NEW AGENDA ISSUE 30 SECOND QUARTER 2008 Picasso Headline

NEW AGENDA

SOUTH AFRICAN JOURNAL OF SOCIAL AND ECONOMIC POLICY

Mamphela Ramphele on black power

BEE: Creates fabulous wealth May fuel nepotism

ETHICS: Our idealism is undermined

CRONY CAPITALISM: Corruption is very high in business

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The ANC and race:

editorial opinion

By **Ben Turok**

The ANC's commitment to non-racialism is well-established, from the 1955 Freedom Charter to the 1996 national constitution. Founded in 1912 as an African organisation, the ANC was, by the mid-1950s, increasing its interaction and co-operation with organisations representing other racial groups. In 1961, Umkhonto we Sizwe recruited cadres who were not Africans and the ANC opened its doors to non-Africans in exile. Non-racialism became ingrained in the style of work and in the representivity of its leadership.

When the Congress Alliance was constituted in the 1950s by the five Congress organisations, the ANC – then exclusively African – took great care to give public recognition to the unity forged with the coloured, Indian and white minorities. The Alliance ensured that leaders like Yusuf Dadoo, Reg September and Bram Fischer were seen to be part of a collective leadership, headed by the ANC. The basis for this alliance had already been laid by the ANC-Indian Congress pact several years earlier.

In the present period, however, the question must be asked whether practice is departing from principle. Let me put the matter directly: *is the imperative of black empowerment and affirmative action eroding the vision of non-racialism?*

In the nominations process leading up to the Polokwane national conference, not a single province nominated a non-African to the top six positions, and, therefore, none was elected. Even the national executive committee has few members from minority groups.

Because this leadership does not adequately symbolise the non-racial vision of the ANC, I suggest that the newly elected executive needs to be supplemented, in some way, to take account of the unique configuration of South African society. Additionally, the present configuration may not provide adequate channels to articulate the views of the large racial minorities, and this could pose dangers for the movement.

The importance of this was brought home to me by a recent analysis of the Venezuelan situation. James Petras (2007), an eminent writer on Latin America, has warned that conditions are ripening for a possible coup against the government of Hugo Chavez. In Latin America, counter-revolution is always an urban affair, based on members of the middle class who are able to exercise enormous leverage through their control of business, communications, transport and so on.

In South Africa, our total population is 48 million. Of these, 38 million are Africans, with about half, or 19 million, in the urban areas. Ten million of our people are coloured, Indian or white and almost all of these are in the urban areas. Hence, the ratio of Africans to the minorities in urban areas is only two to one.

Much of our economic life is in the hands of minorities, including the professions. It seems possible that, if middle class people chose to disrupt the economy by withdrawing technical services, slowing down or even closing businesses, they would have huge leverage, as has happened in Latin America.

When all is going well, the middle-class will be content with an all-African leadership. Even now, business has never had it so good. But if economic difficulties arise, they have the potential to create a great deal of mischief. No doubt the African masses will assert their power and defend the government. But can we afford to be complacent?

Petras argues that the US is very actively supporting the opposition in Venezuela and that big business is involved. A combination of social democratic ministers inside the Chavez cabinet question the latest reforms: hence the failure of the recent referendum to advance Chavez' socialist agenda. And all of this is taking place in the context of a prolonged scarcity of basic foodstuffs, hoarding by retailers and uncontrolled inflation of 18 percent. The middle class is ever more strident, reminiscent of the situation which led to the overthrow of Salvador Allende in Chile.

It seems that progressive forces in power can never relax their vigilance, nor take their power for granted. Above all, the delivery of basic services has to continue, and the middle strata must have no excuse to go into active opposition to the ruling party. The ruling party must ensure that the balance of forces is always in its favour. Ignoring the non-African middle strata could pose a danger to this.

REFERENCE

Petras, J. 2007. "The Venezuelan referendum: A post-mortem and its aftermath", *Third World Resurgence*, No. 207/208, Nov/Dec

It is not just the taking of the money:

It is the destruction of the spirit

By **Mamphela A Ramphele**

Mamphela Ramphele is the chairperson of Circle Capital Ventures. She was interviewed by Ben Turok

BEN TUROK: You've had some very high profile positions: a managing director of the World Bank, vice-chancellor of the University of Cape Town (UCT), member of the board of Anglo American. But now you've chosen a relatively low-key position in business, as I understand it. How do you feel about that?

MAMPHELA RAMPHELE: From my student activist days to date, I have attempted to live my ideals through whatever I am involved in. As a young medical student, once I became politically conscious it made logical sense that I would become a community activist. There is a common thread in my life that links the personal, the professional and the political. This doesn't always make life easy, because you make conscious tough choices every day of your life, but so far this life-approach has served me well.

This common thread makes it logical for me to be comfortable with high-profile positions such as you described and the relatively low-profile position now as chair of Circle Capital Ventures. Each one of these positions offers an opportunity to be a catalyst for change and make a difference. The links between the personal, professional and political also give me peace of mind, as well as the capacity to survive in tough situations – such as the period of eight years in banishment in a remote area of South Africa.

BT: When was that?

MR: That was between 1977 and 1984, when I was banned and banished to Lenyenye township in what is now Limpopo province, in the district of Tzaneen.

BT: You were in Tzaneen?

MR: When you are banished, you are restricted to a remote area. I was restricted to what they called the Naphuno district, a very large area, a 50km radius around the town of Tzaneen, dotted with villages, comprising a population of about 100 000. They thought, well, I would disappear into oblivion in that sleepy place. But of course I had a skill as a medical doctor that was critically needed in that part of the world, with its high infant mortality rates and other diseases of poverty. In Lenyenye township, the impact of rural marginalisation and poverty was graphically captured in the local graveyard, by row upon row of tiny little graves – children denied the right to life by the cruel apartheid system.

BT: You were a qualified doctor already?

MR: Yes, I was qualified in 1972. By the time they restricted me, I had already started the Zanempilo Community Centre in King Williamstown. The whole purpose of the banishment order was to take me away from Steve Biko and to break up the community of activists that had settled in that area. They literally flung us to different parts of the country to break our spirit of resistance and commitment to radical change in the system of governance in our country.

Lenyenye is situated in a tropical area where people knew very little about the human body. I had to explain to people how diarrhoea and vomiting affects the body, and why children die so easily from it. I helped them to learn to manage acute diarrhoea and vomiting by replacing the lost fluids and stabilising electrolytes. Because it's a self-limiting infection, the child normally survives without the intervention of antibiotics. I used my professional knowledge and became a popular doctor in the place because I didn't say that there was a magic solution, but that people could help themselves. Every encounter with every village was an opportunity for me to know about the area and for them to know a little bit about healthcare and how their bodies worked. Every encounter was an opportunity for transformation, of the relationship between doctor and villagers, and of the whole area.

The security police got very worried about this popular terrorist in this rural area, so they restricted me to the township with only 800 households. I said to them that if they put me in a cave, I would find a sick baboon to attend to and I would just keep going. Villagers came from all over the district to Ithuseng Community Centre in Lenyenye township, despite attempts by security police to stop them.

BT: How do you relate that to your roles at UCT and the World Bank?

MR: When my banning order was lifted, I came to UCT in 1984. I have always wanted to live in the Cape. When I came here the first time, in 1975, flying in over the most beautiful place in the world, I said, "This is where I am going to live."

So, when my banning order was lifted I came here, and I went to UCT because of my friendship with Francis [Wilson], who was then a professor of economics there, and he arranged for a research scholarship for me in SALDRU [South African Labour Development and Research Unit]. We together wrote *Uprooting Poverty: The South African Challenge* (New York: Norton, 1989). It was my first major work. As you said, talk is cheap; writing is expensive. Writing is also a joy. It stimulates the mind. One has to be careful about words and how to use them. Francis taught me how to write, and once I was bitten by that bug, I wouldn't stop.

Neither black nor white, nor men nor women of South Africa have any experience of what it means to live in a non-racial, non-sexist society.

I went on to write about migrant labour compounds in Cape Town as the outcome of research that formed the basis of my thesis for a PhD in social anthropology. I believe that the legacy of those migrant labour compounds can be seen in the social disintegration plaguing our democracy, including the HIV/AIDS epidemic we struggle with today.

BT: You were going to discuss this with Anglo on the board? That is the foundation of their empire.

MR: That's fine; that doesn't stop me from talking to them about it. I raised this issue on numerous occasions as an Anglo board member in the 1990s, as well as today, as a member again since 2006. Whether you and I like it or not, Anglo American is a force that cannot be ignored. If you want to be a catalyst for change, your points of entry must be strategic and have the potential for significant impact on the system as a whole.

BT: What did they say?

MR: Well, they said they couldn't afford to re-house their workers. I told them that they could not afford not to afford to do it, but I didn't win the arguments at the end. It is good to note that they are now actively pursuing more progressive housing models for their workforce. I guess it is "better late than never", but there is great urgency and the scale of the problem is now much larger, too.

SPEARHEADING TRANSFORMATION

MR: (continues) I resigned from the Anglo board when I was appointed vice-chancellor [at UCT] in 1996. However, I did succeed to introduce change in employment practices at Anglo, through a framework that is now mirrored in the Employment Equity Act.

I enjoyed being a researcher at UCT until Dr Stuart Saunders, the then vice-chancellor, in his wisdom, decided to arm-twist me into being his deputy in 1991. He was acutely aware of the need for someone like me to help them spearhead transformation at UCT. He realised that people of his generation and profile had difficulty dealing with much of the complexity of the transformation process. Often it is not that people do not want to transform, but they may not know how to do the right things.

BT: That's interesting: "we don't know how to do it." Did you believe that?

MR: I did. For example, during the time I was there, more and more black students came to UCT. We had an epidemic of sexual abuse and sexual harassment amongst students, particularly between black students – black male students abusing black female students. Obviously, from what I then learned while doing the investigation, white male students were also abusing female students, but in the privacy of their apartments. Black student abuse was in the public residences and so it was a public affair. Many of the men grew up in a violent environment where abuse occurred regularly in their homes, communities and other public spaces. The environment was not unlike that of today in our country. Routine abuse normalises abusive behaviour. Our investigation and research outcome led to policies that drew the line between right and wrong. Anti-harassment policies dealt with all aspects: sexism and sexual harassment, racism and racial harassment, and anti-discrimination in the widest sense.

These policies transformed social relationships and opened the eyes of traditionalists to the practices they tolerated as part of "normal young men" behaviours. "Boys will always be boys", they used to say. I said, "No. Boys have to become men, and universities have a duty to help them to become well-behaved men."

BT: But how does that that relate to transforming an institution?

MR: My understanding of transformation has got three elements. First, opening up the institution for access by everybody is key to changing the demographic profiles of our national institutions. Financial and academic access mechanisms are central to success. Second, creating support for the development of the full potential of all those admitted, to become the best they can be as citizens and professionals.

Third, to change the institutional culture to create an inclusive climate that promotes excellence and equity. If you have an institution dominated by white people – white males – it will reflect that in the way you conduct university ceremonies: the etiquette and the language all reflect the people within an institution. The shameful incidents of racial and sexist harassment by white male students directed at black women that happened at Reitz residence at the University of the Free State attests to the importance of changing institutional cultures.

Transformation seen in this holistic way involves change in attitudes by all stakeholders in our society. Neither black nor white, nor men nor women of South Africa have any experience of what it means to live in a non-racial, non-sexist society. We all need to acknowledge what we know and what we don't and be comfortable about learning from others.

OPENING UCT

BT: Did you succeed in those areas?

MR: Well, yes and no. I succeeded largely on the issue of broadening access. It's not just "opening the doors of learning to all", but also about putting all the support in place within the system. A lot of that was because Dr Saunders, my predecessor, had already put a system of enhancing excellence in place. For example, we have an Alternate Admissions' Research Programme (AARP), through which UCT identifies the 10 best students in every school across the country and then gives them a pre-university test that focuses on English literacy and mathematical ability. Those succeeding have a head start in the admissions process, unless they fail hopelessly in their matriculation exams.

Academic support provided to students with foundation gaps in their school preparation was difficult for many black students to accept in the 1980s and early 1990s. Black students, who were the *crème de la crème* from their schools, found it hard to accept what they saw as a ghetto to which they being confined. My personal development, as a product of Bantu education, starting standard nine without a maths or science foundation, helped me to encourage them to see academic support as a resource and not a curse. Science was easy for me to catch up with in standard nine, but maths requires a language I had not been exposed to. If you don't have the language of maths, you can't make sense of adding and subtracting letters of the alphabet combined with numeric signals. I told the students that I requested academic support from the school principal, resulting in extra classes being provided for all struggling students. I would not have succeeded in life without that support.

Academic support programmes to deal with the legacy of poor-quality schooling are now accepted as part of our higher education landscape. Failure to insist on academic support to promote the development of the talents of young people results in third class degrees and unemployable tertiary education graduates. UCT succeeds in promoting excellence and equity and thus in producing graduates who are, in most cases, ready for the world they enter.

We did somewhat succeed with changing the institutional culture. Of all the universities in the country, women at UCT are free to wear what they want; no one dares touch them. I was initially very unpopular with black male students who believed that I was targeting them with the anti-sexual harassment policies they often found themselves in deep waters about. During the public hearings for my appointment as vice-chancellor, they gave me a real tough time. They accused me of hating black male students and of protecting women at their expense. Anyway, long story short, a lot of those young people, when I meet them today, are very grateful that I challenged them beyond their comfort zones. Our failure as a society to challenge sexism is partly reflected by the epidemic of abuse and rape cases that negate the human rights tenets of our national constitution.

Why did I choose to be at UCT, as an idealist? I think that one of the biggest challenges of the transformation is taking ownership of the institutions of our society. Some may be tainted and have discriminated against us, like parliament, like the Union Buildings, but we have to transcend that history and take charge of them and transform them to meet the new realities.

It is ironic that there seems to be a problem with accepting higher education institutions. Historically-white institutions were often demonised. I made the decision to stand for this principle of taking ownership of *all* our institutions and stood firm in protecting UCT from the ravages of the populism of the time. For example, the then minister of education, Sibusiso Bengu, proposed that state subsidies for universities such as UCT should be top-sliced and given to historically disadvantaged students to redress the discrimination of the past. The unintended consequences of such a policy would have been to reduce support to well-performing institutions and give it to poor performers, without any performance contract to ensure that the public interest was promoted.

Redress in higher education has to be aimed at enhancing outcomes, not as a compensation for past wrongs without concomitant accountability to meet agreed performance targets.

UNINTENDED CONSEQUENCES OF BEE

BT: How does the question of taking ownership apply to the corporate world, where you are now?

MR: The corporate world is a tough world when it comes to this issue of ownership. As a board member of Anglo American, this is still a big issue. Somehow, corporate culture in South Africa still lags behind many other institutions. The ownership question is being addressed, in many cases, in a cynical way, to tick the box of the requirements of the black economic empowerment (BEE) codes of good conduct. The challenge in South Africa for transformation is how to intervene in the private space with a constitution that guarantees the protection of private property.

In the corporate world, you can't force shareholders into deals that do not make business sense to them. Their personal interests have to be aligned with the public interest. On the ownership issue, many have used BEE to gain access to political decision-makers in return for facilitating ownership deals for prominent well-connected individuals.

As a board member, one has to push management to go beyond merely "meeting requirements" to extending ownership more broadly, to benefit the poorest people as an investment in a more stable democracy. BEE is a great policy, but the unintended consequences may fuel corruption and nepotism.

BT: Is that pushing succeeding?

MR: We are succeeding in some ways, but, as you know from the media reports, the unintended consequences of black economic empowerment that is too narrowly based are fuelling growing inequalities. Fabulous wealth is being generated by the same economy that continues to generate low-paying jobs for the majority. One of the major flaws in the BEE policy is in not placing any obligations on those who have been empowered to empower others. The opportunity to create multiple positive feedback loops within those previously disadvantaged is lost.

At Circle Capital Ventures, we believe in the wisdom reflected in the African circle. Sitting in a circle is a statement of equality of voice and inclusiveness. A circle can be enlarged to include more people – the more, the merrier. Circle Capital Ventures started life as a very small company four years ago and is steadily growing into a significant financial services player. Even though we haven't started making much in the line of profits, whatever resources come our way, we invest in programmes of empowering others. Planting the seeds of investment in people and growing with other companies in creative partnerships is our *modus operandi*.

BT: Why is it that the black beneficiaries do not pass it on? What's going on?

MR: It's partly going back what I told you right at the beginning. If you have an orientation where the personal, political and professional go together, what we are doing becomes logical. But if you have the mentality that "it's now my turn to enjoy the fruits of being wealthy, and it's just too bad that other people have not been as smart as I am", then meaningful transformation of our socio-economic situation will be difficult to realise.

BT: But many of the people we are talking about have got "struggle credentials", have been in prison like you and me, have been through the mills. Why is it that, because they are now beneficiaries in the corporate world, they tend to ignore the rest of society?

MR: To be fair, there are some who don't ignore the rest of society – but the majority don't seem to care. It is a cruel irony of history that some of the worst leaders are people who were leaders in political struggles for liberation. It is very easy to be corrupted by power and greed, and people become blind to injustice against their own people. Some even claim the right to abuse power because they take responsibility for having made liberation possible. They feel entitled to the power, the wealth, and demand unquestioning loyalty. One would have thought that, for someone who is already a billionaire, it does not cost much to give 100 million to this or that or the other cause, but the reality seems to be different.

BT: How many pairs of shoes can you wear at the same time?

MR: Thank you! And however expensive! I'm sorry, but there are some people's wives who are said to be wearing shoes costing R150 000 a pair. There is no end to what is possible in conspicuous consumption.

BT: It's still only one pair of shoes?

MR: (laughs) I don't know about the R150 000 when I see you. I just see you with a nice shoe; it could be R50, it could be R5 000, it really doesn't matter. It's the corruption of greed and power, "because money represents power, and the more I have of it, the better".

RETAIN WHITE SKILLS

MR: (continues) Another problem that should be at the heart of the transformation debate is a shared understanding of empowerment. When we talk about empowerment, we tend to frame it as taking away power from one group of past beneficiaries and giving to a new group. Our employment equity practice reflects this zero-sum notion of empowerment. It has cost us dearly in today's competitive global labour market.

By ignoring the value of retaining white male skills while developing and strengthening those previously excluded, we are in a lose-lose-lose scenario. It doesn't matter however smart one is: if one does not have the technical expertise, one cannot run a modern socio-economic and political system. If I am not an engineer, I cannot run the engineering works of the city of Cape Town.

Failure to recognise this reality has created huge problems in our society. Whether we like it or not, white men have been trained over centuries to occupy key positions. Taking ownership of the institutions of our society would enable us to retain these skills, mobilise them to promote the development of the next generation of professions and grow the economy much faster to absorb the growing pool of labour.

We must own the skills that we have developed from the pool of our great-grandparents', grandparents' and parents' taxes, which are lying logically with the majority of white males. Instead of losing this valuable investment to Australia, we could keep them here. That is one of the successes I would credit myself with at UCT, because I said to those predominantly white professors (90 percent of the professors when I took over at UCT were white), that they should to stay at UCT because we have a job together to train the next generation.

I tell you, some of the best professors were the white males, in engineering and science – traditionally conservative – who became part of a cadre of people committed to promoting excellence and equity at UCT.

BT: Why is this not happening in the corporate world?

MR: Visionary leadership is needed – and I am not saying I am the only visionary leader – but for me, the intertwined nature of the personal, professional and political makes it imperative. I can't go home if I have failed deliberately to intervene, when, for example, I see a black student being abused or a woman being skipped over for promotion or something happening when it's so obviously wrong.

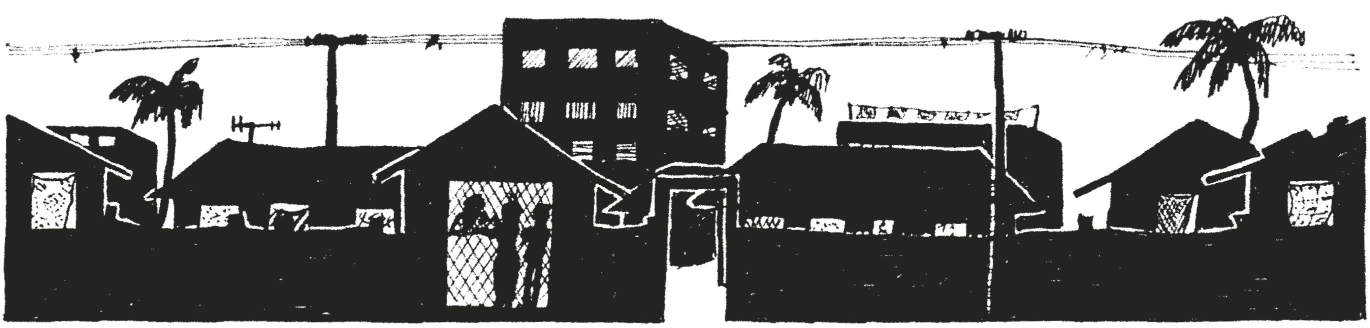
THE SCALE OF CORRUPTION

BT: You were speaking of the problem of greed in the corporate world of black business. If you placed it in relation to all our problems in South Africa, how high would you put it?

MR: It's very high, because it is at the root of corruption…

BT: So the scale of corruption among black business people is very high?

MR: Corruption is very high in the business sector as a whole. It is not just black business, because you must have a corruptor and a corruptee. The whole BEE policy has in large measure been hijacked. When most companies are looking for a BEE partner, they are looking for someone who is connected to the ANC, someone who can open doors. They don't care how many times this person has



been empowered; that's what they need. They are not in the business of empowering those not empowered. They are looking to empower their own businesses by being seen to have the right partners.

BT: Who are those people, the ones that are in the ANC and their connections? What do they do?

MR: It depends on where you are looking.

BT: Take "X", who is a senior person within the ANC, who was in government. Now big companies say, "X, come and be on our board". What is X supposed to do?

MR: Well, I don't think it's as unsubtle as "your mandate is to make sure that government doesn't treat us badly". But it is a very subtle thing because, also remember, in terms of employment equity and the broad-based BEE, there are obligations on companies to do the right thing. In the BEE space, there are genuine benefits for all parties, despite the risks we spoke of.

BT: What is the benefit to the company of putting X on the board?

Anglo said they said they couldn't afford to re-house their workers. I told them that they could not afford not to afford to.

MR: The benefit is as you have seen. This person will now be able to go to his/her former connections and say, "You must put this in front of the deal for procurement purposes."

BT: But that's illegal.

MR: Yes, it's illegal, but you and I know it is happening. We still do not have laws and regulations prohibiting former public servants from using their inside knowledge to benefit themselves and their business associates. There is still no cooling-off period in our system between public service jobs and private business engagements. Corruption is very easy and it is widespread.

BT: There are two parties to this illegal action. Both are corrupt and both are illegal.

MR: And, as we now are beginning to know, your party, the ANC, is also encouraging that. If what has been said about Chancellor House is correct, then you see that party funding also ends up being part of that circle of corruption. Now, that totally completely defeats the purpose of BEE, because it is not money that is going to benefit those who have truly been disadvantaged. It becomes compensation money: we led the struggle for freedom; therefore we are entitled to a BEE deal. How many actually use that language? "We gave you this freedom to do this business, and now it's our turn." You know that many white people are scared of upsetting black people, so they give in.

BT: What are the consequences of all this?

MR: This is the biggest challenge this country faces, because we have corrupted what was actually a very creative policy. It now has a cancer that we need to deal with. Unless you can put radiation through it or some chemotherapy to take away the cancer cells, this policy is going to end up no different from the kind of corruption Nigeria is dealing with in the oil industry. I think parliament must be heard on the issue of the funding of political parties. I am very happy as a taxpayer to be asked to contribute 1 percent of my tax money, so that there could be a large pool of money to fund political parties, like they do in Scandinavia. Such public funding of political parties takes away the excuse for corruption, so we can as a society come down like a ton of bricks on both corruptors and corruptees.

BT: How big is this class that benefit from this corruption? Can you put a number to it?

MR: It's very difficult to know because it's got tentacles, but I would imagine we are looking at 10 percent of the population that's benefiting from this.

BT: As much as that?

MR: I would think so. You have to include both sides of the corruption divide.

BT: That's the cream of black society?

MR: This is why it is such a big problem. It is not just the taking of the money, it is the destruction of the spirit. The idealism that drove us to lay down our lives literally for the struggle is being undermined.

WE LOST OUR WAY

BT: So what are the prospects of what the ANC calls "the national democratic revolution", because it includes, as a motive force, these people you are talking about?

MR: Let's put it this way. I don't believe in that jargon because I just think it is revolutionary rhetoric. We have lost the idealism of our struggle for freedom over the last twenty years. It is sad to admit that, towards the end of the struggle, we lost our way spiritually. When we started condoning necklace murders, we lost our way. When we started having those consumer boycotts, where people in the leadership elevated themselves above ordinary people who had to endure the inconveniences of the boycotts whilst they continued to shop at Woolworths.

The pulling away of the elite from ordinary people and their concerns breaks that "vital link" between ordinary people and their leaders, setting the scene for the failure of governance so poignantly painted by Chinua Achebe in his book, *Anthills of the Savannah*. Stalin became a dictator because he began to see himself as sovereign – the embodiment of the will of the people. We have lots of sovereigns, small and big, who see themselves as being above the law and above accountability to ordinary people.

Our society is too focused on matters material and matters of political power. Spiritual matters – and by "spiritual", I'm not talking "religious". I'm talking about living one's life in a manner that reflects the values we committed ourselves to at the dawn of our democracy: equality, non-discrimination, respect for human rights of all, integrity, and solidarity with the most vulnerable.

We need to reinvigorate debate about the values and ethics that should characterise our society, and the means by which to hold leaders, in both the public and private sectors, accountable to these values. We've had these debates in the 1970s. We've had them in the early 1980s. We had them at the beginning of the final push, with religious leaders, people across the political and social spectrum, coming together to say "no" to a system that undermined us as creatures created to be the best we could be.

BT: I think you were present when President Mbeki gave his Mandela lecture about corruption. He clearly said the same thing you're saying, perhaps not so vigorously, but he did.

MR: You are right to point to the president speaking against corruption. The unfortunate reality is that our president has not been consistent in speaking against corruption. For example, Chancellor House, as a front company for the ANC, undermines the standing of the president. First, establishing a front company violates the BEE codes of good practice that frown upon front companies. Second, if one believes the claims of the former treasurer of the ANC that he had the blessing of the president to approach Eskom to support the Chancellor House bid as part of a consortium that won the tender for building new power facilities, then it is gross abuse of power by the ruling party for its own benefit. To date, the president has not distanced himself from these claims. That's crony capitalism at its worst. Our president should be seen to be not only speaking against these practices, but also acting against those involved.

HOW TO FIGHT CORRUPTION

BT: How does South Africa cope with this corruption, now it's so widespread? What do we do about it?

MR: Firstly, we need leadership that will stand up and be counted on this issue and be seen to be consistent in denouncing corruption and leading by example. Secondly, we need to strengthen the institutions established to deal with corruption. It does not inspire confidence for political leaders to propose to do away with the Scorpions who have the best track record in our governance system of dealing with corruption thus far. They are the only force that has so far managed to bring anybody to book on the corruption issue. We are proposing to demobilise the only viable battleship against corruption, in the face of mounting evidence of widespread corruption problems in our society. How can one explain the logic of this proposal? We should be sending a consistent signal to all and sundry that corruption doesn't pay.

BT: How do we do that?

MR: It is currently difficult to do so credibly. If you have your commissioner of police under a cloud of corruption for as long as ours has been, it is tough. I'm not suggesting that he is guilty, but few democratic countries would allow someone in his position to stay on for as long as he did, without him being asked to stand aside so that allegations against him could be quickly and systematically investigated. Unfortunately, the message that has been sent to his colleagues in the police force is that he was treated favourably because of his special relationships with those in powerful positions. How can such a message make sense if we are serious about fighting crime and corruption?

We also need to have consistent messages sent across society in all institutions.

In this little company [Circle Capital Ventures], we do not tolerate corruption. My son and his partners understand that is a red line that no one should cross. In the home, the message must be clear: you don't buy stolen goods. In the schools, everywhere, we need to be sending the clear message that no one is above the law and the long arm of the law must be strengthened. I do believe that the Life Orientation curriculum in our schools provides us with an opportunity to teach and discuss ethics and values. We need to have debates about what it means to respect human rights. What are the specific human rights we have committed ourselves to? How does the affirmation of rights go with acceptance of corresponding responsibilities to those rights? One can't insist on the right to respect whilst trampling on other people's right to be treated with respect.

We have the instruments to do the right things to lay the foundations of a better society. What seems to be missing is the political will to do what is right.

BT: What do we say to white corporate business, which is the other side of this coin? They are very powerful.

MR: We need a social movement to address the above challenges.

Corporate South Africa, like the rest of the global corporate body, often pays lip service to "sustainability". Sustainability reports focus on sound environmental practices, social investments and good governance. Why? The logic is that being part of corruption puts the sustainability of your business at risk. Many businesses ignore this because of short-term gains. Corporate white South Africa's support for apartheid was informed by the same short-termism.

Many now deny their complicity in that project, but the reality is that apartheid was not a sustainable base for wealth creation and we are now reaping the bitter fruits of that legacy. I dare say that my failure to convince Anglo to do away with migrant labour compounds was due to the same short-term considerations.

In a way, Anglo has to take a large share of responsibility for having introduced the system of labour migration and the horrid compounds that became the breeding grounds for the HIV/AIDS epidemic in this country. In migrant labour compounds, where men are kept in places like chickens in a coop, there is no self-respect. Prostitutes are all over the place to minister to biological needs of these disrespected men. Sourcing labour from countries, such as Malawi and Zambia, that were in the eye of the HIV/AIDS storm made us even more vulnerable.

It is a scandal that this system was allowed to fester for so long. We can't just brush it aside. White corporate South Africa has to take responsibility for it. It wasn't just Anglo that was practicing migrant labour. A whole lot of other industries were benefiting from this cheap form of labour.

CONSTRAINTS ON BLACK ENTREPRENEURS

BT: You are running a black company, headed by a black person. Let me ask you, what are the mechanisms that block black businesses from advancing?

MR: Corporate finance and a supportive environment. A lot of young, black and women entrepreneurs come into a space that is not friendly for small and medium enterprises. A large barrier is access to funding. The four big banks in this country have been the biggest beneficiaries of the empowerment process. They are the most empowered sector of economy. They advise the vendor of corporate shares. They finance the deals and impose conditions on their structuring that often constrain the creativity of the new entrants. They end up singing all the way to the proverbial bank.

