services as well as clerk positions. When comparing these figures to those from 1995 as well as 1999 (see table 2), one can see that over this entire period, the proportion of women in domestic service has been slowly increasing. This can also be seen with respect to professional occupations, as well as those women in clerk i.e. administrative-type positions, service positions and lastly, agricultural activities.

One can see, however, that the occupations that seem to be crowded by women, shown most recently by data from 2002, are domestic service occupations, service positions, administration positions and also technicians and associate professionals (driven by nursing and teaching).

Table 2: Female occupations (1995 - 2002)

Occupations	% of employees that are female		
	1995	1999	2002
Legislators & managers	57.87	57.87	26.7
Professionals	40.17	41.17	45.76
Tech. & assoc. prof	53.69	53.69	52.8
Clerks	64.09	64.09	66.36
Service workers	41.73	41.73	46.32
Skilled agric. & fish work	13.85	13.85	32.8
Craft & related trade	12.63	12.63	16.47
Pl. & mach. operators	14.88	14.88	14.42
Elem. occupations	47.63	47.63	45.74
Domestic workers	94.54	95.41	96.08

Source: Own Calculations (OHS1995, OHS1999, LFS2002)

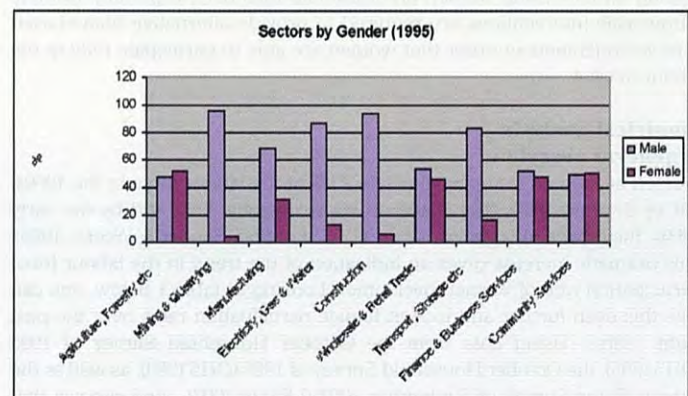
The index of occupational dissimilarity, as discussed above (see footnote 1), is calculated as being approximately 57% for South Africa, which means that more than half of all men and women would have to exchange occupations in order for there to be equal representation in all occupations.

Sectoral segregation

Another issue worth looking at is what industries seem to be crowded with women. Figure 4 shows these sectors broken down by gender for the year 1995. Women formed a large percentage of the community services sector, which is in keeping with the fact that this sector includes the teaching and nursing occupations. Women also represented a large percentage of workers in the agricultural sector.

Figure 5 and figure 6 represent the same breakdown as figure 4, but focus on the years 1999 and 2002. In both years, females dominate in the private household sectors, which include domestic workers. This number has stayed fairly stable over the period in question. The number of female workers in community type positions, however, has risen, increasing the gender gap in that sector, as more women enter the nursing and teaching professions. Women are also starting to increase their numbers with respect to wholesale and retail trade occupations.

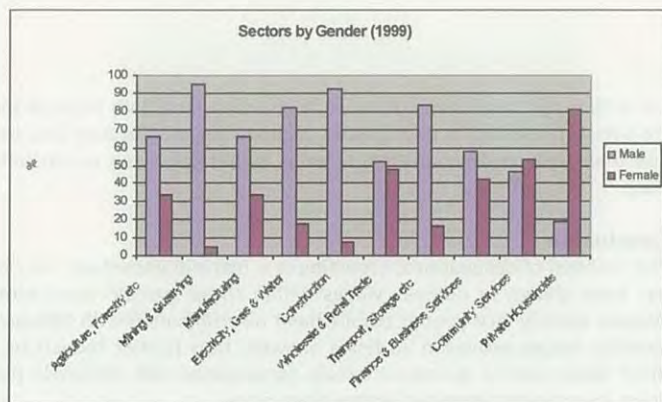
Figure 4



Note: Community Service in 1995 included private households i.e. domestic services. Private household sector has been omitted due to lack of sufficient observations.

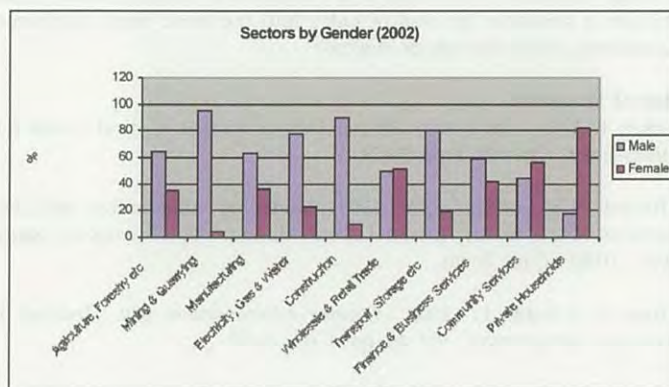
Source: Own Calculations (OHS1995)

Figure 5



Source: Own Calculations (OHS1999)

Figure 6



Source: Own Calculations (LFSSep2002)

Once again, there seems to be an inflow of women into select sectors. These sectors include the private households sector, consisting of domestic workers and child-care facilitators as well as the community services sector, which includes nurses, educators and administrators.

A bivariate analysis of wage comparisons by gender and occupation is represented in table 3.

Table 3: Average monthly wages by occupation and gender, 2002

Occupation	Male		Female	
	Mean	Median	Mean	Median
Manager	10957	7000	7820	5878
Professional	11207	8557	7814	6000
Technicians	6143	4887	4808	4324
Clerks	4097	3000	3547	3003
Service work	2585	1600	1624	1075
Skilled agric.	2152	600	1142	430
Craft	2463	1653	1295	800
Machinist	2075	1725	1558	1398
Elementary	1216	800	890	600
Domestic	504	400	494	400

Source: Own Calculations (LFSSep2002)

It is clear that there is still a large gap between the pay received by women and the pay received by men, even within the same occupational

categories. The largest gap can be seen when looking at craft workers. Male workers in this occupation earn approximately 1.91 times what their female counterparts earn. Males within skilled agricultural occupations have the second largest gap as they earn approximately 1.8 times the pay that women earn in these same agricultural occupations. Men in professional and service worker occupations earn 1.43 and 1.59 times that of their female counterparts respectively. The domestic worker category, however, represents the lowest wage gap. Men and women earn approximately the same within this group, yet this hardly seems noteworthy, as it is the females that dominate this category and thus end up depressing and setting the wage. When considering which occupations in the table reflect the lowest wages for women, it would appear that domestic workers, elementary workers and skilled agriculture occupations fit into that category. The same can be said for men (adding the machinist occupation), yet they still earn more within these occupations than their female counterparts. There is thus a clear indication from this table, which represents the labour force in September 2002, that employment discrimination does exist at the most basic level of analysis.

An important consideration for analysis, therefore, is whether the low wages for females, found in certain occupations mentioned above are as a result of occupational crowding within those categories. Are these lowest paid occupations always going to be those that are crowded by females? The next section deals with aspects of this by looking at the effects on wages in a multivariate environment. It is inadvisable to only consider univariate comparisons as these might be misleading and thus characteristics such as age, gender, occupation, experience and race are controlled in the next section.

Determinants of wages

A multivariate regression analysis was performed using the data from LFS 6 to determine the factors influencing individual earnings. The wage equation employed relates the natural logarithm of monthly earnings to a set of individual characteristics such as race, gender, age, educational attainment, location and occupational class. From this we are able to determine the effect of any one of these characteristics while controlling other factors.

We find that a woman will earn, on average, 29% less than a male, after controlling for all other factors (i.e. educational attainment, occupation, location, age, race, etc.) In addition, black workers earn significantly less than their white counterparts. The largest difference in salary can be seen with respect to Africans who earn approximately 46% less than Whites in the same position. This is followed by Coloureds who earn 30% less and Asians who earn 25% less than their White counterparts.

Turning to the effects of education, workers with some or completed primary school earn the lowest wages, closely followed by those with no education at all. This is over and above the fact that people with low levels of education are less likely to participate in the labour market or to find employment when they do (Bhorat and Leibbrandt, 1999). The differential for those with completed high school is much smaller, with this group earning 69% of the wage of a university graduate, holding everything else constant. All the educational effects can be seen in table 4 below.

Table 4: Earnings as % of earnings of university graduates, after controlling for other factors

Education Attained	Earnings as % of Earnings of University Graduate
No Schooling	59%
Some Primary Education	53%
Completed Primary Education	51%
Some Secondary Education	56%
Completed Secondary Education	69%
Diploma	93%

Source: Own Calculations (LFS6)

Moving onto a discussion of locational effects, workers living in rural areas will earn approximately 24% less than their urban counterparts. Table 5 shows that the provinces where earnings are lowest include the Eastern Cape and Free State. Workers in these two provinces earn approximately 29% and 27% less than their Western Cape counterparts (after controlling for other factors) respectively. Only Gauteng shows higher earnings than the Western Cape.

Table 5: Earnings as % of earnings in Western Cape, after controlling for other factors

Province	Earnings as % of Western Cape earnings
Eastern Cape	71%
Northern Cape	90%
Free State	73%
KZN	92%
North West	99%
Gauteng	106%
Mpumalanga	94%
Northern Province	79%

Source: Own Calculations (LFS6)

The key relationship in this regression, which forms the main focus of this paper, is one regarding the levels of earnings within each occupation. These earnings are shown in table 6 below.

Table 6: Earnings as % of earnings of managers, after controlling for other factors

Occupation	Earnings as % of manager earnings
Professional	88%
Elementary worker	35%
Domestic worker	25%
Technician	82%
Clerk	66%
Machinist	58%
Service worker	44%
Skilled agricultural worker	30%
Craft worker	49%

Source: Own Calculations (LFS6)

The occupations with the lowest earnings are domestic work, elementary occupations and skilled agriculture. Of these only domestic work is predominantly female, which suggests that occupational crowding is not exclusively a gender issue. Nevertheless, all the occupations where women are most likely to be employed (see table 7) show wages that are significantly lower than the reference group (managers).

Table 7: % of female workers in each occupation

Occupation	% of females in each occupation
Legislators, Officials and Managers	3.9%
Professionals	4.5%
Technicians and Associate Professionals	13.3%
Clerks	15.4%
Service workers	11.7%
Skilled agricultural workers	4.9%
Craft workers	4.8%
Machinists	3.2%
Elementary occupations	21%
Domestic workers	17.3%
Total	100.00%

It is thus apparent that women earn less than men both because they are over-represented in poor paying occupations and because they earn less than their male counterparts even within the same occupational class.

Conclusion

The problem of occupational crowding is a real and immediate one, and has been shown to depress wages within those specific occupations. Women already face gender employment discrimination with respect to monthly wages earned in all fields of work, thus further reductions in these wages due to increased female participation will ultimately push down the already depressed wages even more.

Further research is thus needed to determine why women enter and stay in the occupations that they do, even though wage rates seem to be declining because of this crowding effect. Could this be due to a "glass ceiling", which forces these women to enter occupations that are considered to be "suitable work", by society, or could it relate to the lack of proper education and infrastructure available to women, which would facilitate a smoother process of entry into the more male dominated occupations within the labour market?

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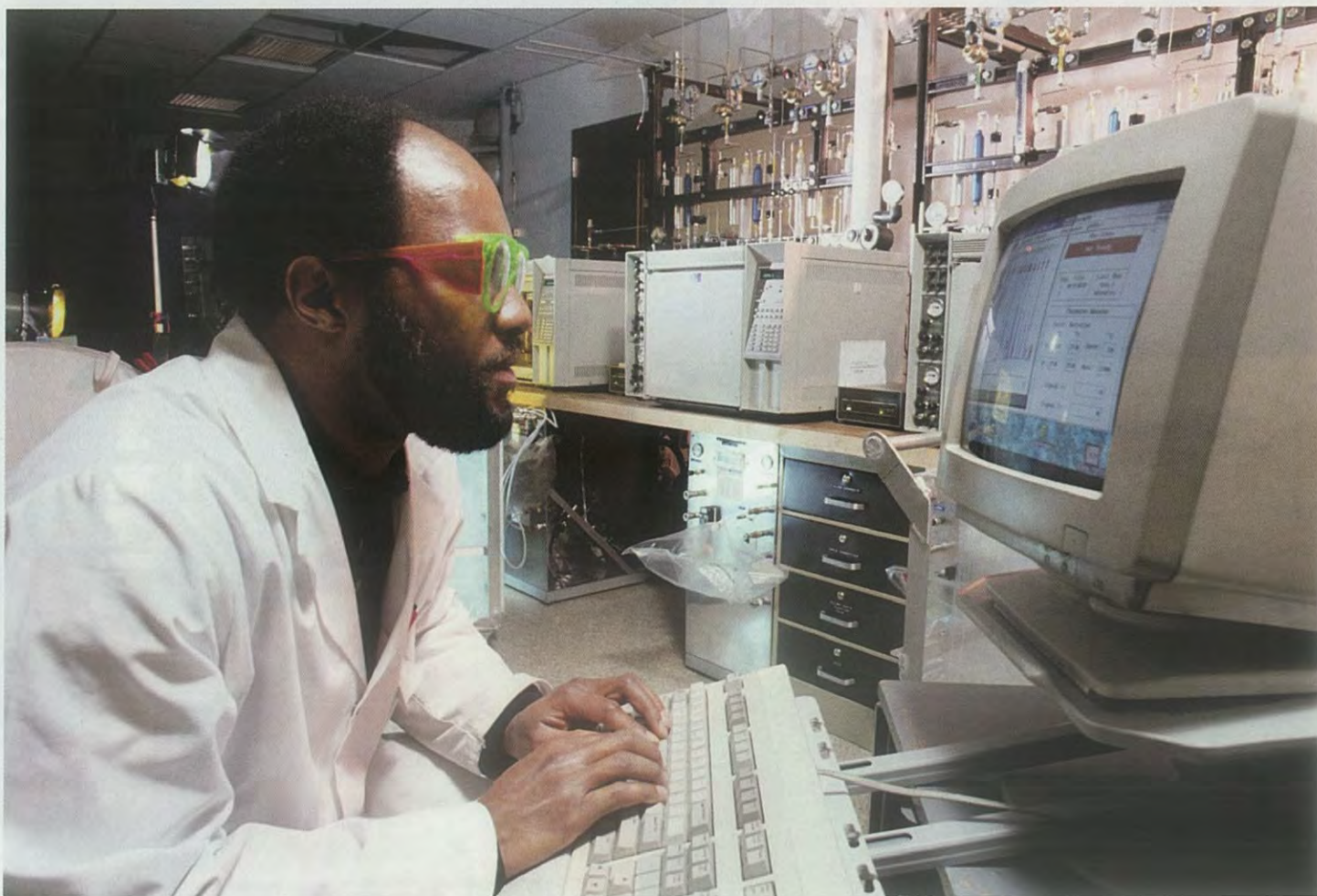
BREAKING THROUGH ECONOMIC CEILINGS

The Growth and Development Summit: a dti Perspective

The Growth and Development Summit that met on 7 June 2003 was a considerable victory for pragmatic compromise on a practical programme of action by the key partners in the South African economy - government, business, labour and community organisations (SA National Civics Organisation, youth, etc). Business, government and labour met at the GDS to focus on a common vision of higher levels of growth, investment, job creation and development. The aim? To make South Africa the leading investment destination among emerging markets, eradicate poverty, develop a skilled and highly productive workforce, address past injustices and exclusions from the economy, and give all South Africans the opportunity to contribute fully to the economy. Few would dispute the necessity of attaining these goals, given both South Africa's past and present. The question is how to do so?

The GDS succeeded in focusing attention first on the problem, and then on a concrete, practical programme of action that can be realised. What is this programme? In a nutshell, the theses of the summit focus on four key areas: more high quality jobs, more investment, greater equity and skills development, and local development to extend services and economic opportunities to all. Determined not to constitute another 'talking shop', the GDS focused most of its time on a practical, measurable programme of action. This can be seen by the proposal for implementation of the four points set out here, starting with jobs.

The key to people-centred economic empowerment is sustainable jobs. The social partners each contributed their own solution, which collectively could make the desired impact. These comprise six initiatives







and a monitoring procedure to measure success or failure. They are, in turn, public investment initiatives, public works programmes, sector partnerships, procurement (buying local goods, Proudly South African), the promotion of small business (the most job-intensive level of business) and cooperatives (along the lines of the agricultural cooperatives long active in South Africa's rural areas).

The public sector initiatives will focus on building infrastructure by government, state-owned enterprises and development institutions. The idea is that building and maintaining roads, dams, railways, schools, clinics, prisons and multi-purpose centres, electrification and even giant projects, such as Coega, will upgrade infrastructure in the interests of a modern industrial base for the economy while also providing skills training on the job. Labour-intensive projects will spread the benefits and public-private partnerships will overcome resource or capacity constraints - especially those of expertise.

Public works - albeit of temporary duration - are a poverty-alleviating, upskilling, socially constructive medium-term solution, adopted by many market economies in the past, whether the US or post-World War II South Africa. South Africa already has basic public works programmes. These will be expanded and non-governmental and community-based organisations will have a key partnership role to play. Training will be the central component, to ensure people have marketable skills thereafter, and thus participants will receive certification on completion of their work.

By contrast, sector partnerships focus more on the business of business. The **dti** has well-researched sector strategies that highlight high-opportunity, job-creating sectors. Sector summits and fora with business and labour will identify and develop key sectors for growth. Some sector summit strategies are already up and running in metals and engineering, chemicals, construction, and information and communication technologies (ICT). Others to be prioritised will include job-intensive clothing and textiles, agro-processing, tourism; call centres and cultural industries, from crafts to music and film. In each case the three partners - government, business and labour - will bring their share and meet regularly to iron out obstacles to more rapid sector development.

Small business development is a *sine qua non* for job creation worldwide. There are a host of ways to assist SME development, from **dti** incentives to public and private sector procurement programmes, to multi-purpose community centres (MPCCs) providing support services, such as online access to markets and services. This is besides the activities of the Business Trust, among others, in promoting SME development. The GDS process provides these initiatives with a shared vision, a formal collaborative mechanism for implementation and a monitoring system to measure performance. Similar principles apply to the formation of cooperatives. The **dti** has a dedicated directorate focusing on cooperatives.

Promoting investment is a key necessity long acknowledged by business, government and labour; and with many initiatives underway, the **dti's** own not least among them, the GDS process will allow these to be harnessed in a common and concerted cause with measurable impact. Business, retirement funds, the life assurance industry, labour, government and others are encouraged (not compelled) to invest at least 5% of their income in appropriate financial investments. The financial sector is re-examining how it can lend more effectively to the lower end of the market, in small business and low-cost housing, for instance.

Finally, in the interests of equity the summit participants committed themselves to accelerating the pace of BEE in an economically sustainable manner. To this must be added literacy campaigns, education, skills development (increasing the number of learnerships to 72 000 by 2004) and access to basic services.

For more information on the **dti** products and services, contact the Customer Contact Centre: South Africa 0861 843 384 / International +27 11 254 9405 or visit the **dti** website: www.thedti.gov.za

PUBLIC WORKS PROGRAMMES

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INTRODUCTION

The South African economy is unable to deliver employment for a growing number of would-be workers, especially among the unskilled, and there is a need for state intervention to address this failure and its consequences. The dominant economic paradigm in South Africa places ideological constraints on the range of policy options under consideration, leading to the favouring of public works programmes over other solutions, such as direct transfers (e.g. a basic income grant). Given this context, it is critical to assess the potential of public works programmes, and their adequacy as an instrument for addressing the problems of poverty and unemployment. This article addresses the question of whether public works can offer a significant response to the South African employment crisis, and provides a critical review of the performance of public works in South Africa since 1996.

Trends in unemployment

Structural poverty and unemployment are persistent and growing problems in contemporary South Africa. Unemployment continues to rise, standing at 4.8 million in September 2002, or 30.5% by the official definition, (compared to a broad rate of 41.8%). Even in the most positive growth scenario, after 10 years with GDP growth of between 4% and 5% per annum, unemployment among the semi and unskilled is unlikely to fall below 30% (Lewis 2000). The structure of the South African economy is such that unemployment will not be significantly reduced in the coming decades without major state intervention. This paper focuses on the issue of state intervention to promote employment creation through public works and labour intensification programmes.

Whether conceptualised as a public good, reducing the negative externalities associated with extreme poverty and inequality, as a requisite for enhanced growth and investment from a purely functional macroeconomic perspective, or as an essentially moral imperative *sui generis*, there is a need to promote increased access to employment, particularly in the light of the strength of the strong link between unemployment and poverty in South Africa.

