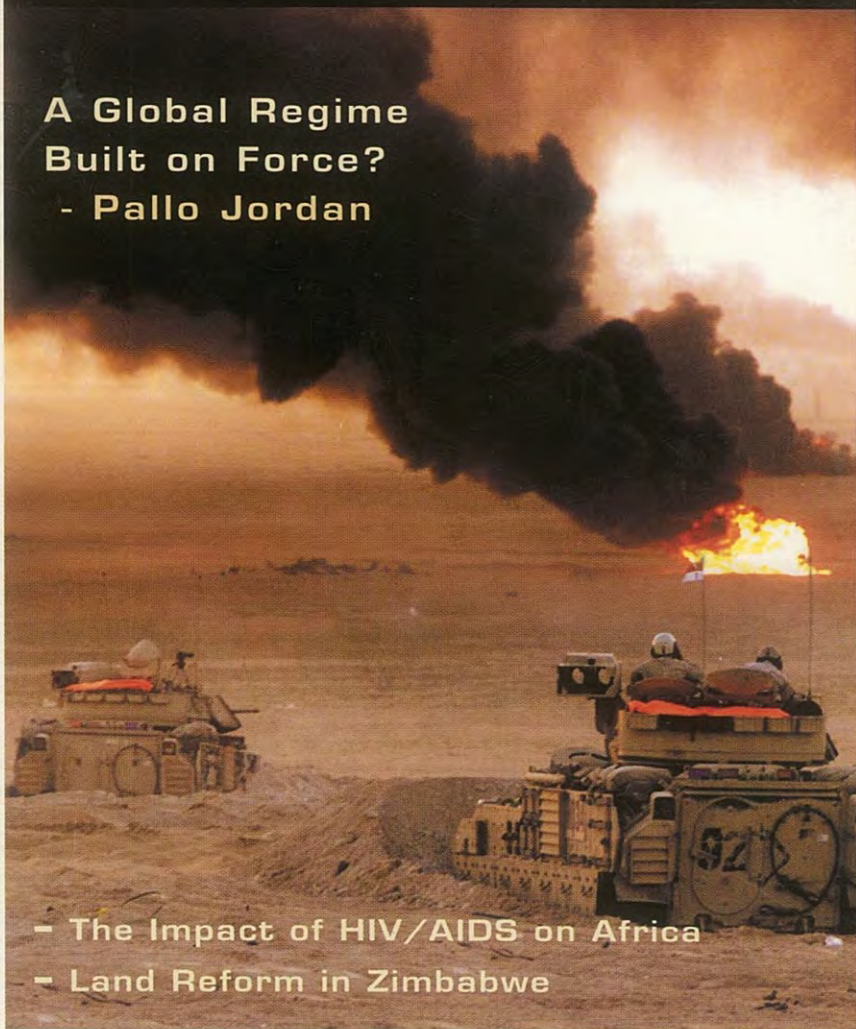


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EDITORIAL OPINION

THE ANC NATIONAL CONFERENCE

There has been a flood of media coverage of the 51st ANC National Conference held in December 2002 in Stellenbosch. Much attention was devoted to who would be elected, whether there would be an attack on the "ultra-Left", and the significance of the choice of venue. What received very little attention was the enormous policy preparatory work done around the conference and the significant shifts and nuances that emerged.

The Policy Conference held in Johannesburg in October 2002 resolved many controversies and established a widely accepted consensus. The mood of optimism that this exercise generated continued into the debates at Stellenbosch and was surely responsible for the lack of sharp divisions there. In the main, even the condemnation of the "ultra-Left" did not diminish the mood of achievement.

The main speeches from the platform and the preparatory documents raised some major issues which need our attention.

The Preface to the 2002 Strategy and Tactics speaks of the mass of the people who should continue to be the drivers of change and of "people's power in action". For a ruling party this is a rather radical proposition and has the potential of generating contradictions between the people and government which will need careful handling. Yet it remains an important statement which will give guidance to the rank and file.

The document also refers to the "dangers of social distance" between cadres in government and the masses, a refrain that was repeated throughout the conference, especially with respect to corruption in the public sector and what the President noted as conspicuous consumption, the personal accumulation of wealth and the need for "alternative moral social values". He also called for the "defeat of the careerists who have inserted themselves in our movement".

The Strategy and Tactics document called for "new values and mores that place humanism above greed and individual selfish interest". There is obviously considerable tension between the deliberate encouragement of a black business class and these manifestations of embourgeoisment. The experience of the rest of post-independence Africa in this respect is not at all encouraging, but South Africa may be able to manage these social contradictions better. We shall see soon enough.

Further insights into these processes is given in the treatment of the "intersection

between national oppression and capitalist exploitation" and the way class and national categories interact. There is a vast terrain for further research on these issues and New Agenda will provide scope for this in later issues.

The same goes for the analysis of "economic power relations" which was discussed in Commissions with respect to the de-racialisation of ownership and control of wealth and the consolidation of state capital. The black emergent capitalist class is seen as a major actor in so far as they can change apartheid property relations. Whether this will also allow the prioritisation of the interests of the poor, as the ANC aspires, awaits the judgment of history.

In this respect the most important statement of the Strategy document is:

"But ours is more than just a national liberation struggle because it places the interests of the poor and the role of the working class at the centre of its theory and practice. The ANC, as the leader of the national democratic struggle, is a disciplined force of the left, organised to conduct consistent struggle in pursuit of the interests of the poor".

This perspective was reinforced by the Final Declaration of the Conference which stated that "the central challenge remains the eradication of poverty and inequality".

These seemed to have been the sentiments that guided the resolutions on economic transformation adopted at the earlier Policy Conference and endorsed at Stellenbosch. A careful reading of those resolutions shows that the priorities listed as objectives relate strongly to developmental issues and require substantial spending by government in the coming period. That spending will be directed to infrastructure, about which there is no disagreement, but also at job creation and poverty reduction.

For instance we find the following statement: "We will measure progress in terms of - the growth rate, reduction in unemployment, increase in real GDP per capita, the Human Development Index, the Poverty Gap index and indices of macro-economic stability". There is also a categorical assertion that the high unemployment rates have underpinned poverty and aggravated social problems.

These are very substantial objectives. For the government to reach them will require a huge effort in the light of previous austerity budgeting and stringent financial controls which inhibit spending. We need to ensure that the imperative of pursuing a responsible macroeconomic programme does not inhibit the more expansionary microeconomic reforms and social imperatives set out above. Our economic gurus will have to exercise all the ingenuity they can to do this.

Ben Turok

DOWN WITH FARM SUBSIDIES

WE AGREE WITH THE NEW YORK TIMES **(Tribune 3 December 2002)**

When Mexican corn farmers tramp through their fields behind donkey-drawn plows, they have one goal: to eke out a living. Increasingly, however, they find themselves saddled with mountains of unsold produce because farmers in Kansas and Nebraska sell their own corn in Mexico at prices well below those of the Mexicans. This is not primarily due to higher efficiency. The Americans real advantage comes from huge tax-payer provided subsidies that allow them to sell overseas at 20 percent below the actual cost of production. In other words, America subsidises its farmers so heavily that they can undersell poor competitors abroad. And just to make sure, it has tariff barriers in place that make it extremely hard for many Third World farmers to sell in the United States. The same is true for their efforts to sell in Europe and Japan. The world's farming system is rigged in favor of the rich.

There is an old saying: Give a man a fish and you feed him for a day; teach him how to fish and you feed him for a lifetime. The 50 percent increase in foreign aid that the Bush administration has admirably promised for the next few years pales in comparison with what reduced farm subsidies would mean to help fight world poverty. In the case of the earth's poorest, some 3 billion people living on less than \$2 a day a piece, we in the West blithely toss them the equivalent of a few fish but consistently fail to let them fish for themselves.

A healthy, export-oriented farm sector, based on the cheap land and labour that many poor countries have in abundance, ought to be the first step on the ladder of economic development. But across Africa, South Asia and Latin America that path out of poverty has been perversely blocked by the subsidies that the United States, Europe, Japan and other rich countries pay to their most affluent farmers and agricultural businesses. The developed world pays out more than \$300 billion a year in farm subsidies, seven times what it gives in development aid.

These production incentives create oversupplies of crops like sugar and cotton, which are then dumped on world markets, squeezing tropical producers. Subsidies also distort world market prices for vegetables, cut flowers and cereal grains, many of which could otherwise be marketed competitively by Third World countries.

The United States is not the worst offender - Europe is. But America runs a close and shameful second. Western leaders regularly and rightly tout the virtues to free trade of the underdeveloped world and energetically press for the dismantling of tariffs on manufactured goods and the removal of barriers to free investment. But in the one area where most developed countries enjoy the advantages of cheaper production costs, the West is unwilling to practice free trade itself.

This year Washington enacted a new farm bill that raised agricultural subsidies by up to \$180 billion over the next decade. In October, the French and German leaders cut a deal extending and increasing the size of Europe's Common Agricultural Policy, which already costs more than \$40 billion per year.

Significant proposals for reform are in the air. Robert Zoellick, the Bush administration's trade representative has called for coordinated reductions of American and European subsidy payments, the equivalent of mutual arms reduction. Franz Fischler, the European Union's agricultural commissioner, has proposed a shift away from payments based on maximum output and toward farm assistance based on environmental preservation goals. These proposals will not go anywhere, however, without stronger support than they have attracted so far from political leaders and the public.

Continuing on the present perverse course will feed social instability and environmental devastation throughout the developing world. It will mean increased illegal migration to fill agricultural and other jobs in richer countries, instead of increased jobs and incomes in the Third World. Any serious effort to combat extreme poverty, promote Third World development and share the benefits of globalisation more fairly must begin with a radical assault on agricultural subsidies. It must begin now.

A GLOBAL REGIME BUILT ON FORCE?

By Z. Pallo Jordan

Pallo Jordan is an ANC Member of Parliament

In July 2002, African Heads of State and Government gathered in Durban, South Africa, to inaugurate the Africa Union as a successor organisation to the Organisation of African Unity.

This reconfiguration of the continental organisation arrives at a moment when the architecture of the post-Cold War international order is being redesigned and recast, to a large extent by the unilateral action of a single state.

At the end of World War II, George Kennan, a senior US diplomat canvassed a radically new approach on the part of the US towards its erstwhile ally in the war against fascism, the Soviet Union. George Kennan first floated his ideas in an article published in the journal "Foreign Affairs", published by the US Council for Foreign Relations, one of the most prestigious bodies in the US Foreign policy community. Given the status and esteem that the Council for Foreign Relations enjoys within that community, it was hardly surprising that Kennan's ideas were adopted and refined into the strategic doctrine called "Containment", which became the foundation of US policy towards the Soviet Union until the 1990s.

The thrust of my argument is that the terrible and tragic events of September 11th, 2001, and the current debate within and among US policy-makers about a possible war with Iraq, has offered us the opportunity to witness the elaboration of a new doctrine, which could be as significant to the future of US foreign policy as that of "containment". Because the US today is the largest world economy and militarily the most powerful state on earth, the direction its foreign policy takes cannot be a matter for indifference to other parts of the world, especially not to the African continent. In this paper, I shall be discussing what I consider the emerging features of a new United States strategic doctrine.

A power's strategic doctrine determines the manner in which it will allocate resources and how it is likely to interpret and respond to events in the international environment. The doctrine of "containment" led the US to construe world events in Manichean terms as favouring either the extension of Soviet power and prestige, or as favouring western interests at the expense of the Soviet Union. It took one and a half decade for the US to shed this narrow-minded conception. But even then, it still dominated Washington's view of the world, leading the US to join forces with and ally itself to some of the most

reprehensible regimes and non-state groups. The Afghanistan Mujahadin, who gave birth to the Taliban, is a recent case in point.

The contest between these blocs was the backdrop against which all the major changes during the second half of the 20th century occurred. They were all coloured and influenced by that over-arching reality. A new US strategic doctrine, shaped by its understanding of this century's international environment, is likely to have as far-ranging an impact as the previous one.

New Strategic Doctrine

I begin with a few caveats: The USA is an open society - with freedom of speech, freedom of conscience, freedom of information. It is a country that holds regular elections - which are free and fair most of the time. It is a law-governed society with a written Constitution. In fact, I daresay, I would have been unable to prepare this article if this were not so. In that respect the political arrangements in the USA are infinitely better than those in Iraq (and a host of other countries).

Criticism of the US foreign policy, now or in the future, should neither be read as support for undemocratic regimes, tyranny or dictators - whoever they might be - nor as expressions of "anti-Americanism."

Weapons of mass destruction are an abomination, and the world would be a better place without them. This applies whether these weapons are in the hands of Russia, Britain, China, France, India, Iraq, Israel, Pakistan or the USA. South Africa is the only country that possessed such weapons and has unilaterally destroyed them all! I remain, as in the past, totally committed to nuclear disarmament and the eradication of weapons of mass destruction.

Iraq, like every other member state of the UNO, should be and is expected to abide, by Security Council resolutions.

South Africa, as a country is, and I am personally, deeply committed to the struggle to rid the world of international terrorism. But in pursuance of that war there should be no double and triple standards that permit certain countries to set up, train, equip and finance international terrorist groups for use against countries and governments that they disapprove of.

When I read the current debates among US policy-makers and the US Foreign Policy community, what I detect is the elaboration and the beginnings of the crystallisation of a **new US strategic doctrine**. I suspect that future historians will have a choice of dubbing it either the Bush-Powell Doctrine; or the Bush-Cheney doctrine; or the Bush-Rice doctrine, depending on which of

President Bush's principal lieutenants comes out on top in the intra-administration policy debates which are evidently ensuing in Washington.

A while before 11 September, the American historian, Arthur Schlesinger Jr, suggested that despite the "absence of international checks and balances" in the modern unipolar world, the United States would not "stroll too far down the perilous highway to hubris . . . No one nation is going to be able to assume the role of world arbitrator and policeman" ("Unilateralism in Historic Perspective," Royal Institute of International Affairs, London. 2000).

His words found an echo in those of Charles William Maynes, an influential voice in US foreign policy, who asserted: "America is a country with imperial capabilities but without an imperial mind" ("Two Blasts Against Unilateralism" RIIA. London. 2000).

It is parenthetically interesting to note that both were castigating unilateralism. One wonders what their assessment would be today.

It has been suggested that what we are witnessing probably has to do with internal US politics. Reference has, for example, been made to the short-lived "republican revolution", associated with Newt Gingrich. It has also been suggested that the Whites of the South, supplemented by the Christian religious Right, now constitute the main electoral support base of the Republican Party and that this extremely jingoistic constituency hankers for the pre-Vietnam days. Pressure from this internal constituency is driving US Foreign policy in a particular direction. This is speculative and I would not venture to guess its accuracy or otherwise.

It is nonetheless true that most Americans support war against Iraq. A sizable majority of Americans continue to support a war to oust Saddam Hussein, and most seem to believe the worst about possible links between the Iraqi leader and the Al-Qaeda terrorists, according to a new poll by the Pew Research Centre For The People & The Press in collaboration with the Council on Foreign Relations.

Iraq And Al-qaeda

The poll was conducted before President Bush's widely watched October 7 television address in which he made his case for military action to the nation. The president's speech, however, hit many of the themes that seem to resonate strongly with the public as measured by the poll's results, particularly the president's discussion of "high-level links" between Iraq and Al-Qaeda and the status of Iraq's nuclear programme.

As in previous surveys, a solid majority (62 percent) of Americans say they support military action to "end Saddam Hussein's rule," about the same percentage indicating supported for military action earlier in the year. The Pew results indicate that the imputation of an Iraqi-9/11 link strongly resonates with a majority of Americans, even though most analysts inside and outside government have disputed the suggestion of a direct link, and earlier suggestions by administration officials asserting such a link have been muted. Two-thirds of those surveyed (66 percent) say they believe "Saddam Hussein helped the terrorists in the September 11 attacks."

This might of course reinforce the impression many have of an uninformed US public. But we learn from the media:

Julian Borger from Washington, reporting in *The Guardian* of Wednesday, October 9, 2002 says, "President Bush's case against Saddam Hussein, outlined in a televised address to the nation on Monday night (7/10/02), relied on a slanted and sometimes entirely false reading of the available US intelligence, government officials and analysts claimed yesterday."

Officials in the CIA, FBI and energy department are being put under intense pressure to produce reports which back the administration's line, the *Guardian* has learned."

The same media reports go further indicating:

"There is also profound scepticism among US intelligence experts about the president's claim that Iraq has trained Al-Qaeda members in bomb-making and poisons and deadly gases".

Bob Baer, a former CIA agent who tracked Al-Qaeda's rise, said that there were contacts between Osama bin Laden and the Iraqi government in Sudan in the early 1990s and in 1998: "But there is no evidence that a strategic partnership came out of it. I'm unaware of any evidence of Saddam pursuing terrorism against the United States."

In making his case on Monday, Mr Bush made a startling claim that the Iraqi regime was developing drones, or unmanned aerial vehicles (UAVs), which "could be used to disperse chemical or biological weapons across broad areas".

"We're concerned that Iraq is exploring ways of using these UAVs for missions targeting the United States," he warned.

US military experts confirmed that Iraq had been converting eastern European trainer jets, known as L-29s, into drones, but said that with a maximum range of a few hundred miles they were no threat to targets in the US.

Richard Norton-Taylor, in The Guardian of Thursday, October 10, 2002, said:

"Mr Rumsfeld claimed last month that American intelligence had "bullet-proof" evidence of links between Al-Qaeda and the Iraqi regime". He later added: "But they're not photographs. They're not beyond a reasonable doubt." This week Mr Bush suggested that Al-Qaeda leaders were in close contact with Baghdad. British intelligence sources firmly reject such claims.

Asked whether President Saddam had links with Al-Qaeda, one well-placed source replied: "Quite the opposite."

An alliance between Al-Qaeda and Saddam Hussein makes little sense, say British (intelligence) sources, since Iraq's secular regime would not appeal to Al-Qaeda fundamentalists.

Al-Qaeda, the sources add, have paid little or no attention to the Palestinian struggle despite attempts by Bush administration officials and Republican politicians to establish a link between Palestinian extremists, Al-Qaeda and Saddam Hussein.

These media reports suggest that if the US public is misinformed, that is because it is being misled by its leaders.

But to what purpose one might well ask? The Guardian gives us a hint in an article headlined:

Chemical coup d'état

The US wants to depose the diplomat who could take away its pretext for war with Iraq.

On Sunday, the US government will launch an international coup. It has been planned for a month. It will be executed quietly, and most of us won't know what is happening until it's too late. It is seeking to overthrow 60 years of multi-lateralism in favour of a **global regime built on force**.

The coup begins with its attempt, in five days' time, to unseat Bustani, the man in charge of ridding the world of chemical weapons. If it succeeds, this will be the first time that the head of a multilateral agency will have been deposed in this

manner. Every other international body will then become vulnerable to attack. The coup will also shut down the peaceful options for dealing with the chemical weapons Iraq may possess, helping to ensure that war then becomes the only means of destroying them.

In January, with no prior warning or explanation, the US state department asked the Brazilian government to recall him, on the grounds that it did not like his "management style". This request directly contravenes the chemical weapons convention, which states "the director-general ... shall not seek or receive instructions from any government". Brazil refused. In March the US government accused Bustani of "financial mismanagement", demoralisation of his staff, "bias" and "ill-considered initiatives". It warned that if he wanted to avoid damage to his reputation, he must resign.

Bustani's real crimes are contained in the last two charges, of "bias" and "ill-considered initiatives".

The charge of bias arises precisely because the OPCW is not biased. It has sought to examine facilities in the United States with the same rigour with which it examines facilities anywhere else. But, just like Iraq, the US has refused to accept weapons inspectors from countries it regards as hostile to its interests, and has told those who have been allowed in which parts of a site they may and may not inspect. It has also passed special legislation permitting the president to block unannounced inspections, and banning inspectors from removing samples of its chemicals.

"Ill-considered initiatives" is code for the attempts Bustani has made, in line with his mandate, to persuade Saddam Hussein to sign the chemical weapons convention. If Iraq agrees, it will then be subject to the same inspections - both routine and unannounced - as any other member state (with the exception, of course, of the United States). Bustani has so far been unsuccessful, but only because, he believes, he has not yet received the backing of the UN Security Council, with the result that Saddam knows he would have little to gain from signing.

Bustani has suggested that if the Security Council were to support the OPCW's bid to persuade Iraq to sign, this would provide the US with an alternative to war. It is hard to see why Saddam Hussein would accept weapons inspectors from Unmovic - the organisation backed by the security council - after its predecessor, Unscorn, was found to be stuffed with spies planted by the US government. It is much easier to see why he might accept inspectors from an organisation which has remained scrupulously even-handed. Indeed, when Unscorn was thrown out of Iraq in 1998, the OPCW was allowed in to complete

the destruction of the weapons it had found.

Bustani has to go because he has proposed the solution to a problem the US does not want solved". (George Monbiot. The Guardian. Tuesday, April 16, 2002)

Us Wants War

Consequently there are many international commentators who see the US today as bellicose, eager to have a war with Iraq and who view the US's proposed new UNSC resolutions as the proverbial offer Saddam Hussein will have to refuse.

Thus

Martin Woollacott in The Guardian of Friday October 4, 2002:

"George Bush is bent on war against Iraq. All the world knows it, from Blackpool to Baghdad, and from Paris to Moscow. That is why the manoeuvring over United Nations resolutions and arms inspections has an unreal quality. It is just possible that UN-approved coercive inspections, of a kind that would so humiliate Saddam Hussein that he might fall without war, can prevent a conflict. But, aside from this thin chance, international diplomacy now is less about preventing war than about preventing an open break between America and Europe and Russia."

The real objective of the Bush administration in Iraq is regime change. Not so much to create a democratic Iraq, but rather to create a compliant Iraq. The immediate goal is to eliminate Iraq's weapons of mass destruction.

But reading President Bush's commencement address at West Point on 1 June 2002, we get an idea what exactly is involved.

"America has, and intends to keep military strength beyond challenge, thereby making the destabilising arms races of other eras pointless, and limiting rivalries to trade and other pursuits of peace."

If you did not quite grasp that, it was clearly spelt out by Colin Powell some two years ago.

"Our forces will be strong enough to dissuade potential adversaries from surpassing or equalling the power of the United States."

