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NEW AGENDA

South African Journal of Social and Economic Policy

BEWITCHED BY WEALTH
BY DR MOLEFE TSELE

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NEW AGENDA ISSUE 20 FOURTH QUARTER 2005

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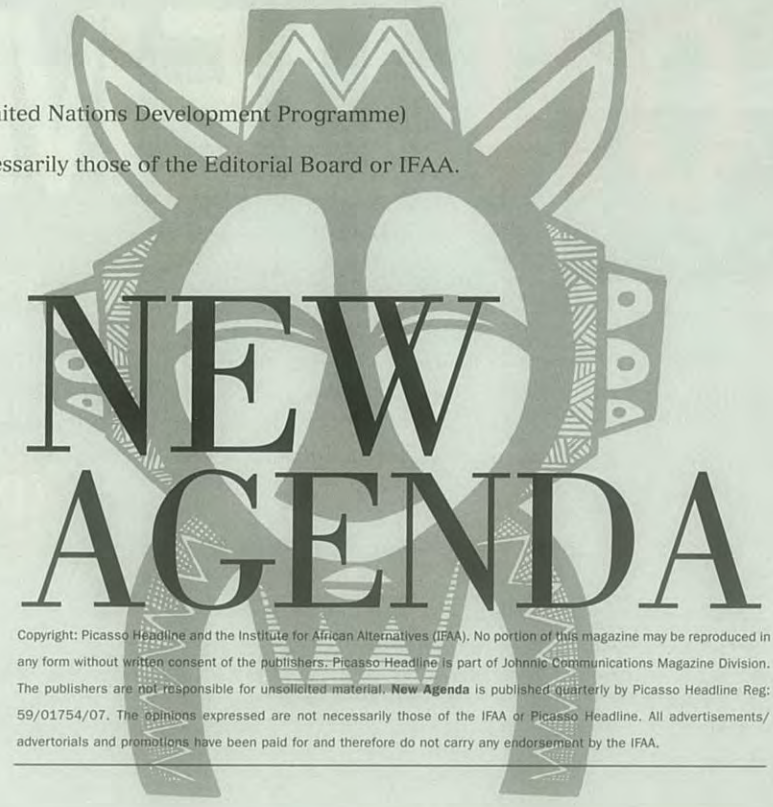

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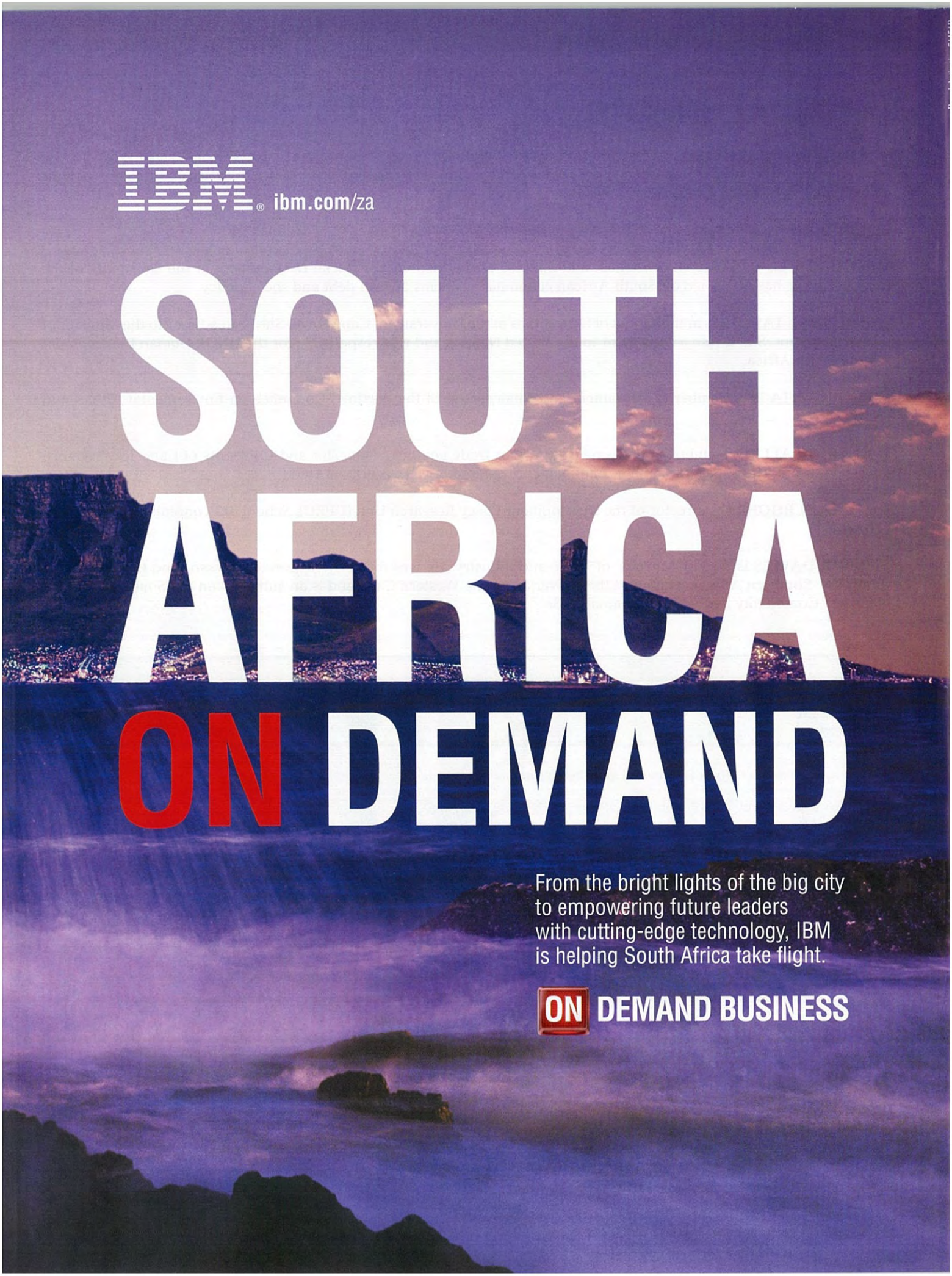
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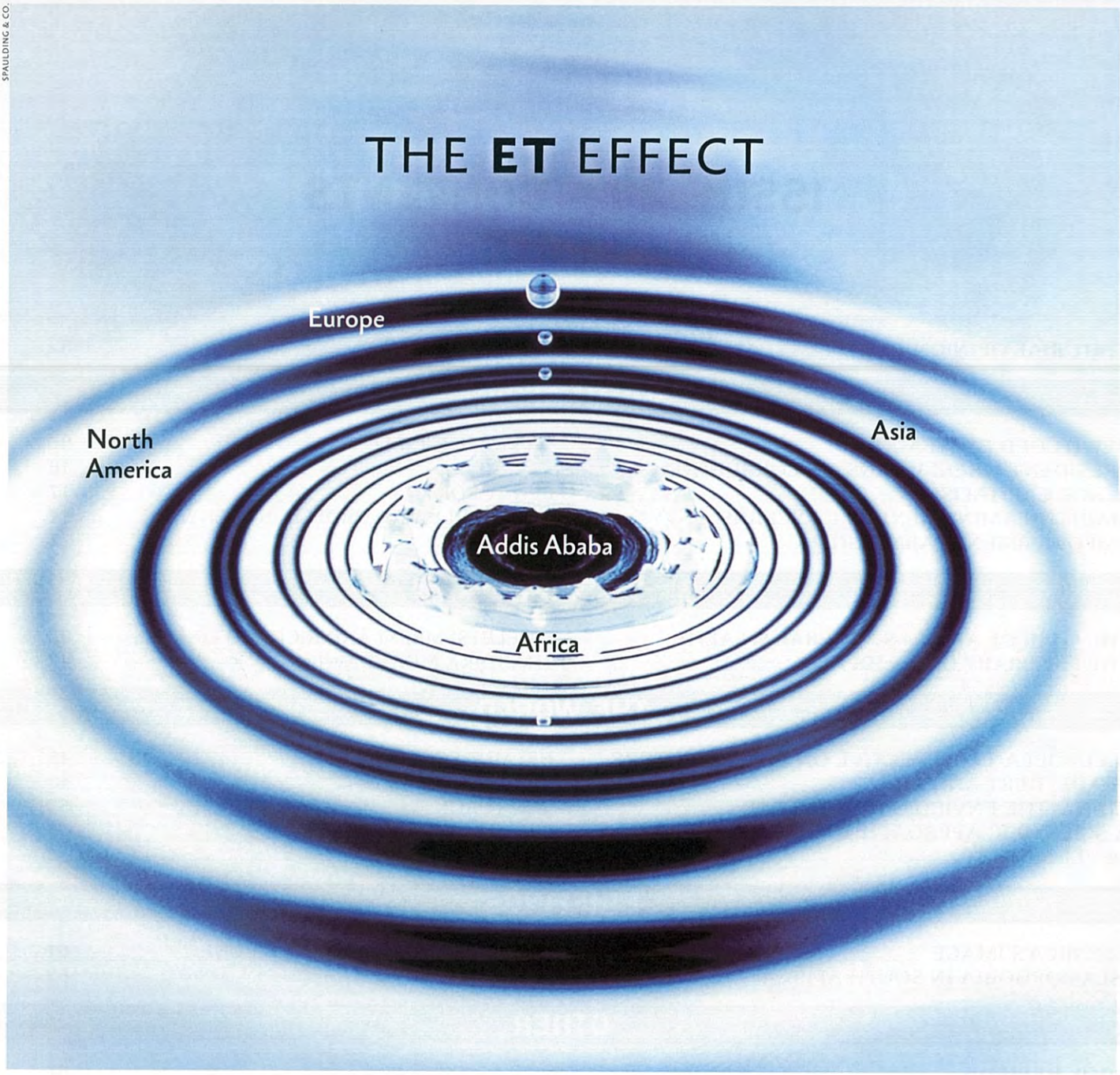

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A STRONG ACQUISITIVE SPIRIT IN PUBLIC LIFE

BY BEN TUROK

In October last year, President Mbeki once again lashed out at the abuse of public office by corrupt individuals. He said that there is prevalent in our society a "very strong acquisitive, materialist spirit and a drive for people to acquire wealth as quickly as they can without regard to any legality". This has manifested itself in the local government election process, where self-seekers at times emerge triumphant, promising preferential treatment in the tendering process in return for support. He called upon political parties to intervene in what has become too common in our political life.

The issue of corruption in public life has been highlighted by the recent regulation published in the Government Gazette under the Municipal Finance Management Act. This regulation excludes municipal councillors from participating in the tendering process. It also imposes various restrictions on a range of public representatives.

These constraints on people seeking public office are a sharp reminder that public representatives must serve the public interest rather than act for their own gain. If they follow the latter path there is no limit to the scale of cronyism that can infect society, with disastrous results. Once there is a belief that the public arena is being misused, confidence in all spheres of government is the casualty and the heart of compliance and good governance goes out of the system. How can we expect officials to observe codes of integrity if their political bosses do not?

It's bad enough when the captains of industry and commerce give themselves huge bonuses of tens of millions of rands, as is the case of Shoprite where the chief executive was recently given R41 million. In other cases, chief executives get large slices of shares as rewards for their work, amounting to huge capital gains. The state cannot intervene in these matters unless there is overt fraud, as has happened in the United States.

However, in the public sector, the state has every right, and indeed a duty, to curb malpractices and stamp out activities that eat the heart out of a democracy.

Dr Molefe Tsele makes this point with great force in the interview that follows. New Agenda is opposed to corruption in all its forms and we will give ample space to expose those whose pursuit of personal material wealth becomes a threat to what we have achieved.

THE CONFLICT AND GOVERNANCE FACILITY:

'AN EVOLVING MODEL FOR PRODUCTIVE DIALOGUE'

It has been said that research wants to explain and understand the world by adding to the body of knowledge; on the other hand, development practice and policy wants to hurry up and make things happen. A fundamental tension therefore exists between practitioners and theoreticians when 'the lofty world' of academia comes into contact with the busy world of service delivery. Research and practice are different activities, yet a productive dialogue should form a bridge between the two.[1] This article intends to explore one of the spaces where such productive dialogue could happen. It sets out a model that is currently evolving in South Africa within the field of policy research.

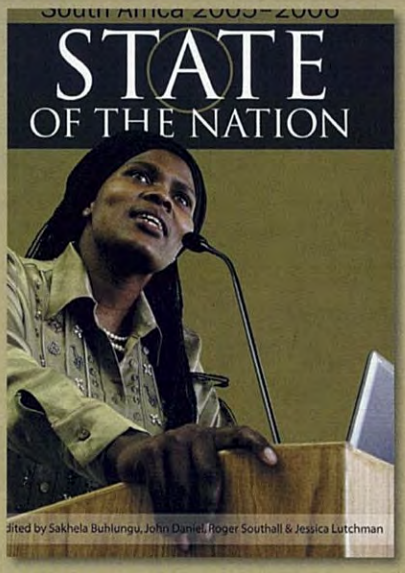
As development assistance, this model targets a number of beneficiaries that might be seen as different layers: the primary layer would be the research organisations that received the grant from CAGE as a grant maker. The next critical layer is the policy maker, who could receive the findings of the policy research and choose how, when and where to use or not to use it in the policy framework. In terms of impact, a further and important layer is the citizen who is the ultimate beneficiary and who, through better evidenced decision-making, should have an improved quality of life and standard of living.

However, the Conflict and Governance Facility is also a model that operates in a complex and fluctuating environment – governance on the African continent, peace building, knowledge management and capacity building.

So what has this model done within the multi-layered world that it is intended to service:

The CAGE model has indeed developed an accessible profile: through the research outputs already achieved by its grant partners, its website, activities and partnerships, the CAGE Isivivane[2] that is an iconic representation of its brand, is already displayed in outputs within the knowledge landscape of the conflict and governance sector. Described as a grant maker for indigenous research, CAGE has been partner to the following milestones:

• Human Sciences Research Council
State of the Nation: 2005-2006, Southall R (2006) Black Empowerment and present limits to a more democratic capitalism in South Africa. HSRC Press and Michigan State



• Institute for Justice and Reconciliation
Conflict and Governance: Economic Transformation Audit, 2005, Small enterprise and transformation, 2005

Ms Friederike Bubenzer (IJR), Ms Maria Ramos (Transnet), Ms Sue Brown (IJR) and Mr Joe Mwase (Old Mutual) at the launch of the *2005 Economic Transformation Audit:* Conflict and Governance in Tshwane

IN TERMS OF DISSEMINATION OF COMPLETED RESEARCH:

• Institute for Business Innovation and University of Pretoria
Venter, D and Neuland E, *Monograph on Conflict and Governance, Nepad, South Africa and Africa: 2005.*

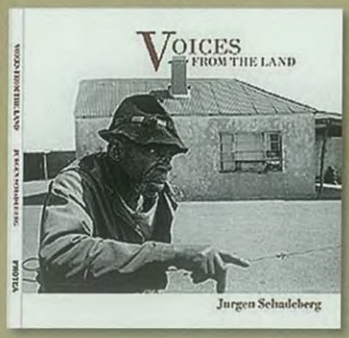
True collaboration - Profs Venter (IBI) and Neuland (UNISA) exchanging thoughts with Mr Sybert Liebenberg (CSIR) on NEPAD, Africa and developmental peace missions.

In the peer review phase are a number of papers which may be commented on through the CAGE website (www.cage.org.za):

- Council for Scientific and Industrial Research: Gueli R, Liebenberg S, Van Huysteen E, Maitin O: Developmental Peace Missions Theory
- University of Western Cape: Community Law Centre: Steytler N and Fessha Y: Defining Provincial and Local Government Powers and Functions: The Management of Concurrency
- Centre for the Study of Violence and Reconciliation and Action for Conflict Transformation: Tadesse E and Smith R: Human Security and Public Participation: Positive forces for change or fuel for further violence

Looking towards the future, CAGE has completed its second Call for Proposals and will fund research in fields that range from 'South Africa's Continental Role' to the 'Social Economy of organised crime: A case study of South Africa and Mozambique' to 'Local Government and self-settled refugees' and 'Conflicts in South African cities and towns: Case study of three areas around causes of conflict, quality of governance and recommendations' to name but a random selection of the 2005-2006 Grant projects.

Aside from research and dissemination projects, CAGE has been associated with the following thematic events:



- Schadeberg J: *Voices from the Land:* Protea House Books: 2005: an exploration of 'the lives of farm workers, their plights, their problems, their hopes and their fears'[3], featuring research done by Nkuzi Development Association and the Wits Law Clinic and photography by Jurgen Schadeberg;
- With Southern Africa Regional Poverty Network: Human security, poverty and conflict in SADC;
- With Safer Africa: The AU and Post-Conflict Reconstruction and Development in Africa: 4th AU Brainstorming Retreat of the Peace and Security Council and the other AU Member States' Permanent Representatives to the AU: September 2005;
- With Democracy Development Programme and University of KwaZulu-Natal: The Second Decade of Local Government – Towards Accelerated Service Delivery;
- With Umtapo: Peace Africa Youth Centres: Participatory Action Research Training for Community Workers;
- With Coalition for Peace in Africa: community-based organisations thematic workshops including crime prevention, HIV and AIDS, gender, youth peace academy and building peace in communities;
- With Centre for Policy Studies: engaging SADC: a discussion paper on civil society options and regional citizenship and identity in southern Africa;
- With Action for Conflict Transformation: capacity building research workshop for community-based organisations interested in undertaking research; and
- With Development Partners: coordinating official development assistance in the conflict and governance arena of Southern Africa.

Through activities such as the above, CAGE has delivered to its mission of fostering collaboration and building capacity with emerging institutions to promote the transfer of skills and knowledge.

With regard to the universal questions of impact... CAGE will need a longer lead time than the short 18 months of implementation it has had for sound longitudinal findings to emerge. Described as a 'first' in terms of the funding model, the evolving shape of CAGE is certainly a model that has emerged for the right continent at the right time.

1 Crehan, K and Shapiro, J: *The Uneasy Alliance:* Academic Research and the voluntary sector: Development Update: "Through a glass darkly: Community, research and public policy in South Africa: August 1999.

2 Isivivane: An Isivivane consists of stones that are collected together to form a cairn. The pile of stones is found in the rural communities and is a traditional ritual where persons passing by will add a stone to the pile for a number of reasons: safety on the journey, commitment to a common purpose, acknowledgement of the ancient knowledge of the terrain, identification with a good cause. CAGE adopted this as their organisational metaphor.

3 Schadeberg, J: *Voices from the Land:* Protea House Books: Johannesburg: 2005

Contact CAGE at www.cage.org.za or info@cage.org.za

UNITED CITIES AND LOCAL GOVERNMENTS OF AFRICA (UCLGA)

REPRESENTING THE CITIZEN IN AFRICA

UCLGA is the African Union of Cities and Local Governments – the united voice of African local government and the principal local government partner of regional and international institutions.

UCLGA structure

- The Council – all members
- The Executive Committee – 17 members
- The Presidency – one president and five vice-presidents
  - Father Smangaliso Mkhatshwa, Executive Mayor, City of Tshwane, UCLGA President (South Africa);
  - Mr Eneas Comiche, Mayor, City of Maputo, UCLGA Vice-President, southern Africa region (Mozambique);
  - Mr Augustin Kampayana, President, Rwandese Association of Local Governments, UCLGA Vice-President, East Africa region (Rwanda);
  - Mr Baver Dzeremo, President, Association of Local Governments of Nigeria, UCLGA Vice-President, West African region (Nigeria);
  - Mr Omar El Bahraoui, Mayor, City of Rabat, UCLGA Vice-President, North Africa region (Morocco); and
  - Mr Hugues Ngouelondele, Deputy Mayor, City of Brazzaville, UCLGA Vice-President, Central Africa region (Congo)
- The Secretary General
  - Mr Jean Pierre Elong Mbassi (Cameroon)

The role of UCLGA

- To organise, at continental level, effective political dialogue with central and local governments, civil societies, and the international community with a view to adopting decentralisation amongst Africa's priority development issues.
- To accord African local governments their due place in the dynamics of African integration.
- To integrate the African Municipal Movement into the mainstream initiatives of the world municipal movement.

UCLGA's priority areas of focus

- Ensure that UCLGA is recognised by the African Union.
- Advocate for decentralisation and autonomy for organised African local government.
- Deliver capacity building activities focusing on associations of local government and political dialogue.
- Support African local government developmental endeavours and cooperate with international organisations, both government and non-governmental, as well as multilateral institutions (United Nations, UCLG, the World Bank, and so on).
- Deliver the Millennium Development Goals (MDGs) at local level.
- Position African local governments in Africa to support initiatives by the New Partnership for Africa's Development (NEPAD).
- Support peace and stability initiatives within the African region.
- Share knowledge and experiences.
- Develop tools in support of decentralisation, especially in countries where the lack of democracy remains a challenge.

UCLGA
United Cities and Local Governments of Africa (UCLGA)

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BEWITCHED BY WEALTH

DR MOLEFE TSELE
Secretary General of the South African Council of Churches (SACC), interviewed by New Agenda editor Ben Turok at Kotze House, Gauteng

BT: Dr Tsele, President Mbeki recently made some very strong statements on corruption. For instance, in his speech in the budget vote in parliament, the president said that we have to take special note of the pervasiveness in our society of the drive for accumulation of personal wealth. Do you think this is a problem?

MT: Let me start by saying that there is a broad understanding that we need to embrace the objective to build a prosperous South Africa and also to affirm the view that one of the crimes of apartheid was that it condemned people to a life of poverty. Part of transcending that is people exercising their opportunities to be prosperous. The problem is more a judgment about the manner: that we are not just a society that says we need to be a prosperous South Africa but where it becomes an obsession with accumulation of wealth, and that is the major distinction I hear in what the president is saying.

BT: In the "Letter from the President" of the 29th of July (ANC Today) he actually talks about a "mercenary acquisitive spirit". Now that goes beyond the idea of a society which is flourishing.

MT: He made a statement that attracted my attention when he said that it appears that it has bewitched some of our movement. When you use that word "bewitched", we are somehow are beginning to subscribe to a particular cult, the cult which he says is mercenary. It is a ritual acquisitive spirit; it is mercenary in the sense that it is what some people will be willing to trade their souls for - anything, even what they have stood for, their past and their values and their ideals - just for the sake of acquisition of wealth. That really is a mercenary crisis and it goes to the core of the distinction between being prosperous and being mercenary.

BT: He then goes on to say that these characteristics are now found in members of the movement. Now the SACC is not part of the tripartite alliance, but it is, historically, part of the broad movement for democracy in South Africa. If you take the movement broadly, is it your experience that these attitudes are to be found?

MT: The movement is an old movement. Both of us know that we are going back now more than 90 years, and we are also mindful of the fact that the movement is an umbrella movement that has had to bring people, a diversity of people, within its ranks. But within that long history, there is no doubt that there has been a particular characteristic that is defined in those who have stood for this movement, and that characteristic has been the willingness to self-sacrifice. You have seen it in students who were in medical school, just about to graduate, but who saw the bigger goal of joining the ranks of those in exile. You have seen it with people who served long terms of imprisonment simply because they couldn't stand as state witnesses - the cases are numerous. Indeed, there are many people who endured some of the most brutal interrogation.

But still, this is the type. When we talk about this movement, we are talking about people who stood for something and who understood. And so it begins to be a matter of very, very grave concern when the very same generation of cadres who have gone through that begin to bargain that tradition very easily and very cheaply. We seemed to underestimate the fact that money can break what prison, torture, exile could not break and so you begin to see, within the ranks, those very same people who really emerged as heroes, gallant heroes, in the midst of the most difficult times, somehow, very, very easily are giving in. Therefore, you say it is not just an acquisitive spirit in society, but an acquisitive spirit that seems to bewitch even those who have been tested and that is what is more scary.

BT: President Mbeki goes on to say that there are many dangers, such as careerism, corruption, opportunism, which he says have taken root at various levels in our organisation. He seems to be pointing to something quite fundamental, although of course not universal.

MT: We have had to move into the new era, the new South Africa, without much preparation, and one would even say that very few people are doing today what they really had planned for their lives. There are people who are medical doctors, but who have not really benefited - because they were needed before 1994. There are people who are lawyers, who today are bureaucrats. There are people who ordinarily would not have been members of parliament, they could have been academics and others things, but they ended up seeing their career path defined when 1994 came and people were needed.

So, those were the circumstances of the change that took place then, that day. People were diverted from their careers of choice into a particular political career where they were needed at that point. Now you can make that particular observation with those particular circumstances in history, at that particular time. However, it begins to be a matter of concern 10 years down the line, when cadres begin to see part of their membership in the movement as carving a career and therefore positioning themselves at local authority and at provincial level and national level. It is that type of careerism - not people who are needed, who sometimes even had to sacrifice their careers of first choice

in order to serve the people, but the people who begin to see membership as a particular ladder of their preferred career that is a concern.

BT: Well, the president actually takes up that point and he says that people are using positions of power to get access to public resources which they proceed to steal.

MT: I think there are two ways of looking at this. The first one would be to say that this is nothing exceptionally different from what other people do, be it in Europe or America, where people basically abuse public resources, and especially those who are in positions of power. In that respect, maybe sometimes the accusations are a little bit misdirected. From that point of view, you just need systems that are able to contain such conduct and the government must be measured more by whether it has such systems.

But, what do you do when people indulge in such aberrations? If you read the letter, the president is speaking to particular people who should understand that, at this moment in history, they should be more seized with particular challenges and understand their position in power as a strategic positioning to do particular things. We are not talking about how bureaucrats or politicians conduct themselves in general. We are talking about a particular cadreship that should understand specific objectives with respect to where our nation is today in terms of the poverty, in terms of reconstruction and development, and from that point of view, that is where you begin to say that the criminality of such people comes from a moment when the country has identified particular priorities and has entrusted particular people to implement those particular objectives.

BT: Yes, he is talking about executives at this point, not ordinary officials.

MT: Exactly. In fact it even becomes worse when you realise that he is talking about executives. This letter starts by explaining who chose to become members of the ANC, and saying a distinction has to be made. You know I come from a profession that historically has said that it is a profession of people who have chosen to be set aside for particular things, in terms of a tradition. We talk of the "vocation", those who are called, those who are set aside for particular things, who have committed themselves to say - rather than go into business and pursue this world, rather than doing a practice to pursue this world - "I am availing myself to be an executive of this organisation." Once you have taken that decision, to go on and abuse that particular position, to do exactly what we would have, had we been doing it outside: that is where the criminality comes in.

BT: You are saying that you would expect a higher order of morality from people who have high positions in government.

MT: Exactly, but also that those who should better understand the challenges that we have identified at this particular moment in history, therefore have particularly been identified as the people who must implement them, and that is why you should expect much much more from them.

BT: The letter also goes on to say that in Africa there has been a gross abuse of state power to enrich elites that control the levers of state power. You have a pretty considerable knowledge of the rest of Africa. Would you say that there are any signs that this kind of thing is happening here?

MT: I think that one of the scholars of Africa would of course know it much better, but one of the anomalies of Africa is that opportunities to pursue careers and to do well are very minimal outside public service. And this is one of the sad things about Africa. If you are a bloody good professor, you can do very little actually, just continue to teach until retirement. You find the state is bankrupt and you have nothing. And so many people in Africa have tended to see public office as the surest way to make it. We can still debate the history and being part of this economy and global economy where other sectoral opportunities are very minimal. But South Africa is different, as you know. There are many, many people who can choose not to be in public service and can do well. Therefore, there is no need for us to follow the route of Africa in terms of abuse of public office, and my own view is that we can set very high standards of conduct for public officials, that we can still reward them very well and they do not have to do what is being done (or at least has historically been identified with what happens) in Africa. There should be no excuse there. And it shouldn't be like what is happening elsewhere.

ECONOMIC EMPOWERMENT

BT: Taking the overall situation in South Africa at the moment, some people are complaining about the emergence of an enrichment elite. Would you say there is a new elite, and does that bother you?

MT: There is definitely a new elite. We have seen a major Sunday newspaper celebrating the billionaires who have emerged in the last 10 years, and there is no doubt that 10 years ago some of these people walked out of prison or returned from exile or from the emergency detentions of apartheid with basically next to nothing and today, in very, very less than a generation, they are very, very wealthy.

It is a concern, but it is also a concern as to how they became that elite. Some of them were chosen by other forces with their own interests to join this new elite, because white capital did not want to be up there, isolated, all white. It is much safer if it is a little bit coloured and so part of that was to look around and see who the people are. Now, some people have celebrated that and said that it is necessary, it will create stability. I don't want to pass judgment on the fact that there is a new elite. The greater question really is about how that elite conducts itself at this particular moment. There is no doubt that some of this elite went on to corrupt our comrades, to corrupt our systems of government, to buy favours and to begin to spread a cancer that then goes on. They also set themselves as models that others begin to

aspire to. One of the worst signs of the new rich is that they just can't help showing it off, and so you hear about the golf estate they own and the holidays they are taking in France and, quite frankly, it is vulgar, the lifestyles of these new elites. One needs to begin to ask, is it something that has a positive contribution to the broader morality in the country, or is it actually beginning to poison it? People are saying that it is a question of patriotism - I don't think it is a question of whether they are patriotic or not: it is whether they are progressive or not. I don't think that generally they have begun to use their status to advance a broader progressive agenda.

BT: But some people are saying that there is a progressive element insofar as this process you have outlined deracialises the economy. Is that something that you would agree with?

MT: Certainly, to the extent that you had this lily-white elite in control of the economy. You definitely need to deracialise that economy. On its own, that is an important national priority, not only to create stability but also so that you now have indigenous people who belong here, who have their hands on the levers of wealth and economic power, who you can count on in many years to come. I am really making two critical points. The first one is about the processes that have evolved to create those people. I'm saying these were selective processes, mostly controlled by other people, and we don't know why they selected those people or the loyalties of the people that they then chose. It is not that the trade union congress sat down and said, "We are entrusting you with this to go and do that." It is basically people who were not deployed. And then the second thing is the manner in which they develop an ethos of practice once they are there that also becomes a problem.

BT: Would you say that they now constitute a class on their own? Is it as big as that?

MT: No, not really. Not only do they not yet constitute a class of their own, they are not even permanently lodged there. You still see some of them being dethroned. Primarily because they are still at the mercy of whoever has made that particular choice to appoint them. You do hear of people who have been there and suddenly you hear that they have been dethroned. My view is that it is simply a question of whether we allow this to happen as if it happens on its own, or whether it should be better managed.

BT: Is there any link between this process you are describing and black economic empowerment, because now government is pushing BEE very hard, some people are pushing broad-based, but BEE is state policy now. Do you think there is any link between the two?

MT: Well, the first thing is to say that black economic empowerment – the thinking behind it - did not come from us. I hold to the view that this is a process that we saw happening in front of our eyes. I am of the view that it was initiated by the financiers, the bankers and those in whose hands capital was concentrated, and they are the ones who said let's start BEE, to the extent that it is now government policy. We need it to be government policy, firstly, in order to correct the first phase that was fraught with abnormalities and therefore government comes, in a sense, to correct that. On its own, it is a necessary acknowledgement that there is a need to address the historic economic disempowerment of a particular class of people and, as a national policy, I personally support it. It is necessary to have policies for black economic empowerment, but again they must come from us, which means from government. It must be driven by government in line with government priorities or strategies rather than it be a policy of Anglo American, driven by them according to their own policies, which may include the co-option of a few people, separating them from the communities they come from.

BT: But government is also putting pressure on all these private sector companies to promote blacks. You know, we are having hearings in parliament at the moment, and you see white managers coming but the spokesperson is the black person. So they are, if you like, tokens and managers, but...

MT: Well, I daresay it is an afterthought. The government is now making the policy, procurement, and the score cards and charters, but when it started with the rails and the nails it wasn't government policy necessarily. Not that the government was against it, but it was something that was thought out by other people.

WHAT HAS CHANGED?

BT: Can we turn to fundamental questions? Before 1990, the movement said that the political economy of South Africa was marked by internal colonialism of which a major feature was super-exploitation of the poor. Now, that's what we said before 1990. Do you think there are elements of that political economy which have survived, because it seems to me we have changed the superstructure enormously? Certainly the state has changed its character totally, but the base seems to remain in the hands of the previous owners of capital. So, would you say that there are any elements of this formula that we used all the time, internal colonialism with exploitation, that are surviving?

MT: My honest view is that the most difficult area is how we are going to address the continued exploitation of people who work on the land, and I think that is also one of the areas that is most difficult to bring in line with all the other changes and advances that we have made in other areas.

BT: Are you talking about the rural areas or the farms?

MT: The farms in particular.

You can make a case that the financial sector, which, in an advanced economy like ours, finances a lot of manufacturing and so on, is well advanced. It's ingenuous to argue that not much has changed, that the same fundamental superstructure

of the economy, as it existed prior to 1994, continues today. For example, the manner in which parastatals have changed. I think that we underestimate how a new ethos or a new presence is there in just deciding how much of the capital of parastatals should go, and to whom. The Eskoms and Telkoms and so on. So, no, a lot has changed. And a lot is changing, for example in minerals, inroads that have been made now with the mines, the charter. The only area that is not changing is agriculture and land ownership in particular.

So therefore my answer to your question is that, whereas before 1994 you had a **national** picture of a superstructure of colonial capital, now it is more sectoral. In certain sectors, it is still as colonial and white as it was, but in some sectors this cannot continue. To globalise, for it to make inroads in Africa, questions are asked: why should it be a white bank? And so, it is in their interest. For example, in telecommunications you cannot continue as the old company and think you will get a contract in Ghana. So it had to begin to change, but there are certain sectors which have not changed.

A BASIC GRANT FOR BASIC DIGNITY

BT: If we look at the unemployed and the poor, we have an unemployment rate of between 30 and 40 percent, depending on how you look at it and we have a poverty rate of maybe 50 percent. This is of course a legacy of apartheid, but is there a structural problem which is similar to what happened before? You say no?

MT: I would say no, it is a structural problem that is new, that is following a pattern all over the world. The challenge for our government is that, whereas in the past, those who were not able to get jobs would have been dumped in the homelands, today have become the responsibility of government, regardless of where they are. So you begin to see an expansion of social development so that even the most desperate would at least have meaningful impact on their lives in terms of child grants and other things, which in the past we did not have. Indeed that is possible because the economy is beginning to generate more money for the state to be able to do that.

That is why the Council of Churches is formulating its language on the issue of the basic income grant differently than the government. We want to see a basic income grant as an extension of the constitutional democratic guarantee of a very basic life of dignity. We ask the question: what is there that we can offer to a citizen? We are saying it is a certain basic dignity. Now the formulation is called a "basic" grant and the mentality is that we do not want entitlements, we do not want hand-outs, we do not want dependency, and so on. That is not the issue. The issue is basic dignity. Those who will be unemployed for a very long time regardless of how our capital is organised, young people and so on: what can the state offer to make sure that, as South African citizens, this much at least they have?

BT: You are saying that the SACC favours a form of redistribution to improve the welfarist character of our state. When people say nothing has changed, they are wrong, because there is, let's call it, the beginnings of a welfare state, but you want it to be even more so?

MT: Exactly, and it must be informed not so much by the doctrine of welfarism as by the ethos of dignity.

BT: Right. Now, things have changed, but obviously the Gini coefficient of inequality is as high as it used to be, or nearly as high.

MT: Part of it is the manner in which we have addressed the restructuring of the economy. As I say, according to me, we followed patterns that were dictated by other players and so at the top nothing has changed. They simply added a few black people to colour the apex. In the past, we could argue that it was a very racialised Gini coefficient. Today it may not necessarily be racialised but inequality still exists, and it is a factor therefore of the manner in which our economy has opted to grow.

THE SACC, SOCIAL MOVEMENTS AND MORAL REGENERATION

BT: Can we turn to the SACC and its role in the area of morality, firstly in your churches and then in the wider society? Do you have a mandate to, as it were, campaign on moral issues around this kind of thing?

MT: The Council of Churches has historically articulated its opposition - and indeed resistance - to apartheid on moral grounds. We started from a very simple assertion that it is an affront to God, who created everybody with a good image, that a particular government regard or treat some people as inferior. So, that particular notion, which is a very moral statement, led to the point where the Council of Churches began to say that, if we are to be faithful to this, we need to identify with those who are resisting this thing and therefore to identify with underground structures; to not only protest but really engage in confrontation with the police, with the system as it existed then.

Now, the question that we are asking is what do we do in the new times, under changed circumstances? There have been two tendencies. One tendency says that we need to remain faithful to what we did before, during apartheid, and there is a new tendency that says we need to pay attention to changed contextual circumstances. It had taken time to reconcile and to define what we should do. Some people felt the same thing that we did under apartheid - take to the street and so on - that we should do that regardless of which government. That logic clearly did not understand why it was necessary for the SACC to adopt those particular tactics, strategies. It is not as if these are predetermined or predefined ways of engagement; they were necessitated by the circumstances.

BT: You are not an anarchist by definition?

MT: Exactly. And that is why actually, to be very sincere, one of the, I would say, tensions, that exists between us and

the social movements we have worked with in the last few years, is because there has not been a sufficiently nuanced distinction between how we acted in the past and how we can act today. But be that as it may.