Assumptions underlying public works programme impact

Public works programmes achieve social development and economic objectives by creating employment through the creation of infrastructure, providing services or improving access to them, stimulating informal and formal sector economic activity and bringing resources into decapitalised areas. Potentially then, public works are an ideal instrument for deployment in the context of the South Africa of the 21st century, and consequently they have enjoyed considerable policy prominence since

1994, and have been ascribed ambitious objectives, relating to employment creation, poverty reduction, training, empowerment, accountability and economic growth. However, analysis of public works programmes, both in South Africa and internationally, has not focused on assessing the performance of public works programmes in terms of their impact on the livelihoods of participating households, or the ability of such programmes to bring about the anticipated social, economic and labour market benefits.

Likewise the linkage between "the poorest" and public works programmes is often assumed rather than empirically demonstrated. The assumption is made that if wages are correctly set, the wage transfer will reach the poor, despite the fact that there is little evidence to indicate whether programme participants are the poorest, or even the poor. Equally, the non-wage benefits accruing to the poor as a result of the assets created under the programme, and improved labour market access as a result of experience and training received in public works programmes, are often assumed, rather than empirically attested.

Assumptions regarding the impact of public works programmes risk undermining evidence-based policy making, and leading to the development of distorted policy objectives and expectations related to public works programming. This article explores the reality of public works programmes in South Africa, in terms of the scale of job creation to date, and the extent to which existing programmes meet their objectives, the fiscal implications of a significantly "extended" programme, and the potential of such a programme to absorb unemployment. It then goes on to discuss some of the key policy and implementational issues which this debate provokes, with particular reference to the need for appropriate institutions and social development considerations if public works are to have a sustained and large scale impact on livelihoods.

The Policy Rationale for Public Works Programmes

The heavy reliance placed on public works to deliver significant responses to the critical challenges of poverty, unemployment and growth in the current South African anti-poverty and employment policy discourse invites an exploration of the existing evidence base. The evidence available in South Africa and internationally suggests that in and of themselves, public works programmes do not necessarily draw participants into the labour market, but offer a temporary employment sojourn. They do not necessarily move participants out of poverty, but offer a temporary respite, reducing the depth of poverty during the period of employment. They do not offer sustainable livelihood improvements without a range of complementary social development interventions. Furthermore, it would be incorrect to assume that assets created under public works schemes

Public works programmes achieve social development and economic objectives by creating employment through the creation of infrastructure, providing services or improving access to them, stimulating informal and formal sector economic activity and bringing resources into decapitalised areas.

contribute directly or indirectly to growth and poverty reduction at either local or national levels, unless the assets are strategically selected for their benefits to the poor and/or the wider economy, and their construction is given adequate technical management to ensure they are of acceptable and sustainable quality. Moreover, the performance of public works programmes, in terms of their various social and economic objectives, depends heavily on the institutional context in which they are executed, and the social development process in which they are embedded. Without adequacy in either the institutional or social development context, it is unlikely that public works programmes will meet the range of objectives set out.

The Objectives of Public Works Programmes in South Africa

The South African National Public Works Programme was originally conceptualised as an instrument for asset and employment creation, on the basis of a two pronged strategy – promoting a community-based public works programme on the one hand, and changing the rules governing the provision of infrastructure to increase labour intensity across all government departments with responsibility for infrastructural delivery on the other. The latter entailed “the systematic re-orientation of public sector approaches to infrastructure provision” (NEF, 1994). The merits of this approach were recognised in Growth, Employment and Redistribution (GEAR) (1996), which argued that 100 000 new jobs would be created each year through labour intensive responses to infrastructural development and service provision. However, successive policy shifts reduced the relative priority of employment creation through the labour intensification of infrastructural provision, which has only recently been restated as a central policy objective (for example, at the Growth and Development Summit, June 2003 and ANC Iekgotla, July 2003). The Department of Public Works focused instead on more conventional public works projects through the Community Based Public Works Programme.

The objectives of the National Public Works Programme are highly complex and aim to:

- create, rehabilitate and maintain physical assets that serve to meet the basic needs of poor communities and promote broader economic activity;
- reduce unemployment through the creation of productive jobs;
- educate and train those in the programme as a means of economic empowerment;
- build the capacity of communities to manage their own affairs, strengthening local government and other community based institutions, and generating sustainable economic development.

These four objectives can be sub-divided into the following objectives:

- create/maintain infrastructure
 - meet basic needs of poor communities
 - promote economic activity
- reduce unemployment
- create productive jobs
- educate and train workers
 - achieve economic empowerment
- build community capacity
- strengthen local government
- strengthen community based institutions

- generate sustainable economic development

In some instances this plurality of objectives has hindered progress on the primary job creation objective. This multiplicity of objectives led Adato and Haddad to conclude that “South Africa’s public works programmes have been among the most innovative in the world, with multiple objectives that include not only job creation, poverty reduction, and infrastructure development, but simultaneously job training and community capacity building” (2002, p30). However, while this ambitious set of objectives gives the programme considerable development potential, it also entails trade-offs in terms of employment creation. This is illustrated by the performance of the Community Based Public Works Programme which in 2000/1 created only 918 sustainable and 32 587 “non-sustainable” jobs at a cost of R349 million (Department of Public Works, 2001). The conceptualisation of public works programming as a transformational tool, rather than a tool to address the national employment crisis goes some way to explaining the poor performance and high cost of South African interventions to date. If public works programmes are given additional objectives related to the more diffuse and complex goal of transformation, the primary goal of job creation may be undermined, and the value of the intervention substantially reduced in terms of poverty alleviation and asset creation.

The Scale of Public Works Interventions to Date

The Community Based Public Works Programme (CBPWP) is the primary national instrument for job creation, although there are a range of other public works programmes currently being implemented in South Africa, most of which fall under the national public works programme, known as the Special Public Works Programme (SPWP). With the exception of the Department of Water Affairs’ Working for Water programme, which in 2002/3 created between three and four million workdays, the other programmes under the SPWP are considerably smaller than the CBPWP, and hence this section of the paper focuses exclusively on the performance of the CBPWP as the main national instrument for public works job creation. The Department of Public Works measures the performance of the CBPWP in terms of the number of “jobs” and “sustainable jobs” created. However, use of the terms “jobs created” and “sustainable jobs created” is problematic as there is no common definition of these terms, and the term “workdays created” is preferred in the international literature as it provides a comparable indicator of performance. Since data on the number of workdays created each year by the CBPWP is not available, estimated workdays have been calculated to provide the indicative figures for the employment creation performance of the programme, outlined in Table 1 below.

Table 1: Employment generated by the CBPWP (1996/7 to 2001/2)

Year	Total number of jobs created	Total number of sustainable jobs	Total number of workdays created created (estimated)
96/97	n/a	n/a	1,430,000
97/98	13,000	n/a	1,560,000
98/99	29,194	4,154	4,001,760
99/00	15,665	342	1,920,840
00/01	33,505	918	4,437,480
01/02	25,124	527	3,078,120

[Source: Own calculations and Department of Public Works Annual Reports 1997 to 2002]

There were considerable fluctuations in the performance of the CBPWP over the 1996 to 2002 period, with the total number of "jobs" created ranging from 13 000 to 33 505 per annum, and the number of "sustainable" jobs fluctuating from a high of 4 154 in 1998/9 to only 342 in 1999/2000. These figures represent the creation of between 1.4 and 4.4 million workdays per annum under the CBPWP during this period.

In order to assess the significance of this level of job creation it is necessary to compare the scale of employment created under this programme with the scale of the unemployment problem. Table 2 indicates the incidence of official and expanded unemployment during the 1996 to 2001 period, during which time it has risen significantly.

Table 2: Official and Expanded Unemployment 1996-2001

	Official	Expanded
1996	2,224,000	4,566,000
1997	2,451,000	5,202,000
1998	3,163,000	5,634,000
1999	3,158,000	5,882,000
2000	4,082,000	6,559,000
2001	4,525,000	7,698,000

[Source: Stats SA 2000, 2001, 2002 and 2003]

Table 3 illustrates CBPWP performance against unemployment, presenting the number of workdays created under the CBPWP as a percentage of the unemployment figures in Table 2, converted into workdays.

Table 3: CBPWP Performance in Relation to Unemployment, 1996 to 2001

	Total workdays created (estimated) (million)	Total official unemployment workdays (million)	Workdays created as % of total official	Total broad unemployment workdays (million)	Workdays created as % of total broad
96/97	1.4	587	0.24	1,205	0.12
97/98	1.6	647	0.24	1,373	0.11
98/99	4.0	835	0.48	1,487	0.27
99/00	1.9	834	0.23	1,553	0.12
00/01	4.4	1,078	0.41	1,732	0.26
01/02	3.1	1,195	0.26	2,032	0.15

[Source: Own calculations and Department of Public Works 1997, 1998, 2001, 2002 and Stats SA 2002]

Table 3 indicates that the CBPWP absorbed between 0.23 and 0.48% of total official unemployment during 1996/7 and 2001/2, (0.11% and 0.27% of broad unemployment). If the employment creation achievements of other major public works initiatives are added to these totals, the total proportion of unemployment accounted for by public works programmes would be unlikely to exceed 1% for 2002/3. This suggests that the scale of job creation over this period has been negligible in terms of the magnitude of current employment, and does not offer a significant response to the problem of mass unemployment.

A comparison with the performance of the Employment Guarantee Scheme (MEGS), implemented in the state of Maharashtra in India since 1970 is instructive in reviewing the scale of South African job creation performance. The MEGS was designed initially as a response to an acute problem, but subsequently offered employment on a cyclical basis for those facing chronic unemployment and underemployment, as a result of the structural composition of the rural Indian economy. The objective of the programme was to "sustain household welfare in the short run, through the

provision of employment, and to contribute to the development of the rural economy in the long run through strengthening rural infrastructure" (Dev 1995 p109). During the 1980s and 1990s more than 100 million workdays were created each year through the scheme, which absorbed between 10% and 30% of total unemployed workdays. Employment absorption through public works reached similar levels in the US during the Great Depression of the early 1930s, with the employment of four million workers out of a total of 12 million unemployed. The performance of the Maharashtra and US programmes, highlight the limited achievements of the South African job creation programme to date.

The Employment Implications of Increased Expenditure on Job Creation.

As part of the expansion of the public works programme an allocation of R1.2 billion over three years was initiated in 2003/4 for labour intensive infrastructure construction, under the Construction of Municipal Infrastructure Programme. Estimating the employment impact of such an investment is problematic given the limited data available. However, indicative estimates of the employment impact have been modelled using three methods which draw on the evidence available; one based on current performance of the CBPWP, one based on a simulation using National Economic Forum (NEF) performance norms from 1992 to 1998, and one extrapolating from employment creation estimates developed by the construction industry.

A crude estimate of the employment impact of such an investment may be made by extrapolating from the performance of the CBPWP. Assuming that job creation performance continues at current costs under the labour intensive allocation, the three year disbursement of R1.2 billion between 2003/4 and 2005/6 is likely to create an additional 25 000 temporary "jobs" each year, or three million workdays per annum, totalling nine million workdays over the three year period, and absorbing approximately 0.26% of unemployed workdays per annum.

To model the impact of a R1.2 billion allocation on employment in more detail, a simple simulation may be used. With a wage set at R35 per day, the distribution of costs between management, administration and workers taken from the NEF public works programme for the period 1992 to 1998, and an incremental phasing of annual expenditure the total number of full time jobs for workers created per annum would rise to approximately 35 000 after three years. This represents the creation of a total of 19 million workdays. Under a part time scenario, (10 workdays per month), the figure would rise to 69 000 thousand jobs per annum after three years (17 million workdays).

Job creation estimates developed within the construction sector for labour intensive construction, can also be used to estimate the impact of a R1.2 billion investment. Job creation through increased labour intensity in the civil engineering sector was outlined in the National Public Works Programme (NEF 1994), and was to be promoted through changed rules governing state expenditure on asset creation and maintenance. This approach has few international precedents and is aimed at "fundamentally changing the way in which publicly funded infrastructure is built in order to maximise employment and skills transfer for the unemployed" (Phillips et al 1995). Formal economic modelling would require an analysis of line ministry construction budgets at all levels, to identify the proportion of expenditure eligible for labour intensification, and then an assessment of the degree of labour absorption likely to occur in each sub-sector if labour intensive methods were used, using the employment ratios calculated by McCutcheon (2003). This is a critical area for further work, as significantly modifying existing capital/labour ratios within the civil engineering sector requires robust estimates of the employment gains likely to result, particularly in the light of the reluctance of the sector to implement significant shifts in factor intensity.

In the absence of such detailed analysis it is possible to extrapolate from existing research from within the sector (on the basis of work carried out by McCutcheon over the last decade) in order to gain a third indicative estimate of the potential job creation impact of a R1.2 billion allocation. On this basis an investment of R1.2 billion in labour intensive construction

Without adequacy in either the institutional or social development context, it is unlikely that public works programmes will meet the range of objectives set out.

would lead to the creation of up to 12 000 "jobs" per annum over the three year period, or between four and 10 million workdays over three years, depending on full or part time nature of employment created.

Hence these three crude estimations based on existing data suggest that a R1.2 billion investment would create a total of between four and 18 million workdays, or annual employment ranging from 1.5 to 6 million workdays, representing between 0.13% and 0.5% of total unemployed workdays. While this would offer welcome employment opportunities for programme participants, the overall impact on unemployment in South Africa of this level of investment in labour intensive public works over three years would not be significant. The level of expenditure represented by an employment creation allocation of this order (approximately R400 million per annum) is less than 1% of the annual social security and welfare budget.

These findings question whether the expectations of proposed job creation programmes are realistic, in terms of reducing poverty, creating sustainable jobs, improving training and stimulating economic growth, given the proposed level of investment. It is interesting to note that expenditure of R400 million per annum on employment creation represents 0.1% of total government expenditure, while during the employment crisis of the early 1930s, expenditure on public works programmes in South Africa rose to a maximum of 16% of the budget through a range of large scale government schemes (Abedian and Standish 1986).

B The Fiscal Implications of "Extended" Employment Creation

While public works programmes to date have had limited impact in terms of reducing unemployment, current policy discussion is focusing on the role of "extended" public works as a key instrument to address unemployment and poverty in South Africa, as illustrated in the extract from the report on the July 2003 Cabinet lekgotla below:

"Preparatory work has been done in identifying projects for an extended Public Works Programme, both as an instrument of poverty alleviation and a basis for skills development. This programme, cabinet said, is critical for the inclusion of a great number of South Africans – many of whom have little possibility for immediate absorption into the formal economy – in income-generating activity from which they are also able to acquire skills."

Report on the Cabinet lekgotla, July 2003
ANC Today, 01 August 2003, Issue 30, Vol 3 2003.

If an extended public works programme is to bring about "the inclusion of a great number of South Africans ... in income generating activity from which they are also able to acquire skills" it is pertinent to examine the fiscal implications of a programme large enough to include a significant number of participants.

In order to estimate the cost of creating a given number of workdays, assumptions must be made regarding the unit cost of each workday created, and the percentage of the total cost allocated to low skilled wages. Simple projects and small scale agriculture related infrastructure tends to entail 40-80% expenditure on labour, compared to as little as 5-15% for water, sanitation and transport projects. This indicates that the percentage

of workday creation cost allocated to labour varies according to the capital intensity of the sector, and that the creation of socially desirable infrastructure may not necessarily entail maximum labour absorption, highlighting the potential trade off between the number of jobs created per unit spent, and the nature of the asset created.

In the light of this the annual cost of creating full and part time employment for 200 000 and 3.2 million workers is modelled, offering a wage of R35 a day. The 200 000 scenario represents an expansion of current job creation performance, while the 3.2 million scenario updates the Taylor Commission estimate of the number of unemployed workers living in workerless households spending below R800 per month (Meth and Dias 2003), and represents the significant level of inclusion outlined above. The cost is likely to fall between two boundaries, representing a high and low share of expenditure to wages. The higher percentage of cost to wages is likely to occur in an efficient project with limited material costs (such as rubbish collection, social support or access to road maintenance), while the lower figure represents the average wage cost under the National Economic Forum (NEF) public works programmes.

Table 4 summarises the budgetary implications of large scale job creation under the different scenarios outlined above, for 200 000 and 3.2 million workers.

Table 4: Cost to the Fiscus of Creating Large Scale Employment Through Project Based Public Works (at 2002 prices)

	Part time Cost (R billion)	Full time Cost (R billion)
200,000	R1.05 to	R2.31 to
jobs	R1.75bn	R3.85bn
3,200,000n	R16.80	R36.96 to
jobs	R28.00bn	R61.60bn

The cost of creating part time employment for 200 000 workers for one year is between R1.05 billion and R1.75 billion per annum at 2002/3 wage levels, and between R16.80 billion and R28.00 billion for 3.2 million people. The cost of creating full time employment for 200,000 people is between R2.31 billion and R3.85 billion, and for 3.2 million people, between R36.96 billion and R61.6 billion.

Total annual unemployment in South Africa was approximately 1.3 billion or 2.1 billion workdays in 2002, (using the official and expanded unemployment figures respectively). On this basis part time employment for 3.2 million people would absorb between 18% and 30% of total unemployed workdays, and full time employment between 40% and 66% of unemployed workdays.

Hence a large scale public works programme could theoretically have a significant impact on reducing unemployment, if a sufficiently large allocation from the fiscus were made. For 3.2 million workers an allocation of 5% to 8% of the total 2003/4 budget would be required for part time employment, and between 11% – 18% for full time. The annual draw down

As important as the total amount of the income transfer generated by public works programmes is the stabilisation effect of a transfer on the income of the poor, and the extent to which this reduces vulnerability to shocks, reducing acute distress and the need to sell productive assets.

on the fiscus to create this scale of employment using current employment creation costings, represents a significant figure when compared to the anticipated total social security and welfare budget allocation of approximately R46 billion for 2004/5. The draw down would be of a similar order to the net amount required for the provision of a universal basic income grant, and hence give rise to the same concerns regarding the potentially negative fiscal shock.

Regardless of the fiscal feasibility of such a programme however, these estimates are subject to serious institutional capacity constraints which could also undermine the feasibility of large scale employment creation.

Institutional Constraints to Large Scale Employment Creation

Success in the implementation of an expanded public works programme is conditional on overcoming three key institutional constraints;

- institutional capacity and project management skills at government and community levels
- incentives for provincial ministries to use labour intensive techniques, and
- skills in the construction industry in labour intensive construction.

The key institutional capacity constraints in the public sector and within communities are: lack of project management expertise, lack of norms for processes or procedures, inconsistencies between projects (wage, terms of employment etc), duplication of effort by different line ministries, lack of efficiencies of scale, lack of social development expertise, limited community participation, and the lack of credible integrated development plans to guide strategic asset selection and promote departmental coordination. These problems may be characterised as the lack of a strategic or programme approach to public works, which results in a multiplicity of individual project based interventions. Given the scarcity of management capacity, this multiplicity of small projects is particularly inefficient, and constrains overall employment creation performance. This contributes to an inability to spend funds allocated to employment creation and difficulties in identifying and implementing appropriate projects, reducing employment created per unit of expenditure. This problem is exacerbated by the short time scales of many projects, which entail high set-up costs, (recruitment, training, development of procedures etc).

In the absence of credible incentives for the private sector to tender on a labour intensive basis, it is unlikely that major shifts in the factor intensity of infrastructure provision will occur. Despite evidence that labour intensive construction can be competitive with conventional capital intensive construction in selected sub-sectors, a high degree of scepticism persists within the civil engineering industry. A recent study of stakeholder perspectives on labour intensification found that there was a reluctance to take what was perceived as a "backwards step", promoting "enslavement" versus cheaper and more efficient alternatives" (Mabilo 2003). Moreover the industry argues that the assets created will themselves "engender growth and employment, overshadowing the opportunities created by road building and maintenance activities". There is also concern in the sector regarding the incorporation of a social development agenda into the construction workplan, which may also constitute an additional disincentive to increased labour intensification.

One key reason for the scepticism within the industry is the lack of skills and experience in labour intensive construction. If infrastructure provision is to be delivered efficiently using labour intensive methods, training in labour intensive construction is critical at all levels of management, from consultants to contractors, site supervisors and community liaison staff (McCutcheon and Taylor Parkins (2003)). The lack of skilled personnel in the sector is likely to cause a serious bottle-neck in the expanded provision of employment through labour intensification of infrastructure provision, and possibly to undermine the quality and labour absorptive potential of this work.

Microeconomic and Institutional Challenges to the Realisation of Policy Objectives

As discussed above, the assumption is frequently made that the execution of public works programmes will sui generis deliver the wide range of objectives set out above, encompassing employment creation, poverty reduction, asset creation and community empowerment. However achievement of these objectives is contingent on programme design, institutional capacity, and most importantly the addition of social development considerations to otherwise essentially technical or administratively conceived and executed projects. In this section the key policy choices and institutional factors that impact on the ability of public works programmes to attain their objectives are examined.

Employment Duration

In South Africa, SPWPs, are defined as "a short-term, non-permanent, labour intensive programme initiated by government and funded, either fully or partially, from public resources to create a public asset" (Department of Labour 2002a). Many programmes offer employment for less than four months, and an explicit condition of the SPWP is that "no person may be employed for more than 24-months (sic) within a 5-year (sic) cycle" (Department of Labour, 2002b p3). Hence the length of employment offered under a public works programme is legislatively controlled in order to provide as many people as possible with the opportunity to participate in the programme (ibid), a tacit acknowledgement that demand for employment will exceed supply, and that rationing will be required.