Note well, not "dissuaded" from attacking, but from "surpassing or equalling the power of the United States." The USA wants to be the dominant military power in the world! A power so unassailable that potential competitors would find the prospect of competing with it daunting. As declared in the famous strategy document drawn up by Paul Wolfowitz in the last year of the first Bush Administration - and effectively proclaimed official policy by Bush Jr in this West Point speech - the guiding purpose

of US strategy after the end of the Cold War will be to prevent the emergence of any 'peer competitor' anywhere in the world. What is projected here is an international community living under a "Pax Americana", underwritten by that country's overwhelming military power. The Machiavellian principle of: "It is better to be feared than loved", seems to be the watchword in DC.

Pre-emptive Action

The Bush administration has abandoned the strategies of containment and deterrence of a previous era in preference for one of pre-emptive action.

From the evidence of the media and a host of articles in the journals produced by the US Foreign policy community, there is a debate within the administration itself. One can discern the outlines of three or perhaps four positions that may later crystallise into policy.

There is a group around Vice-President Cheney, for whom the most important consideration seems to be unrestricted access to cheap oil, controlled as far as possible at its source. Destruction of the Saddam Hussein regime and perhaps even the military occupation of Iraq so that the US dominates the region militarily seems to be their key objective.

This group is spearheaded by Richard Perle, chairman of the Defense Policy Board that advises the Secretary of Defence, Donald Rumsfeld. The views of this group are backed by a chorus of neo-conservative and even liberal journalists and commentators.

The great American sociologist C. Wright Mills once suggested that US administrations were beholden to or captives of a military-industrial complex. The incumbent Bush administration, in its top echelon, is almost wholly dominated by people linked to the US oil and energy sector. Indeed, there has hardly been a government anywhere in the world that is so closely tied to a single special interest group. Is it merely a coincidence that the (London) Observer of 3 November 2002 reported:

"The leader of the London-based Iraqi National Congress, Ahmed Chalabi, has met executives of three US oil multinationals to negotiate the carve-up of Iraq's massive oil reserves post- Saddam. Disclosure of the meetings in October in Washington - confirmed by an INC spokesman - comes as Lord Browne, the head of BP, has warned that British oil companies have been squeezed out of post-war Iraq even before the first shot has been fired in any US-led land invasion."

The report continues:

"Although Russia, France and China have existing deals with Iraq, Chalabi has

made clear that he would reward the US for removing Saddam with lucrative oil contracts, telling the Washington Post recently: "American companies will have a big shot at Iraqi oil." ...

Larry Lindsey, President Bush's economic adviser, recently said that a successful war on Iraq would be good for business.

'When there is a regime change in Iraq, you could add three to five million barrels (per day) of production to world supply,' he said in September. 'The successful prosecution of the war would be good for the economy.'

Analysts believe that after five years Iraq could be pumping 10 million barrels of oil per day. Opec is already starting to implode, with member nations breaking quotas in an attempt to grab market share before oil prices fall?"

Imperialist Discourse

For the first time in decades the naked display of force is being explicitly advocated in frankly imperialist discourse. There are repeated references to Ancient Rome, to Victorian Britain and other imperial arrangements in their writings.

Just a small sampling will give an idea of what is being said:

"The fact is," writes Charles Krauthammer, a Washington Post columnist and a spokesman of the neo-conservative right, "no country has been as dominant culturally, economically, technologically and militarily in the history of the world since the late Roman Empire" ("It Takes an Empire Say Several US Thinkers." NYT. 1 April, 2002.) These ideas were a recapitulation of opinions Krauthammer had originally put forward in an article titled "The Uni-polar Moment," published in Foreign Affairs in 1990.

According to Robert Kaplan, another conservative essayist and an international policy mentor to President Bush: "Rome's victory in the Second Punic War, like America's in World War II, made it a universal power" ("It Takes an Empire").

In an article "The Case for American Empire" Max Boot, a Wall Street Journal columnist, writes: "It is striking - and no coincidence - that America now faces the prospect of military action in many of the same lands where generations of British colonial soldiers went on campaigns. These are all places where Western armies had to quell disorder. Afghanistan and other troubled foreign lands cry out for the sort of enlightened foreign administration once provided by self-confident Englishmen in jodhpurs and pith helmets" ("The Case for American Empire" . Weekly Standard. Washington. 15 October 2001. Vol 7. No. 5).

Robert Kagan of the Carnegie Endowment says, "The truth is that the benevolent hegemony exercised by the US is good for a vast portion of the world's population.

It is certainly a better international arrangement than all realistic alternatives" ("The Benevolent Empire" Foreign Policy. Washington. Summer 1998.).

Sebastian Mallaby, in an article titled "The Reluctant Imperialist, Terrorism, Failed States, and the Case for American Empire", (Foreign Affairs, New York, March-April 2002.) says: "Non-imperialist options, notably, foreign aid and various nation building efforts, are not altogether reliable. The logic of neo-imperialism is too compelling for- the Bush administration to resist".

And Robert Kagan, writing in Policy Review (Washington. June-July 2002. No. 113.) "Power and Weakness, Why Europe and the US See the World Differently," has even assigned various roles to the countries of the west in the envisaged imperial order: "America does the bombing and fighting, the French, British and Germans serve as police in the border zones, and the Dutch, Swiss and Scandinavians provide humanitarian aid"

Kagan goes on: "Now that the United States is powerful, it behaves as powerful nations do." In 2000 Kagan and a co-author, William Kristol, advocated a "benign American hegemony"

The variation on this theme comes from Ms Condoleezza Rice, who made reference to celebrations in the streets of Kabul, where US bombs did in fact "impose" (her word) a different system of government on another country.

"We must, reject the condescending view that freedom will not grow in the soil of the Middle East or that Muslims somehow do not share in the desire to be free. We seek only to help create conditions in which people can claim a free future for themselves." (Sunday Times. Johannesburg Sunday, 20th October, 2002)

These are apparently two poles to the argument. One pole wishes to re-arrange and recast the architecture of the post-September 11th Middle East by regime change, perhaps including military occupation, by force of US arms. The other "seeks to create conditions in which people can claim a free future" - how exactly we are not told. But there is the possibility of convergence in the means chosen by these opposite poles. "Creat(ing) conditions" does not exclude the use of coercive measures.

A little more honestly, Stephen Peter Rosen writing in the Harvard Review, (May-June 2002. Vol 104. No. 5) comments on US policy: "A political unit that has overwhelming military power, and uses that power to influence the internal behaviour of other states, is called an empire. Our goal is not combating a rival, but maintaining our imperial position, and maintaining imperial order".

The sentiments expressed by Ms Condoleeza Rice and even those of Richard Perle have deep roots in the USA's 20th century past. One scholar has suggested that there is an attempt to blend the "Rough-riding" imperialism of Teddy Roosevelt (with his proverbial "big stick"), with the visionary ambition of Woodrow Wilson.

Wilsonianism might well derive from a mixture of genuinely felt concern for the welfare of others, but it was also characterised by a deep contempt for other cultures and social orders. Witness President Wilson's own anti-Asian racism! Remember also that Wilson was the President who coined the epigram "What's good for General Motors, is good for the United States." (These days those close to the salt cellar in Washington might recast this to read: "What's good for Exxon, is good for the United States.")

But there are other traditions from the 20th century United States history which might serve the world better in this age. The other Roosevelt, Franklin Delano Roosevelt, inspired many of the institutions the world community adopted to secure an enduring peace after the Second World War.

The challenge today is to translate his inspiration into contemporary terms. That implies:

- ▼ Promotion of a genuine multi-lateralism based on recognition and strengthening of the UNO and all its agencies.
- ▼ Radical restructuring of the UNO and its agencies to reflect the seismic changes that have taken place in the world since 1945.
- ▼ Reform of the Bretton Woods institutions to reflect the geo-political changes of the past 57 years.
- ▼ The eradication of poverty and want which are the seed-beds of the desperation that finds expression in terrorism.

The last word on this issue goes to former President Jimmy Carter:

"Belligerent and divisive voices now seem to be dominant in Washington, but they do not yet reflect final decisions of the president, Congress or the courts. It is crucial that the historical and well-founded American commitments prevail: to peace, justice, human rights, the environment and international cooperation."

At the end of the day, the US government and that country's Foreign Policy community will determine whether or not the US takes this route. Either way, Africa will have to determine her own response to the new international environment such a policy departure is likely to create.

EXTRACTS FROM: A BRAZIL FOR ALL BRAZILIANS

By PT (Brazilian Worker's Party) - Government Programme

Introduction

For Brazil to change it will need a joint effort from both society and government. This is the only way to put into practice the measures aimed at economic growth, which is fundamental to reduce the vast inequalities which prevail in Brazil. The implementation of an alternative development model which has social bearing can only be successful if it is accompanied by the democratisation of the state and the social relations, reducing external dependencies as well as achieving a new equilibrium between the federal government, states and municipalities. At the same time, establishing peace and security for its citizens, defending national sovereignty and adopting a foreign policy which will have an influence in the world are the necessary conditions to construct a just society.

Only a new social contract which favours the implementation of a new political culture, defending civil liberties, human rights and the building of a country with a fairer economic and social fabric will permit a deepening of the democratic process in our society, fighting authoritarianism, inequalities and clientelism. In the search for this new social contract, the mobilisation of all social classes into a wider national consensus must include and benefit the historically marginalised sectors of the population and those that have no voice in Brazilian society. Only then will it be possible to really guarantee full citizenship to all Brazilians. It is paramount therefore to promote a titanic effort to de-privatise the state, putting the government at the service of all citizens, especially those marginalised by society. De-privatising the state implies a radical commitment to defending the public interest. The administration will cease to be at the service of private interests, especially of big business, as has been the case up to now. An efficient state must be agile and controlled by its citizens - that is the best defence against waste and corruption.

The immense task of creating an alternative economic model to combat and overcome the historical challenge of social exclusion demands the active presence and regulatory action from the state over the economy, avoiding the predatory behaviour of the monopolies and oligopolies. Social participation, that is, having the community in control, will also give more transparency and efficiency to planning and the carrying out of public policies in the areas of health, education, social security, housing and in public services in general.

The excellent results of the "orcamento participativo" (participatory budget) at state and municipal level indicate that in spite of the complexities which may occur, we should apply it at a federal level. In other words, our government will promote the widening of the public sphere, which is the right place to safeguard new rights and responsibilities to give democracy a dynamic character.

Mobilisation for Production and Employment

We cannot conceive of globalisation as a miraculous short cut to development. Successful governments have been marked not only by international practices, but also by national innovation. Our government intends to formulate its own strategies for growth and for this purpose, it will bring together investors, workers and national institutions. For Brazil to develop its full potential at world level, it will need a conscious effort that has been long in coming. Did we have the necessary conditions for this in the past eight years? Of course we did. But unfortunately, policies were chosen for a different purpose. In contrast to what was done before, our government will seek to mobilise the whole of society for growth. It will make use of all of Brazil's technological, enterprising and creative capacity. It will be a difficult task. However, if we listen to what society has to say and we are able to look for a consensus, the country can then enter a new virtuous cycle of growth - where millions of Brazilians, who are at present marginalised, will be brought into the labour market and will have access to primary consumer goods. For Brazil to be able to achieve quality and be viable, it must develop a wholesome economy, by combating hunger and poverty, promoting small businesses and co-operatives, giving support to micro and small enterprises. It must also have policies for increasing international competitiveness. For the expansion of our internal market, the creation of employment and income are fundamental steps to build a nation that is to be respected internationally.

During the five decades since World War II, the world has seen some nations emerge, others stagnate and still others regress. The world changed dramatically for millions of human beings and many peoples have never had so within their reach the tools for achieving democracy, getting knowledge and for the development of education and technology. It is possible to guide with discipline and channel internal and external resources so as to have a high quality economic development, re-enforcing the country's capacity for production; stimulating the production of technology and innovation. Thus Brazil will be able to overcome the vulnerability of its external accounts and increase its participation in the international market. External investment therefore will be guaranteed a place in the economy side by side with national private capital.

The development of our great market, together with the creation of jobs and income generation will revitalise and drive the economy. It will offer a solid base for expanding exports. An "Extraordinary Secretariat for External Trade" will be

created to co-ordinate the expansion of international trade. It will be under the direct supervision of the President and will work in conjunction with the ministry for external relations.

Some of the biggest mistakes of the present government were the overemphasis on supervalorisation of macroeconomic policies geared towards the stability of the currency at any cost and unrestrained economic opening together with privileged gains for foreign capital to the detriment of policies geared towards development and adequate remuneration of productive capital. Macroeconomic stability is indispensable, it is a starting point, but it is not enough. It does not make the country rich. The propelling engine of a nation is its productive system: it is having highly skilled workers who are constantly learning; it is a population with higher and higher levels of schooling; it is businesspeople willing to take risks; it is scientists and researchers; it is professionals which form a technical and managerial body that is able to apply better practices both within the private and the public sectors.

It is a mistake to think that all that we need is macroeconomic equilibrium, an open and free market and that development will naturally flow. In the last eight years, this type of policy produced exchange rate instability and high interest rates that have suffocated the funding of new businesses, discouraged technological innovation and weakened exports. Strategic planning was literally plunged into darkness, as was shown by the acute crisis provoked by the government within the energy sector. This was due to the disregard shown towards technical skills and the efficiency of the state. Growth requires adequate management of the federal government, creating a balance between those ministries that deal with economic policies and those that are in charge of production and social development, as well as some relocation of certain teams. Therefore, one of our greatest challenges is to recreate and build up healthy relationships between the government, its agencies and the productive sector.

Brazil needs a new commitment in relation to production. Something different from the bogus charges between bad businesspeople and bad governors that has unfortunately marked a good part of our history. Our government will be marked by the building of appropriate mechanisms which will foster debate and the elaboration of proposals relevant to the public interest. We will start with reform that puts an end to regressive and cumulative taxes. During our first year, our government will fight for a new tax regime that is fairer and more balanced and unburdens production and exports. Together with society and the national congress we will negotiate a reform that is long-lasting. We will seek to increase the efficiency of the system and the planning of the state.

The Economic Inheritance

A decade of neo-liberal policies in Brazil has produced average annual growth rates of around 2.5 percent per annum. This was due to neglecting the internal market and the absence of bold export policies. The result was the disintegration and weakening of the national productive sector. The active open market policies promoted by the current government weakened the country's external account and unbalanced public accounts. Financial liberalisation increased external vulnerability and reduced the ability to fund productive activities, in particular with regard to investment.

Direct international investment - which showed rapid growth due to the volume of acquisitions of national enterprises over the last few years - has meant that capital fluxes were shown to be very volatile and reversible in moments of turbulence in the global market. Much of the absorption of financial resources was in the form of speculative investments without proving to be of any real value to companies and productive activities. Although foreign investment was substantial, it had little impact on the rate of investment in the economy, since most of it was channelled towards the acquisition of existing companies through a process of privatisation. Most of the capital derived from the privatisation, although important, as in the case of the telecommunication companies, did not add new dynamism to the economy in general due to the heavy reliance on imports.

The financial opening greatly restricted the autonomy of macroeconomic policies. The liberalisation of capital flows subjected domestic interest rates to the rules of global financial markets. This made it difficult to fix interest rates in the short term as these were based on the variation of the value of Brazilian's national debt.

The manner and the speed with which trade was opened up caused, in many cases, a regression in the productive sector; it weakened the productive chains and compromised our ability to compete and export. As a result, there was an increase in imports without an increase in exports, implying lower participation in the international market, resulting in the weakening of the internal market and a reduction of intersectoral links.

Nowadays Brazil is, with few exceptions, a country that imports goods of high technological content and largely exports natural resource commodities. This is the structural reason for the sectoral deficits in the balance of trade. These are very difficult to convert into surplus through currency devaluation or the reduction of economic growth. Imports contribute to the modernisation of national production, but it is essential to be able to respond to the challenge of increasing exports and consequently creating a positive balance of trade.

The breaking of production chains made industrial production more dependent on imports, debilitating the national capacity for technological advancement.

Productivity only increased due to a mediocre rate of economic growth and a significant reduction in employment levels.

Low economic growth and the short cycle of investment concentrated in certain sectors of the economy generated idle production capacity, particularly in the production of durable consumer goods, such as textiles, shoes, food products. These sectors of the economy can of sustain a rapid increase in demand. However, they are linked to other sectors, intermediary goods and input services such as energy, which impose great limitations on the rapid increase in production.

The privatisation process and the weakening of the state's financial capacity debilitated the economic and social infrastructure and also compromised competitiveness and the potential for economic growth. These structural changes have been linked to a certain economic stabilisation strategy, "The Real Plan", based on the relationship between the accelerated growth of imports and the absorption of international financial resources. The resulting internal and external debt means maintaining high interest rates.

The country faces a high and structured trade deficit that is around 4 percent of the GDP. Net external liabilities, estimated to be more than US\$420 billion, has greatly increased over the last few years due to rapid growth in the external debt and the strong de-nationalisation of the economy. The external debt is largely within the private sector. However, the public sectors gross debt is around US\$90 billion, while its high short-term liabilities has the potential of destabilising the economy. The debts annual service charges, excluding payments, already exceed 40 percent of exports, creating a permanent state of fragility.

The explosive growth of the net public sector debt since 1994, its short term profile and particularly the excessive growth of interest payments, have restricted the government's fiscal policy and reduced its capacity for public expenditure on welfare policies. The 20 percent increase in the net value of public debt between 1994 and 2001 occurred despite the privatisation of public enterprises to the value of US\$100 billion. The potential economic destabilisation due to internal and external financial obligations, and the commitment to a regulatory ability of the state are surely the greatest challenges to a fiscal policy geared towards redistributing income and promoting economic growth.

The Social Inheritance

Since colonial times, Brazil has been a country of inequalities. During the modern industrialisation period, between 1930 and 1980, it proved itself incapable of improving income distribution and wealth, despite high economic growth rates. Recently, in particular after reforms during the 1990s, significant parts of the population were still left feeling hopeless.

Unemployment is the root of this frustration. Until the beginning of the 1990s, the Brazilian economy always managed to create, although precariously, enough employment to absorb the fast expanding working force. This ended during the last decade, as a result of a new economic growth model, which had been characterised by on a lack of dynamism.

Research done in Sao Paulo's metropolitan area by SEADE/DIEESE (State Data Analyse System Foundation/ Trade Unions' Department of Statistics and Social and Economic Studies), showed unemployment rates of 8.7 percent in 1998, 19.3 percent in 1999, and overtaking the 20 percent mark in 2002. It was higher in the most vulnerable sectors of society such as amongst young people, women, black people and migrants. We cannot assume, however, that those workers who are employed are in a better situation. There has been an increase of people working within the informal market, without the protection of labour legislation, and social security. Currently around 45 percent of jobs in industry are by workers with no formal contract, against an average of 38 percent in the previous decade. In the services industry, this figure is 50.5 percent compared to 44.5 percent in the previous decade.

Deterioration in the general work conditions could have been partially compensated for by increases in income, in its threshold or distribution but this was not the case. Analysing the distribution between profits, salaries and financial investment returns, salaries have played a smaller role in national income. The industrial sector illustrates this in that 1990 salaries made up 45 percent of the added value, falling to 41 percent in 1997. IBGE's (Brazilian Institute of Geography and Statistics) data show that salaries currently make up less than 30 percent of the GDP.

With regard to personal income - in particular different forms of work related incomes - after a short period of growth during 1994 and 1997, as a by-product of "The Real Plan", there has been a steady decline since 1998 for all types of work. Therefore, income from work is now lower than it was in 1997, affecting income distribution. Therefore, the work income participation of the 50 percent of the poorest members of society reduced from 16.5 percent in 1989 to 13.3 percent in 1999.

We must also take into account consumer patterns as part of the current social situation. Two essential aspects of the liberalisation policy - trade liberalisation and privatisation - caused important changes in relative prices. These include a decrease in the price of industrialised products and an increase in the cost of public services and, consequently, a change in the spending pattern of families, including poorer ones.

By becoming the object of market exploitation, a number of public sector services increased their prices and privatisation led to an increase in the costs for

the population. This was the case, for example, with utilities such as sanitation and water services, electricity, telecommunications and transport. As a result of the high number of low-income users, there was an increase in non-payment and many are now in arrears with their utility bills.

With the falling prices of industrialised products, families were able to save. However, they now spend more on the high cost public services. Families with low incomes suffered the most, as their consumption levels were mainly made up of essential products, which did not allow for lower prices.

The Social Axis of Development

The increasing level of unemployment, the lack of job security, the stagnation of income levels, the continuing concentration of income and property and the rising cost of essential public services are among the main features of the social exclusion caused by liberal policies, which ought to be addressed. The general approach of our programme is to reduce this marked imbalance, turning the social dimension into the axis of the new model of development. The new model will have three main features: (a) employment generation; (b) the creation and distribution of income; (c) the expansion of the social infrastructure.

Employment growth depends by and large on the GDP growth rate. But not exclusively. The style of growth, or, in other words, the key sectors on which growth is based, also play an important role in the dynamics of employment generation. For example, a growth model that prioritises the expansion of the social infrastructure and job creation generates more employment than a model centred on the expansion of private consumption.

As far as income distribution is concerned, the first measure to be taken must be changes in the tax structure. History shows that it is possible to substantially change the division of wages, profits and shares in national income through taxation of income and wealth. Moreover, a less regressive tax structure can contribute to the improvement of the distribution of wages. Urban and land reforms will also be important instruments to reduce the concentration of wealth. Moreover, in order to increase the wage mass and the profile of income distribution, our government will promote progressive increases in the purchasing power of the minimum wage.

Our government will act to increase the supply and access to public services and social infrastructure. On the one hand, it is necessary to increase the availability of social infrastructure such as sanitation, public transport and housing. On the other hand, it is essential to ensure universal access to those services that are the essential rights of contemporary citizens, including education, quality health and public social security.

The expansion of employment, the improvement of wages and their distribution, and the expansion of the supply of public goods and services have important economic implications. Their greatest impact will be upon the rapid growth of income and employment, therefore expanding the wage mass and stimulating the expansion of a broad mass consumer market.

Supporting economic activities based on small and medium enterprises and social economic activities are an essential aspect of the new model of development, given their relevance for production and, above all, employment generation. These enterprises have a mode of operation that maximises the preservation of employment during crises and recessions, and contributes to the preservation of social stability. Therefore, our government will support these forms of organisation of production, especially through the following mechanisms: (a) expansion of the network of supporting services in order to make new technologies, marketing and financing facilities available to these enterprises; (b) expansion of the banking network in order to ensure simplified and non-bureaucratic financing at differential interest rates for these activities.