The whole idea of being a capitalist without capital is truly a challenge. My son, like many entrepreneurs in his situation, works very hard, but it will be a while before he can see liquidity his business. We make very profitable investments but we have to pay off the financiers before we can see the benefits of those investments. That's one major barrier.

The second barrier is simply the issue that has led many to corruptors, because, when putting in a bid for procurement opportunities, one is up against those who are well connected to political decision makers. For example, in one of those opportunities, we were the only bidder that was empowered in terms of BBBEE codes of good practice. When the whole bid was processed, there were suddenly rule changes in midstream that gave advantages to our competitor. Things must have gone on behind the scenes to ensure that a particular company gets the bid. There is total unfairness in a lot of the procurement processes because of corruption.

BT: And you as a non-crony partner are left out?

MR: Yes, you are left out. So unless we go and we get one of the usual suspects to be with us, our chances of winning bids are low.

BT: That's how it works?

MR: That's how it works.

BT: So it's an exclusive club which procures and which benefits and the banks collude in this?

MR: Not just the banks. It's the wider business community that recognises that, if you don't have particular known people in the consortium you are putting together, you are not going to get the brownie points that you need to win favour with those who matter.

If you have the mentality that "it's now my turn to enjoy the fruits of being wealthy, and it's just too bad that other people have not been as smart as I am", then meaningful transformation of our socio-economic situation will be difficult to realise.

MINING RIGHTS

MR: (continues) Let's take mining. I don't understand how the ANC government could have acquiesced to the disenfranchisement of poor rural communities. You know, in the old system, land was taken away from those people because they were black. Now, in the new dispensation, communities living in areas where significant reserves of mineral resources are located find themselves marginal to the real benefits. The state owns the mineral rights, but little attention has been paid to ownership by local communities in the empowerment deals that have been struck over the past few years.

In Limpopo, Mpumalanga, right up to Musina, vast platinum and other deposits are to be found. The communities who live on that land don't own those mineral rights; the mineral rights are all owned now by the government. The rights are given to the mining companies on condition that they fulfil certain requirements, including having credible BEE partners. Whilst no one would oppose the participation of strategic partners, no attention has been paid to including local communities in ownership structures in a meaningful way. They often get given a small community trust with insignificant direct benefits to most of them. The best amongst the mining houses also provide new houses as part of the relocation process. Anglo Platinum has done a great job in this regard in its Potgietersrus mine near Polokwane. The rural township they established is exemplary. But community ownership of the wealth from the mine has not been addressed.

Ownership is critical to long-term sustainability of these impoverished communities. There is a fine example of the Royal Bafokeng tribe in North West. That community shares in the wealth generated by its platinum deposits. Education, health and other social investments are being made possible by the revenue flowing from the mine royalties. In addition, the communities are building an equity base for their long-term needs. Why can't this successful model be applied to other communities to empower the people who deserve empowerment most? It is an issue that has to be urgently resolved before it explodes into social instability.

BT: What makes a difference between the two cases?

MR: Ownership. The Bafokeng people have ownership over the wealth generated by their land. They have equity.

BT: They managed to fight for that equity?

MR: Yes, and people in other villages are also trying to fight for these rights, but they are meeting resistance from mining companies. I was hoping that our government would do better than the previous governments.

The fundamental transformation – of our economy – is only going to have real meaning when we take into consideration those rural villages. There is no other economic activity in those areas. Most of them have their livelihoods disrupted by relocation with very little compensation beyond the token amounts given to them. Yes, there are many who have benefited in those areas, in jobs and training. Anglo has a successful programme, Anglo Zimele, providing support to emerging companies to become part of the supply chain for their operations.

Can you really imagine how much more we can multiply that if our government were to promote this wider sharing of the cake of our mineral resources? Big deals do not benefit ordinary people on the ground. Real empowerment must be about ordinary people whose land is yielding the wealth that is driving our economy.

SMALL BUSINESS SUPPORT

BT: Mining is always a very fairly special case, although I accept what you're saying. Let's take another business. A black company starts a small factory to manufacture furniture and they go to government and they apply for procurement. What happens there?

MR: It depends on where they are. I would like them to be in a place where they have the support to get finance and training to make their businesses succeed. I am privileged to sit on the board of Business Partners, in which the government and Remgro are the big shareholders alongside other smaller corporates. Business Partners has the best model of supporting small and medium enterprises. We need to focus on doing more in this small and medium sized sector to grow a broader based economy.

Business Partners has set up a special fund for women to help women reach their full economic potential in a society that has previously discriminated against them on the basis of gender and race. Many women are starting and expanding sustainable businesses. The Business Partners Women's Fund is enabling them through finance and mentoring. By dedicating a fund that assists women entrepreneurs to own and grow their own small and medium businesses, Business Partners is doing the real job of empowerment.

BT: Who's the chief executive?

MR: Jo' Schwenke. We really have to thank him a lot for the technical know-how that he injected into the company.

BT: But that's a small programme.

MR: Yes, but if you add the Anglo Zimele effort to this, you can see the potential of what the corporate sector can contribute to true transformation.

BT: Let's take the less privileged people. What are their obstacles?

MR: They are really on their own. They don't have the funding nor the business know-how to get started.

BT: So they are going to go to a bank…?

MR: Yes, and the bank is going to say, "for us to support you, we have to make sure, we have to take an equity in your business as part of managing the risks of lending you the money without a track record." The fortunate amongst those who go through that route ultimately manage to pay off their debt and succeed.

But the other problem facing small and medium entrepreneurs is that of delayed payments by the very government that is meant to empower them. For example, many suppliers to local and provincial governments end up facing cash flow problems because officials don't pay them for months because of corruption and incompetence. So a lot of small businesses go bankrupt.

BT: Do white corporates interfere in this kind of thing as well?

MR: Well, indirectly. Everyone sings from the hymnbook of BEE, but some of the big supermarket chains undermine the small suppliers by forcing down their profit margins, delaying settling their accounts, and not being helpful to support the emerging entrepreneur. They get squeezed. Some end up failing.

Mutual respect and open dialogue:

How BHP Billiton relates to government

By **Vincent Maphai**

The author is the chairperson of BHP Billiton South Africa Ltd. He responded to questions posed by *New Agenda* editor Ben Turok

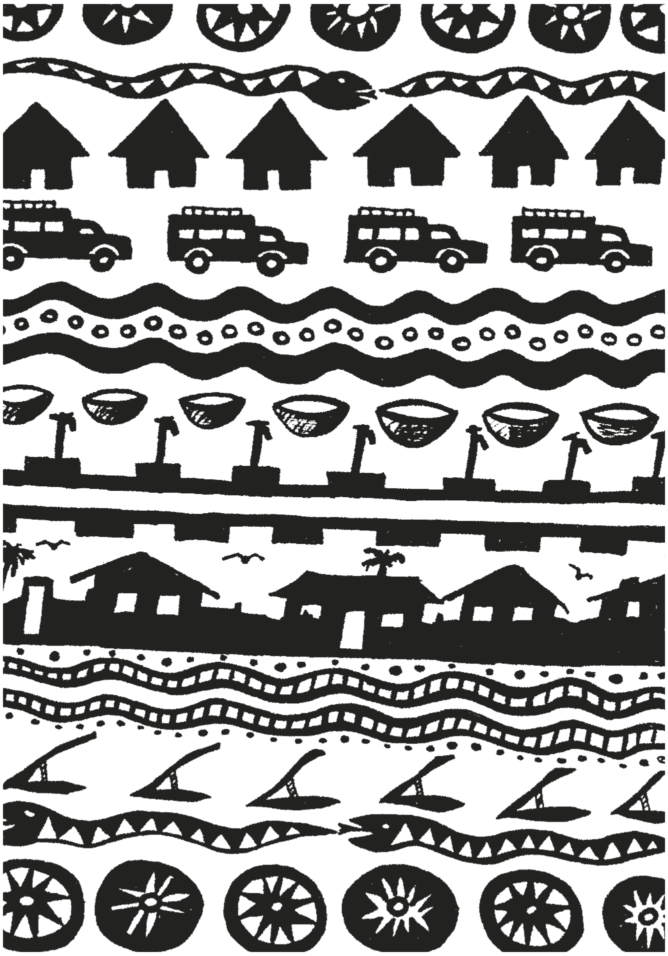
BEN TUROK: How significant is BHP Billiton in the South African economy?

VINCENT MAPHAI: BHP Billiton is the world's largest diversified resources company and it has significant assets in South Africa in energy coal, manganese, aluminium and mineral sands (in a joint venture with Rio Tinto). The company employs over 10 000 people directly and thousands more indirectly. BHP Billiton is also a shareholder in the Richards Bay Coal Terminal. BHP Billiton Energy Coal South Africa Ltd (BECSA) is South Africa's largest coal producer and one of the largest energy coal exporters in the world. We have two areas of gas exploration off the west coast of South Africa. We are currently in the process of negotiating the renewal of those licenses with the government.

BHP Billiton advances empowerment initiatives in line with the Mineral and Petroleum Resources Development Act and the department of trade and industry's Codes of Good Practice. We also invest in and prioritise health, safety, environment and community programmes.

BT: How significant is BHP Billiton in the African economy?

VM: Africa has become increasingly important as a major producer of commodities needed to fuel world



We understand the needs of the country and continue in our efforts to assist where we are able to, be it with capital investment or through our corporate social investment initiatives.

growth. It is relatively unexplored and has approximately 30 percent of the planet's mineral resources. There are challenges to mining investment in Africa but the situation is generally improving and some countries have made remarkable progress. Social investment is an integral part of the growth plan. There is a need to foster a stable economic and political environment in order to attract private investment. We have several interests in Africa.

In Mozambique, we operate the Mozal aluminium smelter, which is owned 47 percent by BHP Billiton, 25 percent by Mitsubishi, 24 percent by the IDC and 4 percent by the Mozambican government. Mozal entailed a capital investment of approximately US$2 billion. It produces more than 500 000 tpa (tonnes per annum) of primary aluminium, has approximately 1 150 employees on site and approximately 1 600 contractors and indirect job creation of roughly 10 000 jobs. The Mozal Community Development Trust has over two hundred projects relating to health, small enterprise development, education, sports, culture and partnerships with NGOs.

The Democratic Republic of Congo is rich in minerals and has the potential to become a leading African nation. BHP Billiton has an office in Kinshasa and significant exploration activities. We also recently announced that we would be funding a feasibility study into the Inga 3 hydroelectric project on the Congo River. We also have an established office in Conakry, Guinea and exploration activities in 10 countries on the continent.

BT: Is mining a declining factor in relation to the economy, despite buoyant world prices?

VM: The global resources sector is changing. Consolidation, a trend that is likely to continue, has changed the industry considerably over the last couple of years. There has been an unprecedented increase in demand and prices of commodities, in part due to current infrastructural constraints, possibilities of mergers and acquisitions, as well as emerging and urbanising markets playing a greater role.

BHP Billiton interim results showed positive results and even growth in some areas. We reported strong operating and financial results, our cost control focus is yielding excellent results and our longer-term fundamentals remain strong. The BHP Billiton Klipspruit project has been approved and entails a capital investment of approximately US$450 million and increased production capacity. The Douglas-Middelburg Optimisation Project has also recently been approved by the BHP Billiton board, with a projected investment of $795 million. These two energy coal projects combine to form a significant investment in South African mining.

BT: Does your company beneficiate minerals? To what extent?

VM: Yes, BHP Billiton does beneficiate minerals. Our Metalloys alloy smelter at Meyerton, Gauteng beneficiates manganese ores to alloys. Our aluminium smelters beneficiate bauxite and alumina to aluminium for the South African and export markets.

BT: What is your view of current government economic policies?

VM: BHP Billiton continues to invest in South Africa, its people and economy. We have worked with the government on various projects and will continue to do so in future. We understand the needs of the country and continue in our efforts to assist where we are able to, be it with capital investment or through our corporate social investment initiatives that address issues of health, education, empowerment, safety and sport among others. We continue to work together with the government to maintain a mutually beneficial relationship.

BT: Are your views shared by corporate South Africa? If not, why not?

VM: We cannot speak for the rest of corporate South Africa.

BT: Do you have an empowerment programme?

VM: BHP Billiton believes in the empowerment of the South African people. We have a Transformation Charter in place and intend to be not only compliant with, but to exceed the requirements of the legislation.

At the end of 2007, Samancor Manganese (Samancor), owned 60 percent by BHP Billiton and 40 percent by Anglo American, concluded the due diligence process for a transaction with a black economic empowerment company, Ntsimbintle Mining (Pty) Limited (Ntsimbintle), relating to its 100 percent owned manganese mines, Wessels and Mamatwan, and associated prospecting rights in the Hotazel area in the Northern Cape.

Ntsimbintle is a broad-based consortium made up of Safika Resources, Nkonjane, Wiphold, Northern Cape Women in Mining, Kgalagadi Development Trust, Natural Resources Empowerment Fund, Retrenched Workers Association, Hotazel Women's Association as well as Northern Cape Community Businessmen.

In terms of the transaction, Samancor will vend its Hotazel manganese mines and prospecting rights into Hotazel Manganese Mines (Pty) Limited (HMM), a new vehicle for the purpose of effecting the transaction. Ntsimbintle will vend in portions of its prospecting rights contiguous to Samancor's Mamatwan and Wessels mines in exchange for a 9 percent interest in HMM. The transaction is subject to the approval of the department of minerals and energy for the transfer of Ntsimbintle's prospecting rights and Samancor's mining and prospecting rights to HMM.

The Koornfontein colliery was sold in 2007 to a BEE consortium and Richards Bay Minerals has announced its intention to undertake a transaction to empower 26 percent of its operations.

Through the BHP Billiton Development Trust (BBDT) we have many community empowerment programmes. Our 2007/8 regional yearbook which covers some of these stories.

BT: How does your company relate to the government in practice? Do you experience any difficulties?

VM: Our relationship with the government has always been one of mutual respect and open dialogue.

BT: Do you see a good future for your company in South Africa? Or do you intend to move any of your assets and operations abroad?

VM: BHP Billiton is committed to its assets in South Africa and to seeking new opportunities for growth in this region.

Our Douglas-Middelburg Optimisation Project, with an expected capital investment of US$975 million, will enable the utilisation of reserves across the Douglas and Middelburg Mine Services (MMS) collieries as well as the maintenance of energy coal exports at around current levels whilst fulfilling our domestic contractual commitments. It involves the development of new mining areas with low strip ratio coal, with product being fed into a new 14 Mtpa (million tonnes per annum) coal processing plant. The anticipated life of mining operations is to 2034.

Our Klipspruit Project, which involves an investment of approximately US$450 million, will include the development of a 16 Mtpa coal processing plant called the Phola Coal Processing Plant in a 50:50 joint venture with Anglo Coal. Utilising current reserves, the mine is expected to have a 20-year life, although this has the potential of being extended through the Richards Bay Coal Terminal, using BHP Billiton's existing allocation.

Both these projects illustrate the commitment of BHP Billiton to its South African coal assets as well as the value of our region. Our South African coal operations will now comprise three world-class assets, namely MMS (which now incorporates the resources of Douglas Colliery), Khutala Colliery and Klipspruit Colliery.

Palace politics or people's politics?

The challenges facing the ANC-led alliance

By **Jeremy Cronin**

The author is a member of parliament, deputy general-secretary of the South African Communist Party (SACP) and a member of the national executive committee of the African National Congress (ANC)

In the latter part of April 2008, the ANC/SACP/COSATU alliance will be holding the next major tripartite summit. It is a summit that will have to map a way forward while seeking to make sense of a period that has witnessed considerable turmoil within the Alliance. This turmoil has tended to boil over particularly around the time of national conferences of the various Alliance partners, culminating dramatically with the ANC's December 2007 Polokwane conference.

SHIFTING ALLIANCE

However, it was earlier, at the ANC's 2005 national general council (NGC), that some of the inner turmoil became vividly apparent with a branch-level challenge to the incumbent ANC leadership. NGC delegates reaffirmed Jacob Zuma as ANC deputy president, in the face of an earlier national executive committee (NEC) decision for him to step aside for the duration of his legal trials.

But it was also an NGC at which important policy and organisational issues began to arise sharply. It saw, for instance, the final rejection of repeated attempts to introduce a discussion paper on the organisational renewal of the ANC. This paper essentially endeavoured to shift the organisation away from its mass movement character towards a narrow electoral focus.

At the 2005 NGC, the secretary-general also tabled a highly critical organisational report. It candidly portrayed the ANC as an often dysfunctional formation confronting grave challenges – including sectarianism, corruption, careerism, and organisational malaise. (A very similar organisational report was to be tabled and adopted at the December 2007 Polokwane conference.)

For its part, at its 9th National Congress in September 2006, the Congress of South African Trade Unions (COSATU) called for a substantial "restructuring" of the Alliance, including debate on the need, as the resolution put it, "for a more structured 'pact' between the parties, with conditions and agreed minimum goals." "This should include," the resolution continues, "agreements on deployments and quotas for representation of the different Alliance partners at every level, with independent caucuses and the power of recall to ensure accountability."

The SACP's 12th National Congress in July 2007 was preceded by months of debate around whether the Party should immediately announce its intention to contest the 2009 elections separately. The debate obviously reflected the general turmoil occurring within the Alliance, a sense of dissatisfaction with the ANC, and perhaps an uncertainty about what would transpire at the ANC 52nd Congress some five months later. In the end, the call for the SACP to contest elections independently failed to secure majority support.

However, while the SACP will be contesting the 2009 elections as part of an ANC-led campaign, the debate around the medium-term electoral role of the SACP continues (at least per resolution of the July congress). Like COSATU, the SACP's congress also called for a major "reconfiguration" of the Alliance. The relevant resolution states: "This reconfiguration of the Alliance must include the following elements: (a) the Alliance must establish itself as a strategic political centre; (b) this political centre must develop a common capacity to drive strategy, broad policy, campaigns, deployment and accountability. At the same time, this reconfiguration of the Alliance must respect the independent role and strategic tasks of each of the alliance partners."

In short, both the SACP and COSATU congresses exhibited a degree of uncertainty (and even mistrust) about the future of the ANC-led alliance. However, in the end, both upheld a strategic commitment to the tripartite alliance and to an ANC-led national democratic struggle, while calling for a major overhaul of the Alliance.

The ANC's June 2007 national policy conference and its December 2007 Polokwane national conference picked up where the 2005 NGC had left off. At its 2007 national meetings, the ANC also reaffirmed a commitment to the tripartite alliance, conceived of (it was explicitly stated) as a strategic – and not merely tactical – reality. Both ANC conferences in 2007 were, however, considerably focused upon the issue of the ANC presidential succession and of affirming the ANC as "the strategic political centre".

Quite how the ANC's role as "the strategic political centre" meshes with its Alliance partners' equally strong affirmation of the Alliance as "the strategic political centre" remains to be debated and the practical implications thrashed out. This will include all of the matters raised for debate about pacts, *ex officio* COSATU representation in ANC leadership structures, collective deployments, quotas in electoral lists, autonomous mandating, answerability, and rights of recall.

I believe that these matters are certainly important, although the practicality of some proposals, at least, is open to debate. But these matters, essentially concerned with the mechanics of running (and hopefully improving) an Alliance where one of the partners is the ruling party, run the danger of obscuring more deep-seated challenges. They can easily lead us into a discussion that is over-focused on what we might call the "politics of politicians" and our – that is, "us" professional politicians' – hardy favourite, the small matter of "deployment". If we become over-obsessed with these matters, we will open ourselves to the allegation (which is already floating in the media) that this or that Alliance partner is now asking for a post-Polokwane payback.

ELITE POWER STRUGGLE?

So, are the cynics right when they claim that these questions of quotas and joint deployments have been raised opportunistically by Alliance partners in the context of what is little more than intra-elite rivalries?

This is certainly the predominant interpretation in the media. But it is also espoused – let's be honest – by at least some members of the Alliance, who read the tumult within the Alliance as little more than a power struggle between two broad blocs: the incumbents and the challengers. These two blocs are supposed to be grouped, in turn, around two leading personalities, State President Thabo Mbeki and the newly elected ANC president, Jacob Zuma. In this interpretation, the Mbeki "camp" has been held together by little more than self-interest and the allocation of cushy deployments, while the Zuma "camp" ("the walking wounded") is unified by a shared sense of grievance at being passed over, purged, or targeted for prosecution.

This is clearly a superficial reading of a complex situation, although it would be a mistake to dismiss it completely out of hand. It probably contains at least some grains of truth. But it would be a grave error for the forthcoming Alliance summit, however implicitly, to accept this as an adequate interpretation of the recent past, and therefore as a basis to move forward.

Among other things, it is critical that we appreciate that what is referred to as the "Mbeki camp" has been held together by much more than just self-interest and the control of deployments. Indeed, from the mid-1990s, comrade Mbeki set about elaborating a relatively coherent (if deeply flawed) strategic vision that successfully won ideological hegemony within our movement and country.

At the heart of this strategic vision was the belief that socio-economic transformation in South Africa required our enthusiastic integration into the global economy, and the stabilisation and return to growth of our local capitalist economy; it didn't particularly matter what kind of growth

Are the cynics right when they claim that these questions have been raised opportunistically, in the context of what is little more than intra-elite rivalries?

as long as it reached 6 percent. This capitalist integration, stabilisation and growth agenda, so it was believed, would generate one million new formal sector jobs within five years, as well as provide (through taxation) budgetary resources to enable a major top-down (and excessively bureaucratic) "delivery" programme.

In this conception of things, neither the ANC as a mass movement, still less the Alliance partners, were particularly useful. At best, the ANC was required to ensure the electoral reproduction of the new political elite. This capitalist-friendly and statist approach to transformation quite logically also privileged a new leading ANC stratum of senior state managers and (often overlapping with them) emerging (supposedly patriotic) black capitalists.

This strategic agenda completely underrated the contradictory (that is, imperialist) nature of the global economy. It misunderstood the systemic features of our South African capitalist accumulation path, which, as it stabilised and then grew, continued to reproduce racialised underdevelopment. And it failed to anticipate the inevitable comprador and parasitic inclinations of a new black capitalist stratum, infected, as it were, *in utero*, as it emerged not organically – not at the heroic and productive beginnings of capitalism – but suckling at the breast of a long-established South African monopoly capitalist ruling class.

The recent tumult within the Alliance, the relative dysfunctionality of the ANC, factionalism, demobilisation, competition over tenders, popular alienation from politics and the problems of corruption within our movement – all these need to be understood as symptoms of a project that was bound to fail. It is the project and its core features (and not so much the personnel) that now have to be changed.

The dominant message coming from the post-Polokwane ANC leadership clearly reflects an appreciation of this challenge. There have been consistent calls to rebuild unity in action, to resist the temptation for the ANC to micro-manage – still less purge – incumbents in the state (while ensuring, of course, more effective accountability to the ANC and its policies), and generally to avoid institutionalising factions that prevailed in the run-up to the Polokwane conference.

But these correct perspectives will not be sustained if we fail, collectively, to analyse why factions emerged in the first place, and what structural and other systemic realities underpinned them. Without appreciating the more deep-seated dynamics, we will simply risk repeating a Polokwane merry-go-round with today's incumbents becoming tomorrow's challengers, and round and round.

To avoid these dangers requires that we think more profoundly about a number of issues.

THE NEED FOR A STRATEGIC POLITICAL CENTRE

In the first place, it is important to note that, in their national conferences, all three formations of the Alliance are asserting the need for strategic political leadership over the state. For all three partners, this is seen as a corrective to the tendency over the past decade for a state-based managerial and technocratic elite to be running the strategic agenda, marginalising the ANC and its alliance partners in the process.

For the ANC's partners such a corrective will, in principle, also help clarify their own respective strategic roles. After all, the SACP and COSATU are not in an alliance with the state – although both, like the ANC, have many cadres active within the state, whether as elected representatives, functionaries, or public sector workers. The alliance partners are part of the governing bloc, but their alliance is with the ANC. The weaknesses of the ANC, particularly its general absence from grassroots campaigns, except during election periods, has been a major difficulty for the partners and a lost opportunity to build unity in action. It also means that the Alliance partners have sometimes battled to find their own effective vocation.

For instance, instead of playing its socialist vanguard role, the SACP has often found itself in the recent past assuming the part of mass mobiliser in its own right. There is nothing wrong with this, in principle. However, the campaigns in which the SACP has played a leadership role – for land and agrarian transformation, or against privatisation of strategic national assets, or for the transformation of financial institutions, or for public transport and public healthcare – are all eminently national democratic campaigns that the ANC should be leading. And because of this relative ANC absence, it is easy for such campaigns to be portrayed as "anti-government", or even to conceive of themselves in an essentially oppositionist mode.

For their part, COSATU public sector unions, for instance, often find themselves engaging with the "ANC" (but in the guise of the state) as employees to employers, rather than as comrades in the health or educational or municipal services sectors, in a common national democratic struggle. I am not suggesting that the weaknesses have simply been with the ANC, and that the SACP and COSATU do not have their own share of challenges (more on this below). However, the displacement of the ANC as the strategic political centre has impacted negatively on all three components, and on the effective strategic functioning of the alliance as a whole.

BUT WHAT ACTUALLY DO WE MEAN BY A "STRATEGIC POLITICAL CENTRE"?

The concept of a "political centre" was introduced into the current debate by the ANC Youth League, who, in the context of the succession debate, argued against "two centres of power". The ANC YL insisted that the ANC president and the state president should always be one and the same person. The context in which the concept was introduced obviously ran the danger of excessively personalising what is, in fact, a systemic matter. But, in my view, the ANC YL was not wrong to flag this issue, at least in principle.

Since Polokwane we do, in fact, now have two presidents and therefore the "danger" of two competing "centres of power", at least for a transitional period. And so we now find the discourse has shifted away from an insistence upon one person unifying two centres, to an assertion (that is sometimes strident) that the ANC is "*the* unique strategic centre of political power". Again, provided we introduce many qualifications, I believe, as I have already alluded, that this is an important corrective to the dangers of a managerialist, technocratic (and via these, a corporate) capture of the ANC and its broad movement.

But we need to be careful about the notion of the ANC being THE unique political centre. In the first place, we must obviously guard against the idea merely having a year-and-half's shelf-life until the next elections when, presumably, there will be another migration out of Luthuli House into the Union Buildings.

More seriously, how exactly do we understand this notion of a strategic political centre? Is it something we strive to build, a role that has to be earned daily in struggle through moral example, policy capacity, presence on the ground and an ability to provide inspiring strategic leadership to cadres in the ANC, in the state, to Alliance partners, to social movements and to grassroots communities alike?

Or is it something to be proclaimed and enforced top-down, military command style? This is not an idle question. Brezhnev's communist party and Mugabe's ZANU-PF both tried to fashion themselves (or rather their respective political bureaux) as strategic command centres in perpetuity, responsible for all key decisions, including deployments into senior state positions. The resulting stagnation of the state and party and the alienation of popular forces speak for themselves in both cases.

There is another, more mellow, version of the ANC as political centre that also needs closer scrutiny. It is a view that was sometimes expressed in general terms by former President, comrade Mandela, and it was again recently implied by ANC president, comrade Zuma. He was quoted (or possibly misquoted, since this seems to be a recurrent problem) along the following lines:

> "Zuma said the alliance was a 'balancing entity' in which the SACP represented socialist thinking, COSATU represented the workers and the ANC represented 'the national interest'. 'The alliance just balances this so you don't have a situation where you have an extreme movement in one side,' Zuma said." ("Zuma is open to free debate", *The Sunday Independent*, 30 March 2008)

This formulation is welcome insofar as it acknowledges an important and presumably complementary role for each of the components of the Alliance. But there are some potentially problematic features about it. The notion of the Alliance as a "balancing act" (rather than a revolutionary centre driving forward transformation) is one such potential problem.

Related to this is the implicit view that the struggle against worker exploitation and the struggle against national oppression in South Africa are somehow external to each other, as if they were two struggles whose interests need to be balanced off against each other through some kind of trading, some redistributive arrangement (a pact?): "Here's one for you, labour; and there's one for you, nationalists."

Certainly, in the view of the SACP, our current capitalist accumulation path has everything to do with the racialised reproduction of the crises of underdevelopment in our country (persisting black poverty, deepening racialised inequality, etc.). The class struggle and the national struggle are, and have to be, deeply intertwined. A balancing act version of the Alliance is likely to obscure this.

And what exactly is meant by saying that the ANC represents "the national interest"? It could mean that the ANC seeks to lead, as in the past, the revolutionary struggle against national oppression and its deep-seated legacy and persisting reproduction in the present. Or it could mean something rather different: that the ANC represents the entire nation, that it is a home to all, including corporate business, right-wing Afrikaner intellectuals, conservative traditional leaders and reformist labour federations. I am not suggesting that the ANC should not engage with the widest range of forces domestically and internationally, but engagement and representation are two very different things.

If the ANC represents "the national interest" in this wider sense, then the idea that the ANC is the "political centre" starts to mean that the ANC is the overall arbitrator (the balancer) between all competing sectoral interests within South Africa. Down this route we could end up with a corporatist politics of patronage distribution and then we can kiss goodbye to the national democratic revolution.

In my view there are, necessarily, many centres of power within the broad ANC movement – leaving aside other obvious concentrations of power in South Africa represented by, for instance, the Chamber of Mines, or the JSE. Power is fluid, dynamic, and relational. It is like electricity, you use it or lose it. It cannot be stored away indefinitely. Power is not a fixed, isolated object to be possessed, or secured simply by an organogram or conference resolution.

The point of a revolutionary politics is not to suppress diverse progressive concentrations of power but to help to mobilise and organise them, and to provide a coherent, hegemonic leadership. For the ANC to play the role of the leading strategic political centre in our national democratic revolution (as I believe we must work to ensure that it does), then the ANC must master the art of centralisation *and* decentralisation: of fostering, for instance, a coherent state on the one hand, while creating space for sectoral or localised, often semi-spontaneous, popular power on the other.

A STRONG DEVELOPMENTAL STATE

The struggle to build the ANC (and the broader Alliance) as the "key strategic political centre" must not, in other words and in the first place, be at the expense of weakening or fragmenting the developmental state that we are seeking to forge. Notwithstanding the dangers we have seen of a technocratic capture of the ANC in the recent past, the fact is our democratic state has often been exceedingly weak and fragmented, an easy prey for factional, corporate and even corrupt capture.

For instance, the massive and welcome infrastructural spending upon which we have embarked is, alas, often characterised by incoherence, parallel initiatives, multi-billion rand departmental or provincial vanity projects and white elephants of all kinds. The electricity generation crisis is another stark reminder of our weak state planning capacity. If, indeed, the ANC (or broader Alliance) is to play the role of strategic political centre, then it needs to be empowered to fulfil this role through a variety of means, including, precisely, through consolidating a strong (not weak) state with policy, planning, professional, technical and managerial capacity concentrated (centred, if you like) within it – and at both national and more local levels.