The question is, what is our role today? It took time, but now, increasingly, it is very clear that our road today is to begin to do aggressive advocacy for those who continue to be poor. Once you formulate it like that, it says that we need to be engaged in the jobs campaigns, we need to be engaged in campaigns for people with HIV/AIDS and basic income grants.

To me, it is the same moral thing, but the question then is asked about the "moral fibre" and the "moral regeneration" and all those types of things. My own view is that our entry point must not just be a **moralistic** agenda, because that is everywhere - even George Bush is **moralistic**, the Republican Party is **moralistic**. That is a mistake we make in South Africa when we limit the churches and the SACC to sermonise and just be moralistic - we are basically saying they appeal to the goodness of people. It is more than that. It's not just being good, but making a difference to those people who need your goodness. The parable of the Samaritan is not just a Samaritan, it is a good Samaritan, it is a person who saw need and responded to it.

Now, that's what the SACC should do, to be very unflinching in speaking out against policies that we are sure are going to impoverish people, those policies that make us miss opportunities to make a difference in alleviating poverty, policies that are basically a waste to the people. And there are many such policies.

One thing that really offends me is to see so many adverts. I still do not understand why it is that provincial governments and so on have to advertise - maybe it's in the interest of their political head of the department - but I know it is a waste of money. I am offended by the many public announcements - which are very costly, by the way. People think those things are necessary. Maybe they are, I do not know. The way I see them, these are missed opportunities for us to build houses, to build clinics, build schools and improve roads.

I have seen the president go and hold imbizos all over the country. I never once heard a prime time announcement of an imbizo in a place, but still those imbizos happen, successfully, productively. But then you hear at seven o'clock in the morning, prime time, a public radio announcement about an MEC who is going to read his budget speech that day. Why should that happen? A waste of money.

So the role of the SACC is to monitor public use of money. We therefore established the parliamentary office and the brief of that office is not that we are going to parliament just to follow everything that is happening. We are going to be in parliament in order to follow particular policies insofar as they impact on the poor. If there are 10 things happening, we are not going to waste our time on the other nine, but we will follow that one that, in our view, is going to impact on the lives of the poor.

BT: Are you also in touch with other religious organisations on these matters? Is there a common front across all religious groups?

MT: It is there. It is growing, but again my worry is that there is a reductionism which reduces religion to moral regeneration as defined in a very moralistic way, and that reductionism unfortunately exists when we engage with other faiths. Issues of advocacy, issues of taking a position on the war in the Middle East, you will find that it is not possible to take those things on. The SACC will therefore work with other religions where there is a broad common agreement or comment to be made, but the moment we decide that we are going to take up issues like Zimbabwe, we will go ahead with or without other religions.

BT: What about civil society? How big is the commitment to work with civil society and how does it take shape?

MT: One of the major breakthroughs or paradigm shifts for the SACC is that we have decided to take a three-legged approach, or even four. The first one is to assist the member churches, to build and structure them and give them a voice, but we realise that it is not enough just to work with member churches. So, the second one is to begin to work with government. It came with difficulty, this second leg, but we have realised that this is our government on whose stability and good performance the prospects of the poor depend. The weaker it is, the more the poor will be short-served, the stronger and more effective it is, the better. So we want to work with government.

The third leg is working with other partners, in particular the workers and the civil society organs and social movements and other faith-based groups. There is a strong interest and agenda for us to build a network with others who are working in the South, but more broadly: the progressive social movements, the World Council of Churches and the Porto Alegre World Social Forum process. So we locate our work with civil society within one of those legs, difficult as it is, because the work is filled with many contradictions. Sometimes there are people who work in civil society who are undermining our work within our own member churches and also within government, but we as the Council of Churches have said that, once we know who we are - we are not civil society, we are an ecumenical movement, a faith movement - then we can work with anybody.

BT: So, when you co-operate with other civil society organisations you do require certain clear parameters so that you are not undermined and also not hijacked.

MT: That is always the danger. The danger is to be co-opted by government or to be hijacked by other agendas in civil society. Sometimes, the Council of Churches is perceived to be naïve, so that we are seen as people who anybody can sit with in a meeting and then say, this one we will hijack, or co-opt those ones. So, the more clear we are, the more we have

our own agendas, the more we can engage with anybody on our own terms.

BT: There is talk about a new movement - some people call it the new United Democratic Front (UDF). Is the SACC supportive of this and if so, what are your perspectives on it?

MT: My first problem is the identification with the name UDF. If you were saying a new social movement, I would have said that, yes, we would be part of it, and I would also say it is necessary, because indeed we need to mobilise a new social movement. We need to mobilise progressive forces around particular broad issues, for example fighting poverty and unemployment, corruption, moral degeneration. So, you need a broad social movement.

But to then identify that with what the UDF was in our generation, which was a political mobilisation of forces that were excluded from parliamentary processes, in order to undermine what was happening in parliament; an extra-parliamentary mobilisation of forces. We cannot reconcile a concept of UDF in an era where we are actually making advances in parliament, and that is the source of my own discomfort and indeed gripe with this proposal. But you can have a very strong new social movement which will be built around COSATU, the Communist Party, SACC, the South African NGO Coalition and so on.

BT: Do you see any dangers or any possibilities of contradictions with the ANC, because the ANC is a mass movement?

MT: Well, I don't think that the ANC is a mass movement. It used to be a mass movement. In the new times, it has to accept that it is a political party with headquarters, with provincial structures. It is no longer underground. And so it has to exist and poach members from other political parties and do those types of things that political parties do. But it is the product of a progressive movement that is rooted in the alliance, in the Communist Party and so on. So, I would not support the view that the ANC necessarily is or should be at the leadership of this social movement, but I would not exclude many of the activists of the ANC from participating in that movement.

BT: Let me put it this way. In terms of the actions that this movement might take, protests or special advocacy, it could come into conflict with the government or with the ANC, because the job of an ANC branch is to lead the people in that particular community. The ANC branch sees itself as the leader of the people in that community. Is there any possibility that this new social movement would come into conflict, because the ANC will defend its government?

MT: There are elements in the movement, even at the local level, who may want to use social movements for that. My own view is that, for the bread and butter issues that we should be talking about, for example, the abuse of children, it will be political mischief to say that the ANC government is responsible for the abuse of children and women. Only political mischief - we will make that statement.

BT: Because it is a social issue?

MT: It is a social issue. I would not expect necessarily that the ANC would mobilise a leader around it, but I would expect it to join that issue, whoever mobilises it. There are those social issues and of course some of them may be political. For example, if it is an issue about service delivery, if people are not happy with an ANC town council. My own view is that, as residents, they can rise against a councillor and they should. What is their agenda? It could be that their agenda is to say to the ANC, "You do not have the right outcome," rather than saying, "We want to contest now for this ward." Or that this movement needs to become a party that is going to contest the ANC.

We are saying there are parties that should do that, but not this movement. With the electricity issues in Soweto, for example, the Council of Churches has always taken a very cautious view, saying it is one thing to say that there are problems about the meters so that it becomes a problem for everybody, but it is a different thing when you begin to mobilise yourself for local government with that issue.

You need to know that, for the record, we have had very difficult relationships with HIV/AIDS activists as the Council of Churches. Primarily, this is because we have always regarded the issue of HIV/AIDS as an issue to do particular advocacy around, but we have never regarded it politically, as an issue where you can say you can get people who can better address it than the present government. We have drawn the line that we will become part of the broad movement to do advocacy for the rights of HIV/AIDS people, but we will not go to the point of mobilising an issue around election time and so on. Of course, some of our activists in the social movements would fall for that and that is where we draw a line.

BT: Is there potential conflict with the South African National Civic Organisation (SANCO), because they are a civil society organisation?

MT: To be very honest with you, I am of the view that SANCO needs to re-look at how it can play a role, post-1994. Whereas many organisations have struggled with that question - including the SACC to some extent and COSATU - SANCO, in my humble view, hasn't sufficiently done so. The presence and direction that SANCO used to have in a very authentic manner in the past, that it gave to issues on the ground, I personally think it is now suspect, and we should acknowledge that, not continue with the illusion that it is still, at present, as it was. I will give you Alexandra as a case in point. There was a time when you could do nothing in Alexandra - even the police with their might, could do nothing - without the Alexandra Civic Association. I don't think that it is still the same today. And I can tell you about Soweto as an example. To think that the Soweto Civic Association is

what it used to be is an illusion. SANCO is not what it used to be. And then you see this vacuum being created in many townships, across Limpopo, the North West, Free State, and then particular elements begin to take it over.

BT: Opportunism.

MT: Yes.

BT: Is this new movement likely to have a programme or a constitution or what will it have? Will it just take action case by case, or ad hoc? Has this been discussed yet?

MT: Well, I don't know. We have not yet been consulted ourselves. But if you take the model of Porto Alegre, the World Social Forum which has been in existence maybe for four to six years, you will see that it is possible to have such a movement without a constitution, but with a very clear platform of basic principles. There would be identification of particular issues around which you want to do education, mobilisation and advocacy, but also a space in which diverse voices can speak and articulate their position without the requirement that there must be uniformity. That is something that can be done. Quite clearly there could be a particular common programme, for example, war against terror, or the coalition against war, or a coalition against poverty, or the jobs coalition. Those could be a broad unified issue but you can do it in different ways wherever you are. But again, this is a notion that has not sufficiently been articulated.

BT: You know, one weakness internationally that perhaps I could draw attention to - and also with the World Social Forum because there is no real structure, or constitution - is the tendency for the small group to become the organising committee, and accountability tends to fall away because of the looseness of the structure. So, while you can create a very strong social coalition around a single issue, like anti-apartheid, and you can bring in a great deal of civil society, if you do not have an organisation, and elections and so on, then the question of who runs it and who they are accountable to can become a problem.

MT: Sure. I will give you an example of the African Social Forum as a case in point where a few individuals represented nobody but themselves, really, even in their own countries. With absolutely no constituency, they are there at the top and they are organising the African Social Forum. We have raised that question many times. The problem is when we regard those people as representative, but they are not. They are facilitators. The social forum is a workshop for themselves. All that the committee does is book a stadium or a venue. And they don't even need to decide what should happen, because it is a bazaar of activities.

Now, my own view is that we have to say that there are organised movements, or organised formations, and people must belong to them. SACC is one. Nobody can just attend anything in the name of SACC. That is why the forum cannot even take resolutions. But it can create a platform for people to be exposed, to speak, to do other things and then, if people want to follow that up, they can go and organise themselves in a church conference and then say that the World Social Forum raised this, we want to take resolutions around that. There is confusion when people are serving in the ICC of the World Social Forum and they have no mandate from anybody.

REMEMBER OUR STRUGGLE

BT: Just to conclude, what do you or SACC expect of the ANC government in order to build a new future?

MT: Quite honestly, my expectation of the ANC government is to assist us to remember why we went through the particular struggle that we went through. New governments will have different reasons for being governments, but for this one, the reason for being government would be to promote the type of things that we used to support when we opposed the old government. It must be a government that is unapologetic in fighting against racism, it must be unapologetic in fighting the debasement or dehumanisation of the dignity of other people. More importantly, it must be a government that really jealously promotes national identity, one that forms a nation from a country, in a nation where people never knew what our nationhood was.

I have discussions with people about the whole issue of Afrikaans. I say that the ANC government must approach the issue of the Afrikaans language informed by what is it that we struggled to do, in terms of forming a nation. My view is that it must always be to protect and defend and advance Afrikaans as a language because it is an important component of us as a nation. But also, it sends a signal to those who speak that language that they are part of this nation. Sometimes I hear ministers making statements that I think that are not sending the right signal. For example, I would want to say to an Afrikaans university: "We are going to put in resources and investment to make sure that you don't lose this identity or this language, but you are not becoming part of this new nation unless our people who are not using that language can also study." Therefore it becomes an addition rather than reduction of what they used to be. The ANC should be a government that is a national government, that instills this nationhood in South Africa, in sports, in culture, in a lot of things among us that are basically similar.

Race is an issue. I feel very, very bad when I see very gruesome racial incidents happening and we find that nobody really investigates. It must be a no-no. People must know that this ANC government is not going to tolerate racism at any cost. Of course, it goes back to where we started: that the worst thing that can happen to this ANC government is for it not to be different, in terms of its values and morality, from the previous government. I think that the ANC government can even fail to deliver jobs or houses, but it must be said that "this mayor is different", or "this premier is different". If there is no difference, then I

just feel there is something wrong with this government, that it is not what it should have set itself to be.

BT: So, in order to guarantee a better future, you would place a great deal of emphasis on values as far as the ANC government is concerned. You really agree with what President Mbeki raised about corruption and so on. You would want the government, ministers, cabinet and, in fact, the whole government at all levels to place far more emphasis on values of human solidarity.

MT: There are these things that the president mentions, these things that eat at the soul of our movement: the notion of the soul of our movement and the soul of these cadres. It is the way of going about macro-economic and political problems without paying attention to the values. You can say we want to have houses but, in the process of providing houses, if you are not driven by values, those houses are not going to materialise, because the delivery of houses can easily be compromised.

The letter of the president that you raised is an important wake-up call at this moment as we begin the second decade, to ask fundamental questions about those people who are deployed and also those who choose to become members of the ANC, to ask, do you really want to become a member, are you sure you want to become a member of the ANC? Because, if indeed that is what you want, it is going to be expected that you do things differently. Those difficult questions have not been visited and it would be at our own peril if we became very lax about these questions. You can say, well, everybody is doing it, everybody has shares and so on. But once everybody goes about doing it, then the whole of the ANC is dead.

BT: Thank you.

PRESIDENT MBEKI WARNS ON CORRUPTION

In several hard-hitting statements, President Mbeki has warned against corruption and abuse of office by officials and elected representatives in the public domain. The seriousness of these warnings merits special attention. We reproduce extracts of his main points

EXTRACTS FROM
LETTER FROM THE PRESIDENT
THE JULY LEKGOTLA - AN AGENT OF CHANGE, ANC TODAY,
VOLUME 5, NO. 30. 29 JULY - 4 AUGUST 2005

"The Lekgotla observed that a mercenary, acquisitive spirit seems to have bewitched some of our people, including members of our movement.

This drives these individuals to do everything, with no respect for morality or the law, to acquire material wealth, and gain positions of power that would give them access to public resources, which they would proceed to steal.

The participants at the July Lekgotla, both the political leaders and the most senior managers of our public service, made a commitment that they would lead both by word and by example. They would serve as the honest agents of progressive change to bring about the fundamental social transformation inspired by the vision advanced by the Freedom Charter.

Council identified many dangers that have arisen under the new conditions of struggle. Disturbing trends of careerism, corruption and opportunism, alien to a revolutionary movement, have started to take root at various levels of our organisation. These problems have the potential to eat at the soul of our movement, and to denude our society of an agent of real change.

At the centre of our programme is the urgent need to entrench the ethos of a transformative morality, discipline and caring among our members, our people and our country as a whole."

EXTRACTS FROM A SPEECH BY PRESIDENT MBEKI IN PARLIAMENT ON THE BUDGET VOTE FOR THE PRESIDENCY

"We have to take a special note of the pervasiveness in our society of the drive for the accumulation of personal wealth at all costs.

We would be deluding ourselves if we believed that all members of our own executives are immune from the global phenomenon...personal pursuit of wealth is a dominant feature of social activity.

...harm that would be and is caused to the development process by the abuse of state power by members of the executive corruptly to accumulate personal wealth.

...independent Africa has provided some of the worst global examples of the gross abuse of state power to enrich elites that control the levers of state power."

KEY FINDINGS: GENERAL HOUSEHOLD SURVEY, JULY 2004

The summary of the key findings reported here is intended to provide a snapshot of the overall results based on the GHS covering the period 2002 to 2004:

- Among learners aged 7-15 years, attendance rates rose from 96.3 percent in 2002 to 97.8 percent in 2004.
- Regarding health, the percentage of persons covered by a medical aid scheme was 15.2 percent in 2002 compared with 14.9 percent in 2004.
- The percentage of households that live in informal structures, commonly referred to as shacks, was 12.7 percent in 2002 and 11.3 percent in 2004.
- The percentage of households that receive Government housing subsidies was 5.5 percent in 2002 and 6.5 percent in 2004.
- The percentage of households that had a cellphone available for their regular use increased from 35.0 percent in 2002 to 49.6 percent in 2004.
- The percentage of households that use electricity for lighting rose from 75.6 percent in 2002 to 80.3 percent in 2004.
- Use of municipality services for refuse removal increased steadily - from 55.0 percent of all households in 2002 to 57.1 percent in 2004.
- The percentage of households that have access to piped water in their dwelling or on site rose from 66.1 percent in 2002 to 67.8 percent in 2004.
- And the percentage of households that used bucket toilets or had no toilet facility declined from 13.2 percent in 2002 to 10.8 percent in 2004.

ARTWORK BY TONY CISSE

BLACK CAPITALISM: PROSPECTS OF THE NATIONAL DEMOCRATIC REVOLUTION

BY PROF BEN TUROK

The author is a member of the South African parliament and editor of New Agenda

The African National Congress of South Africa was known internationally in the 1980s as a militant anti-imperialist movement engaged in armed struggle with the apartheid regime. The ANC came to power in 1994 as a result of a negotiated compromise which nevertheless established majority rule. The subsequent 11 years of democratic rule has posed a major challenge to the ruling party to deliver a better life for the masses within the constraints of inherited colonial capitalism and hegemonic global capitalism. There have been major shifts of class forces as the ANC has used state power to advance many black people into the middle strata, and

more controversially, to create a black business class from sections of the historically disadvantaged people. This paper discusses whether this process will reinforce or diminish the historical role of the ANC as a progressive movement within South Africa and internationally.

Apartheid was a system of internal colonialism, characterised by the domination and exploitation of black people by white capital and the state, and serving the interests of white capital and whites generally. The allegiance of the white working class was obtained by means of special privileges of income and status.

In 1912, the ANC emerged as a national liberation movement of the African people against white domination. Subsequently the ANC created the Congress Alliance with organisations of coloureds and Indians and democratic whites. The alliance adopted the Freedom Charter in 1955 which embraced legal, social and economic goals. The ANC subsequently became a non-racial movement. However, an analysis of the role of the ANC must be based on a political economy approach, which embraces race and class concepts, and not simply on the system of race discrimination and oppression.

The primary motive forces of this movement were the black working class, black middle strata and some democratic whites. (The term "black" is used here to include all people of colour in South Africa, but principally to signify Africans, the great majority of the population.)

After many years of political, diplomatic and armed struggle, a stalemate arose between the apartheid regime and the ANC with neither being able to emerge victorious. Negotiations led to the ANC coming to power in 1994, but not in conditions of its own choosing. The collapse of its main support base in the socialist bloc was a major blow, but there was also a change in the world balance of forces in favour of imperialism. The internal negotiations of the Convention for Democratic South Africa (CODESA) also entailed compromises way beyond what had been expected in the previous period. The main positive aspect of these compromises was that the ANC was able to create conditions for an election based on universal franchise, enabling it to take political power. The main negative aspect is that it left the economy in the control of the white minority.

The establishment of the democratic state in which the ANC became the ruling party, led to a total restructuring of political structures, including the steady increase of the presence and power of progressive forces in the diverse institutions of the state, as well as substantial shifts within the social order. Due to the opening of economic space, many blacks swelled the ranks of the middle strata and some rose into the ranks of the bourgeoisie proper.

SOUTH AFRICA AND THE ANC SINCE 1994

A prospect of some unity in action of black and white workers on class issues has emerged as in the miners strike in August 2005 where black and white unions struck jointly against the combined power of the gold mines. But the ANC has always had its base in the African working class and the poor masses and they remain the major component of the motive forces for change. The black middle strata also continues to be an important component of the national movement, as well as some elements of black business.

The small number of blacks who managed to enter the ranks of the bourgeoisie proper can be divided into businesspeople, top corporate managers and public sector corporate managers. Their ascent has the effect of beginning to deracialise the exercise of economic power.

There is clearly an effort by white capital to provide some space for black capital: a process which is encouraged by a new policy of affirmative action and black economic empowerment (BEE), whereby the state provides substantial support to black business through tenders and procurement as well as the allocation of share capital in state-owned enterprises. Southall defines BEE as "the increase of black ownership, control and management of state, parastatal and private economic activity in the formal sector." (Southall 2005; 457)

A major question arises as to whether this new black bourgeoisie and, in particular, its business components will advance the interests of the masses, or whether some components will become junior partners of white capital which has become increasingly integrated into global capital. Alternatively, as it gains in strength, will black business develop its own identity as the core of a national bourgeoisie promoting progressive policies domestically and internationally?

The experience of decolonisation in most post-independence African countries is that colonial capital and the colonial state managed to create a comprador neocolonial class which abandoned the social and economic objectives of the national liberation movement. Will the same happen in South Africa? Or will the power of the ANC as a national movement continue to embrace all, or most, black people, irrespective of class location in the cause of overcoming white domination and establishing a non-racial democratic order which reduces the inherited inequalities and provides a decent life for all?

In other words will the ANC be able to sustain its character as a "disciplined force of the Left", with the primary motive force being "the working class and the poor generally"? (Resolution of the ANC National General Council (NGC) June 30 2005.) Can this position be sustained within a capitalist economy? Especially one which is integrated into the world capitalist economy and subject to the same polarisation effects. Much depends on the conduct of the ANC itself. President Mbeki made an unusually strong critical statement on this subject at the NGC on July 3 2005:

"Our historic victory has put our movement into a position of political power. Since 1994, the 82nd year of the existence of our movement, our people have mandated us to assume

the position of a ruling party. To be a ruling party means that we have access to state resources. It means that those who want to do business with the state have to interact with those who control state power, the members of our movement who serve in government.

It means that those of us who serve in the organs of state have the possibility to dispense patronage. It therefore means that we have the possibility to purchase adherents, with no regard to the principles that are fundamental to the very nature of the African National Congress.

All this makes control of state power a valuable asset. It makes membership of the ANC an easy route of access to state power. It makes membership of the ANC an attractive commercial proposition. It makes financial support for the ANC an investment for some of those who want to generate profits for themselves by doing business with government.

But whatever the prospects of potential distortion within the state system, there are other important dynamics in the socio-economic system as a whole. The disturbing feature of the present scenario is that income inequalities remain the same as under apartheid, with a Gini coefficient of over 0.6 in 1993, which means that a similar pattern of economic exploitation of the masses remains in place.

Over the past 10 years, directors' fees have increased by an average rate of 29 percent, non-executive directors (where many blacks are now appointed) by 49 percent, while workers increased their incomes by 6.5 percent. (Labour Research Service annual report 2004) Also, the conspicuous consumption of the black bourgeoisie indicates a strong propensity to enjoy the same fruits as their white counterparts. There has been an "increase in black affluence and 41 percent of the affluent are now Africans" (Burger) while 60 percent of the middle class is now black (Hirsch). (Rigorous data is not available.)

Blacks are clearly joining the white elite, which is one of the wealthiest in the world. South Africa had 690 "ultra-high-gross-worth individuals in 2002 with assets totaling $30 million each. There are 25 000 dollar-millionaires living in South Africa with $300 billion in private wealth. Interestingly, the super-rich - people worth more than R200 million - has grown fourfold since 1994." (Sunday Times, May 9 2004)

A PROGRESSIVE BLACK BUSINESS CLASS?

The case for encouraging the emergence of a black business class is compelling. Under apartheid, blacks were denied any scope for capital accumulation by a maze of restrictive legislation, a lack of skills and education, no access to loans and job reservation for skilled whites. South Africa remains a capitalist country with a strong concentration and centralisation of economic power by white capitalists. It is therefore logical that a national liberation movement should insist that space be created for black capitalists in the interests of deracialising the economy. Also, many of the leading personalities in black business were leading figures in the ANC and retain those links. The problem is that they come empty-handed onto the field; they are "capitalists without capital". After eight years of effort black business had only captured between one and four percent of the shares on the Johannesburg Securities Exchange. (Southall 2005; 461)

Nevertheless, this data hardly accords with the indications that a group of businesspeople has amassed very substantial assets through a vigorous drive to acquire shareholdings in large companies. If they were to realise these assets, they would have substantial funds in their bank accounts.

On the other hand, white capital has always held a dominant position in the economy - in the 1980s six corporations controlled 70 percent of the total assets of non-state corporations and this has changed little, except that these same corporations now have an external reach which was not possible under apartheid. Five major corporations, BHP Billiton, South African Breweries, Anglo American, Old Mutual and Dimension Data have moved their primary stock exchange listings from Johannesburg to London. This has rendered their domestic assets now wholly or partly-owned subsidiaries of foreign companies. (Southall 2005; 460)

The case against the emergence of a strong black business class **within the present system** is that the economic legacy of colonial capitalism, rooted internally, remains in place. This system enabled white capital to gain enormous wealth and power through the extra-economic super-exploitation of forced cheap labour. Unfortunately, it is extremely difficult to transform this system and the economic and social dualism of the past remains structurally intact. Black business is operating within these structures and clearly benefits from the inherited capital-labour distortions.

One of the inescapable consequences is that black managers are paid the same financial rewards as their white counterparts, and sometimes a premium above the market rate, thereby expanding the size of the highly privileged bourgeoisie considerably. They are clearly part of the bourgeoisie by virtue of their location in the system of ownership and control of the means of production and by their incomes and lifestyle. They are therefore indirect beneficiaries of the economic dimensions of the apartheid legacy. We have used the term "class" with some reservations. Classes are large groups of people distinguished by their location in a system of social production, and by their relation to the means of production. The evidence suggests that black business is still too small a group to be a class-in-itself or a class-for-itself, despite vigorous aspirations. President Mbeki has actually criticised them for having become nothing more than rentier capitalists. (Southall 2003; 12)

Some argue that the present process is intrinsic to capitalism. On the other hand, others believe that it may be possible to continue with deracialising the economy without the creation of an affluent black business class distinguished by conspicuous consumption and wealth accumulation

through non-productive means. Some measures suggested are: prevention of the abuse of state procurement, control of offloading shares in state enterprises, limits on funding by the National Empowerment Fund, and a requirement of commitments to social investment.

Black business has three options:

- it can continue its strong linkages with the ANC and identify with its social and economic programme which has a strong distribution dimension
- it can strive to establish itself as a relatively independent force within the capitalist economy, resonant with traditional Marxist views of a progressive national bourgeoisie
- it can become a junior partner of white capital, including its international dimensions.

There are possibilities of some overlap on these options.

Much depends on how black business sees its own role. Many articulate an entitlement ideology, demanding the same opportunities as white capital. If the whites can do it so can blacks. But this totally ignores the fact that white capital was based on super-exploitation and national oppression, and mimicking their status deprives the black bourgeoisie of any scope for a progressive role.

Although the private sector is large in South Africa, seemingly offering ample scope for entry by a dynamic group of black entrepreneurs, the leap to capitalist status is not easy. Most start by deal-making to get a foot on the ladder of wealth accumulation. They are assisted by the openings offered by white business and by the BEE policies of the state. The latter are becoming an increasingly powerful weapon as many large firms fear that those who do not make the necessary transition to empowerment may endanger their own sustainability. They fear that they will not get their customary share of government procurement, and that even the private banks may decline lending. "Banks and other institutions will need to consider the risk of non-repayment when borrowers are not empowered." (**Business Day** Survey, May 2005)

A special report in **Time** called "The New Rand Lords - Capitalists or Cronies?" states that there are now 100 000 whites earning $60 000 annually, but only 5 000 blacks. (June 6 2005) However, in the past three years 300 000 blacks became middle-income earners (between $13 000 and $23 000 annually). This is because blacks have been promoted vigorously in state institutions and because private companies must be seen to be training blacks and appointing them to management positions if they wish to benefit from government contracts. According to **Time** magazine, "The biggest companies offered to sell or grant equity stakes on favourable terms, often financed by the companies themselves, in return for connections, expertise and links to the black marketplace." However, some of the new black businesspeople assert that "none of the new black elite control any independent capital". Cyril Ramaphosa, an outstanding personality, former secretary general of the ANC and now a successful businessman, argues that for black business to get its hands on capital it must first become a financial investor in order to accumulate capital, then acquire the necessary skills, and only then acquire control of companies and begin to be an operator, running a proper business. The problem with this strategy is that most of the individuals involved land up in heavy debt since they have no capital to enter into these deals. Also, some become non-executive directors in order to collect fees, but have no real power to influence the companies.

However, notwithstanding the obstacles to capital accumulation, the mindset of enrichment and profit-making is growing. Even in the parastatal system profit is sometimes primary. Telkom CEO Sizwe Nxasana was perhaps more brazen than most when he said: "We are not apologetic about our profits; I'm in the business of making money; after all, we live in a capitalist society... It used to be acceptable that the white population made money. Are you now suggesting that black companies should be socialist while the rest of the world is capitalist?" (**Mail and Guardian** June 10 2005)

In the present climate, where making money is seen as a "good thing", many political personalities with impeccable political credentials have moved into the private sector, followed by top public servants. They naturally retain their former political and family connections and clearly benefit from these associations in their new business roles. (For details see Southall 2005; 475) Southall comments: "The point about these connections is not that they indicate corruption. However, what they do suggest is the fluidity, overlapping and intimacy of South Africa's black elite, which is still relatively small, amongst whom linkages across political, state and business boundaries provide a constant flow of exchanges and illuminate a sense of community." (Ibid; 476)

Whether this constitutes a basis for the emergence of "crony capitalism" is still a subject for speculation. (See Southall 2005; 471) Certainly there are many instances of the use of opportunities provided by the state for accumulation in the private sector. A recent example may not be the norm but it is illustrative. The former director general of the Department of Trade and Industry, Alistair Ruiters who also chaired the National Empowerment Fund (NEF), left the department in April 2005 after 10 years dedicated public service. In May, he set up Ehlobo Holdings with a former colleague. Ruiters described Ehlobo Foods as "two individuals with a track record and extensive networks in both the public and private sector" but without manufacturing facilities of its own. It would merely facilitate manufacturing contracts between other parties and a company called All Joy. In January, the NEF had made an investment of R5 million in All Joy. In August 2005, Ruiters sold Ehlobo Foods to All Joy for a cool R6.1 million. (**Business Report** August 4 2005)

The more important issue is whether the emergent business class is capable of becoming a dynamic productive capitalist class or whether it will be more akin to the state-dependent and kleptocratic class of post independence Africa, driven more by conspicuous consumption than by a culture of hard work and productive effort. President Mbeki recently

warned that "independent Africa has provided some of the worst global examples of the gross abuse of state power to enrich elites that control the levers of state power". (speech in parliament, 25 May 2005)

The ANC's liberation strategy was based on an intersection of race and class forces which meant a combination of nationalist and class forces. It was argued that the working class was the most organised and determined with the most to gain and was therefore the leading force.

However, the economy has remained capitalist with some of the main features of the past, namely the dual economy and huge inherited inequalities. Many sections of the employed have improved their conditions and the social wage has increased substantially, but class contradictions and exploitation continue despite the removal of repressive labour legislation.

One of the most serious issues is the existence of a dual economy structure typical of colonial and post-colonial societies. In the "second economy", we find the poorest of the poor and marginalised people of such societies. Some of the workers in the formal economy are also among the poor. All this is confirmed by the fact that the inequality index has remained the same a decade after the arrival of democracy.

THE MOTIVE FORCES FOR TRANSFORMATION

Compared to the tasks facing the ANC during the struggle years it now has multiple responsibilities:

- it has to govern a very diverse society, sustain a growing economy and maintain social stability and cohesion
- it has to advance the interests of its primary constituency, the historically oppressed, especially the black masses and Africans in particular, and ensure the empowerment of women
- it has to ensure the advancement of the interests of the working class as well as the marginalised people on the periphery of the formal economy
- it has a long-term commitment to support Africa's renaissance, to oppose imperialist hegemony and advance the cause of progressive forces worldwide. A recent document states that "the ANC should aim to contribute to the restructuring of international relations in the interests of the poor" (ANC 2005; 25).

The complexity of these tasks has led to a debate about the nature of the motive forces in the present period. This debate must be seen in the context of how the ANC sees the character of the national democratic revolution (NDR). "The strategic objective of the NDR is the creation of a united, non-racial, non-sexist and democratic society. This, in essence, means the liberation of Africans in particular and black people in general from political and economic bondage." (ANC 2002; 30) It also refers to the "elimination of apartheid property relations", "the deracialisation of ownership and control of wealth, including land" and " the elimination of the legacy of apartheid super-exploitation and inequality, and the redistribution of wealth and income to benefit society as a whole, especially the poor". (24)

To advance these objectives, the ANC has identified the motive forces as follows: "the black masses, those classes and strata that objectively and systematically stand to gain from the victory and consolidation of the NDR. It identifies the working class and the poor - in both rural and urban areas - as the core of these forces... These motive forces include the black, emergent capitalist class whose interests are served not only by the formal democracy, but also by the programme to change apartheid property relations... At the same time, the ANC needs to win over... all other sections of South African society, including the white workers, the middle strata and the bourgeoisie." (25)

At the same time, it is acknowledged that these measures "will not eliminate the basic contradiction between capital and labour... nor eradicate the disparate and sometimes contradictory interests that some of the motive forces of the NDR pursue. These secondary contradictions... must be properly managed." (31)

Finally, there is a stark warning about the new social forces:

"the rising black bourgeoisie and middle strata are objectively important motive forces of transformation whose interests coincide with at least the immediate interests of the majority. But some are dictated to by foreign or local big capital on whom they rely for their advancement... without vigilance, elements of these new capitalist classes can become witting or unwitting tools of monopoly interests, or parasites who thrive on corruption in public office. ...Examples abound in many former colonies of massive disparities in the distribution of wealth and income between the new elite and the mass of the people... In South Africa this potential danger... With a coterie of mainly black men co-opted into the courtyard of privilege." (p33)

This implies that we must distinguish between the primary motive forces, their social base, the expected allies, the neutralised forces and the enemy forces.

The motive forces therefore consist of:

- the black masses, especially the Africans
- the working class and the marginalised
- progressive whites and other forces who identify with the ANC and accept the Freedom Charter
- the black middle strata
- black officials in state institutions
- black corporate managers in parastatals who identify with the Freedom Charter
- elements of the emergent black capitalist class who identify with the ANC and the Freedom Charter despite their location in the institutions of exploitation.

Perhaps the most elusive category at present is the black middle class. Many are located in the state apparatus and are steadily moving up the ladder with much blurring at the edges. Southall (2005) states that 29 percent of the middle class was African in 1994, while the figure for 2000 was around 50 percent. By 2005 the figure must be much higher.

This category may contain the primary beneficiaries of ANC rule.

Black personnel are now predominant throughout the top levels of the state system. This is most pronounced in government departments, with black women now also moving into top posts. But it is also highly visible in the parastatal system which is now mostly in black control. Six of the nine directors on the development finance Industrial Development Corporation (IDC), 12 of 23 directors of Denel, 11 of 15 directors of Eskom Holdings, and nine out of 12 of Eskom Enterprises are black. The same goes for Transnet, Telkom and SA Airways. These 15 state-owned enterprises deployed assets of R291 billion in 2003. If we add the Public Investment Corporation's R450 billion, this constitutes a massive presence in the economy. Interestingly, many of these directors have positions on the boards of private companies, creating an intricate web of cross influence.

The historical role of the ANC is to unite the progressive forces and lead the nation around a vision of non-racial, non-sexist democracy. What role will black business play in this scenario? Southall suggests that the ANC is deliberately promoting a "patriotic" capitalist bourgeoisie which will work hand in hand with a developmentally-oriented state. He asks whether this same bourgeoisie will not merely challenge white economic domination but actually work to raise the productive forces of the economy, thereby providing for redistribution of wealth to the black working class and the poor. (Southall 2003; 15)

However, a recent survey showed that black business has yet to enter the arena of manufacturing. There were 24 transactions in resources worth 58.3 percent of the total deal, while in manufacturing there were 13 deals worth 1.3 percent of the total deal. In basic industries there were two deals worth zero of the total. (Ernst and Young 2004)

The key issue is whether the black business class is capable of playing the kind of role that similar groups have played in other developing countries. This includes promoting an economic strategy which boosts internal demand, promotes domestic industrial capacity and combines employment growth with redistribution. (Southall 2005c) There are few indications that SA's black business class has lined up behind such policies.

THE INTERNATIONAL DIMENSION

The international environment is improving with the emergence of China and India as powerful forces and the weakening of the economies of the US and EU. In addition, progressive leftist governments have taken office in many South American countries. The African Union has united the continent as never before. The G20+ is also a more significant economic force in the global economy, and the India-Brazil-South Africa (IBSA) initiative has promise of a new level of South-South co-ordination and co-operation.

South Africa has been extremely proactive in all these initiatives and is a relatively important player on the world stage, punching considerably above its weight. The ANC has also taken steps to identify progressive political forces across the African continent and elsewhere. There is obviously much political will to engage with progressive forces, though considerable discretion is being exercised.

It is vital that elements within the emerging black business class who are dependent on monopoly capital within the country and outside it, should not seek to diminish these efforts which might conflict with their immediate loyalties and connections.