As part of this programme of supplementing household income, minimum income programmes linked to education will be instituted across the country.

Strengthening the National Economy

The strengthening of the national economy is the second axis of development proposed. In addition to a more proactive role in the achievement of the objectives relating to income distribution, and supporting the labour and credit co-operatives and small and medium enterprises, the state will have a strategic role to play in the provision of the infrastructure, finance and science and technology that are essential in order to improve the efficiency of any economic system. The state also has the main responsibility in producing policies to increase the country's competitiveness and exports.

The state cannot limit its actions to short-term policy management and emergencies but it should have a long-term vision, promoting interests and co-ordinating public and private investments leading to sustained growth. This implies that economic planning should be brought back, ensuring a longer-term perspective for investment.

The strengthening and expansion of the autonomy of the national economy will require active policies along three fronts:

(a) Technological capacity of domestic firms, both private and public:

The main focus of industrial policy will be to increase production chains and the technological development of firms. This will be implemented through

sectoral integrated chains, comprising the production of inputs and the sale of the output, and including the manufacturing stage. This wide-ranging format of sectoral policies includes agricultural production, mineral extraction and manufacturing and they preclude the old-fashioned distinction between the primary, secondary and tertiary sectors. Similarly, logistics, services, trading, marketing and finance need to be considered in the development strategy.

(b) Reconstruction of the country's economic infrastructure:

The current government has been responsible for the destruction of the country's economic infrastructure, the electricity crisis being the best-known example. There is also a clear insufficiency in several other areas, especially transport. The new government, in partnership with the private sector, will define and implement an investment programme in these areas in order to ensure the sustained growth of supply and avoid obstacles to growth.

(c) Increase the domestic sources of finance in order to overcome the recurrent dependence of foreign resources:

In spite of the growing denationalisation and privatisation of the Brazilian financial sector, there are still elements in this system that can and should be recovered for the construction of a new model of finance that can help to support domestic growth and reduce the dependence on foreign resources. The first is the special credit institutions, such as the National Bank of Economic and Social Development (BNDES), the *Caixa Economica Federal*, *Banco do Brasil*, the Bank of the Northeast (BNB) and the Bank of the Amazon (BASA). These types of institutions, also present in the advanced capitalist countries, are essential to finance high-risk activities (agriculture, technological innovation, small and medium enterprises, foreign trade) or sectors with returns only in the very long term (infrastructure, housing);

The second element is the closer involvement of the private banking sector in the financing of productive activities. This can and should be achieved, above all, through the reduction of the difference between borrowing and lending interest rates.

The third important element is the expansion of long-term domestic savings. Brazil has a successful experience with compulsory saving schemes (FGTS, PIS-Pasep and FAT), that were and remain the only long-term source of funds in the domestic economy. A more efficient and transparent management of these funds, and new priorities of resource allocation, will certainly expand the process of sustained growth. The growth of formal employment will increase resources available to these funds, and stimulate long-term growth. Pension funds have become an increasingly important mechanism for the mobilisation of the savings of wage-earners. This would also provide an opportunity to direct additional resources to special credit institutions, increasing the availability of loanable funds.

The Industrial Policy of the New Model

Using the above as a starting point, a new industrial policy shall be built, away from the bureaucratic and corrupt of the past, which were excessively reliant on the distribution of subsidies. In this sense, and jointly with the horizontal measures to strengthen the market and the domestic infrastructure, the new industrial policy will be:

- (a) planned nationally on the basis of regional potential;
- (b) selective and vertical;
- (c) based on explicit targets to be fulfilled by firms, as conditions for public support;
- (d) based on the transparency of costs involved and expected returns for the national economy;
- (e) structured by the demand for transparent performance targets;
- (f) time-limited;
- (g) transparent to public opinion.

In order to implement these policies, it will be necessary to integrate more closely all public agencies involved in foreign trade and in the development of productive capacity. This implies substantial restructuring of the sectors currently in charge of exports and foreign affairs. For the implementation of these policies, we will require the involvement of the best specialists in the international area.

This attempt to build a national system of innovation and competitiveness requires:

- (a) the integration of trade and technology policies;
- (b) substantially higher investment in research
- (c) the combination of horizontal policies targeting the domestic market with vertical and sectoral policies targeting technological capacity and exports.
- (d) stimuli for Brazilian firms to adapt to new technologies through research and development and technical co-operation in long-term research. This implies that the new competition policy will favour growth in knowledge and skills.

Our government will be called upon to provide incentives for a profound structural change in the productive sectors, especially those intensive in new technology. Therefore, it will provide incentives especially to those sectors that can compete successfully for foreign markets and investment. This implies that government policies will also intervene selectively in the restructuring of the leading sectors, especially the electro-electronic complex, the capital goods industry and the chemical industry.

In this new arrangement of the economic and industrial policies, the agricultural sector and related industries will have a fundamental role to play, because of their capacity to respond to the growth of domestic demand, their ability to compete internationally and their essential role in the generation of large trade surpluses.

As a result of indiscriminate trade liberalisation, and the lack of strategic planning for the competitive positioning of the country in the global economy, Brazil has today an outdated set of exports, with few high value added goods or services

for sale abroad. The electro-electronic sector offers a ready example of this problem, given the large deficit in electronic components, especially microchips. The trade balance of the electro-electronic sector suffers from an annual deficit of US\$8 billion, which is likely to increase in the near future. Brazil did not profit from the first microelectronic wave in the last thirty years, and it cannot afford to be left out of the second wave, especially on the eve of the decision about the digital television standard to be adopted in the country. The current government noticed this problem excessively late, and it was unable to target the country's deficit in the technology sector and in the electro-electronic industry with clear plans and priorities. Brazil cannot fail to mobilise its scientific and entrepreneurial community in this direction, and attract global microelectronic firms, otherwise it will increasingly become an importer of high technology goods which are required by the cultural industry. In order to join this second wave, due to the spread of the internet and the advance of mobile communications, it is essential to restore the instruments of scientific, industrial and technology policy. It also means the implementation of social policies linked to the mass use of information technology, in order to allow the poor to benefit from computers and telephones, and the elimination of the digital divide. Intelligent solutions and partnerships can and should be sought.

Social Inclusion

Social development must be the main focus of economic development. It must be based on moral principles and on constitutional laws related to the right to live, to the dignity of the human being, on social justice, and on civic and patriotic commitments. We cannot conceive a future for our people, without integrating the 53 million Brazilians excluded from their citizenship rights.

Once we understand that the implementation of social policies is central to development, we will need measures that are audacious and creative. In Brazil, social policies have nearly always been treated as marginal issues, related to aid or charity work. In order to change this approach, the first step is to break away from fragmented, dispersed, isolated and client-based actions which have characterised social policies in Brazil from the municipality to the federal state. The country needs integrated and strategic social policies that are formulated and implemented through different sectors, aiming at achieving partnership with various segments, institutions and social movements.

Minimum Income Guarantee Policy

The implementation of a programme of minimum incomes in Brazil was first thought of during the 1970s. However, the importance and legitimacy of such programmes only gained visibility during the start of the 1990s with a bill put forward by Eduardo Suplicy (Senator of PT -SP), which would implement a programme of Minimum Income Guarantees.

During the first half of the 1990s, this issue entered the public agenda with a new trait: minimum income linked to the family and to education. The main argument centres on the idea that low family incomes induces children and dependants to enter the labour market too early. As a consequence, the cost of keeping children at school is too high. Supplementing the income of poor families, who must keep their children registered and attending school, is a way of overcoming the reproduction of generational poverty; to reduce the pressure on the labour market and to guarantee that children are able to play and study instead of work.

The result of the debate that started in the 1990s came about in 1995, with the first municipal experiences in Campinas, Riberao Preto and the Federal District. These programmes all had something in common: the integration of the family income supplement with incentives to children's education as a strategic option to fighting poverty.

In 1999 and 2000, the Ministry of Education and Sport (MEC) implemented a programme on a national level. The aim was to reinforce the family income and to increase the level of education of poor children and adolescents.

The programme "Bolsa Escola" and all other programmes of income supplementation (Bolsa Alimentacao, PETI and others already mentioned) were directed to the same target population and the selection criteria will be revised with the aim of avoiding overlaps, disputes between programme managers and the dilution of public resources.

Our government will act on four fronts with regard to minimum income:

- ▼ The implementation of programmes benefiting children up to the age of 15. Families who earn a minimum salary or less will receive a supplement paid by the municipality.
- ▼ The adoption of scholarships for young people, from low-income families, aged between 16 and 25, so that they can complete secondary and further education, in return for community service.
- ▼ Programme of minimum income guarantee and professional valorisation of unemployed workers between the ages of 22 and 50, involving them in community activities and professional training. In the case of workers in the formal sector, payment will be guaranteed by unemployment benefit and for those workers in the informal sector through income support.
- ▼ Programme "Nova Oportunidade" (new opportunity) for the unemployed between the ages of 51 and 66, offering them the option of employment.

The minimum income that our government will propose should be seen as a step towards the implementation of a basic income that all citizens should be entitled to - once there are financial means available.

THE IMPACT OF HIV/AIDS AFRICA

By John K. Anarfi

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HIV/AIDS IN AFRICA - THE CURRENT SITUATION

The Scale of the Crisis

Since the first clinical evidence of HIV/AIDS was reported in 1981, the epidemic has escalated at an alarming rate. It has now become a full-blown developmental crisis in the world, especially in Africa, the most affected continent.

At the end of the year 2001, an estimated 40 million people globally were living with HIV. An estimated 28.1 million of these people were living in Africa at the end of 2001. Since the beginning of the epidemic and by the end of 2001 a cumulative 19 million Africans had already died of AIDS - over three times the number of AIDS deaths in the rest of the world. In terms of gender, two million more women than men carry HIV and some 13 million children have lost their mother or both parents to the epidemic. In other words, the sub-continent accounts for 70 percent of the people living with HIV worldwide, 83 percent of the deaths due to AIDS, and 95 percent of the orphans due to AIDS, while it only represents 10 percent of the world's population.

A disquieting aspect of the HIV/AIDS pandemic is that of the over 60 million who have been infected with HIV so far, about half became infected between the ages of 15 and 24. Today, nearly 12 million young people are living with HIV/AIDS. In nearly 20 African countries, 5 percent or more of women aged 15 to 24 are infected, in 6 out of the 20 countries the proportion is in fact 1 in 5. Most of the young people do not know they carry the virus. As a consequence, the epidemic spreads beyond high-risk groups to the broader population of young people, making it even harder to control. Although just 10 percent of the world's youth live in Sub-Saharan Africa, the region contained almost three-quarters of all youth living with HIV/AIDS in 2001 - a total of 8.6 million. That is certainly a threat to the future generation of Africa.

Regional and National Differences

HIV/AIDS prevalence rates are not uniform in Sub-Saharan Africa. National HIV prevalence rates range from under 2 percent of the adult population in some West African countries to around 20 percent or more in the Southern part of the continent, with countries in Central and East Africa having rates midway between

these. Conservative analyses show that in the eight African countries where at least 15 percent of today's adults are infected, AIDS will claim the lives of around a third of today's 15 year olds.

Sixteen African Countries South of the Sahara have more than one-tenth of the adult population aged 15-49 infected with HIV. In seven countries, all in the Southern Cone of the continent, at least one adult in five is living with the virus. These include:

- ▼ Botswana, where a shocking 38.8 percent of adults are infected with HIV. In the same country, at least one-third of women aged 15 to 24 are infected.
- ▼ South Africa, where 20.1 percent of adults are infected with HIV. South Africa, in fact, has the largest number of people living with HIV/AIDS in the world, with a total of 5 million infected people. This country is not far behind Botswana with 20 to 28 percent of women aged 15 to 24 infected.

In contrast to Southern Africa, HIV prevalence is low in West Africa. However, prevalence rates in some large countries are creeping up. Cote d'Ivoire, for example, is already among the 15 worst affected countries in the world. The prevalence rate among young females aged 15 to 24 is between 6 percent and 13 percent. In Nigeria, by far the most populous country in Sub-Saharan Africa, 5.8 percent of the adult population is infected with HIV. The rate is about the same among young women 15 to 24 years. Other countries in West Africa experiencing serious epidemics, with adult HIV prevalence exceeding 5 percent are Burkina Faso, Cameroon and Togo.

Infection rates in East Africa hover above those in the West of the continent. In Djibouti, Ethiopia and Kenya, for example, prevalence rates are still in double digits, the latter's standing at 15 percent. But then the success story of East Africa cannot go untold. In the sub-continent, the downward arc in prevalence rates continues in Uganda - the first African country to have subdued a major HIV/AIDS epidemic. By sustaining its AIDS programmes, the country has seen HIV prevalence among pregnant women in Kampala, for example, fall for eight years in a row, from a high of 29.5 percent in 1992 to 11.25 percent in 2000. But huge challenges remain. New infections continue to occur at high rates, and countrywide prevalence among the adult population stood at 5 percent at the end of 2001.

HIV/AIDS prevalence continues to be low in most countries in North Africa as compared to Western, Eastern and Southern Africa. In spite of the protracted civil strife in Algeria, which should have accounted for high HIV infections, a surveillance study in that country has detected HIV prevalence rate of only 1 percent among pregnant women. In neighbouring Morocco, national HIV prevalence was well below 1 percent in 2001, and in that same year, Libya also reported 0.2 percent.

The Consequences of Inaction

Worldwide, there is little chance of curbing the AIDS epidemic among youth without a comprehensive strategy and a full-scale campaign to end HIV infection. The high levels of HIV infection among younger people signals society's failure to protect its children. In failing to protect children, the world risks its future. If levels of HIV prevalence rise, not only will the health consequences be serious but also the demographic, economic and social consequences.

Demographic Consequences

Because of high mortality from AIDS, populations in some sub-Saharan African countries will begin to shrink within the next three years. By 2010 average life expectancy could decline to about 30 years in some countries hard-hit by AIDS, such as Botswana, Mozambique, Namibia, Swaziland and Zimbabwe. In Lesotho, Malawi, Rwanda and South Africa, life expectancy is projected to fall to around 35 years. In some places AIDS is pushing life expectancies down to levels of about a century ago.

Social and Economic Consequences

Assessing and predicting the social and economic impact of HIV/AIDS is more difficult than making demographic projections. For one thing, the AIDS epidemic has yet to run its full course in any country. For another, certain impacts of HIV/AIDS, such as despair and grieving, cannot easily be measured. Nevertheless, it is likely that the premature death of so many adults will lead to shortages of labour and to new needs for public welfare.

As more and more adults die of AIDS, younger and younger adults would become responsible for managing government, including such key services as civil security, the courts, education and health care. Already, in the countries hardest hit by AIDS over one-quarter of the medical staff are themselves infected with HIV.

In some communities many adolescents head their own households, raise children and care for their parents who are dying of AIDS. Without immediate action, what is true of these communities today could become true of towns, cities and even entire nations in the future.

Teacher Shortages

For unknown reasons, HIV/AIDS rates are extremely high among teachers and school administrators, especially in Africa. In the Central African Republic 107 schools have closed because of teacher shortages, largely due to HIV/AIDS. In Zambia in the first 10 months of 1998, an estimated 1 308 teachers died - two-thirds the number of new teachers trained annually. In Botswana mortality among primary school teachers has increased by 60 percent in the last five years.

Researchers estimate that in Africa a teacher with HIV loses 6 months of professional time before dying of the disease. In 2000 an estimated 1 million children in Sub-Saharan Africa lost their teachers to AIDS. Even more severe turbulence in the education sector could lie ahead. In a four-country Survey - Kenya, Uganda, Zambia and Zimbabwe - the number of new teachers needed will exceed their availability at least through 2010, particularly in rural areas.

The impact of teacher shortages on the future of young people is likely to be felt in many ways, including lost opportunities for schooling and larger class sizes. For students, the presence in the classroom of a teacher who gradually succumbs to AIDS is likely to have a debilitating psychological impact.

Diminished Productivity

The loss of adults to AIDS probably will diminish productivity in countries most afflicted. Some economists expect that in the manufacturing sector AIDS mortality will lead to a decline in revenue and result in slower economic growth. HIV/AIDS is likely to lead to severe labour shortages in agriculture particularly. Some regions already are reporting diminished cultivation of food crops. Youth who lack experience as farmers are unlikely to know much about such key practices as irrigation, soil enhancement and effective livestock management. They would be able to grow only what they could manage by themselves - implying a shift away from cash crops and toward subsistence farming. Combined with such anti-social practices as grabbing land from widows or children orphaned by HIV/AIDS, such trends could jeopardise food security in some regions - already a serious problem in many low-income countries.

Impact on Health Care

In all affected countries, the HIV/AIDS epidemic is bringing additional pressure to bear on the health sector. In countries where per capita health expenditure is low, extending prevention and care for sexually transmitted infections, counselling and testing, prevention of mother-to-child transmission services, and HIV treatment and care strains health budgets and systems. [UN AIDS Report 2002]

In the mid 1990s, it was estimated that treatment for people with HIV consumed 66 percent of public health spending in Rwanda and over a quarter of health expenditures in Zimbabwe. A recent study estimates that in 1997, public health spending for AIDS alone already exceeded 2 percent of gross domestic products [GDP] in 7 of 16 African countries sampled - a staggering figure in countries where total health spending accounts for 3-5 percent of GDP. In recent years, HIV-positive patients have occupied 39 percent of the beds in Kenyatta National Hospital in Nairobi, Kenya, and 70 percent of the beds in the Prince Regent Hospital in Bujumbura, Burundi. A related impact of the epidemic is that patients

suffering from other conditions are being crowded out. The hospital sector in Kenya has seen increased mortality among HIV-negative patients, who are being admitted at later stages of illness [UN AIDS Report 2000].

As the epidemic matures, the demand for care of those living with HIV/AIDS rises, as does the toll taken among health workers. In sub-Saharan Africa, the annual direct medical cost of AIDS has been estimated at about US\$30 per capita, at a time when overall public health spending is less than US\$10 for most African countries. Even in high-income countries that appear to be holding the epidemic at bay, the pressure on health budgets and health insurance schemes is significant.

Sickness and death due to AIDS is growing rapidly among health care personnel. A study in Zambia showed that in one hospital, deaths in health care workers increased 13-fold over the 10-year period from 1980-1990, largely because of HIV. Malawi and Zambia, for example, are experiencing 5-6 fold increases in health-worker illness and death rates. To compensate, the training of doctors and nurses would have to increase by an estimated 25-40 percent in 2001-2010 in Southern Africa for example. As in other sectors of the economy, rising rates of HIV infection in health care workers will increase rates of absenteeism, reduce productivity and death benefits, additional staff recruitment and training of new health personnel [UN AIDS 2000].

The emergence of community-rooted home care initiatives, often organised by people living with HIV/AIDS, have become one of the outstanding features of the epidemic and a key coping mechanism for mitigating impact. Although initiated by communities and often operating from a religious or non-governmental organisation base, the effectiveness of home-based care depends on support from formal health, welfare and other social sectors. A recent exercise calculating the likely cost of providing home-based care and support countrywide in South Africa concluded that, while not cheap, it is an affordable option [UN AIDS Report 2002].

Aids and the Family

The first consequence of HIV/AIDS for the family is the problem of the physical survival of family/household members. No sub-Saharan African country can afford the social welfare systems, which the industrialised countries provide for their citizens. For most people, in times of need and crisis it is most often the extended family, which is the primary source of support, with secondary assistance provided by friends and neighbours. It is in this area that African societies have "some advantages" over the Western industrial countries in that "AIDS patients will not be isolated, their families will look after them". There are communal practices which enable societies to cope with impact of disasters including epidemics. The practices include people taking on the labour or

working responsibilities of a sick colleague. But how well are communities coping with such situations in the era of AIDS?

Family Structure and Dependency

Every death leaves a gap in the social fabric. AIDS in particular strikes hardest at the parent generation, which makes a direct impact on the family. Immediately, it removes the source of financial support for the rest of the members of the family. In this regard, women tend to be the hardest hit, because in many African countries women lose their rights to certain family assets, including land, when a husband dies. Fortunately, inheritance laws are being revised in a number of countries, some specifically to take care of the increasing numbers of women whose husbands have died of AIDS, and for their orphaned children. For example, Tanzania has recently changed inheritance laws to better protect widows.

The problems of orphans from AIDS deaths go beyond mere fostering. Children may undergo considerable stress on entering a new environment following the breakdown of the household. Apart from coming to terms with their parents' death, children may worry whether they themselves are infected. They may suffer malnutrition when they are given over to the extended family where the household size may be too big. A Ugandan study found a high level of deprivation among orphaned children.

Psychological Impact on the Family

In a study on the coping mechanisms of Ghanaian families with AIDS, the AIDS patients who were interviewed revealed that most relatives were shocked or sad when they were told of the disease. A few were angry but some didn't believe it. The reactions of spouses on hearing of the disease were interesting. About 31 percent were just outraged and indifferent. Just about the same proportion (30.8 percent) could say specifically that their spouses were sympathetic.

Most mothers were quite sympathetic (74 percent) which underscores their natural role as care providers. Nonetheless, the proportion of mothers who were outraged (20 percent) was quite significant. Such is the threat AIDS poses to the hitherto closely-knit African family system. Cracks seem to be appearing in the fabric.

Wider Implication for the Community

Three broad stages of community responses to the AIDS epidemic have been identified. In the initial stage, when cases are few, reactions are characterised by fear, despair and "barely concealed panic" about preventing further spread of the disease. This is when ostracism of people with AIDS and families is most likely. As the number of cases grows and more people are themselves infected and affected by the death of partners and relatives, there is greater concern to find

ways of coping both with people with AIDS and with their dependants. In the third and final stage, when death is commonplace, the crisis is seen as one affecting everyone, not just individuals, groups or families.

Available evidence suggests that many communities in Central and Eastern Africa, and Southern Africa to some extent have gone beyond the second stage and are well into the third stage. In these parts of Africa it has become common for people living with HIV/AIDS to come out to openly declare their status. We need more of such people to help push the fight against AIDS ahead. In Uganda in particular, communities seem to be functioning more cohesively, building on existing support systems and developing new ones to cope with destabilised situations brought about by AIDS. These include care of the dying with the development of home-care, hospices and support systems for those dying and bereaved. How far these communities can go in this situation depends very much on the resources available. A similar situation is happening in Zimbabwe now. But the problem is the situation has gone beyond the level that the extended family system can cope with.