The duration of the employment offered however, is critical in terms of the ability of participation in a programme to have a sustained impact on poverty. By definition, short term employment will limit the total transfer received by a participant. Typically in the case of a five week infrastructure rehabilitation project in the Western Cape, the total transfer would be R1 225, or in the case of three months of road construction employment in Limpopo R1 800. This transfer will temporarily increase household income, but is unlikely to have a significant poverty reduction impact which is sustained beyond the period of employment. This is corroborated by anecdotal evidence on the impact of public works programmes in South Africa, although empirical data on the relative impacts of short and longer term employment is not yet available.

As important as the total amount of the income transfer generated by public works programmes is the stabilisation effect of a transfer on the income of the poor, and the extent to which this reduces vulnerability to shocks, reducing acute distress and the need to sell productive assets. This

The MEGS was designed initially as a response to an acute problem, but subsequently offered employment on a cyclical basis for those facing chronic unemployment and underemployment, as a result of the structural composition of the rural Indian economy.

stabilisation effect is contingent on the length of the period over which employment is offered, and is a consequence of sustained employment. In some instances the stabilisation effect has been found to be more significant than the immediate transfer in terms of sustained poverty reduction, even when the increase in income is not very large compared with need. Evidence from the large scale employment programmes in India confirms these arguments (Dev 1995).

The concept of public works performing a social insurance function is problematic under South African conditions, given the structural and mass nature of unemployment, which would lead to a blurring of the distinction between public works and a social grant. However, the importance of programme duration and seasonality for sustained poverty reduction is clear and offers a challenge to the legislative rationale and programme development norms in South Africa. A focus on part-time asset maintenance, rather than creation, is one appropriate option for sustained employment creation, the other alternative being a "shelf" of pre-planned projects identified at district level, which are implemented counter-cyclically on a continued basis if required, as labour demand fluctuates.

Many workers return to the unemployed labour pool after completing a term in short term public works programmes, rather than being absorbed into the labour market (Department of Water Affairs 2003). The implementation of multiple short term employment projects may therefore serve only to churn the unemployed, replacing one cohort of the unemployed with another in short term employment projects, removing them temporarily from the pool of unemployed labour, rather than addressing either the underlying problem of unemployment, or having a significant or sustained impact on the livelihoods of participants. Given the critical relationship between the duration of an income transfer and its impact, it is unlikely that under short term projects there will be a significant multiplier effect or stimulation of informal income generating activity. In this context, prolonged public works schemes are needed that will offer sustained employment in order to address the fundamental objective of poverty reduction.

Wage Level

Together with the duration of employment, the wage level in a public works programme is critical in determining the use of the transfer received, and hence its impact on livelihoods.

The poor use incremental income to satisfy basic consumption needs first, then invest in human (education and health) and social capital, and only then to invest in income generating activities and seeds; the public works wage only impacts on productive investment if it is large enough to cover consumption needs (Devereux, 2001). Devereux summarises this analysis by arguing that whereas "tiny transfers have tiny impacts... moderate transfers can have major impacts".

However, the payment of "moderate" rather than "tiny" transfers may imply the payment of a wage above the prevailing market wage. This can be problematic for several reasons. First there is the simple trade off between coverage and impact; a higher wage means fewer participants and greater rationing of employment opportunities. Secondly there is a danger of distorting local labour markets if the wage offered is above the prevailing

market wage. Thirdly, wages perform a rationing function and must be set at or below the prevailing wage in order to ensure that self-targeting will occur and prevent the leakage of jobs to the non-poor.

However, in the context of massive unemployment, demand for employment exceeds availability among the poor and non-poor alike, and the rationing function of the public works wage is unlikely to be an adequate instrument for ensuring that work is targeted to the poorest, even if set at the prevailing wage. Hence setting the wage at the prevailing wage rate is a necessary, but not sufficient condition for reducing leakage under conditions of mass unemployment. There is a need for additional interventions to ensure a less crude form of rationing access to jobs. Using wage alone as a targeting mechanism risks either including the non-poorest, if set too high, or making a transfer which is of such limited value that it fails to address any but the most basic short term consumption needs of participants.

Targeting

Women, youth and the disabled are the official targets for public works programmes, with the objective being the recruitment of 60% women, 20% youth aged between 18 to 25 years, and 2% disabled. However transfers received by women tend to deliver greater human and social capital benefits to households than those received by men. Duflo (1999) found that the welfare impact of pensions received by women had a significantly greater impact on household welfare than those received by men. This challenges the limited participation target for women (60%), given the objective of the poverty reduction, and highlights the tension inherent in the multiple objectives ascribed to the South African public works programme.

Some programmes have recognised these problems, and developed an alternative targeting protocol in response to the perceived incidence of poverty in their programme areas. The Zibambele programme in KwaZulu-Natal explicitly prioritises female headed households, and more than 95% of its participants are women. At a national level however targeting remains a critical and unresolved issue given the massive excess demand for employment and transfers.

Technically focused programmes in the civil engineering sector tend to have limited capacity in terms of social development and are problematic in terms of targeting, with employment sometimes offered to work-seekers, irrespective of their degree of social or economic impoverishment, or conformity with official targeting criteria. In the light of these problems it may be appropriate to replace the existing broad targeting criteria with alternatives which explicitly focus on poverty.

Rationing

Given the severe unemployment levels in South Africa, the self-targeting function of wage setting may not be adequate to ensure efficient rationing of the extremely limited number of jobs created in employment creation schemes. The NEF targeting focus group which designed the SPWP in 1994 argued that if "minimum earnings" were offered, this would "ensure that jobs go to the poorest of the poor and are not 'hi-jacked' by the not so-poor". However, the scale of unemployment has challenged this assumption. Jobs represent a scarce resource, and without clear policy guidance on selection

While public works programmes to date have had limited impact in terms of reducing unemployment, current policy discussion is focusing on the role of “extended” public works as a key instrument to address unemployment and poverty in South Africa.

criteria, evidence from the social development discourse suggests that it is likely that socio-economic power inequities or the existence of political divisions within communities may exclude the poorest from participation.

Frequently a combination of lottery and community selection techniques are used to ration access to employment, although a recent survey indicated that based on these techniques up to 30% of the workers recruited by Working for Water (WFW) may have been drawn from the pool of employed rather than unemployed labour market participants (DWAF 2003).

There is a need for both social development inputs and community participation to inform selection procedures if the “poorest” are to be targeted as anticipated during the rationing process. Where technical experts are responsible for the implementation of public works programmes, lottery methods or the allocation of employment on a first come first served basis frequently occurs. This is particularly likely when recruitment has been subcontracted to the private sector, since community participation or the use of poverty or other eligibility criteria represent an additional cost, and demands skills which may not be readily available.

Training

“The empowerment of individuals and communities engaged in SPWP through the provision of training” is one of the explicit objectives of the SPWP. The impact of training depends however, on market demand for skills, the ability of participants to fund job searches, their mobility and also access to capital if the skills transferred are to be used for subsequent income generation activity. There is a need to design training in line with the needs of different segments of the unemployed labour force. The training needs of youth differ from those of rural female household heads. The youth are likely to have many decades as labour market participants ahead of them, and the mobility to relocate in search of employment thereby increasing potential returns from skills based training, while for rural, non-mobile, female household heads an identical training may be less valuable.

While the provision of training is monitored in the CBPWP management and information system, its impact on future labour market performance of trainees is not recorded, and preliminary case study research suggests that this impact may not be significant. Working for Water has suspended its exit programme due to the realisation that the training component of the programme is not sufficient to guarantee, or even significantly enhance the labour market performance of former Working for Water participants in the face of mass unemployment. Likewise in their study of the Western Cape, Adato et al (1999) concluded that: “The main constraint identified as to why workers and subcontractors could not get new jobs after the project was there were insufficient new job opportunities in the area.” Moreover it is likely that the shorter the duration of employment, the less likely training or experience is to impact on future labour market success. This questions the assumption which links public works employment to significantly enhanced subsequent employment performance.

Microfinance

Lack of access to capital is a major disincentive to self employment among public works participants, and without the provision of capital for formal or informal income generating activity, the impact of a training intervention on livelihoods is likely to be limited. In a recent survey in

Limpopo, public works participants cited lack of access to capital as the primary factor inhibiting informal income generating activity. This consideration is particularly important in the context of the underdeveloped rural finance sector, and is likely to limit significantly the anticipated multiplier effects of public works investment at community level.

Lack of access to microfinance facilities (savings and/or microcredit) restricts the benefit of public works programme participation to the transient, short term wage transfer during the period of employment, rather than promoting the exploitation of sustainable informal sector employment opportunities. Explicitly linking public works programmes to microfinance initiatives is one potential mechanism to surmount the capital deficit which is inhibiting the utilisation of the experience, training and entrepreneurial skills developed under public works programmes.

Assets

The evidence base for assessing the economic benefits of the assets created under public works programmes in South Africa is extremely limited. However, if strategic and economically significant assets are to be created under the public works programme, asset identification needs to be part of a strategic selection process, involving both communities and local government. If assets are not identified strategically, on the basis of inter-departmental co-ordination and community preferences, it is likely that a proliferation of non-priority assets will be created, which may not deliver the intended social or economic benefits.

Accountability

Public works programmes have the potential to promote local democracy through the participation of communities in resource allocation decision making (in terms of both employment and investment in assets) and to promote democratic accountability by providing a structure for direct communication between local government and communities. An example of the potential of public works programmes to promote democratic processes and give a voice to the poor is one which guarantees universal employment provision and the state has a legal obligation to provide employment as a right. By making employment an entitlement, the MEGS facilitates collective political action by the poor, and enhances the responsiveness of rural politicians to their needs (Dev 1995).

However, this is contingent on the institutional context and the extent to which these issues are explicitly prioritised in programme design. There is a danger of constructing parallel structures to implement public works, due to an impatience to achieve results in the short term, which carries with it the risk of undermining both local democracy, and the institutional sustainability of programme interventions, in the medium to long term (see for example the associated debate relating to the implementation of social funds). If public works programmes are integrated with local institutions there is the potential to improve the quality of the assets created and also to promote local democracy, accountability and hence confidence in the democratic process. However there is little basis on which to assess the performance of public works in South Africa to date in this regard.

Management Information

Public works programme monitoring and information systems tends to focus on the creation of “jobs” per se, rather than the social and economic impact of those jobs. Where performance indicators are monitored, these

tend be quantitative input measures (e.g. units of training delivered, kilometres of road constructed, or number of workers recruited), rather than the impact on the labour market and the social or economic consequences of the intervention. This problem is compounded by the lack of baseline information on programme participants. Consequently existing management and information systems offer little evidence on which to assess the impact of public works expenditure in terms of the objectives ascribed to public works in the current policy discourse.

Conclusion

With the data currently available it is not possible to show that the anticipated broader benefits of public works programmes in terms of improved livelihoods, reduced poverty, the creation of sustainable employment, community empowerment, local multipliers, or growth as outlined in the policy rhetoric, have been achieved. It is only possible to assess performance in terms of the scale of employment created, and by this criterion, success has been limited, with less than 0.5% of unemployed workdays absorbed annually through the CBPWP. If all public works programmes implemented nationally are taken into account, (including all SPWPs and programmes implemented independently) the total annual employment created is not likely to exceed 1% of unemployed workdays programmes.

While increased expenditure will increase the number of "jobs" and workdays created under public works programmes, it cannot be assumed that this will lead to the attainment of the range of social development and economic objectives outlined in the current policy discourse. Nor can it be assumed that public works, as currently conceptualised, have the potential to play a major role in poverty and unemployment reduction. An expanded public works programme is unlikely to have a significant impact on the problems of poverty and labour market access, or their associate, growth, unless:

- a substantially increased proportion of government expenditure is allocated to the programme,
- the series of policy and programme design questions highlighted above are resolved, and
- the institutional constraints in both the public and private sectors are addressed.

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SERVICES IN TRADE AGREEMENTS

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For better or for worse, services are now firmly part of the trade negotiation agenda at both the multilateral and bilateral level. As a WTO member, South Africa is a signatory to the General Agreement on Trade in Services (GATS) that outlines our commitments in this area. On a bilateral level, the proposed Free Trade Area (FTA) with the United States will include a chapter on service liberalisation. The GATS requirement that all FTAs are comprehensive in their coverage (Article V) implies that any future FTAs will most likely include a services chapter and existing FTAs may need to be modified to include services.

Service industries include all sectors of the economy other than mining, agriculture and manufacturing. These include construction, business/professional services, communications, retail/wholesale trade, transport, financial services, environmental services, education, tourism and health. Due to the fact that trade often requires the interaction of consumers and producers, negotiations cover four modes of supply:

- cross-border supply (e.g. electronic dealing in financial services, web-based education),
- temporary movement of the consumer (e.g. tourism, travel for health procedures),
- commercial presence (e.g. establishment of telecom firms in a market), and
- temporary movement of the producer (e.g. consultant performing a short assignment in another country)

South Africa is already undertaking gradual unilateral liberalisation of many of its service sectors, including the infrastructure utilities, although in some cases the extent of liberalisation is very limited. A relevant question, therefore, is what does South Africa have to gain from liberalising services through trade agreements such as the WTO or bilateral FTAs?

It has been argued that the reciprocal market opening that characterises trade negotiations can benefit a country in two ways over and above that of unilateral liberalisation. First, it can lead to better market access for the country's exporters, resulting in expanding growth and employment in those sectors. This need not only be greater market access for service sectors, but can include agriculture and manufacturing if these form part of the round of trade negotiations. Second, the expansion of exports that comes from reciprocal market opening can make difficult but desirable

domestic reform feasible by either compensating the losers of such reform or bolstering the interest groups in favour of reform. Further, trade agreements also offer a useful commitment mechanism for reform that makes it difficult for governments to backtrack on these reforms. This commitment ensures greater stability for both domestic and foreign investors, which should result in a far stronger investment response to the reform (Hoekman & Mattoo 2000).

Despite these potential gains, opponents to the inclusion of services in negotiations argue that this comes with a number of risks that may leave developing countries worse off (World Development Movement 2002). The particular concerns are:

- that negotiated liberalisation will result in inappropriate or hasty liberalisation. This is due to the fact that developing countries do not currently have the capacity to negotiate such complex and diverse service industries, and the unequal bargaining power of industrial countries will force greater concessions than are desirable. A particular concern is that the inclusion of sectors such as health, education, electricity and water in the negotiations will threaten the provision of public services if developing countries are forced into inappropriate or hasty liberalisation, and
- that liberalising infrastructure sectors such as telecommunications imposes additional costs on developing countries in the form of establishing regulatory institutions that may not be a development priority.

The purpose of this paper is to examine the case for liberalisation of services for South Africa through trade negotiations (WTO or other). It determines how strong the perceived gains and risks of service negotiations are in comparison to unilateral liberalisation. This is particularly relevant given the expression by many African countries following the failure of the Cancun Ministerial that they will consider their membership of the WTO in light of the failure of industrial countries to fulfil their commitments to a development round. The paper begins with an examination of the perceived gains, before examining the risks. It will focus on the WTO negotiations but will also make reference to the current US FTA negotiations where appropriate. The paper concludes with an assessment of whether liberalisation through trade negotiations is in South Africa's interests or not.

It is apparent that South Africa stands to gain considerably from trading concessions in services for greater market access in both agriculture and manufacturing products. This is especially true for agriculture, where a combination of high tariffs and large domestic subsidies in the industrial countries severely restrict trade in an area where South Africa has considerable comparative advantage.

Potential to gain from service liberalisation through trade negotiations

Market access for agriculture, manufacturing and services

It is apparent that South Africa stands to gain considerably from trading concessions in services for greater market access in both agriculture and manufacturing products. This is especially true for agriculture, where a combination of high tariffs and large domestic subsidies in the industrial countries severely restrict trade in an area where South Africa has considerable comparative advantage. The case is strengthened by the fact that South Africa would largely be binding autonomous liberalisation in the services sectors, with limited new concessions. A similar case can be made for the bilateral FTA with the USA. However, it is important to examine whether South Africa has much to gain from greater market access in service industries themselves, primarily because if the Doha Round fails, then the progressive liberalisation clause in the GATS agreement (Article XIX) ensures that negotiations on services will proceed. This would effectively de-link service negotiations from negotiations in other areas, requiring that the gains from concessions must be in market access for services.

Services are usually considered to be both skilled labour and capital intensive, giving the industrial nations the comparative advantage in their supply (Hodge, 2002). Whilst industrial countries seem to have a clear comparative advantage in service trade, middle-income countries such as South Africa are also finding that they are reasonably competitive in a wide range of services. The reason is that middle-income countries have a depth of skilled professional labour, domestic infrastructure and investment capital that enables them to undertake sizeable trade volumes.

For all modes of supply, the depth of skilled professionals is an important determinant of the ability to export. Although the skilled professionals in middle-income countries may be on average of lower quality (or productivity) than their industrial counterparts, this is usually compensated for through lower wages, making them competitive. In some cases quality differences may be negligible, especially in lower skill categories. This provides these countries with a distinct advantage in more mechanical aspects of service provision, such as backoffice support services where middle-income countries have made significant inroads into industrial markets. Reasonably good domestic infrastructure also facilitates greater volumes of service exports through the movement of the consumer and cross-border modes of supply. For example, domestic hotel and transport infrastructure determines the carrying capacity for tourism and therefore the extent of such trade. The quality and price of communications infrastructure will determine the ability to engage in electronic cross-border trade. Again, although the quality of infrastructure may be lower than the industrial countries, often a lower price compensates for this. Middle-income countries therefore mostly offer a differentiated services product to industrial countries – lower quality at lower price. Finally, middle-income countries have a capital base that enables them to make commercial investments abroad on a significant but limited scale. The capital constraint makes trade through commercial presence more limited

than the other modes.

In contrast, the least developed countries generally lack the depth of skilled labour, domestic infrastructure and capital base to enable exports on a sizeable scale. The even lower quality of both skilled labour and infrastructure in comparison to middle-income countries may also exclude them from the market altogether. This has meant that service exports are mostly limited to some tourism receipts, lower-skilled migrant labour and air passenger services (that are a result of highly restrictive bilateral landing rights agreements). These countries may have little to gain from greater market access in services.

Service trade data is not measured particularly well or at any useful level of disaggregation. Table 1 shows South Africa's trade in services in 2002 by each mode of supply except commercial presence using the generally accepted measures. These measures are likely to overestimate cross-border supply at the expense of the temporary movement of natural persons. There is no data on the sales of foreign affiliates of South African service companies or sales of the local affiliates of foreign service providers, and so a stock of assets held abroad by South African service firms and locally by foreign service firms at the end of 2000 is used to provide some indication of the relative size of this mode of supply.

South Africa is a net importer of services with a trade imbalance of 7.7 billion for non-commercial presence modes of supply. However, it does export considerable volumes in all modes except the temporary movement of natural persons (though some of this trade will be captured under cross-border supply). Total exports for modes other than commercial presence were R47 billion in 2002, or 14.2% of total service and merchandise exports. There is a large R10 billion positive trade balance in consumption abroad mode of supply, which is largely tourism and which combines lower cost in both skilled labour and infrastructure to make a cumulatively more competitive service offering. In terms of commercial presence, the total stock of service assets held abroad by South African companies is not significantly less than foreign holdings in South Africa.

Table 1: South Africa's trade in services 2002 (millions of rands)

Modes of supply	Data source	Exports	Imports
Cross-border supply	Balance of Payments: Services less travel	18,454	36,854
Consumption abroad	Balance of Payments: Travel	28,657	18,947
Temporary movement of natural persons	Balance of payments: compensation of employees	554	2376
		Stock of FDI (Dec. 2000)	Stock of FDI (Dec. 2000)
Commercial presence	SARB: Direct investment Assets and Liabilities	~R120bn*	R150bn

* No sectoral breakdown of South African FDI stock abroad exists and so an estimate of 50% of total South African FDI abroad was used (the world average).

Source: South African Reserve Bank, Quarterly Bulletin, June 2003.

While the balance of payments data provides a useful aggregate picture, it is not able to provide a breakdown of trade by each service sector or by country of destination. However, sectoral studies conducted by Trade and Industrial Strategies (TIPS) provide some indication of the scope of service trade by South Africa. These studies reveal that South Africa exports services in all sectors, including:

- communications (incl. broadcasting) – MTN, Vodacom and Eskom have operating licences in a total of nine African countries. MultiChoice offers pay-TV to 265 000 subscribers to 50 African countries.
- electricity – Eskom has business operations across Africa focusing on management, operating, maintenance and refurbishment contracts. It plans a major expansion drive through Eskom Enterprises that will see it operating in all but a handful of African countries. (Eberhard 2002)
- health – South Africa is already engaged in "health tourism" (foreigners coming to South Africa for medical procedures), has doctors and nurses performing temporary work assignments abroad, and hospital groups are engaged in managing private hospitals abroad (e.g. Afrox, Netcare)
- construction – 40%-50% of turnover of South African construction management companies is work outside the country (equivalent to R10 billion). Consulting engineers export approximately R500 million or 13% of turnover (Teljeur & Stern 2002)
- education – there are an estimated 10 000 foreign students enrolled in South African universities bringing in R310 million per year, and a further 9 000 resident abroad and enrolled in UNISA correspondence

use their medical insurance to pay for medical procedures performed outside their country. This suggests that there are few gains to negotiations in this mode of supply.