Fortunately, there are working class and other forces within the ANC and in a well-organised trade union movement which are committed to a progressive outcome within the framework of the national democratic revolution.

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Professor Wiseman Nkuhlu

TRANSFORMATION IS A LONG-TERM PROCESS, SAID NEPAD OUTGONE CHIEF EXECUTIVE

Transforming a country and a continent is a long-term process that cannot be achieved in just four years, says PROF WISEMAN NKUHLU, in his review of the organisation's progress since it was formed in 2001.

'Evidence from other parts of the world shows that transformation processes of this kind can take decades or even generations. In the case of Africa this is an even more complex task, given that it is a continent of 53 countries that have to be transformed. Nonetheless, encouraging and indeed rapid progress has been registered during the past few years.'

He points out that the African Union (AU) conducts itself differently from its predecessor, the Organisation of African Unity (OAU). 'It is taking its mandate and responsibilities very seriously and a number of African leaders are helping to make it an effective organisation, not only by providing it with additional resources, but by ensuring that it conducts its affairs competently, procedurally and transparently.'

One of the key changes is the way in which the AU is leading the resolution of conflicts and managing peace building. It is providing strong leadership and the African countries that undertake assignments on its behalf act under clearly defined mandates.

A comprehensive and holistic approach

Professor Nkuhlu emphasises that African leaders have not only taken ownership and leadership of the continent's socio-economic renewal agenda, they have also transformed the content of the agenda and are making progress in changing the international context as well.

'The narrow approach of the Poverty Reduction Strategy Papers has been replaced by a comprehensive and holistic one. African people have determined a development path for their countries and their continent.'

Many African leaders are implementing peer review processes. Twenty-three countries have acceded to the programme of the African Peer Review Mechanism (APRM) and reviews of two countries – Ghana and Rwanda – have been completed.

Faster implementation of NEPAD programmes

'Preparations and consultations for the rollout of the CAADP (the agricultural development programme) have been concluded. The regional communities and national governments have identified high priority projects and early actions.'

Governments are also committed to increasing national budget allocations for agriculture to 10% per annum over five years.

'Good progress is also being made in the implementation of other NEPAD programmes including health, ICT, education, environment and science and technology.'

Since 2001, NEPAD's priority has been to push the fight against the burden of potentially preventable and treatable diseases to the top of the development agenda.

The 'Fight Against AIDS' plan provides an overarching strategy and is incorporated into all NEPAD programmes.

NEPAD top priorities in ICT

The top NEPAD priorities in ICT are the e-schools project and the provision of a fibre-optic submarine cable on the East Coast of Africa.

'Furthermore, we are promoting the development of a framework for e-governance, which includes the public service sector, election commissions and local government. The first phase focuses on e-parliament, which will enable African parliamentarians to easily source and share information relevant to their legislative and oversight roles.'

'We continue to interact with civil society groups at various levels and it is clear that NEPAD has energised development on the continent. It has released energy and action. Above all, it has laid the foundation for an African agricultural revolution and the rollout of a continent-wide socio-economic transformation,' Professor Nkuhlu concludes.

Website: www.nepad.org/2005/files/journey.php

MAINSTREAMING GENDER CONCERNS AT THE GAUTENG LEGISLATURE

BY JOY DLADLA AND ORDELIA NKOENYANE

The authors, Joy Dladla and Ordelia Nkoenyane, are researchers for the portfolio committees at the Gauteng Legislature. They are based in the Research Unit of the Legislature

The Gauteng provincial legislature has been instituting changes over the past three years in the way it does its work with the provincial government, which is the responsibility of the members of the executive (MECs) and the premier.

The purpose of the paper is to discuss the changes that the legislature has put in place over the past three years which are in line with budget reforms taking place at the level of the provincial government.

The legislature is an equivalent of the national parliament with the difference being that it concerns itself only with the matters of the provincial government. Provincial government departments are each headed by Members of the Executive Council (MECs) who are provincial ministers of the various departments. The MECs are in turn accountable to the legislature regarding the performance of provincial government departments.

The work of the legislature focuses on three areas:

- passing provincial laws
- involving the public in the work of committees by means of public participation and petitions
- through its oversight role, holding the government accountable for the use of public funds and service delivery.

This paper will concern itself only with the function of holding the departments accountable to the legislature, which is known as oversight.

The structures that have been set up within the legislature to carry out oversight are called portfolio and standing committees. These committees are made up of members of different political parties represented at the legislature, with the members of the ruling party being in the majority.

Budget reforms have resulted in the provincial government increasingly moving towards performance-based budgeting that emphasises results achieved through successful implementation of government programmes. This constitutes a move away from an approach that puts emphasis on whether departments have spent all their allocated money or not. Accordingly, the legislature has had to change the manner in which it monitors and assesses departmental performance so that its methods remain relevant and appropriate. This will enable it to evaluate programmes against the money committed by departments in their budgets.

These changes resulted in the development of a new oversight model known as programme evaluation and budget analysis (PEBA). The PEBA oversight model was designed as a tool to track departmental performance associated with inputs (money and staff); outputs (schools built, patients treated); and outcomes (literate society, healthier citizens).

For example, if the department of education wants to increase the number of classrooms to alleviate overcrowding, it will have to invest money and staff (inputs) into building new classrooms. With PEBA, the legislature's role will then be to assess whether the department actually delivered the same number of classrooms with the allocated amount of money and other resources committed to the project in their budget.

If the legislature finds that the department has built fewer classes (outputs) than it committed itself to, that would constitute non-performance and the department would have to account to the relevant portfolio committee on the failure to deliver.

The oversight model was first piloted in three portfolio committees. After the piloting process, a decision was made to apply the model to gender mainstreaming to enhance the

assessment of departmental performance.

Gender mainstreaming in this context is a strategy to achieve gender equity. It is also described as a means of ensuring that gender perspectives and attention to the objective of achieving gender equality are central to all activities like policy development, resource allocation, research, advocacy, planning and implementation and monitoring of programmes and projects (OSAGI, internet document).

This definition of gender mainstreaming is particularly pertinent to the legislature, in that it considers whether government implements programmes in a manner that takes gender-equity concerns into consideration when developing policies, allocating resources and planning programmes. Gender is one of the important equity concerns alongside race, disability and youth.

The legislature has established a gender committee that deals with gender concerns within the budgets of all the departments. Debbie Budlender has been instrumental in guiding the gender committee on how to deal with gender mainstreaming.

One way of ensuring that there is equitable access to resources for both men and women is to examine the impact that the public budget has on gender inequalities. This approach is known as gender-sensitive or gender-responsive budgeting.

The concern of gender-sensitive budgeting is that public resources should be allocated in a manner that recognises the different roles women and men play in the economy, as well as the different needs and constraints that impact on their ability to fulfil those roles (Byanyima, undated).

Gender-sensitive budgeting does not mean that government should produce a separate budget for women or for men, or necessarily increase the amount of money spent on women-specific programmes. Instead, it aims to analyse any form of public expenditure, or method of raising revenues, from a gender perspective, identifying the implications for women and girls compared to men and boys.

Gender-responsive budget initiatives can highlight the gaps between policy statements and the resources committed to their implementation, ensuring that public money is raised and spent in more gender-equitable ways.

There has been a growing awareness within the South African government that policies and measures affect women and men in different ways. This is largely due to work that has been done by the gender budget initiative headed by the Community Agency for Social Enquiry (CASE) and the Institute for Democracy in South Africa (IDASA) as well as the joint monitoring committee of the Quality of the Life and Status of Women.

The process of mainstreaming gender into the government agenda was first embraced at national level and soon after some provincial governments followed suit.

In Gauteng, a decision was taken that gender mainstreaming would be dealt with by a directorate within the premier's office instead of the provincial office on the status of women. A policy framework document was then published by the premier's office as a guideline to departments on gender mainstreaming. It is meant to assist departments to decide on structural arrangements towards mainstreaming gender into their programmes.

After a number of consultative workshops with the Women's Budget Initiative, the Gauteng provincial budget statement, from the financial year 2003/04, had a section where departments should outline those programmes which they thought would have positive results for women and the girl child.

These sections in the budget should highlight policy areas that either specifically address women's development, along with that of any other marginalised groups, or specifically target women through certain programmes.

These are also supposed to show how much money is allocated to those programmes. The legislature has so far been monitoring budget statements using the following four tools:

- gender-specific allocations
- mainstream allocations
- employment equity
- procurement.

GENDER-SPECIFIC ALLOCATIONS

This refers to monies that are specifically set aside for women's and men's projects in an equitable way. An example of this is the allocation of R675 000 towards the communication programme of the department of safety and liaison in the 2003/2004 financial year which was a step towards the right direction. The communication programme was aimed at raising awareness about the prevention of violence against women, and women were the primary beneficiaries.

MAINSTREAM ALLOCATIONS

This refers to those allocations within mainstream budgets, like the health budget, which largely benefit more women than men. For example, in the primary healthcare budget allocations, women tend to benefit more than men as primary care-givers of babies that have to be inoculated. A counter example of this is the emergency medical service (EMS) training college's budget that benefits more men than women. This is not specifically targeted at men but, since more men than women enrol for the course, they benefit more from the allocations.

EMPLOYMENT EQUITY

This refers to internal departmental processes which seek to address gender equity in terms of attaining parity in the numbers of women and men employed at senior

management levels.

PROCUREMENT

This refers to a policy for departments, to balance **the procurement** of services from both female and male service providers. The Gauteng department of housing initiated such a process with female service providers. **Four women were engaged as contractors for the People's Housing Process in the 2003/04 financial year.** The department made a specific policy decision to involve only women contractors in the People's Housing Process to the exclusion of **male** contractors.

These tools are used to assist the portfolio committees to determine whether the apportioning of the department's money has been done in a manner that will not disadvantage either men or women and boys or girls.

Some departments have been able to produce additional sections to their main budget, to indicate those programmes aimed at addressing empowerment issues for women and girl children.

Some departments have gone as far as developing procurement policies that favour engaging the services of black and women-owned businesses. The other area in which the Gauteng government is addressing inequities is in terms of ensuring that women are fully represented at all levels of employment in the public sector.

It is important at this point to mention that it is still a learning process for most departments, and in some cases, it would seem that some departments are still struggling to identify positive outcomes for women in terms of their programmes.

In 2002, the legislature's research unit produced a report which was an analysis of the annual reports of all the departments, highlighting those areas which the departments had taken action on to implement programmes that impacted positively on women. The assessment also indicated where some departments lost opportunities to design specific programmes to ensure positive outcomes for women.

In conclusion, what is important about this process is the realisation by both the Gauteng provincial government and the legislature of the differential impact of budgets and the implementation of programmes on women and men as well as boys and girls.

There remains a lot more work to be done by both the provincial government and the legislature, but the foundation has already been laid. Furthermore, the approach towards overseeing the work of departments that has been adopted by the legislature will ensure that equitable access to services can be measured.

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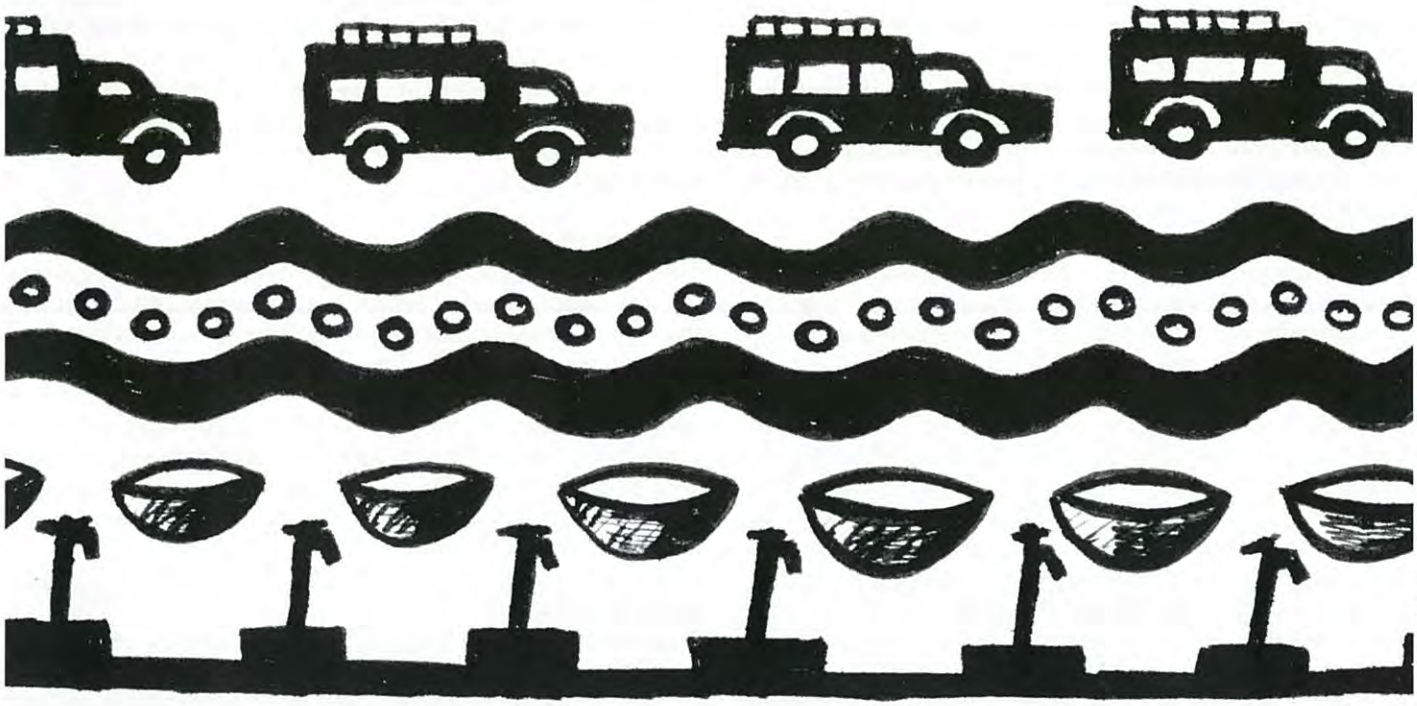


ARTWORK BY TONY CISSE

EMPOWERMENT PARTNERSHIPS

BY VUYO JACK
The author is executive chairman of Empowerdex

The initiatives of recent years have raised various issues concerning black economic empowerment (BEE), such as the types of BEE partners and partnerships taken on by companies, and the impact of these partnerships on the underlying operations of the business; and concerns that a new elite that is being empowered continuously at the expense of the masses, and whether their involvement is tantamount to "crony capitalism". Add to this the debates around the intended beneficiaries of broad-based BEE (BBBEE), and the ultimate question is whether BEE is working or not.

WHO ARE THE INTENDED BENEFICIARIES OF BEE INITIATIVES?

In South Africa, the population can be grouped into four socio-economic levels, that is below the poverty line; economic survival, economically ready and economically empowered.

People living **below the poverty line** are on the fringes of the economy as they struggle to acquire sufficient resources to ensure physical or economic survival. Possible drivers that can be used to support the population in this group include job creation, and the provision of food, housing and basic services. Without the security of these basic needs, it is difficult for individuals in this category to acquire the new skills required for advancement and almost impossible for them to make use of the business opportunities provided through procurement, licensing or enterprise development.

At the level of **economic survival**, people have stable jobs and income streams but require training opportunities to develop additional skills for further advancement. The acquisition of business knowledge and skills through formal and informal education systems may also contribute to their further advancement.

Economically ready individuals possess the prerequisite skills and intellectual resources to develop and expand their ownership and control over economic resources, but may lack the right business opportunities, sufficient resources or business networks to establish or expand their economic influence. Access to finance, together with the creation of business opportunities through preferential procurement, licensing and enterprise development, will provide the environment for these individuals to become fully economically empowered.

The **economically empowered** level is comprised of people who exercise ownership, management and control over economic resources and are fully integrated into the mainstream economy. They have the appropriate skills and resources that enable them to own and manage economic resources.

These levels can be represented as a pyramid, where the largest group is those below the poverty line at the bottom, with those at the economic survival one level up, even fewer people at the economically ready level, and at the top of the pyramid, those who are fully empowered.

TOOLS THAT ADVANCE PEOPLE TO HIGHER LEVELS

One of the objectives of BEE is to ensure that there are fewer or no people below the poverty line and more people at least economically ready or, at best, economically empowered. The BEE tools that help move people from below the poverty line are mostly contained in the residual component of the Broad-based BEE Scorecard, such as **corporate social investment** (CSI). These tools, utilised by the private sector, are not sufficient to lift all the people above the poverty level. In this area government plays a big role, seeking to meet the basic needs of the people below the poverty level. Government has also cautioned, in its BEE strategy document, that: "to define BEE too broadly equates BEE with economic development and transformation in general and to define BEE too narrowly limits it to a set of transactions transferring corporate assets from white to black ownership." It is imperative that the private sector works together with the public sector in ensuring that more people are taken way above the poverty level.

The **employment equity** and **skills development** tools are essential in ensuring that people at the "economic survival" level are lifted to the "economically ready" level. This will ensure that our economy has a solid foundation from which to grow. **Ownership, management, preferential procurement** and **enterprise development** are the major tools that will help more people graduate to the "empowered" level. In the last 10 years there has been slow movement

towards the advancement of people because the only tool used was "ownership", with no focus on transferring true economic benefits and voting rights to black people. This form of wealth transference is playing economic musical chairs or a game of smoke and mirrors. In the true fashion of smoke and mirrors, when the smoke cleared there were some black casualties left behind. There is little to show for this period other than key lessons to learn and things to avoid.

With the arsenal of tools currently available, we should be able to break the back of poverty and create a springboard that would accelerate the journey for black people from survival to empowerment. However the usefulness of these tools depends on the temperament of the person using them. If there is the will to see BEE progress and action to implement true and sustainable BEE, then the results will speak for themselves.

TYPES OF BEE PARTNERSHIPS

There are three types of BEE partnerships available to elevate black people from the different levels of the pyramid. Traditional companies choose who they want to go through this process with as:

- operational partners
- broad-based partners
- influential partners.

The **operational** partners usually have been involved in the company's core business or have been independently running their own businesses in the same sector before merging with or buying into other companies. These black partners are classical entrepreneurs who have taken great risks in starting their own enterprises and bear the scars of running the business by themselves. Mannie Hirsch's phrase best describes this type as "the partners who live and die by the business they buy into". That is an apt description of the risk taken. One example is Benjamin and Isaac Mophatlane of Business Connexion who started their business from scratch and subsequently merged with Comparex. The Kunene brothers are another example.

The second type of BEE partnership takes in broad-based structures such as development trusts, union funds, business association funds and employee share-ownership schemes, which utilise their investment management companies to effect BEE transactions. These types of structures have a wider base of beneficiaries who are not involved in the running of the funds. Examples of these broad-based structures include Kagiso Trust, the Women's Development Bank and Nafhold.

The third type of BEE partners are the ones who wield a considerable amount of political influence through their extensive network of contacts. The distinguishing factor is that they possess struggle credentials which can be used effectively to gain more business for the companies they buy into. They tend to have structured their companies as diversified investment holding companies which accommodate shareholding in different sectors. These investment structures are reminiscent of the late 1980s and early 1990s pyramid structures before the unbundling trend. The gentlemen of BEE fall into this category of BEE partners.

THE LEVEL OF INVOLVEMENT OF THE DIFFERENT TYPES OF BEE PARTNERS

The different partners have varying levels of involvement in the underlying business. The operational BEE partner is more intimately involved in the operation, in contrast to the level of involvement of the "broad-based" or the "influential" partners.

Another factor is the stage of development of the target company. The younger and entrepreneurial companies tend to require more operational partners who will "live and die by the business" and who can actively grow the business. The more established companies prefer partners that are broad-based or have political influence. The main concern of the established company is to maintain their existing business and competitive edge rather than aggressively increasing it. Most established companies seem to prefer partners who will not necessarily change the way they run their business but ones who can give high-level strategic advice on the political and economic trends.

An example of this is the latest Imperial deal, where the company stated that its revenue had grown from R1 billion to R40 billion in 10 years and it now seeks a high-level BEE partner with connections that the Imperial group does not have. The latest transaction complements the previous one that was more broad-based through the Imperial Group employees. Other examples of utilising a combination of influential BEE partners and broad-based BEE partners include Standard Bank, Old Mutual and Dimension Data.

There is a clear distinction that arises between the black **business** class spurred by the BEE ownership deals and the black **entrepreneurial** class that has started businesses from scratch. Black business faces the challenge of ensuring that they use their ownership stakes to drive other elements of broad-based BEE to ensure the broad participation of black people in the economy. If they do not drive these elements of BBBEE, they will have misused the access to opportunities made possible by the government's BEE policy, leaving their credibility as transformation-catalysts in tatters. The man on the street is entitled to require at least this much from black business as the level of risk that is borne by the parties to these transactions is really minimal. Financiers put up most of the financing for these deals with only the shares as collateral. If the company is a good cash flow generator, sometimes it facilitates the deal by offering discounts or minimising the cost of finance. Black businesspeople also have a responsibility to get experience running the big companies and to transfer those executive skills to young black people coming up the ranks.

The black entrepreneurs, who start their business from scratch based on their own ideas, face enormous risks because of the famous, stark estimate that 80 percent

of all new businesses fail in the first two years of their existence. Faced with the diminished odds of success, the black entrepreneurs' courage may finally result in the achievement of their dreams. These entrepreneurs need all the help that can be mustered because they create jobs and, more importantly, sustainable wealth in the economy. For example, preferential procurement is an important tool that allows the market access to ensure that the business is sustainable. Furthermore, enterprise development ensures that these black entrepreneurs can have their operational capacity built and sustained and their financial capacity strengthened.

IMPLICATIONS OF THE DIFFERENT BEE PARTNERSHIPS

What implications are presented by these different partnerships for black economic empowerment? The first is that there is no single solution for companies. The most effective partnership would be an operational one which ensures that the BEE partner is integrated into the mainstream economy in a sustainable and accelerated manner: a win-win solution for all. However, there is value in the other partnerships as long as they drive all the elements of broad-based BEE to ensure sustainability. Anything short of this will be creating a widening gap between the haves and the have-nots, and this is the biggest threat South Africa faces if BBBEE is not implemented properly. It is not only the BEE policy and the intention behind it that will determine the eventual outcome of BEE, but how both the public and private sectors implement the policy.

A critical issue in the debate of BEE partnerships is the practice of empowering the same black individuals within the ownership component of the BEE scorecard. This is a valid concern because the idea is to get as many people integrated into the mainstream economy as soon as practicable. It is interesting to note how the trend evolves. When influential politicians change careers from politics to business, a flurry of suitors flood them with opportunities for the perceived return of access to political networks. The "deliverable" in this dance is having access to those networks that will result in tangible business for the suitors. The more influential the politician is, the more attraction the suitors have for them. Furthermore, the more deals that the former politician concludes, the more bankable he or she becomes as a dealmaker, and the stakes get higher. This trend is evident in the deals entered into, for example, by Tokyo Sexwale, Cyril Ramaphosa and Saki Macozoma, whose initial deals were smaller in value but increased substantially as they bedded down more deals.

If the trend of giving the deals to the same individuals continues it shall create a situation that doesn't allow new entrants the opportunity to participate in ownership deals, and denies them the opportunity to influence the other elements of broad-based BEE. It must also be borne in mind that the practice of empowering the same individuals is not advocated by the BEE strategy. In reality, it is applied by companies seeking black ownership credentials. They choose the same black individuals rather than casting their nets wider in search of other black individuals to partner. This practice can become a red herring when, at the end of the day, the perpetrators of this are the ones who complain the loudest about it. Of course, the complaints have now been voiced by others who see themselves being left behind. The solution is for companies to build meaningful relationships with black individuals who are operational within the industry or in the company, to ensure that they will be hands-on involved in the running of the company. This is how one can achieve the integration of black people in the mainstream economy.

CONCERNS AROUND CURRENT BROAD-BASED SCHEMES

There is a clear distinction between broad-based BEE and broad-based ownership. Broad-based ownership refers to equity ownership held by a broader base of beneficiaries and is thus limited to the equity ownership element of the broad-based BEE scorecard. It is crucial to look at the rationale of broad-based ownership.

The department of trade and industry (dti) strategy states that one of the principles of the BEE process is to accelerate the deracialisation of the South African economy and fast-track the re-entry of historically marginalised communities into the mainstream of the economy. It further states that one of its policy objectives it to increase the proportion of the ownership and management of economic activities vested in community and broad-based enterprises (such as trade unions, employee trusts, and other collective enterprises) and co-operatives.

There are numerous concerns around these broad-based ownership schemes and one wonders whether they will be able to achieve the objectives of BEE. Firstly, there are trusts with unspecified or vague beneficiaries who will supposedly benefit from ownership. The counterparties to these deals then expect to receive recognition of these trusts as benefiting black people, even though that is not explicitly stated in the trust deeds or founding documents.

Secondly, there is also a trend to include groupings of people in the shareholding structures who sometimes do not know that they are part of consortiums. One wonders if this will help these people be part of the mainstream economy when they don't even know that they are part-owners of some companies.

Thirdly, the administration costs and time required to set up these broad-based groupings are immense. One finds through cost-benefit analysis that there are net costs incurred without a reasonable prospect of actually achieving the objectives of BEE.

Fourth, the economic benefits will arise from the shareholding over a long time. By the time these economic benefits accrue to the beneficiaries, these organisations may no longer exist. It is estimated that it may take as long as 13 to 25 years at best to achieve 25.1 percent unencumbered equity ownership and between 33 and 55 years at the base case scenario. The worst case scenario is that there will never be economic parity if BEE is only focused on

the redistribution of ownership. These broad-based BEE groupings are mostly non-profit organisations that struggle to sustain themselves in the short run and cannot afford to wait at least 13 years before seeing the benefit of their ownership.

Fifth, the more beneficiaries that are contained without any economic rationale, the smaller the value that would accrue to them on an individual basis. For example, some deals have a very broad range of beneficiaries who may have to wait between 33 to 55 years to realise any benefit from the ownership and then, at the end of that period, receive only R1 000. If the time value of money is taken into account, this economic benefit is worth nothing today.

What is the answer to these concerns? These groupings must be formed pragmatically, in line with sound economic principles. The dti strategy has clear guidelines for this pragmatism saying that these broad-based arrangements "are appropriate in situations where the activities or operations of an enterprise or industry directly impact on a community or are located in a community, or may benefit a community. Notable examples are large industrial projects, mining and tourism." There must be an economic rationale for including broad-based groupings in ownership structures. The companies have to look at their value chain to see which broad-based groupings may be their appropriate partners. Caution must of course be applied because of the competition legislation that may prohibit a full application of such an approach.

There are multiple benefits that could arise from this approach. For example, the Women's Development Bank Trust helps to secure procurement contracts with the companies it invests in for some of its women beneficiaries. There is clearly an affirmative procurement benefit. There could be further enterprise development opportunities, CSI opportunities (which helps with their sustainability) and human resource development opportunities with such an approach. It is important for companies to avoid diluting the economic impact of broad-based ownership and using it as a mechanism to avoid real empowerment.

MEASUREMENT OF THE TRUE WEALTH CREATED BY BEE

When BEE deals are concluded, the legal ownership of the shares is typically transferred to the black shareholder, and the financing is provided by either the company (vendor financing) or a third party financier. After accounting for key factors, such as the cost of financing and the rate of return, the debt that is used to pay for the shares is repaid over a period of time. What has made BEE deals fail in the past was that the cashflows arising from the shares were less than the cost of financing those shares, which meant that there was not enough money to pay the original debt, leading to a situation where the portion of the unpaid interest accumulated over a period of time. Any future payments made by the black shareholder to the financier would first be applied to the previously unpaid interest, with the remaining portion applied to the current interest and the original debt.

The failures of the past have led to a new approach to structuring BEE deals, one which now takes into account the wealth or net equity that is created for the black shareholders. In simple terms, net equity is the current value of assets less the current value of liabilities. An individual who has more assets than liabilities would have a positive net equity, and if it was the other way round the individual may be technically insolvent. This net equity then gives a true measure of an individual's net worth. For most black individuals involved in BEE deals, this net worth is mostly paper wealth because it is not realised as cash. For that, they would have to sell their shares; however, this would make the company they hold shares in lose its BEE credentials. Therefore, companies have lock-in provisions which prevent black people from selling their shares within a certain period of time so that the company will not lose its BEE status.

The other implication of using the net equity principle for BEE is that it offers a good approximation of the wealth created for the black shareholders over time. This means that the more the assets increase and the liabilities decrease the more wealth is created. A long time ago a comment, attributed to Tokyo Sexwale, was made to the effect that "people never see the mountains of debt that are behind the billion rand deals". This is spot-on. In an environment where there is no black capital, every deal is made possible by a combination of debt and discounts on the purchase price. In reality, there is no such thing as a free lunch when it comes to BEE deals. Every cent that is given "for free" has an obligation attached to it. The bottom line is that you can either pay your own cash for the full value of the asset or exchange an asset of an equivalent value, or you can borrow from third parties who will impose their own conditions.

So, what is the level of wealth creation from BEE? The Capgemini and Merrill Lynch 2005 Wealth Report shows that there has been incredible growth in the number of people - known as high net-worth individuals (HNWI) - within South Africa who have accumulated more than US$1 million (approximately R6.5 million) in financial assets. They show a 21.6 percent increase in the number of HNWI from 2003 to 2004 in South Africa and a 17.3 percent increase in wealth for the African continent. Some individuals included in those numbers got there because of BEE, including white shareholders who sold their stakes to black people. What fuelled this growth for South Africa was the good performance of the JSE Securities Exchange, which saw its market capitalisation increase by 163 percent in 2004.

The real test of BEE wealth creation is whether BEE will result in black people being "balance sheet affluent" or being "income statement affluent". This will make all the difference. The former ensures the building of sustainable black capital and the latter will testify to high incomes linked to high consumption leading possibly to heavy indebtedness of black people supporting the high consumption levels.

IS BEE WORKING?

The major issue is that BEE has not led to the creation of new markets and new drivers of domestic demand in the

economy yet. I would agree with that statement, with the proviso that we have not yet measured the impact of the BEE policy issued in March 2003. In reality, the trickle-down effect of BEE is being felt in almost all the sectors of the economy, through the policy of utilising certain leverages to accelerate BEE. It may be premature to say the broad-based policy has failed, without any significant measurement of its effect being taken in the two and a half years since its release.

The broad-based BEE strategy is one of the most innovative transformation policies in the world to date because it relies on commercial leverage to achieve its aims with no direct penalties applied, and it inherently ensures a spread of benefits to a broader base of beneficiaries. We need to let the child crawl, walk in starts-and-stops, and then run at full speed to achieve its aims. If we cripple the child before it crawls, we can't blame it for not being able to run to achieve its destiny.

ARTWORK BY TONY CISSE

Pfizer HIV/AIDS

PARTNERSHIP.
PURPOSE.
PROGRESS.

HIV/ PFIZER'S ROLE

The global HIV/AIDS epidemic is escalating. The impact is devastating with increased mortality, untold human suffering and unimaginable threats to families, communities and whole societies.

Although developing countries have made great strides in the area of public health, continued progress in healthcare remains an essential component of their future development.

Pfizer, with its long and successful involvement in developing countries, is committed to improving the quality and delivery of healthcare. In cooperation with local and regional partners, Pfizer has established innovative healthcare partnerships, which are all built on a foundation of mutual trust and shared purposes.

Participating governments and organisations

1. THE DIFLUCAN® PARTNERSHIP PROGRAMME FIGHTING AIDS-RELATED OPPORTUNISTIC INFECTIONS

People suffering from HIV/AIDS infection become increasingly vulnerable to a range of life-threatening opportunistic infections that magnify the pain and suffering of the disease. Pfizer's Diflucan® (fluconazole) has proven to be effective in treating some of these infections.

In December 2000, Pfizer first launched the Diflucan® Partnership Programme (DPP) with the Ministry of Health of South Africa. The programme makes Diflucan® available free of charge for treating patients presenting with two HIV/AIDS-related fungal opportunistic infections, namely, Oesophageal Candidiasis and Cryptococcal Meningitis.

The programme, which includes training, monitoring and ongoing support, continues to improve the lives and health of patients who would otherwise not have access to the treatment of these two opportunistic infections.

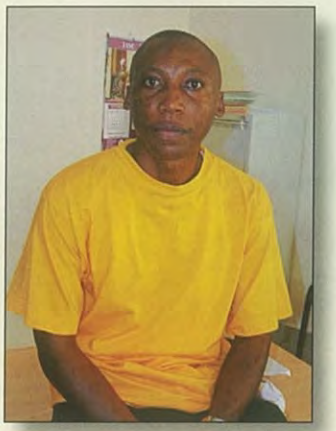
Based on the success of the programme in South Africa, in June 2001, Pfizer extended the programme to other developing countries with HIV/AIDS prevalence rates of more than 1%.

AS OF SEPTEMBER 2005:

42 developing countries in Africa, Asia, Latin America and the Caribbean, hardest hit by HIV/AIDS, are now receiving Diflucan® free of charge from Pfizer. All developing countries with HIV/AIDS prevalence rates of more than 1% are eligible for the programme.

- 1 100 facilities are dispending Diflucan® free of charge in participating countries. South Africa accounts for 42% of the sites.
- 13-million free doses of Diflucan® have been donated by Pfizer to participating governments and non-governmental organisations.
- 200 000 patients have been treated through the Diflucan® Partnership Programme for two life-threatening fungal opportunistic infections commonly associated with HIV/AIDS.
- 20 000 healthcare professionals have been trained in collaboration with participating governments and NGOs in the diagnosis and treatment of these opportunistic infections.

AIDS: IN THE FIGHT



Moses Biryomumaisho

MAKING A DIFFERENCE:

Moses Biryomumaisho, a patient receiving Diflucan® in Uganda shares his story:

'In 2002 I wanted to get married but had to take an HIV test first because I never trusted myself. It was unfortunate when the counselor said my blood was HIV reactive but counselled me and referred me to TASO.

I then decided to come to TASO and when they tested my blood, the doctor told me I had Cryptococcal Meningitis. I was given Diflucan®, but as I reached home, the headache continued and I found myself admitted in the main hospital where I spent two weeks. Following discharge, I was taking two tablets of Diflucan® per day for a period of time, and then changed to one tablet.

I was advised to go for a CD4 count test because I was too weak. I raised 50 000 (Ugandan Shillings) and went for CD4 test in July 2004 and my CD4 count was only two cells/cc of blood. In September 2004, TASO started giving free ARVs. Since then, I have been taking Diflucan® with ARVs and six months after starting ARVs my CD4 had increased to 123.

My appreciation goes to Pfizer for initiating the Diflucan® Partnership Programme, without which, I would not have lived those four months before starting ARVs.

My life today is a testimony to your commitment to the Diflucan® Programme.'

For more information visit: www.diflucanpartnership.org

2. THE INFECTIOUS DISEASES INSTITUTE BUILDING PUBLIC HEALTH INFRASTRUCTURE

Training healthcare professionals in the latest treatment options is a crucial aspect of fighting HIV/AIDS. In Kampala, Uganda, Pfizer joined with Makerere University, international infectious diseases experts, the Ugandan government and non-governmental organisations to design and build the

Infectious Diseases Institute in Kampala, Uganda

Infectious Diseases Institute (IDI).

The Institute marks a dramatic advance in addressing the public health needs of sub-Saharan Africa. This innovative project directly addresses deficiencies in the continent's

public health infrastructure.

A web of knowledge begins in this building, as infectious disease experts train African doctors in the prevention and treatment of HIV/AIDS. This knowledge transfer continues to have a significant impact across the continent. Each year 250 doctors trained by IDI commit to training at least 10 more doctors annually, who are expected to treat millions of HIV infections and help prevent millions more.

'In my class at IDI, there were doctors from many different African nations, and we each went back home and trained others,' said Dr Gertrude Nakigozi, who has a practice in Uganda's Rakai District. 'The training provided by IDI was extremely beneficial because it gave me the ability to actually provide proper, effective HIV care to my patients. Now, I can share this information with others and in turn share it after I teach them, so it becomes a chain of knowledge, which is wonderful.'

The IDI also houses a clinic capable of handling 50 000 patient visits a year. As of September 2005, more than 13 000 patients were receiving care with 3 000 on antiretrovirals. It is home to a state-of-the-art diagnostic laboratory able to monitor HIV therapy and support diagnosis of opportunistic infections, tropical disease and sexually-transmitted diseases. In addition, the IDI is active in operational research to assess treatment and prevention strategies in resource-limited settings.

For more information visit: www.aaacp.org

3. GLOBAL HEALTH FELLOWS PROGRAMME SHARING OUR EXPERTISE

'We cannot defeat epidemics in resource-poor countries with medicines alone. The special business skills of private sector firms can be very helpful in strengthening both human and physical infrastructure for better healthcare.' Hank McKinnell, Chairman and CEO, Pfizer Inc.

As the world's largest pharmaceutical company, Pfizer is a giant skills bank. In addition to our core mission of discovering, developing and donating our medicines, we realised the need to provide skills to organisations working on the ground to improve healthcare.