ADDRESSING THE EPIDEMIC

Strategies that Do Not Work

Several factors that can obstruct or diminish AIDS prevention efforts have been identified. They include the following:

Narrow Focus:

Focusing narrowly on health aspects of the epidemic without also considering other aspects, including education, living standards, and the broader implications for government and society.

In many cultures parents traditionally did not discuss sex with their children. Instead, grand parents, aunts and uncles played this role.

Most researchers agree that parent-child communication about HIV/AIDS and sexuality should begin early so that it can evolve comfortably as the child matures. A single serious talk about sex as a child enters puberty is likely to be strained and awkward.

Denying Information to Young People that Would Help them Protect Themselves from HIV Infection.

While the importance of education about HIV/AIDS is widely recognised, 44 of 107 countries studied recently did not include AIDS education in their school curricula. In interviews with 277 secondary school principals in South Africa,

60 percent acknowledged that their students were at moderate or high risk of HIV/AIDS, but only 18 percent of the schools offered a full sex education curriculum.

At the same time, traditional ways of educating the young about sex have diminished or disappeared altogether. The social bonds and traditions that used to shape young people's behaviour and help them make the transition to adulthood have weakened in the face of urbanisation, new attitudes towards sexuality and the breakdown of the extended family.

As a result, more young people are sexually active but without adequate information to protect themselves. In Cameroon, Cote d'Ivoire, Kenya, Tanzania and Zambia - Countries where HIV/AIDS is now epidemic among adolescent women - the Demographic and Health Surveys (DHS) in the mid 1990s found that 20 percent to 50 percent of young women did not know any way to protect themselves. In Mozambique, where an estimated 15 percent of young women have HIV, 75 percent of young women and 62 percent of young men could not name a single way of protecting themselves.

When young people do know something about HIV/AIDS, their knowledge is often shallow. Many young people do not know that a healthy looking person can have HIV. In some countries where AIDS is widespread, such as Lesotho and South Africa, 50 percent to 75 percent of women aged 15 to 19 do not know that a person with HIV may look healthy.

Failing to Address the Root Causes of Vulnerability

When societies do not recognise that young people share the same human rights as adults, they make young people more vulnerable to intolerance and discrimination. Policies toward youth often reflect adult views of what young people should and should not be doing, not what young people really need. For example, discriminatory policies do not respect young people's need for medical confidentiality and may restrict access to information. Many young people who have been tested positive for HIV have learned of their status not from health care providers but from their parents who have been informed without the young person's consent.

Stigmatising People Infected with Hiv/Aids

Prejudice and discrimination due to HIV status further fuel the AIDS epidemic. Many societies contribute to the spread of HIV/AIDS by stigmatising people living with HIV/AIDS. They are often branded as promiscuous and, therefore, bad. Such attitudes particularly affect youth experimenting with or coming to terms with sex, leading to sex in a climate of secrecy or shame.

Strategies that Work

After about two decades of fighting against the spread of HIV/AIDS, we can now identify strategies that work. The following are some examples:

Advocacy and Enabling Environment:

Advocacy can stimulate effective action on behalf of reproductive health, including prevention of HIV/AIDS. International agencies, including the UN and its various agencies, can do much to advocate addressing AIDS as a global development issue and to increase and sustain international support.

The impact of the AIDS epidemic could have been reduced substantially had political leaders had taken it seriously and responded at once. As the United Nations General Assembly special session on HIV/AIDS noted in 2001, "strong leadership at all levels of society is essential for an effective response to the epidemic". Similarly, at a series of Organisation of African Unity summits in 1992 and 1994, heads of states and governments committed themselves to mobilising the whole society in the fight against HIV/AIDS. Regrettably, many of these commitments have not been translated into action.

Education and Communication:

Education and communication alert young people to the risks of HIV/AIDS and promote healthier behaviour through, for example, curriculum-based programmes in schools, mass-media campaigns, peer education and community outreach.

In June 2001, member states at the United Nations General Assembly special session on AIDS agreed to "ensure that by 2005, at least 90 percent of young men and women aged 15 to 24 have access to the information and education necessary to develop the life skills required to reduce their vulnerability to HIV Infection".

Recent evaluations of HIV education programmes worldwide have revealed that school-based education programmes in Namibia, Nigeria, South Africa and Zimbabwe, for example, helped in delaying sexual initiation, decreasing the number of partners and increasing contraceptive use.

Important components of AIDS education programmes for youth include addressing peer pressure and norms that encourage risky behaviour. Changing young peoples risk-taking behaviour requires going beyond providing information to helping young people acquire the ability to refuse sex and to negotiate with sex partners.

Nevertheless, there is considerable disagreement over HIV/AIDS education - including what to teach, at what age, in what setting by whom and to what end. Political pressures often keep sex education - and thus HIV/AIDS education - out of the classroom.

Peer Education:

Many strategies for youth now make peer education a key approach. Perhaps the most important goal of peer education is to establish standards for acceptable behaviour. When youth play a role in developing social and group norms that protect against HIV infection, they serve as positive role models for behaviour change.

The Mass Media:

The television and radio especially, reach large numbers of young people around the world and have enormous influence. In a 23-Country study among 12-year-old school children whose homes had electricity, over 90 percent watched an average of three hours of television per day. In virtually all developing countries most women aged 15 to 19 have regular access to television and radio. While young people obtain a great deal of information about reproductive health from entertainment in the mass media, many of these programmes have the effect of promoting unsafe attitudes and behaviour and portraying sex in ways that encourage risk-taking.

It is gratifying to know that reproductive health groups are now working with the mass media and entertainment industries to develop accurate and healthy presentations of sexual topics and to raise media literacy among young people. Because mass media entertainment is so popular, it can reach many young people with positive health information. This is already happening in Uganda, Zimbabwe and Botswana where HIV/AIDS campaigns were found to be have reached 92 percent, 97 percent and 70 percent of their intended audiences respectively.

Access to Condoms and Other Safe Sex Practices:

Increasing condom use is crucial to controlling the spread of HIV/AIDS. Condoms are the only contraceptive method that both protects against infection as well as pregnancy. Yet most unmarried young people who have sex do not use condoms. Recent surveys in some countries of Sub-Saharan Africa show that the percentage of unmarried sexually active women aged 15 to 19 who reported using condoms in their most recent sexual encounter ranged from 2 percent to 18 percent.

Better access to condoms can increase their use. Condom social marketing increases both the demand for condoms and their supply. Social marketing can make condoms better known, more affordable, and widely available through shops, pharmacies and other retail outlets. Studies have already revealed that young people often say that they prefer private-sector sources, especially retail outlets, as their source of condoms.

Voluntary Counselling, Testing and Referrals:

Debate continues over whether taking the HIV test leads to safer behaviour. Some researchers have demonstrated that, once aware of their HIV-positive status, some infected people change their behaviour to avoid transmitting HIV. In addition, starting antiretroviral therapy as soon as possible lowers the viral load and may therefore reduce the risk of transmitting HIV. For those who test HIV-negative, testing can provide an impetus to develop a plan for avoiding infection.

Nevertheless, few young people get tested, even in countries with the most severe HIV/AIDS epidemics. There are several reasons:

- ▼ testing facilities are scarce in many countries
- ▼ treatment for HIV - positive persons is often lacking, so why bother to be tested
- ▼ the stigma of HIV infection can discourage many young people, as it does many adults.

Regardless of age, many do not seek testing until they develop symptoms or a spouse or sex partner dies of AIDS. They may have been transmitting HIV to others for years.

Livelihood Approaches:

Helping young people avoid HIV/AIDS means also helping them improve the social conditions that place them at risk. Recent initiatives seek to avoid the conditions that promote the spread of HIV, building on earlier poverty reduction models. These include:

- ▼ helping youth find employment and other opportunities
- ▼ providing credit and other financial help for job training and learning business development skills
- ▼ developing institutions, alliances, and networks that improve the economic skills of youth and
- ▼ promoting policy and social change that improve young people's lives.

Some livelihood projects offer loans to help young people begin businesses, pay school fees or buy food.

Involving Parents and Families:

Parents, of course, greatly influence their children's health behaviour.

Studies show that young people with a stable, positive and supportive family environment that includes parental monitoring engage in less risk-taking.

Some youth programmes have sought to involve parents in reproductive health education, training parents in workshop and discussion groups, providing print

materials, hotlines and other information sources, and depicting parental roles in mass media presentations. The best programmes are often those that bring parents and young people together and stimulate an exchange of views.

Reaching Youth at Special Risk:

Some youth groups are at far greater than average risk of HIV/AIDS. For some, HIV/AIDS is an ever-present threat because their poverty forces them to endure situations that place them at risk. Adolescent sex workers and street youth are the most visible disadvantaged youth.

Less visible are youth who are disabled, refugees, in institutions, or working in conditions in which they are easily exploited, such as domestic work.

Military men, who are predominantly young, face above-average risk for STIs, including HIV/AIDS. Estimates are that prevalence of STIs is two to five times higher in the military than in the general population in peacetime and as much as 50 times higher during conflict. In the military forces of some African Countries HIV prevalence ranges from 10 percent to 60 percent, according to an estimate by the US National Intelligence Council.

A number of programmes seek to reach high-risk youth. HIV/AIDS outreach programmes can find youth where they spend most of their time. Most programmes to reach street youth approach young people on their own terms, using peer education and already trusted adults. Some also involve family, but this does not always work.

Summary and Conclusions

Although HIV/AIDS is threatening every part of the world, Africa is the hardest hit. In the words of Carol Bellamy, Executive Director of UNICEF: "By any measure, the HIV/AIDS epidemic is the most terrible undeclared war in the world, with the whole of sub-Saharan Africa the killing field". Today the continent harbours most of the people living with HIV/AIDS, it has experienced most of the AIDS deaths and it contains most of the AIDS orphans. AIDS is killing Africa's most productive generation, cutting food production and rolling back decades of development. In many countries in sub-Saharan Africa, people have lost 10 to 20 years of life expectancy due to HIV/AIDS, reversing years of investment in human capital.

AIDS is not only a health crisis. In Africa, HIV/AIDS is also a political, social and economic crisis. AIDS is turning back the clock of development, and threatening political stability. AIDS is taking its toll in at least five areas, namely: population, education, health, agriculture and, economy and business. AIDS is in fact unique in its devastating impact on the social, economic and demographic underpinnings of

development. But the good news is that there is hope. Even in the countries worst affected by HIV/AIDS, the great majority of young people are not infected while a few have been able to reverse the upward trend of the epidemic. Broad-based, committed strategies eventually can turn the tide, if they are developed at once, applied vigorously and disseminated widely. AIDS-prevention strategies that focus on youth must be innovative, creative and comprehensive. They must address both individual behaviour that places young people at risk and the variety of social, economic, and cultural conditions that contribute to risky behaviour.

A concerted strategy to end AIDS is well within the world's financial capacity. Last year, at the AIDS Summit in Abuja, Nigeria, the Secretary General of the United Nations formally proposed the Global Fund, and asked for \$7 to \$10 billion per year from all sources, but particularly from governments. Sadly, only \$2.1 billion has now been pledged. As described by Stephen Lewis, UN AIDS Envoy in his speech to the G8 Summit in Calgary, Canada last June: "It's a shocking piece of international financial delinquency, and it's a shocking rejection of Africa". The truth is that, worldwide, HIV/AIDS prevention is affordable, provided that donor nations have the political will to provide funding and provided that recipient countries take the epidemic seriously.

What is needed at this stage of the epidemic is leadership at the highest political level. Leadership is the single most important factor in reversing the epidemic. It is in the light of this that we all welcome the New Partnership for African Development (NEPAD), a comprehensive programme fashioned by African leaders themselves. NEPAD has among its goals, an annual growth rate of 7 percent for fifteen years; cutting poverty in half by the year 2015; reducing infant mortality rates by two-thirds; reducing maternal mortality rates to two-quarters of what they were before; having every child enter school who is eligible, thereby re-enforcing the principle of gender equality. But the document acknowledges that: "One of the major impediments facing African Development efforts is widespread incidence of communicable diseases, in particular HIV/AIDS, tuberculosis and malaria. Unless these epidemics are brought under control, real gains in human development will remain an impossible hope."

ARGENTINA'S CRISIS

By Joseph Stiglitz

Joseph Stiglitz was the recipient of the 2001 Nobel Prize for Economics

In evaluating the lessons of Argentina's crisis, the writer, a leading critic of the IMF and a Noble Prize Winner, points out that the many mistakes the organisation made in respect of Argentina included one which was a repeat of its fatal mistake during the Asian crisis of prescribing contractionary fiscal policies at a time of economic slowdown. The result in both cases was a disaster.

Argentina's collapse incited the largest default in history. Pundits agree this is merely the latest in a string of International Monetary Fund (IMF) - led bailouts that squandered billions of dollars and failed to save the economies they were meant to help. The nature of that failure, however, is disputed. Some claim that the IMF was too lenient; others that it was too tough.

Those who blame the IMF see the problem as self-inflicted through profligate and corrupt spending by Argentina. Such attempts at blame-shifting are misguided; one can understand the default as the consequence of economic mistakes made over a decade. Understanding what went wrong provides important lessons for the future.

The problems began with the hyperinflation of the 1980s. To slash inflation, expectations needed to be changed; "anchoring" the currency to the dollar was supposed to do this. This was a return to a variant of the old gold standard argument. If inflation continued, the country's real exchange rate would appreciate, the demand for its exports would fall, unemployment would increase and that would dampen wage and price pressures. Market participants, knowing this, would realise that inflation would not be sustained. So long as the commitment to the exchange rate system remained credible, so was the commitment to halt inflation.

If inflationary expectations were changed, then disinflation could occur without the costly unemployment. This prescription worked for a time in a few countries, but was risky, as Argentina was to show.

The IMF encouraged this exchange rate system. Now it is less enthusiastic, though Argentina not the IMF is paying the price. The peg did lower inflation; but it did not promote sustained growth. Argentina should have been encouraged to fix a more flexible exchange rate system, or at least an exchange rate more

reflective of the country's trading patterns.

Blunders Galore

Other mistakes in Argentina's "reform" programme also occurred. Argentina was praised for allowing large foreign ownership of banks. For a while this created a seemingly more stable banking system, but that system failed to lend to small - and medium - sized firms. After the burst of growth that arrived with hyperinflation's end, growth slowed, partly because firms in the country couldn't get adequate finance. Argentina's government recognised the problem, but was hit by numerous shocks beyond its control before it could act.

East Asian's crisis of 1997 provided the first hit. Partly because of the IMF mismanagement, this became a global financial crisis, raising interest rates for all emerging markets including Argentina. Argentina's exchange rate system survived, but at a heavy price: the onset of double-digit unemployment.

Soon, high interest rates strained the country's budget. Yet Argentina's debt to gross domestic product (GDP) ratio - even as it began to collapse - remained moderate, at around 45 percent, lower than Japan's. But with 20 percent interest rates, 9 percent of the country's GDP would be spent annually on financing its debt. The government pursued fiscal austerity, but not enough to make up for the vagaries of the market.

The global financial crisis that followed East Asian's crisis set off a series of big exchange rate adjustments. The dollar, to which Argentina's Peso was tied, increased sharply in value. Meanwhile, Argentina's neighbour and trading partner in Mercosur (Southern Cone Common Market), Brazil, saw its currency depreciate - some say that it became significantly undervalued. Wages and prices fell but not enough to allow Argentina to compete effectively, especially since many of the agricultural goods which constitute Argentina's natural comparative advantages face high hurdles in entering the markets of rich countries.

Hardly had the world recovered from the 1997 -1998 financial crisis when it slid into the 2000 - 2001 global slowdown, worsening Argentina's situation. Here the IMF made its fatal mistake. It encouraged a contractionary fiscal policy, the same mistake it had made in East Asia, and with the same disastrous consequence.

Fiscal austerity was suppose to restore confidence. But the numbers in the IMF programme were fiction; any economist would have predicted that contractionary policies incite slowdown, and that budget targets would not be met. Needless to say, the IMF programme did not fulfil its commitments. Confidence is seldom restored as an economy goes into a deep recession and double-digit unemployment.

Perhaps a military dictator, like Chile's Augusto Pinochet, could suppress the social and political unrest that arises in such conditions. But in Argentina's democracy, this was impossible. In repeated visits to Argentina, I marveled at how long-suffering the Argentinians were; to me, it is more a surprise that unrest took so long to manifest itself, not that street turmoil unseated Argentina's president.

Lessons

Seven lessons must now be drawn:

- ▼ In a world of volatile exchange rates, pegging a currency to one like the dollar is highly risky. Argentina should have been encouraged to move off its exchange rate system years ago.
- ▼ Globalisation exposes a country to enormous shocks. Countries must cope with those shocks - adjustment in exchange rates are part of the coping mechanism.
- ▼ You ignore social and political contexts at your peril. Any government that follows policies which leave large factions of the population unemployed or underemployed is failing in its primary mission.
- ▼ A single-minded focus on inflation - without a concern for unemployment or growth - is risky.
- ▼ Growth requires financial institutions that lend to domestic firms. Selling banks to foreign owners, without creating appropriate safeguards, may impede growth and stability.
- ▼ One seldom restores economic strength - or confidence - with policies that force an economy into deep recession. For insisting on contractionary policies, the IMF bears its great culpability.
- ▼ Better ways are needed to deal with situations akin to Argentina. I argued for this during East Asia's crisis; the IMF argued against me, preferring its big-bailout strategy. Now the IMF belatedly recognises that it should explore alternatives.

The IMF will work hard to shift blame - there will be allegations of corruption, and it will be said that Argentina did not pursue needed measures. Of course, the country needed to undertake other reforms - but following the IMF's advice regarding contractionary fiscal policies made matters worse. Argentina's crisis should remind us of the pressing need to reform the global financial system - and thorough reform of the IMF is where we must begin. - PROJECT SYNDICATE

EXTRACTS FROM A PERSPECTIVE ON GLOBALISATION AND ITS IMPLICATIONS FOR DEVELOPING COUNTRIES

By Martin Khor

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Introduction

Globalisation has become the defining process of the present age. Whilst the opportunities and benefits of this process have been discussed, recently there has been increasing disillusionment among many policy makers in the South, as well as non-governmental organisations (NGOs) in both the South and the North. The failure of the Seattle Ministerial Conference of the World Trade Organisation in December 1999 is a signal of the disillusionment.

The reasons for this disillusionment are many. Among them are the lack of tangible benefits to most developing countries from opening their economies; the economic losses and social dislocation caused by rapid financial and trade liberalisation; the growing inequalities of wealth and opportunities arising from globalisation; and the perception that environmental, social and cultural problems have been made worse by the workings of the global free market economy.

This paper examines the nature of economic globalisation, some of its key aspects (financial, trade and investment liberalisation) and recent developments and the implications for the South. It also provides proposals and suggestions on what could be done to reduce the negative aspects of globalisation, and in particular what the countries of the South can do at national and international levels to reduce the risks involved in (and better manage) the interface between the national economy and the global economy.

The paper argues that the globalisation process is mainly driven by policy choices at global and national levels that in recent years have led to the rapid liberalisation of finance, trade and investment. The decision-making processes in the making of these policy choices have in the main been dominated by governments of the developed countries and by international institutions that are mainly under their control or influence.

The Globalisation Process

The liberalisation of trade, finance and investment

Economic globalisation is not a new process. However, in the past two to three decades, economic globalisation has accelerated as a result of various factors, such as technological developments but especially the policies of liberalisation that have swept across the world.

The most important aspects of economic globalisation are the breaking down of national economic barriers, the international spread of trade, financial and production activities and the growing power of transnational corporations and international financial institutions in these processes. Almost all countries are greatly affected by this process.

The external liberalisation of national economies involves the breaking down of national barriers to economic activities, resulting in greater openness and integration of countries in the world markets. In most countries, national barriers are being removed in the area of finance and financial markets, trade and direct foreign investment.

Of the three aspects of liberalisation (finance, trade and investment), the process of financial liberalisation has been the most pronounced. There has been progressive and extensive liberalisation of controls on financial flows and markets. The demise of the Bretton Woods system in 1972-3 opened up an international trade in foreign exchange. The volume traded in the world foreign exchange market has grown from a daily average of \$15 billion in 1973 to over \$900 billion in 1992 and now far exceeds \$1 000 billion. Much of these transactions are speculative in nature, as it is estimated that only a small portion (less than 2 percent) of the foreign exchange traded is used for trade payments.

Due to the interconnectedness of financial markets and systems and the vast amounts of financial flows, there is a general and increasing concern about the fragility and vulnerability of the system, and the risk of breakdown in some critical parts or in the general system itself as a fault developing in one part of the world or in the system can have widespread repercussions.

The concerns about a possible global financial crisis have been heightened by the East Asian financial crisis that began in the second half of 1997 and which spread to Russia, Brazil and other countries, causing the worst financial turmoil and economic recession in the post World War Two period.

Trade liberalisation has also gradually increased, but not at such a spectacular pace as with finance. World exports rose from \$61 billion in 1950 to \$315 billion in 1970 and \$3,447 billion in 1990. The share of world exports in world GDP rose from

about 6 percent in 1950 to 12 percent in 1973 and 16 percent in 1992 (Nayyar 1997). The increased role of trade has been accompanied by the reduction in tariff barriers generally in both developed and developing countries, due partly to autonomous policies and partly to the series of multilateral trade rounds under GATT. However, high tariffs still persist in developed countries in sectors such as agriculture and textiles and for selected manufactured products, which are areas in which developing countries have a comparative advantage. Moreover, there has been an increased use of non-tariff barriers which have affected the access of developing countries to the markets of developed countries.

There has also been a steady growth in liberalisation of foreign direct investment (FDI). Since the early 1990s, FDI flows to developing countries have risen relatively, averaging 32 percent in 1991-95 compared with 17 percent in 1981-90. This coincides with the recent liberalisation of foreign investment policies in most developing countries. Thus, FDI is insignificant as a source of external finance to most developing countries, and is likely to remain so in the next several years.