It is not the role of an ANC or Alliance political centre to micro-manage, factionalise or technically second-guess the state (on the science of human immunology, let's say, or on how to investigate organised crime). But it *is* the role of such a strategic political centre to ensure that there is a progressive, transformational politics that suffuses the state apparatus with its values, ethos and broad priorities. And it is the role of the strategic political centre to safeguard the progressive sovereignty of our state against the narrow self-interest of corporate and BEE elites and the vicissitudes of the market.

I hope, therefore, that one of the central questions at the Alliance summit will be: how do we strengthen the strategic coherence of the state? In this regard I am aware of some interesting work, including comparative research, that has already been undertaken within the presidency (the state presidency, that is) on how to build a strategic planning capacity.

In several states (China, for instance), there are two-tier cabinets – a super-cabinet (or council of state) on the one level, and regular line ministers on the other. The council of state typically consists of a presidency and over-arching portfolios like finance, economic development, infrastructure, human development, governance, international relations, and crime prevention and justice. This council of state acts as a strategic planning collective and, in theory, ensures that planning and implementation policies are all aligned. Clusters of line ministers and their implementing departments then fall under the relevant council of state minister.

There may well be dangers in this particular model. It might simply add another layer of prolonged decision-making. It may fudge the question of responsibility and accountability. I am not arguing here for a particular model, but I am arguing that it is absolutely essential that we develop, in the state, the capacity to plan and co-ordinate strategically.

At present in South Africa, planning is dispersed. The state president's state of the nation address will announce apex priority projects, to be sure, but the budgeting for these projects is then often largely a matter of individual line departments entering into a bidding process with the treasury. We frequently end up with pie-chart politics, scrambles for slices of the action, and the politics of atomised bargaining. The treasury, for its part, tends, understandably, to be guided by macro-economic concerns, but not necessarily by national democratic developmental objectives. Largely on its own, the treasury ends up playing the role of arbitrator in yet another version of a balancing act – one for you, and one for you. Coherence (except perhaps macro-economic coherence) is lost, strategic priorities end up in the same basket as non-strategic matters and the chance of radical transformation is foregone, even though we are often spending billions of rands.

Down this route we could end up with a corporatist politics of patronage distribution and then we can kiss goodbye to the national democratic revolution.

It is in this context that, I believe, the ANC and Alliance should, as a matter of urgency, engage with the imperative of building a strong developmental state. In considering how to do this, the proposal of creating a council of state or some other high-powered state planning capacity is critical.

On the other hand, the forging of a strong ANC/Alliance strategic political centre and of an effective developmental state will not be possible if, at the same time, these centres do not reinforce, and are not themselves reinforced by, mobilised popular power. Which again means that, to be an effective strategic political centre, the ANC/Alliance must practise both the art of appropriate centralisation (whether in the Union Buildings, or Luthuli House, or between Luthuli and COSATU House), *and also* the art of appropriate decentralisation.

POPULAR PARTICIPATORY DEMOCRACY

In this year's January 8th statement, the ANC commits itself to a year of mass mobilisation to build a caring society. "But how do you organise mass campaigns when you are also the ruling party?" sceptics will ask. Popular participatory mobilisation and struggle that buttresses and strengthens our national democratic developmental state is absolutely essential. But this will require each of the Alliance partners to address inevitable tendencies within their respective ranks.

For those of us in COSATU, the challenge is to guard against inevitable syndicalist tendencies, in which the struggle is reduced to a wage bargaining paradigm shaped around a redistributive negotiation between mutually suspicious parties. This is a politics of contracts, of maximum demands, of stand-offs, of fallback positions, and of ultimate signings on the dotted line.

Even in the relationship between capital and labour, where this kind of activism is, of course, the natural bread-and-butter of daily unionism, it runs the danger of remaining a prisoner of a reformist (i.e. market-based, redistributive and contractual) perspective to the potential detriment of a seriously revolutionary transformative politics. The latter needs to be a working class politics that seeks to roll back capital's managerial prerogatives, in which the working class plays an active role, for instance, in developing industrial policy or investment decisions – and not just in some national bargaining forum or political centre, but on the shop-floor itself.

For the SACP, in particular, the struggle to engage effectively with the current reality requires moving away from inclinations towards a "dual power" paradigm. No doubt, there are political situations in which the appropriate strategy is to build organs of popular power ("soviets", liberated zones) as an embryonic and alternative state power that will eventually overthrow/smash the existing "bourgeois" state. It was certainly a strategy that the SACP advocated in the course of the 1980s, in the midst of rolling waves of semi-insurrectionary struggle in our country. But we are now in an entirely different strategic situation.

It is interesting to note, however, that, through the 1990s and into the new century, anti-communist elements have continuously made "insurrectionist" allegations against the SACP (and COSATU), hoping, perhaps, to goad us into a "dual power" politics. In the year before his assassination, Chris Hani was constantly portrayed as a "hawk" cynically using the space created by the negotiations process for other purposes.

In 2001 and 2002, ANC elements in government sought to portray the mass worker stay-aways against privatisation policies as "an uprising" against the state. On the eve of one of the stay-aways, one minister (who happened to have a COSATU background) even flew around to meet with business leaders to reassure them that the state would "stand firm" in the face of this anti-state "uprising". In fact, of course, the stay-aways were in *defence* of the state and against its dilution and even looting by the private sector. At much the same time as the former minister of safety and security, comrade Steve Tshwete, was accusing three prominent ANC personalities and business people of planning a coup, an anti-communist faction in the ANC NEC was making similar allegations against the SACP. The late Dumisani Makhaye, for instance, alleged that the SACP leadership regarded April 1994 as a "February 1917", and that the Party was now bent on making its own "October" in order to crush the "Kerenskys" in the ANC. This kind of menacing rhetoric was meant to intimidate the left and to create a climate in which, not the "Kerenskys", but the left was dealt with.

But it is not out of timidity that we should now decline a "dual power" politics. A revolutionary politics in our current reality is precisely a politics that must seek to defend, strengthen and transform our democratic state – not smash it and replace it with another. The defence, strengthening and ongoing transformation of our state involves precisely many of the things already mentioned – the struggle against privatisation, against fragmentation and corruption, and the struggle to consolidate coherence and a transformational planning capacity.

Confusion on this score can lead to the sterile politics that we sometimes see from some anti-ANC groups whose campaigns are often designed to provoke police action to "demonstrate" to the working class the inherently "bourgeois reactionary" character of the present state. All this achieves is a potentially dangerous heightening of tensions between the working class in public service (police, army members) and other workers and working class communities.

To argue against "dual power" strategies in our present context is not to narrowly embrace a "parliamentary road": insurrection or a narrow parliamentary road are not the only available strategic alternatives. The winning of majority-rule representative democracy in our country has certainly been a major popular victory – it was not something bequeathed to us by the bourgeoisie. But electoral democracy needs to be strengthened, deepened and defended by the consolidation of many other forms of democratic engagement and of popular power, including popular participatory democracy – what the Freedom Charter describes as "democratic organs of self-government".

In this context, the Alliance summit, I believe, needs to ask itself why we have collectively failed to implement the progressive provisions of the Municipal Systems Act of 2000, which provide for active popular involvement in local planning and budgeting. We also need to take up the ANC's January 8th call to develop street committees and other popular structures on the ground to help the police and criminal justice system to deal with the serious crime problem ravaging our communities.

ANC BRANCHES: ELECTORAL MACHINES OR COMMUNITY MOBILISERS?

And this brings us, finally, to the ANC itself. If the SACP and COSATU have their own inherent challenges and potential weaknesses, so does the ANC. I will not rehearse here the many impressively candid, self-critical assessments made from within the ANC itself, not least in the organisational reports tabled to the 2005 ANC NGC and the 2007 national conference. Noting the many challenges of factionalism, careerism and corruption raised in these reports, I want to flag just one issue. Is there a structural issue that we need to review?

For what it is worth, I believe that we erred in the ANC in deciding to align our base structure (the branch) with an electoral structure (the municipal ward). In the first place, this has created a number of serious practical problems. In large townships, the potential ANC branch membership within a single ward is simply too large to be effective. A branch meeting is either a mass rally or there is gate-keeping to ensure that little more than the constitutionally required 100 members have actually been signed up. In rural areas, a ward typically embraces a very wide area with many outlying villages. The logistics of convening a branch meeting are prohibitive and many villages, even small towns, are seriously disadvantaged. Unfortunately, these practical problems are compounded by an even more serious danger.

The one-to-one symmetry of ANC branches and municipal wards inevitably fosters a narrowly electoral politics in which ANC branch elections are really about who will get to be the ward councillor, or the tender board chairperson. The ANC branch is either a tightly-controlled conveyor belt for an incumbent councillor or a springboard for an aspirant challenger. And so we find ourselves, right down at the local level, back into the politics of merry-go-rounds, "two centres of power" and the like. The politics of politicians starts to displace, or factionalise, the politics of the community – the struggles around housing or unemployment, for land reform, for access to water, or for safety and security. It is in this context that I believe the ANC should consider a branch delimitation (or some other version of grassroots organisation) that more closely approximates to local communities.

The ANC's 2007 national conference has created a situation in which, on the one hand, there is the danger of further fragmentation and factionalism, palace politics, a politics of revenge and of rearguard fight-backs. But this is not, in my view, the predominant post-Polokwane reality. There is, indeed, now a great deal more space in which to openly and democratically assess the recent past, and to chart a more effective way forward. Let's use it!

The developmental state

and political power

By **Alec Erwin**

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At the ANC's 2007 National Policy Conference, there was general agreement that we had to deepen our understanding of the function of the state, its role in the national democratic revolution (NDR), and in particular, to define the meaning and function of a developmental state. This article aims to further explore the concepts of a "national democratic revolution" and a "developmental state".

The key point will be that neither the NDR nor a developmental state can be taken for granted. It is absolutely essential that we understand the full complexity of these phenomena. Neither of them can be treated as technical matters that can be brought into existence by political decisions and institutional changes alone, although both of these are important. An NDR is a historically defined possibility requiring a particular conjuncture of class forces. A developmental state is not some stage of development in state formation or blueprint of governance. A developmental state comes into being when a political movement can translate its political power into a set of institutions that support developmental processes which can be sustained over decades.

The second key point is that, while a historical conjuncture may exist with the potential for an NDR or a developmental state, such potential can only be translated into reality if there is strategic and sustained political leadership.

National democratic revolutions have occurred in particular struggles for independence from imperialism and colonialism in the 20th century as a particular national response to external domination and internal class fragmentation. What is interesting about the present period of globalisation is that similar situations are arising. External domination now takes the form of powerful global market forces, and class forces in national economies have not consolidated to the extent one would expect in mature capitalist economies.

The obvious historical point is that an NDR is not some timeless political economy formation. Its content, potential and changing structures have to be analysed within a specific historical period: we have to be analytically clear how we conceive of an NDR in a sovereign, democratic and independent nation in the 21st century. This is a very important point, because to work on the assumption that the NDR of the mid-20th century will be the same as an NDR in 2007 would be an error. We must always learn from history but we must not make the mistake of freezing our analysis in past events.

In order to set out what a developmental state could be in South Africa in this phase of our democracy, we will look at the meaning of an NDR, the forces of globalisation and then the essential features of a developmental state. In the space available in this article all the above will necessarily be very brief.

NATIONAL DEMOCRATIC REVOLUTIONS

What follows is a short summary of a vast body of literature on this matter, both in the South African struggle and in other parts of the world. In developing economies, the capitalist class has been smaller than, and predominantly dependent on its links with, the capitalist class in the developed economies. The capitalist system in colonised economies developed mainly around the extraction of primary resources for the developed imperial economies or in the import and export trade. In almost all cases, the emerging capitalist class grew under the direction and control of the colonial administrations.

The national bourgeoisie is too weak and the working class too fragmented and vulnerable for either a market-driven capitalist or a socialist path to be viable.

The political struggle that emerged was not between capitalist and working classes but between the colonised and coloniser. At times in this struggle, the embryonic colonial capitalist class did break from the domination of the colonial administration and join forces with the anti-colonial movements. Given the nature of colonisation and imperialism, the anti-colonial movements consisted of a number of class components, from old aristocracies to the small industrial working class that was emerging. Such class alliances were perforce complex.

The removal of the colonial power was a common objective and easy to mobilise around, but the precise form of democracy (or lack thereof) and the economic system to be adopted were more contentious matters that often resulted in serious divisions once the colonial administrations were defeated.

These multi-class anti-colonial political movements emphasised different intermediate and final objectives for their liberation struggle. In some cases, the defeat of colonialism was seen to allow a return to previous modes of production with the previous class domination. In others, the defeat of the colonial power was seen as the base from which to modernise the state and the economy and to bring about an indigenous capitalist process.

In a number of instances, the defeat of the colonial power was seen as the condition for modernisation and industrialisation based on mass participation. This commitment to power for the masses distinguished these movements and it was such political programmes, generally led by combinations of mass nationalist and socialist parties, that articulated national democratic revolutions. However, where such NDRs succeeded, it was because of clarity on the strategic objectives to defeat the colonial power, establish industrialisation and build mass-based power. For the socialist parties, these constituted essential intermediate objectives for a subsequent transition to a socialist society. There has been a great deal of theorising and debate around these issues but what is not in doubt is that success depended on clarity of strategic purpose and unity.

THE NATIONAL STRUGGLE IN SOUTH AFRICA

The formulation of the struggle in South Africa has clearly been within the tradition of a national democratic revolution. The confluence of colonialism, particularly brutal racism associated with a large settler population, and the dangers of tribal and ethnic divisions meant that only a powerful, multi-class and nationalist political movement offered any hope for democracy and national development. This emerged in the form of the African National Congress (ANC) and the subsequent tripartite alliance with the Congress of South African Trade Unions (COSATU) and the South African Communist Party (SACP). The position has always been clear that leadership rests with the ANC, a modernising liberation movement with clearly articulated objectives to build a nation state based on non-discrimination, non-racism and equality.

There are two very important positions that the ANC and the alliance have consistently taken. The first is the importance attached to the African working class. It is from this component of the working class that the most committed cadres for a national democratic revolution would come, as its achievement is clearly in their interests.

Secondly, the role of the state has always been seen as decisive. The Freedom Charter shows a clear preoccupation with the role of the state in securing strategic economic resources – in the language of the day, "the commanding heights of the economy". It is these two consistent positions in particular that have kept ANC programmes oriented toward benefiting the masses and toward collective and state-led actions, rather than depending on existing economic structures and relying solely on market forces. These positions inform the basis of government policy.

However, as was stressed earlier, no NDR is a static political formation. It has to respond to changing conditions. In our case, a very important conjuncture has been reached. The struggle against apartheid was accurately described as a struggle against "colonialism of a special type". This is why the ANC and the alliance fall clearly within the proud tradition of anti-imperial and anti-colonial NDRs. The ANC realised that the NDR would have to be pursued beyond the achievement of democracy.

The precise meaning of this continuation has recently come under consideration. Does our democratic victory mean that the objectives of the NDR have been completed? If we have indeed achieved our objective, as some seem to be assuming, the obvious questions that follow are whether the state should now be an instrument of capitalist advance or whether the time is now right for a push to socialism. As one would expect, elements of the national bourgeoisie are arguing for the former, and an analysis of the recent COSATU and SACP resolutions suggests that these two key organisations of the alliance have come to the latter conclusion.

This article argues that both these positions are wrong and could very well be self-defeating of our development and nation-building projects. The national bourgeoisie is too weak and the working class too fragmented and vulnerable for either a market-driven capitalist or a socialist path to be viable. The ANC position, namely that the NDR would have to be pursued beyond the point of the democratic break, remains essentially correct. Faced by the new and powerful opportunities and challenges of globalisation, it is essential that we strengthen the NDR and build a powerful and effective developmental state. We have to do this to build a nation and an economy that will provide a better life for all. Our progress in the last thirteen years should not be taken for granted on any account. To understand this new conjuncture we need to explore the process of globalisation.

GLOBALISATION

The current phase of capitalism, which we are referring to as "globalisation", has profound and complex impacts on all classes within the various national political economies. In addition, as political processes grapple with these very dynamic forces, it impacts on the sovereignty of the nation state. The revolution in information and communication technologies (ICTs) is leading to observable structural changes in productive forces, production relations and the workings of the international capitalist system. These developments are not entirely negative and great progress in development is possible if these changes are harnessed for the benefit of all our citizens. However, to do this in South Africa, we will indeed have to build an effective developmental state.

Understanding the basic changes within the means of production that have developed in this phase of globalisation can be condensed into two powerful processes. The first is the dynamism of technological development and its rapid diffusion into production. This is now a global process and not even the largest economies can match or outperform the global system. This means that an isolated economy, no matter how large, will find its technology falling back, in relative terms, compared to those economies with strong links to the global system. Even an economy as large as China recognises this danger. This global process that has no regard for national boundaries provides one of the most powerful and immediate curbs on the freedom of action of the nation-state.

The conclusion we have to come to in South Africa is that there remains only one politically effective mobilising strategy, and that is to continue the alliance as we know it.

The second is the dynamism of capital or of the accumulation process, and the implications of this for the arrangements of productive forces and the location of investment within the global economy. The magnitude of financial capital is now so large that the accumulation process has to be seen in a global context. The changes in ICT mean that capital markets are able to operate across the globe in real time. This provides for massive mobility, and indeed volatility, within capital flows. This highly mobile capital can combine with communication and computing technologies that allow command and control over production in many different locations. Because of this, the actual sites of production can now be widely dispersed, even on a global scale. This has increased the competition between national economies for actual real economy investments. The converse also follows: there is a rapid abandonment of investment in economies that cannot provide the operating environment for contemporary global capitalist accumulation.

Investment decisions are complex and investors invariably weigh up a number of factors. This means that there are no simple rules to attract investment. However, the global accumulation process takes place within key global economic systems – capital markets, technology flows, internationally compatible accounting standards and a predictable and relatively stable macro-economic environment. None of these has to be perfect but if one or more deteriorates beyond a perceived threshold then the "exit" effect is rapid and usually "herd-like". This volatility in market-driven investment massively exacerbates the problems of uneven development and underdevelopment between nation-states and, as seriously, within national economies.

One of the most important capital flights is, in fact, intellectual capital. If the rate of investment falls and skilled workers perceive that both their income and personal development prospects are deteriorating in a particular political economy, they will leave it. Such movement is now relatively easy, as expanding economies experience acute skill shortages. The labour market for highly skilled and skilled workers is increasingly global.

NATIONAL CLASS FORMATIONS

It is these processes that give rise to important and fundamental changes at a macro level, that is, at the level of production relations. The dynamic of capital mobility calls into question the meaning of a national bourgeoisie and accordingly makes national accumulation processes more volatile. A strong national bourgeoisie is only likely in very large economies and then only if they have access to the global economy. The petit bourgeoisie remains hostage to the forces of capitalism. This has structurally important implications for states and the role they can or cannot play within a political economy.

Such global capitalist accumulation has correspondingly meant that the size and significance of the working class in virtually all modern economies is now vastly greater. A peasantry does not exist in most industrialised economies, although it remains significant in some of the giant developing economies and in Africa. However, this increased significance of the working class in each economy has not really translated into a global working class. As a result, the political power of the working class has not necessarily increased in the current conjuncture. Its complexity, differing incomes and living conditions, ideological intricacies across the globe, and its institutional weakness in relation to capital and states continue to act as barriers to realising its potential strength. The union movement and, in some cases, the political parties representing the working class are relatively strong – but not strong enough to decisively seize state power.

Within the dynamics of change in production and technology processes, and in the mobility and volatility of investment flows, markets flourish. This is important, as it is more favourable to the interests of capital than labour. Flourishing markets mean that the power of capital as a global force will tend to be greater than that of labour, despite the weakening of national bourgeoisies. The problem lies in the fact that markets favour the strong and wealthy and not the sellers of labour power. The latter require scarcity, strong unions, institutions and the political power to influence the state before they can realise their immanent strength.

The power of markets has grown dramatically over the last few decades because they thrive on information and respond to it quickly – a process that has qualitatively and structurally altered with the advent of the communication

The conclusion we have to come to in South Africa is that there remains only one politically effective mobilising strategy, and that is to continue the alliance as we know it.

revolution. There is a profound qualitative difference in the operation of markets worldwide. The very fact that they are, in many cases, operating in real time across the globe is the first element of this profundity. All the strengths and weaknesses of markets are still there: they are efficient, but their inherent inability to achieve equity or ensure long-term socio-economic and environmental sustainability remains.

The power of markets, the weakening of the national bourgeoisie, the relative weakness of the working class, and the speed with which economic relations now change all have a destabilising impact on institutions that try to manage the wider public good. Such institutions move through political processes and these are unavoidably slower and more cumbersome – a problem that is exacerbated massively if the political forces are themselves fragmented and therefore weaker. The only defence against such market-driven instability is collective organisation and institutions that can counter these processes. The conjuncture is such that, once again, it is the traditions of struggle for an NDR that provide the best strategic path for such collective organisation.

STATE POWER

The strength and stability of state power in any one economy depends on the strength and stability of the dominant class or class alliances within that political formation. By a "strong state", we are referring to one that can make a decisive structural transformation and intervention within a political economy, and then sustain those changes over time and against powerful counter-forces in the global economy.

The actual development of classes and their relative strength in this phase of globalisation is more complex than was foreseeable a mere twenty years ago. The processes outlined above have created greater degrees of interdependence and in doing so have inextricably linked the capitalist and working classes of all national economies. The collectivising institutions that would be necessary to harness collective power or to impose public policy on powerful markets and enterprises are growing, but are weak in their ability to shape the global economy.

Globalisation is a phase of capitalist development where economic processes are able to function very powerfully across national political economies. The power of technological change and the site of that change is increasingly a global process rather than one that develops in one economy and then permeates into others. This means that the actual means of production and the organisation of work are now very dynamic, with changes occurring in a few short years. The power of markets has grown and the power of national bourgeoisies – and indeed of national working classes – is continuously and powerfully eroded by the global processes of accumulation. This circumscribes the power of nation-states and weakens and fragments the historic basis for political power within a state.

It is important to stress that this does not make a state powerless, nor are the prospects for economic development bleak. These changes in productive forces, if harnessed in the interests of the majority can lead to massive development. Marxists will be familiar with this complex dialectic of capitalism. Globalisation does, however, pose very new challenges to how state power can be developed and used, and what class alliances would be capable of building such state power. A moment's reflection shows that the balance of class forces now bears remarkable similarities to that characterising the height of the age of imperialism. There are powerful external economic forces and fragmented internal class forces. Accordingly, the development of state power requires a political movement that can mobilise across national class interests and is organised enough to carry out institutional transformations that can counter the powerful tendencies toward underdevelopment in the global economy.

In the light of the above, it is clear that strategic interventions in the investment process and the operation of labour markets will be at the centre of an effective developmental state.

BUILDING A DEVELOPMENTAL STATE

As we indicated earlier in this paper, the strength of a state depends on the nature of the class forces that underpin the political power that controls the state. Yet globalisation has had a particularly emasculating effect on national bourgeoisies, and the organised power of the working class has not been able to fully take advantage of this, both nationally and globally. The dialectical process has been more complex than expected with the continued growth of the capitalist system. Markets, with all their well-understood strengths and weaknesses, have become more powerful in the global economic system.

This is a very important analytical conclusion since it points to real dangers for a developing economy and society if a weak national bourgeoisie were to attempt to be the sole political power in control of the state – the classic comprador bourgeoisie would rapidly emerge with all the problems of uneven development and underdevelopment. The national bourgeoisie in South Africa is particularly weak at present. It is politically inchoate, indecisive and its new black entrants too weak to play a decisive economic role. Indeed it would be unwise in the extreme to leave the strategic choices for our future in the political hands of the national bourgeoisie.

We also have to come to the realistic conclusion that it would be no wiser to place sole political power in the hands of a weak and organisationally fragmented working class. The strength of the union movement has not grown as one would have expected in the period of democracy, and socialist principles are far from hegemonic. A weak working class power-base in an economy the size of South Africa is very vulnerable to isolation by global capital and the effects of this are plain to see in the world today: massive underdevelopment in

The national bourgeoisie is too weak and the working class too fragmented and vulnerable for either a market-driven capitalist or a socialist path to be viable.

a very short space of time. It is a salutary thought that, where powerful communist parties are firmly in power, they are not seeking to isolate themselves from global forces but to rather manage them to their advantage. In effect, they are continuing a national democratic revolution. The exceptions only serve to confirm the rule.

ROLE OF THE TRIPARTITE ALLIANCE

The conclusion we have to come to in South Africa is that there remains only one politically effective mobilising strategy, and that is to continue the alliance as we know it. Residing in the policies and, more importantly, in the history of the alliance, we find the only basis for mobilising a multi-class political force capable of designing and effecting a strong state that can harness the positives in globalisation and develop defences against its dangers. The work of this alliance is to consolidate and develop the national democratic revolution within an increasingly complex global world. A united political movement with its roots firmly in mass participation and involvement is the only basis for the decisive, determined and yet patient transformation of our society and economy into a prosperous, stable and tolerant democracy.

The ability of the ANC to provide leadership to all classes is crucial. The principled and strategic support of the union movement and the SACP make this ability a reality, as no other party can mobilise an effective mass opposition. It is this political reality that underpins the possibility of an effective developmental state. When groups talk of "capturing the leadership" of the ANC to ensure it is dominated by unionists, socialists or capitalists, they are, in effect, saying we should weaken the ANC's fundamental power, which is its ability to lead a multi-class movement with maximum unity. If the ANC is weakened in such a way, the prospects for the success of a developmental state are exceedingly low. We must be especially wary of subjective and idealist positions that argue from positions of personalities and personal failure instead of from an objective and materialist position.

Faced by the external power of global economic forces, a developmental state is one that can effectively counter the forces leading to economic isolation, uneven development and underdevelopment. It has to be brought into being by a powerful multi-class political movement whose determined and persistent objective is the development of its entire people, the economy and the society. Such a movement is nationalist in orientation – it has to be in order to develop its economy – but its success depends on its ability to influence and contribute to multilateral institutions that are supportive of development. To do this, it has to actively build solidarity among like-minded political movements and nations.

SPECIFIC CHALLENGES

Such a state is not some theoretical model that we have to apply. It is a concrete response to the present conjuncture and requires a powerful mobilisation of political support to construct its basic institutional features. There are specific challenges that we can identify in our attempt to construct a developmental state.

The first challenge that the developmental state has to meet is to set the strategic parameters for the accumulation process within the national economy. A strong public sector, effective state owned enterprises, strategic investment initiatives, support for small, medium and micro-enterprises and an investor-friendly regulatory environment are key dimensions of this co-ordinated and comprehensive programme. The state has to be capable of directly controlling vast resources and applying them to strategic tasks.

The second is to ensure that our economy and society remain close to the leading edge in the global development of knowledge and technology, and that we are able to apply this within our economy and to the full benefit of all of our citizens.

Thirdly, the state has to be composed of efficient and stable institutions that are capable of monitoring, evaluating andeffectively implementing complex policy programmes and ensuring that they impact positively across the economy and society. This requires high levels of skill and organisational capacity to be located within the public sector. It is also vital that the state facilitates and supports the existence of civil society organisations that can assist with many programmes and create capacity to engage with complex policy and implementation issues. Strong unions and strong business organisations are essential.

In the fourth place, major reforms of the labour market have to be addressed to ensure that workers are the builders of the developmental process and not its continual victims.

Fifthly, the state must be capable of establishing institutions and processes that prevent the inevitable effects of dynamic change from unfairly falling on those least able to adjust to them. A comprehensive system of support has to be built. The state has to have the massive resources to undertake this task without adversely affecting other dimensions of the economy and society.

Finally, the state must be capable of ensuring that democracy is consolidated, corruption is eliminated, that citizens are secure and the society is stable in its tolerance of diversity.

What must lie ahead of us is *"a luta continua"*, based on strategic consistency and renewed vigour, to build on our considerable achievements over the last 13 years.

A labour perspective on the developmental state debate

By **Oupa Bodibe**

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The current development state debate can help to rethink the role of the state beyond the dichotomy of "state versus market". As Peter Evans (1995) argues, state involvement in the economy is given, and the appropriate question is not "how much" but "what kind". If we take this as our departure point, the central question becomes: what kind of development state should be constructed in South Africa? Theoretically and empirically, there is no homogeneous definition or experience of "development state" and we cannot uncritically transplant experiences from other countries. For that reason, while taking lessons from other contexts, we confront the specific challenge to define and construct a developmental state in a different historical epoch and socio-economic conditions.

The international policy context now is sharply different from the era dominated by the Washington consensus prescription for less government. Domestically, we also have a set of favourable conditions that bode well for this debate. The first is the relative opening up of the economic debate illustrated more profoundly by the ANC policy process. Second, while the architecture of post-1994 economic policies remains fundamentally in place, the policy climate has somewhat evolved. For example, the tabling of the national industrial policy framework (NIPF) takes forward the debate on an industrialisation strategy and marks a shift from the dominance of trade liberalisation of the 1990s.

This offers an opportunity for an intelligent debate about the developmental role of the state in the South African context. The aim of this paper is to explore the historical evolution of the concept of a "developmental state" and to ascertain its applicability here.

WHAT IS A DEVELOPMENTAL STATE?

While there is no universally accepted definition of the "developmental state", the concept originally referred to the role played by the East Asian states to transform their economies. Furthermore, it has become shorthand for a state typology in which the

Pictures courtesy of National Union of Mineworkers (NUM)

state plays an active role in the development process to transform the economy from low- to high-value adding economic activities. In Asia, the states' challenge was to transform largely agricultural societies into industrial ones. In South Africa, we confront the challenge of making the transition from a minerals-based economy to one of high value adding manufacturing and services in the context of a large labour surplus and high social inequalities.

In his seminal work, *Embedded Autonomy: States and Industrial Transformation*, Peter Evans (1995) distinguishes between two typologies, namely the *predatory* state and the *developmental* state. Predatory states "extract at the expense of society, undercutting development even in the narrow sense of capital accumulation." Further, predatory states:

> "…lack the ability to prevent individual incumbents from pursuing their goals. Personal ties are the only source of cohesion and individual maximisation takes precedence over the pursuit of collective goals. Ties to society are ties to individual incumbents, not connections between constituencies and the state organisation."

On the other hand, "developmental states have not only presided over industrial transformation but can be plausibly argued to have played a major role in making it happen." A developmental state is internally coherent and purposive, based on selective meritocratic recruitment and long-term career rewards. Internally, corporate coherence results in some autonomy of the state from social actors. However, the state is not completely divorced from society but is embedded in social ties either with capital or labour/social movements. "Embedded autonomy" translates into strong ties and linkages between state and other actors that are continuously evolving and renegotiated.