The Fellows address the need for human capital – the need for expertise in healthcare, research, education, communications, project management, finance, technology and so on – that complements our funding and donations of medicines to fight the spread of diseases.

The programme begins with an invitation to our employees to apply for assignments with health NGOs. The NGOs, not Pfizer, create the assignments and have final say on who is selected. Pfizer works carefully with partner organisations to match the skills of applicants to the organisation's needs.

During assignments, Pfizer funds transportation, lodging and other expenses for each Fellow, while maintaining their employment with the company and preserving their positions.

Since the inception of the programme in 2003, 71 Fellows have been deployed to 18 countries all over the world.

In October Pfizer welcomed 22 new Fellows to the programme. The new class of Fellows will soon depart to begin their assignments. New Fellows will also join the two Cape Town organisations, The Mother's Programme and BroadReach Healthcare early in 2006. The two will bring the total number of Fellows placed with South African organisations to eight.

Jennifer Boynton (right) – Pfizer Global Health Fellow – conducting a training session

For Jennifer Boynton, a Pfizer Fellow in South Africa, it was arriving in Johannesburg on 4th July 2005 and realising she would miss the fireworks she used to watch over Lake Michigan. But one thing stayed the same. She continues to rely on her expertise that has made her so valuable to Pfizer.

Jennifer works in Austin, Texas, as a clinical research site manager monitoring Phase I-III clinical trials. She is in the country until January 2006, to help implement Phase I-II clinical trials sponsored by the International AIDS Vaccine Initiative (IAVI); by providing training, instruction, oversight and coordination of clinical activities at the trial sites.

Pfizer HIV/AIDS

PARTNERSHIP.
PURPOSE.
PROGRESS.

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www.aaacp.org

THE CASE OF AFRICA'S MINERAL WEALTH

BY MOELETSI MBEKI AND RICHARD LINNELL

(This paper was presented at the Beijing conference on Sustainable Development, 5 September 2005)

Africa has been at the centre of the development of the Western economies since the 15th century when Portuguese sailors reached the Americas and rounded the Cape of Good Hope to reach Asia. For most of these 500 years Africa was allocated a specific role by the Western powers. Firstly, its role was to supply slave labour for the development of their American colonies. This started one of the most comprehensive processes of exploitation that mankind has seen before and since. Millions of people, men, women and children, were kidnapped from the African continent and forcibly shipped to the new world.

The first slavers were Portuguese who desired workers for their mines and sugar plantations in Brazil. When the Dutch seized much of Brazil and became the dominant trading power in the 17th century, they became the leading slavers, selling slaves to both their own colonies and to British and Spanish ones. As Britain rose in naval power and controlled more of the Americas, they became the leading slave traders, mostly operating out of Liverpool and Bristol. By the late 17th century, one out of every four ships that left Liverpool harbour was a slaver. They were highly profitable ventures and played very important economic roles in those two cities.

The slave trade was part of the triangular Atlantic trade, which was probably the most important and profitable trading route in the world. Ships from Europe would carry a cargo of manufactured trade goods to Africa. They would exchange the trade goods for slaves which they would transport to the Americas. In the Americas, they would sell the slaves and pick up a cargo of agricultural products, often produced with slave labour, for Europe. The value of this trade route was that a ship could make a substantial profit on each leg of the voyage.

The route was also designed to take full advantage of prevailing winds and currents. For example, the trip from the West Indies or the southern US to Europe would be assisted by the Gulf Stream. The outward bound trip from Europe to Africa would not be impeded by the same current.

The immorality of slavery was excused by economics. Slavery was involved in some of the most immensely profitable industries of the time. Seventy percent of the slaves brought to the new world were used to produce sugar, the most labour-intensive crop. The rest were employed harvesting coffee, cotton and tobacco, and in some cases, in mining. The West Indian colonies of the European powers were some of their most important possessions and they went to extremes to protect and retain them. For example, in 1763, France agreed to lose the entire vast colony of New France in exchange for keeping the minute island of Guadeloupe.

By far the most successful West Indian colonies in 1800 belonged to the United Kingdom. After entering the sugar-colony business late, British naval supremacy and control over key islands such as Jamaica, Trinidad and Barbados gave it an important edge over all competitors. This advantage was reinforced when France lost its most important colony, St Dominique, to a slave revolt in 1791. The British Islands produced the most sugar, and the British people quickly became the largest consumers of sugar. West Indian sugar became ubiquitous as an additive to Chinese tea. Products of American slave labour soon permeated every level of British society with tobacco, coffee, and especially sugar all being indispensable elements of daily life for all classes.

When slavery in the new world was eventually abolished at the end of the 19th century, a new movement to plunder Africa's rich resources was initiated. This was the colonisation of Africa by western powers that was to last from the 1880s to the 1960s. In this period the social structure of Africa was fundamentally undermined with the purpose of destroying the skills of the African population. The purpose was to make Africans mere consumers of imported western manufactured products on the one hand, and on the other hand, simple labour for the production of agricultural cash crops and minerals for the development of western industries.

Today Africa stands at a cross-roads. No longer politically dominated by foreign powers, Africa has to make its own choices about what to do with its enormous natural resources of land, water, minerals, flora and fauna.

The African country which has the most comprehensive geological survey, South Africa, shows the enormous extent

to which Africa is a rich continent.

South Africa holds the world's largest reserves of ores of manganese (some 80 percent of the total world reserves), chromium (76 percent), the platinum group metals (56 percent), gold (52 percent), vanadium (44 percent) and alumino-silicates (51 percent). It is also prominent in reserves of fluorspar, phosphate rock, titanium, vermiculite and zirconium.

As a result of its large reserve base, South Africa is a mineral producer of note; for alumino-silicates, chrome ore, ferrochrome, PGMs, vanadium and vermiculite, the country is not only the leading world supplier, but contributes in excess of 40 percent of the world's total of these commodities. South Africa is also the foremost world producer of gold, for which its contribution is almost 17 percent.

The domestic market for most of the mineral commodities produced is relatively small. Hence South Africa's mineral industry is export-orientated; for vermiculite it contributes 94.9 percent of world exports, for vanadium 65.3 percent, for alumino-silicates 45.9 percent, for ferrochrome 56.2 percent, for ferromanganese and manganese ore, both about 26 percent, and for chrome ore 27.6 percent. In terms of most of these commodities, as well as for gold, zirconium and antimony, it is also the world's largest exporter. Other important export commodities include coal and titanium minerals.[1]

This is only a small part of Africa's wealth. Some of the largest deposits of copper, iron-ore, petroleum, timber, uranium, bauxite, diamonds and gold, to name but a few, are to be found on the African continent.

Despite these enormous riches the African people are amongst the poorest in the world.

In its seminal review of economic and social conditions in sub-Saharan Africa at the dawn of the new century, **Can Africa Claim the 21st Century?**, the World Bank made the following observations: "Despite gains in the second half of the 1990s, sub-Saharan Africa (Africa) enters the 21st century with many of the world's poorest countries. Average per capita income is lower than at the end of the 1960s. Incomes, assets, and access to essential services are unequally distributed. And the region contains a growing share of the world's absolute poor, who have little power to influence the allocation of resources."[2]

The World Bank's observations have been corroborated by other researchers. This was how the (US) National Bureau of Economic Research summarised the living condition of Africans: "Thirty-six percent of the region's population lives in economies that in 1995 had not regained the per capita income levels first achieved before 1960. Another six percent are below levels first achieved by 1970, 41 percent below 1980 levels and 11 percent below 1990 levels. Only 35 million people reside in nations that had higher incomes in 1995 than they had ever reached before."[3]

In Can Africa Claim the 21st Century?, the World Bank noted that expectations had been that Asia would remain mired in poverty while Africa would steam ahead. The opposite, however, happened. Comparing Ghana and South Korea, two countries that were at a similar level of development in the 1960s, the World Bank had this to say: "In 1965, for example, incomes and export per capita were higher in Ghana than in Korea. But projection proved to be far off the mark. Korea's exports per capita overtook Ghana's in 1972, and its income level surpassed Ghana's four years later. Between 1965 and 1995 Korea's exports increased by 400 times in current dollars. Meanwhile, Ghana's increased only four times, and real earnings per capita fell to a fraction of their earlier value."

CHANGING AFRICA'S ECONOMIC ROLE

Let us now return to the theme: "Work together for Common Growth and Harmony in a Diversified World." The challenge facing Africa in the 21st century is to change its role in the global economy from being a simple supplier of raw materials into a well-integrated player in the global economy that participates in all aspects of a modern economy, from production of raw materials to the manufacturing of finished products, including related financial and technical services. In the final analysis, raw materials benefit the people that process those raw materials into finished products.

The theme in itself makes an assumption that national objectives can be harmonised for common good. There is no doubt that, in an ideal world, the achievement of this objective would do wonders for poverty alleviation and the quality of life for everyone. However, realistically, self-interest is always paramount both for individuals and for nations, and the best we can do is to be aware of the ramifications of national thrusts and policies and make provision to either capitalise on the benefits or ameliorate the disadvantages that flow from these.

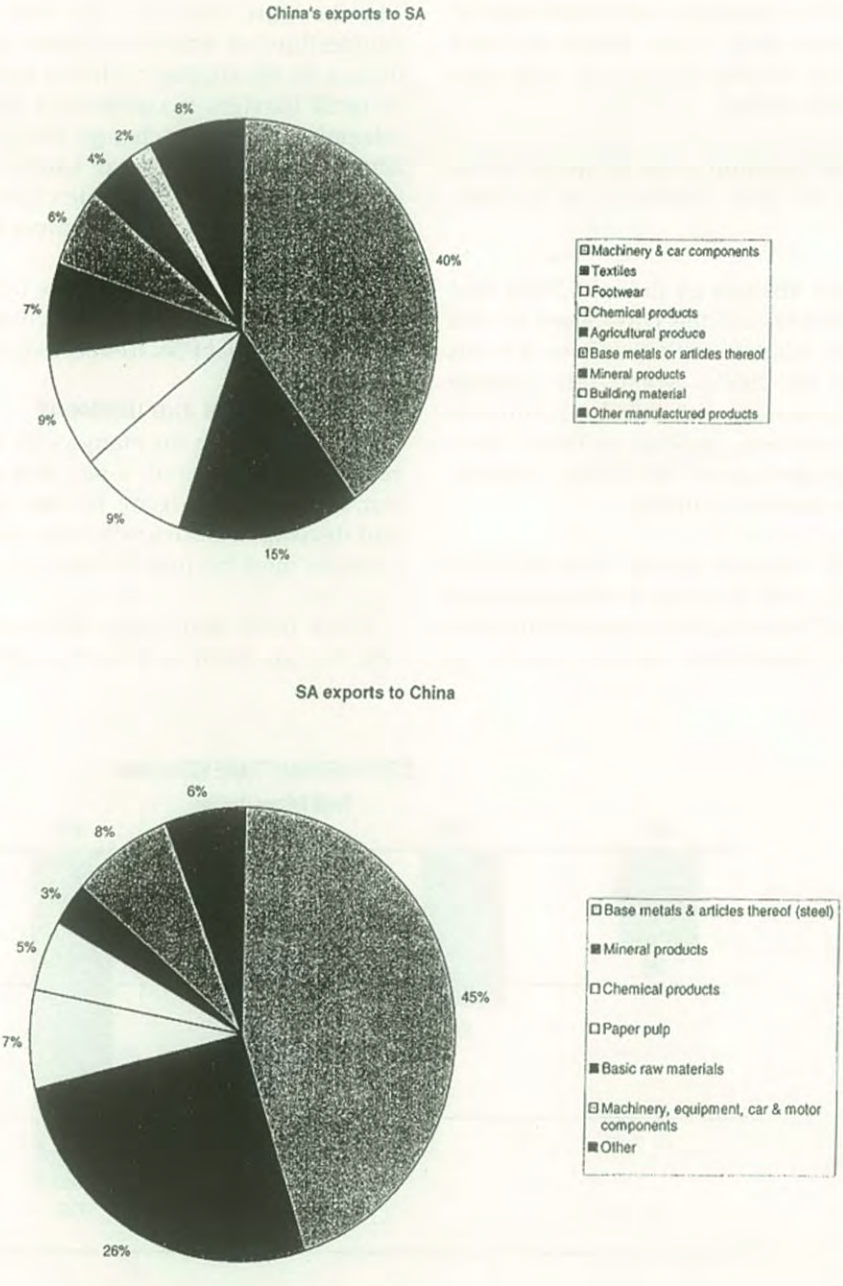
The recent phase of sustained economic growth in China is to be admired and welcomed, as it is improving the quality of life of millions of Chinese and, through its trade implications, generating mixed benefits for the rest of the world. China's demand for raw materials is benefiting many poor countries who see demand and prices for their unbeneficiated products rising and creating wealth and employment at the unsophisticated ends of their economies. This curse of resource-based economies, where demand for resources strengthens their currencies and thus weakens their ability to develop an industrialised base through which to develop their people and diversify their economies, is a threat which this conference should address.

THREE EXAMPLES - COTTON, GOLD AND TEXTILES

Southern Africa is a subcontinent blessed with a vast amount of natural resources and with a climate that permits, policies allowing, the area to be the source of a range of agricultural products which can be produced well in excess of domestic demand.

Three commodities in particular can demonstrate the

unharmonious economic relationship: The case of trade between South Africa and China



Source: Emerging Market Focus (Pty) Ltd

vulnerability of a sustainable life in this region. The first, which is the copper industry of Zambia and the Katanga province of the Democratic Republic of the Congo (DRC), has suffered irreparable damage during the first 30 years of post-independence policies.

The second is the South African deep-level gold mining industry which suffered from a surge in supply, resulting in weaker prices for gold and the ensuing destruction of profitability. The job losses in relatively remote rural areas, also affecting migrant labour from all over the subcontinent, ran into hundreds of thousands. Since 1994, employment has dropped from 357 000 to 125 000 in 2005. This is over and above equivalent losses in the previous 10 years.

The third example is from the agricultural industry where there has been significant support for raw cotton produced in southern Africa and exports to China have been strong. What has followed, however, has been a devastating assault on the southern African textile market by both semi-finished and finished textile products from China which has had a major impact on jobs and wealth creation in what was already a fiercely competitive sector.

The above three examples highlight areas of stress where a common approach and working together can produce mutual benefits.

In the first instance, it was obvious by the mid-1990s that the economies of both Zambia and the DRC were in dire straits, with output from the mines in both countries at levels a fraction of their levels in the 1960s. Worse, this slippage had allowed the South Americans, with inferior resources, to take up the market positions, making re-entry more difficult as the marketplace perceived that South America represented a more secure source of supply.

The rapid growth of the Chinese market now presents both Zambia and the DRC with not only a new untapped market but with a source of fresh capital to regenerate these opportunities. While the Copperbelt's current need is to refurbish and redevelop mines in due course both countries will seek to see further added-value taking place domestically and, at this stage, a transfer of skills to the Copperbelt from China will greatly assist in developing the skills base in this region and further bonding the affected countries to China.

In the second instance, although there is little direct benefit that can be derived from investment in the South African gold mining industry, there is opportunity in relocating manufacturing capacity to the distressed areas where an industrial infrastructure exists. This is certainly easier said than done as there are other structural problems, such as the overregulation of labour, that must be overcome before this concept can become a reality. Constructive engagement at a governmental level can help to ameliorate these impediments to a sustainable partnership.

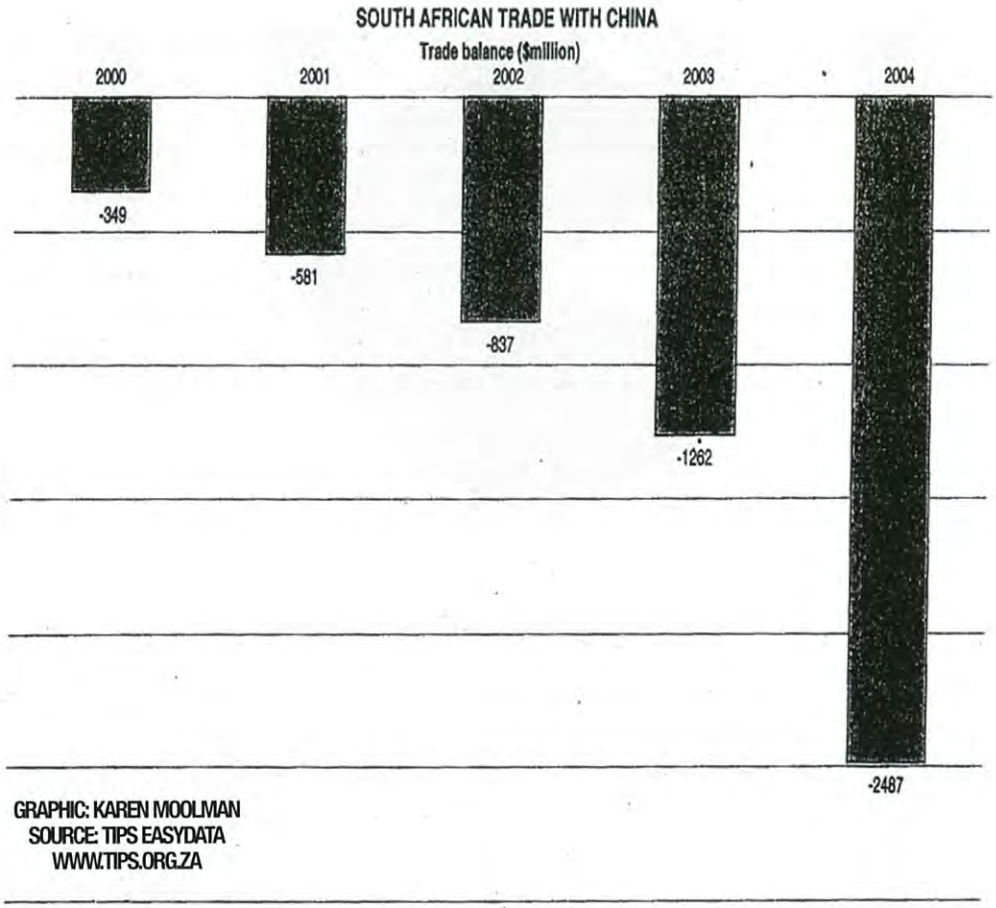
In the third instance, the flow of raw cotton and the counterflow of finished textiles is having a very harmful impact on the southern African textile industry. The concept of tariff barriers is currently a difficult idea to sell, but a relaxation of the exchange rate of the Chinese currency allowing it to strengthen would, in many ways, achieve the same ends: the domestic capacity would become more competitive relative to its Chinese rivals.

The examples above are three of many where anticipation of change and creative and co-operative interaction can bring mutual benefits to both regions.

COMMON GROWTH AND HARMONY

China will remain for many years a prime customer for this region's raw material, a fact that the region is grateful for but, in the longer term, for the relationship to strengthen and develop, skills transfer and the relocation of conversion capacity must become an intrinsic part of this arrangement.

A free trade agreement between South Africa and China will not by itself help us to solve the above mentioned



GRAPHIC: KAREN MOOLMAN
SOURCE: TIPS EASYDATA
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problems. It will also not help China's long-term problems of growing poverty and inequality caused by the use of capital-intensive western technology.

A far deeper form of co-operation between the two countries which will lead to "Common Growth and Harmony in the Diversified World" is therefore needed. Co-operation between China and South Africa, and China and the rest of Africa, must focus on reducing the technological dependence of all the parties. In other words, China and Africa must co-operate to develop more and more of their own high technology in the fields of, for example, machine tools, software, pharmaceuticals, research and development, and so on.

This form of co-operation is, however, a steeper climb than a mere trading relationship and requires more effort than merely buying and selling. It will call for an even greater effort in the case of Africa, whose education system, especially in the fields of mathematics and the physical sciences, leaves much to be desired.

This, together with regular dialogue on issues such as tariffs, labour regulations and exchange rates, will help to prevent imbalances and the associated hardships.

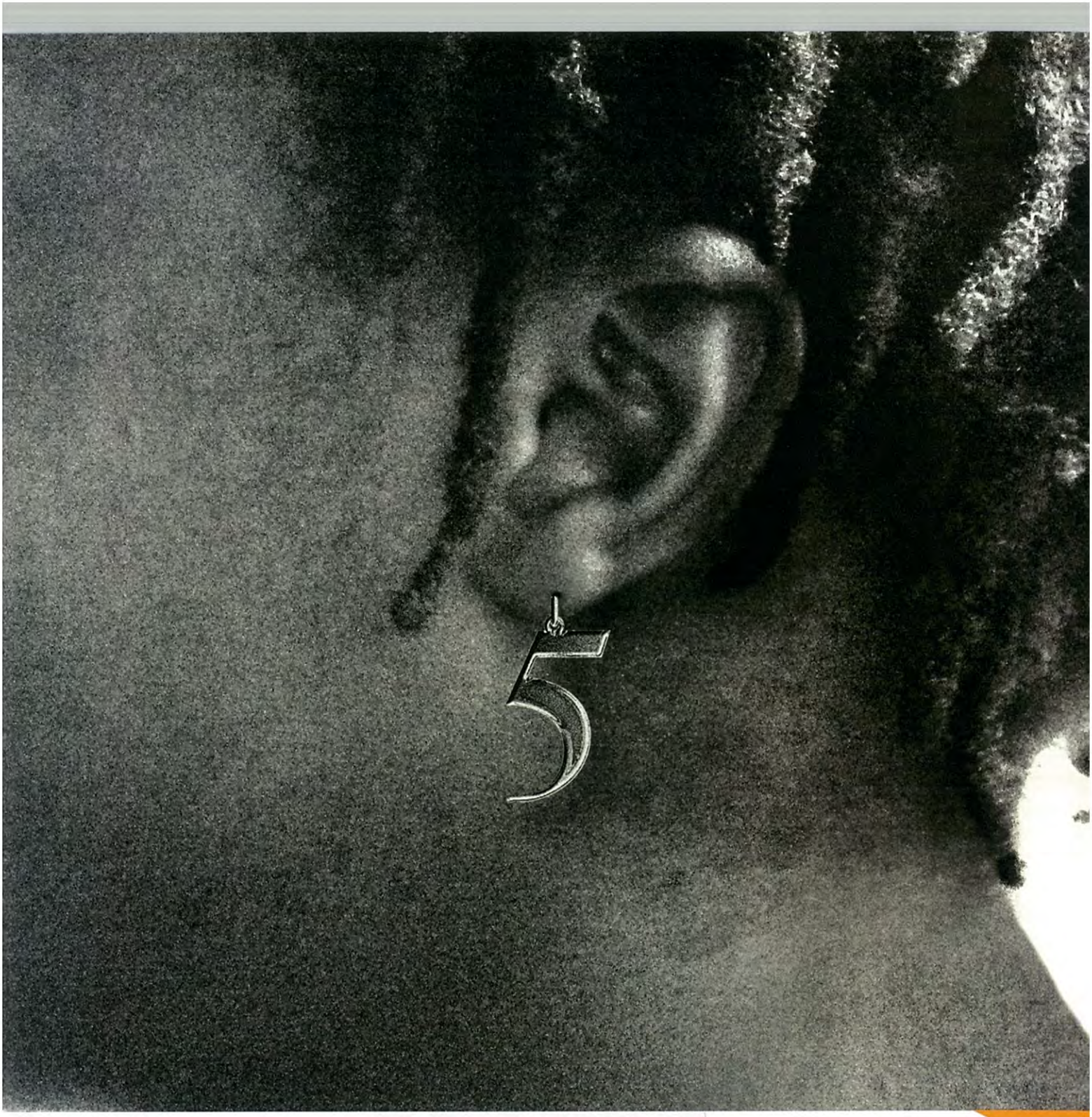
END NOTES

1 Makwinzha, TP, Mwape, P and Van Averbeke, N. ***South Africa's Mineral Industry****, p 6*

2 World Bank, Washington DC (2000) p1

3 Freeman, RB and Lindaner, DL (September 05) ***Why not Africa?*** *NBER Working Paper 6942, Cambridge MA, p 199*

ARTWORK BY TONY CISSE



Local Government. All ears for 5 years.

The 5th of December 2005 marks the 5th Anniversary of the new system of Local Government. These 5 years have been a period of great learning as we have been developing and implementing systems and programmes to deliver the long-term service you deserve. Only with your opinions, your voices, and your support can we ever hope to win our battle to eradicate poverty, grow the economy and improve the lives of all South Africans. Let us celebrate this commitment together and continue to build a South Africa that truly belongs to all.

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Provincial and Local Government
REPUBLIC OF SOUTH AFRICA

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A hands-on Local Government Support and Engagement Programme

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Background of Local Government

Meeting the basic needs of communities is one of the critical deliverables for local government in South Africa. This issue has been at the core of the local government system since its advent five years ago in 2000. The local government election held on 5 December 2000 was the first fully democratic local elections in South Africa. New municipal boundaries were drawn that included every part of the country and broke the old apartheid divisions. There are currently 284 municipalities that are focused on growing local economies and extending the provision of services to areas that were previously neglected.

Take part in strengthening your Local Government for better Service Delivery

Five years ago, a new developmental Local Government system was put in place with the passing of the Municipal Systems Act no. 32 of 2000. This system affords South Africans the opportunity to participate in matters of governance and development of their communities.

On the 5th of December 2000, South Africans through a free and fair local government election process, elected local representatives of their choice to lead and work with them in improving their lives and delivering sustainable services.

The new municipal system introduced a practical and developmental 3rd sphere of government by amalgamating and capacitating previously segregated communities and municipalities. Before 2000 there were 843 local authorities. After the 2000 municipal elections they were rationalised into 284 municipalities.

In 2000, government adopted a particular approach to managing and supporting the local government transformation process, namely through a phased approach that focused on establishment, consolidation and sustainability.

Although our infant Local Government system experienced challenges in its first five years, significant progress has been recorded. Progress included a new legislative framework to ensure effective municipal institutional development and improved service delivery.

Through the Intergovernmental Relations Act No. 13 of 2005, all government departments across the three spheres are now able to interact and consolidate their efforts in improving the lives of South Africans.

This means that Municipalities stand to benefit from an improved system of cooperation between national, provincial and local government, that in turn will lead to accelerated service delivery. Through this collective government effort, municipal capacity to deliver quality services will be improved.

Municipal services are provided to all people and businesses and are therefore important to contributing to economic development that benefits all people, social inclusion, an appropriate social safety net for the poor and the progressive realisation of fundamental human rights.

Building on sound and sustainable macroeconomic policies and management, year-on-year improvements in revenue collection, and the substantial delivery record of Government over the last five years, massive investment in key transport infrastructure and stepped up investment in the residential and local built environment are key features of government's medium term budget.

State planning, capacity and performance

A strong developmental state, with the needs of communities as a top priority, is needed to give effect to the policy goals and objectives of Government as it pertains to local government level.

These objectives are in line with the broader Government Programme of Action that aims to assist municipalities to carry out certain service delivery obligations that are found in the constitution, because of their closeness to communities.

These constitutional obligations require municipalities to have 5-year plans, called Integrated Development Plans (IDPs). These IDPs can also be called the business plans of municipalities. The plans address, among others, the following:

- How they will grow the local economy and create jobs;
- How municipalities will manage their environment and natural resources;
- How the municipality plans to deepen community access to government information, programmes and services, and how it will involve communities in matters of local governance and service delivery; and
- How the municipality will extend basic infrastructure and services to all residents living within the municipal area.

The Hearings on IDPs held earlier in 2005, together with the Presidential Izimbizo and Ministerial Izimbizo have assisted in identifying the gaps and problems in local government. For example, some local government authorities have a serious shortage of skilled engineers and financial managers. This has a direct bearing on the delivery of services such as clean water, construction of roads and houses.

Question and Answer on Local Government

What can I do if Local Government does not meet my needs?

There are a number of ways in which you can raise issues that are of concern. You can petition the municipality about any issue that affects a large number of people in your area. Local municipalities hold meetings to consult with the community on a number of issues affecting the community. Integrated Development Planning forums are another way that community members can raise important issues. You can approach the municipality to find out if a forum exists and ask to join.

What is the significance of Local Government week?

The whole of South Africa is divided into local municipalities. Each municipality has a council where decisions are made and municipal officials and staff who implement the work of the municipality. There are currently 284 municipalities that are focused on growing local economies and extending the provision of services to areas that were previously neglected. Local government week provides us with an opportunity to collectively reflect on milestones that have been achieved by this critical sphere of government.

What is local government?

Local government is the third part of a three-sphere system of provincial, national, and local government in South Africa that came into being on 5 December 2000. It is made up of 284 municipalities that are democratically elected structures, situated closest to the people; with representatives that are elected by citizens to represent them and are responsible to ensure that services are delivered to the community. It is tasked with delivering services that are essential to meeting basic needs of communities such as water, electricity, sanitation, etc. In line with the principles of co-operative government, national and provincial government must support and strengthen municipalities' capacity to manage their own affairs

How can I as a community member participate in Local Government?

The South African Constitution states that municipalities have the responsibility to make sure that all citizens are provided with services to satisfy their basic needs. The South African government has clear policies that local municipalities should be sensitive to community views and responsive to local problems.

Community Members can participate in many consultation and decision-making processes at local level - for example ward committees, budget consultations, ward meetings, Integrated Development Planning Forums, and so on. It is very important to understand the level of services that are available, the ways services can be delivered and the choices for how to deliver services that your municipality faces.

What can I expect from Local Government?

Provision of household infrastructure and services such as:

- Electricity delivery
- Water for household use
- Sewage and sanitation
- Storm water systems
- Refuse removal
- Fire fighting services
- Municipal health services
- Decisions around land use
- Municipal roads
- Municipal public transport
- Street trading
- Abattoirs and fresh food markets
- Parks and recreational areas
- Libraries and other facilities
- Local tourism

National or provincial government can also delegate other responsibilities to municipalities.

The road to the New Local Government System

1994 — Negotiations between statutory and Non-statutory sides to form pre-interim councils

1995 — Elections - Transitional framework; Testing of viability of transitional structures

1997 — Policy development culminating in Local Government White Paper in March 1998

1998 — New local government legislation passed on local government re -demarcation

2000 — Establishment phase: Inauguration of New system of local government; Elections held in terms of Legislation

2002 — Consolidation phase: Full implementation of developmental local government systems and practices

2005 — Sustainability phase: further support to ensure continued stabilization and improvement in local government

Project Consolidate

1 Project Consolidate, *a hands on Local Government Support and Engagement Programme*, by its very name intends to assist municipalities who are still struggling with establishment issues and move them into the consolidation phase.

2 136 municipalities have been identified for this assistance.

3 The type of support provided under Project Consolidate seeks to accelerate service delivery, assist municipalities with establishment related issues including appointment of appropriately skilled resources, filling of vacant posts, mentoring of current incumbents and transferring of skills. Where there are legislative policies that hamper the pace of service delivery,these will be refined to enhance delivery.

4 Government is partnering with the Private Sector, Non-Governmental Organisations, Development Agencies and State Owned Enterprises in the implementation of this programme.

5 Government not only by implication but also through a series of direct engagements with the elected representatives of councils, ward committees and communities at large means the President is directly championing this programme.

6 A team of experts has been drawn and continues to be mobilised from all our partners for deployment in all the 136 municipalities.

7 Municipalities that will graduate out of Project Consolidate are those that will be having capacity to honour their mandate to our communities within the limited available resources.

8 Out of Project Consolidate will not mean an abundance of resources, eradicated poverty and problem free municipality.

9 Local Government sphere is a very critical sphere of government that does not require a notion of a continued and permanent assistance from National Government. It requires its autonomy and self-sustainability.

Hands-on Support by Government to Municipalities

Despite all the pressures experienced by local government to deliver basic services, there is wide acknowledgement that the shortage of skills in the critical areas of engineering, financial management and other rare skills must be addressed so that municipalities can deliver quality municipal services to all residents. A specific part of this is the provision of free basic services to the poor households who need it most. It is for this reason that national and provincial government are partnering with the targeted municipalities to address and solve the identified challenges.

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A hands-on Local Government Support and Engagement Programme

THE ITINERARY OF AN IDEA

BY THANDIKA MKANDAWIRE
The author is the director of UNRISD. The article appeared in D + C Development and Cooperation, 31, 10

The belief that lack of "good governance" might be the main hindrance to economic growth in Africa was firmly set in the minds of the international community following a World Bank report published in 1989 which categorically declared: "Underlying the litany of Africa's development problems is a crisis of governance."

By governance is meant the exercise of power to manage a nation's affairs. Since then the expression has attained the status of a mantra in the development business. It is presented as the discovery of new truths that must be hammered into the benighted minds of African policy makers. The Africans themselves often consider it as one more item on the aid conditionalities list.

Rarely recognised, even by Africans, is that the inspiration came from African scholars and that the current use of the concept diverges significantly from their own original understanding. In the preparation of the 1989 report, the World Bank did the then unusual thing of consulting African scholars and commissioning them to prepare background papers, apparently at the insistence of Africans within the World Bank.

Among the scholars were Claude Ake, Nakhtar Diouf and Ali Mazrui. Their papers focused on state-society relations in Africa as the main problem. In the introduction to a volume of background papers to 1989's Long-Term Perspective Study (LTPS), the World Bank acknowledged the contributions of the Africans:

"Consideration of these aspects was very much a result of the collaborative approach adopted early in the preparation of this report. In the process, it became clear that any assessment of the region's performance in the past and directions for the future would have to be informed by issues that cut across various disciplines to include history, culture, politics and the very ethos of Africa. By listening to the report's African and other collaborators, it was evident that a report with a scope such as the of the LTPS could no longer evade these issues. These collaborators greatly strengthened that ability of the LTPS to address, if not authoritatively, at least in a well-informed manner, the deep-seated concerns that ultimately shape and direct the course of economic growth and development. The 10 papers presented in this third volume of the LTPS Background Papers contain some of those invaluable contributions."

The general understanding within African intellectual circles then was that the main challenge for development was the establishment of state-society relations that are:

- developmental, in the sense that they allow management of the economy in a manner that maximises economic growth, induces structural change, and uses all available resources in a responsible and sustainable manner in highly competitive global conditions
- democratic and respectful of citizens' rights
- socially inclusive, providing all citizens with a decent living and full participation in national affairs.

Good governance should therefore be judged by how well it sustains this triad. The urgency of the democratic aspect of good governance was highlighted by the clamour for democracy by social groups that had opposed misgovernment and the imposition of policies by unelected institutions - national or foreign.

GOVERNANCE FOR SOCIAL DEVELOPMENT

This widespread view in African intellectual circles followed the concern with the failure of authoritarian regimes in Africa to ensure both human rights and development. It was informed by the belief that the downsizing of the state insisted upon by donors addressed only the short-term issues of stabilisation, while undermining long-term developmental capacities. And given the potential for ethnic conflicts and the growing social blindness of economic policy, there was also the view that poor state-society relations only exacerbated political instability. Good governance would therefore have to pay special attention to issues of equity and inclusion.

The initial response to the 1989 report from staff of the International Monetary Fund (IMF) and the World Bank, especially the economists, was at best lukewarm for a number of reasons.

First, it was felt that the focus on politics was deterring attention from the task of "getting the macro-economic fundamentals right". Indeed, a report on Africa produced

five years later stridently argued that orthodox adjustment policies work and that the poor performance of African economies was due to their failure to implement agreed-upon adjustment policies. There was hardly any mention of governance.

Second, the new focus did not leave much room for the World Bank. Its insistence on the importance of local initiatives, political accountability to the citizens and the need to reconcile African traditions and institutions with "modern" ones were not exactly the types of things the World Bank could relate to in a quantifiable and operational manner.

A few years later, however, with African economies showing signs of recovery, there was an orchestrated campaign by the Washington-based financial institutions to highlight the "turnaround" in policy adoption in Africa. These institutions attributed the turnaround to their own persistence with their own policies, and to the emergence of African leaders with a new awareness of the demands of globalisation. A major World Bank report on Africa in 2000 stated that "many countries have made major gains in macro-economic stabilisation, particularly since 1994" and that there had been a turnaround because of "ongoing structural adjustment throughout the region which has opened markets and has had a major impact on productivity, exports, and investment". There had indeed been a sea change in the African policy landscape and, as a result, arguments that African countries had refused or been slow to adjust, or that enough time had not passed, became less credible.

However, as had happened many times before, these reforms did not lead to the expected outcomes, and celebration of "recovery" proved premature. Considerable evidence - including some from within the World Bank itself - suggested that adoption of the prescribed policies had not worked. Much of the "recovery" could be explained by so-called exogenous factors - weather, terms of trade, plain good luck and end of conflicts - rather than adjustment.

GOVERNANCE FOR TECHNOCRATS

Thus came the question: "Why is it that even when the recommended policies were implemented (often under the aegis and conditionalities from the International Monetary Fund and the World Bank), the results hoped for did not materialise?" The answer was "institutional weakness" or "bad governance". The new proponents of good governance argued that the policies themselves were sound and that good governance must also mean implementing orthodox economic policy. Good governance thus simply became one more instrument for ensuring the implementation of adjustment programmes. Because macro-economic policies were sacrosanct, it was important that the democratic institutions that might come with good governance were not used to undermine economic policy. This was ensured by introducing institutional reforms that effectively compromised the authority of elected bodies through the insulation of policy technocrats and the creation of "autonomous" authorities.