A major feature of globalisation is the growing concentration and monopolisation of economic resources and power by transnational corporations (TNCs) and by global financial firms and funds. Fewer and fewer transnational corporations are gaining a large and rapidly increasing proportion of world economic resources, production and market shares. Where a multinational company used to dominate the market of a single product, a big transnational company now typically produces or trades in an increasing multitude of products, services and sectors. Through mergers and acquisitions, fewer and fewer of these TNCs now control a larger and larger share of the global market, whether in commodities, manufactures or services. The top 200 global corporations accounted for \$3 046 billion of sales in 1982, equivalent to 24 percent of world GDP (\$12 600 billion) that year. By 1992, their sales had reached \$5,862 billion, and their equivalent value to world GDP (\$21,900 billion) had risen to 26.8 percent. (Clairmont 1996, p39).

The globalisation of policy making

Perhaps the most important and unique feature of the current globalisation process is the "globalisation" of national policies and policy-making mechanisms. National policies (including in economic, social, cultural and technological areas) that until recently were under the jurisdiction of states and people within a country have increasingly come under the influence of international agencies and processes or by big private corporations and economic/financial players. This has led to the erosion of national sovereignty and narrowed the ability of governments and people to make choices from options in economic, social and cultural policies.

Most developing countries have seen their independent policy-making capacity eroded, and have to adopt policies made by other entities, which may on balance be detrimental to the countries concerned.

Global institutions have become major makers of an increasingly wide range of policies that were traditionally under the jurisdiction of national governments. Governments now have to implement policies that are in line with decisions and rules of these international institutions. The key institutions concerned are the World Bank, the IMF and the WTO.

There are also other influential international organisations, in particular the United Nations, its agencies, treaties and conventions and world conferences. However, in recent years, the UN has lost a lot of its policy and operational influence in economic and social matters, and correspondingly the powers and authority of the World Bank, IMF and GATT/WTO have expanded.

The Bretton Woods institutions wield tremendous authority in a majority of developing countries (and countries in transition) that depend on their loans. In particular, countries requiring debt rescheduling have to adopt structural adjustment programmes (SAPS) that are mainly drawn up in the Washington institutions. SAPS cover macroeconomic policies and recently they also cover social policies and structural issues such as privatisation, financial policy, corporate laws and governance. The mechanism of making loan disbursement conditional on these policies has been the main instrument driving the policy moves in the indebted developing countries towards liberalisation, privatisation, deregulation and a withdrawal of the state from economic and social activities. Loan conditionalities have thus been the major mechanism for the global dissemination of the macroeconomic policy packages that are favoured by governments of the North.

The Uruguay Round negotiations greatly expanded the powers of the GATT system, and the agreements under the GATT's successor organisation, the WTO, have established disciplines in new areas beyond the old GATT, including intellectual property rights, services, agriculture and trade-related investment measures. According to several analyses, the Uruguay Round has been an unequal treaty, and the WTO agreements and system (including the decision-making system) are weighted against the interests of the South. The existing agreements now require domestic legislation and policies of member states to be altered and brought into line with them. Non-compliance can result in trade sanctions being taken against a country's exports through the dispute settlement system, thus giving the WTO a strong enforcement mechanism. Thus, national governments have to comply with the disciplines and obligations in the already wide range of issues under WTO purview. Many domestic economic

policies of developing countries are thus being made in the WTO negotiations, rather than in parliament, bureaucracy or cabinet at national level.

Another major development is the proposal for a multilateral agreement on investments. The attempts at a MAI in the OECD have failed so far and attempts have been made to begin negotiations at the WTO for an international investment agreement.

However, whilst the World Bank, IMF, WTO and the OECD are the most powerful, the United Nations and its agencies also form an alternative set of global institutions. The UN approach in economic and social issues is different to that of the WTO and Bretton Woods institutions. The latter promote the empowerment of the market, a minimal role for the state and rapid liberalisation. Most UN agencies on the other hand operate under the belief that public intervention (internationally and nationally) is necessary to enable basic needs and human rights to be fulfilled and that the market alone cannot do the job and in many cases hinders the job being done.

The Bretton Woods-WTO institutions have become much more powerful than the UN, whose authority and influence in the social and economic areas have been depleted in recent years. As a result, the type of globalisation promoted by the Bretton Woods and WTO has predominated whilst the type of globalisation promoted by the UN has been sidelined.

Rising inequality and the effects of globalisation

"Globalisation" is a very uneven process, with unequal distribution of benefits and losses. This imbalance leads to polarisation between the few countries and groups that gain, and the many countries and groups in society that lose out or are marginalised. Globalisation, polarisation, wealth concentration and marginalisation are therefore linked through the same process. In this process, investment resources, growth and modern technology are focused on a few countries (mainly in North America, Europe, Japan and East Asian NICs). A majority of developing countries are excluded from the process, or are participating in it in marginal ways that are often detrimental to their interests; for example, import liberalisation may harm their domestic producers and financial liberalisation may cause instability.

Globalisation is thus affecting different categories of countries differently. This process can broadly be categorised as follows: growth and expansion in the few leading or fully participating countries; moderate and fluctuating growth in some countries attempting to fit into the globalisation/liberalisation framework; marginalisation or deterioration in many countries unable to get out of acute problems such as low commodity prices and debt, unable to cope with problems

of liberalisation and unable to benefit from export opportunities.

The uneven and unequal nature of the present globalisation is manifested in the fast growing gap between the world's rich and poor people and between developed and developing countries; and by the large differences among nations in the distribution of gains and losses.

The UNDP Human Development Report 1992 estimated that the 20 percent of the world's population in the developed countries receive 82.7 percent of total world income, whilst the 20 percent of people in the poorest countries receive only 1.4 percent. In 1989, the average income of the 20 percent of people living in the richest countries was 60 times higher than that of the 20 percent living in the poorest countries. This ratio had doubled from 30 times in 1950.

The Human Development Report 1996 showed that over the past three decades, only 15 countries enjoyed high growth whilst 89 countries were worse off economically than they were 10 or more years earlier. In 70 developing countries, the present income levels were less than in the 1960s and 1970s.

UNCTAD's Trade and Development Report 1997 shows that since the early 1980s the world economy has been characterised by rising inequality and that polarisation among countries has also been accompanied by increasing income inequality within countries. These trends are rooted forces unleashed by rapid liberalisation that make for greater inequality by favouring certain income groups over others. They include the following: growing wage inequality in both the North and the South between skilled and unskilled workers (due mainly to declining industrial employment of unskilled workers and large absolute falls in their real wages); capital gaining in comparison with labour with profit shares rising everywhere; the rise of a new rentier class due to financial liberalisation and the rapid rise in debt (with government debt servicing in developing countries also distributing income from the poor to the rich); and the benefits of agricultural price liberalisation being reaped mainly by traders rather than farmers.

Weaknesses of the South in facing the globalisation challenge

Most countries of the South have been unable to reap benefits from globalisation because of several weaknesses. Nayyar (1997) examines this phenomenon of "uneven development", showing how globalisation mainly benefits the developed world, whilst in the developing world, the benefits of accrue only to a few developing countries.

The South's weaknesses stem from several factors. Developing countries were economically weak to begin with due to the lack of domestic economic capacity and weak social infrastructure following the colonial experience. They were made

weaker by low export prices and significant terms-of-trade decline as well as the debt crisis and the burden of debt servicing. The policy conditionalities attached to loan rescheduling packages hampered the recovery of many countries and led to further deterioration in social services. Given the unequal capacities of North and South, the development of technology (especially information and communications technologies) further widened the gap. On top of these unfavourable international factors, many developing countries have also been characterised by dictatorships, abuse of power and economic mismanagement, which undermined the development process. All these factors meant that the South was in a weak position to take on the challenges of globalisation, as the conditions for success in liberalisation were not present. Given the lack of conditions and preparedness, rapid liberalisation caused more harm than benefit.

The South's weakness also stems from its lack of bargaining and negotiating strength in international relations. Being heavily indebted and dependent on bilateral aid donors and multilateral loan organisations, developing countries have been drained of their capacity to negotiate (even on the terms of loan conditionalities). The powers of the United Nations, in which the South is in a more favourable position, have been diminished, whereas the mandate and powers of the institutions under the control of developed countries (the IMF, World Bank and WTO) have been increased tremendously. The North has leverage in the Bretton Woods institutions and the WTO to shape the content of globalisation to serve their needs, and to formulate policies which the developing countries have to take on.

General Conclusions and Proposals

Balancing Opportunities and Problems resulting from Globalisation

Among the biggest dilemmas for developing countries is whether they should open themselves up to the globalisation process (in the hope of obtaining some of the benefits), or to take a more cautious approach to avoid risks. The challenge is whether developing countries can take advantage of the liberalisation process, whilst at the same time avoiding or minimising the disruptive consequences on their societies and economies. The ability to manage liberalisation and globalisation will be a crucial aspect of national policy making in the years ahead. At this point the danger is that most developing countries, under great pressure from agencies such as the WTO, the IMF and the World Bank, will go along with the trend and institute more as well as rapid liberalisation policies, without a clear idea of the conditions needed to successfully take the associated risks.

Instead of rapid liberalisation, a selective approach to liberalisation is more appropriate. The aim of this would be to strike a careful balance between opening the domestic market (to benefit consumers) and protecting it to take into account especially the interests of small producers.

The need for South-South policy coordination among developing countries

In order to widen their policy options in the future and to strengthen their bargaining power, developing countries have to organise themselves to strive for a more democratic global system. Urgently required is South-South co-operation in the area of policy co-ordination in reaching common positions.

The Need for Appropriate and Democratic Global Governance

In order for developing countries to avoid bleak prospects in the 21st century, they must be given the space and opportunity to strengthen their economies and to develop their social infrastructure, whilst having environmentally sound practices. For this to happen, there has to be the democratisation of international relations and institutions, so that the South can have an active role in decision-making.

The developing countries should have more rights of participation in decision-making processes in the IMF, World Bank and WTO, which should also be made more accountable to the public and to the local and poor communities. These institutions have been under the control of the governments of developed countries due to the systems of decision-making and governance. There is thus a need to reform the decision-making processes so as to give developing countries their right to adequate participation; and to review and, where needed, to change the content of policies and rules so that they reflect the interests of developing countries that form the majority of the membership.

As it is the most universal and democratic international forum, the United Nations and its agencies should be given the opportunity and resources to maintain their identity, have their approach and development focus reaffirmed and strengthen their programmes and activities. The strong trend of removing the resources and authority of the UN in global economic and social issues, in favour of the Bretton Woods institutions and the WTO, should be reversed.

Rebalancing the Roles of State and Market

In considering their options in the globalised economy, developing countries have to seriously review the liberalisation experience and make important conclusions on the balance and mix between the roles of the state and the market. As the Indian economists Amit Bhaduri and Deepak Nayyar (1996) have argued, contrary to the laissez-faire structural adjustment model, both the market and the state have key roles. According to them, an unbridled economic role for the government in the name of distributive justice is often a recipe for disaster in the long run, but on the other hand, market solutions are often ruthless to the poor. Moreover, government failure does not imply that a reliance only on markets will succeed.

The study warns against fundamentalism in belief in either state or market. Whilst there are failures in state policies, there can also be serious market failures. What is important is to recognise both government and market failures and introduce correcting devices against both. The proper functioning of a market needs the support and guidance of the state, whilst conversely the state cannot do without the markets. Looking at the experience of the late industrialisers, the authors conclude that the belief that markets know best, or that state intervention is counterproductive in the process of industrialisation, is not borne out by their history.

Experience from the second half of the 20th century suggests that the guiding and supportive role of the state has been the very foundation of successful development in countries which are latecomers to industrialisation. State intervention created initial conditions for industrialisation through state investment in infrastructure, development of human resources and agrarian reform. In the early stages of industrialisation, a key role of the state was protection of infant industries through tariffs and other means. In the later stages of industrialisation, the nature of state intervention in the market must change and become functional, institutional or strategic.

The Search for Appropriate Development Strategies

The review of structural adjustment policies, and of the liberal "free-market" model in general, shows that a reconceptualisation of development strategies is required and that alternative approaches are needed.

An important issue is whether developing countries will be allowed to learn lessons from and adopt key aspects of these alternative approaches. For this to happen, the policy conditions imposed through structural adjustment have to be loosened, and some of the multilateral disciplines on developing countries through the WTO agreements have to be re-examined.

In the search for alternative options for developing countries, work also has to be increased on developing economic and development approaches that are based on the principles of sustainable development. The integration of environment with economics, and in a socially equitable manner, is perhaps the most important challenge for developing countries and for the world as a whole in the next few decades.

However, international discussions on the environment can only reach a satisfactory conclusion if they are conducted within an agreed equitable framework. The North, with its indisputable power, should not make the environmental issue a new instrument of domination over the South. It should be accepted by all that the North should carry the bulk of the burden and responsibility for adjustment towards more ecological forms of production.

This is because most of the present global environmental problems are due mainly to the North, which also possesses the financial resources and the economic capacity to reduce their output and consumption levels.

In the 21st century, much more focus has to be placed on changing economic policies and behaviour in order that the patterns of consumption and production can be changed to become environmentally sound. What needs to be discussed is not only the development model of the South but even much more the economic model of the North, and of course the international economic order.

There is also a need to strive for governance at a national level that combines economic development, environmental concerns and social justice. In both North and South, the wide disparities in wealth and income within countries have to be narrowed. In a situation of improved equity, it would be more possible to plan and implement strategies of economic adjustment to ecological and social goals.

LAND REFORM IN ZIMBABWE

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Introduction

The escalation of violence and conflicts over land and economic development in Zimbabwe since 1996 reflects the crisis of Zimbabwe's slow transition from minority rule and uneven development within a peripheral economic structure. The superficial political independence transition of 1980, which other southern African states have also experienced, limited the prospects for economic transformation and a major casualty of this was land reform. Post-1990 promises of economic growth in an expanding global economy failed to reduce poverty while constrained accumulation led major political contradictions which revolve essentially around the inequalitarian economies and distorted democratic institutions in Zimbabwe. Attempts to reverse these distortions through market liberalisation failed while the use of radical state interventions towards that end have resulted in major conflicts.

However, conflicts over land and governance have recently spread across Latin America, Asia and other African countries. In particular, there has been a resurgence of mass land occupations in the 1990s. While local and national differences may be observed, these movements share common grievances arising from unresolved land questions (agrarian questions more broadly). They share also a common location in the development dialogue as "rural poor" and as subject to welfarist "rural development" programmes. And they share their effective exclusion from a "civil society" that conforms to the "proper" procedure and content of "oppositional" politics in accordance with the liberal formula.

This formula values "independent" civic organisation, where "independent" means dissociation from the state, not donors; "multi-party democracy", at a time when political parties can no longer differ in their substantive (neo-liberal) politics; and respect for the "rule of law", defined by private property, "independent" judiciary (meaning bourgeois), and "free" press (meaning private). The liberal formula deployed worldwide in the 1990s has been readily adherence by national bourgeoisie and has co-opted organised working class politics. It should come as no surprise therefore that, along with deepening poverty and proliferating rural violence over the last two decades, there have emerged both organised and spontaneous rural movements, outside the "civil" framework, seeking to transform inherited property regimes, as well as national policy-making processes.

The debate over transition, transformation and democratisation in academic circles has itself been distorted by its exclusion of land and agrarian reform, and rural movements. In the 1980s, the liberal mainstream was preoccupied with demonstrating the "urban biased", "captured", and "corrupt" nature of the indebted post-colonial state in order to justify the authoritarian implementation of economic liberalisation. Rural politics, and especially land politics, were thereby submerged. In the 1990s, the liberal mainstream repositioned itself to the realities of "the lost decade", seeking to accommodate the rise of popular protest by fitting the latter into the mould of liberal democratic civility. Yet, rural politics continued to be brushed aside, for the new theory of "democratisation" became synonymous with "regime transition", defined as the replacement of the one-party system with competitive multi-party elections. Indeed, throughout the quarter-century, negligible attention was paid to the diversity of rural politics, organised and unorganised, low or high profile, armed or unarmed. And where it was, it focused on the "civil" type, or tended to espouse the economic/welfare functions of the organisations that emerged to supplement the withdrawal of the state.

Meanwhile, social movement theory proliferated, but under the banner of "identity politics" it managed to displace class-based movements, especially rural ones, from national and global politics, at best treating them as local cultural manifestations, subject to no "grand theory", analytically unconnected and politically unconnectable. Thus, James Scott, in one of the most important contributions to rural politics, suggested that rural movements are destined to be localised and dispersed, exhibiting "everyday forms of resistance", and avoiding open confrontations with wealthier classes and the state. Social movement theory at the "global" level has not fared better; so far, it has been oblivious to the political import of rural movements, even when it has set out to theorise working class politics. The few and notable exceptions are generally by students of agrarian relations who engage with global issues. It is therefore necessary to recover the significance of the land question within the transition, and to explain the re-emergence of liberation movement style politics and the import of extra-legal rural politics such as land occupations in Zimbabwe and elsewhere.

Zimbabwe has not, historically, had an organised civil society that has made radical demands for land reform or land redistribution. Under colonial rule, the land cause was led by the liberation movement, and in the 1970s, was pursued by means of armed struggle. In the post-colonial period, the civil society groupings that have existed have been predominantly middle class and with strong international aid linkages that have militated against radical land reform, while formal grassroots organisations have tended to be appendages of middle class driven civil society organisations. The rural operation of civil society within a neo-liberal framework has been characterised by demands for funds for

small-project "development" aimed at a few selected beneficiaries. This state of affairs is evident throughout rural Africa, and in Zimbabwe, in particular it has left a political and social vacuum in the leadership of the land reform agenda.

It is within this strategic vacuum that the élite in the ruling party, Zimbabwe African National Union-Patriotic Front (ZANU-PF), first engineered the early land occupation movements around 1980, then engineered its gradual demobilisation since 1984, only to remobilise the movement in the late 1990s through the agency of the liberation struggle and veterans. Historically, the government instigated or controlled the resurgence of the land occupation movement by insisting that ZANU-PF, as the people's government, would address the land question on their behalf. It was, however, in 1997 when a shift in power occurred within the ruling party, when the war veterans took centre stage, that the land redistribution initiative was brought back to the centre of the development debate, now couched in the more popular discourses of nationalism, liberation and economic empowerment.

The above leadership vacuum in civil society, together with the neo-liberal policy framework, which failed to deliver either land or economic development, has generated centralist and commandist models of land redistribution. On the one hand, the salient land demands of the black elite within both the ruling and opposition parties, made within a liberal electoral and human rights framework, have avoided the fundamental issues of economic restructuring and redistribution of resources. On the other hand, the stagnation of the economy has enabled ZANU-PF to maintain an emphasis on the historical injustice over land redistribution and, through this has continued to dominate the rural vote.

The adoption of a centralised method of compulsory land acquisition on a massive scale was instigated in 1997 by war veterans, who are few in number in terms of their political base, but whose cause has a broad rural social basis and potential for mobilisation. In this sense, the land occupation movement that emerged was politically organised but socially grounded. It might be instigated centrally but it is differentiated by the many different pulses driving it, including the varied local interests of war veterans, traditional and other leaders and informal community organisations. It is this broad social base, constituted by the existing economic hardships and marginalised political grievances, that has been mobilised towards the so called "Third Chimurenga" a process viewed as completing the unfinished struggle.

Land occupations have been an ongoing social phenomenon in both urban and rural areas of Zimbabwe, before and after the country's independence. They represent an unofficial or underground social pressure used to force land redistribution to be taken seriously. The 2000-2001 occupations mark the climax of a longer, less

public and dispersed struggle over land, under adverse economic conditions that have been exacerbated by the onset of liberal economic and political reform.

The Political Economic Context

A historical and political-economic framework is necessary to understand how the evolution of racial inequalities and uneven development define the struggles for land and shape the nature of the gradual transition. Such analyses need however to be contextualised within the rubric of popular demands for social justice and equity rather than subsumed by neo-liberal political and market based notions of governance and rule of law, which propose trickle-down and welfarist poverty reduction approaches to a problem that requires major structural change.

Settler colonialism and land expropriation is at the root of Zimbabwe's land and transformation problem. Institutionalised cheap labour transformed the economy to support the interests of the white farmers who then relied on the implicit and explicit support of the police, the judiciary, the white parliament and white technical experts to protect their absolute power control over land.

Furthermore, the conquest of land was accompanied by racial segregation in, for instance, the educational system which condoned white supremacist ideologies. Longstanding ethnic diversity was recast into deep hostilities and segregation by the white missionary administrators and landowners. Subjugation of traditional leaders (chiefs, spirit mediums) including promotion of Christianity led to divide and rule tendencies as a means of controlling land and minerals such as diamonds and gold.

It has become an almost indelible southern African perspective that commercial farming is large-scale by white landowners while subsistence farming is what the black peasantry practices. Although in a few instances there are piecemeal efforts to integrate black elites into large-scale farming through affirmative action programmes, large-scale commercial farming remains dominated by whites in terms of land ownership, value of production and the "social status" associated with it.

To date, the land policy reform in southern Africa has been are oblivious to international mainstream agricultural economics, which argues that smaller sized farms tend to use their land more productively, in terms of higher unit yields and the use of labour. The trend based upon self-exploitation of domestic labour in peasant households, particularly of female and child labour that has led to impressive small farmer performances in Zimbabwe has not adequately changed beliefs in black smallholder efficiency. The belief in the greater efficiency of large farms has also been a key constraint to progressive land policy in non-settler states before and after independence. In the 1980s, land reform policy in Africa

promoted a few indigenous capitalist farmers, drawn from senior politicians and civil servants, retirees and other formerly non-agrarian indigenous business people. Once again, macro-economic and agricultural policy regimes ensured that various resources such as credit, foreign currency and infrastructure were mainly allocated to both white and indigenous large capitalist farmers. The effects of such preferential resource allocations were wrongly taken to imply that large-scale farming was more effective than smallholder farming. This had the effect of legitimising the expansion of large-scale landholdings and discouraging land reform, even though growing land ownership imbalances were exacerbating land shortages, land degradation and rural poverty.

The project of subjugating blacks continues to be defended by the discourses on environmental aestheticism (eco-culture, eco-tourism), which now claim to preserve primordial black cultures as part of the image of the African wilderness. Thus, eco-tourism allocates resources to trickle down into the landless black communities, while the bulk of benefits of land control rest with external financiers and safari operators. Furthermore through so-called "transboundary peace parks", involving two or more countries, global capital has found an avenue for land expropriation in the context of foreign direct investment. Whites as individuals and through multinational companies have been predominant in the control of the economy, including agriculture, manufacturing industry, tourism as well as commerce.