Secondly, South African service providers largely export to other African countries, with only limited trade outside the continent. One implication is that reciprocal market access in services within a bilateral FTA with the USA is unlikely to realise much export expansion. Whilst it is also true that South African exporters might want to move into these markets eventually, it is risky to use valuable negotiating capital to get concessions that promise uncertain gains. However, even in the context of the WTO which includes African countries, it is uncertain if South Africa will get the market access concessions it wants. The reason is that South Africa needs to retain the support of these countries in pressing its case for greater market access in agriculture in industrial countries. This is despite the fact that many African countries do not have a specific interest in supporting South Africa given that some have lucrative preferential access to the EU market in some agricultural products and others are net food-importing countries. It is likely that South Africa will refrain from imposing market access requests on African countries to maintain the cohesion of the Africa Group in the WTO. Furthermore, South Africa is well aware of the sensitivity of its already large trade imbalance with these countries and their opposition to a service agreement on the basis that they have little to gain. For this reason, there has been little progress on the negotiation of a services agreement in

The majority of market access concessions are in the commercial presence mode of supply, which developing countries are least able to exploit due to the limited investment capital. In contrast, developing countries stand to gain most from reductions in the considerable barriers to the temporary movement of individual service providers, but around which industrial countries are unwilling to make any meaningful concessions.

courses. There is also a very active corporate training market (Edwards & Shackleton 2002).

- retail trade – the major retailers are all active in the Southern African region and are extending services into West and East Africa. Shoprite, Pick 'n Pay and Metro Cash & Carry have 450 outlets outside of South Africa between them (Achterberg & Hartzenberg 2002)
- financial services – all the major banks are active in Southern Africa in corporate banking and in some cases retail banking, with insurance companies following
- transport – Spoornet leases railtrucks to regional rail operators and South African airlines offer regional and international services (though cabotage is prevented)

Three observations are relevant to our analysis. Firstly, one of the largest sources of service exports for South Africa currently is through the consumption abroad mode of supply (foreign consumers arriving for tourism, education and health services). The volume of trade in this mode of supply is mostly determined by domestic policy and infrastructure, and is only moderately affected by the policies of trading partners. Probably the most relevant foreign policies would include the recognition of South African educational qualifications and the ability of foreign consumers to

SADC and South Africa has publicly assured the SADC partners that they will not push the service agenda.

Thirdly, the relative gains from reciprocal market access in services are heavily weighted in favour of industrial countries. North America and Western Europe exported \$304 billion and \$744 billion worth of services respectively in 2001 (excluding sales through commercial presence), in comparison to the \$5 billion of South Africa. The outcome of negotiations is likely to reinforce this. The majority of market access concessions are in the commercial presence mode of supply, which developing countries are least able to exploit due to the limited investment capital. In contrast, developing countries stand to gain most from reductions in the considerable barriers to the temporary movement of individual service providers, but around which industrial countries are unwilling to make any meaningful concessions.

These observations suggest that South Africa can gain considerably from the inclusion of services in trade negotiations only if they remain linked with negotiations in agriculture and manufacturing. If industrial countries are unwilling to make meaningful concessions in these areas or if the Doha Round fails, there is little market access incentive for South Africa to make concessions in its own services market.

Overcoming domestic resistance and locking-in desirable liberalisation

The existence of penalties for backtracking on prior liberalisation is what makes the WTO or a bilateral FTA with a powerful trading state a good commitment mechanism for governments. Commitment has value in terms of providing policy stability to investors, which should result in greater investment responses to liberalisation efforts. However, the commitment value of binding policy in the WTO is far greater for politically weak states. It is also not the only commitment mechanism at the disposal of government. In particular, initial large sunk investments by private companies in service sectors following liberalisation creates a strong government commitment to policy because of the huge cost that backtracking would impose on investors, and by implication on the government's ability to attract future investment. However, there are aspects of service trade that do not involve large sunk investments where government has greater scope for backtracking and where an external commitment mechanism may be useful. Furthermore, for a particularly weak state the initial sunk investment that binds government from backtracking may not be forthcoming before an external commitment is made.

South Africa's continued commitment to unpopular policies such as privatisation and a tight fiscal/monetary policy has provided it with a reputation for not backtracking on policy that would spill over into the trade policy arena. It is also clear from this behaviour that the present

compensating output and employment growth. In particular, they focus on reform of transport, telecommunications and financial services (Hoekman & Mattoo 2002, Hodge 2002). In South Africa the reform of transport and telecommunications has been delayed, despite policy positions that call for greater liberalisation of these sectors and strong concerns from the Department of Trade and Industry (DTI) that they are negatively impacting on the competitiveness of domestic industry. WTO pressure in these cases can certainly play an important role in accelerating reform, and has already had some impact in the telecommunications sector. In contrast, financial services already operate under a fairly liberal regime. However, if the stated aim of accelerating these reforms is to improve the international competitiveness of agriculture and manufacturing, then improved market access for South African agricultural and manufacturing goods is also vital if we are going to see the compensating expansion of output and employment in these sectors (Hodge & Nordas 2001). Industrial countries that use this argument then, must be prepared to link negotiations in services to negotiations in agriculture and manufacturing, and make meaningful concessions in the latter.

It would therefore seem that although there are some limited gains to be made from locking-in existing reform and accelerating desirable reform, a large portion of the benefits must come from improved competitiveness of agricultural and manufacturing sectors. At least in the case of agriculture where South Africa holds a distinct comparative advantage, it would seem that if the benefits of improved service provision are only going to be

Effective negotiation of your national interest requires that negotiators understand what concessions remain within their national interest for each service sector. This requires that the government has developed a coherent policy in that service sector that addresses the issues of international trade.

government understands the potential for international and domestic investors to punish a state for backtracking on reform. As such, it is tempting to conclude that binding services liberalisation in the WTO may be of limited additional commitment value to South Africa, especially in sectors where sunk investments have already been made.

Whilst South Africa might have a reputation for remaining committed to policy changes, in many cases potentially desirable reform is considerably delayed in the first place due to domestic opposition. In such cases, the application of external pressure through negotiations and the potential to offset some of the adjustment costs to groups that lose from reform is one of the potential benefits of negotiating service liberalisation in the WTO or a bilateral FTA. Of course the problem of entering the negotiations with this purpose in mind, is that once a country is in negotiations, this external pressure may also lead to undesirable liberalisation in other services or more rapid liberalisation than desired (discussed below).

International organisations and industrial countries have made the point that increased liberalisation of inefficient key inputs into manufacturing and agricultural sectors is desirable in that it would improve the competitiveness of these sectors in the international economy, enabling

realised if market access barriers in industrial countries are removed, as these are the primary impediments to expansion of trade.

The risks of negotiating progressive liberalisation of services? Risk of inappropriate or hasty liberalisation

Opponents of the service negotiations and developing countries themselves have consistently argued that negotiations on services are likely to lead to inappropriate or hasty liberalisation that is not in the interests of developing countries. This conclusion is due to a number of factors.

Firstly, effective negotiation of your national interest requires that negotiators understand what concessions remain within their national interest for each service sector. This requires that the government has developed a coherent policy in that service sector that addresses the issues of international trade. In many developing countries such policies do not always exist, and where they do, they rarely consider the role of trade in the sector that enables the development of a negotiating position. Technical support from the WTO, industrial governments and international organisations was meant to assist in filling this gap. However, technical assistance from the WTO itself is limited to improving an understanding of the actual agreements and the scheduling of commitments. Technical

The discussion suggests that there are risks to inappropriate or hasty liberalisation but these are not so much a function of the negotiation agreements themselves, but rather the capacity of the negotiating teams.

assistance from other sources has primarily focused on demonstrating the benefits of liberalisation in sectors of particular interest to industrial country exporters, while completely ignoring the export interests of developing countries. South Africa has been fortunate that the following the democratic elections in 1994, there has been a major rethink of policies in all service sectors. This has provided a basis for understanding where the national interest lies. Furthermore, independent studies of most service sectors under negotiation were conducted by TIPS for the DTI. However, it has also been limited to the extent that trade in each service sector was rarely considered in the policy development process. Cases in point are education and health where the potential for foreign consumers to reinforce sectoral development was not part of the policy formulation process.

Secondly, negotiators should have the capacity to put forward their national interests in negotiations. Services have posed new challenges for negotiators. The breadth of coverage of service agreements and the complexity of the sectors has placed huge demands on negotiators more accustomed to dealing with manufacturing and agriculture where the same general approach can be applied to each sub-sector. Services are also not the domain of trade and industry departments which conduct negotiations, requiring that negotiators and their staff continually consult with bureaucrats in other line departments that have the authority to make decisions on negotiating offers. This is more time-consuming than the traditional approach in manufactures where the same trade and industry department had authority over the policies being negotiated. It also requires institutional changes. Small negotiating teams from developing countries have severely limited their ability to meet these challenges in service negotiations. South Africa has not been immune to these problems but a larger negotiating team means they are not as severely affected as less developed economies.

Aside from these preparedness and capacity concerns over the ability of developing countries to negotiate, there are also concerns that the inequitable bargaining power of industrial countries will result in liberalisation beyond what is in the national interest. This inequity in bargaining power is more acute when negotiating bilateral agreements with industrial countries, such as the current FTA with the USA. For this reason the WTO is a preferred negotiating forum for developing countries where the combined strength of these countries can be applied. However, the threat of industrial countries to go bilateral instead of multilateral, as has been witnessed following the Cancun Ministerial, provides a basis for greater industrial country bargaining power in the WTO. This is compounded by the fact that the format of service negotiations in the WTO is on a request-offer basis, where national negotiating power is enhanced relative to a formula approach. Furthermore, special and differential treatment provisions for developing countries in the GATS agreement that were meant to provide some protection for developing countries are only best endeavour and not mandatory provisions (e.g. Article IV of the GATS). This has hindered the developing countries from effectively exploiting them to limit their commitments in the negotiations. What has helped in

preventing developing countries making negotiating mistakes thus far is the adoption of a positive list approach to scheduling services. This approach assumes that a sector is not bound by any liberalisation commitment unless it is listed. In contrast, a negative list approach that is used in bilateral FTAs with the USA, assumes that all sectors are fully liberalised unless exclusions are listed. While the negative list approach offers some informational advantages to opposing negotiators, it can also lead to liberalisation by mistake if the country fails to include existing restrictive measures.

A further concern of opponents to service negotiations is that public services will be negatively affected. In particular, opponents argue that developing countries will be forced to open up public services to private provision and competition, possibly undermining the ability of governments to provide these services. On the surface there seems very little basis for these concerns. The GATS agreement specifically excludes government services from the negotiations and recent FTAs with the US have also included this provision. The problem with the GATS provision is that there is uncertainty over what is included in government services. The agreement states that government services includes services not supplied on a commercial basis or in competition with other service providers (Article I of the GATS). This has raised concerns particularly in the health sector where public health services that involve user fees might be considered in competition to private health provision and therefore fall within the ambit of negotiations. In recent US FTAs with Chile and Singapore this ambiguity was overcome by both the USA and the other countries specifically stating in the annex what is excluded from the negotiations. These exclusions included law enforcement, correctional services, income security or insurance, social security or insurance, social welfare, public education, public training, health, and childcare. Given that even the USA does not want to subject these sectors to negotiation in an FTA, one can safely assume that they are not the target for liberalisation even in the WTO. This is confirmed by the fact that requests to developing countries have avoided these sectors and where requests have been tabled in areas such as education, it is on further education and training and not the primary and secondary education sector.

Developing countries themselves are more concerned about sectors not on this list that also have an enormous impact on lifting people out of poverty - water, electricity and communications. At least the two latter sectors are specific targets for aggressive liberalisation requests from industrial countries. Whilst the GATS agreement provides the policy scope for the pursuit of universal service goals in these sectors, it does not exclude them from negotiations. The implication is that developing countries that are unable to express or defend their national strategy in negotiations in these sectors will find themselves restricted to a particular model of liberalisation and universal service provision that may not always be appropriate to their needs. The experience in the autonomous reform of these sectors in the 1990s suggests that there are many cases in which blueprint reform approaches borrowed from industrial country consultants do not always generate the desired improvements. However,

The inclusion of services in trade negotiations brings with it some benefits and risks, even for a country such as South Africa that is engaging in a degree of autonomous liberalisation. The risks can be mitigated to a large extent if the negotiating teams have adequate resources and skills.

it is equally important not to overstate this point. The GATS agreement itself gives scope for different approaches but it is up to the countries to defend their interests. This applies equally to the fulfilment of other development goals in the reform of these service sectors, such as Black Economic Empowerment (BEE) in the case of South Africa. In fact, the USA includes a general provision in its FTAs that it reserves the right to "adopt or maintain any measure according rights or preferences to socially or economically disadvantaged minorities". (US-Chile FTA, Annex 2)

The discussion suggests that there are risks to inappropriate or hasty liberalisation but these are not so much a function of the negotiation agreements themselves, but rather the capacity of the negotiating teams. This does raise particular concerns for the least developed economies that lack the resources to negotiate effectively, but are of less concern to a country such as South Africa.

Institutional costs of liberalisation

Liberalisation of some service sectors, in particular infrastructure industries, must involve the establishment of a sector regulator in order to ensure that the incumbent public operator does not behave anti-competitively and to facilitate changes in the market structure. The cost of these institutions is not insignificant. For instance, the Independent Communications Authority of South Africa (ICASA) that regulates broadcasting and telecommunications has an annual operating budget of R130 million. Opponents of service negotiations have rightly pointed out that the establishment of similar agencies for transport, electricity and financial services can impose considerable costs on the fiscus of a small developing country, even if they only establish a bare-bones regulator. The relative gains to the country of using scarce fiscal resources for this purpose have to be weighed up against the gains from alternative uses for these tax revenues. It is highly likely that investments in public infrastructure and public services will see greater returns in terms of economic growth and poverty alleviation. However, whilst this is undoubtedly true for a country such as Swaziland that currently does not have such agencies, in the case of South Africa these agencies already exist. As such, there are no additional compliance costs to negotiating service liberalisation through the WTO or bilaterally.

Conclusion

The inclusion of services in trade negotiations brings with it some benefits and risks, even for a country such as South Africa that is engaging in a degree of autonomous liberalisation. The risks can be mitigated to a large extent if the negotiating teams have adequate resources and skills. On this basis, South Africa seems to face far lower risks than many of their African counterparts. However, South Africa also faces fewer benefits of binding its liberalisation in trade agreements unless it can link concessions in services to its primary interests in getting greater market access in agriculture and manufacturing. As such, South African negotiators were right in scuttling the Cancun Ministerial because meaningful concessions in these other

areas were not forthcoming from industrial countries. However, the Doha Round in the WTO is not over, and South Africa should temper its offers in service negotiations until more meaningful concessions are offered. If the Round itself fails, negotiations in services and agriculture will continue under the mandates of the GATS and the Agriculture Agreement. While these negotiations are not explicitly linked, South Africa should ensure that implicitly they are in order to ensure they benefit from concessions in the service negotiations.

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CONNECTING THE INSTITUTIONS OF THE AU

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During the first three years of the new millennium, Africans and indeed the rest of the world have had to become acquainted with new lexicons, new terminologies, new institutional frameworks and new seminal documents emerging from the continent. The most important ones – because of the potency of their impact – are the African Union (AU), the Pan African Parliament (PAP), the New Partnership for Africa's Development (NEPAD) and the African Peer Review Mechanism (APRM). Even students of Africa's political economy are still at a loss to comprehend fully the new institutions postulated in them and establish clearly their meeting points and interconnectivity.

The AU and the PAP

The Constitutive Act of July 11, 2000 proclaimed the establishment of the African Union and proceeded to set out its constitution. By so doing, it puts into law the declaration which was adopted on September 9, 1999 at the Fourth Extraordinary Session of the OAU Assembly in Sirte in the Great Socialist Peoples' Libya Arab Jamahiriya.

After stating at considerable length the objectives of the union – 14 in all – and the 16 principles which are to govern its functioning, it identified the nine organs of the union. One of them – and the third on the list – is the Pan African Parliament which ranks behind the Assembly of the Union and the Executive Council.

However, while the composition, powers and functions of these two organs have been carefully spelt out in the Constitutive Act (Articles 6, 7, 8 and 9 for the assembly and Articles 10, 11, 12 and 13 for the executive council), the Act leaves the determination of the composition, powers, functions and organisation of the Pan-African Parliament (PAP) to a protocol which will need to be approved by the executive council and the assembly before being ratified by member states. By so doing, the Constitutive Act has made PAP subservient not directly to the will of the people but to the authority of the executive arm of governance. There is no doubt that this is not an attempt to throw to the winds the basic democratic principle of balance of power between the legislature and the executive at the Pan-African level but simply a pragmatic approach which would allow PAP to evolve and grow.

In addition to the nine organs provided for in Article 5 of the Act, the assembly is empowered to establish others as it may deem fit. In the light of this reality, there is need to take special measures in terms of the functions and responsibilities assigned to different organs in order to avoid institutionalising conflict which will inevitably arise once there is any confusion and duplication of mandates.

The three organs to watch most carefully are the commission, the permanent representatives committee and PAP. It is imperative that PAP should, even at the early stage in its evolutionary process, be given full and sole responsibility for the examination and approval of the union's budget and the monitoring of its implementation. This implies parliamentary approval for the union's work programmes and for all arrangements pertaining to the management and financial auditing of the commission.

Thus right from the beginning PAP will oversee that accountability and transparency are strictly adhered to and observed.

Above all, the crucial role of PAP in Africa's integration process must be duly recognised and facilitated. If this is done, PAP can provide the necessary impetus in bringing the peoples of Africa closer together. To be able to play this role, PAP will have to conform to the universal norms of democracy. Fortunately, its protocol provides for stages leading ultimately to direct representation by universal suffrage.

NEPAD and APRM

The New Partnership for Africa's Development (NEPAD) was launched three years ago as an African-owned initiative for achieving social and economic development within the context of globalisation. The initiative evolved as a merger of two concepts proposed by the Presidents of Senegal (the OMEGA Plan) and South Africa (the Millennium Partnership for African Recovery, MAP) to address Africa's growing marginalisation in the world economy and its unending problems of bad governance, political conflicts and worsening pauperisation. The initiative has received endorsement from the rest of the world for its holistic nature, frank assessment of problems and its bold vision. A plan of action has been agreed on for achieving NEPAD goals and an institutional framework has been set up for the co-ordination of implementation activities. Given the similarity between the targets set in the plan of action and those in the Millennium Development Goals (MDG) adopted by the United Nations, multilateral and bilateral development agencies have been enjoined to provide support for its activities within their various mandates.

The NEPAD initiative has been successfully marketed outside the African continent, especially to the G8 countries. However, it is imperative that the initiative should also be firmly anchored within the organised private sector and civil society in African countries and within the regional economic communities. Ultimately, the success of the initiative will depend on the extent to which the private sector and the broader masses of Africans take ownership of it, and are mobilised to implement its strategy in partnership with the public sector. Indeed, NEPAD's success largely depends on a proactive public-private sectors' partnership (PPP).

It is important to emphasise that the NEPAD initiative was, ab initio, separate from the AU initiative. Because it came a year after the adoption of the Constitutive Act, nowhere in the act is NEPAD mentioned nor are there any references to the Constitutive Act in NEPAD. However, the Assembly of the OAU Heads of State and Government did set up in Lusaka in July 2001 the NEPAD Heads of State and Government Implementation Committee. While, like the AU, NEPAD has its own organs, both are united under the aegis of the Assembly of the Union.

Perhaps the most important operational organ of NEPAD is the African Peer Review Mechanism (APRM). This is an African self-monitoring mechanism whose primary purpose is:

To foster the adoption of policies, standards and practices that lead to

When first proposed, many people who are fully committed African integrationists (including myself) genuinely felt that peer review was unrealistic given the pervasive African sensitivity about national sovereignty and the high propensity of our heads of state to herd together.

political stability, high rates of economic growth, sustainable development and accelerated sub-regional and continental economic integration through sharing of experiences and reinforcement of successful and best practice, including identifying deficiencies and assessing the needs of capacity building.

The APRM process is entirely voluntary. AU member states are free to decide whether or not to accede to it. APRM will assist all participating countries to measure their success in implementing the priorities and programmes of NEPAD by being focused on mutually agreed objectives and through compliance with best practice in each of the following four areas:

- democracy and political governance
- economic governance and management
- corporate governance
- socio-economic development

Each participating country will need to carefully develop a programme of action with time-bound objectives and the mobilisation of all stakeholders to get committed to taking actions required to achieve these objectives.