As a consequence, the current use of "governance" is still very much business as usual. Thus although the IMF took on good governance, it also insisted that the many reforms (fiscal, financial, etc) it had been involved in were indeed core components of good governance. Many other donors have followed suit, simply re-labelling various divisions from one thing to "governance".

The approach to good governance and economic policy that finally became dominant differed radically from that of the African contributors who were strongly opposed to adjustment policies because not only were they deflationary and thus not developmental, but also because they were externally imposed, weakened the state and undermined many of the post-colonial "social contracts". For the African contributors, good governance related to the larger issues of state-society relations and not just to the technocratic transparency-accountability mode it eventually assumed in the international financial institutions. The actual use of the concept of good governance sidestepped the central concerns of the Africans and rendered the notion purely administrative. And all too often, it looked like a fallback position for failed policies.

ARTWORK BY TONY CISSE

EASTERN CAPE PREMIER

PROVINCIAL GROWTH AND DEVELOPMENT PLAN
PGDP
EASTERN CAPE
2004 - 2014

Ikamva eliqaqambileyo!

NOSIMO BALINDLELA

Eastern Cape 'a compelling place to live, work and invest' – this is the vision of the Premier along with other organisations in the Eastern Cape.

EXTRACTS FROM THE STATE OF THE PROVINCE ADDRESS

This year we are celebrating 50 years of the adoption of the Freedom Charter at Kliptown. Achieving the Freedom Charter objectives is not only the responsibility of government, but demands equal commitment from the society that government serves.

A decade of planning, policy and programme compilation has now been transformed into a system of governance that enshrines an environment of opportunity for each citizen in which poverty, unemployment and unacceptable living standards are replaced by respect and dignity, and hence the government's approach to service delivery is pro-poor.

Communities spearheaded delivery in relation to their needs. Consultation with stakeholders, traditional leaders, churches, NGOs, CBOs, gender groups, the private sector and people in general led to the formulation of the Integrated Development Plan/Provincial Growth and Development Plan (PGDP) deliverables and the Extended Public Works Programme (EPWP).

This in true spirit of our motto that says we shall not abandon the poor.

We intend to intervene through our supply chain management system to link provincial and local government procurement systems and promote local production. This will take place in a coordinated manner driven by the Eastern Cape Advanced Technology Unit (ECATU).

I wish to call upon the captains of industry in this sector to join hands with government and make available their expertise to ensure the realisation of our infrastructure development strategy.

AREAS OF FOCUS FOR THE EC GOVERNMENT IN 2005/6

- Coordination and integration of government programmes at provincial, district and local municipality levels.
- Monitoring and evaluation of government delivery programmes ensuring delivery of quality service and value for money.
- Stakeholder forums that are programme driven with action plans.
- Financial management and reporting systems which are integrated and monitored, so that expenditure is informed by business and procurement plans of departments.
- An Information Technology and Communications Strategy that informs all our public and private partners on key areas for implementation so as to bridge our digital divide and have Eastern Cape on line.

EASTERN CAPE PROVINCIAL GROWTH AND DEVELOPMENT PLAN OBJECTIVES

- Systematic poverty eradication through integrated and multi dimensional approach to pro-poor programming.
- Transformation of the agrarian economy and adding strength to household food security.
- Consolidation, development and diversification of manufacturing and tourism.

These three key objectives for growth and development are linked and dependent on each other. Similarly they depend on a further three foundation objectives that provide necessary conditions and support for growth and development. These are:

- Infrastructure development
- Human resource development
- Public sector and institutional transformation

Member of the Parliament Mandisa Marasha and the first lady of Botswana Mrs B Mogae enriching Eastern Cape PGDP in schools.

The First lady Mrs B Mogae, the wife of High Commisioner in Botswana and Busisiwe Mneno, Chairperson and Founder of Sosebenza Sonke project based in the location.

Eastern Cape – Office of the Premier
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A EUROPEAN'S PERSPECTIVE OF CHINA'S FUTURE

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A EUROPEAN'S PERSPECTIVE OF CHINA'S FUTURE

My first visit to China was in 1975, 30 years ago, and I will not forget the extraordinary mix of impressions of that first visit. On the one hand, I was appalled by the poverty of the masses and by the everlasting repetition of Mao's phrases; on the other hand, I felt deeply attracted by the many millennia of China's continuous civil evolution - a much longer time than, for instance, our European development. And I was also attracted by Deng Xiaoping, who I met later on several times. In the course of time I have become a friend of China - not an enthusiastic admirer, rather a friendly observer and critic - but always a friend. After having met almost every one of the party's general secretaries and prime ministers and having watched Deng Xiaoping's pragmatic leadership, stepwise reforming his country and opening it up to the outside world - my admiration for him is greater than ever, the Tiananmen tragedy notwithstanding.

If a European comes to Beijing and Canton or to Shanghai and to other great ports today and if he had known these cities 30 years ago, he is amazed and impressed by the profound progress. For almost two decades, the Chinese gross domestic product (GDP) has grown by about 8 percent per year, a growth rate unmatched elsewhere in a big economy. In the same time 400 to 500 million Chinese have been able to move out of absolute poverty.

This success has induced corresponding changes in mentality. Whilst in the 1970s one could sense an economic inferiority complex, it has now been replaced by the self-confident certainty that within a few decades China will match and then overtake Japan's GDP; and China is already about to overtake Britain, France and Germany. Within less than two decades, the Chinese GDP will be the second largest in the world, and its exports and imports will match the trade of the USA. The enormous growth of tanker and container traffic between China and the rest of the world will therefore be maintained.

Until recently, some Americans expected China to become a great new market for their consumer goods only, and later on for their manufactured goods in general. By contrast, the Europeans perceive China as an oncoming competitor in exports of not only consumer goods but also in products of high technology. China's machinery of all kinds, its future computers, airplanes and ships will qualitatively be as good as western ones but they will be made with lower wage costs and therefore sold at very competitive prices. In the port of my home city, Hamburg (Germany), all the new electronically-operated container cranes are imported from China.

THE CONDITIONS OF DEVELOPMENT

I do expect the enormous upswing to be continued. But of course the continuation will depend on some preconditions. Most of the necessary preconditions are of a domestic nature: they can be met by China itself. Some other conditions do depend on political and economic developments in the world beyond China's borders. China will influence global developments and even more so the regional evolution, but it will of course influence them only partially.

Regarding the domestic conditions, at first glance the growing differences in the standards of living between the well-to-do citizens (mostly in the coastal provinces) and the poor (mostly in the central hinterland, in the north-east and in the west) are obviously a challenging problem. Because nobody can produce miracles, it will take a long time before the average per capita income will be raised high enough that China as a whole will leave the category of "developing country" behind.

Taking a second and a third look, one understands that quite a number of difficult problems have to be solved in order to overcome poverty in those provinces which so far had to be left behind. For instance, there are the relatively old-fashioned and backward state-owned industries with millions of workers. The modernisation needs both infrastructure and efficient management, both of which need great effort over time. The same goes for the modernisation of agriculture. The conditions for peasants and farmers appear to have considerably improved, but I do not in the long run expect the majority of your population to be employed in agriculture. There is the danger that modernisation will create additional unemployment. The modernisation process as a whole does necessitate a degree of flexibility in a great number of citizens and of the whole workforce - a flexibility which in Mao's time was

inconceivable. China's educational effort, impressive as it really is, has therefore become an indispensable precondition for modernisation in almost any field.

FISCAL POLICY

In our European experience, a market economy does need a reliable rule of private and public law - and, regarding corruption, also of criminal law. I do acknowledge the progress that has been achieved in this field. At the same time, given the urgent interest of your European business partners, I must stress the importance of further progress.

China also needs an efficient banking system. In modernising financial markets and restructuring the banks, China has operated forcefully but, at the same time, cautiously. It was right not to take the advice of American bankers and economics professors who advised China to open up for the import of short-term finances and to liberalise the exchange rate of renminbi and let it float. But also, China neither gave in to the temptation to devalue renminbi during the Southeast-Asian currency crisis in the late 1990s nor to the recent outside pressure to upvalue renminbi. One can read a lot of criticisms in America and in Britain, mostly by the same kind of people who, in the early 1990s, had given selfish but absolutely inadequate advice to Russia, wanting to establish a full market-economy almost overnight. They did not know Russia and today they don't know China - despite their frequent visits to Shanghai.

In my view the very specific Chinese mixture of establishing a market economy gradually, with a decreasing number of instruments from the tool-box of a command economy, has so far worked astonishingly well. I see no reason to doubt that it will work as well in future.

Of course, like any other economy, the Chinese economy will sometimes have to face economic crises, crises of a domestic nature as well as crises of a global character, for instance in terms of energy supply. Like any European country and like most Asian countries, China is participating in the process of globalisation - which does entail advantages and risks.

Financially, I am confident that China will continue its prudent and cautious exchange rate policy, like we saw a couple of weeks ago. Within about 30 years we are going to see a global triangle between the dollar, euro and renminbi. I am confident that the Chinese government in the meantime will not let its currency become the object of speculation in outside financial centres.

ETHICAL VALUES

It seems to me that China's considerable economic problems are compounded by a growing ideological or ethical dilemma. The young people in the big cities are enamoured by western consumer standards - TV, mobile phones, the internet, etc - and by the new economic freedoms. But the old Marxist concepts are unsuited to deal with the new economic phenomena. When today's youngsters grow a bit older, they will have to decide according to what set of principles they will raise their children. I think it is possible that they will turn to the ethical principles of Confucius, which could be expanded and adapted to tomorrow's circumstances.

Somebody once provided me with quotations from the pen of Meng-tse, among which one sentence impressed me in particular: "Most important is the people, the state is less important and the emperor is even less important." Today the Chinese leadership seeks to maintain a balance between Confucianism, communism and a market-oriented modern economy. For quite a few intellectuals, this balancing act has gone on for too long. Some of those who have studied in America or Europe are leaning towards an amalgam of Confucianism and democracy. Some prudent dissidents, however, know that they have to allow time for new developments to mature. Since there has never been one general religion in China, I feel that a modern form of Confucianism is probably well suited to fill the ethical vacuum. We Europeans still draw on the classical Greek philosophers. Confucius is a little older, his successor Mencius a little younger than Plato or Aristotle or the Stoics. I for one have also learnt from the Asian values altogether - often cited by my friend Lee Kuan Yew of Singapore.

It is sad that some western politicians and intellectuals believe themselves to be morally entitled to reproach or even castigate the Chinese regarding democracy and human rights. But they lack respect for the Chinese civilisation, which has evolved over several millennia. They also lack an awareness of the terrible shadows that historically hang over the laborious development of western civilisation.

In the light of China's humiliations by foreign powers during the 19th and the first half of the 20th centuries, of the civil war in the 20th century and of the subsequent great experiments, which have resulted in countless deaths, I do believe that the stability which the present political system provides is expedient and beneficial for the Chinese nation - and for its Asian neighbours as well. As the Chinese market economy is developing, the authoritarian political culture is going to change. But the changes will be gradual and they will take time. Any attempt from the outside to speed up this process appears doomed to fail.

ASIAN RELATIONS

China's modernisation process does need domestic stability and peace vis-à-vis the outside world. I think it is likely that the present co-operative relations with Russia and India will last. The same goes for the Association of Southeast Asian Nations (ASEAN) nations who on balance benefit from the economic Chinese dynamism.

So does Japan. But there does exist a hidden guilt complex in Japan, due to its imperial behaviour and crimes in China. Quite a few Japanese politicians are therefore afraid of China. But the close military co-operation between America and Japan is part of the American encirclement, reaching from Central Asia to South Korea, to Okinawa, including Hawaii and Guam and the US fleet in the Pacific. The military expenditure of the US is about eight times larger than that

of China. In my view, however, the Chinese military set-up does appear comparatively moderate and limited. China has taken this situation very cautiously as a fact of life. The situation is not really dangerous.

One important exception has to be mentioned here, namely the theoretical case of Taiwan declaring its sovereignty and of the US or its allies recognising Taiwan's sovereignty. Beijing considers Taiwan's return to the mainland as its self-evident right. In my judgment, correctly so. The anti-secession law of this year did underline the serious dangers of that theoretical case. But it did not change the situation. The rulers in China have no alternative but to be patient and rely on the mainland's growing prosperity and importance. The American leaders in turn must stick to their long-standing policy not to recognise Taiwanese sovereignty. Henry Kissinger was right when he recently stated: "The task now is to keep the Taiwan issue in a negotiating framework." We Europeans would overwhelmingly subscribe to that dictum.

As regards the nuclear aspirations of North Korea, there is a parallelism of interests between China, South Korea, America, Russia, Japan and us Europeans. It appears to me that for several reasons, Beijing is better equipped to politically influence Pyongyang than Washington. But results appear as unpredictable. What one **can** predict is that a military conflict with North Korea will lead to disaster.

Until the al-Qaeda massacre in New York City, the relations between China and America appeared volatile, characterised by mutual sub-surface suspicions. Since then, China has cautiously co-operated with the US to some degree in their defence against Islamist terrorism. Their joint interest in safeguarding the oil supply for the world did play a positive role. But if ever we were to see a Chinese-American confrontation, we Europeans would not choose sides.

CHINA'S RE-EMERGENCE

America will, over the foreseeable future decades, remain the only military superpower on this globe. They will probably dominate the rest of us in other fields as well, to some degree. But the Europeans do know and our American friends ought to understand that any dream of hegemony over China is utopian: it will never happen.

In any event, the rise of China - or better to say, Chinas re-emergence - followed by India and others, will shift the centre of gravity from the Atlantic to the Pacific. The great majority of political leaders in Europe will accept this shift. We will, in the meantime, hope and work for peaceful co-operation with China.

From the bottom of my heart I wish all the best for Europe, for America, for Asia in general and for China in particular. I greet our Chinese hosts in friendship and with great respect.

ARTWORK BY TONY CISSE

THE PLAY OF INTERNATIONAL POWER POLITICS 2005: TRADE, DEBT AND AID

BY CLAIRE MELAMED AND JONATHAN GLENNIE, CHRISTIAN AID, UK

The year 2005 has been the year of the international summit: the G8 in Edinburgh in July, then the UN's Millennium Review Summit in New York in September, the annual meetings of the World Bank and the IMF in Washington, and then the global circus travels to Hong Kong for the World Trade Organisation's ministerial meeting in December. (**New Agenda** goes to press before the WTO ministerial meeting).

Each of these summits is attended by hundreds of officials and thousands of journalists. Civil society organisations also gather wherever there is the opportunity for protest, for influencing the outcomes of these meetings, and for getting their messages across to the world's media. They cost hundreds of thousands of dollars, take months to organise and often achieve very little.

This year, the focus for all these summits has been the relationship between the rich world and developing countries. At the G8 meeting in July, Tony Blair, the UK's prime minister who chaired the summit, promised to focus on Africa. The UN's millennium review summit was billed as a chance to review progress on the millennium development goals: targets for poverty reduction and development agreed upon at a UN conference in 2000.

Does this flurry of international activity really amount to very much? Are there any prospects for a change in the relationship between rich and poor countries, and for meaningful improvements in the lives of the millions of poor people who are constantly evoked as the reason for all this flying about the world?

Despite the hype, the picture is looking increasingly bleak. Campaigners criticised the deal done at the G8 for not going far enough - but as the year goes on, it is looking increasingly likely that world leaders will renege on even those limited commitments. The world needs progress on aid, debt and trade. But all of these three areas have become mired in international negotiations and held hostage to power politics.

In this article, we will look at the three key issues and at how international power politics are being played out for each one.

I. TRADE

Trade is a crucial engine for development. Unless they can export, developing countries cannot import the goods that they don't make themselves - whether medicines, CD players or steel. Countries which earn more from their exports can increase their wealth faster than those who are dependent on buying and selling within their smaller economy. And increases in wealth can - although not always - lead to reductions in poverty, if the wealth is spread widely.

However, in recent years the poorest developing countries have seen their share of world trade shrinking. Africa's share of world trade has halved in the last 20 years. While some countries, such as South Korea or Taiwan, have managed to develop advanced industrial sectors and benefit from the opportunities trade has to offer, others have been marginalised and increasingly exploited in the global economy. International negotiators have said many times this year that they want to make trade work for poor people. Their challenge is to allow developing countries to integrate into the global economy on their own terms.

International power politics on trade are played out in negotiations between individual countries as they negotiate bilateral deals, and in the World Trade Organisation (WTO), as they try to reach agreement on rules to govern trade throughout the world. The WTO is negotiating all the time, but the crunch point comes every two years as the "ministerial meeting" brings together the key politicians from the organisation's 149 members to hammer out deals.

In the WTO, the story since the last ministerial meeting in Cancun has been the attempt by the rich countries - chiefly the US and the European Union, which negotiates as one country in the WTO - to divide developing countries and weaken the coalitions that proved so effective at blocking the deal that rich countries tried to foist on them in Cancun.

This "round" of negotiations in the WTO is about trade liberalisation in three key areas: agriculture, industrial products and services. In all three areas, the usual mercantilist logic of the WTO is alive and well: each country hopes to extract as much liberalisation as possible from the others, while maintaining as many barriers as it can get away with.

However, in this round the focus is very much on the big developing countries. India, Brazil, China and South Africa have become key players in the WTO. Their economies are the target of much of the negotiating - it's their huge populations and rapidly growing middle classes that the negotiators from the rich world have their eye on.

The big developing countries are using their central role to the full. Their intervention was one of the key factors in the breakdown of the last WTO ministerial in Cancun. By refusing to allow the EU and US to get away with their usual double standards, particularly on agriculture, the "G20", as the group of big developing countries call themselves, contributed to the failure to agree to a deal that would have been a disaster for developing countries and poor people.

These countries have also been introduced to the club of countries that makes the real decisions. Although the WTO is supposedly a highly democratic institution where each member has the same vote, in reality it is just a few countries who shape the agenda and the final agreements - the role of the others is simply to say yes or no at the end of the process. Brazil and India are firmly in the former group, and are invited to all the "mini-ministerials" and other meetings where the real business of the WTO is sewn up.

Cancun was probably the high point in terms of developing country solidarity at the WTO. Since then, the messy business of international diplomacy and the fact that not all developing countries have the same interests in the negotiations, have contributed to a fracturing of the developing country group into a number of different blocks, and into coalitions which shift according to the issue.

Rich countries have also played a part in dividing developing countries, repeatedly claiming that they would be prepared to make substantial concessions to the needs of poorer developing countries if only there was some means of ensuring that richer and more competitive developing countries did not also benefit from them. Developing countries have refused to discuss the idea of differentiating between them, arguing that this is simply a tactic to delay having to make any concessions at all.

Until now, the poorest countries have been on the defensive in the WTO. They have, most famously at Seattle and Cancun, succeeded at times in stopping some of the worst excesses of rich country trade negotiators. However, these gains have usually been temporary - large parts of the agreement that was stopped at Cancun reappeared in the WTO six months later and were agreed without difficulty. The challenge for this year is to see their positive proposals translated into real outcomes at the WTO.

Trade in agriculture is still the central issue for many countries. In the WTO, the feeling is that there will be no progress on any of the other areas until agriculture is sorted out. "Sorting out" agriculture means getting a deal which promises enough reductions in support to farmers in rich countries to keep the big developing countries happy, while also being politically possible in the rich countries themselves. The danger is that, in the to and fro of negotiations on this central issue, the needs of the smaller developing countries might be left out. While the least developed countries will probably not have to do very much, whatever the final agreement looks like, they are also watching closely as it will affect what they are required to do in the future.

Recently, negotiations on agriculture have focused on how much WTO members should be asked to reduce their tariffs, and how much they should reduce the payments they make to their farmers. There is agreement that developing and developed countries should reduce their tariffs by different amounts - the question is how much each should reduce tariffs, and what kind of exceptions there should be for particular products. There is agreement that developing countries should have some kind of exceptions, but the question of how these might work is not even being discussed at the moment.

The main groupings in the agriculture negotiations are:

G20: the group of big developing countries, including Brazil, India and South Africa, which came together at Cancun. Many of these countries have large and competitive agriculture sectors and are interested in increasing their exports. Their main objective is to reduce trade barriers in agriculture and to reduce or eliminate the support given to agriculture in rich countries. The G20 is also sympathetic to the needs of the smaller developing countries to protect their agriculture sectors, but this is not their priority.

EU/US: the EU and US need to agree on some reductions in agricultural support to their farmers, and to lower trade barriers in agriculture, but doing so is very unpopular at home. Both the US and the EU will therefore try to extract the maximum concessions from other WTO members in return for whatever they agree, and will attempt to make an agreement with as many loopholes as possible. Their interests are not identical, as the ways they support their farmers differ, and there are fundamental differences of approach between them. The EU wants to defend it's high tariffs on some agricultural products, while the US is more concerned with the payments it makes to farmers, and keeping these.

G10: the G10 is a grouping of rich countries who, for domestic reasons, want to continue to protect their agricultural sectors, such as Norway and Japan. They tend to argue for exemptions to whatever is agreed to apply to rich countries as well as developing countries.

G33: this group includes many of the poorer developing countries (many of whom are also in other coalitions such as the Africa group). Their main interest is to retain their right to protect their own farmers by ensuring that the final agreement includes enough "opt outs" for them.

Preference-receiving countries: many of these are also in the G90 but they have a particular problem with

any agreement. Countries that have been enjoying trade preferences, that is, special access to rich countries markets, stand to lose out if trade barriers come down and other countries can also export into those markets on the same terms. In general, they favour smaller tariff reductions phased in over long periods to protect their preferences for as long as possible.

So far, the discussions have been between the rich countries and the G20. Rich countries have been very reluctant to make even limited progress this year. The G8 leaders failed to make an announcement on ending the export subsidies which are just a part of the total support that goes to farmers in rich countries. Agreeing to an end date was seen as an important political signal that rich countries are prepared to make some concessions, but in the end this chance was missed, despite rumours which circulated in the first few days of the summit that a deal was close. George Bush said at the UN summit in New York in September that the US would only move on trade if other countries did first. This game of negotiating chicken might continue until December, unless the WTO makes a breakthrough in Geneva before the ministerial.

There is a danger that, with the emphasis on subsidies and market access, the needs of poor countries to defend their rights to protect their own farmers will be forgotten. Though the G-20 is supportive of smaller developing countries' needs in this area, and would probably make use of such provisions themselves, it is not their priority, and there is a risk is that the right to protect might be traded away in return for a better deal on market access or subsidy reduction.

MARKET ACCESS

A second pillar of the WTO talks is the negotiations on **"non-agricultural market access"** (NAMA). While these talks have been, in the words of one negotiator, "held hostage to agriculture", the key fault-lines in the negotiations are nonetheless clear. While, in agriculture, the interests of the rich countries are complicated by the protection they offer to their own farmers, in NAMA there is no such concern. The EU and, in particular, the US are clear that they want to reduce tariffs as far and as fast as possible. The US has even floated the idea - more as a tactic than a serious negotiating stance - of zero tariffs on industrial products in every WTO member country.

As in agriculture, the discussions have centred around how much tariffs should be reduced and what exceptions there should be. The main disagreement is whether those countries with higher tariffs (generally developing countries) should reduce their tariffs the most, or whether it should be richer countries who make the steepest reductions. There is also the question of whether developing countries should be able to maintain present tariffs rates on some products. Current proposals suggest that developing countries will be required to reduce their tariffs by quite a large amount, and that their scope for keeping specific products out of the agreement will be limited. Again, least developed countries are mostly exempt from making any reductions, but it is likely that whatever is agreed will start to affect them in future rounds of trade negotiations.

Countries which receive trade preferences are also concerned about the effect of general reductions in tariffs as a result of a WTO agreement, and have proposed that products which get preferences are liberalised more slowly. Other developing countries are not supportive of this idea, arguing that preferences give benefits to some developing countries at the expense of others.

The EU and, in particular, the US are negotiating very aggressively in the NAMA talks. This is partly because they know they will have to make concessions in agriculture, and are determined to get the best deal possible in other areas to compensate. It is also because they see real possibilities for their exporters in getting access to some big developing country markets. For developing countries, the question is partly what might happen to existing industries if they have to reduce their tariffs very steeply and quickly. There is also the question of how they are to develop new industries if they are not able to use tariffs and other protection while they are getting established. In every other country that has industrialised, protection of new industries was a key factor in allowing industries the space to become competitive and productive.

TRADE IN SERVICES

The third area of talks in the WTO is **services**. These are being discussed under the **General Agreement on Trade in Services (GATS)**. Services are a key target for a number of rich countries, including the UK, who hope that their financial and other industries will gain from access to new markets. For a long time these countries have been responding to campaigners' concerns that developing countries will be forced to liberalise key public services, such as water or healthcare, with the promise that the "bottom up" structure of the negotiations means that this cannot happen. In effect, countries were being told that they could say for themselves which sectors they chose to liberalise and which they wanted to keep protected. However, this principle has been challenged by these same rich countries, who have recently proposed a new structure for the negotiations. This would involve countries having to liberalise a certain number of sectors, rather than being completely free to make whatever offers they wanted.

As with NAMA, the rich countries are keen to get as much as possible out of the services negotiations to compensate for whatever they may have to give away in agriculture. They also have very strong economic interests in getting access to new markets. In many rich countries, services are the most important sector in terms of contribution to GDP.

The challenge at the WTO in 2005 is to ensure that the poorest countries do not get caught in the crossfire between the rich countries who are used to having things their own way, and the big developing countries who are starting to flex their negotiating muscles this year. With all the key

decisions on trade in 2005 being deferred to the Hong Kong ministerial in December, this year promises to end with a big showdown on trade.

II. DEBT

The international effort to get debt relief for poor countries has been marked by a series of small steps forward followed by small steps backward, as rich countries and the institutions they control tussle with developing countries and debt campaigners about who should get debt relief and under what circumstances. This has been the story since the debt crises of the 1980s and this year has seen another chapter in the saga. The two key issues on the international agenda have been which countries will get relief, and under what conditions.

Debt is one of the key obstacles preventing low- and middle-income countries from developing and achieving their full potential. The world's poorest countries continue to pay more every year in debt payments than they receive in grants and loans, forking out a devastating £100 million every day to the rich North. In 2003, Cameroon, Ethiopia, Gambia, Guinea, Madagascar, Malawi, Mauritania, Uganda, Senegal and Zambia were among the countries still having to pay back more in debt service than they spent on healthcare for their people.

The effect of this massive haemorrhaging of money on poor people has been substantial and devastating. It is clear that if the money spent repaying debt was instead invested in poverty reduction and economic growth, millions of deaths would be prevented and lives improved. There is abundant evidence for this. Tanzania has abolished primary school fees since receiving debt relief, meaning 1.6 million more children now go to school. After Mozambique was granted debt relief, it was able to offer all children free immunisation. In Uganda, debt relief led to 2.2 million people gaining access to clean water.

Intensive campaigning through the first six months of 2005 seemed to produce a flicker of intent among some of the world's most influential decision-makers, and hopes were high that July's G8 summit at Gleneagles would see a significant push forward on cancellation.

DEBT RELIEF FOR WHOM?

Unfortunately, despite the hype and the hope, the world's richest nations again failed to deliver. Although a deal was done at the G8, and was immediately claimed as a success by the leaders at the summit, the truth is far more modest. Only 18 out of 153 developing countries will receive anything from the G8 deal on debt, with, at best, a further nine joining them by the end of 2007. The truth is that 19 out of every 20 people in developing countries will remain unaffected by the G8 debt deal.

The deal leaves at least 40 countries still needing immediate and total cancellation of external debts, while many more require massive reductions in debt repayments if they are to eliminate extreme poverty.

And even for those countries selected by the G8 for help on debt, the relief offered will have little impact on their budgets: for every penny of debt relief they receive, they will receive a penny less in aid. Aid increases overall mean the chosen countries are likely to end up with some more money than before, but nowhere near the amount they need.

Those left out in the cold include Bangladesh, Brazil, Kenya, the Philippines, India, Sri Lanka, Ecuador, Peru, Haiti, Guatemala and Indonesia. All are home to vast numbers of poor people and divert large amounts of money away from critical social expenditure to debt repayments which end up in the bank accounts and government exchequers of the rich North.

Arbitrary criteria have been used to exclude most countries from debt relief. The highly indebted poor countries (HIPC) initiative, established in 1996 and modified a number of times since, excludes all countries with an average per capita income greater than US$865 per year - so-called low-income countries (LIC). Only 59 developing countries meet this arbitrary criterion, leaving 94 middle-income countries (or MICs).

But to exclude the MICs from the debt discussion is a grave mistake as it ignores the needs of millions of extremely poor people. Well over a billion people in MICs live on under US$2 per day, and nearly a third of people living on under US$1 per day also live in MICs. Moreover, according to the UK's Department for International Development, 38 countries have fallen back from MIC to LIC status in the last 20 years, with only 10 managing to regain their MIC status.

Since the latest debt crisis began in the 1970s the external debt of MICs has continued to rise progressively to unprecedented levels.

The chronic economic problems experienced by many of these countries are often triggered or worsened by excessive levels of debt. Some, such as Peru, Ecuador, Indonesia, Argentina and Brazil, are classified as "severely indebted" by the World Bank itself.

Some claim that the debt crises of MICs are over. But they tend to be creditors who measure "crises" in payments that are not flowing into their bank accounts, rather than in the human cost of money being sent overseas rather than spent on poverty reduction.

Ecuador, described by the World Bank as "severely indebted", owes almost US$17 billion. It is paying twice as much on servicing its debt (nine percent of its gross domestic product), as it is on health and education combined. Over half of its citizens live on under £1.40 a day. Yet, because its average income is more than US$865, it will receive nothing from the Gleneagles deal.

However, a few countries have managed to get their debt burden reduced by refusing to accept the terms that rich countries dictate. Argentina and Nigeria have both,

under different circumstances, negotiated hard with the international community - and invoked the possibility of simply refusing to pay their debts. Both ended up with their debt problems being taken seriously and with the possibility of large amounts being rescheduled or written off. This much tougher approach to international negotiations on debt is one that other developing countries might want to consider.

DEBT RELIEF UNDER WHAT CONDITIONS?

Even before the debt deal was formally agreed at the G8, the fight began over what the rich countries would expect in return for the concessions they were offering. A proposal tabled by Belgian representative Willy Kiekens at the IMF in late June (after the G8 finance ministers had come up with a deal for G8 leaders to rubber stamp in Gleneagles) suggested that, rather than agree to a 100 percent debt stock cancellation immediately, a new method of debt relief should be used for IMF debt from the countries eligible. This would maintain active interference by the IMF in national economic policy issues. The suggestion concludes: "If the country's policies go off track for a prolonged period, it would have to service the debt it owes to the fund."

The practice of demanding economic policy change as the price of aid and debt relief has cost African countries dearly. Analysis commissioned by Christian Aid has shown that trade liberalisation forced on sub-Saharan Africa as part of adjustment programmes in the 1980s and 1990s has resulted in a loss in earnings to that continent of US$272 billion over the past 20 years. That is enough to repay all of Africa's debts with cash to spare to put every child into school.

New schemes to reduce debt still come with economic policy strings attached. Although the G8 asserted in July that: "(I)t is up to developing countries themselves and their governments to take the lead in development. They need to decide, plan and sequence their economic policies to fit with their own economic strategies for which they should be accountable to their people", this is far from being the case. The G8 has so far failed to make the changes needed in the World Bank and the IMF to ensure that developing countries are no longer forced to adopt particular policies to get aid or debt relief. A chance to do this was missed at the autumn meetings of both organisations in September 2005. Unless the leaders of the G8 inject some real political will into changing these institutions, the promises of the G8 communiqué will be no more than a bad joke to the millions who continue to suffer the effects of inappropriate liberalisation and privatisation.

III. AID

The call for more aid has been tempered during 2005 with the demand that this aid also be "better aid". It is becoming increasingly clear that more aid spent on the wrong things (like expensive consultants), or attached to harmful conditions, or given to countries that are not the most in need, is not only ineffective, but can actually do more harm than good.

The international community may have delivered some more aid (though not as much as was needed), but, as with debt relief, continues to demand a high price for the extra resources. The G8 announced an increase of US$50 billion in global aid spending by 2010. By 2010, aid spending will be up to $130 billion a year, or 0.36 percent of GDP - the same level as it was in 1987. The UN is clear that by 2010 we need $180 billion a year given in aid - 0.51 percent of GNI - if we are to have a chance of meeting the millennium development goals. Military spending was $1 000 billion in 2004.

So this is short of the mark. And the Organisation for Economic Co-operation and Development (OECD) estimates that on current trends aid would have reached $110-115 billion a year by 2010 anyway, G8 or no G8. So what is on the table is basically $15- $20 billion more than we would otherwise have had in 2010. Too little and too late. It is a modest increase but nothing like the historic breakthrough that billions around the world are expecting, and nothing like what the experts say is needed if we are to make poverty history.

Worse, even this increase is under threat. It took under a month for noises to emerge from the German, Japanese and Italian governments, among others, that the promises were not as firm as might have been thought. With pressure on national budgets most governments consider aid to be a low priority. Campaigners will have to keep up the pressure on their governments to force the fine words at Gleneagles into action.

If the extra money is delivered, it could lead to progress. The increased urgency being accorded to initiatives such as mass immunisation, for example, will hopefully mean the saving of many lives. But in a context where aid levels are volatile (although rising), where the quality of aid is low on the priority list, and where the politics of aid are becoming ever more apparent (with economic policies still forced on recipient countries), campaigners are beginning to emphasise the need to better mobilise domestic resources.

Although development issues have received more profile in rich countries this year than ever before, the practices of their governments have fallen far short of the demands of campaigners north and south. On the three key issues of trade, debt and aid, governments have given grudgingly and attempted to claw back part of any concessions almost before the ink was dry on the agreements. This is not a new approach, but rather business as usual on the part of the rich countries.

What we have seen over the past few years is an increasing assertiveness on the part of a few developing countries in international negotiations. In trade and in debt-relief, some countries are starting to make a real difference to the outcome of negotiations that were previously sewn up among a few rich countries. If the international system is to look genuinely different in five or 10 years time, this trend must continue. Doing so will involve challenges.

There will be serious and deep differences of interests and views between developing countries, and not all of them will get what they need or want all the time. However, if the balance of power in the international system is to change, poor countries cannot wait until the rich decide to hand over control. They must take it for themselves.

CHINA TAKES THE LEAD IN THE ENVIRONMENT DEBATE

BY PROF BEN TUROK MP
The author is a member of parliament in South Africa

China's emergence as an economic superpower is now well established, but its extremely rapid and sustained economic growth is not without consequences to the environment. It is to China's credit that it is facing these issues head on. Indeed this self-critical examination is bringing China to the forefront of international assessment of global environmental policy.

This emerged at a recent international conference on sustainable development in China and the world held in Beijing on September 5-7 2005. The conference was convened by the Chinese People's Political Consultative Conference, which is the upper house in China's parliamentary system. The status of the meeting was indicated by the opening speech by China's Prime Minister and the discussions were marked by an extraordinary degree of frankness, self-criticism and diversity of opinion among their own experts. The most frequent expression used by the Chinese participants was **"we should"** indicating a strong desire to move forward with new policies. China has changed beyond recognition.

The main theme was the official recognition that, if China continues to grow at the present pace and along the same physical trajectory, it will soon have to confront extreme consequences in the environment. Growth has been averaging 9.5 percent for two and a half decades since the "opening up" policies of 1978. The shift from a planned economy to a "socialist market economy" has led to a massive development of productive forces but also the consumption of a great amount of physical resources. Presently resource consumption is very high and waste in every sector of production is damaging. Though there have been recent improvements in both, economic development is already constrained by scarcities in farmland, fresh water, energy resources and minerals. Compared to world averages, China has a relative shortage of resources per capita. As one of the top officials said, if China grows like the United States they will soon need two or three additional worlds. A new growth paradigm, based on a scientific approach to sustainable development, is essential.

The official argued that China faces a choice between continuing with high resource consumption and severe pollution or turning to a new style of industrialisation. This would entail more emphasis on the service industries, recycling on a large scale and stress on advanced technology. Even the labour-intensive industries, which are so important in China and which must be retained to save jobs, need to become more technology-intensive.

The reason for China's concern is that, if they are to raise the standard of living of the whole population, which is their primary goal, the physical resources needed will not only deplete China's own natural resource base, but it will also drain much of the rest of the world. Furthermore, the consequences for urban life will be catastrophic, especially as they expect that half their total population will reside in the urban areas.

China's energy consumption per unit is already 40 percent higher than world use. An American expert argued that in total China already has more cellphones and fridges. A "Western lifestyle" is not sustainable for China, or India. However, a Chinese expert countered that oil consumption is only one-fifteenth that of the US, where there are three cars for every four people, so "there is still a great gap between the two worlds in the intensity of resource use". So China cannot be blamed for the current global energy crisis. Furthermore, historically 15 percent of the world's people consumed 50 percent of the world's known mineral resources in their drive to industrialisation. Even now, their consumption of oil is about 62 percent of world consumption and about 50 percent of aluminium, crude steel and copper.