Income distribution patterns in Zimbabwe reflect white privilege in a sea of massive rural and urban poverty in black communities. Most blacks have no access to a sustainable income base outside agriculture and the high unemployment levels exacerbate the demand for land. Urban areas remain relatively segregated between blacks and whites residences, while the latter have their own social enclaves of separate schools, hospitals, country clubs, and so forth. This segregation tends to underlie some of the violent conflicts over land in Zimbabwe.

Zimbabwe's Experiment with Neo-liberal Transformation

The prospects for economic transformation, democratisation and egalitarian land reform in Zimbabwe diminished as a result of the change in policy thrust from socialism to neo-liberalism. The latter was formalised in the Economic Structural Adjustment Programme (ESAP) of 1990, though the policy shift occurred gradually over the period 1987 to 1996. The external imposition of structural adjustment programmes (SAPs) by means of policy-based lending reinforced broadly undemocratic policy-making practices, and they also influenced the evolution of land policy towards an elitist agenda.

The imposition of structural adjustment programmes throughout Africa in the 1980s was rationalised on the grounds of a perceived political and economic

"crisis" in Africa. The ESAP policy was adopted *without* consultation with the majority of the populace, especially labour, small farmers and small business. However, large business, white farmers and a nascent black bourgeoisie, represented by the Indigenous Business Development Centre (IBDC), supported the resultant ESAP, while seeking affirmative action for its members. Little was offered towards far-reaching land redistribution programme. Neo-liberal economic reform therefore entailed a balancing of various capitalist interests: external, local white and aspiring indigenous.

For some time, the struggles between local white and black capital macro-economic policy reforms overshadowed issues of redistribution and state intervention in land markets. But black capital sought its place in a predominantly white elite business system, not least in commercial farming. Indeed, the first victim of the liberal policy shift was the land question itself. The indigenisation lobby appealed for the de-racialisation of the ownership base of commercial farmland, with the support of white farmer organisations, technocrats and many NGOs, who altered the eligibility criteria for access to land from "landlessness" to those of "capability" and "productivity", the neo-liberal global development paradigm. Meanwhile, the economic reforms implemented benefited mainly the current white large scale landowners, offered little new investment to the black smallholder and did nothing to redistribute land, water, and infrastructure.

The re-emergence of land reform on the agenda in the mid-1990s in Zimbabwe marked the current phase of a dialectic relationship between peasants, government and global institutions. The failure of structural adjustment to live up to its rural development promises has meant that the land question has resurfaced as a legitimate item on the poverty reduction agenda of the World Bank while, at the national level, the same failure has led to demands on the ruling party to redeem its liberation promise.

The years 1997 to 2000 were characterised by economic collapse that ushered in a new period for land reform defined by political and economic crisis. A series of confrontations between organised civil society and the state were witnessed throughout the 1990s. These were led by the Zimbabwe Congress of Trade Unions (ZCTU), but also independently of it, by middle class workers, in particular doctors and nurses. The latter were quite distinct from a whole range of other labour confrontations, for they spelled a break in the social contract between middle class workers and the ruling party.

The land designations and pension disbursements were answered by capital flight and the withholding of funds on the part of donors, bringing about an economic freefall, as well as new economic policy issues. The costs of

Zimbabwe's intervention in the Democratic Republic of Congo (DRC) conflict exacerbated the economic crisis, and generated broader political criticism locally and, more critically, internationally. The years 1998 and 1999 saw the retreat of the government from its neo-liberal policy thrust.

Given Zimbabwe's colonial legacy, the long-standing conflicts over the land question translated into intense electoral political competition, which in turn was marked by polarisation between land reform radicalism and conservative land transfer strategies. Before the June 2000 parliamentary elections, ZANU-PF leaders were calling for a speedy reclamation of land from the "whites", and instigated as well as supported the land occupations, while the Movement for Democratic Change (MDC) leaders called for a transparent but not concretely defined market process of land acquisition. The opposition were deemed sellouts to the former colonial masters, given their alleged receipt of financial assistance from white farmers and business, and from civil society organisations linked to donor funding. The MDC accused the ruling party of giving land to its cronies, and of making the land issue a monopoly of ZANU (PF) in spite of their alleged failure to resolve the issue in 20 years.

The opposition movements that have emerged since the late 1980s in Zimbabwe have had very narrow political interests. All of them have made some valid demands for democratisation, within a liberal electoral and human rights framework, but not wider demands for redistribution of resources or economic restructuring. The collapse of the economy and the resultant opposition to ZANU (PF) has not as yet yielded a truly social democratic movement for political and redistributive social rights based on a more complex understanding of movements such as the land occupations. Rather, what has emerged is a protest movement focused on the urban areas, seeking to overthrow the President and demanding less corruption and a reversal of short-term economic problems, such as high prices for basic commodities. As such, ZANU (PF) has been able to continue to hold sway over the rural vote by maintaining an emphasis on correcting the colonial imbalances.

In the 1980s, the emphasis of land reform was on redressing past land alienation by promoting equal access to land by the majority of the indigenous people with the hope of creating political stability in land property rights. At the same time, land reform was also aimed at achieving economic growth by reducing the size of land holdings per individual and allocating land to diverse beneficiaries that included the landless, former refugees, war veterans, the poor and former commercial farm workers. Land reform, therefore, was implemented with the objective of promoting national self-sufficiency, focusing on food security and general agricultural development. It was also intended to enhance labour

intensive, small farmer production so as to optimise land productivity and returns on capital invested.

After an initial accelerated process of land reform in the 1980s, when three million hectares of the targeted eight million hectares were redistributed to almost 70 000 families, the pace slowed down, targets were not met and the problems of equity and racial bias in capital and resource ownership markets once again became starkly obvious. By 1997, about 800 black commercial farmers holding about 10 percent of the large-scale commercial farmlands had emerged, against 4 000 whites holding about 10 million hectares. The government had expected to redistribute 50 percent of the white controlled land, but 5 million hectares of this remained to be transferred. Over the last 20 years, it has become clear that land reform is not an event, but a process that depends on the policy framework in use. As shown below, three distinct phases in Zimbabwe's land reform, which reflect both a shift in government policy and resource allocations, and changing economic and political processes, have influenced land reform in the country.

Internal pressure applied on government by farmers' unions, technocrats, and even academics had always encouraged a conservative position, until demands by war veterans in 1997 for the compulsory acquisition of 1 471 farms created new momentum for radical land reform. A temporary reprieve, from the radical demand for massive land transfers, arose during the Donors' Conference in 1998, which called for a gradualist approach. This was shaky, as it had no guarantees. The opposition movement did not back the radical land reform agenda but instead reiterated donor calls for transparency, poverty reduction, rule of law and macro-economic stabilisation as the basis for land reform. This had the effect of further radicalising ZANU (PF) and the government of Zimbabwe, leading to some rural communities taking direct action through farm occupations by 1998.

The Zimbabwe National Liberation War Veterans Association (ZNLWA) came out in full support of the occupations and called for further occupations as a way of demonstrating the need for land. This shift towards informal politics in the rural areas is not in any way "essential" peasant politics, but interacts dynamically with formal policies and its exclusions. The lack of representation of small farmers, the rural poor and the landless in land reform policy formulation, which is assumed to be organised mainly through constituency politics, and dominated by the ruling party and the Zimbabwe Farmers Union (ZFU), created space for the war veterans' mobilisation. The ZFU membership is also widely differentiated and policy is dominated by an élite of "capable" farmers whose demands are for freehold land for productive purposes and are far from representing the majoritarian black farmer demand for land, which seems to be more realistically reflected in "informal" land occupations.

At the same time, most NGOs grew out of the social welfare and emergency relief traditions, which did not address structural issues. Middle class and racial minorities lead them, and focus on political and civil rights, not social and economic rights and social justice based upon redistribution. There is a common middle class belief in the myth that the poor degrade land and that the large-scale commercial sectors use land efficiently, resulting in their excessive focus on schemes to "protect" land and to "educate" the peasantry on sustainable land use, rather than land redistribution. Generally, NGOs serving rural and the wider society structures have been, and remain, a reactionary force rather than an agenda - setting one in terms of land reform.

Land Reform Ideology and Transition

Zimbabwe's recent politics over land reform epitomises the resurgence of long standing liberation style politics, based on anti-colonial, anti-imperialist and white minority resistance, in a society polarised on racial and ideological lines. Land occupations, for instance, represent the idea of seizing power which had not been gained in 1980, consolidating sovereignty and achieving "economic liberation". Notions of land "seizures" however, replaced terms such as "land nationalisation" or "expropriation without compensation" in national discourses. The international media represented compulsory land acquisition as well as land occupations as a land "grab" by elites, to emphasise the negative political action of the ZANU (PF) and the war veterans. As in the 1970's liberation struggles, the prominence of middle-class leadership of the land reform process in the state, war veterans agencies and in general was crucial in shaping the so-called land revolution. It is reported that some local politicians, businessmen and intellectuals may be cashing in on the land occupations, and even gaining access to land targeted for the poor.

These broadening forms of participation and conceptualisations of land occupations also reflect the emergence during late 2000 of a certain level of political alliance between the state and various national and local level social forces spanning various classes in opposition to what is seen as international conditionalities against land redistribution in defence of narrow racial interests in land. The intensive land occupations that Zimbabwe experienced are not generically new since they have consistently accompanied or influenced government efforts to acquire land in the past whether this be on the market or through compulsory procedures. There are important similarities and a few differences between various phases of land occupations which need thorough analysis. However, there is a need to analyse them in relation to the two other instruments of land acquisition - market acquisitions and compulsory acquisitions - which interact with occupations in a politically determined manner.

The amendment of the Constitution and the Land Acquisition Act on this matter reflected a major formal effort to challenge the imposed rules on colonial land property rights, in response to popular pressures that land occupations have brought to the debate. Over the last 20 years, land occupations, have traversed various land tenure categories: white owned commercial land, state land and communal lands. Land occupations grew extensively during the late 1980s in the Zambezi valley frontier zones. State lands have remained a soft target for occupations for years especially in Matebeleland and in Manicaland, where forest and parks are predominant.

Thus although land occupations have been on the national development and social rights agenda, most civil society organisations, formal political parties and the private sector have paid scant attention to them. The character of the occupations have changed slightly but their essence has remained the same. The first phase of land occupations can be termed one of "low profile, high intensity" occupations. These occurred throughout the country, from 1980 to 1985, while a parallel process of "accelerated" land resettlement financed mainly by the British was initiated to formalise some of the occupations, and to assuage parallel land pressures. These early land occupations were led by landless communities inspired by war veterans, the ZANU (PF), "dissidents" in Matebeleland, and by other leaders, such as the spirit mediums. They were tacitly supported by ZANU (PF) and PF ZAPU structures albeit without the public flaming of the political basis of the mobilisation. While government distanced itself from the occupations its leading rights financed them.

Local "squatter" communities made themselves beneficiaries by occupying mainly abandoned and under-utilised land, most of which was in the liberation war frontier zone of the Eastern Highlands. This "community led" occupation approach saw central government come in to purchase such lands at market prices, thereby formalising the occupations in what came to be known as then an "normal intensive land reform".

The period between 1985 and 1996 witnessed what we can call in relative terms "normal low intensity occupations". They took place in the context of dwindling resources for continued land resettlement and economic liberalisation which resulted in many people losing their jobs in urban areas and the mines. During the 1990s landless communities increased "illegal" occupations of land and poaching of natural resources in private, state and "communally" owned lands and in urban areas.

Thus, the occupations cannot be claimed to have been spontaneous. Zimbabwe hosts a facile debate, which oversimplifies the question of the spontaneity of land occupations vis-à-vis politically mobilised occupants. Rarely have occupations

been spontaneous, since they were mostly planned through either the liberation movement, local MPs and party structures. While the intensity of political support for the occupants may have differed in form between the 1980's and 1997/2000, the substance has been similar. Even when the state practiced extensive evictions of "squatters" during the 1985-1993 period, they turned a blind eye and used *kid gloves* on the many other squatter cases. This led landowners to attempt their own evictions, which were even more brutal than the state's.

The severe drought during the 1991-92 farming season led to extensive commercial farm retrenchments adding to the pressure on communal area land resources. During this period the state had a legal framework to resolve the land question through compulsory land acquisition but did not succeed in using the instrument. The grounds for severe conflicts were created during this time, as captured in recent research on new land uses in the Mashonaland provinces.

The last phase of high intensity and high profile land occupations began in 1997. In September 1997, about 30 high profile community-led land occupation approaches seemed to emerge and isolated land occupations occurred, with the explicit aim of redistributing land from white farmers to landless villagers and war veterans. Then a new wave of high profile and high intensity land occupations arose, from a handful in February to just below 1 000 cases by 2000. The scale and form of land occupations in Zimbabwe has been the subject of a propaganda war in the media.

The current round of land occupations can be analysed in terms of various dimensions of their intended effects. These varied intentions also reflect the perspectives and goals of different "wings" of the ruling party from the extremists seeking outright "repossession" of the land by physical seizure to the more "liberal" middle-of-the-road leaders seeking merely to demonstrate the right of Zimbabweans to compulsorily acquire the land. Nonetheless these basic dimensions show the complexity of the process, which has firstly a political (partisan and non-partisan, electoral and non-election orientated) framework and objectives, and which is then socially grounded by invoking existing sentiments in favour of land repossession based upon grievances over historic injustices.

The question of who is involved in the current occupations has been a subject of cynical debate in which the prime focus has been to minimise the importance of both the war veterans' leadership and their level of capacity to hold widespread occupations. Thus the army and the government are attributed leadership on the one hand, while children, youth and women are said to have been cajoled, paid or even forced, to join occupations. As a result, the occupations have been characterised as either contrived or farcical or narrowly instrumental for

electioneering. However, the fact the farm workers and people from communal areas, including those on resettlement waiting lists, have joined the occupations to enhance their chances for resettlement has not been properly analysed. Thus the organic and deep-seated local pressures for land reform, and even anger from past injustices and deprivation, are underestimated in this critique.

One of the major contestations in the Zimbabwe land occupations debate is the degree to which they have been led by an homogenous command structure under a single ZANU (PF) leadership linked to military chiefs and the head of state. Empirical observations show that parallel to the many high profile centrally orchestrated war veterans led occupations of 2000, there were numerous occupations, which can be differentiated at provincial and local level which either preceded or copied the former, which emerged from more diverse organisational formations and interests. Such interests would include some provincial governors who are seen to be more militant in terms of land reform (Mashonaland North, Mashonaland Central and Manicaland), specific independent branches of the ZNLWA, individual MPs and other traditional leaders. In many cases it would appear that the ZNLWA came to hegemonise locally initiated occupations.

We need to add to this complex evolution of the land occupation movement the pervasive criminal and opportunistic aspect, in which individuals, claiming to be war veterans or members of the ruling party, used the occupation movement to intimidate farmers to extort money, poach wildlife and firewood or assume sharecropping rights on farmers' crops or even used pieces of land for their own cropping activities. This suggests that once ridden the land occupation "movement" is less easily managed than might be expected by both ZANU (PF) leaders and their opponents who expect them to control it. Within this context, the "radical" elements of ZANU (PF), who have pro-actively supported land occupations, have the burden of justifying the land occupation movement in the context of sporadic and wanton violence and lawlessness, which undermines the growing social base that had been mobilised around land occupations after the early 2000 period, when occupations had been dominated by war veterans.

We have seen in this context that both ZANU (PF) and the state have followed behind the land occupation movement and tried to co-opt and contain it as in the past within the framework of the evolving land acquisition programme.

Land Reform and Its Implications for Transformation

What can be learnt from Zimbabwe's recent experience concerning the importance of social movements that are differentiated and adopt different strategies is that, while their roles and actions might be contradictory, they can also provide some progressive movement on issues such as democratisation and land reform.

However, this can also produce negative feedback in the form of violence and the abrogation of civil rights. In Zimbabwe, it can be expected that the negative consequences will be relatively short term, as against the long-term benefits of assuaging historical grievances and addressing a problem that has been neglected for 20 years by a model of reconciliation which did not include justice or reparation.

One general lesson concerns how a formal policy can evolve and be refined over a very short period after having been static over the longer term (20 years in this case). There have been great shifts in Zimbabwe's land policy in the past five years, particularly the last two, which have seen the policy debate moving to more radical options because of the failure of negotiations and indeed, even shifts within this more radical policy movement. The major implication is that most of the players are pushed to attempt land transfer within a legal framework of compulsory acquisition, even if this is done under threat of non-legal action. Such transfer is now being discussed in terms of a much larger scale and a far greater pace.

There are a number of positive implications of the current land occupations. Firstly, the delivery of land will increase the possibilities for a wider range of rural and urban poor and the middle classes participating in the economy. This reinforces the social and economic basis for democratic growth by the interests of a larger segment of the population wanting to defend the new regime. The economic benefits will form the basis for more positive and participatory rural and agrarian policy formation.

Secondly, land transfer will weaken the hegemony and segregation of the current advantaged white minority. It challenges the current conditions and inadequate rights of farm labourers, questions the injustices perpetrated against them by landowners and raises the issue of their rights to land. The recognition of the need to address what happens to farm workers has brought to the fore the bogus defence of farm workers' rights by commercial farmers and some NGOs favouring the status quo, and exposed this form of enclave politics.

Thirdly, land transfer will make the agricultural sector more efficient by having many more people engaged in producing for the economy. Used concurrently with the downsizing of land holdings, land acquisition and resettlement will increase the involvement of more indigenous blacks on smaller sized commercial farms. If all these commercial farmers adopt more efficient methods, they could produce more than in the past on the land available to them.

Fourthly, the Zimbabwean experience echoes that of the Chiapas in Latin America, in which informal and new types of movements have captured and maintained space for themselves in which they are recognised and able to

undertake direct negotiations with farmers and the state. Such associations involve urban and rural people including the poor, elites and traditional leaders, from given districts where land has been designated for compulsory acquisition and/or is already occupied. They are numerous but informal. They have developed their own rules. But their ideology is commonly anti-colonial and against white racism, based on combining self-reliance with surplus production and sales. They could gradually circumscribe the power of traditional authorities in local government.

Fifth, the occupations have confronted bad past and present race relations by forcing intensive interaction and discussion between whites and blacks in different roles. It has also raised the issue of the different values placed on the deaths of blacks and whites, particularly as reflected in international media coverage, and challenged the notion of reconciliation without truth, justice and reparation.

Sixthly, there has been broad participation in the call for restitution, by traditional leaders, spirit mediums and others who are beginning to reclaim their historical rights to land and resources on the basis of its sacred or cultural value in addition to its productive potential.

Seventh, the demand for land of the Zimbabwean population has been brought to the attention of the international community, including neo-liberal NGOs. The media has been both a recipient and a source of such information, although their heightened interest at the moment has tended to increase the impression that this is a situation that has only just arisen. The confrontation has brought the role of the British into the spotlight and shifted the perception of land reform from that of a development issue to that of a restitution and justice issue.

The positive outcomes outlined above are all necessary conditions for democratisation. However, they are not sufficient and there have also been some negative aspects. Past studies had all predicted that inadequate land delivery would precipitate violent confrontations in future. Policy makers and farmers did not take such predictions seriously as they continued their *laissez faire* attitude towards land reform. Notwithstanding this observation, the widespread occurrence of violence, including its impact on the 2000 parliamentary elections, has been the most negative effect of the land confrontation, causing the abrogation of physical safety and threat to political participation.

There has been an instrumentalisation of violence although the scale of it has been exaggerated and it has been wrongly made the focus of the whole land reform issue. In fact, compared to rural and urban violence in South Africa, Ireland or Brazil, the level in Zimbabwe has been quite low. Any level of violence is bad for democracy but there has not been any examination of the extent to which the

violence in Zimbabwe is incidental to a broader anger and wider undemocratic culture. Violence has increased in response to economic decline and poverty, so that the land occupations cannot be seen as the main or only instigator. A more careful assessment of the exact scale and causality is needed, including the offshoot of opportunistic criminal acts such as cattle rustling, extortion and pilfering of farm produce and work stoppages.

The fact that the occupations have, in some cases, been violent needs to be understood in terms of the real animosity between the occupiers and those elements of government that are seen not to be serious about land reform. This is a longstanding and endemic grievance. There is no doubt that land occupations have generated, in certain localities, unwillingness to participate in the electoral process. There is also evidence that farmers and farm workers as well as opposition youth have been the source of some electoral violence in rural areas in which pitched battles have been waged sporadically. Indeed, the death of two of the four commercial farmers and some farm workers killed in the context of land occupations resulted from prior attacks on ZANU (PF) youths, although the upper hand in such violence has belonged to the latter.

The land occupations movement also has to be seen in the context of deep division in ZANU (PF) over the strategy of land acquisition, with a growing segment rejecting not just market-related but also legalistic compulsory acquisition because of their history of failed implementation, in favour of land seizures and occupations as a strategy. In this vein, we have seen a different movement in which certain elements of the ruling party seek to halt occupations, preferring a focus on compulsory acquisition methods, in combination with negotiated land transfers based on dialogue with farm owners. It is this divergence of views and split in the command structure that explains, to a large degree, some of the underground and uncontrolled violence and lawless aspects of the occupations.

The violence associated with the recent occupations and leading up to the 2000 election is suggested by some analysts and opposition leaders to have enabled the ruling party to maintain dominance over the rural electorate. This dominance has always existed anyway in some rural areas but the mobilisation for land reform tended to countervail any mobilisation by the opposition. It has been argued that opposition party structures were undermined but the degree to which these actually existed outside of small towns is yet to be fully demonstrated. The few existing studies of this tend, however, to underplay the strength of ZANU (PF) in most of the rural areas and appear to teleologically follow the post constitution referendum triumphalistic analysis which overestimated the growth of the rural MDC structures in communal and farm areas outside of the larger rural and peri-urban centers where the MDC structures grew out of existing ZCTU structures.

This is an area which calls for more rigorous research however.

The land occupations have so far failed to correct the inherited injustices of the justice system and property laws in an orderly fashion. By encouraging, rather than evicting, the occupiers and by premature resettlement of people on farms where the legal processes of compulsory land acquisitions were not complete, the government has overridden, instead of corrected, the legal system. In one perspective the government has broken its own "rule of law". However, the land occupations and "fast track" resettlement, including the litigation that took place in the Supreme, Constitutional and administrative courts have highlighted the debate on the relevance of the existing property rights structures and the laws that defend them. The Supreme Court's judgement of December 2000, giving the government six months to sort out the land issue represents a recognition of the need for change and the injustice of the current situation.