Codes, standards and criteria have been worked out by the NEPAD secretariat, with the collaboration of African experts, the international community and the United Nations. These include detailed tools, templates and methodologies for self-assessment of compliance by participating countries. Indicators and benchmarks to be used in determining whether the criteria have been met have also been proposed.

Thanks to the pioneering work of the NEPAD steering committee under the distinguished chairmanship of Professor Wiseman Nkuhlu, the entire package of accession documents to the APRM is now available. It consists of:

- the Accord on the African Peer Review Mechanism
- African Peer Review Mechanism Organisation and Processes
- Objectives, Standards, Criteria and Indicators for the African Peer Review Mechanism.
- Outline of the Memorandum of Understanding on Technical Assessment and the Country Review Visit.

This package provides comprehensive information on the APRM process which include:

- specific commitments, undertakings and objectives by participating countries, especially facilitating the development of the national programme of action and contributing to funding the process.
- the taking off of the process as soon as five member states have deposited their instruments of accession.
- identifying the principal organs of the process as follows:
 - APR Forum – committee of participating heads of states and governments
 - APR Panel – the panel of eminent persons
 - APR secretariat
 - APR Teams – the country review teams to be set up by the APR Panel.
- after a country has formally acceded to APRM, it will sign a memorandum of understanding on technical assessments and country review visits with the APR Panel. This will spell out the specific commitments and obligations which a participating country will make to the APRM.
- in order to uphold the principle of African ownership, management and leadership, the APRM will be implemented mainly with resources from Africa although support from external partners will be sought primarily

for the implementation of country programmes of action and capacity building.

At the May 28, 2003 Abuja 7th meeting of the implementation committee, members of the APR panel were appointed. The NEPAD steering committee held a high-level working session of NEPAD partner institutions on APRM with the APR Panel from 25 to 27 July 2003 in Cape Town. This was followed from 28 to 29 July 2003 by the UNDP/NEPAD secretariat high-level stakeholders seminar for selected stakeholder organisations from the 15 member states which are party to the APRM.

PAP and APRM

Since the Pan African Parliament has not yet been inaugurated, it is not surprising that it has not featured in all the preparatory work that has gone into developing APRM process. This meeting of representatives of African countries' parliaments on the vision and mission of PAP should begin the brain-storming exercise of whether or not PAP should play any role in the APRM process, having regard to what may be tantamount to a kind of fiduciary relationship that should exist between each participating country and APR Panel and the need to avoid politicising this most sensitive African initiative.

In this connection, two points need to be borne in mind. First, that until the APRM becomes universalised among the AU member states, it might for obvious reasons, be premature to involve PAP in the process. Although APRM membership is voluntary, one hopes that sooner rather than later all member states will participate. In this regard how the process unfolds and develops during the next 12 to 18 months will be crucial.

The second point worthy of note is this. When first proposed, many people who are fully committed African integrationists (including myself) genuinely felt that peer review was unrealistic given the pervasive African sensitivity about national sovereignty and the high propensity of our heads of state to herd together. As I stated at the Experts' Workshop on Indicators, Benchmarks and Processes for APRM which was organised by the NEPAD Steering Committee at Cape Town in October 2002, the late Mwalimu Julius Nyerere once likened African heads of state and government to trade union leaders whose credo is "scratch my back and I scratch yours" in the relentless pursuit of solidarity. But I then added that the fact that the APRM is allowed to be the centre pin of NEPAD marked a sea change in attitude. The vigour with which the implementation committee has pursued the actualisation of the APRM since that Cape Town experts' workshop gives cause for optimism.

What is now required is to put together a strategy for implementation that will convince the cynics that the APRM process is certainly a dynamic African instrument for accelerating the process of national and collective self-reliance and for letting Africa loose from the noose of dependence and dispossession. APRM can no doubt make a significant contribution to defending the sovereignty, territorial integrity and independence of all the AU member states and contribute towards achieving greater unity and solidarity between the African countries and the people of Africa (Article 3(a) and (b) of the Constitutive Act). In the pursuit of this dual overarching objective, there will be plenty of scope and opportunity for collaborative interconnectivity between PAP and APRM on the one hand and between them and the commission of the union on the other. Indeed, the APRM process could occupy the centre stage in fostering close co-operation among all the organs of the AU.

THE AFRICAN UNION AND NEPAD

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Introduction

The transformation of the Organisation of African Unity (OAU) into the African Union (AU) has far-reaching implications for not only the principal organs or institutions of Africa's regional system but also for its subsidiary structures and the associated agencies and programmes. And that is not all. The transformation has also ushered in new normative standards, values, principles and objectives that ought to inform and guide Africa in the early years of the 21st Century.

The emerging regional system is not constructing a multilateral political entity similar to the OAU; it is in essence creating a political, military, economic, monetary and financial body. This, of course, does not mean that the AU is a supra-national state. The Constitutive Act of the African Union (CA-AU) is clear on this point by reaffirming the international law principles of territorial integrity, independence and sovereign equality of its member states. It also asserts the doctrine of *uti possidetis* – the principle of respect for the respective borders existing on achievement of independence.

This paper identifies, interprets and analyses the institutions of the AU and the relationship between them and Africa's official social and economic regeneration programme, NEPAD. Emphasis is placed on the Pan-African Parliament (PAP), especially the need to ensure that the PAP carves for itself a meaningful role and presence in the dynamic processes of establishing viable institutions of the union and engaging with NEPAD.

Institutions bequeathed by the OAU to the AU

The construction of the AU and the pursuit of NEPAD call for some understanding and appreciation of the historical context. In June 2000 in Lome, Togo, the assembly of heads of state and government (AHSG) of the OAU formally adopted the CA-AU. This is a regional constitutional treaty that replaced the OAU Charter of 1963 as well as the independent treaty establishing the African Economic Community (the "Abuja Treaty" of 1991).

For historical reminder, the OAU was established in 1963 by 29 African countries that were independent at that time. Today, following the liberation of South Africa in 1994, there are 54 independent African countries, with 53 of them member states of the AU. After the launch of the AU in Durban in July 2002, the AU superseded the OAU.

Given the time of its adoption, the charter of the OAU correctly identified the goals of promoting the unity and solidarity of the African states, the defence of sovereignty, territorial integrity and independence, as well as the eradication of all forms of colonialism from Africa as among its primary purposes. The promotion of the observance of the charter of the United Nations and the Universal Declaration of Human Rights was also included in its purposes.

To carry out these noble objectives, the OAU committed itself to forge co-operation among African states and peoples on a number of areas, including politics, diplomacy, education, health, scientific and technical, and defence and security. In line with established international practice for such multilateral bodies, the OAU charter also incorporated basic principles to guide it in carrying out its objectives (purposes). Among these were the principles of absolute dedication to the total emancipation of the continent, peaceful settlement of disputes by negotiation, mediation, conciliation and arbitration and non-interference in the internal affairs of states. The extent to which the OAU realised its various objectives and adhered to its principles is a matter of debate that need not detain us here, although it is generally recognised that there are areas in which it made real positive achievements and instances of its dismal failure.

The primary constitutional (treaty) organs created to carry out the work of the OAU included the following:

- The Assembly of Heads of State and Government;

Institutions are empty shells if not imbued with positive values, commitment to progressive objectives and guided by empowering systems, procedures and humane principles. Of equal importance are the people, the human resources, which give life to the institutions.

- Council of Ministers;
- General Secretariat;
- The Commission for Mediation, Conciliation and Arbitration; and
- The "specialised commissions" consisting of three structures .
 - Economic and Social Commission;
 - Educational, Scientific, Cultural and Health Commission;
 - Defence Commission; and

In 1993, a new structure, the Mechanism for Conflict Prevention, Management and Resolution, was created, with a Central Organ, as its main operational institution .

It is important to point out that some of the above institutions never saw the light of day.

In addition to the principal organs, the OAU had to, and did, establish various structures to enable it to pursue its objectives and to uphold the principles. Most of these were established by regional treaties. Among these treaties or treaties in-the-making are:

- The OAU Convention Governing the Specific Aspects of Refugee Problems in Africa (1969) – formally supposed to establish the OAU Bureau for Refugees and Displaced Persons and Humanitarian Affairs;
- African Charter on Human and Peoples' Rights (1981) – establishing the African Commission on Human and Peoples' Rights and the proposed African Court on Human and Peoples' Rights;
- African Charter on the Rights and Welfare of the Child (1990) – establishing the Committee on the Rights and Welfare of the Child;
- Bamako Convention on the Ban of the Import into Africa and Control of Transnational Movement and Management of Hazardous Wastes in Africa (1991);
- OAU Convention on the Prevention and Combating of Terrorism (Algiers, 14 July 1999); and
- The Draft OAU/AU Convention on Combating Corruption .

Although not an official OAU instrument, the Abuja Treaty establishing the African Economic Community (AEC) involved most African states and it is expressly recognised in the CA-AU .

Other independent regional and sub-regional bodies closely associated with the OAU (and now the AU) include the African Development Bank (ADB), Common Market for Eastern and Southern Africa (COMESA), Economic Community of West African States (ECOWAS), Southern Africa

Development Cooperation (SADC), the revived East African Community (EAC), Arab Maghreb Union (AMU) and Economic Community of Central African States (ECCAS).

There are two points to be made here. Firstly, although the principal organs of the OAU have been superseded by those of the AU, the latter has inherited a number of functioning structures of the OAU whose mandate and functions must be integrated or harmonised with the new principal organs of the AU and those of NEPAD. Elsewhere, I have analysed and criticised the inadequate attention given to the various human rights institutions established by the OAU in the CA-AU as well as in the process of establishing the AU institutions . Secondly, there are a number of autonomous continental and sub-regional bodies that the AU must devise strategies of working with. Failure to confront these challenges at an early stage will most likely lead to confusion, duplication of efforts, squandering of scarce resources and, ultimately, ineffectual performance by the AU.

OS) + Pujak **Institutions of the AU and NEPAD**

The new or the refined and progressive in the objectives and principles of the AU

Like the OAU, the AU is established by a treaty, the CA-AU. It reflects the lofty objectives and principles of its time. Without reiterating the objectives carried over from the charter of the OAU, it is important to point out the elements of the AU objectives that are demonstrably new or refined and progressive. Among these are:

- collective action and promoting and defending African common positions on issues of interest to the continent and its peoples, including the challenges of globalisation ;
- the forging of partnerships between governments and their citizens ;
- promoting popular participation by the masses and pursuing sustainable development ; and
- promoting peace, security, rule of law, good governance and human rights .

The principles recognised in the CA-AU that are either new or refined and progressive include the following:

- interdependence among member states of the union ;
- participation of African peoples in the activities of the union ;
- common defence policy for the African continent ;
- the right of intervention by the union in situations of war, genocide, crimes against humanity and for purposes of restoring peace and security ;

It (PAP) has to avoid becoming a dumping ground for politicians and bureaucrats who have reached their sell-by dates or become obsolete at the national level. The African masses have had enough of representatives whose main contribution in the legislatures is sleeping and waking up to cast votes blindly.

- promotion of gender equality, social justice and respect for democratic principles, human rights, the rule of law and good governance ; and
- the rejection of unconstitutional changes of governments .

Institutions of the AU

Institutions are empty shells if not imbued with positive values, commitment to progressive objectives and guided by empowering systems, procedures and humane principles. Of equal importance are the people, the human resources, which give life to the institutions. It is therefore of critical importance that the review of the institutions of the AU be understood in this context.

The constitutional (the treaty) institutions of the AU are the following:

- assembly of the union (HSG) ;
- executive council (ministers of foreign affairs) ;
- the Pan African Parliament ;
- the court of justice ;
- the commission (secretariat) ;
- the permanent representatives committee (of the executive council) ;
- specialised technical committees .
- economic, social and cultural council (ECOSOCC) ;
- African Central Bank ;
- African Monetary Union ;
- African Investment Bank ;

The above list is not a closed one. Article 5(2) of the CA-AU empowers the assembly to establish other organs. In pursuance of this clause, the Peace and Security Council (PSC) was established immediately following the inauguration of the AU in July 2002 in Durban, South Africa.

The principal organs of the AU fall into two categories: those that are established under the self-executing provisions of the CA-AU by the assembly and those that are established by protocols that require ratification or accession by the member states. Except for the Peace and Security Council, the Court of Justice , the three main financial institutions and the Pan African Parliament which fall into the latter category, all the named institutions fall into the former category. As at time of writing, not sufficient number of instruments of ratification had been deposited for the protocols for the establishment of the Peace and Security Council and the Pan African Parliament.

At the meeting of African parliaments on the Pan African Parliament in Cape Town, South Africa, from 30 June-1 July 2003, more than enough countries indicated that they were either finalising the approval of ratification or preparing the instruments of ratification. As for the Protocol of the Court of Justice of the AU, the ministerial conference on

the draft protocol that was held in Grand Baie, Mauritius, from 7 to 8 June 2003, seems to have come close to approving the final draft. There was no agreement, however, that the African Court on Human and Peoples' Rights, which is to be established under a different treaty already adopted and ratified by 11 States, should be constituted as a special chamber of the Court of Justice . The problem here seems to be a lack of informed interpretations of treaty obligations. Such interpretive confusion may well jeopardise the process of the required rationalisation of institutions within the AU, and the speedy establishment of judicial institutions that are indispensable to the proper functioning of the new regional institutions.

As of now, the principal organs of the AU that are functional or nearly functional are the assembly, the executive council, the commission and the permanent representative committee. It is hoped that the Pan African Parliament, the Court of Justice, ECOSOCC, the Peace and Security Council and some of the specialised technical committees will be established before the end of the year 2003. The remaining structures are also important and efforts should be made to have them established as soon as possible.

There are a few significant areas in the advancement of principles of equality in which Africa has taken the lead. The composition of the commission is one such instance. Of the ten commissioners that were appointed to the secretariat by the assembly in July 2003, five are women and five are men. This is something to be proud of. We need to entrench this principle of substantive gender equity in all the institutions and undertakings.

As for the Pan African Parliament (PAP), this is a very challenging moment. As the AU is taking shape, it is natural that the various structures will strive to assert their presence within the regional body. Some will do better than the others. The real question is how PAP will play its cards. Without conscious and deliberate effort on the part of its leadership to position it in the frontline, PAP may turn out stillborn, or moribund at best. It could be a forum that leads the continent in areas of harmonisation of laws and policies. It can assume real oversight powers over all the other institutions, except, perhaps, the assembly. To do so it has to equip itself with the necessary resources, including research support, to play such positive roles. It has to have enforceable codes of conduct and clear criteria about its membership. It has to avoid becoming a dumping ground for politicians and bureaucrats who have reached their sell-by dates or become obsolete at the national level. The African masses have had enough of representatives whose main contribution in the legislatures is sleeping and waking up to cast votes blindly.

Enforcement mechanisms were adopted so as to give teeth to compliance and monitoring mechanisms, a feature lacking in most of the past such regional initiatives.

The AU institutions and NEPAD

Despite the misunderstandings, some engendered by deliberate misinformation from certain quarters, NEPAD has become a programme of the AU. The emphasis on "has become" is deliberate. The reason for this will become clear in the remainder of the paper.

A decision was taken at the meeting of the OAU heads of state and government in Lusaka in July 2001 that the establishment of the AU is a process that will take a few years to finalise. It was envisaged that the process would start with establishment of only a few of the envisaged political, economic, monetary and financial institutions. Precisely because the establishment of the AU institutions was to be long-drawn out, the taking forward of the regional economic and social vision and programme of action, the New African Initiative, as it was then called, was entrusted by the OAU to the implementation committee consisting of 15 heads of state and government. This committee held its inaugural meeting in Abuja, Nigeria, in October 2001. It is at this meeting that a new name, the New Partnership for Africa's Development (NEPAD), was adopted. It is also at this meeting that NEPAD's African Peer Review Mechanism (APRM) and the code of conduct were decided upon. The enforcement mechanisms were adopted so as to give teeth to compliance and monitoring mechanisms, a feature lacking in most of the past such regional initiatives.

As the NEPAD document states:

"The heads of state promoting the New Partnership for Africa's Development will advise the African Union on an appropriate mechanism for implementation".

A "core technical support for the implementation mechanism in areas of research and policy formulation" was also recommended. Presently, this is the NEPAD secretariat housed at the Development Bank of Southern Africa in Midrand, Johannesburg, South Africa.

The official endorsement of NEPAD by the AU persuaded the United Nations to also endorse the programme in 2002. At its meeting in Abuja, Nigeria, in May 2003, the heads of state and government implementing committee (HSGIC) issued a communiqué indicating that it will appoint consultants to investigate ways of integrating NEPAD into the structures of the AU, and that in the interim period of three years the NEPAD secretariat will remain in Johannesburg.

At its second annual ordinary meeting held in Maputo, Mozambique, in July 2003, the assembly approved the appointment of the panel of eminent persons (PEP) that will oversee the APRM process. Among the members of the PEP are Graca Machel (Mozambique/South Africa), Bethwell Kiplagat

(Kenya), Adebayo Adedeji (Nigeria), Marie-Angelique Savane (Senegal), Dorothy Njeuma (Cameroon) and Chris Stals (South Africa). Whether such high-powered persons will work together effectively remains to be seen.

Apart from being a programme initiative by AU member states and approved by the Assembly, the highest decision making body in the AU, what is the specific "interconnectivity" of the AU and the NEPAD, as Professor Adedeji puts it? It ought to be clear by reading NEPAD that it more or less resonates with the objectives and principles contained in the CA-AU that preceded its adoption in 2001. The drafters of NEPAD could not have been uninformed about the contents of the CA-AU and where the continent and its peoples wanted to go. This is reflected in NEPAD's expression of the determination not to allow Africans to be conditioned by circumstances and the resolve to determine their own destiny, the objective to consolidate democracy and sound economic management on the continent and the principle of African ownership and management of the process of interpreting and implementing NEPAD. These are closely linked to the objectives and principles of the CA-AU. Of cardinal importance in locating the interconnectivity is NEPAD's emphasis on good political, economic and corporate governance and the linking of these to human rights and the rule of law, as provided in at least seven paragraphs of the document.

Conclusion

However connected the NEPAD is to the institutions of the AU in the formal sense, the ultimate challenge remains on how to streamline the processes of implementing NEPAD with the work of the commission, the Pan African Parliament, ECOSOCC, the financial institutions and the specialised technical committees. But, that is not all. At a different level, NEPAD, especially the APRM mechanism, must work in tandem with the existing subsidiary organs or agencies of the AU, such as the African Commission on Human and Peoples' Rights. Failure to harmonise these intricate institutional arrangements may harm early realisation of African renaissance.

On the other hand, neither the CA-AU nor NEPAD should be regarded as perfect visionary documents. These are works-in-progress. It is the responsibility of every African and Africa's friends in genuine solidarity with the African people to interpret these documents contextually and purposively with a view to contributing to building the positive elements that they no doubt contain. For Africa's political leadership, it is imperative that you examine critically the reasons why there is so little attention paid to meeting regional and international commitments that our countries readily enter into. In the end, we must ensure that we build foundations for a future that will be better than the past and the present.

THE DELTA FOUNDATION: ACHIEVING A NATIONAL IMPACT ON SOCIO-ECONOMIC ISSUES

EDUCATION

Since 1994, the government has struggled to convert South Africa's racially segregated education system to one based on equality, and to replace rote learning with outcomes-based education. It has articulated this vision in a series of theoretically sound policies, but is experiencing implementation difficulties at all levels.

The Delta Foundation has conceptualised and piloted a range of replicable education projects, including:

- A new educate curriculum.
- Video-based education and training.
- Modules to enable mathematics teachers to better understand their subject.
- Outcomes-based teaching and learning concepts in teacher development programmes.
- A life skills and business economics bridging programme for learners progressing to higher education, work or entrepreneurial ventures.
- Models to assist disadvantaged schools to become effective education centres.
- Formation of a coalition of further education and training institutions.
- Formulation of an Eastern Cape decentralised district office model.
- Assisting two pilot schools and circuit teams to convert policies into practices.
- Piloting a needs-based school principals training model.

The Centres of Learning project, which won the 2001 Impumelelo Platinum Award, has benefited thousands of pupils and teachers. Twenty-five agencies now use the Ready for Business model. The Free State, KwaZulu-Natal, and the Western Cape have received Ukuqonda maths training.



Department of Education partnerships have enabled the Delta Foundation to influence policies and procedures. The new FET National Curriculum for Business Studies includes components and principles of the Ready for Business programme. The Foundation is developing a series of Business Studies textbooks in conjunction with Juta-Gariep.