Chinese participants stated that China has no desire to equal the scale of resources use by the developed world and is practising a policy of both using and saving energy. But developed countries have refused to transfer technology for a cleaner environment such as coal-processing.

The challenge, as they see it, is to find a route to a new type of industrialisation, based on development as a priority targeted on domestic demand and the protection of the ecosystem. They seek a strategy that will safeguard natural resources for future generations, narrow the rural-urban income gap and produce an equitable, harmonious society.

But this is not an easy matter. Despite the massive shift from the People's Communes to commercialised households and collective production, the economy retains its dual character. There are some 21 million people in poverty in the rural areas and 50 million at subsistence level, making a total of 71 million in relative poverty. Some 20 million farmers lack access to electricity and have very low incomes. At least 43 million are looking for work. Consumption levels are about the same now as in the early 1990s with the income gap in the rural areas about 10 years behind that of the urban people. Nevertheless, the emergence of town and village enterprises accounts for one third of China's production and half of exports, even though technology is low and comes with much pollution.

But differences in emphasis on the role of rural areas emerged at the conference. Rural areas still hold 800 million of China's 1.2 billion people. Some vociferous voices favoured rural development and policies to narrow the urban-rural gap and increase rural incomes to create greater demand in the economy as a whole. Some argued that the state must support industrial development in the rural areas, increase direct subsidies to the peasants and a range of other measures. A focus on rural development generally increases attention to the role of women in development and the fact that the employment of women has a large multiplier effect.

Many different views emerged on solutions to China's problems. First, there is the pressure on physical resources, with China's need for steel increasing six times in five years. Then there is the problem of a growing population despite the policy of family planning. Also 10 percent of the population is now over 60 years of age and becoming a financial burden on the working population, even though pensions are only available in the urban areas.

It was argued that a major contribution to the reduction of resource use would be achieved by encouraging small and medium enterprises. This would also have a significant impact on employment creation. But this requires a simpler registration system, lower taxation and a proactive role by local authorities.

A top official criticised the conduct of "the high salary group" who have a bad ethos in spreading throughout society an attitude of prodigal consumption and a huge amount of waste. "They endanger the national spirit and the future of the nation."

A fascinating session examined China's role in the global economy. China's leaders asserted that China poses no security threat to anyone. It is anxious to co-operate regionally and globally in lowering resource use and in supporting the pressure for an international wake-up call on the global threat to the environment.

However, an African participant pointed out that China is importing an ever-growing amount of natural resources from Africa, which will be needed for future industrialisation on the continent. At the same time, China's export of cheap consumer goods was having a de-industrialising effect on the continent. Instead, we should aim at economic partnerships which would assist Africa to develop its own potential.

There is clearly a great deal of debate on the role of the state in the economy in China. The state still owns and controls most of the banks and indeed the largest industries. The non-public sector accounts for 30 percent of GDP and 33 percent of employment, or 81 million people, in the urban areas. The ruling Communist Party is unlikely to relinquish its grip on the commanding heights while at the same time it is liberalising much of the economy. For instance, most of the new large apartment buildings are privately owned, as are many factories.

The government has already done a great deal to lower state control over the state-owned enterprises by separating government administration from enterprise operation. A former minister of finance said: "A government which is inefficient and interferes too much will not achieve much."

The conference agreed that sustainable development needs an interventionist government through effective institutions. Public policy should be driven by scientific criteria.

Markets are necessary but they are not a sufficient condition for sustainable development. It must regulate the economy without excessive interference with the market. The state must invest substantially in human capital and overcome institutional constraints. The state must co-ordinate the interests of the different social sectors in order to build a harmonious society with social justice and equity.

A SCIENTIFIC APPROACH TO SUSTAINABLE DEVELOPMENT

Speech by PREMIER WEN JIABAO at the opening ceremony of the 2005 conference of the 21st century forum, Beijing, September 5 2005

In today's world, advancement in science and technology has significantly increased productivity, thus creating unprecedented material wealth. Economic globalisation and industrial restructuring have been catalysts for essential factors of production to flow across national borders, providing countries with important development opportunities. On the other hand, economic development of the world is not balanced, and the north-south gap is widening. Many developing countries are beset by poverty, disease and illiteracy. Contradictions between environment and development have become salient. For sustainable development to be a reality, all countries need to make correct strategic choices, and exert unremitting efforts to that end.

Since the 1980s, China has had rapid and continued economic development and substantial growth in its overall national strength. Chinese people's lives have significantly improved, and the country has made great progress toward modernisation. On the other hand, we are also aware that China, still at the underdeveloped primary stage of socialism, will face many difficulties and problems on its way ahead. To sum up, there are two major contradictions. First, the underdeveloped economy versus the growing material and cultural needs of the people - the key to this problem lies in development. Second, economic and social development versus the growing pressure from population, resource and environment - the key to this problem lies in a scientific approach to development.

It will be quite a long process for China to achieve modernisation. We have drawn up a blueprint for development in the first two decades of this century, namely, to build in an all-round way a moderately prosperous society on a higher level for the entire population. Based on our past development experience and the achievements of modem civilisation, we have put forth a concept of scientific development that is people-oriented, well co-ordinated and sustainable, and have also charged ourselves with the important task of building a socialist harmonious society. This, in essence, calls upon us to take development as the top priority in running the country, and focus all our energy on development. In the meantime, it calls for a new development mode, a scientific approach to development, more attention to overall planning and co-ordinated development, and greater harmony between man and nature. It requires more attention to the quality and efficiency of economic growth, reducing resource consumption, and the protection of the ecosystem. It also calls upon us to attach greater importance to social equity and justice, mobilise the whole society, co-ordinate different interests and build a harmonious society.

We have full confidence in the future development of China - and not without reason. China has a material and technological foundation to sustain greater economic development, ever-increasing demands in a market of more than one billion people, and sufficient labour resources whose overall quality is steadily improving. China is also in possession of a socialist market economic system that is improving day by day, policy guarantees, and a stable social and political environment. More importantly, we have drawn lessons from our practices of both success and failure, and have found a development path suitable to China's national conditions. We will seize this development opportunity and work to overcome various difficulties to bring about a sustained, rapid, co-ordinated and sound development of our economy. To this end, we will focus on the following key areas:

First, we will boost domestic demand as a foothold for development. Given its population, accounting for one-fifth of the world's total, the process toward industrialisation and urbanisation gathering momentum and people's income and consumption mix both improving, China has a huge market demand. This determines that China should, and could, adopt a development policy based primarily on its domestic demand. We should expand domestic demand, including the demand in investment and consumption. We should take correct taxation, financial and investment policies, maintain a growth of fixed asset investment at a reasonable scale and speed, and make investment a catalyst for economic growth. We should adopt correct policies on income distribution and consumption, work to increase the income for urban and rural residents, improve the consumption environment, steadily expand consumption, particularly the consumption by the 800 million and more rural residents, and enable consumption to play a greater role in driving our economic development.

Second, we will accelerate strategic economic restructuring and bring about changes in the paradigm of economic growth. Salient problems in China's economy include the unreasonable economic structure, coarse management, large consumption of resources, heavy

pollution of the environment and low efficiency. These problems directly affect the sustainable development of China's economy. We will stick to a path of new types of industrialisation, optimise and upgrade the industrial structure, go all out to develop hi-tech industries, improve basic and manufacturing industries, and push for all-round development of the service industry. We will continue to encourage the industrial sector to help agriculture, and cities to help rural areas, so as to bring about a co-ordinated development between cities and villages. We will implement a strategy to enable co-ordinated development among different regions, and put in place a development pattern in which the eastern, central and western parts of the country can draw upon and interact with each other. We will change the mode of economic growth, and work hard to make our economy one that conserves and recycles resources, and one that is environment-friendly. We will also work to improve the resource-use efficiency, and control the volume of pollution and emission, so as to form an intensive and clean development system for our economy.

Third, we will significantly enhance the capacity for independent scientific and technological innovation. Innovation in science and technology (S&T) is essential for improving the quality and competitiveness of our national economy and realising lasting and sustainable economic development. Taking the enhancement of independent, innovative capacity as a national strategy and a central link in economic restructuring and in the transformation of the economic growth pattern, we have formulated mid- to long-term national programmes on S&T development and defined the tasks and objectives for S&T development in the next 15 years. We will vigorously promote original and systemic innovation and re-innovation on the basis of digesting introduced technologies. Increasing input in S&T from various channels and pushing ahead the building of a national system of innovation, we will also encourage enterprises to become leading actors - in technological innovation and investment in S&T, accelerate the conversion of S&T achievements into higher productivity and put more emphasis on the protection of intellectual property rights (IPR).

Fourth, we will give strategic priority to education. In promoting comprehensive, co-ordinated and sustainable development of the economy and society, education is the foundation and human resources a decisive factor. We will spend more effort and financial resources on education and accelerate educational restructuring and reform to bring about a big stride forward and major improvement in our education. We will focus on strengthening compulsory education, especially in rural areas, vigorously develop vocational education and raise the quality of higher education. We will step up efforts to cultivate highly competent workers and professionals in all fields while actively attracting overseas talent, especially high-calibre people, so as to form an enabling mechanism and social environment for the fostering of talent and the exertion of their capabilities, and provide a strong intellectual guarantee and support for the modernisation drive.

Fifth, we will put more emphasis on building a harmonious society. This is both an important objective for our campaign to build a moderately prosperous society in an all-round way and an important guarantee for sustainable economic and social development. With a view to safeguarding and expanding the fundamental interests of the overwhelming majority of the people, we will endeavour to foster a harmonious society on the basis of democracy and rule of law, featuring fairness and justice, integrity and amity, dynamism and stability, security and orderliness and harmony between man and nature. At present, the pressing task is to properly address such challenges as employment, social security, poverty alleviation, education, medical care, environmental protection and production safety so that all people can enjoy the fruits of reform and development.

The fast growth of China's productive forces in the past two decades and more is attributable to the policies of reform and opening-up. The resolution of imbalances and problems hindering future development should also be achieved through reform and opening-up. We will be firmly committed to building the socialist market economy, focusing on institutional innovation and working to speed up reform on all fronts. Putting government re-engineering and reform, in such fields as rural areas, enterprises, the financial and fiscal sectors, tax and investment, on the top of our agenda, we will allow market forces to play an even bigger role in the national economy and further improve the country's macro control and regulation system, with a view to putting in place a complete set of mechanisms that can facilitate economic restructuring, the transformation of the economic growth model and comprehensive, co-ordinated and sustainable development of the economy and society.

China cannot achieve development without the rest of the world and the world's development also needs China. We will unswervingly implement the basic policy of reform and opening-up, take part in international economic and technical co-operation and competition on the basis of WTO rules and make better use of both domestic and international markets and resources. We will improve the management and regulatory system and policies related to foreign trade, further open our market and optimise the investment and trade climate. We will rationalise the trade structure and constantly improve the utilisation of foreign direct investment (FDI). Chinese enterprises will be encouraged to invest overseas and develop side by side with enterprises in their host countries.

China's path to socialist modernisation is a path of peaceful development. In essence, this endeavour aims to realise China's development through seizing the good opportunities brought by world peace and, in turn, better contributing to the maintenance and promotion of world peace with a more developed China. We will mainly rely on our own efforts, reform and innovation to achieve development and will also carry out co-operation with all countries on the basis of equality and mutual benefit. China's development will not pose a threat to any country. On the contrary, it will only contribute more to maintaining world peace and promoting

common development.

The earth is a common homeland for mankind. To lead a secure and happy life and realise sustainable development represents the shared aspiration of all people and requires the concerted effort of the whole world. Here I would like to reiterate the consistent propositions of the Chinese government:

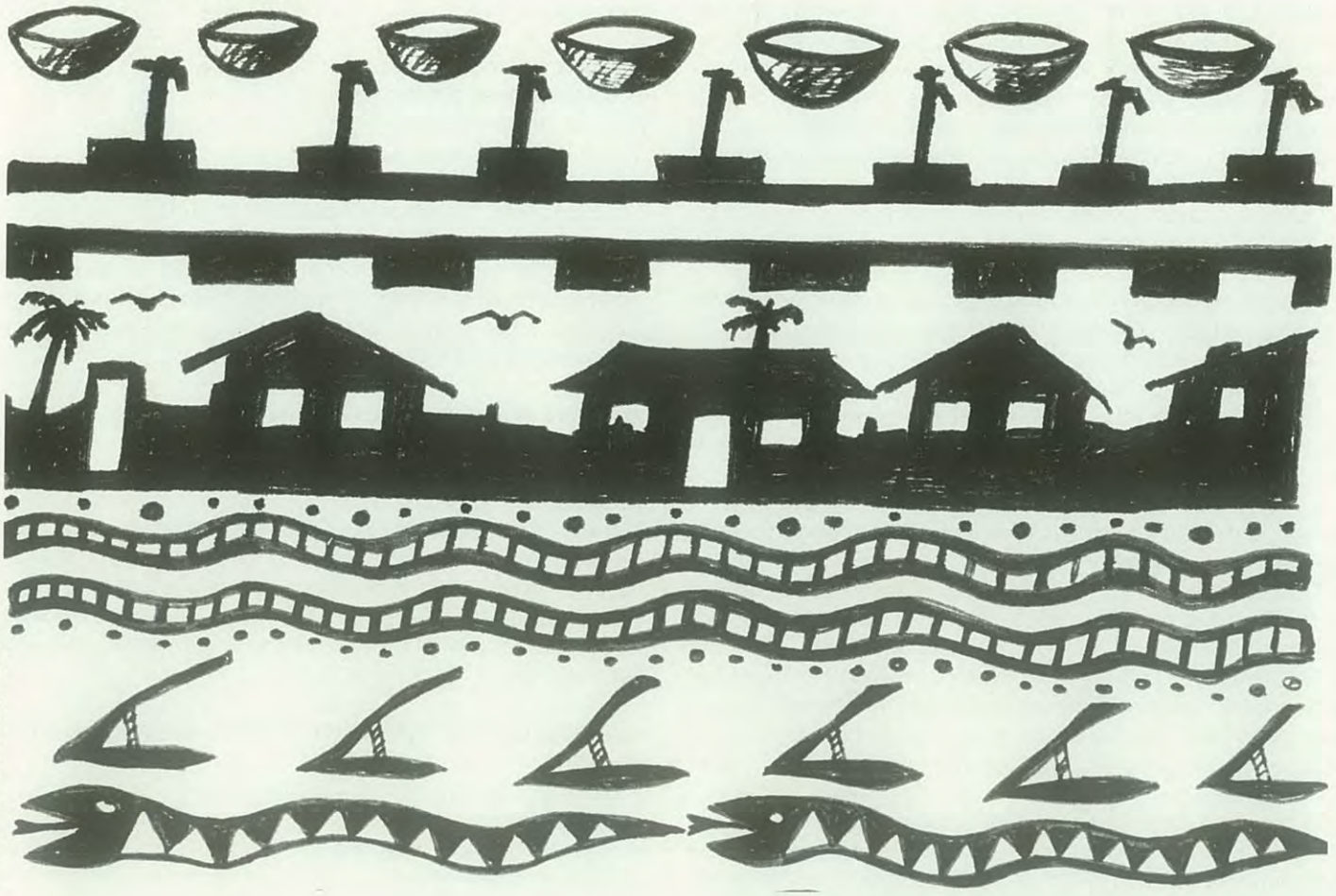
- Countries should establish a fair and rational new international economic order. This is an important guarantee for realising sustainable development. The international community should promote the advancement of economic globalisation in the direction of common prosperity. In economic affairs, countries should have equal participation, strengthen co-operation on the basis of mutual benefit, and accommodate the interests of developing countries in particular. Efforts should be made to establish an open and fair trading system, facilitate the national flow of factors of production worldwide and create conditions for common development.

- Countries should explore diversified models for sustainable development. Given differences in national conditions and development stages, countries have the right to choose their path to economic and social development suited to their own national conditions, manage the process of their own development and rationally exploit natural resources and protect the environment.

- Countries should strengthen global co-operation on sustainable development. All countries should jointly tackle such problems as climate change, air pollution, shortage of water, desertification and natural disasters, strengthen S&T co-operation for sustainable development and properly handle the contradictions between IPR protection and the dissemination and application of S&T achievements. Developed countries should undertake more international obligations and transfer resource-conserving and environment-friendly technologies on preferential terms.

Countries should strengthen capacity-building for sustainable development in developing countries. We should step up the materialisation of the UN millennium development goals and further strengthen north-south co-operation. Developed countries should help developing countries eradicate poverty, treat environmental pollution and enhance their capacity for sustainable development. We must strengthen south-south co-operation and jointly solve problems in our way ahead.

China is a member of the world family and stands ready to make its due contribution to sustainable development. This conference provides us with an opportunity to learn from international experience. Let us hold extensive discussions, deepen mutual understanding, expand consensus, strengthen co-operation and jointly create a beautiful future for human society.



ARTWORK BY TONY CISSE

UBUBELE:

COMMITTED TO EMPOWERMENT AND PARTNERSHIP

UBUBELE
HOLDINGS (PTY) LTD

Ububele Holdings (Pty) Ltd is a fully empowered South African-registered company comprising several fast growing subsidiaries. Black Economic Empowerment (BEE) Company, Mentele Investments (Pty) Ltd, has the controlling share.

In Namibia, Ububele Holdings (Pty) Ltd has teamed up with Hanganeni Investments to establish Ububele Holdings Namibia (Pty) Ltd.

Ububele's aim is to grow its business interests further into Africa and to become business partner of choice on the continent. Why? Because Ububele is committed to empowerment, development and is backed up by a high level of experience and expertise. It is also growing fast!

In addition, Ububele is committed to social responsibility and creating wealth for its stakeholders. And it is sensitive to environmental issues. Ububele is also fully supportive of NEPAD's initiatives, vital in the development of the continent.

Ububele Holdings (Pty) Ltd was formed in 2003 for the sole purpose of BEE. The then stakeholders recognised that BEE was the only vehicle by which existing wealth and future wealth creation in South Africa could be shared amongst all its people. To this end, 51% of the shares in Ububele Holdings was sold to black consortium Mentele Investments (Pty) Ltd.

Ububele has committed itself to the development of a group BEE charter, which commits the company to skills development and employment equity.

The charter represents a partnership programme as outlined in the Government's Strategy for Broad-Based BEE, provides the basis for the Ububele group's engagement with other stakeholders including government and labour, establishes targets and unquantified responsibilities in respect of each principle, and outlines processes for implementing the charter. It also provides mechanisms to monitor and report on progress.

In terms of the charter, each of Ububele's subsidiaries has undertaken to promote a non-racial, non-sexist environment and enhance cultural diversity and gender sensitivity within the group. It commits the company to investing in human resource development across the full spectrum of skills, with special emphasis on increasing the participation of black people in skilled, strategic and operational leadership in the group. It further undertakes to invest in and equip current and future leadership incumbents in the group with the appropriate knowledge and capacity to enable them to play a central role in driving Ububele's transformation programme.

UBUBELE'S SUBSIDIARIES:

1) UBUBELE ALFA CHEMICALS:

Reg No 1998/007955/07
34-8th Ave, Industria, Kroonstad
Tel: +27 56 213-1967 | Fax: +27 56 212-1080

Ububele Alfa Chemicals specialises in the supply and servicing of industrial chemicals such as herbicides, bush encroachment chemicals, fungicides as well as insecticides for the industrial market. The company prides itself on the fact that what it does in the field is to the benefit of the environment and the people of South Africa.

2) ENVIRO INDUSTRIES (PTY) LTD T/A WEED CONTROL:

Reg No 1999/006136/07
Enviro Weed Control Systems, 32-8th Ave, Industria, Kroonstad
Tel: +27 56 213-4445 | Fax: +27 56 213-4589

Enviro Weed Control owns the patents/registrations to various weed controls/herbicides/pesticides. The company owns brands on a wide spectrum of weed control products and manufactures all the products through a company called Nailcor.

ALL PRODUCTS ARE DISTRIBUTED THROUGH THE FOLLOWING DEALERS:

- Conbez Chemicals
- Contrachem
- Alfa-Agro Chem Industrial
- Finbek Industrial

- Villa Crop Protection
- Henchem

3) AFRI SPRAY (PTY) LTD T/A AFRISPRAY

34-8th Ave, Industria, Kroonstad.
Tel: +27 56 213-4539 | Fax: +27 56 216-4586
Afri Spray was established in 2001 and has established itself as one of the market leaders in the application of industrial chemicals.

Afri Spray is an application company of industrial, bush encroachment and aquatic weed chemicals to the industrial and bush markets in southern Africa, using the widest range of herbicides, pesticides, fungicides and hi-tech application equipment.

The core business is the application of chemicals to all state/semi-state departments such as Roads, Municipalities, Eskom, Telkom, Forestry, Water Affairs, and the SANDF. The company currently operates in South Africa, Lesotho, Namibia and Zambia.

4) ALFA-AGRO CHEMICALS (PTY) LTD

32-8th Ave, Industria, Kroonstad.
Tel +27 56 213-4445 | Fax + 27 56 213-4589
Alfa-agro supplies chemicals to agriculture in general. It also supplies healthcare remedies for animals. Furthermore, it is in the business of seed distribution.

5) UBUBELE HOLDINGS NAMIBIA (PTY) LTD:

Chairman: Mr James Hatuikulipi
Reg No 2004/0189
98 Nelson Mandela Drive, Klein Windhoek, Windhoek
Tel: +264 61 232-051 | Fax: +264 61 232-053
This business venture outside South Africa was a first for Ububele Holdings, South Africa.

Ububele Holdings, Namibia, is a Namibian registered company, compliant with the Namibian BEE charter's regulations. The company's business philosophy includes a commitment to job creation and the transfer of skills.

UBUBELE NAMIBIA'S SUBSIDIARIES:

1) Enviro Weed Systems (Pty) Ltd – business concept is the same as Enviro Weed Control systems in South Africa.
2) Ububele Alpine In-flight (Pty) Ltd – supplies all in-flight needs, predominantly catering, to all airline operators landing and departing from Hosea Kutako International.
3) Ububele Investments Namibia (Pty) Ltd – a property development company.

UBUBELE HOLDINGS SA (PTY) LTD'S BOARD MEMBERS:

DR VINCENT MSIBI – CHAIRMAN

In addition to the chairmanship of Ububele, he is the Group Executive Chairman of Phodiso Holdings LTD, a broad-based healthcare company with interests in Legae Private Clinic, Curamed Holdings LTD, Protector Group of Hospitals and Faranani Health Solutions. He is the chairman of African Renaissance Holdings LTD, chairman of Engel & Volkers southern Africa and was executive chairman of Sekunjalo Healthcare LTD until February 2003.

THEO KLEINHANS – CEO

He established an airline catering company, Aerofare, in 1993 that serviced among other customers, the highly acclaimed Sunair. He sold the company in 1996 and re-entered the market in 1999. He has enormous hands on experience and knowledge of the inflight catering industry.

BERTIE CLOETE – GROUP FD

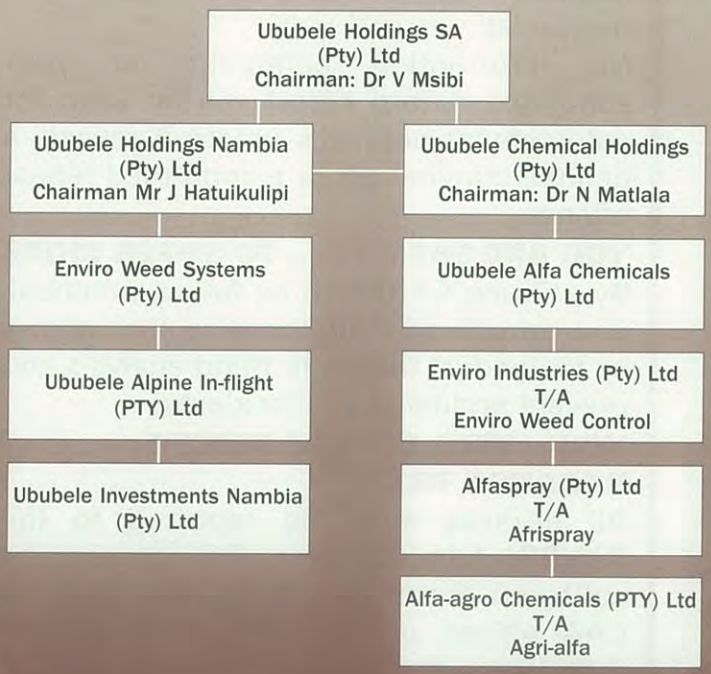
Currently also MD of Unibert, an investment company focused on start up businesses and companies showing promise. His experience extends from the building industry to fruit juices and restauranting.

THYS MOCKE – DIR, LEGAL SERVICES

As a director, he contributes from a legal and corporate governance perspective. He also has vast experience in mergers and acquisitions.

DR N MATLALA – NON-EXEC DIRECTOR

He is CEO of Phodiso Healthcare and a director of the Medi Clinic Hospital group.



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CAHRS

Confidential Aviation Hazard Reporting System

WHAT IS CAHRS?

The Confidential Aviation Hazard Reporting System (CAHRS) provides a means whereby hazards within the aviation industry are reported before there is a loss of life, injury or damage.

WHO CAN USE IT?

CAHRS provides a means whereby anyone who wishes to submit a hazard report or safety deficiency can do so confidentially and non-punitively. CAHRS reports help to identify deficiencies and provide safety enhancement in areas of aviation.

CONFIDENTIALITY!

CAHRS guarantees confidentiality!

WHAT HAPPENS AFTER A HAZARD IS REPORTED?

A selected team investigates the report and once all the required information has been captured all identifying details are destroyed.

No information contained in your submitted hazard report will be used for enforcement purposes unless it reveals a definite criminal act or a confirmed repeat offence.

YOU ARE THE KEY ... TO SAFER SKIES

By utilizing CAHRS to its fullest potential, you provide vital information that allows us to conduct thorough trend analysis and prevent accidents and incidents!

HOW / WHO DO YOU REPORT HAZARDS TO?

All hazards must be reported to the CAHRS Administrator. Forms can be collected from the Reception desk at CAA offices or from the CAA website (http://www.caa.co.za).

Completed forms can be e-mailed to cahrs@caa.co.za, faxed to (011) 545-1453, left at the CAA Reception desk or mailed to - CAHRS Administrator, Private Bag X73, Halfway House, 1685.

WHAT ARE THE BENEFITS OF USING CAHRS?

The purpose of CAHRS is:

to provide the means for all to report hazards within our aviation industry, on the ground or in the air, whether real or perceived.

CAHRS collects, analyses, and responds to voluntarily submitted aviation safety incident reports in order to lessen the likelihood of aviation accidents. CAHRS data is used to prevent accidents and incidents through identifying trends, providing information for the aviation community, and strengthening the foundation of aviation human factors safety research.

The objectives of CAHRS are:

- to prevent accidents and incidents by identifying hazards before there is a loss of life, injury or damage;
- to improve the safety awareness of the current aviation community; and
- to enhance the basis for human factors research and recommendations for future procedures, operations, facilities and equipment.

ROLES AND RESPONSIBILITIES OF THE CAA

The CAA will process and investigate every report to the fullest extent with a team of highly experienced and knowledgeable individuals and publish prevention recommendations.

Your Responsibility

It is imperative to the success of the system that you utilize CAHRS for all the hazards you identify.

YOU CAN MAKE A DIFFERENCE!

SOUTH AFRICAN

CIVIL AVIATION AUTHORITY

603944

COUNT AMERICA'S IMAGE AS ONE OF THE CASUALTIES

BY ROGER COHEN
(Published in the International Herald Tribune, September 7 2005)

If the Cold War was still on, the whole thing would have been dismissed as artful Soviet propaganda.

All the ingredients were there in the days after Hurricane Katrina hit New Orleans and the surrounding area: the rich, mainly white folks, high-tailing it out of town; the poor, overwhelmingly black, abandoned and marooned; the streets given over to armed vigilantes; the government unresponsive and society unglued.

These were the sorts of images the KGB long worked on cultivating - of a cruel America, home to a hate-breeding capitalism, riven by division between rich and poor, split on racial lines, ruled by a heartless government, gripped by urban violence.

Such a clichéd depiction of the United States was false then and, as an overall portrait, remains so today. But the terrible aftermath of the hurricane in Louisiana, Alabama and Mississippi has posed painful questions about American society and hurt the international image of President George W Bush's administration at a time when he has been struggling to right the damage of his first term.

Even before the levees broke and Bush headed in the wrong direction - west to California to make a speech about Iraq rather than back to Washington to oversee a domestic crisis - the president's standing in the world was low. A survey called "Transatlantic Trends" made public on Wednesday by the German Marshall Fund of the United States, shows that 72 percent of Europeans disapprove of Bush's handling of international affairs.

"We found that despite major efforts to repair relations, there is still a rift in how we view each other and the world," Craig Kennedy, the president of the fund, said in a statement about the survey, conducted in 10 European countries and the United States.

That rift, a gradual post-Cold War estrangement accelerated by the Iraqi war, has now been sharpened by images that play into stereotypes of America-the-heartless in the same way that the Abu Ghraib photographs played into stereotypes of America-the-bully.

"The shock has been palpable," said Richard Hilmer, a German political analyst. "Germans now feel reinforced in their attachment to our social solidarity and are asking if this is what the American economic model produces. The fact Bush is widely disliked has added to the questioning."

A testing time, critical to his second term, is now upon the president. Harold Macmillan, the British Prime Minister, was once asked by a young journalist what he feared most in politics. "Events, dear boy, events," he responded. For Bush, events are coming thick and fast - in Louisiana, at the Supreme Court and around the world.

They amount to what Norman Orstein, a political analyst at the American Enterprise Institute in Washington, called a "potent stew."

The stew contains the following ingredients: a potentially more distant Republican congressional base worried about the popularity of a second term president, an economy hit by the disaster in the South and rising gas prices, mounting difficulties in Iraq and a society possibly polarised over Supreme Court appointments.

Bush is a resourceful and relentless politician. He commands what has been a fiercely loyal following in much of the country. His ability to overcome such difficulties should not be underestimated.

Still, recent events appeared, for some days, to disorient him. Bush has never lost an election at national or state level, in part because of his remarkable ability to connect with people. Yet this most folksy of politicians can sometimes seem strangely disconnected.

Such was the case as the black, increasingly fetid waters from the levees filled the streets of New Orleans, leaving an unknown number of dead in the Big Easy (a city never as languid as its nickname) and a vast area around it.

The president's ill-timed California foray was followed by bizarre praise of Michael Brown, the Federal Emergency Management Agency director, who claimed that he only found out about refugees in the New Orleans convention

centre three days after the hurricane hit, and by remarks that seemed out of touch ("I don't think anyone anticipated the breach of the levees") or lacking gravitas.

"Bush has had a terrible hurricane," said Philip Gordon of the Brookings Institution in Washington.

It was only last weekend, five days after Katrina hit, that this most disciplined of administrations moved cohesively to address the crisis - with high-level visits to the area, including two by the president, a large deployment of National Guard troops (their ranks depleted by service in Iraq) and the evacuation of New Orleans.

But this action came late in the day, and Bush's approval rating stands at 45 percent, according to a USA Today/CNN Gallup Poll last week, lower than any other president at this point in a second term, apart from Richard Nixon. Even conservative media, supportive of Bush, like Fox News, have been critical.

"By any standard this is a low point," Ornstein said. "It will be interesting to see if Bush goes for a conservative, in-your-face appointment to the Supreme Court to rally the base, which has been more critical than before but has not turned on him."

His quick nomination of a moderate conservative, John Roberts Jr, to succeed William Rehnquist as Chief Justice suggests a possible search for a middle ground, as well as a quest for a rapid political victory. But Bush still has one more court seat to fill and has always been intent on avoiding what he sees as his father's mistake - alienating the right-wing, religious base.

What is clear is that the president must move deftly if he's not to find his second-term programme stillborn. As he does so, he will scarcely be able to rely on the good will of the world, offers of aid from Cuba and Venezuela not withstanding.

"We've been telling people around the world how to run a democracy and civil society," Gordon said, "and now we have the bloody guts of our own society - its suffering underclass - revealed to the world, many of them hardly literate, and it's another terrible blow to our reputation."

PRIVATISATION AND PERFORMANCE

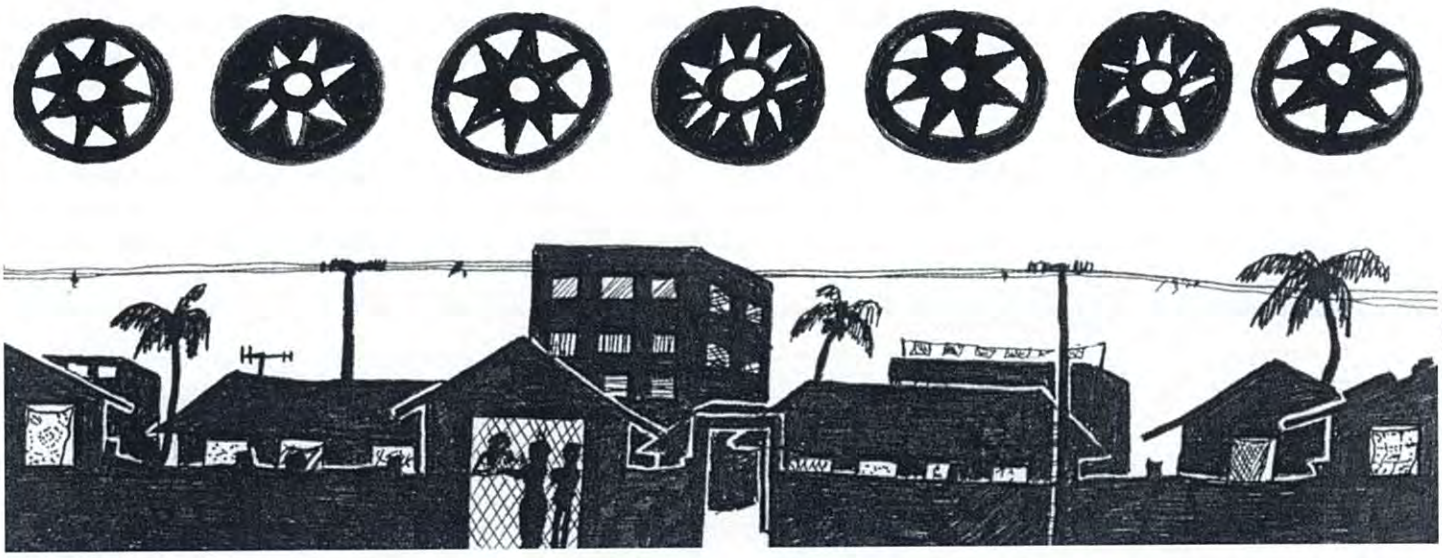
The [World Bank Operations Evaluation Department annual review] argues that whether infrastructure services are publicly or privately owned matters less than that they are provided in a "business-like manner". It notes however that all but one of the best performing countries "have not implemented large-scale privatisations and have borrowed less than other countries for privatisation".

- Bretton Woods Update No 46

GHANA PLAYS CHICKEN WITH THE IMF

On the issue of parliamentary oversight, the World Development Movement's report, "Denying democracy: How the IMF and World Bank take power from people", highlights a case study of Ghana. In discussions over a new loan in 2003, the IMF insisted that a new tariff on imported poultry not be enforced. The legislated tariff increase was subsequently removed in early 2004. In August the Ghanaian poultry association began court proceedings against the government, arguing that the U-turn on the poultry tariff (which had been passed by parliament) amounted to a contravention of the constitution. In March 2005, the Ghanaian courts ruled that the government's overturning of the tariff under pressure from the fund was indeed illegal.

- Bretton Woods Update No 46



ARTWORK BY TONY CISSE

ISLAMOPHOBIA IN SOUTH AFRICA

BY JONATHAN JANSEN, 28 JULY 2005
The author is writing in his personal capacity
This article was published on the Centre for Civil Society website

I happened to be in the United Kingdom between, so to speak, the two bombing episodes that rocked London. You would not know from the thriving commerce, the thousands of tourists (many with South African accents) and the packed public transport, that this cosmopolitan city was in the grip of a terrorist onslaught - until you read the papers or watched television, and you became aware of a deep anxiety on the part of the British, not about what had happened, but about how it could happen. How, asks the media, could nice, middle-class British boys want to blow up their own people? And the way they answer this question is immediately disappointing and potentially destructive. These young men, claim the press, are Al Qaeda operatives brainwashed in radical mosques and whose sole aim is "to destroy our way of life." I tried to imagine a group of young radicals huddled in a secret venue planning to bomb London with the mission: "Hey guys, let's destroy the British way of life." What a load of nonsense!

In some ways these terrorists are the product of a good education. They refuse to see the world in the bits-and-pieces curriculum of the West where one facet of knowledge is unrelated to, or disjointed from, another; where classroom knowledge is unrelated to social life; and where one's living condition is neatly detached from an understanding of global economics. These thugs connect the dots from Kosovo to Palestine to Baghdad and to Guantanamo Bay and they see a systematic onslaught against a group of people called Muslims. They heard about George Bush's self-proclaimed "crusade" against Muslim nations, and they bear witness to Franklin Graham's depiction of Islam as a wicked and violent religion - a despicable remark that his father, the famed evangelist Billy Graham, refuses to repudiate. They see the hypocrisy of moral outrage at less than 60 persons killed in the first London bombings with no equivalent moral outrage at the more than 150 000 Iraqis killed - many women and children - at the hands of both the Eastern and Western insurgents. Sadly, their response to this relational understanding of the world is one of hatred and violence.