The changes to the Land Acquisition Act can be seen as signs of an attempt to find legal means of land reform, even though it is difficult for a neo-liberal justice system to deal with such major problems of public interest. The introduction of the new Rural Occupiers Act of 2001, also shows the government effort to legalise the process of occupations, while the legal transfer of land proceeds. The rushed legislative changes, which might appear democratically facile, have brought to the fore the importance of an historical jurisprudence problem over property rights which requires special legal activism for it to be resolved.

Conclusion

Zimbabwe's transition from colonial rule based upon peripheral capitalist development which begun in 1980, is far from complete, and remains characterised by fragile state structures and weak democratic institutions which have led to both progressive change and repressive rule. The past legacies of minority and racial dominance, disarticulated economic structures, incomplete agrarian reform, unequal social services and a weak industrial policy in a context of harsher global environment have limited the transition.

In countries such as Zimbabwe, where the land question remains unresolved and where a large proportion of the mainly rural population depends on the land and natural resources for their livelihood, employment and accumulation, land and agrarian reform towards equitable and democratic regime are crucial for any successful transition or transformation of society to ensure. It is crucial to recognise that addressing the land question in terms of contemporary equity and historical social justice are essential parameters within which broader political reform and democratisation questions must be addressed and economic transformation can ensure. The focus on liberal political rights in contemporary

democratic movements which forms the basis of transition over 20 years has tended to neglect deep seated social and political contradictions of Zimbabwe society, including the endemic contradictions of economic development.

It is self evident that the neo-liberal, developmentalist model and structure of civil society organisation, dominated as it is both financially and technically by development and human rights NGOs, has been unable to address the pressing problem of land reform because of its general disconnection from the informal rural and urban social movements that have, over the years, pursued land occupations, resource poaching and all sorts of underground strategies to gain access to resources and other rights.

The result of this is that the land reform processes, especially the land occupation movement has been hegemonised and controlled by war veterans and the ruling party, which has also demobilised it at various points in alliance with middle class interests within the state, opposition parties and NGOs, only to co-opt it as it re-emerged during the major post independence political and economic crisis which escalated in 1996 and 1997.

It is polarising and futile to simplify democratisation in such a way that the idea of changing government is privileged over and above the content of change. The idea of physically restructuring land and property relations is one example in which the historical unfolding of the process might seem to force change in authoritarian ways, which might yield a framework for future democratisation. It is clear that the absence of the social and institutional infrastructure necessary for promoting true and widespread democratisation in rural Zimbabwe is a major bottleneck, which compounds the weak strategy of civil society and opposition movements. The lopsided racial access to information, education, physical resources and political experience in handling the contradictions of social democratic are yet to be redressed.

Therefore, much of the negative fallout from the recently aggressive land reform process, including its use for short term political gain, has to be weighed more seriously against the potential longer term transformation and specific gains in the broader democratisation process, of creating space for awareness and participation in the basic social struggles hitherto dominated by formal state structures and urban dominated civil society organisations. Indeed, one of the major lessons is that the neo-liberal policy framework of transition is being actively challenged, even if with crucial short-term distortions.

THE ROLE OF THE STATE IN THE SADC REGION

By R Kamidza, K Matlosa and A Mwanza

The authors are from the Southern African Political Economy Series (SAPEs) Trust

Introduction

The role of the state in development has become one of the most hotly contested policy issues of the post-colonial era in the African continent in general and Southern Africa in particular. Although the controversy around which agency is more central in driving the development process between state and markets still rages, it is evident that since the 1980s through to the 1990s, dominant foreign actors, especially the Bretton Woods institutions have imposed their policies over the nationalist political elite, charting Africa's development path. This has had dire consequences for both political sovereignty and autonomous economic initiatives.

To be sure, the Southern African region, like most other parts of the African continent has, since the 1960s, witnessed a contestation or confusion (to borrow Ake's term) of development agendas, namely, the nationalist agenda of an autonomous development path anchored upon a *derigiste economic nationalism* in ideological terms on the one hand, and the Bretton Woods institutions propounding a neo-liberal economic adjustment programme premised upon *free market enterprise* in ideological terms (Mengisteab and Logan, 1995). The former development strategy has been and still is deliberately state-centric and encourages state interventionism in economic management. The latter has evolved as a market-driven development strategy, and as such, deliberately set out to *roll back the state*. Some convergence of the two development paradigms was experienced in 1997 when, following an avalanche of criticism of the neo-liberal orthodoxy, the World Bank began to accept and appreciate the key role of the state in the economic development process. Does it mean that at long last we have now reached a consensus in terms of the complementarity of states and markets in the development process in Africa as a whole and Southern Africa in particular?

The Southern Africa region is still confronted with a plethora of enormous development challenges, which have not been resolved since the early 1980s. The Lagos Plan of Action, the UNECA proposals for an alternative development agenda and the structural adjustment in the late 1980s have not achieved the intended results, as the continent has virtually nothing to show for all these efforts in terms of economic progress and regional integration. These have and are, arguably, development projects driven primarily by the nationalist political elite aimed at charting some

autonomous development vision and destiny for the continent (see a detailed appraisal of these initiative in Ake, 1996). However, part of the failure of the nationalist and state-driven development models was the resistance from the donor community and the disapproval of the Bretton Woods institutions who jointly devised alternative development strategies such as the early 1980s Berg Report, through the late 1980s reports up to the current World Bank report on "Can Africa Claim the 21st Century?". In these competing development agendas, there is no doubt that the nationalist agenda has lost to Bretton Woods and the Washington consensus (See Ake, 1996; Mengisteab and Logan, 1995). Ake aptly captures this dilemma that faces Africa as a whole and Southern Africa specifically as follows:

Nowhere is the conflict more evident than in the rift between the Bretton Woods institutions and African governments over approaches to Africa's development. Even though individual African states seemed content to surrender the development agenda to external development agencies, they did grope collectively, under the auspices of the Organisation of African Unity (OAU) towards a vision of how to proceed (1996:21).

It is the contention of this paper that even today, in the context of accelerated and enhanced globalisation, World Bank initiatives will continue to dominate and take precedence over autonomous development initiatives by the nationalist political elite in Africa. The interrelationships and complementarities between the NEPAD and the World Bank document on "Can Africa Claim the 21st Century?" is a good case in point.

State and Development in the Southern Africa Development Community (SADC) Region (1960 - 1990)

It is worth noting that following political independence, the majority of Southern African states followed a deliberate development strategy premised on *dirigism* and tending ideologically towards economic nationalism. Why was the state so purposefully interventionist in those early days of post-colonial Southern Africa? The answer to this question is found, in part, in the factors that Mengisteab provides in relation to state interventionism in Africa. These are:

- ▼ The weak linkages between the large peasant sector and the small modern sector, which limit the domestic market and the benefits from external economies;
- ▼ The inability of the private sector to generate sufficient capital to enter certain industries and public services that are regarded as essential to national development;
- ▼ The more difficult international competition they face as newcomers to industrialisation;
- ▼ The domination of the modern private sector by foreign concerns, which is perceived as hampering economic independence; and
- ▼ The high population growth that undermines their economies and threatens their political systems (1995:165).

For both Mengisteab and Ake, the politico-economic environment at independence propelled state interventionism in Africa, which was profoundly hostile to development. Hence the conflicting development agendas between the nationalist political elite, which enjoyed some modicum of political power, yet, lacked an autonomous economic base, and foreign capital with massive political power and economic leverage over the African state. Ake (1996), thus, argues that the state appeared to have made token gestures towards development while trying to pass the responsibility for development on to foreign patrons. This is reflected by the manner in which most nationalist elites eagerly and whole-heartedly embraced economic dependence despite being eloquent on the fragility of political independence and the need to buttress it by being self-reliant. This shows that development, as an ideology, serves the interests of powerful foreign capital, and secondarily those of the dominant hegemonic class (to borrow Ake's concept) within Africa. It is this situation where the foreign powers through their financial support to development paradigms continue to dictate the pace of development, which alienates and isolates the state in the economy.

Many African states relied heavily on expatriates, who subsequently produced development plans whose policies, programmes and targets took for granted the inherited economic structure of their respective countries. In Southern Africa, most post-colonial states depended on expatriates for the formulation of national development plans that usually ran from five to 15 years. At the same time, donors financially supported these development plans. This was the case with Tanzania, whose first phase of its ambitious 15-year development plan was supported by external powers to the tune of US\$222,2 million against US\$53 million sourced domestically (Ake, 1996). In Zambia, the ratio of expatriates (mostly macro-economists) to national experts at the National Commission for Development Planning in 1975 was 21 to 4 (Ake, 1996). The above explains why economic nationalism remained heavily at the centre of development in the continent. Although they allowed foreign resources to complement their own mission and effort, nationalists remained focused and central to the development process in the continent.

The continued discomfort of Western influence upon the continent's development paradigm through their resources, forced African ruling elites to adopt the Lagos Plan of Action in 1980. The plan not only discusses the role of the state in development in the context of a deepening economic crisis, but also provides the framework through which nationalist elites continue to engage foreign powers on issues of exploitation arising from colonialism to apartheid. The plan emphasises self-reliance and self-sustaining growth although states acknowledge their vulnerability to external forces. The Lagos Plan lays emphasis on self-reliance and aims to change the pattern of production from primary commodity to

manufactured goods. Economic nationalism is designed to stimulate production through promoting internal demand and reducing reliance on imported inputs.

Meanwhile, the World Bank produced another development model through its Agenda for Action (1981), which focuses on eradication of internal constraints to agricultural production, which include underdeveloped human resources, and adverse climate conditions. As is typical of neo-liberalism, the model emphasises dynamism and efficiency of marketism, specialisation in primary production and more effective use of public sector resources. This is despite the continued falling of commodity prices and the increase in the debt burden.

The above shows why the Bretton Woods institutions differ from the Lagos Plan, hence the refusal to reorient their economic relations with the African initiatives so as to adjust to the programmes and policies of the plan. The neo-liberals realised that the nationalist elites were too weak to implement their own development models without financial backup from the multilateral and bilateral institutions. This notion was reflected in rising infant mortality, food dependence and malnutrition, which threatened over 100 million people in Africa (Ake, 1996). At the same time between 65 to 80 percent of the continent's population live below the poverty datum line while per capita incomes continue to fall.

The developmental paradigm debate continued with African ruling elites adopting the "Africa's Priority Programme for Economic Recovery (APPER) (1980-90)" which was not only rooted in the Lagos Plan of Action of 1980, but also aimed at radically changing the production and consumption patterns of the continent, enhancing socio-economic transformation; accelerating economic growth and development, and intensifying regional economic integration and co-operation. However, APPER was preoccupied with identifying and correcting policy errors of the past while encouraging free market forces (Ake, 1996). The focus of the development paradigm was to remove identifiable constraints from the economies of the continent though policies such as better prices for the agricultural products, provision of extension services and infrastructures. However, many nationalist rulers in Africa succumbed to the impact of colonialism and conditional assistance while foreign powers blamed African crisis on corruption and mismanagement of the economy.

The Bretton Woods institutions soon introduced the economic adjustment model of development that was uniformly implemented across the continent regardless of the prevailing conditions. The structural adjustment programmes insisted on austerity measures, based on market forces. Like previous neo-liberal models, SAPs would ensure that the continent remained the supplier of primary commodities to the global market while importing manufactured products from other regions. The programme was widely and uniformly adopted in Africa in a manner

suggesting that the IMF/World Bank medicine was suitable for all African states despite their very different economic ills. Ake argues that the ruling elites, whose economies were in danger of collapse, feared the hostility of the industrialised nations, which insisted that SAPs are the only way out of the prevailing economic crisis. The Bretton Woods institutions argued that development would occur faster if marketism assumed a central role in the economy. Subsequently, the state was forced to restructure its enterprise (state-owned-enterprise) and rationalise its operations. The state thus became a facilitator in the development process. As the economic conditions of Africa remained unresolved, other international organisations such as UNICEF, UNDP and UNECA criticised SAPs for lacking a human face. If anything, SAPs have a human mask and not human face, surely.

As Ake argues, UNECA (1989) was responsible for designing an alternative development model to the SAPs. The Africa development model was called "Africa Alternative Framework to SAPs for Socio-Economic Recovery and Transformation", which rejected the economic adjustment measures articulated by the neo-liberal school of thought, such as drastic currency devaluations which are associated with rising inflation, a high cost of imported inputs, capital flight and the entrenchment of traditional exports, import liberalisation which exposes endogenous industries to foreign competition, too much dependence on external resources and free market enterprises which distort national priorities.

UNECA also suggested selective subsidies and price incentives as well as advocating for increased supply of essential commodities to support welfare and development. The above illustrates how economic nationalism became central to Africa, especially during the early years of self-determination. However, lack of domestic resources inhibited this initiative. In fact, African ruling elites are known to talk about self-reliance while abrogating the responsibility of mobilising resources to foreign powers.

Meanwhile, market intervention became dominant in the continent largely because of the manner in which the global forces were able to mobilise resources to support its implementation. Most African states have balance of payment difficulties, while the donor community finances a significant proportion of their budget. Zambia, Mozambique and Zimbabwe continue to experience economic crisis, largely characterised by rising poverty, huge debt burdens, declining export performance as well as socio-economic disharmony. As a result, African states, particularly those in Southern Africa, became vulnerable to Western driven ideologies and grandiose economic reforms. While some leaders might appear to strongly resist economic adjustment, particularly as it exposes the state to the electorate, they remain silent on the strengths of readily available resources.

Meanwhile, seven countries in Southern Africa, namely, Malawi, Mauritius,

Mozambique, Lesotho, Tanzania, Swaziland, Zambia and Zimbabwe adopted Bretton Woods sponsored economic adjustment programmes with harsh conditionalities. For instance, the IMF/WB institutions wanted to influence the foreign policies of recipient countries in terms of who they should associate with, they linked external assistance disbursement to fiscal deficits, and fiscal allocations to the public sector, as well as emphasising such values as the rule of law, good governance, democratisation and transparency. In some instances, country-donor relations became increasingly sour, thereby forcing donors to cut and/or withhold aid. Some SADC member-states, namely Botswana, South Africa and Namibia, adopted home-grown neo-liberal development models without recourse to the IMF/WB imposed economic adjustment. However, despite these countries' pursuit of marketism, the level of development still remains relatively low. It can therefore be argued that development in the region in a situation of minimal state intervention remains low when compared to the era of economic nationalism, which seems to have recorded higher levels of social development. This therefore raises the question of what development trajectory each one of the SADC member states should follow vis-à-vis the central problem of weak state intervention against the backdrop of continued socio-economic crisis. Meanwhile the pursuit of "fiscal discipline", retrenchment of the state from the market and privatisation policies, which seek to open up markets for capitalism, augur well for the triumph of global capitalism.

A slight shift in policy was noticed in 1997 when the World Bank began to de-emphasise marketism as the driving force for development. The World Bank Report (1997) sees the state as being central to economic and social development, not as a direct provider of growth, but as a partner, catalyst and facilitator to development. This view is largely influenced by the success of the state's role in the "miracle" economies of East Asia where the rules and institutions allow markets to flourish while people's lives substantially improve. Indeed, in the continent, post-colonial governments have helped to deliver substantial improvements in education and health as well as reducing social inequality. This is the same position that has been maintained in a recent World Bank report entitled "Can Africa Claim the 21st Century?" which is advocating an assertive leadership that complements the role of market forces in development. The same state should subscribe to the global notions of good governance, rule of law, transparency and democratisation, which invariably facilitate the participation of capitalism in the economy.

The New Partnership for Africa's Development (NEPAD) evolved on the basis of a quest for a Pan-African path of development initiated first by a few African leaders and later endorsed and adopted by the OAU/AU. Although NEPAD diagnoses Africa's economic malaise in part, as a result of colonial underdevelopment, globalisation and structural adjustment programmes, the irony is that the programme looks up to the Western industrialised world through aid, trade and investment

flows for a panacea to continent's underdevelopment. For instance, the African leaders proclaim that NEPAD is a call for a new relationship of partnership between Africa and the international community, especially the highly industrialised countries, to overcome the development chasm that has widened over the centuries of unequal relations" (NEPAD, 2001:2). Furthermore, although NEPAD seems to embrace a market-driven economic development path, the programme is rather ambiguous on the role of the state in the development process.

Policy Challenges Posed by Nepad for the SADC Region

Southern African economies have serious structural impediments such as limited external resource flows and declining terms of trade, which in turn hinder development as well as effective mobilisation and utilisation of scarce resources. The much-vaunted external flows of resources into the regional economies through foreign direct investment, trade receipts, external support and debt relief have not been realised. This is more so in those countries that have been under the support of the Bretton Woods Institutions. The failure therefore to realise significant flows of external resources in an environment characterised by free market forces does not augur well for economic adjustment programmes that are based on external financial resources. In this context, NEPAD, just like other previous programmes, may fail to live up to expectations. This shows that the NEPAD initiative does not necessarily present an alternative development paradigm from previous models and initiatives in support of the Africa's developmental agenda.

One of the goals of NEPAD is that development in Africa would be sustained by a high average economic growth rate of 7 percent per annum for the next 15 years. Over the same period, about US\$64 billion would be sourced from the developed countries. There is a possibility that like the economic reforms which were wholly supported by the Bretton Woods Institutions, NEPAD may only be selectively implemented in Africa. Already, Southern Africa presents an illustrative case in which foreign driven development strategies benefit only selected member states. This was the case with the United States Africa Growth and Opportunity Act (AGOA), which excluded Angola, the DRC, Swaziland and Zimbabwe. Similarly, the decision by the Western countries to impose "targeted" sanctions against Zimbabwe also amounts to exclusion. This will serve not only to fragment the economies of the region, but more importantly will compromise regional integration. It has therefore serious implications for autonomous development of the continent and is likely to worsen the already severe economic crisis.

Ake (cit, in Tandon, 2000) argues that globalisation is the march of capital all over the world in search of consumers and markets. It is this philosophy that the WB and the IMF have adopted and used to demonise the post-colonial state in spite of evidence of successful development and transformation after independence, and

failures of economic reforms in the sub-region and beyond. Throughout the region, market reforms have failed to develop the productive sectors and thus contributed to the demise of industrialisation strategies. Despite embracing economic reforms, the sub-regional industrial base has remained narrow, leading to limited export performance largely characterised by mono-commodities. Table 1 illustrates the heavy dependence of Southern African economies on primary export commodities that are also facing limited markets dominated by the European Union (EU). For instance, as table 1 vividly illustrates, such countries as Botswana, Malawi, the DRC and Zambia rely heavily on diamonds (79 percent), tobacco (62 percent), diamonds (58 percent) and copper (50 percent), respectively for the generation of export earnings. The same table also shows that the sub-regional countries export similar commodities, dominated by such products as copper, diamonds, tobacco, coffee, fish, tea and prawns. Other countries also generate significant foreign currency from their primary commodities. The key challenge for NEPAD, therefore, is the extent to which it will transform Africa's enclave and dependent economies through diversification of the economic base and industrialisation.

Table 1: Commodity dependency of selected Southern African countries

Country	Year	Individual Commodities as a percent of total export earnings	Destination of products
Angola	1999	Diamonds, 12.0	EU; USA; China
Botswana	1999	Diamonds, 79.0	EFTA; EU
DRC	1999	Diamonds, 58.0	EU; USA
Malawi	1999	Tobacco, 62.0 Tea, 9.0	EU; South Africa; USA
Mozambique	1998	Prawns, 25.9	South Africa; Zimbabwe; EU
Namibia	2000	Diamonds, 48.0 Fish, 25.0	EU; South Africa
Tanzania	2000	Coffee, 13.0 13.0 Cashew nuts (unprocessed),	EU; India
Zimbabwe	2000	Tobacco, 15.9	EU; South Africa
Zambia	1999	Copper, 50.0 Cobalt, 14.0	EU; South Africa

Source: calculated from EIU various reports

Meanwhile, most local and regional firms have failed to compete with global producers. Even the adoption of donor sponsored visions such as 2020 (Zimbabwe), 2016 (Botswana) and 2020 (Lesotho), supported by global forces failed to stimulate the level of industrialisation in a number of SADC countries. As a result, the region has remained a marginal player in the global economy, justifying the need for a new alternative model of development.

As argued above, declining terms of trade and huge debt force many countries to allow market intervention. Studies have shown that the external debt crisis that

emerged in the 1980s has worsened, and as such, calls for an appropriate development strategy for the region (Killick and Martin, 1989). At the same time, countries are not only failing to penetrate foreign markets and harness significant flows of foreign direct investments, but are also carrying a huge debt burden that hinder economic growth and development (See Table 2).

Table 2: Foreign direct investment flows and debt of selected countries in Southern Africa, 1999

Country	Total external debt (US\$million)	Total debt service as percent of GNI	Total debt service as percent of exports of goods and services	Net FDI flows as percent of GDP
Angola	10 871	38.6	21.1	28.9
Botswana	462	1.5	2.4	0.6
Lesotho	686	4.6	9.4	18.7
Malawi	2 751	3.9	11.4	3.3
Mauritius	2 464	6.3	9.7	-
Mozambique	6 959	3.3	20.0	9.7
South Africa	24 158	3.8	13.9	1.0
Tanzania	7 967	2.2	15.6	2.1
Zambia	5 853	14.6	46.6	5.2
Zimbabwe	4 666	12.3	25.3	1.1

Source: World Development Indicators, 2001 Note: - means figure not available

As shown in Table 2, countries such as Zambia, Zimbabwe, Angola, Mozambique, Tanzania, South Africa and Malawi have huge debt problems that are consuming 46.6, 25.3, 21.1, 20.0, 15.6, 13.9 and 11.4 percent, respectively of total receipts from their limited export of goods and services. Indeed, some of these countries, particularly Malawi and Zambia, are so poor that the debt burden is not only retarding economic growth and development, but has also become economically exhausting and unsustainable, politically destabilising and ethically unacceptable. As a result, an initiative to cancel the huge debt that is no longer sustainable in such countries as Malawi, Mozambique, Tanzania and Zambia, in order to facilitate socio-economic development is not bearing fruit. The same countries also rely on one main export product as shown in Table 1 above. This not only illustrates the vulnerability of the countries to global forces and their failure to diversify from the traditional unprocessed exportable products, but also the extent to which development is affected, especially after the demise of economic nationalism.