Evans further proposes a set of generic "roles" played by different kinds of state: *custodian*, *demiurge*, *midwifery* and *husbandry*. Custodian and demiurge represent "variations on the conventional roles of regulator and entrepreneur". A custodial role privileges regulation over promotion, while the demiurge state tries to substitute for private enterprise in the production of goods.

The second pair – midwifery and husbandry – focus more closely on "the relation between state agencies

Pictures courtesy of National Union of Mineworkers (NUM)

and private entrepreneurial groups." A midwifery role is associated with trying to motivate private actors to venture into more challenging kinds of production. Husbandry, on the other hand, is associated with cajoling and assisting private enterprises to meet defined goals. It can take many forms from signalling to setting up state institutions to take over risky activities.

In brief, developmental states are distinguished by their purpose, internal organisation and state-society relations. A developmental state:

- drives the development process by setting a vision and plan to transform the economy
- is characterised by a meritocratic bureaucracy with long-term careers and clear upward mobility. Often there is a state institution or collection of institutions responsible for economic planning
- has strong ties with actors in civil society. In Asia, the developmental state was strongly associated with industrial capital while it either brutally suppressed or had paternalist relations to labour.

LESSONS FROM NEWLY INDUSTRIALISED COUNTRIES

While the Asian economies under examination differed, they shared several characteristics. First, they nurtured economic development and transformation by inducing and directing the private sector and by setting up institutions to achieve this goal. In this regard, the state created the conditions for economic development aimed at creating new industries through import substitution industrialisation and, later, outward orientation. The state provided strategic guidance in the economy by selecting, prioritising and supporting certain sectors, ultimately with the goal of moving up the value chain. The broad goal was to enhance productive capacities, close the technological gap with the West and foster capital accumulation.

Second, these countries built bureaucratic agencies to drive their developmental strategy. While the bureaucracy was relatively insulated from popular pressure, it had strong ties to industrial capital. In fact, most of the East Asian models were autocratic, suppressing popular dissent. In return, they invested heavily in social infra structure and redistributed assets as an insurance policy. For this reason, the "developmental state" is often associated with authoritarianism, which may imply that it is incompatible with democracy. The relative or embedded autonomy of the bureaucracy allowed it to impose and drive a development agenda and to mobilise the majority of the population to work and sacrifice for development project. South Africa, with its commitment to democracy, cannot therefore uncritically follow this autocratic and paternalistic state model. It must find a consensual route to construct a developmental state and to mobilise support for its agenda.

Third, at the earliest stages of development, these countries protected specific sectors from foreign competition, without however discouraging exports. This allowed the growth of manufacturing industries that later were used to penetrate external markets. The external environment was favourable for the shift toward export orientation and many of these countries enjoyed preferential access to the US market.

Further, these countries promoted investment in infrastructure and human capital. This allowed them to build a strong capital base and a highly skilled labour force.

State-society relations are still very tenuous, characterised by tension and a tinge of mistrust.

Fifth, an agrarian reform strategy was undertaken which saw massive redistribution of land to poor peasants combined with practical support for enterprise development.

In a context of development coupled with underdevelopment, deliberate steps are necessary to transform the economy. State policy cannot only get the "fundamentals" right; rather, the government has to intervene to place the economy on a more equitable and dynamic growth path. Specifically in South Africa, government action is needed to encourage economic diversification from dependence on mining into industries that can create employment opportunities on a mass scale, raise living standards for the majority, and improve exports.

The government can support new economic activities by:
- providing infrastructure
- targeted skills development
- government procurement to favour local producers
- feasibility studies for new projects
- assistance with financing – for instance, through the IDC
- tariffs and quotas to block imports
- tax incentives
- capital incentives.

Against this background, the next section discusses the labour movement's perspective on the developmental state. It also seeks to understand whether labour's perspective on the role of the state has been largely fulfilled in the post-1994 period.

LABOUR'S PERSPECTIVE

While much focus is placed on the role of capital, markets or the state as the key agents of development, labour's role is often ignored. Yet labour not only plays an important role as producer, it also is a source of ideas about the developmental programme itself.

Historically, the labour movement, under the banner of the Congress of South African Trade Unions (COSATU), shared the ideological leanings of the ANC-led liberation movement on the central role of the state to transform society. It was taken as given that markets alone could not be relied upon to undertake the transformation of society after apartheid. South Africa's growth path had depended for many years on the supply of cheap black labour, combined with deliberate destruction and limitation of African people's economic independence. The market was considered to be complicit in apartheid's trajectory of inequalities based on race, gender, class and geography. This ideological convergence of the democratic movement and the labour movement found expression in both the Freedom Charter and the Reconstruction and Development Programme (RDP).

Labour's perspective, then shared by its allies in the ANC and the South African Communist Party (SACP), regarded the state not only as a vehicle for redistribution or for meeting basic needs. It was considered an important vehicle for industrialisation, to overcome the stagnant economic conditions that characterised the South African economy for decades and to place the economy on a job-creating path. Industrialisation would entail developing new sectors, the beneficiation of minerals and an expansion of the domestic market including through meeting basic needs. At the core was a desire for more labour-intensive industries to absorb the large army of the unemployed. Equity considerations were also part of the viewpoint, to overcome the spatial distortions of the apartheid's geographic concentration of industries in the four main metropolitan centres.

Labour's perspective or claims on the state included the following propositions.

First, it was the role of the state to drive development, with industrialisation – including employment creation – considered important to overcome the economic stagnation of the apartheid years.

Second, the state should provide a social wage and safety net for the working class and the poor, in the form of social overheads like education, housing, healthcare and public transport, and basic services, such as water, electricity and proper sanitation. The social security net should be expanded to provide income transfers to more people, especially unemployed adults, while the contributory schemes should also be transformed to capture many workers who were falling through the cracks.

A third claim on the democratic state from the labour movement is for labour protection, especially for vulnerable workers. The apartheid regime sought to ensure a stable supply of black cheap labour and its labour relations regime emerged to control black labour, including through the restriction of trade union membership and a policy of job reservation that preserved jobs for white workers. The labour movement considered the transformation of this labour regime as one of the key planks of democratising the workplace and industrial relations. In this regard, it demanded a core set of rights in line with international labour standards for workers in both the private and public sectors.

LABOUR LAW REFORMS

The objectives of labour law reform were broad, covering areas such as skills acquisition, employment equity and health and safety, as well as organisational rights. On this ground, the labour movement scored major victories, as the labour laws enacted since 1994 favour workers. Trade unions also demanded participatory structures at the workplace and, at a macro level, to shape the direction of economic and social policy and workplace change.

In some respects, this has proven to be a pyrrhic victory as employers found ways to dodge the labour laws. The post-1994 labour law regime is under constant attack from sections of business that seek to roll back the protection afforded to workers. Economic liberalisation has also induced large-scale retrenchment, mostly of low-skilled workers, potentially emasculating the labour movement.

If labour's claims on the developmental state are measured, a chequered and uneven picture emerges. Labour seems to have scored a major victory is with respect to the labour laws. Social delivery has improved the conditions of many black and working-class communities, but the pace has not been as fast as anticipated. Fourteen years later, South Africa is still dogged by huge backlogs in social infrastructure. The commodification of basic services further compounds the problem by making it difficult for low-income earners to access or sustain access to basic services, which has resulted in disconnections or underconsumption.

Diversification of economic activities and changing the structures of ownership, production and distribution were all seen as important goals of industrialisation. Yet, in practice, economic transformation has proceeded at a lower rate than expected. Manufacturing performance has been sluggish, and services (finance, trade) and construction have emerged as major generators of employment, to the chagrin of the labour movement. The state focus has been on supply-side measures such as spatial development initiatives and trade reform, which is far from the industrialisation project that the labour movement envisaged.

TRANSFORMING THE STATE

The apartheid state intervened heavily in the economy for many years to support mineral extraction through infrastructure, energy and water. Even agriculture was geared to reinforce the mineral-energy complex, especially to supply the urban population with cheap food. The pre-1994 state also sought to encourage manufacturing through import-substitution industrialisation and erected trade barriers to that end. It also invested heavily in human development, creating avenues to acquire skills through the apprentice system. However, all of these endeavours favoured a minority while exploiting the majority of black citizens.

The democratic movement believed that the state should not mechanically continue with its previous role but that it should rather be transformed. Transformation had many goals including the creation of a single unified public service, improving working conditions by ensuring parity, increasing the representation of blacks in the upper echelons of the public services, and redefining the mandates of state owned enterprises (SOEs) and public development institutions. All in all, the new state would have to be oriented to the developmental imperative to serve all the citizens of the country, and, by implication, its capacity would be improved to fulfil this new mandate.

In the early 1990s, there was a powerful consensus on the developmental goals of the new state, including the necessity to overcome the deformed apartheid state. A major rupture soon emerged as the ANC assumed political office. The dominant discourse in the state was shaped by macro-economic stabilisation, economic liberalisation and the ideology of trimming down the state. In this climate, the developmental logic was supplanted by the drive to reduce the role of the state and a turn to the markets. Privatisation, downsizing and corporatisation were the tools used to redefine the role of the state and to minimise its role in the economy.

The mid-1990s saw heightened contestation between the government and the trade union movement as the latter sought to resist the agenda to trim down the state. In addition, as the consequences of cost-recovery service delivery were felt in communities, they sparked popular revolt against the privatisation or commodification of water and electricity, and social protest on social delivery including housing. The remarkable progress to close the wage gap in the public service stalled as government sought to contain the public service wage bill.

Labour's vision of an active and interventionist state was unfulfilled in the 1990s because the ideological pendulum had swung in favour of a limited role for the state in the economy. Assumption of office and changed global conditions tempered the ANC's stance towards using the state as a lever to drive development. The decade will go down in the history of South Africa as both an era of macro-stabilisation and economic liberalism and as a highly contentious period of labour and social movement protests against the new economic orthodoxy.

It is important to place these issues in perspective. While the labour movement may have not succeeded in blocking the privatisation and commercialisation of SOEs, the outcome shows a more mixed picture than was originally planned. For example, South African Airways had to be re-nationalised, the wholesale privatisation of Denel and the privatisation of 30 percent of power generation remain only a paper reality, and the reduction of 300 000 public service jobs did not proceed as planned. Perhaps it is worth noting that much of the post-1994 service delivery improvements was achieved by the state rather than the market. It is questionable whether the private sector would have extended the provision of services such as water, electricity, housing and social grants to the same extent that the state did in the last ten years.

What is missing from the debate is a formulation of how such a task would be accomplished and the vision that would drive it.

The next section reviews emerging debates on the developmental state and reflects on the possibility of a new consensus emerging.

BUILDING A CASE FOR A DEVELOPMENTAL STATE

The debate on the developmental state has been given new impetus by recent pronouncements from the ANC's national policy and general conferences. The labour movement, led by COSATU, has for some time been calling for an interventionist and active developmental state. It goes without saying that, given South Africa's developmental challenge, markets cannot carry through the structural transformation required. The RDP emphasised the importance of the role of the state in driving a transformation project.

The adoption of conservative macro-economic strategy in the mid-1990s emphasised macro-stabilisation and gave less attention to transformation. The state's role under these circumstances was broadly conceived to create a climate for both local and international private sector investments. More energy was expended towards liberalising the economy and less on structural transformation. The driving ideology of the state in that climate was more towards a private sector and state supported growth strategy.

Public sector reform during that period was driven by the imperative to reduce the government's budget deficit. The reforms sought to introduce private sector standards in the public sector, in order to increase the efficiency of the state. There were attempts to reduce the size of the public sector, and to privatise and corporatise state institutions. An important achievement of that period was the integration of a fragmented apartheid state into a unitary state machinery. The state, despite its weaknesses, also managed to extend service delivery to the historically marginalised, even though South Africa still faces serious backlogs. Still, given the climate of the mid-1990s, there was less focus on building the institutional capacity of state agencies, except perhaps the collectors of revenue.

The renewed debate on a "development state" has been preoccupied so far with making a case for a developmental state or describing its attributes. What is missing are formulations of how such a task would be accomplished and the vision that would drive it. What state-society relations will underpin the South African developmental state? South Africa has developed several "corporatist" institutions, from NEDLAC to the sector education and training authorities (SETAs): how do these fit into the project of building a development state? Finally, what was the impact of the public sector reforms of the 1990s on the developmental state project?

SOUTH AFRICAN CHARACTERISTICS

A useful starting point is to characterise the post-1994 state. The South African state is far from satisfying the characteristics of a developmental state. Considering its broad functions in the last 13 years, it could at best be described as a "regulatory-welfare" state. First, the ideology of the state has to change from regulatory and facilitative roles towards a more transformative role. Second, notwithstanding the remarkable progress in integrating the state, its transformation is incomplete. From a service delivery perspective, the state exhibits serious capacity problems due to lack of skills and poor co-ordination between different spheres of government and service delivery sites. Third, state-society relations are still very tenuous, characterised by tension and a tinge of mistrust. The state has neither been able to impose its will on the populace nor to mobilise society behind its programmes, be it at national, provincial and local levels.

The second important consideration is of the unique features of South Africa, compared to the Asian experience. South Africa is committed to pluralist constitutional democracy, has a relatively developed working class and national bourgeoisie and a high level of mass activism and self-organisation. We have also built many institutions to encourage citizen participation, ranging from local level integrated development plan (IDP) processes and school governing bodies to NEDLAC and the SETAs. In a nutshell: South Africa must build a *democratic developmental state* compared to the Asian experiment.

South Africa must negotiate and navigate a complex external environment dominated by globalisation. We also face stiff competition from other developing countries and products from the North. As such, we need to creatively combine a domestic programme that creates space for internal industrialisation with an international outlook to expand the space for developing countries in the global trade, finance and political systems. While the rules-based trade system managed by the World Trade Organisation denies developing countries the use of strategies employed by the developed countries in their initial phases of development, there is space for a national development strategy, especially one that links strategically with the region.

Third, we need to pay attention to the internal organisation of the state and its ability to drive projects from conception to implementation. Internal co-ordination within the state also requires attention. At a minimum, there is a clear demand for an economic planning system within the state. That also requires building the capacity of the state to plan, co-ordinate and execute development strategy. In this respect, the chronic shortages of staff in critical areas of service delivery should be addressed urgently. Building a developmental state demands substantial allocation of resources to build the necessary capacity.

Fourth, it is important to interrogate whether South Africa has a coherent development strategy and what its key elements are. The Accelerated and Shared Growth Initiative for South Africa (ASGISA) and the NIPF are important developments, but do they constitute a development strategy? By its own admission, ASGISA is a limited intervention to address binding constraints. South Africa therefore has to craft a development strategy through a process of dialogue with all social partners. For a long time, there has been talk of a social compact and attempts like the Growth and Development Summit fell far short of articulating a development strategy for South Africa. There is a bit of indecisiveness on the part of the state in terms of where it wants to go and how to draw society behind such a vision. In addition, the state is not driving a consistent and coherent strategy in institutions of social dialogue such as NEDLAC and the SETAs. For the state to achieve its developmental goals and mobilise key actors in society, this will have to change.

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Development is a political process:

Reflections on the development state for South Africa

By **Adam Habib**

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A wealth of scholarship has built up over the last decade or two on the development states of East and Southeast Asia. This literature has different orientations. Some have a policy bent and are mainly descriptive, detailing the particular policies that generated positive socio-economic outcomes in these development states. The structural adjustment literature of the World Bank, especially in the 1980s, is typical of this. (Nabudere, 2006: 3) Also typical in South Africa is the economic liberal school identified by Southall. (2006: xxii-xxiv) Other writings have a more institutional focus, emphasising the embedded but relatively autonomous character of the state, which speaks to the structural linkages and social interactions between political and economic elites. (Evans, 1995) But descriptions of policies, institutions and networks cannot explain why elite coalitions adopt national development agendas. Neither can they explain why international political elites would allow these development states to implement a series of policies that discriminate against foreign capital.

Yet some of the explanation for this is evident in the development literature itself. Chalmers Johnson, for instance, explicitly accounts for the rise of the Japanese economic model by arguing that it was essentially a product of the Cold War and the competitive relations between the American and Soviet political elites. (Johnson, 1999) Others, such as Wade (1999), suggest that these experiences are unlikely to be repeated because the very specific historical and industrial conditions under which they were originally implemented no longer exist.

More recent accounts speak of systemic vulnerability generated by specific political, security, and financial conditions (Doner et al, 2005), and yet others highlight the role of social mobilisation and extra-institutional popular action in prompting these elite coalitions in the direction of broader developmental outcomes. This is particularly obvious in the case of Malaysia, where the 1969 revolt laid the foundation for the "new economic policy" that was explicitly targeted to get Malays out of poverty. (Chin and Jomo, 2000; see also Freund, 2006)

What this suggests is that there is a need to investigate the underlying politics of development states. Such a politics involves two components: the structural configurations of power at the systemic level that condition political elites to behave in systemically beneficial ways, and the institutional environment, programmes and strategies which enable a human oriented development agenda. The former I have discussed elsewhere. In this paper, I hope to discuss the latter, in particular because of the state-oriented audience at this workshop.

Three institutional structural constraints are often raised when reflecting on the possibilities of a development state in South Africa. The first two, the fiscal status of the state and the international environment, were brought to my attention in a study of why the state resorted to a conservative macro-economic agenda in the mid-1990s. The third, state capacity and its skills deficits, has been constantly raised in recent years, by no less than the president himself in his annual state of the nation addresses. How to overcome these constraints is, then, the focus of the rest of the paper.

INSTITUTIONAL CONSTRAINTS

The first constraint that has always been raised against an expansive human-oriented development agenda is the fiscal foundation of the state. In the early years of our transition, it was argued that this fiscal foundation was weak, as reflected in the high levels of debt-to-GDP ratio, and the resources were not available for a significant state-led development initiative. Of course, as is well known, many other scholars contested this and argued that a more expansive fiscal regime was indeed possible. (Terreblanche, 2002; UNDP, 2003) Who was correct in this debate need not detain us here. What is worthwhile to note is that almost all would agree that the debilitating state of the country's finances in the mid-1990s has been overcome and this in part accounts for the government's more expansive development agenda of the last few years.

A second systemic constraint on the possibility of a development state is the capacity of the public service. One of the trademarks of the development state is its ability to direct the behaviour of private investment. This implies significant capacity at the upper echelons of the state apparatus. Yet all indications are that South Africa is not up to par in this regard.

A recent study of redress undertaken by the HSRC demonstrates that the last ten years has witnessed not only the racial transformation of the state, but also its re-conceptualisation. In effect, we have tried to replace the Weberian state with an entrepreneurial one. New recruits, mainly black, have been thus confronted with

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Three institutional structural constraints are often raised when reflecting on the possibilities of a development state in South Africa.

a double challenge. Not only were they meant to take over the responsibilities of the previous public officials, but also significant new responsibilities were added to the job portfolio. This happened simultaneously as there was a contraction in the overall size of the public sector. The result was that the public sector went into a serious performance crisis, especially, but not only, at the local and provincial level. (Habib and Bentley, 2008)

How to address this problem? Two immediate reforms are required. First, it may be useful to note that the development state does not require high-level strategic and managerial capacity to be diffused across the state apparatus. Rather it requires a critical mass of skills at the apex of the state. It thus may be useful to retain the entrepreneurial model for the apex of the state, while the traditional Weberian model should apply for the bulk of the state's employees. The functions of lower level employees must thus be conceived in more traditional terms.

Second, it may be useful to approach the redress initiative in less religious and more pragmatic terms. In particular, there should be an attempt to retain the skills of older public servants. It should be noted that there are always two components to the learning process: knowledge development and experiential learning. While most new recruits may have the first, provided largely by universities and higher education institutions, very few of them are able to develop the second, in part because of the lack of mentors. It is important to retain the skills of older civil servants so the experiential processes of learning can be facilitated in the public service.

Finally, the international environment is often identified as another systemic constraint on the development state. Globalisation, at least those elements of it that have facilitated technological innovation and capital mobility, has had the effect of enhancing the power of multinational corporations vis-à-vis national political elites, thereby circumscribing the possibilities for a human-oriented development.

A strategic foreign policy is therefore instrumental to establish the political space and enhance the capacities of national stakeholders, including political elites, to pursue a developmental state agenda.

Johnson's review of the political conditions under which elites become responsive to their citizens clearly indicates that a contested international environment defined by rivalry among global elites and great powers is positive

South Africa's foreign policy practitioners and trade negotiators need to become bolder in their engagements.

for human-oriented development. Moreover, it suggests that resource endowments, such as mineral wealth, strategic location and even population size, can become a useful lever for national political elites in their engagements with their foreign and global counterparts. (Johnson, 1999) Note, for instance, how China has used population and therefore market size as leverage to attract foreign investment.

SOUTH AFRICAN APPLICATIONS

The application of these lessons to the South African case involves two elements. First, it requires South Africa to undertake the role of leadership in the continent. In the words of some of the international relations literature, it requires South Africa to play the role of a "benevolent hegemon" that prioritises stability, democracy and economic development and also the development of regional and continental common markets. These increases in market size can greatly enhance the leverage of national and continental politicians in their relations with other actors in the global economy, and can be particularly favourable for attracting investment.

Second, it would require prioritising multilateral institutions and endeavours and strategic alliances, both among the South and between North and South countries. This would serve not only to contain the unilateralism of the United States, but also that of big economic powers acting in concert, as often happens in global trade negotiations, such as the coincidence of US and European interests in agricultural subsidies.

Some of these roles are already being undertaken by South Africa. It has increasingly begun to play the role of regional and continental hegemon, even if this is done unevenly and sometimes reluctantly. (Habib and Nthakeng, 2006) There are, of course, scholars who dislike the term "hegemon", preferring instead to describe South Africa as a pivotal state. (Adebajo and Landsberg, 2003; Le Pere, 1998)

South Africa has also played an active role in multilateral institution building, both at the continental and international levels. (Schoeman, 2003; Le Pere, 1998) Moreover, it has begun to prioritise strategic alliances, as in the India-Brazil-South Africa (IBSA) partnership and the G-20 (Flemes, 2006), both of which were crucial in preventing an unfair trade deal being imposed on the countries of the South. The WTO negotiations in Cancun thus ended in stalemate, generating enormous criticism of both the US and Europe and increased pressure from domestic stakeholders to reconsider their positions.

WEAKNESS IN FOREIGN POLICY

Yet, despite these successes, there are significant weaknesses in some of South Africa's foreign policy engagements. First, it has to prioritise South-North strategic alliances, in addition to the South-South ones, if power is to be significantly dispersed in the global setting and development opportunities for the South are to be maximised.

Second, some of South Africa's politicians have to learn to transcend the market fundamentalism that is so apparent in some of the documentation of NEPAD (Bond, 2004), in their refusal to regulate South African investment on the continent (Habib and Nthakeng, 2006), and in the almost timid reforms undertaken at the level of the IMF and World Bank. It would be useful to note that the current success story of China is not simply one of its resort to the market, but also of its pragmatism in manipulating the latter – through a fixed currency, for instance – to suit its own ends. (Breslin, 2006)

Third, South Africa's foreign policy practitioners and trade negotiators need to become bolder in their engagements. This would involve a greater willingness to involve South Africa in the politics of brinkmanship, as occurred in Cancun, and in engaging global civil society, which could be far better engaged than at present to advance a human-oriented development agenda.

Finally, none of this would be possible without more significant capacity being built, both at the level of technical skills within state institutions and the internalisation of these strategic perspectives among state personnel, far beyond the narrow band that currently occupies the presidential and foreign policy apparatus. (Alden and Le Pere, 2004) Only then are we likely to create an environment that would facilitate the pursuit of a developmental state agenda in South Africa.

CONCLUSION

The essential thesis of this paper is not only that human-oriented development is a product of a political process, but also that it requires a diffusion of power both in the international and national environment. This diffusion of power enhances the accountability of political elites to their citizens, thereby creating the motivation for a developmental agenda. Moreover, it increases their leverage vis-à-vis other domestic and international actors, thereby creating the capacity and space for them to pursue such human-oriented development. This is one of the principal lessons to be learnt from some of the comparative development experiences across the world.

Only when we internalise the lesson that development is a political process will we succeed in realising that vision of "social citizenship", enunciated by TH Marshall in his classic text of five decades ago (Marshall, 1950), which now underlies the political aspirations of the ruling party, progressive leaders, activists, public intellectuals and scholars.

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The development state does not require high-level strategic and managerial capacity to be diffused across the state apparatus. Rather it requires a critical mass of skills at the apex of the state.

The mining sector and social investment:

A critique of public-private partnerships

By **Kgabo Masehela**

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Limpopo is one of South Africa's poorest provinces, and yet it has an abundance of mineral resources, including platinum and coal. The province's economy is growing at 4 percent per annum, largely due to mining expansion, particularly in the Waterberg and Sekhukhune districts. At the same time, according to Statistics South Africa's 2007 Community Survey, more than 60 percent of Limpopo's 5.24 million people are living in poverty and unemployment.

This paper argues that economic opportunities have not trickled down to the local communities in which the mines operate, which poses serious challenges for the reduction of unemployment, meeting the United Nations' Millennium Development Goals and the implementation of local economic development (LED) and provincial growth and development strategy (PGDS) programmes. The private sector should commit to social investment programmes so that the needs of the current and future generations – particularly in communities where they operate – are met. Successful implementation of these investments should ensure that local communities are empowered.

PUBLIC-PRIVATE PARTNERSHIPS

"Public-private partnership (PPP) describes a government service or private business venture which is funded and operated through a partnership of government and one or more private sector companies... In some types of PPP, the government uses tax revenue to provide capital for investment, with operations run jointly with the private sector or under contract ("contracting out"). In other types (notably the private finance initiative), capital investment is made by the private sector on the strength of a contract with government to provide agreed services. Government contributions to a PPP may also be in kind (notably the transfer of existing assets)." – Wikipedia

Many early partnerships foundered as a result of disagreements between parties on the apportionment of risk. Also, because of the focus on avoiding increases in public debt in the early 1990s, many private infrastructure projects provided services at substantially higher costs than could have been provided by government.

There are four key considerations for the construction of any public-private partnership:
- clear definition of the objective of the project
- clear definition of the role, responsibilities and input of the government
- clear definition of the role, responsibilities and input of the private sector and non-governmental organisations (NGOs)
- clear definition of the appropriate apportionment of risk.

PPPs have their own limitations and strengths, determined by one's perspective of the social world, for instance, whether the government's central focus should be on "getting value for money" or "reducing public debt". It must be further noted that there are certain risks that cannot be transferred to or shared with the private sector. Governments are ultimately responsible for the failure of service delivery in the areas of education, health and welfare.

ECONOMIC INVESTMENTS IN LIMPOPO

Investments worth billions of rands relating to the mining sector are being planned for Limpopo province (Limpopo 2007a and 2007b).

Eskom, the national public electricity utility, has announced plans to build a R26 bn coal-fired electricity generation plant (Medupi) in Lephalale, Limpopo. The coalfield covers an 88 km by 40 km area in northwestern Limpopo and extends to Botswana. As a result of the demand for coal, the surrounding coalmine (Grootegeluk) will be expanded by R7 bn.

The department of water affairs and forestry has launched the R1.3 bn De Hoop Dam on the Steelpoort River to supply water to the mining sector and surrounding communities. A further R3.6 bn will go towards constructing a pipeline for bulk water from Flag Boshielo Dam to Mokopane for usage by the mining sector and communities. Another R3 bn will go towards local municipalities for water treatment and distribution.

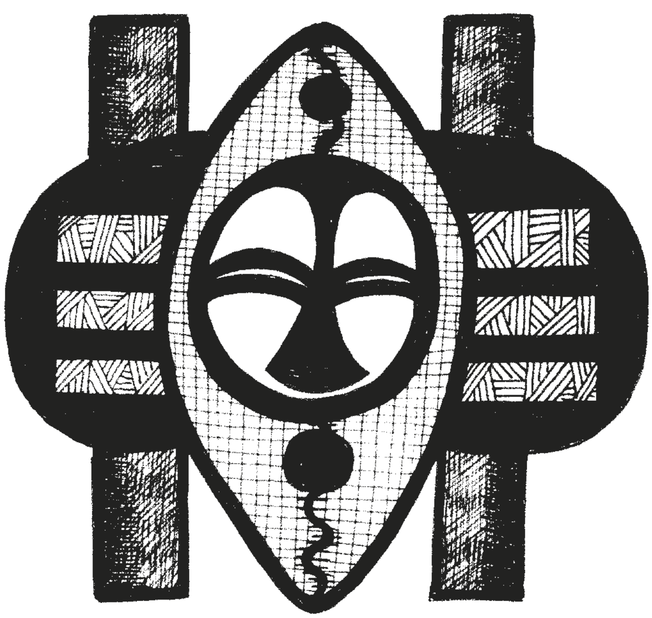
Transnet will spend R10 bn upgrading its Waterberg link line in order to increase the transport of coal to serve the growing demand. There are plans to build a new R8 bn line between Waterberg and Groenbult, north of Polokwane. Venetia Mine in Musina has already initiated plans to spend R1 bn on the project, Potgietersrus Platinum Mine (PPL) will invest R4.2 bn on expansions and FOSKOR in Phalaborwa will invest R600 million.

Through the Dilokong Corridor, Anglo Platinum has invested R1.5 bn in Maandagshoek, together with a complementary R1.5 bn smelter outside Polokwane. Impala Platinum has invested R1.7 bn in Burgersfort (where property prices have increased) and the Canadian Group has set aside R550 million for the redevelopment of a platinum mine at Lebowakgomo.

Road and rail infrastructure forms the core from which goods and services can be delivered. A R400 million project to widen the R37 road between Burgersfort and Angloplat Smelter in Polokwane is being planned. It is envisaged that this road will give mines in the Sekhukhune area easy transport to Polokwane.

A second important road is planned between Medupi power station in Lephalale and Modimolle (Nylstroom). The design has already been completed at a cost of R12 million and the actual construction of the road will cost R200 million. This route will be used for coal transport and will be connected to the Richards Bay in KwaZulu-Natal. Both roads have been identified as flagship programmes of the Accelerated and Shared Growth Initiative for South Africa (ASGISA) and will be part of the broader PPP.

The other PPP envisaged within the broader ASGISA programme is the construction of the Moloto Rail Development Corridor, which will connect three provinces: Gauteng, Mpumalanga and Limpopo (Jane Furse). The feasibility study has been completed.



UNEQUAL PARTNERS

The notion of public-private partnerships (PPPs) between the state and mining sector should be brought under scrutiny. The social and political forces of governments are not on equal footing with the multinational corporations (MNCs), some of which have larger budgets than many countries in the Third World.