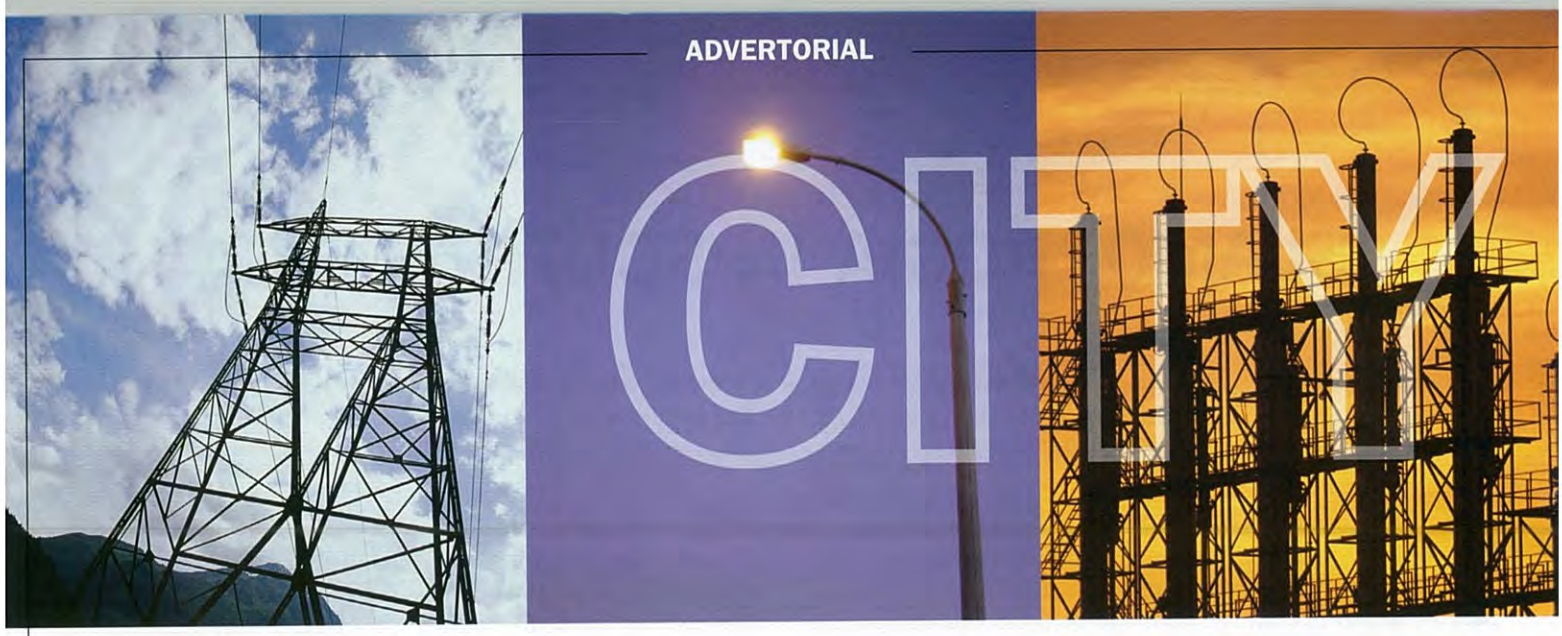
It is with this context in mind that I was deeply dismayed by a despicable act of violence against Muslims on the campus of the University of Pretoria. Recently, a right-wing evangelist visited the campus and published a pamphlet titled, "The End of Islam". This caused major outrage among the Muslim students on campus and from isolated voices in the broader Muslim community. What was even more disconcerting was the supporting voices from the so-called Christian community, who insisted that Christians should stand their ground. An Afrikaans editorial gleefully played the neutral academic game, suggesting that this was a matter of free speech.

Think for a moment. Imagine a radical Muslim cleric from another country visited the Tukkies campus and put out a pamphlet, "The End of Christianity". These same fake voices of reasonableness would cry foul, there would be a massive outcry from the conservative churches about threats to the Christian ethos of the university, and there would be all sorts of xenophobic comments about foreigners coming to South Africa to disturb the peace.

The so-called Christians supporting the anti-Muslim sentiment sparked by this mindless American evangelist raise serious questions for me about the meaning of faith among South African Christians.

In fact, mainstream South African Christians scare me. At the drop of a hat, they can be mean-spirited, foul-mouthed and aggressive towards anyone different from them - such as Muslims. The people who defended the US evangelists are drawn from the same crowd who, for many decades, found ample theological justification in the scriptures for apartheid. In other words, this is a group of right-wing religious bigots for whom faith has very little to do with the God of the Bible, except as they twist His image and contort His message. I sat in an all-white Dutch Reformed Church in Centurion recently, on the occasion of the funeral of a dear friend of mine, and at the height of a very moving sermon, the Dominee casually slipped in a racially paternalistic joke about people he called "Die Kleurlinge". Nobody blinked an eyelid.

What the Iraqi war hopefully teaches George Bush is that people cannot be bombed into submission. What the London bombings hopefully teach Tony Blair is that there are people who refuse to believe a lie. And what the Tukkies incident hopefully teaches South Africans is that evangelists who peddle Christianity with such hostility towards other faiths, like Islam, do nothing more than sow the seeds of hatred and division in a very fragile democracy. As a Christian, I am offended by the actions of these bigots. As I tried to say in a previous Beeld column - which they dare not edit out again - is that my faith as a Christian is strengthened when it is generous and accommodating; it is diminished when it is mean-spirited and exclusive.



BACKGROUND

INTRODUCTION

During the cause of the 2004/5 financial year, projects were loaded into the City of Johannesburg Capital Investment Management System (CIMS) for budget approval. The projects submitted went through the prioritisation criteria competing with other Utility Agencies and Corporate Entities and the majority of the projects were approved, however, some of the projects did not meet the criteria.

With the introduction of the Procurement Improvement Process and the Municipal Finance Management Act it has became necessary to present the approved Capital Plan to the board oversight committee. It must be noted that this is a retrospective approval since the process started last financial year and the City of Johannesburg (CoJ) has approved the plan already with the majority of the projects approved, currently being executed.

SELECTION CRITERIA

THE PROJECTS WERE SUBJECTED TO THE FOLLOWING CIMS EVALUATION CRITERIA:

- Service delivery (Outages)
- Economic growth
- Social responsibility
- Preparedness (Environmental Impact Assessment)
- Alignment with CoJ vision
- Mayoral priorities

ELECTRIFICATION

LEHAE TOWNSHIP

Lehae Township has been earmarked for the relocation of 6 352 families from the surrounding informal settlements, the breakdown of phases is as follows:

- Lehae Proper: 3 134 stands
- Lehae Extension: 3 218 stands

Other than the electrification of the above stands, it is important to note that there is currently no bulk infrastructure to supply power to Lehea Township. Therefore, the cost breakdown for the Lehae Township is a follows:

DESCRIPTION OF WORKS	TOTAL COST
Electrification of 6 352 stands	R23 959 743.00
Design, construction and commissioning of bulk infrastructure	R4 300 000.00
TOTAL PROJECT COST	**R28 259 743.00**

SOURCE OF FUNDING:

DESCRIPTION OF WORKS	DME	CITY POWER (TOP UP FUNDS)
Electrification of 6 352 stands	R15 500 000.00	R8 459 743.00
Design, construction and commissioning of bulk infrastructure	R4 300 000.00	
TOTAL	**R19 800 000.00**	**R8 459 743.00**

ELECTRIFICATION OF TSHEPISONG EAST/WEST TOWNSHIP

Tshepisong East/West consists of 4 000 stands in total and the breakdown is as follows:

Tshepisong East:

- Residential – 985 stands
- Business – 9 stands
- Mixed land use – 40 stands
- Taxi rank – 2 stands
- Community facility – 2 stands
- Creche – 1 stand
- Primary school – 1 stand
- Park – 3 stands

Total of 1 043 stands

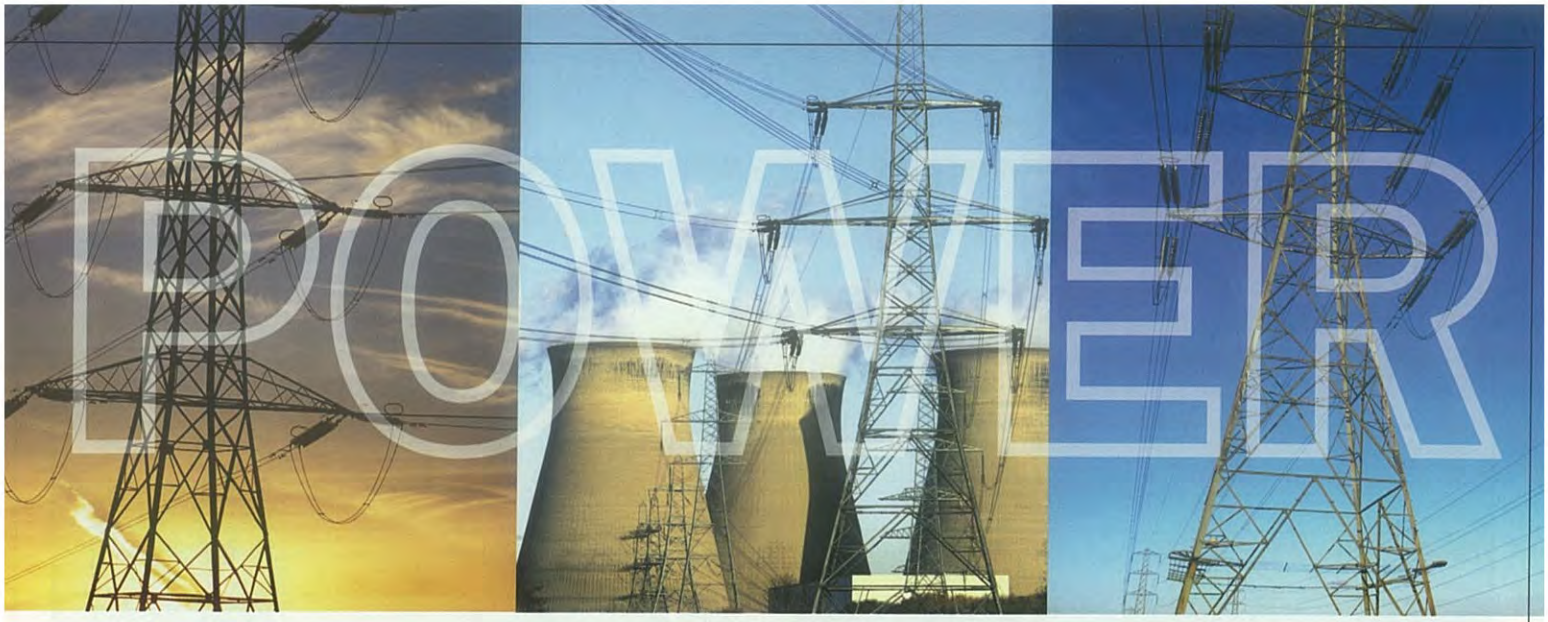
Tshepisong West:

- Residential Stands – 3 000 stands

Total number of stands to be electrified is 4 043 stands.

Physical Address:
40 Heronmere Road
Reuven

Postal address:
PO Box 38766,
Booysens, 2016



THE TOTAL PROJECT COST BREAKDOWN IS AS FOLLOWS:

DESCRIPTION OF WORKS	TOTAL COST
Electrification of 4 043 stands	R15 088 000.00
TOTAL	**R15 088 000.00**

Note: The MV bulk infrastructure is also included in the above costs.

SOURCE OF FUNDING:

DESCRIPTION OF WORKS	DME	CITY POWER (TOP UP FUNDS)
Electrification of 1 043 stands for Tshepisong East	R3 233 300.00	R700 896.00
Electrification of 3 000 stands for Tshepisong West	R0.00	R11 316 000.00
TOTAL	**R3 233 300.00**	**R12 016 896.00**

In this case the Department of Minerals and Energy (DME) allocated funds for Tshepisong East and not for West and the first option in this case will be to electrify Tshepisong East only and later electrify West once the funds have been allocated by the DME. However, due to the location/ positioning of Tshepisong West an unstable condition will be created which can cause political unrest due to one part of the community being electrified and the other part of the same community without electricity.
Hence City Power has opted for topping up the funds in order to electrify the full township and in parallel apply for DME rebates for the next financial year or during the re-gazeting period.

ALEXANDRA FAR EAST BANK EXT 7
THIS CONSISTS OF 1 700 RESIDENTIAL STANDS:

DESCRIPTION OF WORKS	TOTAL COST
Electrification of 1 700 stands and bulk infrastructure	R10 971 748.00
TOTAL PROJECT COST	**R10 971 748.00**

SOURCE OF FUNDING:

DESCRIPTION OF WORKS	PROVINCE (ARP)	CITY POWER (TOP UP FUNDS)
Electrification of 1 700 stands and bulk infrastructure	R7 000 000.00	R3 971 748.00
TOTAL	**R7 000 000.00**	**R3 971 748.00**

KLIPTOWN: WALTER SISULU SQUARE AND EXT 9
The Walter Sisulu Square consists of 478 three storey walk-up units for rental with a plan to sectionalise them in the near future and Klipspruit Ext 9 (Golf Course Precinct) has 932 semi detached duplex houses plus duplex row houses, these units will be disposed of in five years under the free hold title.
The National Housing Finance Corporation is the Gauteng Department of Housing implementing agent for these projects and the projects are implemented on the CoJ property with the title held by Propcom and the housing managed and administered by Johannesburg Social Housing Company one of CoJ utilities.

SOURCE OF FUNDING:

DESCRIPTION OF WORKS	OTHER	CITY POWER (TOP UP FUNDS)
Electrification of 1 500 stands	R9 000 000.00	
Design, construction and commissioning of bulk infrastructure		R2 000 000.00
TOTAL	**R9 000 000.00**	**R2 000 000.00**

Tel: (011) 490-7000
Fax: (011) 490-7377
Web: www.citypower.co.za

Joburg

City Power
Johannesburg

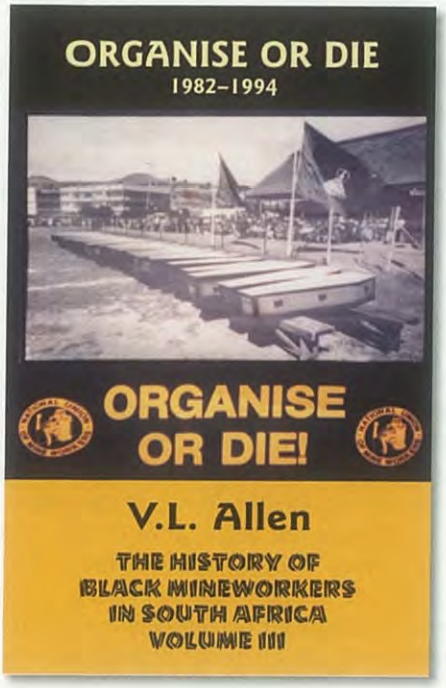
DISTRIBUTION INFRASTRUCTURE

CITY POWER AREA	SUBSTATION	DESCRIPTION	PROJECT COST 2005/6 (BUDGET)
Siemert	Athol	Extend one of the Wynberg distributors to support development in the Athol area	R3 084 000.00
Siemert	Rembrandt Park	Install new 11kV Distributor to support development in the Rembrandt Park area	R2 700 000.00
Roodepoort	Boothill	Install two new 11kV cables to Honeydew Manor to support township development	R6 105 000.00
Reuven	Eikenhof/Kibler Park	Upgrade 11kV interconnector between Eikenhof and Kibler Park switching station	R1 000 000.00
Randburg	Ferndale X11	Additional capacity required	R3 500 000.00
Randburg	Harley Str Substation	Additional distributor required to relieve overloaded distributors	R2 500 000.00
Roodepoort	Roodepoort	Network extensions – Roodepoort	R2 000 000.00
Reuven	Basonia Ext 6-11	New two distributors required to support future development	R6 000 000.00
Hursthill	Crown & Amalgam	Install new MV network to support new development	R4 500 000.00
Midrand	Halfway Gardens X22	Installation of additional 185mm x 3c plus pilot cable from (Grand Central) erf 88 New Road to Halfway Gardens X22	R1 700 000.00
Roodepoort	C De Wet/JG Strydom	Utilisation of the out of commission cables between C de Wet and JG Strydom to C de Wet	R500 000.00
Randburg	Randburg 11kV	Add 1x new ring to relieve overload from existing feeders	R3 600 000.00
Lenasia	Lotus	Installation of a new standby distributor to Lenasia South – from Lotus S/S to OK Bazaars HVC, (41 minis on two cables)	R23 000.00
Hursthill	Forest Town	Forest Town Satellite s/s to be replaced	R4 946 000.00
Roodepoort	C De Wet/ Rhinocerous	Upgrading interconnector between C De Wet – Rhinocerous	R11 000 000.00
Midrand	Modderfontein	Replace and convert the existing 2.2 and 6.6kV networks and feed from Westfield	R2 900 000.00
Alexandra	Lyndhurst	Upgrading Lyndhurst East Dist (specific sections of cable) and load relief	R1 000 000.00
Randburg	Bryanston	Complete U/G of LV OHL Bryanston Drive (Theft of O/H mains prevalent in this area)	R2 000 000.00
Lenasia	Lenasia	Star Dist – Closing of Subring Tss 13 and Tss 75	R5 000 000.00
Lenasia	Lenasia South	Compound Dist backfeed req	R1 000 000.00
Randburg	Bryanston	6.6kV Country and Daniel Dist 1st port Al cable a problem	R5 000 000.00
Siemert	Cydna	Preparation of MSSs and Load Centres for 11kV conversion (MSS & L/C)	R1 980 000.00
Siemert	Jeppe	Preparation of MSSs and Load Centres for 11kV conversion (1 MSS and 60 L/C)	R2 000 000.00
Siemert	Newtown	Replace LV U/G distributors and disconnect boxes	R1 500 000.00
Siemert	Kensington	LV network upgrades	R1 000 000.00
Siemert	Bez Valley	LV network upgrades	R1 000 000.00
Siemert	Malvern	LV network upgrades	R600 000.00
Reuven	Aeroton	Decommission satellite S/S and feed directly from Robertsham S/S look at overloading	R1 000 000.00
All	All areas	Replace OH with ABC	R2 000 000.00
Roodepoort	Roodepoort	Replace MSS with new switchgear at strategic points initially	R2 000 000.00
Randburg	Substations and Satellite S/Ss	Install maximum demand meters	R500 000.00
Midrand	Grand Central	Install cable and switchgear between Grand Central and erf 88 New Road.	R2 900 000.00

THE HISTORY OF BLACK MINEWORKERS IN SOUTH AFRICA. VOLUME III: THE RISE AND STRUGGLES OF THE NATIONAL UNION OF MINEWORKERS, 1982-1994

VL ALLEN

The Moor Press, Keighley, 2003. 746 pp
REVIEWED BY ANTHONY BUTLER, UCT
Butler is currently writing an unofficial political biography of Cyril Ramaphosa



This volume brings to a close Vic Allen's monumental three-volume history of black mineworkers in South Africa since 1871. Allen's involvement in the project began in 1989 when he fell victim to the legendary powers of persuasion of then National Union of Mineworkers (NUM) secretary general Cyril Ramaphosa. Confined together with Ramaphosa on a boat off the coast of Cuba while waiting to meet Fidel Castro, Allen was persuaded to take on the task of writing this comprehensive history, and to do so explicitly from the perspective of black mineworkers themselves. Designed primarily for union activists and officials, the resulting volumes offer a scrupulous and detailed chronology of the evolution of the consciousness and organisation of mineworkers that makes for compelling reading. They also provide a lens through which the wider social and economic changes in 20th century Southern Africa can be viewed in a fresh light.

This third volume will be of widest interest for scholars and general readers, dealing as it does with the extraordinary rise of the NUM and the role of organised mineworkers in the endgame of the apartheid state. It benefits from but does not require knowledge of the previous volumes.

Allen begins with a rigorous analysis of the human costs of mine work, castigating the systematic destruction of lives in the pursuit of profit. Mineworkers have endured the psychological scarring of incarceration, "like prisoners", in single-sex hostels. Allen explores the origins and workings of the hostel model and exposes its implications for privacy, disease and family life. He is especially informative about the "circle of infection" through which the diseases of urbanisation - notably tuberculosis - grew rapidly in the crowded, stress-filled and fatiguing context of the mine compounds. These infections were then transmitted to rural areas by the migrant labour system. Disease, exceptionally high death rates from accidents underground, and the rudimentary nature of medical care, meant that South Africa's black mineworkers suffered mortality rates exceeded only by the labourers who built the Panama Canal. Allen's exploration of the breaking of minds, families and bodies is all the more powerful for the steady detachment with which he details it.

After this horrific introduction to life in the mine system, the book moves into a careful chronology of the emergence of the National Union of Mineworkers, supported in places by more detailed and thematic chapters.

The growth of NUM was staggering. At the time of its inaugural congress in December 1982, NUM had just 14 000 members in nine branches. By 1994 it was to have 280 000. Key milestones Allen explores include the central role of NUM and its leaders in the 1985 creation of COSATU; the union's historic "great strike" of 1987 in which it took on the combined might of the Chamber of Mines and the state; and the battles for health and safety in the face of an obdurate and

intractable mine bosses. In one compelling chapter that alone justifies the book, Allen brings to life the Kinross disaster in which 177 mineworkers were killed, and black mineworkers suffered from racist contempt even after their deaths.

As is to be expected of a work of this scale and ambition, there are many points of weakness and contention. Allen is sometimes a crude and predictable materialist, which leaves him poorly placed to explain the nuances of the black consciousness tradition or the complex interactions between mineworkers from different classes and cultures. Ethnic tension, for example, is always reduced to the "divide and rule" tactics of mine managers. Allen, moreover, does not try to understand the significance of the union for the families and communities of its members distributed across much of rural southern Africa.

Professional historians may also feel some concern about the paucity of sources on which Allen has necessarily had to depend. As he explains, there was "almost systematic neglect" in NUM's record keeping, a lack of minutes, records, files, and administrative systems that was compounded by the activities of the apartheid security services. To some degree, however, it is the union that is at fault for so far failing properly to archive the written treasures it does possess.

Allen also leaves only partially answered four key issues that NUM's extraordinary history inevitably raises. The first concerns how the union's exceptionally rapid growth can be explained. When the Council of Unions of South Africa (CUSA) mandated Ramaphosa to create a union in August 1982, earlier efforts to do so by other federations had already failed. Yet, by January 1985, it boasted 120 000 signed-up members and it continued to spread until it was represented in almost all types of mines and virtually every kind of occupation.

Allen attributes this growth primarily to the "impatient collective consciousness among ordinary mineworkers" (xxix), but within a complex external environment. Before NUM's birth, there was almost no strike organisation but industrial conflict on the mines already exhibited a high degree of solidarity. Government had in the early 1980s moved to accommodate recognised unions as a channel for grievances and as a reliable mechanism for managing worker discontent. The Chamber of Mines was riven with structural divisions that sometimes surfaced and weakened its unity in negotiations. Among all these factors, however, there were significant chance events and fortuitous meetings - for example, those that brought together a union core that embodied the synergistic qualities of Ramaphosa and James Motlatsi. The union leadership in the early years displayed a stunning tactical adroitness, pragmatically signing a recognition agreement and avoiding a frontal confrontation with mining houses which, at that stage, might have destroyed it.

A second key debate concerns the great strike of 1987, viewed by some as a success but by others as a debacle. Allen is unduly sympathetic to Ramaphosa's own assessment that the conflict was a "setback" rather than a defeat, that the great organisational achievements of the union overshadowed its more immediate costs in dismissals, arrests and killings.

On a third question, how to assess NUM's overall impact, Allen tends towards a stern quasi-Marxist evaluation of any union's ability to improve the lives of its members. The union may have been heroic in spirit and spectacular in its growth, but capitalism structurally limits the overall capacity of any union to "make a difference". Mineworkers may now enjoy somewhat better living and working conditions; however, the logic of the industry still imposes a migrant labour pattern, 12-18 month contracts, and the continuation of single-sex hostels. In addition, the burden of disease is worse than ever, with HIV/AIDS and a resurgent tuberculosis perpetuating the cycle of infection. The overall risk of death for mineworkers remains virtually the same as at the union's formation, and the industry itself cannot be rescued from its terminal decline.

Allen is keen, by contrast, to emphasise NUM's fruitful role in the liberation struggle, highlighting its activities as a key player in the formation of COSATU and as the Congress' biggest member union. At COSATU's launch, Ramaphosa famously argued "the struggle of workers on the shop floor cannot be separated from the wider political struggle for liberation in this country" (165). It seems odd, however, to describe NUM - as Allen does - as "an integral and vital part of the liberation movement" (xxviii).

The fourth unresolved question concerns the enigmatic Cyril Ramaphosa, a central player in the text of the book as much as in its creation. When mandated to create NUM, he was a 29-year-old legal adviser with no experience in union organisation or mining. Neither he, nor the small group of supporters that formed the initial core of the union, knew anything of the history of black mineworkers. If he was not the creator of NUM, neither was he simply created by it. He left an enormous imprint on the way in which the union developed, particularly in his tactical strength, his aversion to organised violence, the humanity with which he sought to deal with retrenched workers, and his exceptional talent for both publicity and strategic legal action.

Allen is keen to emphasise how Ramaphosa served to bridge organised labour and the liberation movement. When he formed NUM, Ramaphosa had never - to his knowledge - met an ANC member. By the late 1980s, he was certainly an ANC activist as well as a powerful presence in COSATU and NUM. In 1987, if Allen is to be believed, he had even been recruited by NUM's own education officer, Kgalema Motlanthe, to membership of the ANC's "small underground internal national executive" (2nd publisher Merlin Press: London, 443) headed by Govan Mbeki.

If this book inevitably leaves many questions unresolved, it nevertheless provides fresh and important insights into the domestic labour politics of the tumultuous final decade of authoritarian rule.

IMAGINATIVE TRESPASSER: LETTERS BETWEEN BESSIE HEAD, PATRICK AND WENDY CULLINAN 1963-1977

COMPILED BY PATRICK CULLINAN

With a personal memoir
Wits University Press: Johannesburg, 2005. 268 pp. R174
REVIEWED BY HELEN DOUGLAS

"Everything is large and wild and impulsive in my world and that's the spell I write under. Somehow people want to destroy me for this. Somehow it terrifies them. Somehow I am too easily wounded and I'm not letting them in but building a tight, fierce barrier."

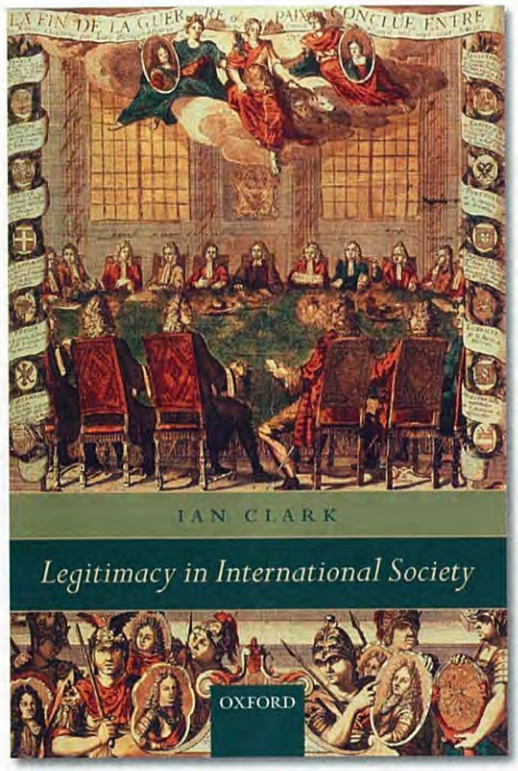
The best part of this book is, as with anything she wrote, the scintillating, passionate presence Bessie Head brought to her words. This collection of letters begins as Head leaves South Africa in search of an African home for herself in Botswana. She is soon describing the difficulties and pain she faced as a "coloured" English-speaking outsider and exile in village life. Through years of difficulty, she keeps on writing, turning to the Cullinans for financial and moral support, and to speak with them as artistic and academic colleagues. She and Wendy share historical research findings and speak of personal things. Patrick helps to get her first short stories out to small magazines and, as her relations with overseas publishers become ever more fraught, offers to publish her books in southern Africa. It was a friendship that wouldn't survive this shift, and her attacks on him come as "large and impulsive and wild" as everything else in her world.

Cullinan follows and prefaces each letter with bits of background and reminiscence. He also brings an interesting presence to the book. In many ways a quintessential South African liberal - idealist, individualist, vaguely condescending - one also gets a sense of his quirks and weaknesses. He claims that this book was "one of the hardest tasks I have ever set myself", and I think his struggles with it have borne good fruit, however bittersweet. At the heart of it is a skein of relationships, both challenging and supportive, between three people who were moved and changed by each other's presences and trespasses.

LEGITIMACY IN INTERNATIONAL SOCIETY

IAN CLARK

Oxford University Press: Oxford, 2005, 278 pp
REVIEWED BY ROBERT SCHRIRE (POLITICAL STUDIES, UCT)



Ian Clark, a professor at the University of Wales, Aberystwyth, has provided perhaps the first study of the concept of legitimacy, which locates it firmly within the English school of international relations. He argues that proponents of **realpolitik** have largely neglected the concept because of their focus on interests and power. However, moral issues cannot be ignored and when they are, as in recent conflicts in Kosovo, Iraq and Afghanistan, the results can be close to catastrophic. The book provides a sweeping survey of the concept of legitimacy from 1648, the birth of the contemporary nation state, to the world of today dominated by the actions, and inactions, of the United States, the pre-eminent power. Indeed, some of the most interesting arguments of the book deal with the relationship between global legitimacy and the reality of US hegemony. As Clark concludes, "legitimacy attaches itself to the notion of acceptable leadership in conditions of hegemony. That is to say that it must be a leadership that is acceptable both to international society at large, and also to the predominant state called upon to play that role" (242-3). US unilateralism clearly undermines this conception of legitimacy. In other words, the moral consensus that could reinforce American power is absent, which imposes heavy costs both on global society and American interests.

Clark takes a pragmatic view of legitimacy. He maintains that it cannot be based upon normative values such as democracy or human rights. Legitimacy cannot be divorced from these norms, but ultimately its core is indeterminate because it has to be shaped by the practices of international society. This goes to perhaps the central limitation of this study. It is firmly rooted in liberal conceptions of legitimacy which focus almost exclusively on rules and institutions that operate within the framework of generally accepted principles of "right process".

The result is that the book has a slightly dated feel to it. What we might term the political economy of global politics - the wealth and poverty of nations, power and its use, and the structural attributes of the global system which reproduce certain outcomes, are almost totally ignored. The extensive bibliography contains no references to Wallerstein, Prebisch and other thinkers who have used radical theories to examine the relationships between power, wealth and consent. The legitimacy issues that they have raised, implicitly and explicitly, which impact on the fate of most of humankind, are excluded. The book in part becomes a debate between pragmatists represented by the English school and the tough-minded realists represented by Metternich and Kissinger. For those who live outside Western Europe and the United States, the book fails to address the issues of most concern. It is like watching a well-mannered tableau in an elegant drawing room. Of interest to some, perhaps, but of little relevance to the have-not masses. For them, economic power and equity, however defined, must be central to the understanding of, and search for, international legitimacy. And this study sheds no light on these critical issues.

NGOS AND ORGANIZATIONAL CHANGE: DISCOURSE, REPORTING, AND LEARNING

ALNOOR EBRAHIM

Cambridge University Press: Cambridge 2005. 181 pp
REVIEWED BY JONATHAN GROSSMAN (SOCIOLOGY, UCT)

Alnoor Ebrahim has produced a careful and thorough elaboration of the ideological impact of funders on central aspects of the work of non-governmental organisations (NGOs). He grounds his work in an investigation of two of India's largest development NGOs - the Aga Khan Rural Support Programme, India (AKRSP) and the Navichandra Mafatlal Sadguru Water and Development Foundation. Chapters deal with the relevance of Foucault and Bourdieu; NGOs and their global networks; NGO behaviour and development discourse; interdependence and power; information struggles; learning in NGOs; and challenges ahead. He has chosen to ground his work in aspects of the theoretical writing on Bordieu and Foucault. I find it difficult to see their necessity or particular value in illuminating the issues or how to deal with them and it might be worth taking his invitation and skipping the "theoretical" chapter. For him, the core of the book is an "analysis of four factors which shape NGO behaviour: global discourses on development and environment; an interdependence of NGOs and funders; reporting and monitoring systems and structures; and processes of organisational learning." He is critical of the dominant "natural resource management" (NRM) approach to development, seeking to illustrate the way in which the NRM discourse of funders is reproduced within the NGOs. "Consultants and funders also serve as agents of homogenisation" such that alternative approaches are ignored and displaced.

Ebrahim clearly intends his work as a critique and challenge to much of what is dominant in NGO thinking and practice; at the same time, he is constrained in posing alternatives by an acceptance of the "structures of interdependence" which he identifies between NGOs and funders. He poses a necessary challenge to organisations to exercise more of their own agency rather than bow to the pressures. He might have taken this further to explore the extent to which some NGOs, and some people in them, are actively complicit, rather than uneasily compliant, with pressures for dominant thinking. His choice is of two such "mainstream NGOs". What of the many small, struggling and more peripheral bodies? More vulnerable in terms of day-to-day survival, they are, paradoxically, sometimes also more engaged in contesting the pressures coming from major funders and the ideological positions underpinning them.

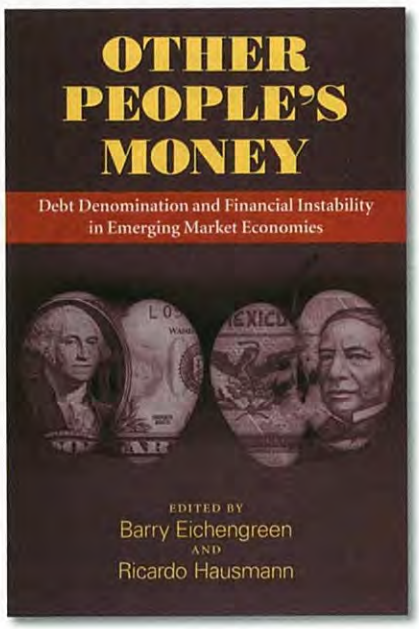
The study provides clear elaboration of ways in which pressures for "upward accountability" come to dominate in contexts in which "downward accountability" is so crucial. It presents a thorough account of some of the processes through which dominant thinking from funders shapes, constricts and is reproduced in NGO discourse, demonstrating the power of funders. For many, this will be confirmation of what they already know. They may, as I did, find the challenge to that power relationship muted and understated because the writer sees "structures of interdependence" where others might see direct political conflict.

OTHER PEOPLE'S MONEY: DEBT DENOMINATION AND FINANCIAL INSTABILITY IN EMERGING MARKET ECONOMIES

BARRY EICHENGREEN AND RICARDO HAUSMANN

University of Chicago Press: Chicago 2005. 296 pp

REVIEWED BY PROF MELVIN D AYOGU (ECONOMICS, UCT)



The fault, dear Brutus, is not in our stars,
But in ourselves, that we are underlings.
- Shakespeare

Barry Eichengreen and Ricardo Hausmann have assembled a collection of theses that examine the causes and consequences of recent financial crises in developing countries, particularly among the supposedly better-than-average economies, collectively referred to in international financial circles as **emerging markets**. According to these authors, borrowing in other people's currencies instead of in one's own is one of the root causes of the financial crises; hence the title, **Other People's Money**. In other instances, the term can connote "moral hazard" concerns, as in corporate governance when managers are entrusted with other people's money. However, such is not intended in the current context.

The inability of many developing countries to fund externally through raising debt denominated in their home currencies is called "original sin", a term coined by these authors in their earlier work, presumably to highlight the fact that this borrowing constraint does not follow from anything a country may have currently done but is rather inherited, whether merited or not. The rest of the book is devoted to making a case for the original sin as a serious curse, and then examining whether the reasons conventionally attributed for its persistence pass empirical muster.

The authors reject the received views, which they note are mainly anecdotes, and instead point to the rules of engagement in the international financial arena as the key. These preclude the **emerging** markets from emerging (becoming industrialised) without the active intervention of transnational corporations that can partially redefine the rules. Those underlings that have emerged, have managed the feat by the grace of the transnational corporations which have, in those instances, bucked tradition and issued local-currency denominated debts.