HOUSING

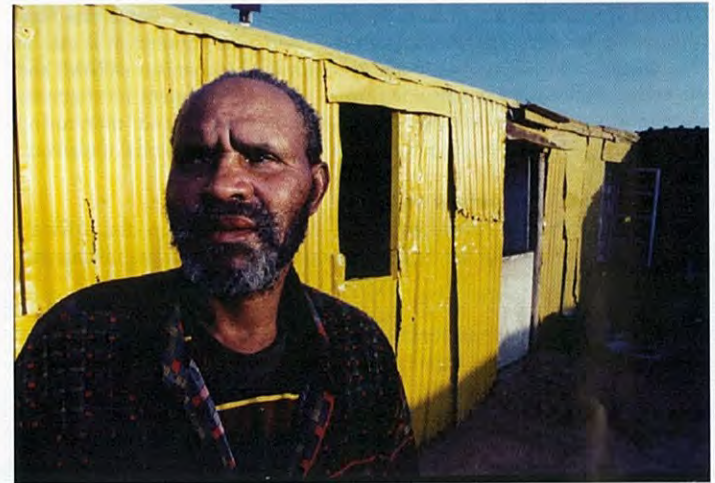
While the government came close to meeting its target of building 1-million houses by 2000, 1,3-million have now been built. However, State housing subsidy policies for families earning below R1 500 per month have resulted in poorly built units, while policies for families earning R1 500 - R3 500 per month have proved to be flawed.

The Delta Foundation has pioneered three housing models to increase housing production and improve both the effectiveness of housing funds and the quality of accommodation, namely:

- The Missionvale model for the poorest of the poor.
- The Abahlali social housing model for the employed.
- A new metropolitan housing policy.

The Delta Foundation was a finalist for the International Habitat Award for sustainable development. It has permanently accommodated 1 000 families in Port Elizabeth, with a further 900 units to be constructed. Its models have been replicated in Cape Town and Kimberley. The metro policy model received enthusiastic responses from Johannesburg and Pretoria.

These housing activities are undertaken in partnership with authorities at all levels. Proof of this is the securing of capital housing subsidies and adaptations made to housing policies.



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GLOBAL POVERTY AND PROGRESSIVE POLITICS

BY PRESIDENT THABO MBEKI

All thinking people throughout the world recognise the fact that global poverty constitutes the deepest and most dangerous structural fault in the contemporary world economy and global human society. Recognition of this fact is not an exclusive preserve of progressive politics. All thinking people throughout the world agree that the elimination of this structural fault requires sustained economic growth and development in the areas of the world defined by poverty.

These thinking people agree that various macro-conditions have to be met to create the possibility for such sustained and adequate economic growth and development to take place.

These refer to such matters as democracy, good governance, rule of law, property rights, contract law, etc. They also relate to macro-economic policy and practice, including such matters as fiscal and monetary policies, the labour market, international trade policies, policy predictability, and so on.

There would also be general agreement that the first driver of the growth and development process is capital investment. Without new capital formation, there can be no growth and development. Further, all these thinking people would agree that in contemporary society, the capital needed for this growth and development is privately owned, and that the publicly owned fraction of capital is but a tiny proportion of the stupendous volumes of capital in the global economy.

The general agreement about the necessary macro-conditions therefore relates to the agreed specific requirement that the appropriate climate should be created to encourage the private owners of capital to put this capital into the areas where such macro-conditions exist, especially the poor countries.

Immanent within this, is the recognition and acceptance of the fact that in its functioning and reproduction, capital, as distinct from capitalists, is not informed by any sense of social responsibility. It has no soul. Money and its multiplication constitute its motive power.

No thinking person would therefore contest the view advanced by political economy from its foundation, that profit maximisation is a necessary condition for the existence of capital. Without this, capital dies and humanity perishes.

The universally accepted proposition that the necessary macro-conditions should exist, to ensure that new capital formation takes place,

is therefore an admission that the possibility has to be created everywhere, for capital to make such profits as it would consider acceptable to itself.

Again, none of the foregoing is a peculiar feature of progressive politics. What has happened is that "market economics" has acquired the character of a universal and self-evident truth. The objective reason for this is the recognition by the human universe that capital, the first driver of the process of economic growth, development, and the generation of the means to ensure human survival, is privately owned. In this condition, capital, "the market", has its own innate logic, its own objective process of development, which is independent of human consciousness.

In this sense, capital dictates the rules that human society sets itself, to ensure that capital is able to reproduce itself. This is the reason for the universal victory of the neo-liberal/conservative economic paradigm.

Human beings have consciously observed, studied and theorised about the regularities of the functioning of capital for more than two centuries. This gave birth to the academic discipline of the political economy or, more narrowly, economics. In essence, the practitioners within this discipline have sought to interpret and predict the behaviour of capital as an objective, material factor in the evolution of human society, as opposed to those factors that are subjective and spiritual. In the process, they have elaborated a body of "knowledge", two of whose features are assertions about the predictability of the behaviour of capital, and its tendency towards "equilibrium". According to the theoretical construct that asserts this tendency, it is possible to determine what capital would do given specified conditions. Further, this capacity to predict is based on the philosophically correct proposition that to arrive at the unknown, logic demands that one must start from the known. In this instance, "the known" is that the life imperative of capital is profit maximisation.

The rest of the architecture of the equilibrium thesis consists essentially of an attempt to predict the behaviour of capital in any situation of a changing balance in the variables that dictate its decisions. Theoretically, such predictions would be right or wrong depending on whether political economy/economics has properly captured all the relevant variables, and correctly interpreted the outcome of their dynamic action and interaction. Because, in principle, "sufficiently complete knowledge" of the variables is achievable, it becomes possible to elaborate sets of rules/predictions about the behaviour of capital,

NEW REVOLTS AGAINST THE SYSTEM

BY IMMANUEL WALLERSTEIN

I coined the term "antisystemic movement" in the 1970s in order to have a formulation that would group together what had, historically and analytically, been two distinct and in many ways rival kinds of popular movement – those that went under the name "social", and those that were "national". Social movements were conceived primarily as socialist parties and trade unions; they sought to further the class struggle within each state against the bourgeoisie or the employers. National movements were those which fought for the creation of a national state, either by combining separate political units that were considered to be part of one nation – as, for example, in Italy – or by seceding from states considered imperial and oppressive by the nationality in question – colonies in Asia or Africa, for instance.

Both types of movement emerged as significant bureaucratic structures in the second half of the 19th century and grew stronger over time. Both tended to accord their objectives priority over any other kind of political goal – and, specifically, over the goals of their national or social rival. This frequently resulted in severe mutual denunciations. The two types seldom co-operated politically and, if they did so, tended to see such co-operation as a temporary tactic, not a basic alliance. Nonetheless, the history of these movements between 1850 and 1970 reveals a series of shared features.

- Most socialist and nationalist movements repeatedly proclaimed themselves to be "revolutionary", that is, to stand for fundamental transformations in social relations. It is true that both types usually had a wing, sometimes located in a separate organisation, that argued for a more gradualist approach and therefore eschewed revolutionary rhetoric. But generally speaking, initially – and often for many decades – those in power regarded all these movements, even the milder versions, as threats to their stability, or even to the very survival of their political structures.
- Secondly, at the outset, both variants were politically quite weak and had to fight an uphill battle merely to exist. They were repressed or outlawed by their governments, their leaders were arrested and their members often subjected to systematic violence by the state or by private forces. Many early versions of these movements were totally destroyed.
- Thirdly, over the last three decades of the 19th century both types of movement went through a parallel series of great debates over strategy that ranged those whose perspectives were "state-oriented" against those who saw the state as an intrinsic enemy and pushed instead for an emphasis on individual transformation. For the social movement, this

was the debate between the Marxists and the anarchists; for the national movement, that between political and cultural nationalists.

- What happened historically in these debates – and this is the fourth similarity – was that those holding the "state-oriented" position won out. The decisive argument in each case was that the immediate source of real power was located in the state apparatus and that any attempt to ignore its political centrality was doomed to failure, since the state would successfully suppress any thrust towards anarchism or cultural nationalism. In the late 19th century, these groups enunciated a so-called two-step strategy: first gain power within the state structure; then transform the world. This was as true for the social as for the national movements.
- The fifth common feature is less obvious, but no less real. Socialist movements often included nationalist rhetoric in their arguments, while nationalist discourse often had a social component. The result was a greater blurring of the two positions than their proponents ever acknowledged. It has frequently been remarked that socialist movements in Europe often functioned more effectively as a force for national integration than either conservatives or the state itself; while the Communist parties that came to power in China, Vietnam and Cuba were clearly serving as movements of national liberation. There were two reasons for this. Firstly, the process of mobilisation forced both groups to try to draw increasingly broad sectors of the population into their camps, and widening the scope of their rhetoric was helpful in this regard. But secondly, the leaders of both movements often recognised subconsciously that they had a shared enemy in the existing system – and that they therefore had more in common with each other than their public pronouncements allowed.
- The processes of popular mobilisation deployed by the two kinds of movement were basically quite similar. Both types started out, in most countries, as small groups, often composed of a handful of intellectuals plus a few militants drawn from other strata. Those that succeeded did so because they were able, by dint of long campaigns of education and organisation, to secure popular bases in concentric circles of militants, sympathisers and passive supporters. When the outer circle of supporters grew large enough for the militants to operate, in Mao Zedong's phrase, like fish swimming in water, the movements became serious contenders for political power. We should, of course, note too that groups calling themselves "social democratic" tended to be strong primarily in states located in the core zones of the world-economy, while

It has frequently been remarked that socialist movements in Europe often functioned more effectively as a force for national integration than either conservatives or the state itself; while the Communist parties that came to power in China, Vietnam and Cuba were clearly serving as movements of national liberation.

those that described themselves as movements of national liberation generally flourished in the semi-peripheral and peripheral zones. The latter was largely true of Communist parties as well. The reason seems obvious. Those in weaker zones saw that the struggle for equality hinged on their ability to wrest control of the state structures from imperial powers, whether these exercised direct or indirect rule. Those in the core zones were already in strong states. To make progress in their struggle for equality, they needed to wrest power from their own dominant strata. But precisely because these states were strong and wealthy, insurrection was an implausible tactic, and these parties used the electoral route.

- The seventh common feature is that both these movements struggled with the tension between "revolution" and "reform" as prime modes of transformation. Endless discourse has revolved around this debate in both movements – but for both, in the end, it turned out to be based on a misreading of reality. Revolutionaries were not in practice very revolutionary, and reformists not always reformist. Certainly, the difference between the two approaches became more and more unclear as the movements pursued their political trajectories. Revolutionaries had to make many concessions in order to survive. Reformists learned that hypothetical legal paths to change were often firmly blocked in practice and that it required force, or at least the threat of force, to break through the barriers. So-called revolutionary movements usually came to power as a consequence of the wartime destruction of the existing authorities rather than through their own insurrectionary capacities. As the Bolsheviks were reported to have said in Russia, in 1917, "power was lying about in the streets". Once installed, the movements sought to stay in power, regardless of how they had got there; this often required sacrificing militancy, as well as solidarity with their counterparts in other countries. The popular support for these movements was initially just as great whether they won by the bullet or by the ballot – the same dancing in the streets greeted their accession to power after a long period of struggle.
- Finally, both movements had the problem of implementing the two-step strategy. Once "stage one" was completed, and they had come to power, their followers expected them to fulfil the promise of stage two: transforming the world. What they discovered, if they did not know it before, was that state power was more limited than they had thought. Each state was constrained by being part of an interstate system, in which no one nation's sovereignty was absolute. The longer they stayed in office, the more they seemed to postpone the realisation of their promises; the cadres of a militant mobilising movement became the functionaries of a party in power. Their social positions were transformed and so, inevitably, were their individual psychologies. What was known in the Soviet Union as the Nomenklatura seemed to emerge, in some form, in every state in which a movement took control – that is, a privileged caste of higher officials, with more power and more real wealth than the rest of the population. At the same time, the ordinary workers were enjoined to toil even harder and sacrifice ever more in the name of national development. The militant, syndicalist tactics that had

been the daily bread of the social movement became "counter-revolutionary", highly discouraged and usually repressed, once it was in office.

Analysis of the world situation in the 1960s reveals these two kinds of movements looking more alike than ever. In most countries they had completed "stage one" of the two-step strategy, having come to power practically everywhere. Communist parties ruled over a third of the world, from the Elbe to the Yalu; national liberation movements were in office in Asia and Africa, populist movements in Latin America and social-democratic movements, or their cousins, in most of the pan-European world, at least on an alternating basis. They had not, however, transformed the world.

1968 and after

It was the combination of these factors that underlay a principal feature of the world revolution of 1968. The revolutionaries had different local demands but shared two fundamental arguments almost everywhere. First of all, they opposed both the hegemony of the United States and the collusion in this hegemony by the Soviet Union. Secondly, they condemned the Old Left as being "not part of the solution but part of the problem". This second common feature arose out of the massive disillusionment of the popular supporters of the traditional antisystemic movements over their actual performance in power. The countries in which they operated did see a certain number of reforms – usually there was an increase in educational and health facilities and guarantees of employment. But considerable inequalities remained. Alienating wage labour had not disappeared; on the contrary, it had increased as a percentage of work activity. There was little or no expansion of real democratic participation, either at the governmental level or in the work place; often it was the reverse. On the international scale, these countries tended to play a very similar role in the world-system to that which they had played before. Thus, Cuba had been a sugar-exporting economy before the revolution and remained one after it, at least until the demise of the Soviet Union. In short, not enough had changed. The grievances might have altered slightly but they were as real and, generally, as extensive. The populations of these countries were adjured by the movements in power to be patient, for history was on their side. But their patience had worn thin.

The conclusion that the world's populations drew from the performance of the classical antisystemic movements in power was negative. They ceased to believe that these parties would bring about a glorious future or a more egalitarian world and no longer gave them their legitimisation; and having lost confidence in the movements, they also withdrew their faith in the state as a mechanism of transformation. This did not mean that large sections of the population would no longer vote for such parties in elections; but it had become a defensive vote, for lesser evils, not an affirmation of ideology or expectations.

From Maoism to Porto Alegre

Since 1968, there has been a lingering search, nonetheless, for a better kind

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of antisystemic movement one that would actually lead to a more democratic, egalitarian world. There have been four different sorts of attempt at this, some of which still continue. The first was the flowering of the multiple Maoisms. From the 1960s until around the mid-1970s, there emerged a large number of different, competing movements, usually small but sometimes impressively large, claiming to be Maoist; by which they meant that they were somehow inspired by the example of the Cultural Revolution in China. Essentially, they argued that the Old Left had failed because it was not preaching the pure doctrine of revolution, which they now proposed. But these movements all fizzled out, for two reasons. Firstly, they quarrelled bitterly among themselves as to what the pure doctrine was, and therefore rapidly became tiny, insulated sectarian groups; or if they were very large, as in India, they evolved into newer versions of the Old Left movements. Secondly, and more fundamentally, with the death of Mao Zedong, Maoism disintegrated in China, and the fount of their inspiration disappeared. Today, no such movements of any significance exist.

A second, more lasting variety of claimant to antisystemic status was the new social movements – the Greens and other environmentalists, feminists, the campaigns of racial or ethnic “minorities”, such as the Blacks in the United States or the Beurs in France. These movements claimed a long history but, in fact, they either became prominent for the first time in the 1970s or else re-emerged then, in renewed and more militant form. They were also stronger in the pan-European world than in other parts of the world system. Their common features lay, firstly, in their vigorous rejection of the Old Left’s two-step strategy, its internal hierarchies and its priorities – the idea that the needs of women, “minorities” and the environment were secondary and should be addressed “after the revolution”. And secondly, they were deeply suspicious of the state and of state-oriented action.

By the 1980s, all these new movements had become divided internally between what the German Greens called the fundis and the realos. This turned out to be a replay of the “revolutionary versus reformist” debates of the beginning of the twentieth century. The outcome was that the fundis lost out in every case, and more or less disappeared. The victorious realos increasingly took on the appearance of a species of social-democratic party, not too different from the classic variety, although with more rhetoric about ecology, sexism, racism, or all three. Today, these movements continue to be significant in certain countries, but they seem little more antisystemic than those of the Old Left – especially since the one lesson the Old Left drew from 1968 was that they, too, needed to incorporate concerns about ecology, gender, sexual choice and racism into their programmatic statements.

The third type of claimant to antisystemic status has been the human-rights organisations. Of course some, like Amnesty International, existed prior to 1968, but in general these became a major political force only in the 1980s, aided by President Carter’s adoption of human-rights terminology in dealing with Central America, and the signing of the 1975 Helsinki Accord regarding the Communist states of East and Central Europe. Both gave establishment legitimacy to the numerous organisations that were now

addressing civil rights. In the 1990s, the media focus on ethnic cleansing, notably in Rwanda and the Balkans, led to considerable public discussion of these issues.

The human-rights organisations claimed to speak in the name of “civil society”. The term itself indicates the strategy: civil society is by definition not the state. The concept draws upon a 19th century distinction between *le pays legal* and *le pays reel* – between those in power and those who represent popular sentiment – posing the question: how can civil society close the gap between itself and the state? How can it come to control the state, or make the state reflect its values? The distinction seems to assume that the state is currently controlled by small privileged groups, whereas “civil society” consists of the enlightened population at large.

These organisations have had an impact in getting some states – perhaps all – to inflect their policies in the direction of human-rights concerns; but, in the process, they have come to be more like the adjuncts of states than their opponents and, on the whole, scarcely seem very antisystemic. They have become NGOs, located largely in core zones yet seeking to implement their policies in the periphery, where they have often been regarded as the agents of their home state rather than its critics. In any case, these organisations have seldom mobilised mass support, counting rather on their ability to utilise the power and position of their elite militants in the core.

The fourth and most recent variant has been the so-called anti-globalisation movements – a designation applied not so much by these movements themselves as by their opponents. The use of the term by the media scarcely predates its reporting of the protests at the Seattle WTO meetings in 1999. “Globalisation”, as the rhetoric of neoliberal advocates of free trade in goods and capital, had of course become a strong force during the 1990s. Its media focus was the Davos World Economic Forum, and its institutional implementation was brought about via the Washington Consensus, the policies of the IMF and the strengthening of the WTO. Seattle was intended as a key moment in expanding the role of the WTO and the significant protests, which actually disrupted its proceedings, took many by surprise. The demonstrators included a large North American contingent, drawn from the Old Left, trade unions, new movements and anarchist groups. Indeed, the very fact that the AFL-CIO was ready to be on the same side as environmentalist groups in so militant an action was something new, especially for the US.

Following Seattle, the continuing series of demonstrations around the world against intergovernmental meetings inspired by the neoliberal agenda led, in turn, to the construction of the World Social Forum, whose initial meetings have been held in Porto Alegre; the second, in 2002, drew over 50 000 delegates from over a thousand organisations. Since then, there have been a number of regional meetings, preparing for the 2003 WSF.

The characteristics of this new claimant for the role of antisystemic movement are rather different from those of earlier attempts. First of all, the WSF seeks to bring together all the previous types – Old Left, new

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movements, human-rights bodies, and others not easily falling into these categories – and includes groups organised in a strictly local, regional, national and transnational fashion. The basis of participation is a common objective – struggle against the social ills consequent on neoliberalism – and a common respect for each other's immediate priorities. Importantly, the WSF seeks to bring together movements from the North and the South within a single framework. The only slogan, as yet, is "Another World is Possible". Even more strangely, the WSF seeks to do this without creating an overall superstructure. At the moment, it has only an international co-ordinating committee, some fifty-strong, representing a variety of movements and geographic locations.

While there has been some grumbling from Old Left movements that the WSF is a reformist façade, thus far the complaints have been quite minimal. The grumblers question; they do not yet denounce. It is, of course, widely recognised that this degree of success has been based on a negative rejection of neoliberalism, as ideology and as institutional practice. Many have argued that it is essential for the WSF to move towards advocating a clearer, more positive programme. Whether it can do so and still maintain the level of unity and absence of an overall (inevitably hierarchical) structure is the big question of the next decade.

A period of transition

If, as I have argued elsewhere, the modern world-system is in structural crisis, and we have entered an "age of transition" – a period of bifurcation and chaos – then it is clear that the issues confronting antisystemic movements pose themselves in a very different fashion than those of the 19th and most of the 20th centuries. The two-step, state-oriented strategy has become irrelevant, which explains the discomfort of most existing descendants of erstwhile antisystemic organisations in putting forward either long-term or immediate sets of political objectives. Those few who try meet with scepticism from their hoped for followers; or, worse, with indifference.

Such a period of transition has two characteristics that dominate the very idea of an antisystemic strategy. The first is that those in power will no longer be trying to preserve the existing system (doomed as it is to self-destruction); rather, they will try to ensure that the transition leads to the construction of a new system that will replicate the worst features of the existing one – its hierarchy, privilege and inequalities. They may not yet be using language that reflects the demise of existing structures, but they are implementing a strategy based on such assumptions. Of course, their camp is not united, as is demonstrated by the conflict between the so-called centre-right "traditionalists" and the ultra-right, militarist hawks. But they are working hard to build backing for changes that will not be changes, a new system as bad as – or worse than – the present one. The second fundamental characteristic is that a period of systemic transition is one of deep uncertainty, in which it is impossible to know what the outcome will be. History is on no one's side. Each of us can affect the future, but we do not and cannot know how others will act to affect it, too. The basic

framework of the WSF reflects this dilemma, and underlines it.