Mining, energy and construction investments in Limpopo by multinational corporations (MNCs) totalled R70 bn in 2007. This is in addition to the R23 bn annual budget of Limpopo province. With all this in the breadbasket, we can aptly claim that "Limpopo is the future" for investment. However, the province faces policy-related questions of how local communities can benefit from participating in these programmes. Answers to these questions will ensure that the ideals, objectives and dreams set out in various policies such as the local economic development (LED) programme are fully realised.

Public-private partnership is important for the financing of infrastructure projects. Because these projects are meant to benefit them, the mining sector must commit to finance these projects and to invest resources into education and health infrastructure and road/rail networks. The roads mentioned earlier will benefit the mines more than the state because profits will be maximised from their utilisation.

Research indicates that the sovereignty of states in the third world countries is "withering away" in the face of PPPs and MNCs. (Akani 2007) The state is associated with sovereign power and its sovereignty cannot be shared and remains sacrosanct within its jurisdiction. MNCs should be forced to undertake and finance social infrastructure programmes projects.

LOCAL COMMUNITIES' EXPERIENCE OF PPP

A well-cited Limpopo legislature report highlights the plight of communities and the contrast between theory and what happens in practice on the ground. The relocation of the people of Mothlohlo village involving Anglo Platinum's Potgietersrus Platinum Mine, as captured in the local and international media, should serve as an eye-opener: the government must put in place mechanisms to enable communities to make well-informed decisions.

The process of relocating communities to make way for the establishment of mines highlights the role in which the MNCs make investments in the third world economies. These are done in view of globalisation and profit maximisation within the neo-liberal orthodoxy – or, if you will, as another form of colonialism. For their "community involvement" requirements, MNCs will establish a Section 21 company as a mouthpiece and go-between for the community and the mine. However, the members of these structures often use them as vehicles for personal wealth creation.

The government must define the social responsibility projects that are to be undertaken by mining houses in villages where they operate. The mining companies should be encouraged to consult much more meaningfully with the local communities.

The beneficiaries of these projects must be the entire community and include the traditional leaders. Traditional leaders form an integral part of most of the societies in Limpopo, and the mining sector is largely located in the 83 percent that is rural territory dominated by traditional leaders. Co-operative governance between the traditional leaders, mining sector and municipalities should be instilled.

This paper recommends that the state should set conditions in accordance with the Extractive Industries Transparency Initiative (EITI), which was first announced in Johannesburg at the 2002 World Summit for Sustainable Development (see www.eitransparency.org). Fundamentally, MNCs operating in third world economies should finance social infrastructure programmes, such as state-of-the-art schools and health centres. This dimension requires political direction.

CONCLUSION

The mining sector, which offers significant opportunities for implementing the ASGISA programme in Limpopo, should also support local economic empowerment through procurement. Infrastructure that is required by the mining sector should be fully funded by the mining sector. The inclusion of PPPs in the construction of roads and other networks indicates that the mining sector should commit itself to social investments. It should be noted that market forces – and not the governments of platinum and gold producing regions such as Limpopo – dictate commodity prices. The state should only invest in the *beneficiation process* in order to maximise employment and the establishment of small-, medium- and micro-enterprises (SMMEs) for the local communities.

Limpopo is an important investment destination. The slogan "Limpopo is the future" augurs well for marketing the province positively.

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Steve Biko

and national reconciliation

Liberator Steve Bantu Biko (circa 1970s)

By **Tumisang Bojabotsheha**

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This paper will explore Steve Biko's writings and the philosophy of Black Consciousness in relation to the dialectical relationship of social transformation and national reconciliation. The paper is by no means exhaustive of this broad and deep aspect of the history of our people.

The history of South Africa can be understood as a series of spirals of progression and regression between colonisation and resistance against it. Both colonisation and its resistance assume material and ideal qualities: some battles have been fought on the ground, others in the mind.

The uniqueness of South Africa's colonisation derives from the fact that the coloniser and the colonised have shared the same geographical space ever since the arrival of the Dutch merchants in the Cape in 1652. This phenomenon has been correctly referred to as "colonialism of a special type" (CST). CST was, from its nascence, premised on the primacy of the private economic interests of the coloniser minority and the subjugation of the collective social rights and interests of the colonised. This tendency was demonstrated in the usurping of land and livestock from the African tribes, despite their strong and mounting resistance to such actions. The discovery of diamonds and gold further aggravated these conditions. As mining, industrialisation and commercial farming grew, it became clear that imported white labour was nowhere near sufficient for the growing demand for labour. This imbalance of demand and supply led the coloniser to forcefully mobilise African labour. Several tactics were employed to reach that strategic objective, amongst them the introduction of hut and poll taxes that could only be paid in cash, thus forcing the African to live in two worlds, urban and rural. Social cohesion was abruptly disrupted and destabilised through the imposition of a capitalist system that transformed the peasant farmer into a migrant proletarian labourer.

CST created social contradictions and tensions along the lines of class, gender and race. The phenomenon introduced the capitalist class, which owned the means of production, and the working class, with only its labour power. Another ramification was the subjugation of women, who were treated as subordinates to men and denied certain rights, such as the ownership of property. To further complicate this scenario, the race-cum-skin pigmentation of the colonised differed significantly from that of the coloniser; thus poverty and blackness of the skin became defining characteristics of the colonised people in South Africa.

The objective conditions on the ground thus were expressed in the unity and the struggle of the aforementioned opposites. It was clear that the system, run by an oligarchy ruling over the majority through the exploitation of the masses of the people, was illegitimate. Thus, it had to be eliminated and replaced with a legitimate government posited by the will of the people and geared towards the development of all citizens, irrespective of race, colour or creed. In 1955, the Congress of the People adopted the Freedom Charter, which states that "South Africa belongs to all who live in it, black and white", and that "no government can justly claim authority unless it is based on the will of the people". This assertion challenged the apartheid system's practice of excluding the black majority from voting or participating in government structures.

The emergence of black consciousness in the late 1960s should be contextualised within this historical account. It would also be a mistake to abstract the South African Back Consciousness Movement (BCM) from other such movements elsewhere. Racial segregation was rampant in many parts of the world. In the United States of America, blacks were expected to occupy the back seat in buses and restaurants and when cities like New York began to develop, spatial planning relegated blacks to the marginal settlements like Harlem. The deliberate exclusion of blacks from economic centres, their subjugation and dehumanisation gave birth to their opposite: in the form of black consciousness. Black consciousness became a negation of white benchmarks; black people developed a culture of resistance against white tutelage; and black people concentrated their efforts in a social cohesion process to consolidate black people as a social force against white exclusivism.

The former apartheid beneficiaries prefer national reconciliation to social transformation, while former apartheid victims prefer social transformation.

THE BLACK CONSCIOUSNESS MOVEMENT

Content and form are essential aspects of phenomena. Content is the sum total of the elements and process of a thing; it is what the thing consists of. Form is the internal and external structure and mode of existence of content. In *The Dialectics of Nature* (1883), Frederich Engels wrote:

> "…content and form interact. Content is determinative, but form, whose development depends on content, influences it in turn. Form contributes to the development of content if it is adequate to the latter; it retards development if it is obsolete and no longer corresponds to content. The contradiction between an old form and a new content grows, reaching a point where it becomes conflict, and then the phenomenon stagnates and finds itself in crisis."

The form of the apartheid phenomenon was a shell around the content of white supremacy and black inferiority. The co-existence of these contradictory elements was, according to Biko, perpetuated by the belief of whites that they had a God-ordained right to be lords over and guardians of blacks and by the consent of blacks to be so oppressed.

This dialectical relationship between white racism and black consciousness led to a struggle of these opposites. As the BCM gathered momentum, it had an effect of rendering the apartheid form antagonistic to its content. The process of negating the form had begun in essence.

It is noteworthy that the machinery of apartheid had attempted to quash all forms of resistance through the banning of the African National Congress (ANC) and the Pan-African Congress (PAC). This caused the ANC to move its operations underground and into exile. Amongst the numerous and profound roles played by the BCM, it offered a political cover for the banned resistance organisations. Under its ostensibly innocuous hide, the progressive forces of resistance were able to surreptitiously plot the demise of apartheid. The self-actualisation that was infused into black people through the BCM caused our people to be amenable to the revolutionary goal of not just transforming the system but to obliterate it.

The quantitative changes that were gradually exhibiting themselves in the womb of the BCM were to eventuate into the historic qualitative leap of the 1976 uprisings. Semantic battles, waged in the form of slogans such as *Freedom in our lifetime!* and *Amandla Ngawethu!* were not only the exhibition of the influence of the ANC in the womb of the BCM. They helped to conquer not only fear but also the fear of death. The BCM was thus not only instrumental in creating political awareness amongst our people and mobilising them around issues of common concern, but also offered a necessary cover for underground operations of the ANC.

STEVE BIKO AND THE SOUTH AFRICAN SITUATION

Steve Biko fits the description in these words spoken by Yusuf Dadoo in his tribute to Moses Kotane:
"In the life of every nation, there arise men who leave an indelible and eternal stamp on the history of their peoples; men who are both products and makers of history. And when they pass, they leave a vision of a new and better life and the tools with which to win and build it." (Dadoo, 1978)

Unarguably, Biko was such a leader. He led the BCM and was a founder member and president of the South African Students Organisation (SASO). The birth of SASO was a determining step in the history of South African student politics. It not only entrenched the independence of black students, but also broadened and deepened the focus of their struggles beyond the narrow confines of student grievances toward the social maladies caused by the apartheid basis and superstructure.

Biko developed the awareness that the underdevelopment of the disadvantaged majority in South Africa was the condition for the development of the privileged minority; the poverty of oppressed groups was the condition for the relative wealth of the oppressor group. Biko also, in concord with Frantz Fanon, understood that "the most useful weapon in the hands of the oppressor is the mind of the oppressed". He saw how the white superiority complex was anchored on assertions such as this by Cecil John Rhodes: "There are those who wish to endow the native at once with the privileges it has taken the European eighteen hundred years to acquire, [but] the native is to be treated as a child and denied the franchise." The opinions of some scientists further shored up this racist talk. Georges Cuvier, the doctor who dissected the body of Sara Baartman, wrote: "the most degraded of human races, the Negroes, whose shapes most closely approximate the brute animals and whose intelligence has not grown to the point of arriving at regular government nor the least appearance co-ordinated knowledge, has preserved no records or tradition at all." (cited in Gould, 1997:69)

Biko was not distressed so much by the racist propaganda or by the fact that white people's behaviour tended to posit the credibility of the propaganda as by the behaviour of black people that tacitly acknowledged the veracity of such racist semantics. He observed that black people were, in fact, consenting to be oppressed by white people. He subsequently noted that if blacks could be mentally emancipated, then they would be able to carry out a revolution against the apartheid machinery and its offshoots.

> "The first step therefore is to make man to come to himself; to pump back life into his empty shell; to infuse him with pride and dignity; to remind him of his complicity in the crime of allowing himself to be misused and therefore letting evil reign supreme in the country of his birth." (Biko, 2004)

Biko valued both national reconciliation and social transformation, but also considered the latter to be a precondition of the former.

STEVE BIKO AND SOCIAL TRANSFORMATION

"Biko envisioned a society centred on man (*sic*), not only his material condition but man himself with his ramifications. He said that Africa's gift will be giving the world a human face". (Gibson, 2004) Biko was concerned with building a humane society; marked by adult suffrage, equal rights and self-determination. He also was conscious of the class disparities that further sharpened the contradictions in the South African society. It was clear to him that social cohesion hinged on social transformation.

It is also clear that Biko viewed economic transformation as a fundamental element of social transformation. He was aware of the fact that an exchanged political hegemony or shared political power would not necessarily produce an equal society: "BPC [the Black Peoples Convention] believes in a judicious blending of private enterprise… with state participation, in recognition of the fact that a change in colour of the occupier does not necessarily change the system". (Biko and Zylstra, 1977) Liberation and the total transformation of the system were of central importance to his philosophy and praxis of black consciousness: "It is not only capitalism; it is also the whole gamut of white value systems which has been adopted as standard by South Africa… And that will need attention, even in a post-revolutionary society. Values relating to all fields – education, religion, culture and so on. You still don't become what you ought to be. There is still a lot of dust to be swept off, you know, from the kind of slate we got from white society." (ibid.)

Biko had a keen understanding of the mode of production, the forces of production, and relations of production that characterised apartheid South Africa. Although he seems to be of the view that the mode of production has to be changed, he takes this as a matter of fact and does not spend time advocating for the transcendence of capitalism to socialism. He concerns himself with social transformation even after the removal of capitalism. He makes the point that changing the mode of production cannot, on its own, reverse the social damage that has been wrought by apartheid.

He was conscious of the fact that apartheid had destroyed the indigenous knowledge systems and the credibility of the culture of black peoples in general and Africans in particular. He recognised the importance of injecting indigenous cultural practices and knowledge systems into our education system. It is not difficult to conclude that Steve Biko was a proponent of social reconstruction, moral regeneration and economic equity as pivotal to transformation and social cohesion.

STEVE BIKO AND NATIONAL RECONCILIATION

Steve Biko did not view black consciousness as a form of anti-whitism. He viewed it as a necessary impetus to "pump life" back into black people. It was apparent to him that any foisted fusion of the two race groups would end up in an unequal relationship characterised by white tutelage and black dependency. He envisioned that black people's self-actualisation would, in the long run, allow them to integrate with white people to form a nation of equals in all respects.

> "In terms of the dialectic, the negation of white racism is black unity. But the end is not a synthesis of white racism and black unity but a complex transcendence where race would not be a factor. Biko is against integration if it means integration into a white society with its values and codes of behaviour maintained by whites." (Gibson 2004)

The incontrovertible truth is that Biko's exclusivist approach to South African politics was informed by a correct reading of the balance of forces of that time. The approach sought to assist blacks to rebuild their cultural institutions, to be masters of their own destiny, and to overcome their inner fears of not measuring up. It is therefore an error to see the BCM's exclusivity as something inimical to whites as a race. The intention was to demonstrate to the black people that they were the architects of their own destiny and that they did not need to judge themselves by white standards. They needed to consider their excellence against their own cultural standards. Biko was not, therefore, at variance with national reconciliation in principle, but he considered national reconciliation as a process not an event. He viewed it as a future that had would have be built. When asked what the BPC intended to do about whites after liberation, Biko said "we intend to see them staying side by side with us, maintaining a society in which everybody shall contribute proportionally". (Biko, 2004)

A DIALECTICAL APPROACH

It is true that the legacy of apartheid social engineering still persists, even after liberation from its tyranny. Our leadership has identified two strategies to address the apartheid fault lines: social transformation and nation reconciliation. The nature of our society's response to this dialectical approach is strikingly contradictory and dichotomous, which is telling of the intensity of apartheid's polarisation of our society. The former apartheid beneficiaries prefer national reconciliation to social transformation, while former apartheid victims prefer social transformation.

The social transformation strategy has been driven through tactics like employment equity and black economic empowerment, which aim to reverse the apartheid trajectory. National reconciliation has been driven through instruments such as the Truth and Reconciliation Commission, aimed at healing the maladies of the past dispensation. The national reconciliation strategy ultimately wants to craft one South African nation, diverse yet united in vision and mission, a nation which has truly and honestly forgiven all past atrocities and is striving forward to a better tomorrow. A nation that will realise the resounding mandate of the 1955 Congress of the People to make South Africa truly belong to all who live in it, black and white, through the people truly governing.

The reality, though, is that there is an interdependence between national reconciliation and social transformation. Former apartheid beneficiaries are less resistant to supporting social transformation (even to the point of making sacrifices) when they have a sense of comfort emanating from a solid assurance of forgiveness and acceptance. Equally, it becomes much easier for former apartheid victims to support national reconciliation (even to the point of forgiving the atrocities of the past) when they have fully realised the essence of material change in their objective conditions.

The legacy of Steve Biko teaches us that national reconciliation is a desirable goal. In order to reach the goal of national reconciliation, social transformation should be pursued. In other words, according to this legacy, any leap into national reconciliation without going through social transformation will only sharpen the contradictions in society and thus defeat the very aim of national reconciliation. Biko valued both national reconciliation and social transformation, but also considered the latter to be a precondition of the former.

Indeed, black consciousness and its leaders came at an opportune time in the history of our movement. When the movement was banned by the apartheid system, the apparently acceptable nature of the BCM offered the necessary political cover for the progressive forces to finally rock the apartheid boat.

It is with sadness that we remember that the same apartheid machinery orchestrated the untimely death of Steve Biko. He is remembered for his pivotal contribution to enable the continuity of our people's struggles against apartheid.

The form of the apartheid phenomenon was a shell around the content of white supremacy and black inferiority.

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The Mbeki – Mugabe papers:

What Mbeki told Mugabe

A Discussion Document, August 2001

These papers were passed to New Agenda *confidentially. We publish them in the public interest. This has been edited.*

Zimbabwe is confronted by a number of problems that require urgent solutions. For these solutions to be found, the first requirement is that the people of Zimbabwe themselves should define the nature of the problems that need to be addressed. A correct characterisation of these problems is a necessary condition for their resolution. Failure to carry out this characterisation must necessarily lead to the adoption of wrong policies or the adoption of correct policies by accident. The question must arise – who shall carry out the complex task of elaborating this correct and objective characterisation of the problems facing Zimbabwe!

Our view is that this task must be carried out by the party of revolution – ZANU-PF, which has the capacity both to understand the challenges facing all sectors of Zimbabwe society, and the ability to play the vanguard role in addressing the interests of all these sectors.

This Discussion Document is a humble contribution to the work that ZANU-PF must carry out. It will necessarily have all the deficiencies that emanate from the fact that it is the work of outside observers who can only make their observations from afar. Nevertheless, we must make the point that the challenges that ZANU-PF has faced over the last 20 years are qualitatively no different from the situation we face.

We too have been and continue to be faced by the same imperatives and pressures. As the party of revolution in Zimbabwe had to, so must we also respond to these imperatives and pressures, which relate to the very reasons for which the masses of the people […]

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The First Phase of the National Democratic Revolution consisted in the struggle for national liberation from foreign and white minority rule and the establishment of an independent national democratic state.

Whatever the problems at the time, it would be correct to say that the successful conclusion of this phase constitutes a major victory of the national liberation movement of Zimbabwe, with ZANU-PF at its helm.

However, we must also observe that certain features of the First Phase were, and are, of great significance with respect to the Second Phase of the National Democratic Revolution. We refer here especially to the matters of white property rights and the relative autonomy of the state administration.

We will return to these matters later. At this stage, we would like to reflect briefly on the issue of the central tasks of the Second Phase of the National Democratic Revolution. These are:

1. ending poverty and underdevelopment especially among the formerly colonized masses
2. bridging the disparities between the formerly colonised and the former colonizers in terms of wealth, income and opportunity and de-racialising the patterns of ownership of productive property
3. ensuring that the economy grows and develops in a manner that can sustain the two objectives above
4. further entrenching democracy by ensuring the greater involvement of the masses of the people in the system of governance, while ensuring the continued allegiance of the masses of the people to the party of revolution, and
5. securing Zimbabwe's rightful place in Southern Africa, Africa and the rest of the world, bearing in mind the objective circumstances brought about by the process of globalisation.

How does Zimbabwe stand today with regard to these matters? A revolutionary approach to this question requires that we should be as frank and objective as possible, informed by the well-established principle of self-criticism. Such analysis is also vital to the discharge of the task of characterising the nature of the problems confronting Zimbabwe.

What then, are our answers to the question – how does Zimbabwe stand today with regard to the central tasks of the Second Phase of the National Democratic Revolution!

Task I: After recording some progress during the early years of independence towards the accomplishment of this task, the situation has worsened and continues to do so. This affects both the rural and the urban masses.

Task II: After recording some progress during the early years of independence towards the accomplishment of this task, except for a relatively thin upper stratum among the formerly colonised, no significant advance is being made in this area.

Task III: After recording some progress during the early years of independence towards the accomplishment of this task, stagnation began to affect the economy, which is now actually contracting, resulting in a decline in living standards.

Task IV: There is a clear alienation of the masses of the people from the system of governance. This has expressed itself in the political actions of the people against the government as such, especially in the urban areas and Matebeleland. This has enabled the emergence of the Movement for Democratic Change (MDC), which, essentially, is a multi-class and multi-sector protest movement. The disjuncture among the ruling party, the state machinery and the people is also expressed by evidence of corruption within the public sector and the desertion of large numbers of public sector workers to the opposition party.

Task V: For a while after independence, Zimbabwe occupied a leading place in Southern Africa and Africa as a force for change. With its policy of national reconciliation, it had shown the way as to what should be done to move from white minority rule to democracy, in a situation in which there was a substantial white minority. It had a strong and growing economy. It pursued progressive social policies with regard to such matters as education, health and rural development. It actively supported the struggles for the liberation of Namibia and South Africa, as well as peace and stability in Mozambique. It was accepted globally as an important player both in Africa and in the Non-Aligned Movement. Today it is viewed as a country in crisis, threatened by economic and social collapse. Many of the Western countries have turned against Zimbabwe, including the ones in Scandinavia. Support in the rest of Africa is lukewarm and hesitant, while countries in southern Africa are fearful of the consequences of a deeper crisis in Zimbabwe. Globally, it is presented as a negative factor in the context of the development of southern Africa and Africa as a whole.

As we have indicated, Zimbabwe did not carry these negative features from the beginning of its existence as an independent country. On the contrary, it started on a positive note with regard to all these matters as it began to tackle the tasks of the Second Phase of the National Democratic Revolution.

The question arises naturally – what went wrong? This also requires a frank, objective and balanced answer. Again, this is essential to the provision of a correct characterisation of the problems that Zimbabwe face today.

With regard to the issue of *poverty and underdevelopment*, Zimbabwe depended on both the public and the private sectors to address this question. As far as this concerns the private sector, this entailed almost exclusively the provision of jobs in the context of an expanding economy. Important as this was, it was not directed at making a qualitative input to address this task. Rather, there would be a quantitative, cumulative contribution towards addressing this task.

In addition, this contribution would consist more of greater sums expended on wages and salaries as a result of larger numbers of people employed rather than in increases in real wages and salaries paid to those in the private sector.

A minimal private sector contribution to the accomplishment of this task can, of course, also be attributed to the emergence of a small black petit bourgeoisie as well as the expansion of the informal sector. We can also say that the private sector played a minimal role with regard to the task of *bridging the disparities between black and white*. Where this did take place in the private sector, it would largely be attributable to the black role players within this sector, who would themselves be a minority within the sector. The task to address these two central tasks of the Second Phase of the National Democratic Revolution therefore rested squarely on the shoulders of the public sector.

We must recognise the fact that during the first decade of Zimbabwe's independence, before the collapse of socialism in Europe, progressive forces throughout the world were influenced by the economic, political, social and cultural policies pursued in these countries. These included doing everything possible to raise the standards of living of the working people. It was therefore natural that progressive Zimbabwe, which was also expected to demonstrate the success of non-racism as opposed to the apartheid disaster across its border, would itself do what it could quickly to improve the quality of life of the black majority.

Accordingly, to discharge its responsibilities with regard to the two tasks we have mentioned, the national democratic state of Zimbabwe depended almost exclusively on the state budget, supplemented by donor funds, as well as the various organs of the state machinery. The latter included the state corporations. The programme that was implemented included:

- large expenditures on education, health and welfare
- significant expenditures on rural development
- subsidisation of essential commodities such as food and fuel
- subsidisation of the state corporations to keep the prices of the goods and services they supplied down
- training and deployment of black Zimbabweans in senior positions in all areas of the public sector
- an upward adjustment of wages and salaries in the public sector to bridge the gap between black and white earnings, and
- a limited programme to encourage the emergence of a black rural and urban petit bourgeoisie.

We will now provide some facts to substantiate this conclusion. The information that follows is extracted from the document *Zimbabwe: A Framework for Economic Reform (1991-95)*.

In the period 1980-89, primary school enrolments rose from 1.2 million children to 2.2 million. Secondary school enrolment grew from 74 000 to 671 000, a "rate of expansion [that] was faster than [any] ever experienced anywhere else in the world." Increased health expenditures resulted in such positive developments as an increase in the proportion of immunised rising from 25% to 86% and an increase in life expectancy from 55 to 59 years.

Because of state interventions to encourage rural development, "the small farmers' share of marketed maize rose from zero in 1980 to more than 70% in 1989. [...] The bulk of the additional formal sector employment during the 1980s was in the governmental sector, especially in education, health and public administration. This was a deliberate effort to redress historical inequities."

With regard to the issue of price and distribution controls, the "Framework" document says: "Until recently the government has maintained an extensive system of price controls in order (i) to ensure the supply of basic and essential commodities of consumption at reasonable prices, (ii) to ameliorate restrictive trade practices, and (iii) to secure remunerative prices for farmers."

At the end of the 1980s, a decade after Zimbabwe attained its independence, "strict controls" remained on ten products/services. These were bread, maize meal, beef, matches, cooking oil and fats, cement, steel, fertilizers, petroleum fuels and bus and railway fares. This means that these products/services were supplied to the consumer at prices subsidised by the national democratic state. This also meant that loss-making public enterprises had to be subsidised to ensure that they help to meet the objective of providing "basic and essential commodities of consumption at reasonable prices."

During the fiscal year 1990/91, the subsidies to the public enterprises absorbed a staggering 3.7% of Zimbabwe's GDP. During the same fiscal year, the civil service wage bill accounted for 16.5% of the GDP. Central government expenditure on the social sectors during the same year amounted to about 13% of the GDP.

Undoubtedly, the various interventions of the national democratic state to meet the needs of the people made an important contribution to raising the standards of living and improving the quality of life of the formerly colonised masses. We can therefore say that the party of revolution did what it could to begin the process towards the eradication of poverty and underdevelopment and the elimination of the disparities between the formerly colonised and the erstwhile colonisers.

It is also clear from what we have said that many of the initiatives affecting the social sector necessarily included the expansion of the public service, including teachers, nurses and administrators. This occurred in the context of the general dismantling of the racist-colonial state and its replacement by the national democratic state, requiring the expansion of the state machinery.

At the same time, because of the need to defeat the counter revolution within Zimbabwe and to defend the national democratic revolution against the apartheid regime in South Africa and its allies in Mozambique, it was necessary to divert a significant portion of the state budget to issues of national security.

In the context of the task of bridging the disparities between the formerly colonised and the former colonisers, we must also mention some of the "sunset clauses" agreed at the Lancaster House constitutional negotiations. These included:

- job security for those who had been employed in the Rhodesian public service
- protection of their pensions and benefits, with the proviso that these, including severance packages, would be paid in any country or currency of the choice of the civil servant concerned, and
- a virtual freeze on any land redistribution, to keep the most productive land in the hands of white landowners.

The effect of these "sunset clauses" was to slow down the transformation of both the state machinery and property relations in the country, with these consequences having a direct impact especially on the task of bridging the gaps between black and white in terms of wealth, income and opportunity. Politically, the erstwhile colonial power justified these arrangements on the basis of a set of principles agreed at the Commonwealth Heads of Government Meeting held in Lusaka in 1979, which opened the way to the Lancaster House negotiations.

The particular principle to which we refer spoke of "black majority rule". This was expressed in the democratic elections of 1980 and the subsequent formation of a black government, to which Great Britain handed over power in the same year. Of course, the obverse of this was "white minority rights", which found expression in the "sunset clauses" we have mentioned, as well as other provisions contained in the Lancaster House Constitution.

It was within all these constraints that the Zimbabwe national democratic state sought to address the two tasks of the Second Phase of the National Democratic Revolution, of ending poverty and underdevelopment and bridging the gaps between black and white. *The reality is that the programme, as it was implemented, proved to be unaffordable. The economy and the national budget could not carry the costs imposed on it by the requirement to respond to two of the tasks of the Second Phase of the National Democratic Revolution, of meeting the needs of the people.*

In a paper entitled *The Millennium Economic Recovery Programme: Focus on Poverty and Human Development Issues*, Arnold Sibanda, research fellow at the Institute of Development Studies of the University of Zimbabwe writes:

> "According to the CSO (1998) study, poverty in Zimbabwe increased from 40.4% in 1990/91 to 63.3% by 1995/96. The incidence of not being able to meet basic food requirements, i.e. extreme poverty increased from 16.7% to 35.7% during the respective periods. In a pre-budget seminar in October 1999, the Minister of Finance revealed that 'poverty has increased sharply. Recent statistics indicate that 75% of all Zimbabweans are classified as poor and about 47% are classified as very poor.' (ZHDR 1999, 31-32.)"

This negative picture developed in spite of the determined efforts of the party of revolution to produce the opposite result of poverty reduction and eradication. It is precisely this situation that demands of this party that it undertakes a frank and honest assessment of what went wrong.

But as we have indicated, one of the things that went wrong was that the programmes adopted to improve the quality of life proved to be unaffordable. Because the budget could not carry the burden of social expenditures focused on Tasks I and II of the Second Phase of the National Democratic Revolution, the national democratic state resorted to borrowing, to make up the shortfall in resources available to the government.

The "Framework" document presents this matter as follows:

> "The central government's fiscal deficit was in excess of 10% of GDP during much of the 1980s and this led to central government debt reaching 71 % of GDP by 1989, 36% of which was external debt. Total public sector debt was even larger at 90% of GDP. In Fiscal Year 89/90 central government interest payments comprised 6.7% of GDP."

What this means is that the national democratic state financed part of its programme targeted at Tasks I and II with borrowed money. In other words, it did not have all the resources necessary to implement the ambitious programme it had set itself, of meeting the needs of the people in as short a period of time as possible. As we can see from the preceding "Framework" quotation, 10 years after independence, the level of borrowing resulting from the maintenance of a high budget deficit for a number of years, had imposed very high interest payments on the budget of the national democratic state. By the end of the decade of the 1980s, these interest payments amounted to 6.7% of GDP.

It is clear that sooner or later, budgetary resources would have to be diverted to payment of this interest, away from the social expenditures that had resulted in the high borrowing requirement which, in turn, resulted in the large interest payments. Put simply, in time the high budget deficit would necessarily lead to the collapse of the social services, which had occasioned the deficit.

What had seemed to be the fertilizer that ensured the growth of these services would turn out to be the toxic substance that would kill these services. It is the impact of this borrowing requirement that would, in the end, oblige the national democratic state of Zimbabwe to turn to the IMF for help. It would create the circumstances that would lead to Zimbabwe having to agree to an economic structural adjustment programme.

It is appropriate that, at this stage, we also consider the third task of the Second Phase of the National Democratic Revolution. This is the objective of ensuring the adequate growth and development of the economy.