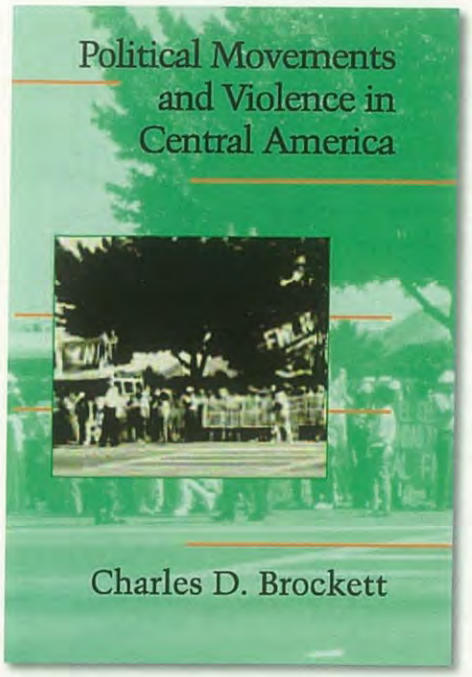
The book argues rigorously, advancing extensive empirical evidence, that the fault is not the pervasiveness of political instability and weak institutions in developing countries, as is usually claimed. Rather, it is the "old boys club" that is due for reshaping and can be reconfigured effectively. Going beyond the grace of multinational corporations, international financial governance institutions would have an even more active role in the new order that these architects propose.

Whatever may be said of this book, it certainly makes a significant contribution to the literature on development finance. In conjunction with another myth-buster, **The Politics of Property Rights** (Cambridge, 2003) by Haber, Razo, and Maurer, this constitutes a momentous contribution to the development literature in the new millennium.

POLITICAL MOVEMENTS AND VIOLENCE IN CENTRAL AMERICA

CHARLES D BROCKETT

Cambridge University Press: New York. 2005. 380 pp
REVIEWED BY SUREN PILLAY (POLITICAL STUDIES, UWC)



Charles Brockett, in his latest book, confronts the vexing question of the relationship between the exercise of political power and violence. More particularly, Brockett is concerned with the conditions under which political movements emerge, expand and resort to the use of violence, especially when mobilising against a repressive regime. Writing within the North American political science community, Brockett is compelled to engage rational choice theory, the dominant paradigm through which political behaviour is often accounted for. Political behaviour within this framework is seen as the outcome of rational individuals seeking to maximise their interests.

Through an informed discussion of the "cycles of contentious politics" from the 1960s to the present in El Salvador and Guatemala, Brockett convincingly shows the inadequacy of a rational choice approach. He also seeks to problematise a second approach to the study of oppositional political movements, which emerges particularly from the left, and which takes for granted the idea that human beings are naturally predisposed against being dominated - if they accept severe conditions of inequality, either political or economic, then, we are told, it is because they have accepted their oppression because they are under the spell of "false consciousness".

Unconvinced by these approaches, Brockett enriches our understanding by complicating the picture considerably. Firstly, he argues that we need to look more closely at the relationship between state actions and the responses they provoke: the manner in which states deal with grievances can set in motion events that lead either to non-violent counter-responses or to violent ones. Secondly, he grounds his argument in very detailed accounts of case studies to make the point that one cannot arrive at overly general answers because, for him, the answers lie in the very specific political, economic and social processes of countries.

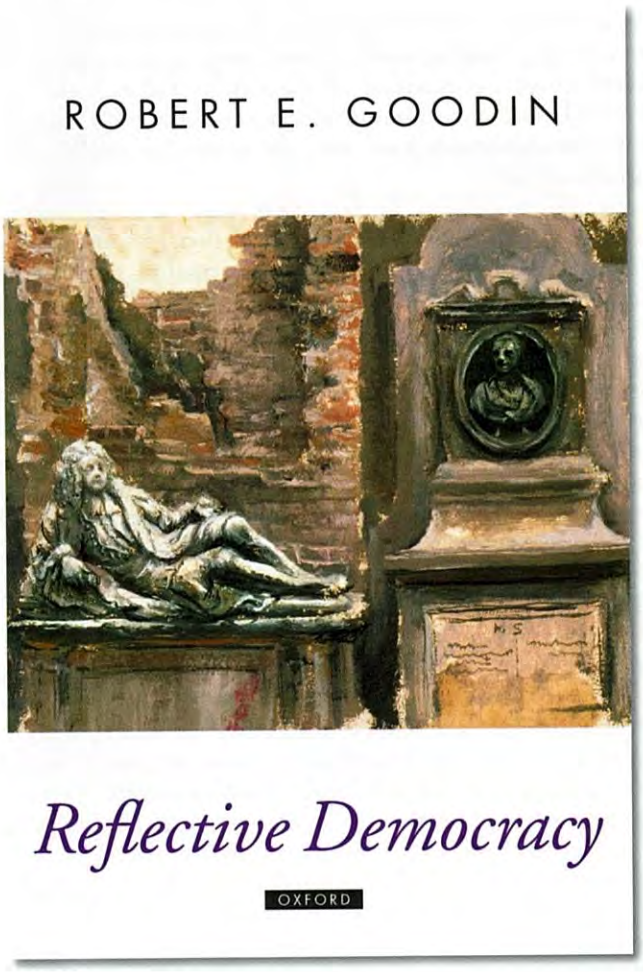
Thirdly, refreshingly but not always successfully, he introduces a range of variables rarely considered in political science as part of the dynamics that shape political action, in particular the role of emotion. Individual conduct is not simply the outcome of rationally considered choices but is also a socially conditioned response which rests on non-rational, but not irrational, considerations. What are the relations of affect, for example, that are challenged or threatened by state violence? Family relations, village relations, individual dispositions: these are all part of the picture, differentiated by where one finds oneself, in either a rural or an urban area for instance, as well as the links between these. The role of teachers amongst the peasants in the Salvadorian countryside, for example, was crucial, and so, too, were the networks of priests. In sum, what Brockett gets us to recognise, quite convincingly, is that we should not think about social movements, or political discontent, as simply the automatic response of a single "mass" of people to domination. Rather, social movements and the particular forms they take and the different methods they use - violent or peaceful - are the products of complex interactions between different groups of individuals over time, differentiated by place.

REFLECTIVE DEMOCRACY

ROBERT E GOODIN

Oxford University Press: Oxford, 2003. 279 pp

REVIEWED BY ANTHONY BUTLER (POLITICAL STUDIES, UCT)



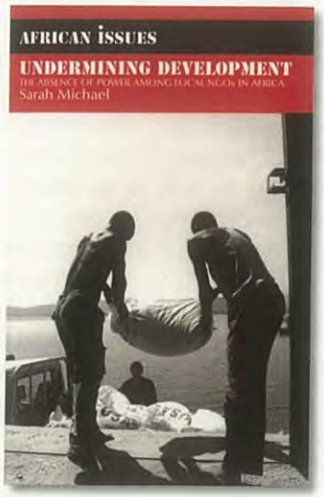
Now that the formal mechanisms of constitutionalism and representative democracy have spread to more or less everywhere around the globe, political analysts have begun to focus with more urgency on how the quality of the resulting democracy can be improved. For contemporary Western political theorists like Goodin, this is often a matter of making democracy more "deliberative". By this, they mean to suggest that democracy should not just be about counting votes or choosing a party "team" to govern, subject to account only by periodic elections. Rather, democracy should be a matter of citizens coming to considered judgements, reflecting long and hard on their preferences, taking due account of the opinions and interests of others, and acting in a responsible and public-spirited manner.

The key problem for deliberative politics - as for all participatory understandings of democracy - is that the scale and complexity of modern society seems to preclude face-to-face interaction and intelligent collective reflection. How can the citizen body deliberate together on the merits of a pebble-bed nuclear reactor? Or on a pit latrine programme in the Free State? How would we collectively come to agree on the medium-term budgetary framework? Goodin's answer is an idealistic one: we should try to imagine ourselves in the shoes of all other citizens and take decisions in the light of what we take their interests and opinions to be. The book's lack of realism will leave most readers dissatisfied. Nevertheless, it does incidentally shed some light on the value that a highly deliberative conception of democracy - like that at work in the tripartite alliance - can add to a formal liberal democracy.

UNDERMINING DEVELOPMENT: THE ABSENCE OF POWER AMONG LOCAL NGOS IN AFRICA

SARAH MICHAEL

James Currey: Oxford. 2004. 206 pp
Reviewed by Victor Munnik



This is a fascinating book for those interested in the tactics of how non-governmental organisations (NGOs) become powerful. While it does provide justification for the role of NGOs, it does not engage with debates on the left about whether NGOs should exist, or how they sap revolutionary energies, etc.

It can help African NGO leaders to analyse their relationship to governments, donors and other NGOs: the key is in understanding that these actors also have needs and constraints, and in working with these in every situation.

What is NGO power? "NGO power is the ability of a local NGO to set its own priorities, define its own agenda and exert its influence on the international development community, even in the face of opposition from government, donors, international NGOs and other development actors." In this intriguing study, Michael shows that NGO power is possible by analysing examples of powerful NGOs from Latin America and Asia. They include the Bangladesh Rural Advancement Committee (BRAC), the Madres de Playa de Mayo in Argentina and the Instituto Brasileiro de Analises Sociais e Economicas (IBASE).

These powerful NGOs are big. BRAC, for example, has 60 000 employees and strong, well-qualified staff. They have money - including their own income (BRAC funds 75 percent of its work from its own resources) - which puts them in a position to pick and choose between donors. They have powerful reputations, not only for doing good development work, but also for influencing policy agendas at home and internationally. And they are able to rewrite the rules on what is acceptable NGO behaviour - in the process winning more space for themselves, whether from governments, donors or international NGOs.

Latin American and Asian NGOs achieved power by growing without significant competition, although sometimes under very difficult circumstances. They built their own sources of income, for example through credit provision, owning buildings and renting out space, printing and publishing, research and consultancies. They cultivated ties to international organisations, and, very importantly, they engaged fearlessly in local politics. It may sound like an unlikely mix, but the result has been independence. This has not been achieved in Africa. With case studies from Zimbabwe, Tanzania and Senegal, Michael shows that these elements are lacking.

Achieving power in Africa will not be easy. For while African NGOs seem to be able to work well with each other, they face stiff competition from strong international NGOs, their governments do not allow them stable space, and they buckle under often unfair "rules of the game" set by donor agencies, such as refusals to pay for core costs.

But there are some clear routes to follow. Michael recommends that NGOs focus on and capture a niche in which to excel, and that they develop professional organisation and staff. They should publicise their work - also internationally - and combine it with high-quality research. NGOs should generate their own revenue. They should build a strong and well-connected leadership, and increase engagement with the political aspects of development work. And they should learn how to play the spaces that open up between African governmental tactics towards civil society at home and in international forums.

THE THEATRE OF VIOLENCE: NARRATIVES OF PROTAGONISTS IN THE SOUTH AFRICAN CONFLICT

DON FOSTER, PAUL HAUPT AND MARÉSA DE BEER

(Institute for Justice and Reconciliation)
HSRC Press: Cape Town/James Currey: Oxford, 2005. 364 pp
REVIEWED BY HELEN DOUGLAS

After all the chaos and violence which characterised life under apartheid and the struggle for freedom, and which was testified to in hearings of the Truth and Reconciliation Commission, along come the sociologists and the historiographers and the psychologists to piece together some understanding of what occurred and how. One is left with a bemused sense that social science is indeed a strange and wondrous thing. "Strange" inasmuch as it is a remaking of times past, and "wondrous" if it can recreate that past in a way which is useful for us to find our way in a new political and social order.

This sort of ambivalence, on several levels, is fundamental to **The Theatre of Violence**, and gives rise to both its weaknesses and its strengths. The weakness is a tendency to respond to powerful contradictions by framing them in "nicer" non-confrontational terms. The most glaring examples are in the book's very title: "theatre of violence"? "Protagonists" in the South African "conflict"? No doubt, the authors wrangled a lot over these words, and I appreciate their nuanced objection to "perpetrator", but my hunch is that this framing afforded the writers a bit of "neutral" distance for themselves in what was clearly an intense and difficult work - and I'm not sure that's a bad thing. I think it's important that this sort of inquiry isn't dressed up and smoothed down as if these are easy issues. In the same vein, I appreciated their frank admissions of discomfort with some of their informants. However, sometimes I wish they had been more straightforward. For instance, while the book declares that the state-sanctioned violence of apartheid cannot be equated with the violence of the popular struggle against it, like the TRC it doesn't do so very convincingly for those who feel that there has been far too much equating going on.

However, the book is fascinating. Its core chapters present narratives, mostly from TRC amnesty applicants, in four spheres: police, intelligence, liberation movements and township conflicts (SDUs and SPUs). In the majority of cases, the authors sought out people in leadership positions, those who had a broader perspective on events and greater access to information and power. It is apparent that the study's goal isn't representivity so much as the presentation of a range of perspectives on what leads people to take up violence in a political conflict. The stories are clearly laid out, and full of direct quotations which give a real sense of the person. I was regularly surprised - for instance, by APLA's Letlapa Mphahlele's calm acknowledgement of the political and organisational shortfalls in the PAC, or by the level of conflict between police and defence force members.

The opening and closing theoretical chapters are also fine. There is useful analysis of the factors that lead to violence, and of the ways people take or displace responsibility for their actions. These are contained within a larger "relational" conceptualisation of political violence that moves away from notions of self-contained individualism and essentialism, and brings attention to the linguistic, power, temporal, institutional and emotional elements of such actions.

The growing interest in "perpetrator" testimonies is providing fresh insights. For instance, we see here how the TRC's legislated requirement that amnesty could only be granted for "politically-motivated" acts forced applicants to fit their often complex situations and motivations into this simple criterion, forcing misrepresentation and often putting them at odds with the other criterion of "complete disclosure". The authors also draw attention to the deep - and largely untapped - desire of former combatants to contribute to building peace in their communities.

As Charles Villa-Vincencio remarks in the foreword: "To understand is not to forgive. A complex, contested and always unfinished process, understanding is a struggle." **The Theatre of Violence** is a valuable contribution to that process and that struggle.

EMERGING LABOR MARKET INSTITUTIONS FOR THE TWENTY-FIRST CENTURY

RICHARD B FREEMAN, JONI HERSCH AND LAWRENCE MISHEL (EDS)

University of Chicago Press: Chicago and London, 2005. 296 pp

REVIEWED BY EDWARD WEBSTER, SOCIOLOGY OF WORK UNIT (SWOP), UNIVERSITY OF THE WITWATERSRAND

The transformation of work under capitalism is a contradictory process that closes down options as well as opening up new opportunities. The destruction of craft work by machine-based production undermined craft unionism, leading to dire predictions in the 1930s in the United States of the disappearance of the labour movement. These predictions were, Cobble (2001) reminds us, issued literally on the eve of the dramatic upsurge of labour organising that began in 1933. Instead of labour disappearing, a new form of worker and work organisation - industrial unionism - emerged, and grew in strength through much of the past century. Based on their strategic location in production, these relatively unskilled workers were able to take advantage of the interconnected nature of the assembly line to win recognition for militant shopfloor-based industrial unions and struggle for basic citizenship rights.

Global informational capitalism has now created a similar crisis for industrial unionism, as the global restructuring of work leads to a multiplicity of precarious work arrangements threatening traditional union organisation. This has led to a debate on how to reverse the problem of union decline and revitalise the union movement. A recent study identifies six major union revitalisation strategies: organising, which focuses on membership revitalisation; organisational restructuring, such as mergers and internal re-organisation; coalition-building with other social movements, which helps unions acquire access to power resources; partnerships with employers at national, industrial or workplace level which will allow unions to pursue new kinds of interests; political actions; and international links to facilitate the exchange of information and the mobilisation of members in international campaigns (Frege and Kelly 2003; 2–24).

EMERGING LABOR MARKET INSTITUTIONS FOR THE TWENTY-FIRST CENTURY approaches the problem of union decline quite differently by identifying the ways in which labour activists, workers and non-governmental organisations in the United States have sought to develop alternative ways to represent workers' interests. Labour analysts have not studied non-union labour organisations (NLOs) to the same extent that they have studied trade unions. By focusing this collection of research-based essays on NLOs, the editors have identified a neglected area of potential union revitalisation.

The editors seek to understand the behaviour of these NLOs within the framework of the standard economic analysis of optimising agents. This framework directs attention to the goals of the new labour institutions - the constraints on their actions; and the way in which they respond to parametric changes in economic and other incentives.

At the heart of the volume is the difference between membership-based non-union organisations, where members have some say in the way the institution operates, and non-membership organisations (NMOs), which activists form and run on behalf of workers. Because NMOs, such as legal service centres and anti-sweatshop activists, have no members and thus no dues, they have to raise resources from outside funders and thus must be responsive to those funders. At the same time, the NMO must meet the potentially different needs of the workers it seeks to represent or service. Two of the studies focus on this dilemma, showing how NMOs need to develop entrepreneurial skills to please these quite different groups to survive.

A key question in the volume is the extent to which, if at all, the emerging labour institutions might substitute for declining unionism. The answer from these studies is in the negative. Even in their weakened state, unions have major effects on wages and benefits which none of the new organisations studied in this book have come close to replicating. Quite simply, the marginal costs of exercising standard collective bargaining rights are likely to be lower for a group of workers than for a single individual. In addition, the new institutions have not managed to expand beyond small niches in the labour market.

The empirical parts of the book investigate the performance of some innovative labour market organisations and initiatives. Eight institutions or activities are examined: professional associations, union-management partnerships, national issues, lawyers' groups, legal service centres, human rights vigilantes, living-wage campaigns, training intermediaries, and an organisation called Working Today.

With the exception of some successful discrimination lawsuits and success in processing unemployment claims, the results of these innovations have made limited impact on the lives of workers.

Two limitations of the book need to be highlighted. Firstly, the case studies are confined to the United States. If the editors had widened their geographical scope to include the developing world they will have discovered that NLOs are not new. In South Africa, we call them labour service organisations and they were at the centre of the revival of the workers' movement in South Africa in the seventies and eighties. These organisations ranged from the Black Sash, which provided pioneering and highly effective legal advice on laws designed to control labour, such as the pass laws, to trade union research and educational groups, including publications such as the **South African Labour Bulletin**.

Secondly, the editors produce a false dichotomy by examining these emerging labour market institutions as if a choice existed between trade unions and these institutions. Instead of examining NLOs as alternatives, a more useful research strategy would be an examination of the links between these new institutions and the unions. The seminal partnering between the Teamsters and the Turtles in the Battle of Seattle is one illustration of this dynamic. Rather than trying to understand these initiatives in terms of economic concepts such as "maximising utility", what is needed is another set of questions: what are the possibilities for a union/NLO alliance pursuing common change action agendas? What are the common issues between these organisations and unions? How do the contradictions between these two groups play themselves out? Can these contradictions be managed so that both unions and NLOs achieve their objectives?

Freeman et al have undertaken a useful task in beginning to systematically study these emerging labour market institutions. To take this task further will require a less US-centred view of the role of labour and a research strategy that takes the changing global context as its point of departure. NLOs are clearly one of the resources that labour can draw on. A systematic examination of these institutions is an important intellectual and political challenge for anyone interested in contributing to the debate on the future of the labour movement.

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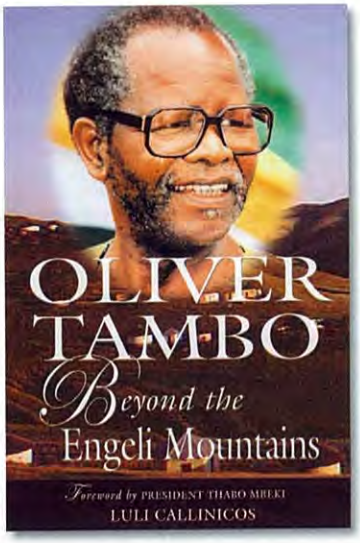
OLIVER TAMBO: BEYOND THE ENGELI MOUNTAINS

LULI CALLINICOS

David Philip: Cape Town, 2004. 672 pp. R199
REVIEWED BY JOHN DANIEL (HSRC)



In October 1917, Russia's Bolshevik Party was poised to seize power in the first of the 20th century's great revolutions. In the same month in a remote eastern Pondoland village, nestled in the shadows of the Engeli mountains, a child was born who as much as anyone - and some would suggest more than any other - would steer the ANC to victory in the last of the century's great political revolutions and the climactic end to Africa's struggle for decolonisation. He was Kaizana Tambo (the names Oliver and Reginald were added later), fourth child of Mzimeni Tambo and first born of his third wife, Julia. Though born into a conservative African household, the name Kaizana smacked of defiance and resistance for it honoured the then German emperor, Kaizer Wilhelm, engaged at the time in a war with the power responsible for the colonial subjugation of the Pondo people. "OR", as he more familiarly became known in the ANC, lived up to

that promise of resistance implicit in his original name, in stark contrast to that other Transkei politician named after the Kaizer.

This is a big book in more ways than one but it is an easy and compelling read, something of a page-turner, in fact. Its length should not daunt would-be readers. The language is uncluttered and the prose free from jargon. The book itself is a product of over 10 years of work and draws on some 195 interviews conducted by the author with individuals whose lives intersected with Tambo's. It draws too on an unfortunately unfinished transcript of Tambo's life dictated by OR himself. He got no further than his Fort Hare student days and the book therefore lacks his own insights into the events of the last 30 years of his life where, as Callinicos puts it in her introduction, he was the "glue" (p 19) that held the ANC together, while around it other South African movements floundered and failed, self-destructing in the trying conditions of exile. That he should have achieved this with as broad and complex a church as the ANC, and for at least two decades in the face of often hostile western governments, is a feat of leadership to which too little recognition has been accorded.

His close companion of over 50 years, Nelson Mandela, understood it. At the ANC's conference in 1992 where Tambo relinquished the presidency, his successor spoke of Tambo's "outstanding stewardship during the most difficult and trying phase" (p. 620). He described how, from the winter of 1967, OR had rebuilt the movement to the point where "our people are ready as never before to use their organised strength to destroy apartheid" (pp. 620-21) and how, in the process, Tambo had become "the crystallisation and personification of what the ANC is ...when we assess the processes that brought about the events of February 1990, we should never underrate the importance of the individual personality in determining the pace at which matters moved to that point" (p 621). There is little doubt in my mind that the missing person on the stage in Oslo in December 1993 when Mandela and FW de Klerk received Nobel Prizes for peace was Oliver Tambo. He had of course died nine months earlier but one wonders if the Nobel fathers would have had the wisdom to recognise how much the two recipients being hailed as the architects of the South African miracle owed to the ghost who was not there.

The book is in four parts. The first part (1918-39) covers his early childhood in Kantolo and his schooling at the Anglican Mission School of Holy Cross near Flagstaff in the Transkei and at the Community for the Resurrection's St Peter's School in Johannesburg. Three points struck me in this section.

The first is the contribution made by the oft-derided mission schools to South Africa's eventual liberation. Despite their often bigoted and paternalistic overtones, these schools opened the doors of learning to a lucky few, numbers of whom formed an African intelligentsia with the skills and self-esteem to challenge the white domination of their native country. Oliver Tambo was one of these and there can be little doubt that this would not have happened had he not been lucky enough to attend Holy Cross and St Peter's. And much the same can be said of those who had the chance to attend schools like Healdtown and Lovedale in the Eastern Cape, the Ohlange Institute, Adams College, Inanda and St Francis Seminaries - all Natal-located - and, of course, the African "Eton", St Peter's in Rosettenville, Johannesburg.

The second is the contribution made to the forming of that intelligentsia by little known, and often unknown, largely English benefactors who sponsored the schooling of African students they were never likely to meet in a remote former colony. The Goddard sisters, who paid a part of Tambo's fees for every year of his schooling, were two such donors. They would of course have been oblivious to the fact that they were contributing crucially to the liberation of the African people of South Africa but they deserve to be noted for this fact. It was this tradition of charitable giving which years later was central to the International Defence and Aid project so eloquently charted in Dennis Herbstein's study of the life of Canon John Collins. Entitled **White Lies**, it was published in 2004 by HSRC Press.

Finally, it was at Holy Cross and St Peter's that Tambo's deep-seated religious beliefs were forged and fine-tuned. It was this faith, as Callinicos clearly shows, that sustained him through the most difficult periods of his political life, and none more so than in the low-point exile years of the 1960s and early 1970s. In a review to be published in a forthcoming edition of the journal **Transformation**, the historian Hugh MacMillan, who lived in Lusaka in the 1970s and 80s and who knew Tambo reasonably well, makes reference to his deep-seated religious faith and suggests that had Tambo been able, as he wished, to join the Anglican priesthood he might have been the first black archbishop of Cape Town.

Part two of the book (1939-59) documents Tambo's Fort Hare years. It charts his selfless decision to pursue a BSc in mathematics - not his strongest academic suit - because of the lack of African mathematicians in South Africa, and how this was frustrated by his expulsion from the university for leading a principled protest campaign. It was this role that brought Tambo to the attention of senior ANC leaders, like its then president Dr A.B. Xuma, and which saw him propelled into the leadership of the Youth League in the 1940s and the ANC's senior ranks in the 1950s. It maps his pioneering role as a black lawyer and his growing closeness to the ANC president, Chief Luthuli, whom he regarded as his political mentor. It covers, too, his courtship of, and marriage to, Adelaide Tshukudu. Forged in a context of conflicting religious views, it was a marriage of two kindred souls which prevailed for close on 40 years despite acute personal and political hardships. This biography is not simply a "great man" history. Adelaide Tambo emerges from it as a formidable intellect and an important political force in her own right.

Part three (1959-77) examines the most difficult era in the ANC's existence. These were the "wilderness years", when little went right for the movement. Operating in a

period which often seemed hopeless politically, Tambo held the organisation together and gradually forged it into an effective movement, particularly in the arena of international diplomacy. It was a period where he had to dig deep and draw on his religious principles, revealing the qualities of diplomacy, strategy, patience and foresightedness that constituted the "glue" referred to earlier.

Part four (1978-93) covers the climactic years of the struggle. Though the longest section, it is also perhaps the least satisfying, skating, as it often does, over the turbulent and fast-moving events of that period. In Callinicos' defence, a proper accounting of this era would have required another volume of the length of this one, but nonetheless this section often has the feel of issues sometimes not fully developed or, worse, largely ignored. In his review, cited earlier, MacMillan points to the lack of an accounting for the events in the ANC's Angolan camps in the mid-1980s. Having had the responsibility in the research department of the Truth and Reconciliation Commission of documenting human rights abuses outside of South Africa, I can only agree with MacMillan. The commission in its final report recorded the events in Angola as the one blemish in the otherwise remarkably good human rights record of the ANC in exile. This silence on the events in Angola, for which Tambo was not directly responsible but for which as leader of the ANC he was accountable, is perhaps the one casualty of this being a family-authorised biography.

In the acknowledgements section of this book, Callinicos records Lionel Bernstein as requesting "a substantial biography" of Tambo. This he got. More than that, Luli Callinicos has, with this volume, made a singular contribution to the history of 20th century South Africa. It is also a wonderful tribute to a man whom President Mbeki in his preface to the book describes as a "brilliant patriot and mentor of our movement" (p 7).

BOOKS RECEIVED FOR REVIEW

The following titles have been received at the New Agenda offices.
Interested reviewers should contact mwnewagenda@mweb.co.za

African Security Review (2005) vol 14, no 2. Institute for Security Studies, 124 pp

Asmal, Kader, with David Chichester and Cassius Lubisi (eds) **Legacy of Freedom: The ANC's Human Rights Tradition.** Jonathan Ball: Jeppestown

Bache, Ian and Matthew Flinders (eds) (2005) **Multi-level Governance.** Oxford University Press: Oxford

Cass, Deborah Z (2005) **The Constitutionalization of the World Trade Organization: Legitimacy, Democracy, and Community in the International Trading System.** Oxford UP, 266 pp

George, Susan. **Another World is Possible If...**

Hadland, Adrian (ed) (2005) **Changing the Fourth Estate: Essays on South African Journalism.** HSRC Press: Cape Town, 247 pp

Huggins, Chris and Jenny Clover (eds) (2005) **From the Ground Up: Land Rights, Conflict and Peace in Sub-Saharan Africa.** Institute for Security Studies: Pretoria, 392 pp

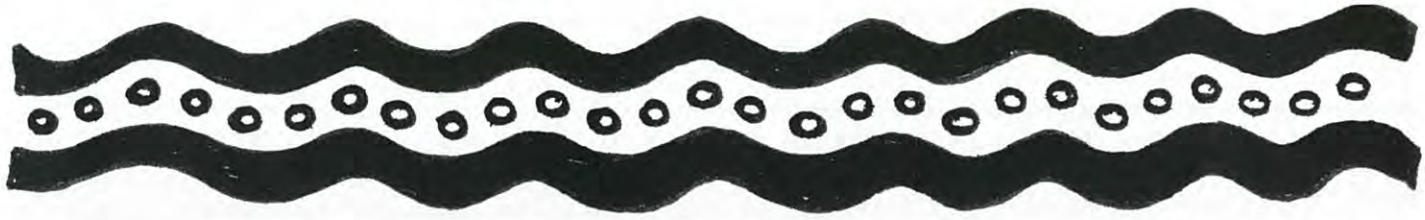
Immink, Bodo, Samson Lembani, Martin Ott, Christian Peters-Berries (eds) (2003) **From Freedom to Empowerment: Ten Years of Democratisation in Malawi.** Forum for Dialogue and Peace, Konrad Adenauer Foundation: Malawi, 252 pp

Kareithi, Peter and Nixon Kariithi (eds) (2005) **Untold Stories: Economics and Business Journalism in African Media.** Wits University Press: Johannesburg, 275 pp

Latour, Bruno (2005) **Reassembling the Social: An Introduction to Actor-Network-Theory.** Oxford UP, 301 pp

Said, Edward. **Freud and the Non-European**

Weiss, Taya. (2005) **Local Catalysts, Global Reactions: Cycles of Conflict in the Mano River Basin.** Institute for Security Studies: Pretoria, 80 pp



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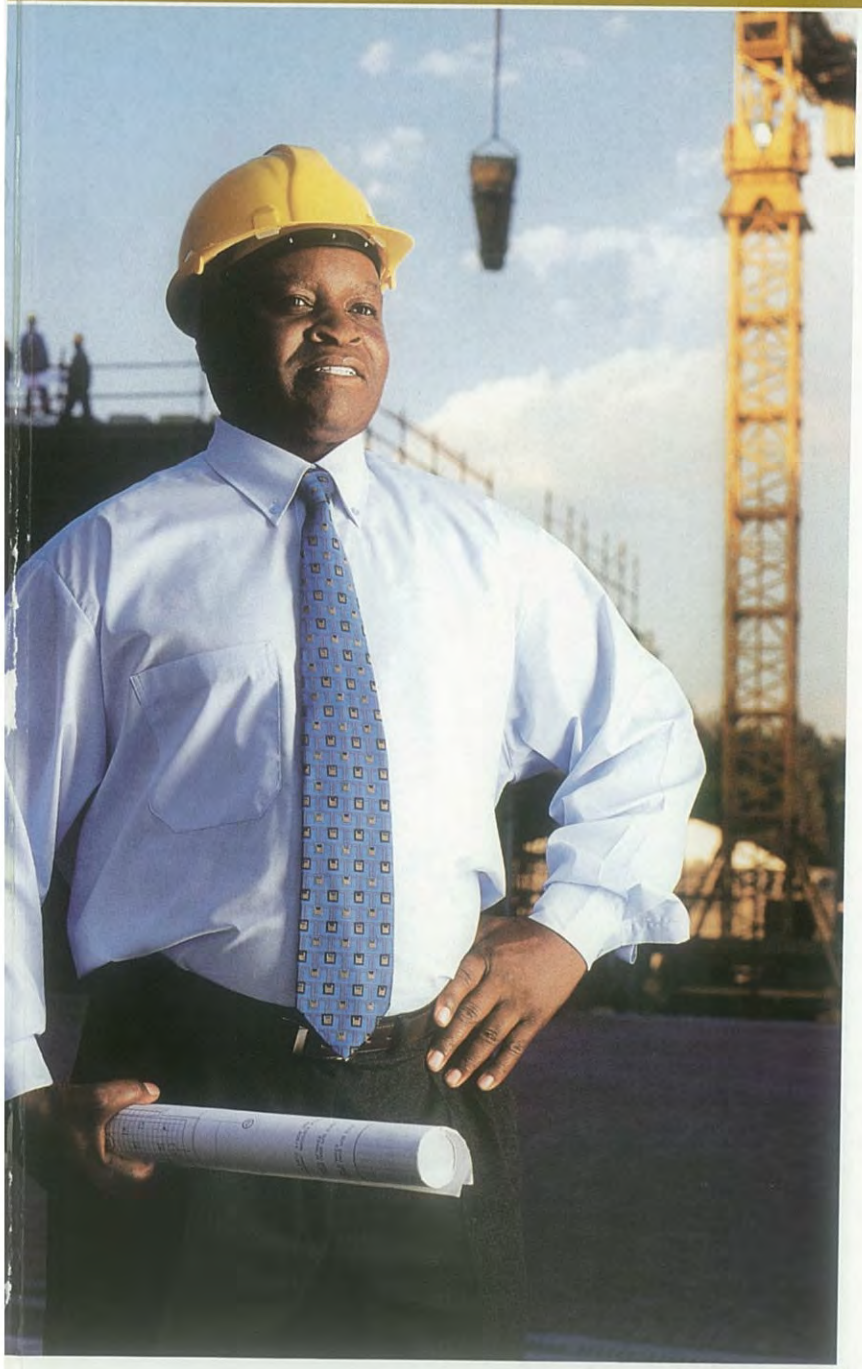

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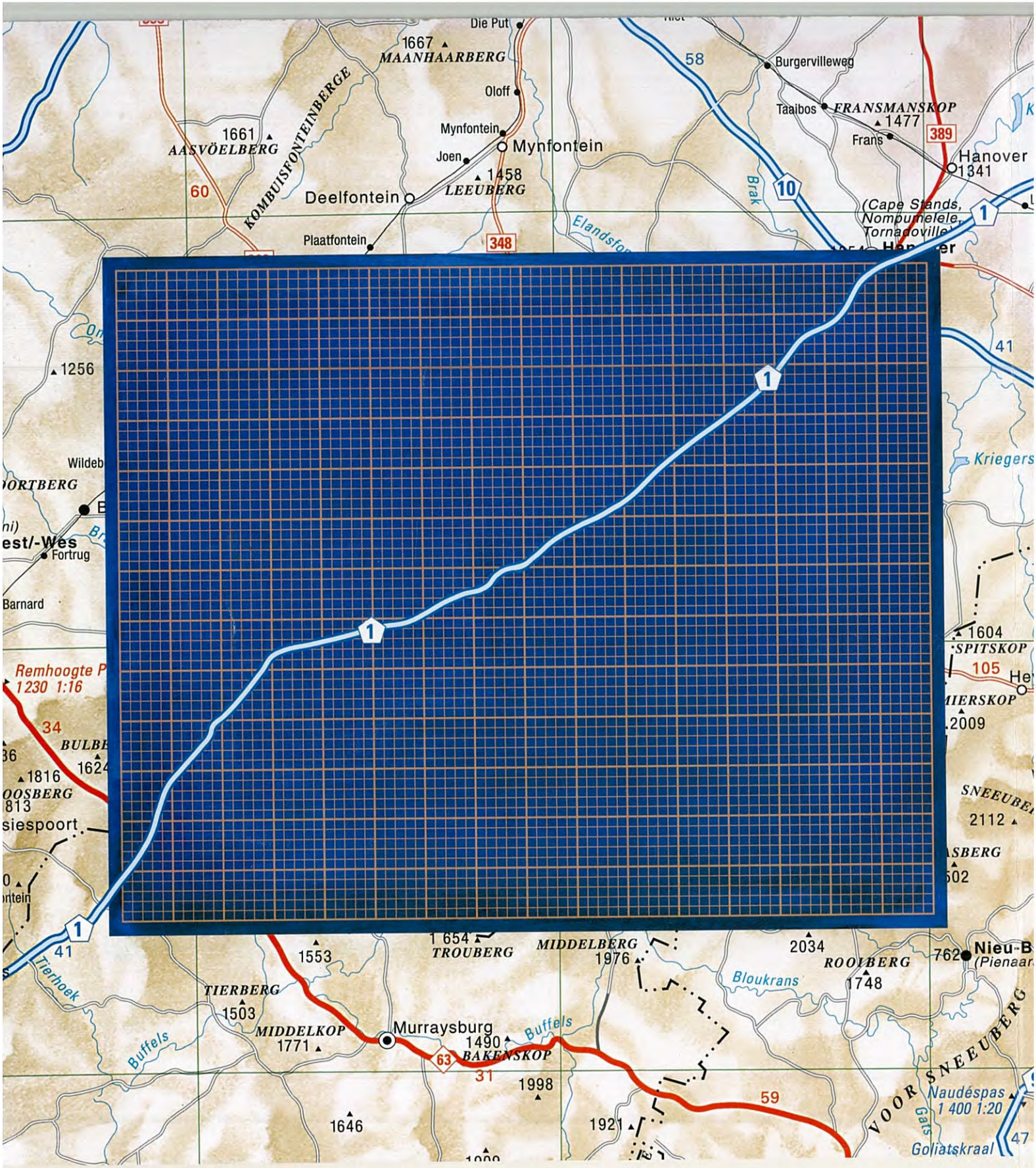

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