Strategic considerations

A strategy for the period of transition ought therefore to include four components – all of them easier said than done. The first is a process of constant, open debate about the transition and the outcome we hope for. This has never been easy, and the historic antisystemic movements were never very good at it. But the atmosphere is more favourable today than it has ever been, and the task remains urgent and indispensable – underlining the role of intellectuals in this conjuncture. The structure of the WSF has lent itself to encouraging this debate; we shall see if it is able to maintain this openness.

The second component should be self-evident: an antisystemic movement cannot neglect short-term defensive action, including electoral action. The world's populations live in the present, and their immediate needs have to be addressed. Any movement that neglects them is bound to lose the widespread passive support that is essential for its long-term success. But the motive and justification for defensive action should not be that of remedying a failing system but rather of preventing its negative effects from getting worse in the short run. This is quite different psychologically and politically.

The third component has to be the establishment of interim, middle-range goals that seem to move in the right direction. I would suggest that one of the most useful – substantively, politically, psychologically – is the attempt to move towards selective, but ever-widening, decommmodification. We are subject today to a barrage of neoliberal attempts to commodify what was previously seldom or never appropriated for private sale – the human body, water, hospitals. We must not only oppose this but move in the other direction. Industries, especially failing industries, should be decommmodified. This does not mean they should be "nationalised" – for the most part, simply another version of commodification. It means we should create structures, operating in the market, whose objective is performance and survival rather than profit. This can be done, as we know, from the history of universities or hospitals – not all, but the best. Why is such a logic impossible for steel factories threatened with delocalisation?

Finally, we need to develop the substantive meaning of our long-term emphases, which I take to be a world that is relatively democratic and relatively egalitarian. I say "relatively" because that is realistic. There will always be gaps – but there is no reason why they should be wide, encrusted or hereditary. Is this what used to be called socialism, or even communism? Perhaps, but perhaps not. That brings us back to the issue of debate. We need to stop assuming what the better (not the perfect) society will be like. We need to discuss it, outline it, experiment with alternative structures to realise it; and we need to do this at the same time as we carry out the first three parts of our programme – for a chaotic world in systemic transition. And if this programme is insufficient, and it probably is, then this very insufficiency ought to be part of the debate which is Point One of the programme.

GEORGE BUSH'S ROLE IN INTERNATIONAL POLITICS

BY MAMNKELI NGAM

STUDYING TOWARD HIS MPhil (JOURNALISM) AT STELLENBOSCH UNIVERSITY.

May I preface my discussion with a quote from Robert Kirby in (Schechter, 2001:25): "Those guilty of Tuesday's attack should pay. But hunting monsters is risky business. The danger is not that the monster will catch you, but that you would not know when you have become one yourself."

This argument holds true for the United States President George Bush's belligerence and aggressive role in international politics and affairs. Schechter (2001:60) quotes Uri Avnery, an Israeli, about war on terrorism: "After the smoke has cleared, the dust has settled down and the initial fury blown over, humankind will wake up and realise a new fact: there is no safe place on earth."

After 9/11 it became crystal clear that as long as the Bush government continues to threaten and destabilise certain nations of the world to reshape it for its own myopic interests and of combating global terrorism, humankind will know no peace. The US's unilateral attack against Iraq is a living example of things to come. What about Iran, Syria, North Korea, Pakistan, Columbia, Venezuela, Brazil or Zimbabwe?

Surely, there are few mourners for the death of the Iraqi regime, but the means do not at all justify the end whatsoever. In the eyes of the people of the world, including Americans, Bush has become a merciless monster that threatens the survival of planet earth. The Iraqi war undoubtedly bred more terrorist groups who are ready to attack America in defence of their fatherland against foreign invasion and eventual domination by Bush.

Schwartz (2003:21) agrees that: "The Iraqi people certainly deserve a shot at building a democratic society, but it is unlikely that this will be achieved under the occupying aegis of a mistrusted, even despised imperial occupying power ... any domestic forces that appear to be pliant to US interests will inevitably be rejected by any democratic Iraqi voice."

Bush accused the now defunct Iraqi regime under Saddam Hussein of being in possession of weapons of mass destruction (WMD) and having some connections with Osama bin Laden's Al Qaeda movement. Subsequently, he made a U-turn and talked about regime change. All the peace loving people of the world asked a question: WHY?

The United Nation's Security Council had sent its inspectors, in the name of chief weapons inspector Hans Blix and Mohammed Albaradei, to try and locate these WMD. The two inspectors had asked for more time, but Bush insisted that a deadline be set for Hussein to comply or face military onslaught. Surprisingly, Bush and Ariel Sharon of Israel both are holding tight onto their concept of WMD.

Ankomah (2003:8), asks, "... how could they (America) pontificate about the wisdom of depriving others of their 'weapons of mass destruction' while they cling tightly to theirs."

Bush blatantly defied the UN thus rendering it irrelevant, ineffective, useless and a powerless and toothless bulldog. As a permanent member of the UN, Bush knew that any action against Iraq without the approval of the UN was illegal and as such would damage the stature of the UN for many years to come. This he engineered with the backing of Britain, Spain and Australia, Turkey amongst other countries.

In March, Bush pulled the trigger, which fired the first salvo leading to the demise of the Iraqi regime. The same Bush on May 1 declared that combat operations had been halted. What has he left behind? The death and destruction of innocent civilians, men, women and children.

Alex Perry reporting from Iraq said in April, the "rough accounts" of the dead from the Pentagon stood at 2 000 civilians. Perry (2003:35) adds that Lieutenant Colonel Chris Holden of the US army said: "We shot and killed children. But I accept full responsibility for that. That is the kind of fight it was. It was the kind of ugly, house to house bloodbath the US had feared most, especially in Baghdad."

Weisskopf (2003:26) adds: "American soldiers dropped some 1 500 cluster bombs which are continuing their deadly work among innocent civilians all over Iraq. Some remain, like left over landmines, as a deadly post-war risk to civilians."

Hussein is gone. But, where are the WMD he was accused of hiding? Nothing has been discovered or unearthed so far by the Bush army. The nations of the world looked to the UN to create peace, democracy and prosperity for the peoples of the world by halting the war on Iraq. The talk of international law and collective security through the UN has now been thrown out of the window. Through his arrogance, defiance and contempt of the UN, Bush has killed the UN goose that promised to lay the golden eggs for all the people of the world.

"Truly, America and Britain have committed infanticide. For they have murdered the UN child that they were themselves so instrumental in spawning. History shall not forgive them." (Duodo, 2003:19)

I align myself with the school of thought that Bush invaded Iraq under false pretences to gain access to its massive oil fields. The Iraqi oil has been a national asset for a long time and now the Bush government proposes it to be sold to transnational oil companies.

Mohammed al-Jibouri, director general of State Oil Marketing Organisation (SOMO), Iraq's state oil marketing company, has awarded its first post-war crude contract to six companies for 10 million barrels of oil held in storage. The companies are Repsol and Cepsa of Spain, Tupras of Turkey, ENI of Italy, Total of France and Chevron Texaco from the US.

"Of the 10 million barrels, 5.5 million will go to the European market and four million to the US, the remainder left for tolerance. Total and Chevron together were awarded the four million barrels for the US market, with Chevron taking the entire Basra light volume of two million barrels." (al-Jibouri, 2003)

The secretary general of the South African Communist Party, Blade Nzimande, points out that the Bush administration seems primarily concerned with securing oil installations and other assets important to (its) imperialist designs, and leaving the rest to be policed by the army, principally through repression.

"This in fact sets the scene for a very long struggle between the US and the Iraqi people, whose outcome may in the end not favour the imperialist agenda, unless the US embarks on even more severe repression, thus pre-empting any emergence of a democratic order." (Nzimande, 2003:2)

conference was a UN project to eliminate racist attitudes and stereotypes in the world. Again the Bush delegation showed its total disrespect of the UN despite its so-called strong belief in diplomacy to sort out problems areas. Instead, it employs spoiler tactics when it suits its country and people.

Former UN Secretary General Boutros Boutros Ghali has warned: "I fear that unilateralism may destroy the UN if current events are anything to go by. To a certain extent the UN plays the role of scapegoat in the world today. But the problem is that the UN is not able to speak up. Unable to defend itself, the UN then becomes the scapegoat." (Guardian, 2003)

Jules writes in Time magazine: "The UN is our best hope for a humane and peaceful world. We must believe in it as work in progress and strive in good faith to keep it relevant." (2003:6)

The Bush government is failing to complement its own model of democracy in the troubled Middle East, instead accusing it of fomenting violence. The Israel-Palestine question is a case in point. Bush finances and oils the killing machinery of the Ariel Sharon regime. His Roadmap to Peace in the area has been rejected by Hamas. Palestinians cannot negotiate with the barrel of a gun to their heads. They cannot negotiate when helicopter bombs, which leave behind death and mayhem, bombard their homes. Even here Bush is a monster that kills innocent Palestinians because he

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The war against Iraq already threatens international peace and has created an atmosphere of insecurity all over the globe. All human kind is no longer safe. The countries of the world must rebel against Bush to stop him from marginalising the UN or undermining it. All weapons of mass destruction must be destroyed, whether they are in Pakistan, North-Korea, Israel, Iraq or the United States. Such a call should be made for the sake of the innocent civilians who bear the brunt of Bush's senseless and brutish wars.

In his Spirit of Freedom Tribute to the victims of the gruesome 9/11 attack, Bush said: "Our deepest national conviction is that every life is precious, because every life is the gift of a Creator who intended us to live in liberty and equality... We value life, our enemies value none... And we seek the freedom and opportunity that give meaning and value to life".

The ugly events unfolding in Iraq contradict this statement by Bush. All lives should be regarded as precious, including those of the Iraqi people and not only the victims of 9/11 attacks. The American policy to "seek the freedom and opportunity that give meaning and value to life" is doomed.

It is high time that the countries of the world learn a thing or two from the Iraqi experience and begin to revamp the UN and give it more power. It should be extremely difficult for member countries to take any form of action without the sanction of the UN.

Another issue worthy of mention is the walk-out by the US delegation from the World Conference Against Racism that was held in Durban. The

supports and keeps the Sharon government in power.

Some interesting observations about Bush's approach to international affairs include:

- The Cuban Communist leader Fidel Castro has led an anti-US rally in Havana. The protests underscored Castro's growing unhappiness over European and US support of the island's dissidents, and what he says are increased US efforts to control the world with its "neofascist policies." (CNN.international.com)
- The US is on record as having refused to accept the International Criminal Court, rejected the attempts of the Kyoto Protocol to achieve global environmental consensus and undermined in its totality the prospects of the Doha development round on multilateral trade negotiations.
- In Liberia, the CIA in the 1980s made the American-founded country its staging ground for anti-Libyan activities. Liberia became Africa's largest per capita recipient of US aid. Libya countered by backing the overthrow of Liberia's US supported government, training and arming the guerrilla leader Charles Taylor who launched Liberia into war in 1989. (CNN.international.com)
- Since the Cold War, Africa has enjoyed less aid and patchy development. Of all risk factors for war, a World Bank study says, it has one in abundance: poverty. Poverty prevails, often in the midst of great natural resources frequently cornered by a corrupt few, with no public benefit. (CNN.international.com/world)
- Bush stated that the North Korea poses a threat to the region and cannot be trusted to honour agreements. In October 2001 North Korea

Remember that 57 journalists from 31 news organisations were "embedded" by attending a five-day safety and combat readiness course sponsored by the Pentagon in preparation for the Iraq war. During the Iraq war, these journalists and cameramen were transported, clothed, fed and even used equipment from the US army to feed news stories to their main offices.

postponed plans to hold reunions of families separated since the Korean War, citing a "warlike situation" in Seoul since the terrorist attacks in the United States. (CNN.international.com/world)

- In January 2002 in his State of Union address Bush named Iran, Iraq and North Korea as states promoting terrorist activity, calling them "an axis of evil." He reminded terrorists and rogue nations that they will face massive retaliation, possibly nuclear strikes, if weapons of mass destruction are used against the United States or its allies. (CNN.international.com/world)
- North Korea is warning that any US-led blockade against it could spark an "all out" war that would engulf much of the surrounding region, including Japan. The North warned that retaliation could include all possible means and ways a sovereign state could undertake, adding that any such action would be "limitless". The stark warning comes after the US and its allies started cracking down on an alleged North Korean trade in illicit drugs and weapons. (CNN.international.com/world)
- North Korea accused Washington of "laying an international siege to the North and putting a blockade against it as a premeditated scheme to start a new war on the Korean peninsula." (CNN.international.com/world)

These all clearly demonstrate that the Bush administration is on a collision course with countries of the world and confirm that the world is no longer a safe place for all humankind.

Ankomah argues: "If the current antics of Bush and Blair are any guide, there is a dangerous future for all of us, a future where might is king, bullying is queen and conscience has no place." (2003:8)

The US Media

The Bush government supposedly subscribes to the concept of the freedom of the press. The famous First Amendment of the US Constitution reads: "Congress shall make no law...abridging the freedom of speech, or of the press...." (Stevenson, 2003:75-76).

Michael Moran of the MSNBC argues that for the past 10 years, the language of marketing has entered the American newsrooms "like a badly targeted cruise missile." He adds: "Celebrity journalists interview celebrity dimwits about their sex lives, while American foreign policy is left running on auto-pilot." (Moran, 2003:6)

In effect, this translates into a media that deliberately does not question and interrogate government policy to inform and educate the American people. As a result, the Americans were surprised by the attacks of 9/11. The US media failed to tell Americans that Bush was at war with countries of the world whom he regards as an "axis of evil" and is a monster and warmonger who wants to conquer and annex the whole world unilaterally.

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course sponsored by the Pentagon in preparation for the Iraq war. During the Iraq war, these journalists and cameramen were transported, clothed, fed and even used equipment from the US army to feed news stories to their main offices.

Schechter adds that Victoria Clarke, the Media Relations Manager of the Pentagon "boasted about how successful she had been in embedding journalists along with the US military". Clarke even praised the media "as responsible and supportive."

Nzimande thinks: "The aim of capitalist and imperialist media...is nothing but a vehicle for the dominant ideology whose purpose is to conceal the contradictions of contemporary global society, and produce capitalist hegemony." (2003:4)

Schechter adds: "The White House and the Pentagon have successfully framed their (Vietnam war) coverage and worked hard to influence coverage. The spin machine worked overtime and the media visibly pulled its horns." (2002:39) As usual, truth was the casualty as news was reported from the biased perspective of the Pentagon.

The First Amendment has been repeatedly violated, as the American government does not hesitate to act against certain people despite its commitment to press freedom. "During Operation Desert Storm Noam Chomsky and writers like Sontag became targets of abuse and press batting. Their voices were quickly marginalised." (Schechter, 2002: 41)

So, no matter how democratic the US claims to be, it will continue in one way or the other to censor and gag the media.

"Limiting access, limiting information to cover the backsides of those who are in charge of the war, is extremely dangerous and cannot be and should not be accepted. And I am sorry to say that...overwhelmingly it has been accepted by the American people. And the current administration revels in that, they relish that and they take refuge in that." CBS News Anchor Dan Rather in Schechter (2002:25).

After the 9/11 attacks, the media tried to protect the Bush administration from accusations about his foreign policy. The focus was slanted more on the so-called heartless, merciless terrorists who had no purpose in life. The US media forgot that one person's terrorist is another person's freedom fighter. The media failed dismally as the watchdog to remind the American public that bin Laden and Hussein of Iraq were both products of the US government. What went wrong?

"All major US news networks are refusing to air footage of captured and killed US troops. The US Defense Department had initially denied the capture or killing of US troops but later confirmed the reports after the Al Jazeera network aired Iraqi television interviews with Americans POWs as well as images of dead American soldiers near the Iraqi city of Al Nasiriyya." (Al-Jazeera, 2003)

Critical and robust debate on the reasons for the war on Iraq, North Korea, Afghanistan, etc should be thrashed out, debated publicly by an informed electorate who voted Bush into office. That does not in any way make one less of an American or unpatriotic and rather should aim to influence Bush's foreign policies, which at the moment are out of line with those of the rest of the world.

As Mortan puts it: "The hard truth is that the US media left America unprepared for these terrorist attacks... As we (America) dropped bombs on Iraq 10 years running, justified or not, the US media failed to report on it."

Schechter says after 9/11, there were confusing explanations of Islam on many TV outlets with little attention to the history of the US's support for fundamentalist forces in Afghanistan or why Washington's alignments in the Middle East stirred up so much opposition. Few voices from the region itself were heard.

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Conclusion

Bush is at war with invisible crocodiles inside a big river. Wisdom has it that one does not fight crocodiles inside the river. It is dangerous and risky.

Al-Bassam (2003) warns: "Terrorism will not be defeated with drones, F-16s and smart weapons. It will be defeated with justice, humility, honesty, truth, compassion, friendships, trust, respect for cultural diversity, reverence for world faiths and love for humanity and international law. Our knowledge and our experience should be a torch lighting the way in the long tunnel which the world entered on 11 September 2001."

Bush creates fertile grounds for more terrorist groups to emerge while at the same time threatening to attack other smaller, yet dangerous, countries like North Korea. This is a dangerous game. Bush is playing with a fire that he will not be able to control as it can engulf the whole of mankind. He did not learn a lesson from the horrendous 9/11 catastrophe.

Schechter adds: "No fighting underground can operate without popular roots and a supportive environment that is ready to supply new recruits, assistance, hiding places, money and means of propaganda. The initiators of the (9/11) attacks decided to implement their plan after America has provoked immense hatred throughout the world, not because of its might, but because of the way it uses its might."

The American people have a mammoth challenge on their hands, as Schwartz (2003:21) puts it: "We (Americans) must focus the nation's attention on the dangerous and insecure world that Bush's broader National Security Doctrine of pre-emptive wars will bring to the world scene. Only by defeating Bush and electing many anti-war Democrats and independents, can we force the imperial adventures to pay a price that even they will recognise: their own electoral defeat."

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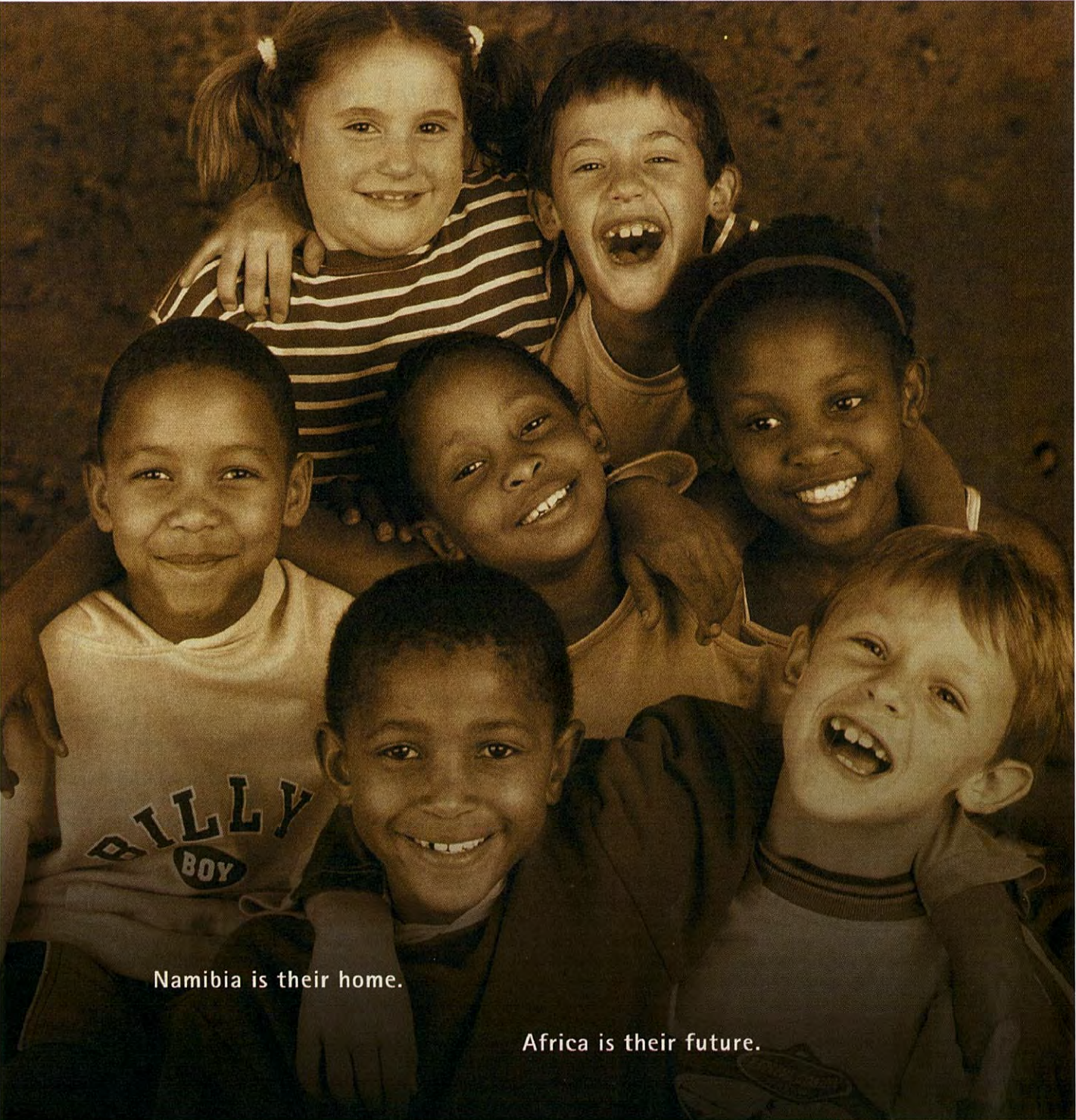
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THE UGLY EXPLOITATION OF SEPTEMBER 11

BY PAUL KRUGMAN

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2003

Princeton, New Jersey

In my first column after the Sept. 11 attacks, I mentioned something that everyone with contacts on Capitol Hill already knew: That just days after the event, the exploitation of the atrocity for partisan political gain had already begun.