The "Framework" document reports that:

> "Growth in Gross Domestic Product (GDP) during the 1980-89 period (2.7%) lagged behind population growth. Also a disproportionate share of this modest growth was in the provision of social services and public administration."

This means that even as the national democratic state was diverting ever-larger resources to meet the needs of the people, per capita income was declining because the economy was not growing fast enough merely to keep up with population growth.

The document goes on to say:

> "Export growth overall... has been disappointing, increasing by only 3.4% per annum in real terms between 1980 and 1989. This slow export performance, coupled with debt service payments rising to a peak of 34% of export earnings in 1987, severely constrained the growth of imports. Imports actually declined by 0.4% per annum in real terms between 1980 and 1988. This contraction of imports, particularly during the mid 1980s, severely constrained utilisation of existing capacity as well as investment in new production capability."

Whereas the foreign debt that had accumulated required that the economy should produce the foreign exchange earnings to enable Zimbabwe to service this debt, the economy was not performing at a level that would enable this to happen. This balance of payments constraint would also make it difficult to pay for the imports that were necessary for production activities to take place. It would therefore lead to a further decline in economic growth and consequently even less capacity to generate foreign exchange earnings. Among other things, this downward spiral would oblige Zimbabwe to appeal to the IMF for balance of payments support, with the results that we have already mentioned.

Let us again quote (at some length) from the "Framework" document, which says:

> "The principal cause of low growth has been the low level of investment in the productive sectors of the economy. Investment has been barely adequate to maintain the capital stock, let alone to increase it and raise productivity. The capital stock has aged, as gross fixed capital formation declined to 15% of GDP in the mid 1980s. Private investment has fallen even more rapidly, as the share of public investment in total investment has risen. Private investment was less than 8% of GDP in 1987 compared with 12% in 1985. This decline in investment can be attributed to three basic factors: i) the risks associated with unsustainable fiscal deficits; ii) uncertainties and high costs associated with the foreign exchange allocation system affecting access to investment, intermediate goods and spares; and iii) the relatively high cost of doing business in Zimbabwe's highly regulated business environment, as a result of price controls, labour market restrictions and investment control procedures."

One of the results of this low rate of growth was a decline in job opportunities. The "Framework" document says:

> "The increase in employment opportunities has been far from adequate to absorb the large numbers entering the work force annually, with the result that unemployment reached 26% in 1989. There are now about 200 000 school leavers each year, but only about 20 000 to 30 000 new jobs are being created in the formal sector."

The document also deals with the macro-economic issues of inflation and interest rates and says:

> "Inflation averaged around 15% per annum during the 1980s. Nominal interest rates averaged 12% and hence the real interest rate was negative. Nevertheless, limited consumer options and developed savings institutions helped to maintain a healthy savings rate of about 20% per annum. These savings, coupled with negative real interest rates and low private investment demand, allowed the central government to finance its fiscal deficits of over 10% of GDP without appearing directly to crowd out private investment and without foreign debt exceeding 57% of GDP."

What this means is that the savings made by the population were absorbed by the public sector to finance the budget deficit. Instead of these savings financing new investments in the productive sectors of the economy, they were absorbed by the government and used to finance the social sector expenditures which we have already discussed.

Accordingly, we can summarise the foregoing as follows:

I. during the first decade of independence, the party of revolution considered the redistribution of wealth in favour of the formerly colonised as one of its principal tasks
II. accordingly, it ensured that the national democratic state intervened in the economy to divert resources to various elements of social expenditure, to meet the needs of the people
III. this intervention also included the subsidisation of various consumer prices through the state budget as well as the maintenance and subsidisation of a relatively large system of state-owned enterprises
IV. to finance this programme, the national democratic state relied on large public sector borrowing to finance a high budget deficit
V. this public sector borrowing diverted savings away from investment in productive sectors of the economy into recurrent expenditure in social services and the state administration: at the same time, there was hardly any inflow of foreign capital into the country
VI. at the same time and as a result of low levels of investment, the economy grew at very sluggish rates and regressed to a situation of stagnation, as a consequence of which

it could not support the high social expenditures of the national democratic state: this signified that the party of revolution had failed to discharge its responsibilities with regard to the third task of the Second Phase of the National Democratic Revolution

VII. to ensure that it met its objectives, the national democratic state maintained a complex system of government controls over the economy, which increased the cost of doing business in Zimbabwe and acted as a disincentive for investors who had the choice to invest in less regulated markets

VIII. except for its intervention in the area of small-scale agriculture, the national democratic state made no serious effort to encourage the growth of the productive sector of the economy

IX. increasingly, the redistribution programmes of the national democratic state could not be sustained by the productive capacity of the economy of the country, leading to a situation of crisis within both the consumption and the production spheres of the economy and within the public and private sectors, and

X. ultimately, the national democratic state had to turn to the IMF to rescue it from the escalating general social and economic crisis, resulting in a structural adjustment programme which, certainly in the short term, could not but further deepen the crisis.

All this amounts to the reality that the party of revolution adopted a subjective approach to the accomplishment of two of the tasks of the Second Phase of the National Democratic Revolution. In pursuing these tasks, it did not take into account the objective reality of fiscal and economic constraints. Soon enough, the national democratic state ran out of resources. This forced the government of Zimbabwe to appeal to the IMF for assistance as early as 1984.

Motivated by the imperative to meet the needs of the people, the government of Zimbabwe has persisted for two decades in seeking ways of allocating as much budgetary resources to this objective as possible, without paying sufficient attention to the fact that the economy as a whole must have the capacity to produce these resources.

Fundamentally, this has amounted to a serious mistake of a subjective approach to economic questions. While this has been driven by the desire to serve the interests of the ordinary working people, in the end it has imposed new and heavy burdens on these masses.

For more than a century, progressive political economy has recognised the central importance of capital, the means of production, in the transformation and development of society. And for at least a century, the issue of the control of "the commanding heights of the economy" – these being the leading sectors and corporations – was central to the thinking and actions of those who sought to build socialist societies of one kind or another. In the light of the changing situation, especially characterised by the collapse of socialism in Europe, progressive political economy has been revising its views about the correctness and possibility of the state control of these "commanding heights".

As we indicate elsewhere in this document, this has resulted in the established socialist countries opening up their countries to private foreign direct investment. Accordingly, private capital is playing an increasingly important role in terms of the growth and development of the existing socialist societies. At the same time, certainly in China, there is a simultaneous process to privatise many state corporations. This is based on the understanding that it is necessary to effect some departure from the concept of the state control of all commanding heights of the economy.

This is done in order to attract the capital into the national economy, which the socialist state does not have. It also seeks to use the competitive spirit in human society, characterised in socialist societies as socialist emulation, which leads the owners of capital to fight for such objectives as growth, competitiveness, development, technological development and market share.

As progressive political economy has moved away from the position of direct state control of the commanding heights of the economy, it had to grapple with the issue of how to deal with "the market". Nevertheless, it has not lost its understanding of the central importance of the role of capital as a critical agent of progressive change, even when it is privately owned. It is within this context that the issue of "policy framework and regulation" has arisen as an important issue of economic policy. Related to this, is the issue of the capacity and relevance of the state as the social instrument to discharge these policy and regulatory functions.

It is also accepted that whatever the adjustments within the context we have described, this does not necessarily represent the abandonment by the socialist state of its obligation to attend to its redistribution responsibilities in favour of the poor. This means that the discharge of these responsibilities does not, in itself, dictate that the national democratic state should become anti-capitalist. It does require that this state should play its role to ensure that the interests of capital, focused on profit maximisation, do not become the sole and predominant objective of social and national development.

To return to the issue of progressive political economy, we must emphasise that one of the critical issues of this discourse is the focus on the issue of capital, the means of production, whatever the mode of their existence and continuous expansion. We make all these observations to say that in as much as the party of revolution must continue to concentrate on issues of poverty eradication, so must it also attend to the issue of the creation of the wealth without which these objectives cannot be achieved. Accordingly, it is necessary that as a revolutionary movement we should work hard to understand the economy and economic processes. In this context, it is necessary to understand the distinction between the objective and the subjective.

The economy consists in a multiple series of interactions that take place independent of the consciousness of any particular individual. Economic activity is therefore an objective process. This does not mean that we cannot influence this process through our conscious interventions. What it means is that for us successfully to make such an impact, it is important that we fully understand the 'laws' that govern economic activity, the regularities inherent in this kind of social activity.

Perhaps the most commonly cited economic "law" or regularity is the law of supply and demand. Understanding of this law enables us to make conscious interventions in economic activity to influence this activity to take particular directions. The absence of such understanding would necessarily lead to interventions that may very well produce results that we had not intended. This would also be the case if we thought that we could simply ignore this 'law' or that we could wish it away.

It is only when we have a proper understanding of objective reality that we are able to make subjective interventions that produce the results that we had intended. In terms of dialectical materialism, this has been expressed in the concept of "freedom is the recognition of necessity".

It is therefore imperative that the party of revolution of Zimbabwe should have a thorough understanding of economic questions in general and the Zimbabwe economy in particular. It is only on this basis that it becomes possible to take correct decisions about what should be done so that the party of revolution continues successfully to discharge its responsibilities with regard to the tasks of the Second Phase of the National Democratic Revolution.

In this context, it is also necessary that the party of revolution should not fall victim to the understanding that the major and sole economic task of the national democratic state is the redistribution of wealth. The party must also understand that this state also has direct and indirect responsibilities with regard to the creation of the wealth that it might then seek to redistribute. It must therefore be continuously interested in building a strong and growing economy to provide the material base on which it can address the continuing and urgent question of meeting the needs of the people.

The bulk of the economy of Zimbabwe remains in white private hands. It is a capitalist economy dominated by people who belonged among 'the oppressor nation". However, these characteristics should not lead the party of revolution to treat these white capitalists as enemies of the national democratic revolution and state. If this were to become the prevalent view, it would then be easy to arrive at the position that the task of the national democratic state is to punish these white capitalists by stripping them of their wealth, as much as possible, and to distribute this wealth among the formerly colonised.

To do so would result in the collapse of the economy with disastrous effects on the population as a whole, as would happen if, for instance, such white capitalists had no capital to invest to maintain and to increase production. The reality that the party of revolution has to contend with is that capital in general (including "white capital" in Zimbabwe), is central to economic growth and development. Accordingly, the national democratic state has to treat capital as a social partner in the reconstruction and development of Zimbabwe, while recognising the fact that the relationship between state and capital will, to some extent, be characterised by the existence of contradictions between them. It is urgent that the party of revolution should re-examine its approach to the third task of the Second Phase of the National Democratic Revolution so as to take the correct decisions that will lead to economic recovery.

We have identified the fourth task of this Second Phase of the National Democratic Revolution as the further entrenchment of democracy. We will now proceed to deal with this question.

At independence in 1980, the people of Zimbabwe saw the Patriotic Front, made up of ZANU and ZAPU as the only genuine parties of democracy. Accordingly, in the elections of that year, excluding the reserved 20 white seats, the parties of the Patriotic Front (PF) won 77 seats while Mozorewa's UANC would only get three. It was clear that the masses who elected the PF would welcome and accept the new national democratic state as their own.

Fifteen years later, in 1995, these masses still had confidence in ZANU-PF. In that year's parliamentary elections, ZANU-PF won 118 seats to Sithole's ZANU-Ndonga's two. However, during the presidential elections held the following year, 1996, only 32% of the electorate participated in the elections, which, nevertheless, were won overwhelmingly by the ZANU-PF candidate, Comrade RG Mugabe.

Of particular note in this regard, is the fact that the stay-away was highest among the urban working class and middle strata. This stay-away should itself have been a cause of concern to the party of revolution. Like all parties of revolution, Zimbabwe's party of revolution depends on the conscious and mobilised masses both to defend the revolutionary gains and to take new steps further to advance the process of social transformation.

Accordingly, though the forces of opposition did not have any electoral gain from the low voter turnout, the party of revolution should have been concerned at the large voter abstention, as this signified the demobilisation of the masses. Such abstention is not a neutral political statement. It can signify disillusionment with the party of revolution or complacency that so guaranteed is the democratic revolution and its gains, that they no longer need the conscious defence of the mobilised masses.

Events since the 1996 Presidential elections show that the voter stay-away, particularly in the urban areas, was not a neutral phenomenon. Rather, it constituted the expression of the negative feeling of large segments of the urban population towards the party of revolution.

In February 2000, a draft constitution was submitted to referendum. The ruling party suffered a defeat, with the majority voting against the constitution, following a campaign by opposition forces that had emerged during the 1990's, which urged the people to oppose the draft constitution. We should also note that apart from the fact that the party of revolution did not campaign seriously for approval of the constitution, again voter participation in the referendum was low.

During the parliamentary elections held in June 2000, one of the opposition forces, the MDC, came close to defeating the party of revolution, nearly repeating the victory these opposition forces had achieved during the constitutional referendum. With 48.6% of the vote, ZANU-PF won 62 seats. The MDC garnered 47% of the vote and 57 seats. ZANU-N won one seat.

In this regard, we must also note the MDC made its greatest advances in the urban areas and in Matebeleland. This means that ZANU-PF's support was strongest in the Shona-speaking rural areas. As it analyses this massive loss of support, the party of revolution would have to assess both the class and the national questions as they express themselves in Zimbabwe. Various questions would have to be answered, such as:

- why has the party of revolution lost the support of the urban working class?
- why has the party of revolution lost the support of the urban middle strata, including the intelligentsia and the civil service?
- why has the party of revolution lost the support of the Ndebele-speaking population in both urban and rural areas? and,
- how did the forces of opposition succeed to rally behind themselves the disparate forces consisting of the urban working class, the Ndebele national minority, the white urban and rural bourgeoisie and the white population in general?

We must also note that the opposition to the party of revolution had also been manifested in mass action when the urban working population responded to a general strike during November 1998, called by the Zimbabwe Congress of Trade Unions (ZCTU) to protest against various government policies.

In assessing the success of this strike, we must also make the observation that it was supported certainly by some of the employers who closed their establishments as an expression of their own grievances against the government. Similar successful mass action took place during another general strike called by the ZCTU in June 2001.

Of particular concern with regard to these strikes is the fact that the protesting masses had also taken the political decision to turn their backs on the party of revolution. We make this statement on the basis of the historical determination of the revolutionary movement that, inherently, general strikes are political in nature. We should take this together with the conclusions indicated both by the constitutional referendum and the 2000 parliamentary election results.

Later in this paper, we will return to an important matter that Zimbabwe's party of revolution must consider. This is the question of a proper understanding of where Zimbabwe's class and national formations stand with regard to the issue of which, among these, belongs to the motive forces of the revolution, and which should be classified as objectively belonging to the camp of reaction.

For now, we must return to the question of the implication of the issues we have been discussing to the discharge of the fourth task of the Second Phase of the National Democratic Revolution – the further entrenchment of democracy in Zimbabwe. In this regard, we must make a number of observations, based on conclusions drawn from political events in Zimbabwe in the last few years. These are that:

- judging by the results of the year 2000 parliamentary election results, almost half of the population of Zimbabwe has lost confidence in the party of revolution, even if this is temporary
- accordingly, this section of the population no longer considers the democratic government and state as being social institutions that are committed to serve its interests
- possibly the majority of state functionaries, and certainly a large number of those who occupy positions within the state machinery, feel no allegiance to the government and have lost any motivation to implement the programmes of the ruling party of revolution. – it may even be that many of these public sector workers would feel inspired to undermine government programmes as part of their contribution to the political defeat of the party of revolution
- the propertied class (the bourgeoisie – black and white, and urban and rural) considers the party of revolution and the democratic state as being hostile to its interests – the section of this class that is directly dependent on the patronage of the ruling party would, naturally, continue to support the party of revolution
- similarly, the urban petit bourgeoisie also considers the party of revolution and the democratic state as being hostile to its interests
- the Ndebele national minority also considers the party of revolution and the democratic state as being hostile to its interests
- similarly, the white minority also considers the party of revolution and the democratic state as being hostile to its interests.

What all this signifies is that large and important sections of the population of Zimbabwe have broken with the party of revolution, even temporarily, and lined up behind the forces of opposition. Once again, this conclusion is based on recent voting patterns and not any prediction.

As these masses seemed to lose confidence in the party of revolution and the democratic state, the party of revolution appeared to treat these masses as an undependable entity that could not be relied upon voluntarily to support the programmes of the party of revolution. At the same time, those occupying important decision making positions within the state machinery began turning against the party of revolution and its programmes.

Ostensibly sharing the sentiments of those sections of the people that had lost confidence in the party of revolution and the democratic state, they acted to frustrate the implementation of the programmes of the party of revolution and the state, aimed at addressing the concerns of the disaffected masses. Thus would they add to the further disaffection of these masses and therefore the political defeat of the party of revolution by undermining any action taken by this party to use the state machinery to regain the confidence of the masses who had ostensibly lost confidence in the ruling party.

Objectively, these actions would serve further to entrench the disillusionment of the people not only with the ruling party, but also with the national democratic state and the democratic system as a whole, whose leading political force is the ruling party of revolution. In these circumstances, it becomes impossible for this party further to advance the fourth task of the Second Phase of the National Democratic Revolution, further to deepen democracy. This arose directly from the fact that politically, the party of revolution had lost the support of significant sections of the population of Zimbabwe.

In this situation, it becomes impossible for the party of revolution to mobilise these masses further to take power into their hands within the democratic order and thus to become their own liberators from the scourges of poverty and underdevelopment.

The situation we have been discussing also reflects on the party of revolution itself. This party must admit to itself that, in time, it has lost contact with the masses. It has failed to educate and mobilise the masses of the people to remain conscious actors for the defence and advance of the national democratic revolution and the success of a process of social transformation that serves the interests of the people as a whole.

As membership of the party of revolution translated into access to positions of employment, resources and authority, so did the structures of the party begin to atrophy and to wither away as representatives of the popular will. We speak here of a phenomenon we have ourselves experienced already and which has been a problem common to other parties of revolution, certainly on our continent.

It would however seem that for two decades, from 1980 to 2000, the party of revolution took no steps to correct this deeply negative fundamental tendency. Rather, the more entrenched these tendencies became, the more the party of revolution depended on the state machinery to guarantee the support of the masses of the people.

What this describes is a situation in which the party of revolution had correctly decided that the political liberation of the masses of the people had to translate into the actual emancipation of these masses from the poverty historically imposed on them by the colonial system. In this context, the disadvantage that the party of revolution will have to overcome is that its opponents will argue that this constituted the use of material means to win the allegiance of the masses. They will assert that this means that, by this time, the party of revolution had lost the power politically to inspire the masses of the people to act as a revolutionary force.

The forces of opposition will argue that the party of revolution sought to keep the masses on its side by treating them as being driven principally by individual material interests. We know that, in fact, this is not true as the party of revolution has correctly continuously sought to remind the masses of the tasks of the national democratic revolution. Nevertheless, according to the paradigm in terms of which all the masses are interested in are their material interests, the national democratic state has an obligation to find the means continuously "to deliver", while the masses wait passively to reap the material gains due to them, which the state is obliged, and has the means to provide.

The danger would arise from any failure on the part of the party of revolution in Zimbabwe to contest this view. As the national democratic state sought correctly to address the needs of the people, this would be seen as acceptance of the legitimacy and correctness of this paradigm. The state would then be seen as seeking to live up to the demands of the paradigm, and would be seen by the masses of the people in this light.

This would mean that, continuously, it has to impose ever more exacting demands on the socio-economic structures of the country to produce resources that it could not in reality produce. The more these structures could not produce these resources, the more insistent the demand became that they must produce everything that was required or face denunciation as forces of counter-revolution. In this situation, the state machinery as an institution of compulsion becomes the principal centre of focus, while the structures of the party of revolution become of ever diminishing significance. This contributes further to their erosion and therefore their inability to mobilise the masses of the people to continue to act as their own liberators. What this translates into is a weak party of revolution and a strong state.

Because the weakness of the party represents increasing alienation of the people from the party and the democratic state, the strength of the state expresses itself in and as the capacity of the state to use force against the people. This stands diametrically in opposition to the achievement of the fourth task of the Second Phase of the National Democratic Revolution. Rather than advance the objective of the further involvement of the masses of the people in determining their own future and that of their country, it marks the abandonment by the party of revolution of one of its most fundamental tasks, the construction of a genuinely popular democracy.

Given the gravity of this development, we must consider its manifestations and consequences. One of these has been the marginalisation by the party of revolution itself of its own structures and the erosion of democratic practice within its own ranks. This is what has elevated the “war veterans” to the position they now occupy as the “true” representative of the revolutionary project in Zimbabwe. What this has meant is that the structures of the party of revolution have themselves been marginalised by the party of revolution itself.

Because of this, the “war veteran” structures, are not subject to the processes of control and accountability binding the normal structures of the party of revolution. Accordingly, the “war veterans” have achieved a level of autonomy that further weakens the capacity of the party of revolution to influence and lead the masses of the people. Because they are not bound by the practices normal to a party of revolution, the “war veterans” resort to ways and means predicated on the use of force against the people, rather than the education and persuasion of these masses to support the revolutionary cause.

For these reasons, they also attract into their ranks the lumpen proletariat in particular. This happens because sections of these declassed individuals are driven solely by individual material benefit and are accustomed to and accept the use of illegal force as a necessary element in their mode of existence. Necessarily, the resort of the party of revolution to these forces, organised under the banner of the “war veterans”, requires that it must permit of the defiance of the institutions of the national democratic state by the parallel, non-party structures represented by the “war veterans”. Inevitably, therefore, to the extent that it sustains these parallel structures, the party of revolution becomes an opponent of the democratic institutions of governance and democratic processes that it has itself established and encouraged and for whose establishment it fought most heroically, with many of its militants laying down their lives.

At the same time, to the extent that these parallel structures would be encouraged and allowed to act outside of the legal framework created by the party of revolution itself, so would it be important that the legal security organs of the state should be encouraged not to discharge their legal responsibilities to defend this framework. Accordingly, they would act in support of the extra-party and parallel structures, the “war veterans”, and against the enforcement of the legal order they are constitutionally and legally obliged to protect. It is out of all of this that government actions have taken place that have led to accusations about disrespect for the independence of the judiciary, the violation of the rule of law, the suppression of the right to freedom of expression and the independence of the media and the denial of the right to the people of Zimbabwe of their right freely to choose their government.

The party of revolution must ask itself the question whether, in fact, any of these accusations have any factual substance. It has an obligation to itself to answer this question frankly and honestly. One of the reasons for this is that, in reality, the party of revolution in Zimbabwe should be the leading party of democracy in Zimbabwe. To advance the democratic revolution, it should be the leading defender of the independence of the judiciary, even as it works to transform this important institution of state. It should be the greatest protector of the rule of law. It should create the greatest space for freedom of expression and the freedom of the press on the basis of the thesis – let a hundred flowers bloom, let a hundred schools of thought contend!

It should allow that all schools of political thought compete for power, confident that the party of revolution would secure the allegiance of the masses on the basis of its programme and its sustained success in addressing the concerns and interests of these masses, together with them.

The reality is that the party of revolution in Zimbabwe has allowed that the defence and advancement of this democratic project has seemingly passed into the hands of the political forces opposed to the party of revolution. Whereas the democratic project is fundamental to the national democratic revolution itself, we are now faced with the situation that the leader of the national democratic revolution in Zimbabwe, ZANU-PF, is being projected as the enemy and the obstacle to the sustenance of this democratic project. On the contrary, the forces opposed to ZANU-PF are successfully being presented as the true representative of the democratic order that Zimbabwe needs, that will enable the country to address the challenge of providing a better life for all its people.

As we have already indicated, the party of revolution in Zimbabwe must admit to itself that it has created the conditions for others to reach these conclusions. Everything we have said indicates that, at this stage, it is not possible for the party of revolution in Zimbabwe to act in a manner that would ensure the further encouragement of popular democracy in that country. Of critical importance in this regard are the issues of what the masses think of where their country is going and whether this is a future that will address their interests on a sustained basis. These are the central questions that the Zimbabwe party of revolution must answer and communicate to the people of Zimbabwe.

Depending on these answers, it is possible for the party of revolution once more to mobilise the people of Zimbabwe to support both the party of revolution, its programme and the national democratic state, contrary to the outcomes indicated by recent election and voting results. At the same time, it would be critically important that the party of revolution ensures that its actions speak louder than its words.

Apart from anything else, this would be essential to success in ensuring that the masses of the people regain their conviction that the Party of revolution, and not its opponents, is the true representative of the will of the people and the true guarantor of a better life for all the people of Zimbabwe. Until this happens, we must therefore accept that it will be impossible for us to achieve the centrally important goal of the entrenchment of democracy, without which it is impossible for the party of revolution to realise the objectives of the Second Phase of the National Democratic Revolution.

Immediately, our objective must be to re-confirm the party of revolution as the leading party of democracy. Among other things, this means that the party of revolution must:

- distance itself from the violence and intimidation of the "war veterans" and related forces and practices, and
- re-emerge as the greatest and most principled defender of the democratic institutions and processes it has itself put in place during the last two decades.

We must now proceed to discuss the fifth task of the Second Phase of the National Democratic Revolution. This relates to the place of Zimbabwe in Africa and the rest of the world.

For our purposes, we will not deal with all elements of this matter. We will refer only to relations with the developed world because of the problems that have arisen in this area. As Zimbabwe ran into economic problems as indicated above, it had to turn to the IMF for assistance. The latter responded as it has done in similar situations by insisting on an Economic Structural Adjustment Programme covering a number of aspects of Zimbabwe's national life. Accordingly, to gain access to IMF and World Bank funds, Zimbabwe had no choice but to implement this ESAP, requiring among other things, a cut back on the social expenditures of the national democratic state.

However, some of the public response of the party of revolution has been to take positions that have been critical of the IMF, and there may have been nothing wrong with these positions. But we mention this fact to make the point that these critical positions though in principle correct, created an atmosphere in which the IMF would naturally, itself, assume a more negative posture towards Zimbabwe.

Accordingly, this makes it necessary for the party of revolution to assess whether it is *tactically* correct to adopt this critical public stance, which, in general, may very well be *strategically* correct. This is so because the objective situation is that the IMF is a centrally important player with regard both to the global financial system and to the attitudes and activities of the developed countries of the North. Any negative posture the IMF assumes must therefore be an important matter, especially to the developing world, given its impact on the thinking and actions of the developed world.

The party of revolution has to take the necessary strategic decisions, bearing in mind the global balance of political and economic forces, about whether the national democratic state can afford an unfriendly relationship with the IMF at the same time as, in reality, it cannot do without support and assistance from the IMF. It was in a situation in which the developed world of the North had already absorbed some negative perceptions about Zimbabwe that the confrontation with the UK over the land question broke out into the open.

There is no question that Zimbabwe must implement an extensive programme of agrarian reform, including land redistribution. We also agree that the UK has a responsibility to assist with regard to this matter. The issue that the Zimbabwe party of revolution has to consider is whether it is correct strategically and tactically to end up in a confrontational position relative to the UK. The cold questions that have to be answered in this context include:

- whether Zimbabwe has the strength to confront and defeat the UK, considering this matter within the context of the global balance of forces and not only on the basis of the strength and commitment to principle of Zimbabwe's party of revolution
- whether she is able to mobilise other forces globally, including the UK itself, to help her to achieve this objective
- whether Zimbabwe is able to isolate the UK from its closest allies, these being the EU and the US
- whether it is possible to persuade the developed world to contribute to the resolution of the land question in Zimbabwe, including honouring the 1998 pledges, in a situation in which the UK stands in opposition, and
- whether the conflict on this particular matter of the land question is of such central importance that Zimbabwe is willing to sacrifice friendly relations with the developed world affecting all other questions.

As we indicated earlier, it is clear that this assessment would have to be carried out bearing in mind the international balance of forces. One of the important features of this international balance is that the Soviet Union and other European socialist countries collapsed thus strengthening the global position of the developed capitalist world. Among other things, this has obliged the developed world, including China, Cuba and Vietnam, to rely for their development on significant inflows of private capital from the developed capitalist world. This has also been accompanied by the enhancement of trade and technology relations between the developing countries and the developed capitalist countries.

Indeed, in part, Africa itself has to depend on such relations with these countries to overcome the legacy of poverty and underdevelopment. The recent agreement with the G8 countries at their Genoa Summit is focused precisely on this – the co-operation of these countries in ensuring the success of the African Recovery Programme (MAP).

During the post-Cold War period, the developed capitalist countries have also increased their political influence globally, resulting in the globalisation of their political positions as to the meaning of such political categories as democracy, good governance, human rights and the rule of law. From all this, it is clear that, at this historical moment, it is impossible to mobilise the disciplined socialist and anti-imperialist forces it might have been possible to mobilise two decades ago, to act as a counter-weight to the developed capitalist countries. It is in this context that the party of revolution has to consider its own strategic and tactical positions with regard to how it deals with major players among the dominant forces within the developed capitalist world such as the UK and the IMF.

Of critical importance in this regard is the obvious necessity to ensure that Zimbabwe does not end up in a situation of isolation, confronted by an array of international forces it cannot defeat, condemned to sink into an ever-deepening social and economic crisis that would result in the reversal of many of the gains of the national democratic revolution. It is also important that the party of revolution should consider its internationalist responsibilities to the rest of the Continent and especially to southern Africa, given the reality that events in any one of our countries has an impact on other countries particularly in our region.

Earlier in this Discussion Document, we quoted from documents reflecting on the economic situation in Zimbabwe at the end of the first decade of the establishment of the national democratic state. We would now like to quote from other documents that reflect on the economic situation in Zimbabwe at the end of the second decade of the victory of the national democratic revolution.

In January this year, the IMF published its latest Country Report on Zimbabwe (No. 01/13). Below we cite some elements from the Fund's assessment of Zimbabwe's economic performance for the years 1999-2000:

> "Zimbabwe launched a promising economic reform program in 1991 that was instrumental in liberalising and briefly stabilising the economy, but the momentum of adjustment was not sustained. As a result, per capita income contracted by an annual average of 1.4 percent during the decade. Faced with serious pressures on the currency in late 1997, spawned by large and abrupt increases in war veteran benefits and uncertainties on the direction of land reform, the government formulated an adjustment program supported by the June 1998 (IMF) Stand-By Arrangement. Performance under the program was mixed, owing in part to a sharp worsening in the external environment, weaknesses in parastatal finances arising from delays in tariff adjustments, and the ripple effect on the financial system of a bank failure. Investor confidence was also jolted by the imposition of price controls on maize meal, continuing uncertainties about the direction of land reform, and the government's intervention in the Democratic Republic of Congo (DRC) conflict from August 1998 onward. A new attempt at economic adjustment and reform under the aegis of a successor 14-month Stand-By Arrangement approved in August 1999 also turned out to be short-lived. The policy drift was aggravated in 2000 by new and unsustainable public spending commitments, election-related tensions, and output disruptions associated with the fast-track land resettlement program launched in June.
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> "In sum, the combination of wavering domestic policies, governance problems, and costly deployment of troops to support the DRC government has seriously affected economic performance and investor confidence since the early 1990s. Moreover, exogenous shocks, including intermittent droughts, terms of trade losses, and the fallout from the emerging markets financial crisis in the late 1990s also played a part. By late 2000, the country was in the midst of a serious economic crisis and was saddled with a sizeable stock of public debt and external payment arrears, while usable foreign reserves had dwindled and inflation was on an upward trend."

The Report illustrates the worsening social and economic situation by stating that:

> "During the first seven months of the year (2000), manufacturing output fell by 11 percent from the same period a year ago and mining production by 14 percent; also, a number of foreign airlines discontinued service to Zimbabwe, and tourist arrivals were down by 60 percent. As a consequence, thousands of rural and urban workers have been laid off and many firms have shortened the workweek... Inflation reached 61 percent during the year ended October 2000... [The fiscal deficit stood at] 23 percent of GDP for the year... The combination of rising fiscal deficits and dwindling foreign financing has raised the government's domestic debt (including advances from the Reserve Bank of Zimbabwe) from 19.5 percent of GDP at end-1998 to an estimated 29.3 percent of GDP as of end-September 2000; these factors led to the accumulation of some US$500 million in public sector external payment arrears as of end-September, of which US$204 million were owed by the central government."

In another Country Report (No. 01/05) also issued in January 2001, the IMF says:

> "In the absence of a fundamental change in the policy environment, Zimbabwe is facing the prospects of a precipitous decline in economic activity, hyperinflation, and a rapid deterioration in bank loan portfolios which, taken together, could trigger a financial crisis... Success in restoring economic stability will also hinge on the rebuilding of confidence through a speedy return to the rule of law and the implementation of an orderly land reform program that could garner domestic and international support."

The Report also points out:

> "Zimbabwe's current difficulties have also had adverse repercussions on neighbouring countries, including pressures on the South African rand, disincentives to regional trade and tourism, and migration of workers displaced in Zimbabwe, and there was a risk of regional contagion if Zimbabwe's economy was allowed to melt down."

The Report also says:

> "Due to the accumulation of arrears (owed to the World Bank), disbursements were suspended on May 15 (2000). A resumption of disbursements would be contingent upon clearance of arrears, and the scale of the Bank's subsequent reengagement will depend on progress in the following issues: (a) governance, (b) land reform, and (c) macroeconomic stability."

We must also note that in its own report of Zimbabwe's Transactions with the Fund, the IMF indicates that it made no disbursements to Zimbabwe in the years 2000 and 2001 (at June 30) from both its General Resources Account and the Enhanced Structural Adjustment Facility. We must add to this the fact that a number of developed countries and some donor agencies have begun cutting down development assistance to Zimbabwe. Additional punitive sanctions may also be imposed by the developed world, including the EU and the US.

It would seem obvious that the party of revolution should carry out a serious review of all these developments to arrive at concrete and realistic decisions aimed at pulling Zimbabwe out of its deepening crisis. The reality of the situation we face is that:

- Zimbabwe is immersed in a deepening economic crisis marked by a steady collapse of the economy
- this crisis is leading to the worsening of the conditions of life of the people
- it is necessary that Zimbabwe takes all the necessary decisions, however difficult, resolutely to pull Zimbabwe out of this socio-economic crisis
- more than at any other time in the past, Zimbabwe requires the support and assistance of the strongest economies in the world, those of the developed capitalist world
- this developed capitalist world will make various demands on Zimbabwe as a pre-condition for its support, and,
- such is the situation in Zimbabwe and the balance of forces in Africa and the world, that Zimbabwe has very limited bargaining power in its interactions with this developed capitalist world.

Politically, this creates a great amount of space for the domestic and international forces opposed to the party of revolution to organise the masses of the people against the party of revolution. The recent political history of Zimbabwe demonstrates that, in varying degrees and for whatever periods of time, these masses will respond to the message and appeal of the forces of opposition. In this context,the party of revolution must bear in mind that Zimbabwe has been independent for 20 years. In conditions of growing impoverishment among the people, it becomes impossible to mobilise these masses on the basis of the anti-colonial struggle, believing that this would be sufficient for them to sustain their allegiance to the party of revolution.

At the same time, the party of revolution must take into account the fact that many people across the world, including genuinely progressive and democratic forces, have already arrived at the determination that they are opposed to Zimbabwe's party of revolution. The party also needs to take into account the material factor of "kith and kin", which convinced the British government of the day not to use force against the Smith regime when it carried out its Unilateral Declaration of Independence.

Without doubt, whether this is openly stated or not with regard to the land question in Zimbabwe, the elevation of property rights over the very right to life is driven in good measure by concerns about the future and fate of "kith and kin" in Zimbabwe and the rest of southern Africa. Essentially, those who have decided, internationally, that they are opposed to Zimbabwe's party of revolution, base this determination on the assessment that this party is anti-democratic, and therefore does not respect the rule of law, and that, equally, it does not respect human rights.

Accordingly, as part of this perception, these forces view and interpret both the leader of the party of revolution and the party itself as a force for dictatorship and the corrupt abuse of power for the self-enrichment of the leadership of the party of revolution. Given the reality that these same forces control the means of communication, it is inevitable that they will succeed to communicate and entrench a view of Zimbabwe's party of revolution and of the national democratic state that is negative, as they have.

This view will inform the hostile global response to Zimbabwe that will not diminish in its intensity but will get worse. The truth is that neither the party of revolution nor the national democratic state has the capacity to defeat this offensive. Neither do they have the possibility to ignore it as being of no consequence.

The question that arises is what the party of revolution must do to respond to the challenges the national democratic revolution in Zimbabwe faces, including the obligation to continue to pursue the tasks of the Second Phase of this Revolution. We would now like to address this issue.

WHAT IS TO BE DONE?

The central strategic task facing the party of revolution in Zimbabwe is to re-establish itself among the people as the only genuine leader of the national democratic revolution and therefore a reliable defender of the fundamental interests of these masses and of their country. This task has to be achieved in the context of the reverses that have taken place with regard to the party of revolution during the last two decades, which, among other things, have led to the birth of a strong, organised opposition to the party of revolution.

This means that the party of revolution has to engage in a serious political struggle to achieve its central strategic task, contending to regain the allegiance of the sections of the population that have become disillusioned with the party. This also means that the party has to rebuild its structures, ensuring that they have the capacity to maintain contact with the masses continuously and to lead the process for the accomplishment of the tasks of the Second Phase of the National Democratic Revolution.

The party of revolution will also have to rebuild its image as a servant of the people, defeating any perception that may have developed of party arrogance and an authoritarian approach to the people and to the process of governance. At the same time, it will have to advance the slogans around which the population as a whole can be mobilised to act together in unity to overcome the crisis Zimbabwe faces, to put the country on a new growth path and to ensure that she takes her place as a leading detachment of the forces engaged in struggle for the renewal of our continent. The reason for these efforts is that the party of revolution has to regain its political positions such that it can carry out its tasks with regard to the further advancement of the national democratic revolution.

This raises the question of what social forces the party of revolution needs to mobilise to achieve the objective of the further advance of the democratic revolution. Naturally, the issue will also arise of how the party of revolution should approach each of these forces so that it succeeds to win them over to its side. The party of revolution must therefore carry out a careful and objective analysis to arrive at the necessary conclusions about what it must do in order to achieve its objectives For this purpose, the specific social sectors it must consider are:

- the rural masses in the communal areas
- the middle strata in these areas, made up of the petit bourgeoisie and the professional stratum
- the rural proletariat employed in commercial agriculture;
- the black urban proletariat
- the black urban middle strata, including the intelligentsia and the civil servants
- the Ndebele national minority in all its sectors, and
- the white population in all its sectors.

In this context, the party of revolution must consider what place each one of these occupies objectively in the struggle to accomplish the tasks of the Second Phase of the National Democratic Revolution. At the same time, it must consider the question of the subjective elements that will determine how each of these class forces, strata and national groups will act in the period ahead of us, during which the party of revolution must lead the process of the recovery, reconstruction and development of Zimbabwe.

Objectively, the reality is that all these classes, strata and national groups share a common interest in the successful achievement of the tasks of the Second Phase of the National Democratic Revolution. This conclusion is of strategic importance to the party of revolution.

Objectively, these forces have the potential to support the party of revolution if it convinces them, by word and deed, that it has the conviction, the will and the capacity to lead Zimbabwe to realise the goals of the Second Phase of the National Democratic Revolution, with the support or co-operation of the international community. Subjectively, it is only possible to move these social forces to support the party of revolution if, through its programme of action and its strategic posture and tactical activity, this party is able to convince each of these forces that it will actually serve their interests. This conclusion, as well, is of strategic importance to the party of revolution.

What these conclusions mean is that the party of revolution is faced with the challenge and has the possibility to act as a revolutionary party of all the people of Zimbabwe. It has the possibility and task to reconstruct the national democratic state as a social institution that represents all the people of Zimbabwe. This also means that the party of revolution and the democratic state have the possibility to mobilise the majority of the people to join in a common struggle to liquidate the legacy of colonialism and racism that continues to confront both the party of revolution and the national democratic state. This majority would include the white and other sections of the population of Zimbabwe that benefited from colonialism and racism, but understand that it is only the national democratic revolution that can serve their interests.

Correctly handled, the actions of the party of revolution have the potential to isolate the committed forces of racism in Zimbabwe society and thus ensure their final historic defeat. Critical to this victory is the permanent isolation of the most backward forces from their natural, historical base. This base is the minority of the population of Zimbabwe that benefited from colonialism and racism and, today, continues to occupy positions of privilege born of this history. This includes the white commercial farmers. What this means is that the party of revolution has the responsibility, in the interests of the success of the national democratic revolution, to win over to the side of the revolution the major sections of the beneficiaries of the colonial and racist system against which this party fought, which beneficiaries also fought against this party during the First Phase of the National Democratic Revolution. This is a matter of strategic importance to the party of revolution.

This is because the forces it must win over operate in a situation in which they control Zimbabwe's principal productive capacity, enjoy international support as "kith and kin", have the space to hold on to their historical racist views, and are convinced that the party of revolution will be defeated and destroyed within the short term. In the specific instance of Zimbabwe, the party of revolution must assess what it has to do with regard to these forces, in the context of the outcome of the referendum on the constitution, the results of the year 2000 parliamentary elections and the success the MDC has achieved to position itself internationally, as the credible successor to the party of revolution. All these developments give encouragement to the erstwhile colonial forces to oppose the party of revolution.

At the same time, their material interests, in the context of the adoption of correct positions by the party of revolution, and the decisive implementation of these positions, would lead them to side with the party in power. In other words, the struggle to win their allegiance for the pursuit of the goals of the Second Phase of the National Democratic Revolution can be won. The party of revolution has to ensure that it addresses this matter in a way that will ensure that it succeeds.

In this context, it must bear in mind the totality of the national and social forces it has to mobilise to ensure that it can successfully pursue the goals of the Second Phase of the National Democratic Revolution. For example, work will have to be done to win the allegiance of such important forces as the trade union movement, the civil service, the Ndebele-speaking people and the intelligentsia, with the party of revolution elaborating specific programmes for each of these, and other, formations and groups.

Taking into account everything we have said so far, we must now come to the practical steps that the party of revolution in Zimbabwe must take to ensure that it achieves the central strategic objective we have already stated. This is to re-establish itself among the people as the only genuine leader of the national democratic revolution and therefore a reliable defender of the fundamental interests of these masses and of their country.

This requires that the party of revolution and the government take political and economic initiatives that will both promote the achievement of this objective and put Zimbabwe on a firm course towards its recovery. We therefore continue our presentation to respond to the question, what is to be done! In Chapter I of the Zimbabwe Millennium Economic Recovery Programme (ZMERP) (1.9-1.11), the following statements are made:

> "The vision of this Economic Recovery Programme is to mobilise all national stakeholders under the leadership of the Government to implement a package of synchronised macro-economic stabilisation policy measures, which will be both anti-cyclical and anti-inflationary. Government, business, the labour movement and civil society must, therefore, build a common vision and accept respective responsibilities towards restoring the vibrancy of the economy. The call for resolute action by all social partners is predicated on the self evident truth that the current macro-economic imbalances can neither wither away on their own nor, for that matter, be resolved by a single actor.
>
> "All stakeholders must have a shared vision and confidence in the efficacy and sustainability of the envisaged corrective policy measures if the fundamental causes of the crisis are to be reversed. Total commitment accompanied by public accountability to the timeous implementation of agreed policy measures is a critical success criteria (*sic*) of this programme.
>
> "An enhanced policy dialogue with international co-operating partners needs to be conducted with the objective of enlisting their support in achieving major programme objectives in a manner which does not accentuate the economic distress currently being experienced by the generality of our population."

Later (4.11), the document says:

> "The efficiency of inflation targeting ... will depend on the commitments of all social partners to achieve a social contract. However, if such a consensus is elusive, it will be difficult for monetary policy to achieve targeted inflation rates. Hence, it is prudent to directly influence both the composition and level of aggregate demand through interest rate targeting."

We agree fully with these observations and believe that their implementation would help to move Zimbabwe forward decisively. As we interpret them, what they say is the following:

1. The Government of Zimbabwe must lead the whole nation to achieve economic recovery. This would also create the possibility to address the reality correctly mentioned in the ZMERP where it says, "there has been a marked strain on the social sectors. Poverty levels have risen, against the background of rising unemployment, aggravated by high population growth and inadequate poverty alleviation measures."
2. The success of the recovery programme depends on Zimbabwe's social partners coming together in a social contract bound together by agreed objectives and a shared commitment to ensure the accomplishment of agreed goals and targets. Action must therefore be taken to bring these social partners together, encompassing government, business, labour and civil society.
3. Zimbabwe's international co-operating partners should also be engaged to ensure that they support ZMERP in a manner that is sustainable and contributes to the country's recovery.
4. ZMERP should be implemented in a transparent manner in the context of ensuring public accountability that would give confidence to the people that a determined effort was being made to address the urgent problems they are experiencing.

Accordingly, to implement what has already been agreed as reflected in the ZMERP:

- The government should act to bring the social partners together in a transparent and truly interactive process.
- The party of revolution should mobilise the masses and all sectors of society to rally behind this initiative, including those organised groups that describe themselves as the opposition, mobilising them around the imperative for a patriotic response to the challenges facing Zimbabwe.
- Consistent with this, both the party of revolution and the national democratic state must act to encourage free, open and critical discussion throughout the country: this should include taking such actions as would ensure the freedom of the press.
- Both the party of revolution and the national democratic state should also take all necessary action to ensure that everybody sees, in action, that this is a truly democratic state that serves the interests of all Zimbabweans.
- The government should take steps to open a sustained dialogue with the country's international co-operation partners, ready to respond honestly to any critical observations these partners may have.
- At the same time, the party of revolution should reach out to progressive political parties and other organised formations especially in the developed world, to engage them on the challenges facing Zimbabwe and the response of the people to these challenges.

- Both the party of revolution and the government should also launch an African outreach programme focusing especially on southern Africa.
- The party of revolution and the government should conduct a sustained and credible communication campaign both in Zimbabwe and internationally. It is critically important that this campaign should have as its strategic focus the expansion of Zimbabwe circle of friends and supporters and to reduce to the absolute minimum the number of fronts on which the party of revolution and the national democratic state have to engage in battle. Accordingly, this campaign should avoid driving away anybody both domestically and externally, on the basis that they are necessarily involved in "neo-imperialist machinations aimed at limiting national sovereignty..." (1.2). The messages that would be communicated should include assurances that:
  - the people of Zimbabwe, regardless of political affiliation, are united in their own sovereign action to pull the country out of crisis
  - this united national action is also focused on further entrenching democracy in Zimbabwe, to ensure that the country occupies the front rank as a defender of democracy and human rights – this will help to set the stage for free and fair elections in the presidential elections next year
  - Zimbabwe is a stable and peaceful country and is involved in a process further to defend the independence of the judiciary, to guarantee the rule of law and to improve the safety and security of all citizens, both black and white
  - the united action of the people is also addressing such economic questions as achieving the necessary macro-economic balances and giving the impetus to renewed and high and sustained economic growth and development and,
  - Zimbabwe is a critical contributor to the process of ensuring that Southern Africa and Africa are democratic, peaceful and prosperous.

The ZMERP spells out correctly what needs to be done with regard to the economy to ensure its recovery. Accordingly:

- the party of revolution and the government should make a determined effort genuinely and openly to engage all social partners and the international co-operation partners in a discussion of the ZMERP proposals
- the government should ensure that this process is not long drawn out, so that the country can move to the stage of implementation as quickly as possible: the implementation process has to be resolute, sustained and transparent
- from the beginning of this interactive process and subsequently, the party of revolution and the government should communicate and emphasise their own openness to the views of the people by constantly reiterating the important point in ZMERP (2.5.2) that: "economic doctrinaire and orthodox precepts, important as they are, should not be allowed to create intellectual and institutional roadblocks to problem-solving and formulation or effective strategies applicable to local conditions."
- both the party of revolution and the government have to be very frank and open with the people about the sacrifices that everybody will necessarily have to endure to ensure that Zimbabwe recovers. As ZMERP says, "Costs of the economic adjustment will be equitably shared amongst all partners." (2.4) In this context, both the party of revolution and the government will have to explain to the country in a frank manner, what is meant by the correct observations in ZMERP (4.3 and 4.4) that:

  > "Chronic fiscal imbalances define both the origins of the prolonged economic imbalances, as well as a starting point for packaging elements of a Recovery Programme. There has been a continual mismatch between expenditures and revenues, resulting in high budget deficits, ranging between 6% and 10% over the last decade. Delayed fundamental reforms of public expenditures linked to the creation of a restructured and focused government machinery for delivering public sector services has made deficits a recurring phenomenon. The funding of these deficits has had adverse economy-wide repercussions.
  >
  > "A sustainable fiscal position has been made more elusive due to failure to stimulate productive efficiency through privatisation, sale of public assets and commercialisation, as well as reducing the size of the civil service. Furthermore, parastatal losses continue to be a drain on the fiscus."

- the party of revolution and the government will have to take the first steps to demonstrate the commitment of the leadership of the national democratic revolution to 'sharing the costs of the economic adjustment' by honestly and openly "tightening its belt" to set the country on the correct footing with regard to the willingness to withstand the pain that Zimbabwe must necessarily experience
- in particular, the party of revolution will also have to carry out the necessary political work to communicate with those sections of the population, both within the public service and the public in general, that will be most affected by the temporary cost of the implementation of the ZMERP
- the party of revolution will have to keep its eyes focused on the achievement of the economic objectives of ZMERP described in the Summary of the Programme as intended to:
  - Consolidate fiscal adjustment policies
  - Accelerate and complete the public enterprise reforms
  - Stabilise prices at lower levels
  - Lower interest rates
  - Stabilise the value of the Zimbabwean dollar and resolve the foreign currency crisis
  - Deepen financial sector reforms
  - Stimulate the growth of the productive sectors
  - Build confidence
  - Protect vulnerable social groups
  - Establishment of implementation, accountability and monitoring institutions

- the leadership of the party of revolution, at all levels, will have to educate itself about economic questions so that it can lead the process of the economic recovery of Zimbabwe
- in this context, the leadership will have to understand that the great strategic challenge that faces Zimbabwe today is this economic recovery: it will have to accept that resort to anti-imperialist rhetoric, (1.2 - 1.4), will not solve the problems of Zimbabwe but may compound them: it will also have to understand that without this recovery, the political, social and economic situation in the country will worsen, leading to a general crisis that will destroy the independent national democratic state for whose birth the people of Zimbabwe engaged in a difficult struggle for more than a century, and
- this leadership must also understand that Zimbabwe has been a jewel in the African crown as a force for progressive change, and not merely an historic and nostalgic victor over the last remnants of colonialism: the leader of Zimbabwe's party of revolution continues to inspire hope that he will be among the front ranks of those who will lead the African process of renewal, as Africa works to implement the AU and MAP: the Continent continues to think that Zimbabwe has the capacity to play a vanguard role regardless of any internal changes in its leadership: nevertheless, the Continent also understands that unless the party of revolution in Zimbabwe succeeds at home to address the tasks of the Second Phase of the National Democratic Revolution, it cannot succeed to lead Africa towards the achievement of these tasks. The party of revolution of Zimbabwe cannot afford to disappoint these expectations, in its own and Africa's interests.

CONCLUSION

Zimbabwe can, and must win! Zimbabwe must, and can defeat its enemies – poverty that is worsening and underdevelopment that is deepening!

To achieve these objectives, the party of revolution must discharge its obligations as the leader of the national democratic revolution, for the achievement of the objectives of the Second Phase of this Revolution.

The party of revolution has no choice but to engage in new thinking to produce new solutions. The party of revolution has to reaffirm its traditions of:

- critical analysis
- self criticism that allows for free expression of opinion inside and outside the party
- understanding and acceptance of objective reality
- honesty in the conduct of its affairs and its exercise of leadership
- onfidence in the progressive instincts of its cadres and the masses of the people as a whole, and,
- internationalist responsibility to the region, the continent and the global progressive movement.

The progressive forces of our region, Africa and the world have an internationalist responsibility to support the efforts of the people of Zimbabwe to put their country on the path to recovery, reconstruction and development.

The progressive forces of Zimbabwe, led by the party of revolution, have an internationalist responsibility to ensure that their country plays its role as a factor for the all-around stability and renewal of our region and continent. Inasmuch as our region and continent cannot succeed to develop without a strong and successful Zimbabwe, Zimbabwe cannot succeed outside the context of a strong and successful region and continent.

These twin objectives cannot be achieved by the pursuit of policies that are insensitive to the simultaneous achievement of both these goals. This dialectical interconnection is a matter of fundamental importance. It therefore requires the deepest understanding by the progressive and patriotic forces of our region and continent of everything we have to take into account.

Among these, and of great importance, are the progressive and patriotic forces of Zimbabwe, led by ZANU-PF. It also demands the most rational and objective action. Together, we have a common responsibility to ensure that the defeat of the crisis facing Zimbabwe demonstrates that indeed our continent is well on its way towards its renaissance.

We share a common responsibility to ensure that the winning masses of Zimbabwe play a vanguard role in the transformation of Africa into the peaceful, democratic, prosperous and leading continent that it can, and must be during this, the African Century. The struggle continues! Victory is certain!

EU-SADC economic partnership agreements:

The current state of negotiations

By **Rob Davies**

Rob Davies is deputy minister of trade and industry. **Ben Turok** interviewed him in February 2008

Along the way, many of the stated aims – about contributing to development and promoting regional integration – have, in our view, have been severely compromised by the actual provisions that have emerged in the negotiating processes.

BT: What is an EPA and what does it cover?

RD: An economic partnership agreement (EPA) is supposed to be an agreement that will enhance the access of African, Caribbean and Pacific countries to the European Union (EU) market, in a way that is compatible with World Trade Organisation (WTO) rules, and which will also build new forms of comprehensive development co-operation partnerships.

The EU has argued, over many years, that the long standing Lomé and Cotonou trading arrangements (which provided non-reciprocal preferences to African, Caribbean and Pacific countries) were vulnerable to challenge in the WTO and, indeed, depended on a waiver that expired in December 2007. The EU argued that the EPAs would put in place an arrangement that could not be challenged in the WTO. This was supposed to enhance improved access to the EU market, while also allowing for enhanced development co-operation. That's what the EPAs are supposed to be about.

Unfortunately, along the way, many of the stated aims – about contributing to development and promoting regional integration – have, in our view, have been severely compromised by the actual provisions that have emerged in the negotiating processes. The process has also created divisions among us, as exemplified by the fact that SADC [Southern African Development Community] countries have found themselves in no less than five negotiating configurations. Moreover, the way the negotiations unfolded in the course of last year have created some very severe contradictions within the Southern African Customs Union (SACU).

BT: Could you name the countries involved?

RD: Well, what happened was that, towards the end of last year, the common position of the SADC EPA group became seriously compromised in the negotiating process.

The SADC EPA group consists of the SACU countries – South Africa, Botswana, Lesotho, Namibia and Swaziland – plus Mozambique, Angola and, at that point, Tanzania. Our common position was that we were prepared to negotiate a trade in goods agreement, based on the architecture of the existing Trade, Development and Co-operation Agreement that South Africa already has with the EU. This includes a reciprocal free trade agreement that applies *de facto* to all SACU countries.

We said the least developed countries (Mozambique, Angola and Tanzania) should not have to make reciprocal commitments to the EU. We were prepared thus to negotiate some modification to existing arrangements for trade in goods. But we said we did *not* want to negotiate a trade in services agreement that the EU had proposed. The reason why South Africa did not want to negotiate a trade in services agreement was that we have very few offensive interests in services sectors in the European market, whereas we know they have quite a number of offensive interests in South African market.

BT: What do you mean by "offensive interests"?

RD: Our firms are not likely to be very much involved in service provision in the European market, but we know that a number of European firms would like to become more involved in South African market. We would be interested in a multilateral services agreement, through the WTO, provided it can be sufficiently structured to be developmental in its focus, but we have very little interest in a bilateral agreement with the EU in services.

So we said we were in favour, at this stage, only of an agreement on co-operation around building capacity to negotiate service agreements. We also said that we would not want to negotiate binding commitments on what are called "new generation" or "Singapore" issues. These are things like investment agreements with rights of establishment, competition, intellectual property and government procurement.

BT: Are we absolutely opposed to those being included at all?

RD: We had two criticisms on the inclusion of such items in EPAs, while saying we were happy to agree to co-operate around building capacity in the areas.

First, we said that, at this stage, as a region, we don't have common positions on any of those issues. The European Union itself only began to develop a common position on those issues at very advanced stage at its own integration arrangements. So, we don't have harmonised positions on these matters as a region.

Secondly, we aware that the European Union has developed policy papers in which they say that the challenges for European firms in a globalising world are no longer just to reduce tariffs, but also to address "behind the regulatory tariff" issues in target foreign markets, to ensure that such regulatory arrangements are favourable to European firms. At one stage, they presented us with a proposed text which, I think, let this slip. It made clear that what they wanted, for example, of our competition authorities was that, after a period of time, they undertook to intervene on behalf of European firms against domestic monopolies.

Now, we also have "behind the tariff" issues. For developing countries, the biggest ones in terms of accessing markets, like the EU, are public and private standards and things like food safety and chemicals regulations.

BT: You keep on saying the "behind the tariff". Is this a non-tariff barrier?

RD: It wouldn't necessarily be a barrier, but…

BT: What does "behind the tariff" mean?

RD: It would mean beyond the tariff – something you would have to address in order to make your tariff reduction concessions real… If you get a tariff advantage in another market, you would also need certain regulatory things to be in place in order to make that tariff access real.

BT: So, it's a non-tariff barrier?

RD: It could become a non-tariff barrier.

For developing countries, the biggest such ones are standards: things like food safety and chemicals registration regulations. The equivalent to what they were asking of us – and the reason why we didn't want to reach agreements on the particular subjects of interest to the EU – would be if the EU wanted to change any food safety regulations, they would have to come and negotiate with us, and if we did not agree, it would have to go to the dispute resolution processes in the EPA council. They would never agree to that. But, in the issues they were interested in, that was exactly what they wanted from us. So, we said this is a no-go area for us.

Now, in the course of the negotiation towards the end of last year – and in the face of a threat of significantly worse terms of access to the EU market if an agreement was not reached – many of our neighbouring countries initialled an interim EPA. We fully understand the difficulties that they would have had. For example, Namibia was faced with a choice of either initialling or facing 90 percent duties on its beef. The interim EPAs included a commitment to negotiate a trade in services agreement, starting with one particular sector over the course of this year and then full-on liberalisation towards the EU of "substantially all" services sectors within four years. They also included a commitment to start negotiations on Singapore issues with an investment agreement. Now for us, as South Africa, that already took us across a red line, in terms of the mandate that we had agreed as a group, and we did not feel we needed to go there.

Then, also in the course of the negotiation of the interim EPA, the legal text around the trade in goods schedules (which were largely agreed) contained a number of problematic clauses. For example, there was a ban on export taxes, something which is quite important for our minerals beneficiation strategy. We also felt that the institutional arrangements of the EPA would create a powerful machinery that could trump decisions in either the SADC or SACU structures.

And then we faced with a very important clause, which for us is an absolute red line, something called a "more favoured nation" clause. The EU said that they were giving a very significant market access to the other countries and that they would require, in return, an undertaking which said if, on a line-by-line basis, we gave any other country that had more than 1 percent of world trade (that is, China, India and Brazil), anything better we give to the EU, we would have to extend the same to the EU.

Now that is in conflict with the enabling clause of the WTO agreement that allows developing countries to reach more preferential arrangements among themselves. It would also mean locking ourselves into a fundamental relationship with the EU. It would be a major barrier to trade diversification, moving away from just a relationship with one or a few groups of countries. It would be a major barrier to developing South trade.

For those reasons, we found ourselves unable to initial the interim EPA containing those clauses. But some members of SACU have done so, and now we have a major problem in SACU. Namibia signed it under great protest and Angola also has not signed. So the issue is that what is this going to mean for the future of the Southern African Customs Union and what is going to mean for the ability of SACU to negotiate trade arrangements with third parties that are important forces within the world economy.

Suffice to say, that the EPA process, rather than being something that will help advance development and regional integration, looks like becoming an obstacle that we will have to overcome in pursuit of those objectives.

BT: Many thanks, can I take the opportunity to tell you that some representations have been made to parliament about the removal of anti-dumping measures on paper, poultry and various other industries. In fact, a group of them I now coming together and had made representations and also threatened legal action against the DTI. Do you want to comment on that at all?

RD: The issue is a result of a court judgment about the timing of the start of the five-year period allowed by WTO rules for Anti Dumping duties. Essentially the court ruled that you must start counting the five years from the time of the imposition of an interim duty at the start of an investigation, rather than at the end when a full on anti dumping duty is imposed. The latter was the way we, in common with many other countries, had been working. Now we have a court judgment we have to grapple with how to operate within its parameters.

BT: Now what is the effect of it because my reading of the documentation, which has been sent to me, is that we will not be able to offer better terms to the South, Brazil, etc. than to Europe. Is that right?

RD: Of the what?

BT: Of the anti-dumping. Once you remove those rules we will have to give parity to Europe as against Brazil, China and India.

RD: The anti-dumping rules operate from the multi-lateral basis, so it's the same to everybody.