In response, I received a torrent of outraged mail. At a time when the United States was shocked and terrified, the thought that America's leaders might be that cynical was too much to bear. "How can I say that to my young son?" asked one furious e-mailer.

I wonder what that correspondent thinks now. Is the American public – and the news media – finally prepared to cry foul when cynicism comes wrapped in the flag? America's political future may rest on the answer.

The press has become a lot less shy about pointing out the Bush administration's exploitation of Sept. 11, partly because that exploitation has become so crushingly obvious. As The Washington Post has pointed out, in the past six weeks President George W. Bush has invoked Sept. 11 not just to defend Iraq policy and argue for oil drilling in the Arctic, but in response to questions about tax cuts, unemployment, budget deficits and even campaign finance. Meanwhile, the crudity of the administration's recent propaganda efforts, from dressing the president up in a flight suit to orchestrating the ludicrously glamourised television movie about Bush on Sept. 11, have set even supporters' teeth on edge.

Yet it's almost certainly wrong to think that the political exploitation of Sept. 11 and, more broadly, the Bush administration's campaign to label critics as unpatriotic, are past their peak. It may be harder for the

administration to wrap itself in the flag, but it has more incentive to do so now than ever before. Where once the administration was motivated by greed, now it's driven by fear.

In the first months after Sept. 11, the administration's ruthless exploitation of the atrocity was a choice, not a necessity. The natural instinct of Americans to rally around their leader in times of crisis had pushed Bush into the polling stratosphere, and his re-election seemed secure. He could have governed as the uniter he claimed to be, and would probably still be wildly popular.

But Bush's advisers were greedy: they saw Sept. 11 as an opportunity to get everything they wanted, from another round of tax cuts, to a major weakening of the Clean Air Act, to an invasion of Iraq. And so they wrapped as much as they could in the flag.

Now it has all gone wrong. The deficit is about to go above half a trillion dollars, the economy is still losing jobs, the triumph in Iraq has turned to dust and ashes, and Bush's poll numbers are at or below their pre-Sept. 11 levels.

Nor can the members of this administration simply lose like gentlemen. For one thing, that's not how they operate. Furthermore, everything suggests that there are major scandals – involving energy policy, environmental policy, Iraq contracts and cooked intelligence – that would burst into the light of day if the current management lost its grip on power. So these people must win, at any cost.

The result, clearly, will be an ugly, bitter campaign – probably the nastiest of modern American history. Four months ago it seemed that the 2004 campaign would be all slow-mo films of Bush in his flight suit. But at this point, it's likely to be pictures of Howard Dean or Wesley Clark that morph into Saddam Hussein. And Defence Secretary Donald Rumsfeld has already rolled out the stab-in-the-back argument: If you criticise the administration, you're lending aid and comfort to the enemy.

This political ugliness will take its toll on policy, too. The administration's infallibility complex – its inability to admit ever making a mistake – will get even worse. And I disagree with those who think the administration can claim infallibility even while practicing policy flexibility. On major issues, like taxes or Iraq, any sensible policy would too obviously be an implicit admission that previous policies had failed.

In other words, if you thought the last two years were bad, just wait: It's about to get worse. A lot worse.

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Shoprite's chief executive received a package of R8.3 million, up 97% on last year.

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This diploma is fully accredited by the South African Qualification Authority and the Department of Education. Students who successfully complete this diploma may have the opportunity to enroll for our twin-track Master of Business Administration (MBA) and Master of Public Administration (MPA) programmes with less workload.

Who Should Apply?

Graduates and Diplomates with at least three years work experience may apply for the MBA or MPA programmes. Other Graduates or Diplomats with little or no experience may apply for a Postgraduate Diploma in Management.

Closing date for applications is 30th November 2003 & 15th December 2003 for late applications. All candidates are required to sit for a diagnostic test on the 5th December 2003 at CLB 106, University of North-West, Mmabatho.

All prospective candidates should direct their inquiries Messrs T. Mpete, T. Motshego or T. Letselela on:
Tel: (018) 389-2183 / 389-2215 / 389-2486 • Fax: (018) 389-2335 / 392-1898
Website: unw-gradschool.org.za

All applications and inquiries should be sent to:
Programme Director, Graduate School of Business & Government Leadership,
University of North-West, Private Bag X2046, Mmabatho, 2735

DEAR FAMILY AND FRIENDS

This week shortly after Vice President Simon Muzenda had been buried at Heroes Acre, President Mugabe, his wife and a large entourage of Zimbabwe ministers flew to America for a meeting of the UN General Assembly. Almost the entire entourage are subjected to travel bans and targeted sanctions and have had their overseas assets frozen but again they are protected by the United Nations. I could not help but feel disgusted by the crass insensitivity of Zimbabwe's leaders to the plight of their own people as they jetted off across the world. Whilst our leaders arrived at Harare airport in their limousines and walked up aeroplane steps in their fine suits I wondered when, if ever, ordinary Zimbabweans would ever be able to do anything even as normal as visiting their families and relations inside Zimbabwe, let alone in other countries and continents.

We have now not had fuel for such a long time that families less than a hundred miles apart are going for months and months without seeing their relations. Recently it was my Mum's birthday and just going to spend that one special day with her turned into a marathon of planning and scheming, wheeler-dealing and huge expense. It began with finding enough fuel to get to and from her rural home – begging a few litres here and there, going everywhere by bicycle to save the little fuel I already had and looking for a trustworthy black market dealer who hadn't watered down the petrol and whose prices were not too exorbitant. Finding the actual bank notes to be able to buy the black market goods is another story all on its own! Then there was the problem of the birthday lunch and a birthday cake. Finding and buying black market flour and then going without ordinary groceries to be able to afford a few little luxuries to be able to spoil my Mum with. Then came the problem of a birthday present. I knew that the nicest things I could actually give my Mum for her birthday was things she can no longer get or afford herself. This meant chocolate, real coffee and, the most precious gift, 20 litres of petrol to put in her car which had stood empty and unmoving for almost two months. One small bar of chocolate is now almost two thousand dollars. A jar of real coffee is Z\$37 000, 20 litres of black market petrol was Z\$40 000. As I shopped and schemed, begged and borrowed I could hardly believe that just two years ago a similar bag of groceries and container of fuel would have all been bought for less than Z\$10 000.

The big day arrived and although we started out early for the journey to Mum's home, the first visit in six months, the sun was high in the sky before

we actually hit the road. This was because we had been desperately and fruitlessly trying to get someone to stamp a piece of paper saying that we were legally allowed to carry Mum's 20 litres of fuel on our 86km journey. The trip was depressing as we passed mile after mile of now deserted farms. Farms which had been seized by our government and supposedly resettled with thousands of peasants now lie completely derelict and deserted. We saw nothing, no ploughed fields, no vegetables, no cattle, just derelict wasteland. A part of the journey is through a communal land and here there were people everywhere, a few scrawny cattle looking for grass on the roadside, children in rags pushing little wire toys in the sand and men sitting around a hut drinking beer from brown plastic bottles. Here too, even in the communal land there was no sign of land preparation. People cannot afford to plough, there are no seeds to buy and no one can afford fertiliser either so perhaps the feeling is, why bother to even try, let's just wait for world food aid. Here, better than anywhere, was the blatantly clear evidence of the massive propaganda of this so called land redistribution that our government undertook in order to stay in power. Miles of deserted farm land and then a squalid over-crowded communal land.

When we neared Mum's home there was a huge police road block and even though I'm not very religious, the prayers were silently pouring out. "Please God, don't let them take the fuel from me," I begged. God was listening and we arrived to a tumultuous welcome from a mother who had not been visited by her own daughter for many many months. Sitting at her kitchen table was a friend who happens to be a genuine veteran of Zimbabwe's liberation war. He runs a little odd jobbing business and had just returned from a plumbing job in a former very rich farming area. He told us disgustingly how others, who call themselves war veterans, were just sitting there on those once rich and prolific farms. They were sitting doing nothing except waiting for yet more government handouts. They had recently been given very cheap diesel to plough the land with but hadn't bothered because they made far more money by selling the fuel on the black market. The day flew past and I cried as we drove away, not knowing when I would be able to visit again. I cried for the families that are no longer able to spend normal happy times together, the families who are spread out over continents, the huge sadness that had engulfed every man, woman and child in this country, regardless of their colour, all because of political power.

CATHY BUCKLE

Farms which had been seized by our government and supposedly resettled with thousands of peasants now lie completely derelict and deserted. We saw nothing, no ploughed fields, no vegetables, no cattle, just derelict wasteland.



FABCOS

THE FOUNDATION FOR AFRICAN BUSINESS AND CONSUMER SERVICES [FABCOS]

TURNING THE EMPOWERMENT DREAM INTO REALITY

FABCOS is a voluntary national association of small business people, focusing on the creation of business opportunities and ownership stakes in the South African economy on behalf of its members.

FABCOS was formed in 1988 to focus specifically on bringing entrepreneurs from the informal sector into the mainstream economy.

MISSION STATEMENT

The FABCOS policy initiatives are driven by its mission statement:

'FABCOS promotes the development of black business by striving for the advancement of its members: helping them secure economic empowerment, self-reliance, and respect.

Through active participation in formal business and governmental initiatives, FABCOS campaigns for the continual improvement of South Africa's socio-economic climate for the benefit of its members.

As a means of developing its members to their full potential,

FABCOS is committed to the pursuit of education, training, transfer of skills and sound administration.'

INVESTMENTS

FABCOS also participates in large investments on behalf of its membership, thereby ensuring broad-based ownership by small business in the SA economy. Through its investment arm, the FABCOS Trust, FABCOS holds significant investments in the gaming and leisure industries [Tsogo Investments and Luck Holdings], the food industry [Premier Foods] and the training and education industry [the FABCOS Institute of Entrepreneurship].

FABCOS' National Distribution Network makes it a preferred BEE partner for local and international investors in industries where there is a need to reach untapped consumer markets.

Through the utilisation of the FABCOS National Distribution Network of small businesses, goods and services are delivered to communities effectively at competitive prices, whilst creating new jobs and entrepreneurs.

BUDGETING FOR A BETTER LIFE FOR ALL



CHRIS HANI
DISTRICT MUNICIPALITY

CHRIS HANI DISTRICT MUNICIPALITY BUDGET ALLOCATION 2002/2003 PRESENTED BY EXECUTIVE MAYOR MAFUZA SIGABI

Our IDP is a product of stakeholder participation that identifies agriculture, farming and the eradication of bucket systems in the district as key priorities.

At Intsika Yethu we wish to contribute to the eradication of the bucket and pit latrine systems in the towns of Cofimvaba and Tsomo. There is visible economic growth in Cofimvaba and we would like to contribute to the attraction of further investors by improving infrastructure. For this purpose we allocate R5-million: R3-million to Cofimvaba and R2-million to Tsomo. A further R2 801 847 is allocated for the Qamata/Bilatye irrigation scheme for work in progress.

Stormwater problems at Inxuba Yethemba have been identified, particularly at Midros. We have made a contribution of R1 million, and another R1 million is allocated for sanitation and cleansing in the greater Cradock area.

We are allocating R1 500 000 from ISRDP for the purchase of land for fodder production.

Inkwanca municipality is faced with huge backlogs in sanitation, particularly in the Sterkstroom component. We are allocating an amount of R800 000, and R2-million from ISRDP,

to start the process of eradicating the bucket system. We are contributing R800 000 for regravelling of Molteno roads and R110 000 for drilling and equipping boreholes for better provision of water to communities.

The communities of Indwe, Dordrecht and Lady Frere live in disadvantaged conditions regarding proper sanitation. An amount of R3-million is being made available for starting a process of eradicating the bucket system. A further R1-million is being allocated for an access road to Percy village and other projects. Through ISRDP funding we contribute R800 000 for the wool cluster anchor project for purposes of a wool storage shed and purchase of rams for livestock improvement.

The Farmers Association of Whittlesea asked us to provide fencing for the safe-keeping of livestock and the ploughing arable land. The Department of Agriculture asked us to supplement their initiatives by providing this service and we made available an amount of R2,5-million to complete the project of livestock improvement and fencing.

We are providing R3-million for stormwater drainage in identified areas. We are making R2-million available from the ISRDP to strengthen initiatives at the Shiloh irrigation scheme

through provision of infield irrigation, agricultural and mechanical inputs.

An amount of R2,4-million is being made available to complete phase 2 of a water scheme in Mageza/Goso (Engcobo). R3-million is being made available for contribution to a bridge at Beyele and access roads identified in the municipality. Engcobo would benefit from an amount of R1-million from ISRDP for wood production, with the objective of training of furniture makers. For sustainability of this project, Intsika Yethu, with its forests, would need to help.

An amount of R2,5-million is being made available for a flash sewer system in Hofmeyor, and R500 000 for the construction of a shearing shed for the Khwezi community. We further contribute R2-million for the Ntabethemba LED cluster that is geared towards infield irrigation, agriculture and mechanical inputs.

At Sakhisizwe we have set aside an amount of R3 million. A further R2-million from ISRDP is available for abattoir and infield irrigation for massive food production in Sakhisizwe.

The district municipality seeks to promote healthy and clean environments. It is disappointing to observe the escalation of unauthorised rubbish dumps in our townships. R3-million is being set aside to promote and support local municipal initiatives in this regard. The implementation of this project should be coupled with health and environmental education in our townships.

Health/Social Development is one of the four pillars of the ISRDP, and the Chris Hani District Municipality has identified that the greatest priority/challenge lies in the areas identified as per our IDP, of which the health sector forms an integral part. A full health situational analysis was carried out and we have allocated an amount of R2,5-million for the following priority areas:

- To augment our drug allocation
- To purchase information education
- To strengthen our STI programme
- To promote anti-AIDS groups
- To ensure functional integration

The implementation of the District Health System is already under way in the Chris Hani District, although there is willingness from all stakeholders to develop a strong and self-reliant Chris Hani Health System with empowered health workers and communities. The CHDM has launched its District Health Council and it is functioning very well.

NGO funding to assist in our fight against HIV/AIDS:

- Replacement of outdated equipment and vehicles
- Cholera prevention programme
- Circumcision programme

Through the implementation of projects related to the improvement of roads and transport, the impact will be



positive in health service rendering. We therefore need to support our health sector to ensure an effective and efficient Health System backed by proper infrastructure.

Our cemeteries, particularly those in rural villages and townships, are a cause for concern. It is high time that we initiate an intensive programme of building infrastructure around our graveyards. We avail an amount of R2-million for this project.

The special programmes unit has to benefit from our budget allocation. This refers to sectors such as youth, women and the disabled. We hope that these sectors will come forward with sustainable programmes to benefit them in a meaningful way. Our priority would be to make the existing projects/programmes (that lack resources) viable and sustainable. An amount of R1-million is being made available for this purpose.

We are committing R1-million for tourism infrastructure. Our LED unit should present us with programmes that seek to promote this industry in our district. We are assisting the district tourism organisation, with rent being among the components of their budget. We ought to ask ourselves if we should continue leasing or have our own accommodation once and for all. The LED unit and the tourism organisation should assist us in answering this question.

A central challenge of the district municipality is the fact that we have been appointed as a Water Services Authority and Provider as from the 1st of July. There are water schemes that are incomplete or dysfunctional.

We need to complete these schemes, and those that are not functioning should be made functional as we grapple with the new mandate. For this objective to succeed we have set aside an amount of R5 720 370, and R500 000 is reserved for unforeseen circumstances.

We are faced with huge demands from our communities. Let us continue to work together and support each other in building the future of this district.

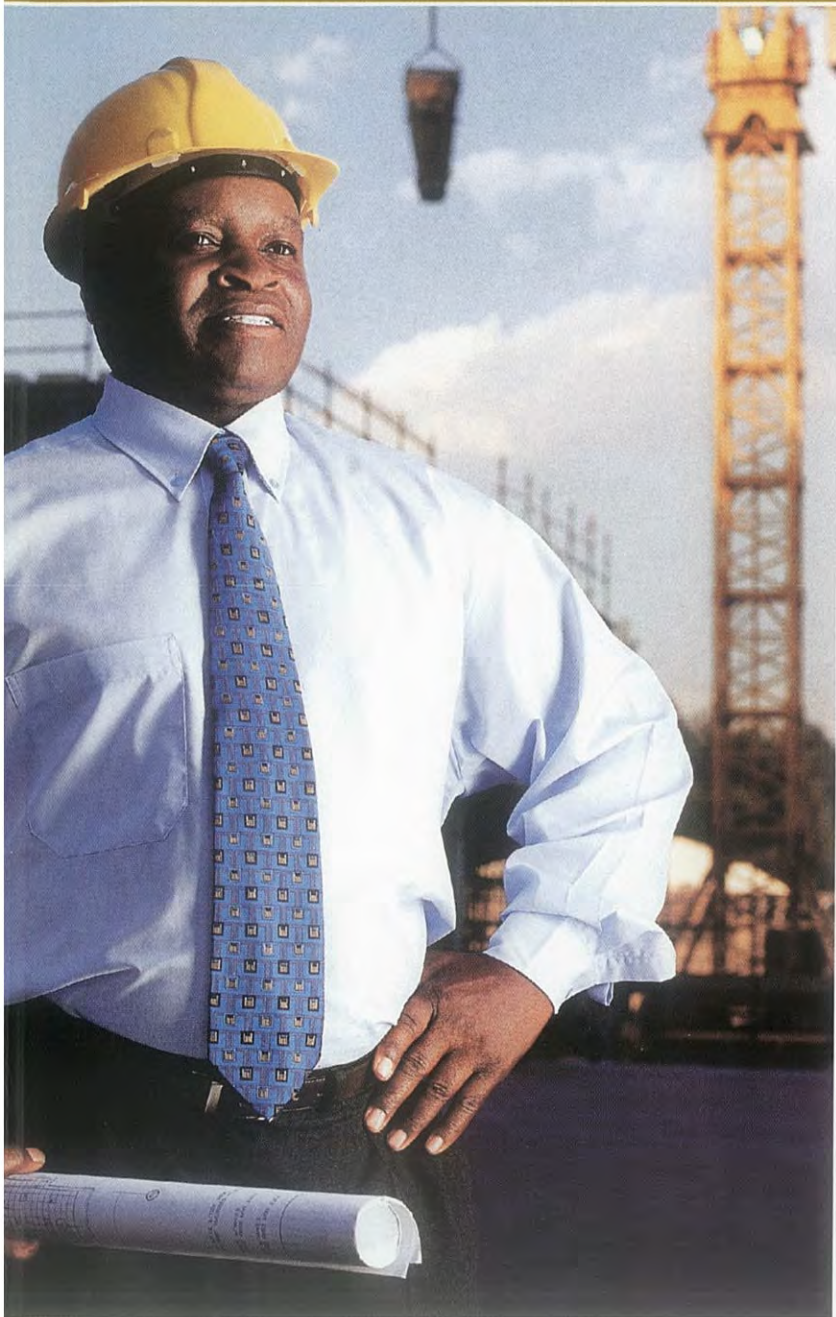
I take this opportunity to thank everyone for the co-operation we enjoy in working with government national and provincial departments and stakeholders.

Together let's build a people's contract for a better life for all; supporting each other in building the future of this district.



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**Black
Economic
Empowerment.**

**Realising our
economic
democracy.**

**Developing our
country's full
potential.**

**A top
priority for all
of us.**

"Clearly,
we need rigorous and
visible progress in this
area, so as to ensure not
only the distribution of
wealth and economic power
in line with the demographics
of our country, but also to
ensure that our economy and
society as a whole can benefit from
the wisdom and potential of all
South Africans, and the benefits
of such empowerment are
shared across society, and not
just by a few."

— *State President Thabo Mbeki*
State of the Nation Address,
14 February 2003

An original oil painting by Alfred Hilton,
graphic artist with KPMG's Marketing & Communications unit

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