BT: The complaint of the paper industry is that if what is now pushed by the DTI goes through, then we will be subjected by very unfavourable penetration by Brazil or India.

RD: I don't know and don't want to comment on particular cases. The point is that the way we have been applying anti-dumping duties, in general, has been curtailed by a court ruling.. So we will have to grapple with that issue.

BT: So why are these guys going to court?

RD: I presume because they want to deal with the consequences of the court judgment.

New approach

to monitoring development aid

By **Ben Turok**

The author is an ANC member of parliament and editor of *New Agenda*. This paper is based upon presentations made to an EU Presidency Seminar in the European Parliament in Brussels, 27-28 February, and to the Parliamentary Assembly of the Council of Europe in Paris, 17 March 2008

European countries are now giving a great deal of attention to their relations with Africa. This is partly due to the arrival of large numbers of African migrants, but also to wider concerns about global security and environmental issues. There is also much concern about "good governance" in Africa, although, strangely, the role of parliaments – clearly an essential element of good governance – is generally not mentioned. In practical terms, these concerns are raised in the context of European aid to Africa.

In recent years, official development assistance (ODA) from developed countries in Western Europe has increasingly been directed to their poorer neighbours in the new EU member states of Central Europe. This has raised some alarm in Africa, with fears that its own need for assistance will be displaced. It was argued in Brussels that, while it is understandable that the EU should be assisting their immediate neighbours and mainly looking at Africa from the viewpoint of their own interests, they need to take a much wider view and to design their policies toward building a better world order from which all can benefit.

It was also argued that Western Europe's relationship with Africa remains basically paternalistic, despite the almost universal talk about "partnership". The way ODA is disbursed builds an undesirable dependency relationship, reminiscent of ugly former decades.

The time has come, therefore, to focus on a better mode of implementing ODA arrangements. As a priority, we need to establish far better mutual understanding between the parliaments of Europe and Africa.

It needs to be understood that good governance cannot be imposed from outside. European and other international agencies are largely engaged in wishful thinking when they insist on good governance as a condition of ODA. Outside influence may help, but political differences and systems instability (or malfunction) can only be remedied through internal processes.

It is far better to base Europe-Africa relations on economic complementarities. For instance, many European countries have substantial skills, technological know-how and experience in agriculture. They should explore how these may be transferred to African countries, since these would build Africa's economic capacity far better than ODA designated for poverty relief alone.

BUILD ECONOMIC CAPACITY

Above all, ODA should be directed to building economic capacity. Cadbury Schweppes recently promised to invest $87 million over the next decade to support high-quality sustainable cocoa output around the world. Ghana, which is Cadbury's biggest supplier, will receive 70 percent of these funds to increase yields and produce top quality beans. But, while welcoming this investment, Ghanaian President John Kufuor said, "Come and process the beans here in Ghana, so we know the partnership is not limited to the farmer alone." (*Africa Business*, March 2008)

The same could be said of coffee in Kenya, tea in Tanzania, cotton in Mali, and so on. ODA should focus on processing, so that Africa can enhance its industrial capacity. Complementarities could be built by a division of labour, with Europe taking one part of the value chain and Africa another, to the benefit of both. (Turok, 2004)

Europe's insistence on "peace and security" in Africa is also often presented wrongly. Peace and security is generally a function of good leadership, as the experience of the ANC shows. To achieve reconciliation requires much wisdom and good judgement, and simplistic demands for the resolution of conflicts are not always helpful.

Europe's pressures at the WTO and in the economic partnership agreements (EPAs) are misguided and based entirely on self-interest. Africa requires market access. It must also protect its own markets from the abuse of international codes by European subsidies. The fact is that both Europe and the US built their economies behind protective walls, but now they wish to have free trade. This is sheer hypocrisy.

Another demand made of Africa is to eliminate corruption. This is welcome, but Europe must be more vigilant about the corrupters who come from Europe. Corruption flourishes where the moral fibre of a country is damaged and this is now a universal phenomenon.

ROLE OF PARLIAMENTS

How does all this relate to ODA? The heightened international attention it is receiving provides an excellent basis for global discourse on bilateral relations. ODA is a transfer of money from one group of taxpayers to the people of another country. The treasury of the donor country is the intermediary along with the treasury of the recipient country. But this does not mean that the money is the property of the respective treasuries; they are merely conduits.

Properly speaking, the representatives of the donor people, the parliament, should decide the principles guiding the funding, while the parliament of the recipient country should decide on the national priorities. This becomes even more important where the money is in the form of budget support, because budgets are the business of parliaments.

Europe's pressures at the WTO and in the economic partnership agreements (EPAs) are misguided and based entirely on self-interest.

Yet, in practice, it is the state development agencies in the donor countries that make the decisions, with only minimal reference to the donor parliament. Equally, in the recipient country, the treasury receives the money and decides how it should be allocated. We therefore urge that all ODA should be scrutinised fully by the donor parliaments, as well as the recipient parliaments.

However, African parliaments do not have the human resources to do this, and it is therefore proposed that every ODA grant should include a small portion designated to fund experts for monitoring purposes for the recipient parliament. Finally, we propose regular interaction between donor and recipient parliamentary delegations to learn from each other. This will enhance democratic practices in both countries, and build good governance across Europe and Africa.

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AWEPA

The rise of sovereign wealth funds:

How South Africa should respond

By **Mills Soko**

The author is a senior lecturer at the University of Cape Town's Graduate School of Business

Are Arab, Asian and Russian governments using the vast financial resources at their disposal to pursue nefarious foreign policy objectives? This is a view shared by most policy makers in the United States and Europe. It is a view that reflects Western anxieties about the growing role of sovereign wealth funds (SWFs) – huge pools of capital controlled by governments and invested in private markets abroad – in the global economy.

In particular, interest in SWFs was sparked by an announcement that China intended to set up its own investment fund in order to manage a share of the country's massive foreign exchange reserves – exceeding US$1 trillion. Other countries that operate SWFs include Kuwait, Norway, Russia, Saudia Arabia, Singapore, South Korea and the United Arab Emirates (UAE).

Although SWFs have existed for decades (the first SWF was set up by Kuwait in 1953), their role in global financial markets is poised to grow considerably in the coming years. Foreign exchange reserves held by Asian central banks alone reached approximately US$3.52 trillion in 2007. And, according to research by Morgan Stanley, the present size of the world's SWFs could be as large as US$2.8 trillion and is forecast to soar to nearly US$12 trillion by 2015. (see table)

WESTERN CONCERNS

The growing weight of SWFs in the world economy has raised concerns in the West, focused on the funds' "lack of transparency" as well as on the dangers attendant to ownership by government-controlled entities – especially given that these funds tend to cluster in industrial sectors, such as infrastructure, energy and transport, that are sensitive to national security. There have also been suspicions that the operations of SWFs have been motivated by foreign policy rather than commercial considerations.

US lawmakers have reacted strongly to attempts by Chinese, Middle Eastern and Russian companies to take over US defence, communications technology, infrastructure or energy assets. This was exemplified by the unsuccessful attempt of China's state-owned oil company, CNOOC, to purchase Unocal, the California energy firm. National security concerns were cited as the decisive factor in the US congress's scuttling of CNOOC's bid. Amid congressional furore, state-owned Dubai Ports World also tried without success to purchase five US container terminals and other port operations.

The US has not been alone in airing concerns about SWFs. The European Union (EU) has been apprehensive about these funds, too. The EU resistance to SWFs has been spearheaded by Germany, which has baulked at allowing these funds to purchase stakes in strategic industries to secure technological secrets. It is Russia that concerns the EU most of all; this is not surprising given the lukewarm political relations between the EU and Russia in recent years. The German government scuppered a bid by Russia's Mischkonzerns Sistema to buy a stake in Deutsche Telekom, and has created its own fund to defend German "national champions".

TIGHTENING REGULATION

With SWFs gaining prominence in international financial markets, developed countries are likely to tighten controls on their operations in the future. Already in 2007, the US congress passed the Foreign Investment and National Security Act which, among other things, widened the investment review process to include a mandatory review of transactions where the buyer is a foreign government, or is controlled by or acting on behalf of such a government. The US authorities have recognised, however, the dangers of excessive investment scrutiny and have put in place legislative measures designed to instil confidence in the vetting procedures for sensitive transactions.

In any case, the open hostility displayed by some US lawmakers towards the SWFs has been tempered by the important role that these funds have played in efforts to defuse recent US economic problems. For example, Citigroup, the largest American bank, announced last

COUNTRIES OPERATING SWFs

Country: Name of fund	Assets* $bn	Inception year
UAE: Abu Dhabi Investment Authority	875.0	1976
Norway: Government Pension Fund – Global	380.0	1996
Singapore: GIC	330.0	1981
Saudi Arabia: Various	300.0	n/a
Kuwait: Reserve Fund for Future Generations	250.0	1953
China: China Investment Corporation**	200.0	2007
Singapore: Temasek Holdings	159.2	1974
Libya: Oil Reserve Fund	50.0	2005
Qatar: Qatar Investment Authority	50.0	2005
Algeria: Fond de Régulation des Recettes	42.6	2000
US: Alaska Permanent Fund Corporation	38.0	1976
Brunei: Brunei Investment Authority	30.0	1983
Other	171.4	---
Total	2 876.2	
– of which is oil- and gas-related	2 103.4	---
* Estimated, excluding Norway		
** Includes Central Huijin Investment Co.		
Source: Morgan Stanley		

year that it would sell a 5 percent equity stake (worth $7.5 billion) to the Abu Dhabi Investment Authority, providing the bank with much-needed capital to offset losses from the subprime mortgage debacle. Sovereign funds also helped to recapitalise Merrill Lynch and UBS in the wake of the US mortgage crisis.

Amid fears of a Chinese bid for the Australian firm Rio Tinto, the Australian government recently published six principles for enhancing its scrutiny of investments made by SWFs. One of these principles states that the country will in future consider whether "an investor's operations are independent from the relevant government". The Australian authorities will also assess SWFs for their adherence to acceptable business practices and for their impact on domestic competition, government revenue, national security and the broader community.

The EU has also been contemplating Europe-wide guidelines to regulate the operations of SWFs. The European Commission has published a paper proposing a voluntary code of conduct for SWFs that sets out standards for governance and transparency, and outlines the potential risks involved in accepting investments from some of funds.

Proposals for a voluntary code include:

- rules about separating responsibilities within fund structures to ensure that investment decisions are not influenced by political considerations
- publication of an investment policy defining general objectives, operational autonomy for the fund to attain its targets and disclosure of overall principles governing the relationship with the sponsoring government
- provisions related to transparency, such as annual disclosure of investment positions and asset allocation and publication of information on the use of loans and currencies
- rules on publicising the size and source of the fund's resources and how it exercises voting rights of stock it holds.

HOW SOUTH AFRICA SHOULD RESPOND

Due to low domestic savings, South Africa cannot finance the investment levels it needs for growth. As such, the country is virtually dependent on foreign capital inflows to fuel economic expansion. However, in spite of comprehensive policy measures implemented by the South African government to make South Africa attractive to foreign investors, the country has struggled to secure desired levels of foreign investment to fulfil its investment needs.

South Africa has, therefore, a strong interest in an open global investment regime, and SWFs represent a good opportunity to raise investment in the country. The South African government ought to be pragmatic, not paranoid, about the operations of these funds. Being pragmatic does not, however, imply turning a blind eye to the potential dangers of the SWFs. It means eschewing

The South African government ought to be pragmatic, not paranoid, about the operations of these funds.

the jingoistic hysteria that has characterised debate about the funds in the US and Europe, and adopting a balanced and considered approach that carefully weighs the benefits and disadvantages of these investments for the South African economy.

As South Africa's economic relations with Asian and Middle Eastern countries deepen, the role of SWFs in the country will become pronounced. Already, this has been evidenced by the acquisition in 2006 of the V&A Waterfront by the state-controlled Dubai World fund for R7 billion. The sale of a 20 percent stake of the Standard Bank (valued at R36.7 billion) to the Industrial and Commercial Bank China in 2007 points to a possible future expansion of state-sponsored Chinese investment in South Africa.

Although South Africa must welcome investment from these increasingly influential emerging markets, policy-makers would have to be reasonably certain that they understand where these funds originate from, what they are investing in and how they are being managed. Especially, they would have to assess the merits and demerits of possibly ceding control of South African assets to a foreign government.

Moreover, policymakers need to recognise that it is not the quantity of foreign direct investment (FDI) that matters but the quality. FDI can contribute positively towards national development, but only if it is directed towards productive rather than speculative activities.

This is particularly pertinent to South Africa, given that the bulk of FDI undertaken in the country since 1994 has been in the form of mergers and acquisitions, as well as towards buying market share. The South African government will continue to face an important challenge in distinguishing between investments that will produce benefits for its citizens and those that will have a generally negative impact.

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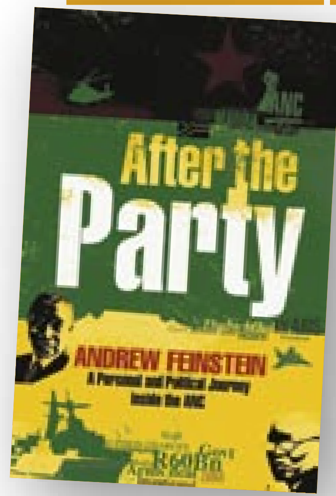
A Personal and Political journey inside the ANC



Andrew Feinstein
Jonathan Ball: Cape Town,
2007. 278 pp

Reviewed by **Ben Turok**, MP (ANC)

Andrew Feinstein has performed a valuable service to South Africa with his account of how the arms deal was processed through parliament. There can be no doubt that what is now required is a thorough forensic audit that will identify whether there was any wrongdoing and by whom.

As a member of the portfolio committee on trade and industry, I was a marginal participant in the process, bewildered by all the goings on and unable to come to any conclusion about what was going wrong. The committee was informed about the offsets promised, and we had sight of the auditor-general's report, but there was so much hullabaloo in the press, and such a strong defensive wall put up by the ministers concerned, that we could not find fault. Despite some misgivings, the committee therefore approved the report, as far as my memory serves me.

What made it especially difficult was that there was so much whispering by the MPs in the standing committee on public accounts (SCOPA), including Feinstein, with little hard information made available to the rest of us. ANC MPs in SCOPA also blamed Feinstein for excessive secrecy and for not reporting fully to them. It all seemed to be a thorough mess. Perhaps the full story will now emerge as a result of Feinstein's book.

But other ethical issues also arise from Feinstein's account. Membership of the ANC is a voluntary act; there is no compulsion whatsoever. Once in, however, the organisation asserts certain disciplinary powers, especially over MPs, who are important elements of the public face of the ANC. Indeed, throughout the world, parliamentary party caucuses bring their MPs to heel on policy matters, and failure to comply generally leads to disciplinary action, and even expulsion.

So what options are available for an MP with a serious difference with the party line? We have all faced this problem at some time. Do you vote against a measure in the house? Make a defiant speech from the podium? Raise your differences with the leadership?

It seems to me that Feinstein's resort to the press in the HIV/AIDS briefing by the president was not the right choice, since it set him on a course of action leading inevitably to a break. Many MPs leak stories to the press, but to carefully record Mbeki's speech in caucus, and then give it verbatim to the *Mail and Guardian* was wrong.

Curiously, Feinstein's whole conduct in government was the opposite of this. As one who worked with him in various committees, I always felt that he was rather good at ingratiating himself with top people, winning their confidence and rising swiftly up the ladder. His book confirms that he was easily able to get close to Tokyo Sexwale and Jacob Zuma.

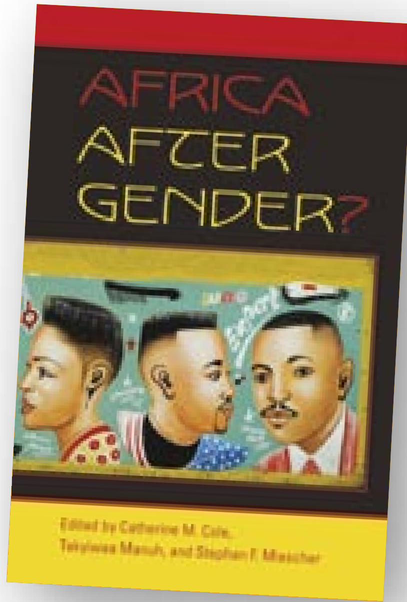
This was, no doubt, due to his ability and economic prowess, but his outright support for the growth, employment and redistribution (GEAR) programme showed that, when an issue was highly unpopular generally, he was not an anti-establishment person. Of GEAR, he says, "I was supportive of this controversial approach." Actually, Feinstein reveals that he went along with a great deal of disguising the consequences of GEAR and other stringent economic policies, aligning himself with conservative and cautious economic positions: "the movement's historic language of revolution was utilised to make palatable an ostensibly neo-liberal approach to the economy."

This book makes him out to be a somewhat tragic figure. Many MPs were far more critical of the leadership's economic policies than Feinstein, yet we stuck it out, preferring to tackle the controversies in the arenas available. Feinstein made the fatal mistake of aligning himself wholly with Gavin Woods, a member of an opposition party ("Gavin and I started to meet in more secluded places"), and becoming isolated from his ANC comrades. He seems to have decided that the integrity of SCOPA took precedence over loyalty to the ANC.

There may come a time when each and every ANC MP is faced with the same choice between parliamentary integrity or ANC loyalty, and the choice will be hard for all of us. What emerges from the book is that Feinstein may have played out his personal tragedy for too long.

I hope that, if ever I may be placed in the same situation, I will first attempt to win over close comrades to share my burden, and then, if I see the writing on the wall, to act swiftly.

Africa After Gender?



Catherine M Cole,
Takyiwaa Manuh and
Stephan F Miescher (Eds)
Indiana University Press:
Bloomington, 2007. 328 pp

Reviewed by **Jane Bennett**
(African Gender Institute, UCT)

The title of this feisty and sophisticated collection of articles is provocative. When the meaning of "Africa" is so deeply implicated by questions of gender, what is to be made of an invitation to imagine an Africa "after gender"? Surely, some would suggest, the relevance of the politics of gender has yet to impact on most influential discourses about alternative economics, the "new left", or the current titanic struggles around independence and justice we see within Zimbabwe, Sudan, Liberia and other African spaces. Can we speak of an "after" gender – has there even been a "during"?

But however valid, that suggestion would miss the point of this collection, in which historians, sociologists, cultural theorists, legal researchers and NGO workers vigorously tackle a long overdue question. *Has gender, as a discourse, reached its sell-by date in the politics of building progressive space within the African continent?*

Since the late 1970s, the idea that "women matter" to analyses of reality, and that dynamics between women and men are part and parcel of all strategies for social cohesion, has become common currency. At the same time, feminist activists within diverse African contexts have developed understandings of the politics of gender that fuse the need to acknowledge gender injustices ithin any approach to progressive social transformation. What this has led to, in the words of Hanan Sabea (2008), is:

> "fatigue and disillusionment with the term 'gender' in many activist contexts. NGOs seem to be driven by very narrow engagements with 'women': constructing objects of pity – such as the 'girl-child' or the 'woman refugee' – through which to raise funds; positioning gender as simply a functionalist platform through which to build a middle-class NGO industry divorced from the actual struggles of either women or men."

The authors of *Africa After Gender?* challenge the scepticism, weariness and co-optations of development-driven "gender" questions by imagining discourses that can electrify disciplines, re-imagine activist strategy, and forge unusual alliances and inspirational agendas inclusive of gender justice. Four themes organise the collection: volatile genders and new African women; activism and public space; gender enactments and gendered perceptions; and masculinity, misogyny and seniority.

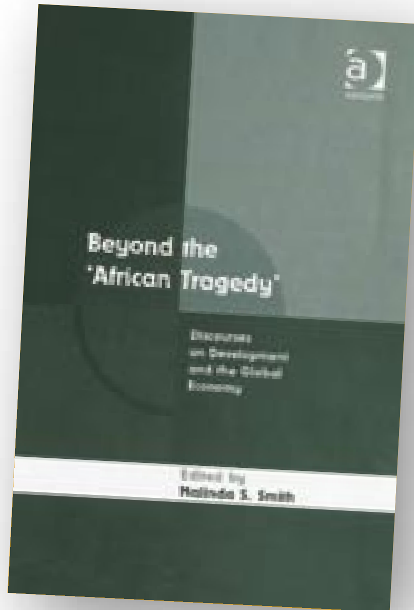
The most interesting chapters for me were Sylvia Tamale's piece on the extraordinary violence sparked by her suggestion that the Equal Opportunities Commission of Uganda consider sexual minorities as worthy of constitutional protection; Helen Mugambi's reminder of the wealth and complexity of African feminist writing since 1980 that goes beyond development-driven discourses; and Takyiwaa Manuh's chapter on Ghanaian activist responses to both the opportunities (and there are opportunities) offered by development-driven pressure to "take women seriously", and the concomitant risks of being constructed as indigenous Africans "without theory", there to be acted upon, helped and theorised through Western eyes and pens.

Despite the diversity of these pieces, they bear witness to the punchiness and unfailingly acute lens of activist-theoreticians deeply embedded within African contexts – not, in any sense, writers vulnerable to the seductions of "gender commodification". They are, in fact, capable of seduction themselves, the chapters asking to be read and re-read. *Africa After Gender?* offers an unusual and deeply dynamic engagement with questions of time ("after"), location ("Africa"), and power ("gender").

Reference: Sabea, H. 2008. Paper presented at the *Gender and Region Project Workshop*, University of the Western Cape, 24-25 April; forthcoming in *Feminist Africa*, 11

Beyond the "African Tragedy":

Discourses on Development and the Global Economy



Malinda S Smith (Ed)
Ashgate: Aldershot and Burlington, 2006. 305 pp

Reviewed by
Blessing J Karumbidza
(Economic History and Development Studies, University of KwaZulu-Natal)

The 21st century has been proclaimed an African century, which makes this review of the discourses on Africa's development most welcome. According to Smith, "tragedy" has become "a shorthand for humanitarian, economic and political crises in Africa and, particularly, with a stereotypical view of the systemic violence and apparently irrational or 'inexplicable' bad things Africans do to themselves." The contributors reconsider and re-imagine Africa beyond the projections of endemic chaos and disaster that underlie most of both the reportage of the continent and explanations for its lack of development. The book refutes "tragedy" as a trademark for Africa and argues that such an approach is not useful in understanding the state of its development.

Since the end of apartheid, intellectual and institutional energy has been invested in the rewriting of African development history. For example, the launch of the Native Club in 2006 in South Africa was in line with the desire of Africans to reclaim intellectual discourse and perceptions of Africa. The contributors here are concerned with the capacity of discourse to ascribe roles which affect the way a subject acts and how other players may respond. They recognise the pervasive continuation of colonial discourse on Africa in current development policy design.

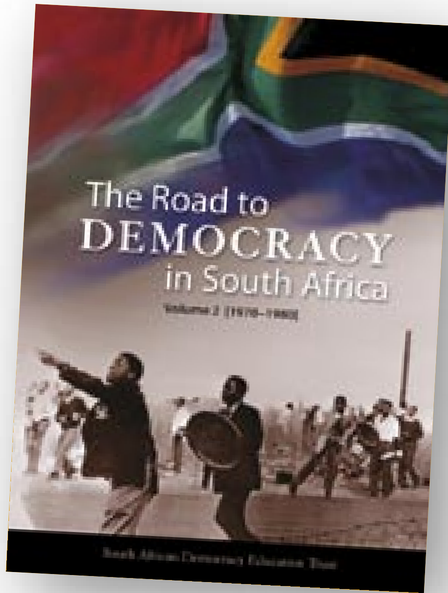
Using specific examples, the contributors vehemently argue that the analysis of African development strategies should be "historicized and contextualised … through a critical perspective attentive to the *longue durée*" that allows for "complexities, continuities, raptures, as well as the possibilities of alternative futures" to be imagined. For Smith, the term "crisis" itself is not necessarily negative and terminal but could contain the possibility of a positive and productive future. This is clear when one studies post-war (whether First or Second World War) European crises, which were alleviated within a generation.

Using Colin Leys' argument, Smith contends that, for Africa, crisis is rendered non-reversible by "the continent's unequal position in the capitalist global economy". Africa's position in the global division of labour therefore determines not only its future, but the way its history is written. In the tradition of Leys, Giovanni Arrighi and Manuel Castells, Smith argues that "the African condition cannot be understood without historicisation, and thinking through 'the timing' of Africa's incorporation into the global capitalist system. The combination of low pre-colonial productive capacities and the further limitations imposed by colonial policies all effectively limited the transition to sustainable capital accumulation and hence to national economic self-sufficiency."

The entire collection of essays – on dependency and neo-liberalism, NEPAD, good economics and good governance, HIV/AIDS, gender, global financing, the WTO and information and communication technologies – questions and re-orients African development discourse away from its "tragic" form. This book is a must-read for academics, NGOs, institutions, government officials and anyone wanting to understand the African moment and begin to imagine a different African future.

The Road to Democracy in South Africa,

Volume 2 (1970–1980)



South African Democracy Education Trust
UNISA Press: Pretoria, 2006. 953 pp

Reviewed by **Edward Webster**
(Sociology of work unit, University of the Witwatersrand)

Covering the decade from 1970 to 1980, this is the second in a five-volume series on the struggle for democracy in South Africa. The objective of the series is two-fold: first to offer new insights into the operation of the liberation movements between 1960 and 1994, and secondly, to provide a voice for the veterans of this struggle, "who paid heavily for this with their lives, through lengthy jail sentences, by going into exile, or a combination of these."

It is an ambitious task and has involved a team of researchers interviewing and gathering documents of these momentous events. The book is divided into 15 chapters and is almost 1 000 pages long! It is a valuable and comprehensive contribution to the on-going attempts to record and analyse this epic struggle.

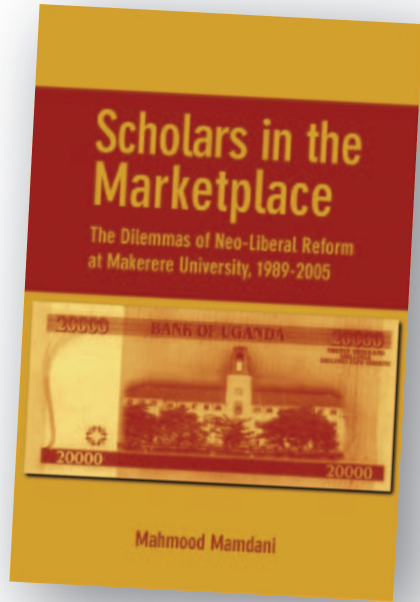
The book begins by providing a socio-political context for democratic struggles. It suggests that, by 1970, white power in South Africa had been consolidated into a "garrison state". It then demonstrates in the subsequent chapters how this power was gradually eroded by a combination of internal resistance and external pressure. The book gives central importance to four key internal social movements and events: the rise of the black consciousness movement, the re-emergence of the workers' movement after the 1973 strikes, the youth movement after the 1976 Soweto uprisings, and finally, there is an evocative chapter on the resurgence of "cultural work" and the emergence of a new generation of black writers as a terrain of resistance. The accounts of these movements draw on first-hand interviews and are rich in detail and highly informative.

An important strength of the book is that it also deals with the impact of external pressures on the internal democratic struggles, through a chapter on the political underground and armed struggle. There is an excellent chapter on how the African National Congress (ANC) successfully mobilised international support to isolate apartheid South Africa. The book fills a number of other lacunae by including a fascinating chapter on popular resistance in the small towns of the Eastern Cape, the activities of the Pan African Congress (PAC), resistance in the Bantustans, including a chapter on struggles in KwaZulu-Natal. It concludes with a useful chapter on "aboveground organisations and activities", covering the white National Union of South African Students (NUSAS) and the revival of the Natal Indian Congress.

The editors, writers and the South African Democracy Trust have succeeded in providing a voice for neglected actors in the struggle for democracy. At times I felt that, in their eagerness to allow full expression, the chapters became unwieldy. More importantly, the book could have done with firmer editorial direction. This comes across most clearly in the two chapters on the revival of the workers' movement. The juxtaposition of two different accounts of similar events, without any engagement between the authors or any contribution from the editors, is frustrating.

Scholars in the Marketplace:

The Dilemmas of Neo-liberal Reform at Makerere University, 1989–2005



Mahmood Mamdani
Codesria: Dakar, 2007. 296 pp

Reviewed by **Mathew Blatchford** (English and comparative literature, University of Fort Hare)

Anyone interested in the workings of universities in South Africa should read this book. Mamdani's study of the changes made at his former university under internal and external pressures is revealing. While Makerere University's condition and its responses to the challenges of corporatisation differ from those of South African universities, there are worrying similarities.

When Uganda emerged from the bloody civil wars of 1970-1986, it had little money to spare for education, except primary education. In a society that viewed it as a possibly needless luxury, Makerere had to both make money and justify its existence.

The actions taken by the institution often had disastrous effects. Parts of the institution developed, or adopted, programmes that offered employment for the students who took them, but often this increased student numbers beyond institutional capacity. Lectures spilled into dining halls, delivered by lecturers who sometimes delivered 20 or 30 lectures a week.

Those parts of the institution that did not develop commercially attractive programmes declined sharply. Ruthless financial competition discouraged co-operation among departments and faculties; successful units "poached" staff and venues from less successful ones. As financial responsibilities were devolved to lower levels, units strove to declare independence from their parent faculties (so as to pocket the profits from successful programmes) and the institution began to fragment.

Mamdani argues that this damaged educational standards – a notion which is frequently dismissed as racist posturing in South African tertiary education. At Makerere, no such racist motif exists – yet Mamdani chronicles lamentable records of a mass of underqualified lecturers teaching demotivated students, with little access to materials, in squalid conditions, using curricula often derived from foreign corporations. Under such conditions, the university environment might be unable to reproduce, or even sustain, itself.

Mamdani blames most of this on the World Bank, which, he says, had tried to obliterate African universities altogether, but now strove to remould them along neo-liberal lines. Despite this, Mamdani shows how administrators, academics and students – even the author himself – helped remould Makerere along these lines. Mamdani celebrates what he calls "privatisation" – accepting as many private students (rather than state-sponsored students) as possible. His quarrel is with "commercialisation" – developing profitable, vocation-centred programmes. But privatisation seems to engender commercialisation; vocation-centred programmes naturally attract students, and yet this produced the crises that Mamdani chronicles.

No doubt, universities face difficult conditions in the 21st century. However, academics and their managers are adept at turning all crises to their advantage – like the dean cited in the book who, faced with unsatisfactory student numbers in his programmes, simply gave fake figures to the senate. If universities do not consciously struggle to provide the best possible education for their students, to complain about pressure from elsewhere (banks, the government or the marketplace) is little better than excuse-mongering.

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