Although the economic decline can be traced right from the pre-independence era to the era of economic nationalism, the failure to turn around the fortunes of the economy through economic reform programmes and policies also hinges on the

failure to implement meaningful debt elimination strategies.

The highly indebted poor countries (HIPC) initiative has its own conditions, which have to be fulfilled by any prospective country before qualifying for the scheme. For example, Mozambique was forced to open up its cashew nut industry by sending raw nuts abroad for processing. This is despite the presence of a local processing plant. As a result, the country is now fetching lower prices from its cashew nuts while thousands of Mozambican workers are losing their jobs as the industry shrinks. According to Jubilee 2000, Zambia will be paying substantially more to IMF/WB and other creditors between 2001 and 2005 than before (See Table 4). It is also reported that Tanzania, which owes foreign donors about US\$7 billion, will be paying US\$150 million a year compared to the US\$87 million spent on health in the 1999 budget. All these show the limitations of the HIPC initiative in respect of reducing the impact of foreign debt

NEPAD has identified FDIs as a vehicle through which development in the continent will be financed. However, studies have shown that the region is not a favorite destination of FDIs, as in many cases, their flow is largely influenced by the nature of relationship between the states and investors (both domestic and foreign). For instance, Zambia, Malawi and currently Zimbabwe have experienced cold diplomatic relations with industrialised countries resulting in falling FDIs flows. This means that the continued political reforms in the region characterised by covert and overt conflict between imperialist hegemony and national sovereignty (Matlosa 2002) will surely influence FDI flows contrary to the optimistic expectation of the NEPAD paradigm.

Industrialised countries pledged to increase the flow of foreign aid to developing countries with "sound" social and economic policies. But in Southern Africa, on a number of occasions donor aid has been withdrawn from some countries for various reasons. The official development assistance (ODA), which consists of concessional financial flows that aim to promote economic development and welfare to Southern Africa, has been falling (African Development Indicators, 2001). Kwasi (2002) has also revealed that aid to Sub-Saharan African countries fell from US\$17.2 billion in 1990 to US\$12.3 billion in 1999. This is despite the fact that some countries had religiously followed "sound" economic and social policies. For example, Mozambique, one of Africa's poorest countries with a strong track record of implementing policy reforms saw aid dwindling from US\$1 billion in 1990 to US\$118 million by 1999.

DRC, Lesotho, Malawi, Mauritius, Tanzania and Zimbabwe recorded declining trends in net ODA flows over the same period. It thus becomes clear that aid is no longer a developmental instrument, but rather a vehicle to globalise capitalism and

entrench imperialist hegemony. For example, due to the sound economic and political environment, donors are pulling out of Botswana while allegations of bad governance and a poor human rights record among other political and economic ills led the same donors to pull out of Zambia and Malawi in 1990 and 1992, respectively, and more recently Zimbabwe. Studies have also shown that since the adoption of economic reforms in Africa in general and Southern Africa in particular, the influence potential of aid has been extended beyond the realm of economic policies to include new conditionalities of good governance, respect of the rule of law and environment, the observance of human rights and the holding of free and fair elections. This illustrates how donors use aid to advance their commercial interests as well as their diplomatic and political objectives. Whereas economic adjustment has contributed to development in Southern Africa, foreign aid has not led to the much-vaunted trickle down effect (Matlosa, 2000 and Mwanza, 2000).

By focusing on poverty reduction and the promotion of economic growth and development, NEPAD seems to mimic the World Bank development paradigm. However, the model largely remains a statement of intent for the resources to implement it are expected to come from the developed countries. It appears that this is the major weakness of NEPAD, as lack of regionally or continentally mobilised resources will have a significant bearing on the success of NEPAD. At the moment, many states lack the capacity to articulate their interests. This is so largely because the region is currently under focus and the political leadership has chosen to politically support each other under serious threat from the Western countries. A "show down" is looming between the regional leaders and the international donor community regarding the situation in Zimbabwe. Regional leaders have endorsed the just ended Presidential election results, while the developed countries criticise the process as flawed. Against this background there can be neither a good partnership with the donors, nor any financing. Meanwhile Presidents Mbeki of South Africa and Obasanjo of Nigeria are mediating in the Zimbabwean political stalemate, whose process is closely monitored by the foreign powers, particularly the UK, EU and USA. The puzzle continues in that lack of an amicable solution to the Zimbabwean political stalemate may mean failure also for these countries to sell the model to Western countries. Indeed, events in Zimbabwe and the new development paradigm have future implications for the region and the continent.

Some countries in the region have poor facilities and inadequate systems of enhancing human capital formation, despite having sustained expanded educational and training systems during the first decade of independence. The adoption of economic reforms reversed all the gains that such countries as Malawi, Zambia and Zimbabwe had achieved soon after self-rule was attained. Economic reforms led to the adoption of cost recovery measures against the backdrop of rising poverty. The second was the contraction of the industrial base, which led to a massive exo-

dus of highly trained people to the industrialised countries (brain drain). Southern Africa is among those regions with a high brain drain, hence the notion that the region is actually a training ground for developed nations. This trend is undoubtedly inimical to development, and any developmental paradigm should address this dilemma (Matlosa, 2001). This therefore calls for a well-defined role of the state in development. In this case, NEPAD seeks to reverse the brain-drain from the region by attracting much-needed foreign direct investment. But, as illustrated in Table 2 and Table 4, the flow of FDIs to the region has remained largely unimpressive.

Conclusion

The role of the state in development has been an issue of heated debate at theoretical and policy arenas in the Southern African region especially since the attainment of independence in the 1960s. Two main alternative or contrasting development agendas that have driven the debate were those of the nationalist political elite on one hand and those of foreign capital on the other. The former espoused what in ideological and policy terms could be described as economic nationalism. The latter espoused what could be described as economic marketism. State intervention, as a key policy thrust of a development process is much stronger in respect of economic nationalism, which in itself is an expression of the political commitment of African states to chart an autonomous development path. Economic nationalism and state interventionism, however, have not yet been sufficiently embedded in the development processes in Southern Africa. The more influential development paradigm that has driven the vision and destiny of the region thus far is clearly economic marketism, which has placed a higher premium on market as key agent of development and rolled back the state. It is quite obvious that this development paradigm would not bring about autonomous development for the region, but rather enclave economies integrated into the global capitalist world in an unequal and dependent fashion and as such unable to achieve the key goals of regional integration (SAPES/UNDP/SADC, 2000).

It is thus imperative that Southern African states strive towards market-friendly state interventionism in the development process. As Mengisteab and Logan rightly remind us, no single system in the whole world has a completely laissez faire market. They, therefore conclude that complementarity between the state and market is the key route to follow in this post-adjustment period. In their own words, these authors put their argument as follows:

Resource allocation by the self-serving state is clearly incompatible with socio-economic development. However, the market's trickle down process, by itself, is also insufficient to redistribute resources in a manner that would alleviate poverty, transform the larger subsistence sector and promote an environment-friendly system of production. Hence a democratic state that would be more likely to allocate resources in response to social needs becomes imperative (1995:292).

This quotation wraps up and in essence sums up the argument of this paper. The challenge confronting NEPAD as a continental development initiative relates precisely to this balance between states and markets. It is this balance that will determine the policy and ideological thrust of NEPAD. It is this balance that will be crucial in determining whether NEPAD leads the Southern Africa region towards autonomous development or simply perpetuates dependent/enclave development. This critical balance will also play a key role in terms of the success or failure of the regional integration process that has made such tremendous progress thus far compared to other regions of the continent.

By way of conclusion, this paper explicitly advocates for formal and institutionalised partnership between state and markets in the development process in Southern Africa if NEPAD is to deliver desirable policy results for SADC. This proposition, however, is not necessarily new, as other scholars have argued for it earlier on although focusing generally on the African continent and not specifically on the SADC region (see Mengisteab and Logan, 1995; Kayizzi-Mugerwa, 1998). Mengisteab, in particular, isolates three main factors why the state-market partnership provides a sort of panacea to Africa's development malaise:

- ▼ the African state, as represented by state-owned enterprises (SOEs), has been self-serving and inefficient at meeting the needs of large segments of the African population;
- ▼ although the market may be efficient at maximising returns from scarce resources, its optimal conditions may not always be consistent with the realities of the African political economy; and
- ▼ despite the shortcomings of the state, neither a workable market system, nor sustainable development are likely to be obtained without considerable state participation (Mengisteab, 1995).

Finally, an effective state interventionism within the condition of regulated markets will, of necessity, require that the state itself is sufficiently democratised. To what extent does NEPAD intend to go the route of democratising the state and governance regimes in the Southern African region? These are critical matters that require in-depth research and this paper simply attempts to suggest possible key policy research areas for the SADC region as NEPAD is launched.

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SMALLHOLDER AGRICULTURE IN SOUTHERN AFRICA

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Background

A large proportion of the population in Southern Africa (60-90 percent) live in rural areas and are mostly smallholder farmers whose livelihoods are tied to subsistence agriculture and limited non-agricultural activities. The agricultural sector contributes significantly to the economies of most countries in this region (Agriculture contributes about 35 percent of the Gross Domestic Product (GDP) of Southern Africa, employs 70-80 percent of the total labour force and contributes about 30 percent of the region's foreign exchange earnings (Abalu and Hassan, 1999). A highly dualistic agricultural sector exists in most Southern African countries mainly as a result of pre-independence policies and legal provisions between the large commercial farming and the smallholder sectors (dualism is most evident in Zimbabwe, Namibia, South Africa and to lesser extent in Zambia). The contrast between a dynamic, well-organised and supported commercial farm sector (located in areas of good soils and high rainfall) and smallholder farming areas is evident, yet both production systems exist under the same policy and institutional environment. There is a growing feeling that most of the existing policies are conducive to large-scale agricultural operations and are not necessarily supportive of smallholder agriculture. These institutional constraints need to be urgently addressed to unleash the potential contribution of smallholder agriculture to national economies, employment and income generation. The requisite agricultural policies should not only focus on promoting an increase in agricultural outputs and increasing food production but should transform the smallholder sector to generate higher sustainable farm incomes, employment and create the basis for the increased transfer of resources currently utilised in agriculture to other growing sectors of the economy.

Since independence in most Southern African countries, agricultural institutions have been in transition from supporting colonially oriented large scale farming production models to supporting the majority of marginalised resource poor smallholder farmers (Rukuni, Blackie and Eicher, 1998). Post independence African managers have been forced to grapple simultaneously with five complex transitions, which ultimately influence the productivity and competitiveness of African agriculture. These include:

- ▼ managerial transition from colonial to local administrators
- ▼ scientific transition from expatriate to indigenous scientists
- ▼ financial transition from dependence on financial support from colonial governments and large scale farms to mobilising support from local governments and donors
- ▼ political transition from commercial farms to smallholders in dual agrarian societies and
- ▼ transition from public to private institutional forms, and new forms of public/private/NGO partnerships.

Post colonial governments in Africa either inherited or created over centralised systems and inefficient bureaucracies with long, non-participatory planning and decision-making processes. These have over the years created a situation of spoon-feeding, lack of ownership and a sense of powerlessness among the grassroots producers. Development economics literature provides little guidance on institutions in transition and how to develop effective smallholder driven support services. The absence of effective farmer organisations has led to top down delivery of services to farmers. There is no balance between supply-side research, extension services and demand-driven public sector agricultural organisations. It has become apparent that public sector organisations have not actively supported the growth of farmer organisations resulting in their lack of effectiveness and trivialisation. The managers are thus caught in a paradigm shift, from supporting large scale farming systems to supporting smallholders. They have been found wanting since they continue to apply inappropriate service delivery models to the smallholder sector, that is very likely to dominate agricultural production in Southern Africa in the future.

Extension services are hardly accountable to farmers that they serve. They are delivering stale messages and are unable to forge new business-oriented partnerships with emerging smallholder farmers. There is need to determine the extent to which public sector agricultural organisations have built effective coalitions with smallholder farmers, so as to be more demand driven and accountable to the rural society.

The major factors affecting the performance of agriculture in Africa can be grouped into five categories namely; policy, environment, institutions, technology and infrastructure. Many noble policies and reform programmes have failed to recognise meaningful impact because of institutional failure and poor implementation strategies.

The Rationale of the IDEAA Regional Programme

African governments in the post-independence era have invested a lot of resources to support smallholder agriculture through the provision of extension, marketing and credit. These investments have not yielded the expected results and smallholder farmers in most countries in Southern Africa have become less productive and poorer in real terms in the last couple of decades. Most of the rural households are food insecure and lack some of the basic requirements of livelihood security. The Initiative for Development and Equity in African Agriculture (IDEAA) has identified weaknesses in agricultural service delivery institutions as a constraint to increased smallholder agricultural productivity. The premise of the IDEAA regional programme is that smallholder farmers in Southern Africa can only increase productivity when service providing institutions become more innovative and respond appropriately to this clientele group. The programme recognises that most institutions servicing smallholder agriculture were not designed with the smallholder farmer in mind, but rather to service large scale commercial farming. Their service delivery strategies were modelled around situations and conditions alien or foreign to the African smallholder farmer. Transformation of such institutions and the prevailing policy environment is a prerequisite for the development of smallholder agriculture within the region.

A major challenge that faces African policy makers is deciding on desirable institutional forms for agricultural service provision. To date, private sector response to needs of individual farmers has been low and the emergence of alternative institutions is not yet much evident (Delgado, 1998b). The culture of payment for services has been weak in the smallholder sector largely because of its link with poverty. Promoting smallholder agriculture through improved access to production inputs and support services requires institutions to share risks and to overcome economies of scale.

The IDEAA Regional Programme

The IDEAA regional programme is an agricultural development initiative with the overall objective of improving the productivity of smallholder farmers in Southern Africa. The programme is active in Malawi, Zimbabwe, Botswana, Swaziland, Lesotho and South Africa. In South Africa the programme is in the 3 provinces of Northern Province, KwaZulu-Natal and Eastern Cape. The latter (three provinces) have the highest proportion of smallholder farmers in South Africa. The Rockefeller and WK Kellogg Foundations jointly funded phase one of the IDEAA programme.

The major objective of the programme is to contribute towards the commercialisation of smallholder agriculture in the southern African region. The programme expects to make an impact in the following areas:

- ▼ transforming service delivery institutions to become more responsive to

- smallholder farmers' needs with appropriate emphasis on gender.
- ▼ promoting integrated service delivery to smallholder farmers.
- ▼ increasing the productivity and sustainability of smallholder farming.
- ▼ empowering smallholder farmers, particularly women, to demand and effectively utilise services that are provided by support institutions.
- ▼ facilitating the transformation of the policy and regulatory environments in which smallholder farmers operate.

The problem identified by the IDEAA programme is the lack of a relationship between smallholder farmer's requirements and the services that institutions are willing and able to provide. The service providing institutions have been found to be unreceptive to the needs of the farmers, while the farmers on the other hand have not adequately or successfully demanded (or utilised) the services provided by these institutions. This poor interaction of the service institutions, the farmers' micro-environment and the macro-environment has resulted in smallholder farmers being trapped in a vicious cycle of low production and poverty. The philosophy behind the IDEAA initiative is that, demand driven service provision and farmer empowerment leads to improved smallholder agricultural productivity.

During Phase 1 (Phase 1 of programme implementation was initiated in August 1997 and ended in January 2001) of programme implementation, the IDEAA programme worked with selected communities that were engaged in commercial agricultural activities. These were used to inform both institutional and policy reform interventions. The following are summaries of pilot projects that the various IDEAA teams engaged in during the first three years of programme implementation.

Zimbabwe: The programme team identified two newly established community projects on smallholder dairy production in Sadza and Wedza districts. The team dealt with the challenges of facilitating the establishment of the following;

- ▼ breeding stations that would produce adapted crossbred dairy cattle
- ▼ fodder banks and pastures to provide adequate feed for improved dairy cattle
- ▼ milk collection and processing plants
- ▼ marketing milk and its products
- ▼ introduced a system of cultivating wetlands called "Ngwarati" which allowed production of field crops and vegetables through out the year, under dry-land farming conditions.

To date the programme team has facilitated the procurement of Holstein Friesland and Red Dane dairy cows by the farmers, developed fodder banks, and introduced technologies for silage preparations. A facility was opened within the Commercial Bank of Zimbabwe (now known as the Jewel Bank) to support dairy operations of individual households within the project area. This facility will be

extended to other groups of farmers once the pilot project farmers become "bankable" and appropriate institutional arrangement have been put in place.

Other Projects: Project teams in other countries were engaged in the following activities:

- ▼ The team in Botswana addressed the failure of co-operatives and group projects supported by the government sponsored Financial Assistance Programme. Project communities were given training in poultry and horticulture management and the programme facilitated the attachment of an extension worker to the project groups, that resulted in a significant improvement in overall productivity. The success of IDEAA interventions will provide a model for resuscitating other similar projects and planning for future projects.
- ▼ In the Kingdom of Swaziland, the project was in the Tikhuba community in the Lubombo Plateau. The project community was previously engaged in an integrated farming system involving single species aquaculture, broiler production and traditional apiculture. This project was not thriving due to the failure to secure working capital, inputs and markets. The IDEAA team made the following interventions; encouraged the intensification of four commodities (apiculture, multi species aquaculture, broiler production and banana production) using an integrated production system; value addition of farm produce through processing and packaging; and introducing new technologies to improve the efficiency of production processes.



IDEAA promoted diversification: Promoting aquaculture in Swaziland

- ▼ The project in Lesotho identified a collapsed poultry co-operative at Mohale's Hoek district of Makaling. The poultry enterprise had been equipped and managed by a German technical officer who left the country at the termination of his contract. The members of the co-operative had failed to sustain activities at the project site leading to its collapse. The IDEAA team facilitated the resuscitation of the co-operative by stimulating ownership by

local support institutions (including the local community) and the refurbishment of the infrastructure.

- ▼ The KwaZulu-Natal team identified the Inqe Maize Milling Project in the emaNgwaneni community of Bergeville. The milling plant was established (within the village) by the National Department of Agriculture but was not operating at full capacity because of shortages of maize grain. IDEAA facilitated the improvement of maize production in the area through networking with input suppliers and providers of extension services. To date the milling company has improved its maize holding capacity and the communities have been motivated to increase the quality and quantity of the maize that they produce.
- ▼ In the Eastern Cape, the Tshatshatsha Project was initiated by IDEAA to engage families of retrenched workers from mines in Johannesburg in food production activities, thus reducing their dependence on welfare and pension remunerations. IDEAA initiated the cultivation of maize, beans and cabbages in the community (at a commercial scale) through the involvement of the local departments of the Ministry of Agriculture.
- ▼ The Northern Province IDEAA team addressed the poor productivity of numerous irrigation schemes that were established during the *"apartheid era"*, to remove black people from lands identified for commercial use. Most of these schemes have collapsed and the irrigation equipment has been pillaged. The programme team identified the collapsed Baleme Irrigation Scheme in Marble Hall as a case study to illustrate how improved support by service institutions could resuscitate the co-operative.
- ▼ In Malawi, the IDEAA team addressed the problem of household food insecurity in rural areas resulting from low maize yields and the heavy dependence on maize for income generation. The team facilitated the following processes; introduction of the use of fertiliser (organic and inorganic) and hybrid maize seed; encouraged diversification through the introduction of cash crops like tobacco and green vegetables to improve household incomes; appropriate irrigation technologies to support vegetable production during the dry season; marketing of produce to the Agricultural Development and Marketing Corporation.

Programme Strategies

The following strategies were utilised:

- ▼ the Fellowship Programme
- ▼ promoting integrated service delivery
- ▼ community advocacy
- ▼ networking
- ▼ introducing innovative technologies to accelerate commercialisation.

The Fellowship Programme: The programme recruited key individuals within five targeted service delivery institutions into a fellowship through which they were sensitised on development issues and constraints confronting smallholder agriculture. They were exposed to processes that gave them the capacity to become change agents to spearhead the improvement of the delivery of services by their host institutions. The long term goal of the fellowship programme was the development of a critical mass of change agents within each key institution to bring about meaningful transformation of service delivery. These targeted institutions included; strategic departments within the Ministries of Agriculture (especially planning, marketing, research and extension), financial institutions, NGOs in rural development, and universities (agriculture and social studies). In each country, change agents worked in multidisciplinary teams within a selected community that was engaged in some agricultural activity. The change agents worked with project communities to diagnose and identify problems of service delivery by their host institutions and subsequently influenced their host institutions to develop innovative ways of providing improved services to the project communities. The fellowships were also awarded to four very senior policy makers (like Permanent Secretaries, Deans of agricultural faculties, Directors of Farmer Organisations, Chief Executives and Directors of key institutions) within each country programme. These senior policy makers formed the Country Implementing Council (CIC) that utilised the experiences of change agents in pilot projects to engage the policy environment. Project communities also used the fellows and CICs as an entry point for engaging the respective service delivery institutions. The premise of the IDEAA programme was that since national institutions hosted its fellows and CICs, successful lessons from engagement with project communities would be institutionalised at a national scale.

Promoting integrated service delivery: One of the major concerns to efficient service delivery is the compartmentalisation of delivery institutions. The lack of co-ordination and synergy between extension, research, financial and marketing institutions has been the major cause for the numerous reported cases of institutional failure in development programmes for smallholder agriculture. The IDEAA programme believes that the provision of integrated services to farmers will provide sustainable solutions and ensure an efficient utilisation of scarce resources.

Community advocacy: Smallholder farmers, through their unions and commodity groups, were facilitated to advocate for improved service delivery by agricultural institutions. IDEAA change agents and partners worked with farming communities at the pilot sites, farmer groups and unions to build their capacity to advocate for the transformation of service delivery institutions. The programme also initiated programmes to develop farming communities, groups and unions to demand and utilise (or receive) services from agricultural institutions.

Networking: The programme also formed alliances with rural development NGOs including regional and international organisations to mobilise human and financial resources to improve the operational environment of smallholder agriculture within member nations and within the region.

Introducing an innovative technology to accelerate commercialisation: The programme promoted the use of innovative technologies within the project communities. Introduction of these simple technologies through participatory processes helped to open up new income streams for the project participants and were even adopted by surrounding communities.



(Left) Utilisation of wetlands by IDEAA Zimbabwe has created interest in sustainable utilisation of these fragile environments.

(Right) IDEAA promoted the use of affordable technologies: Treadle pump being used for irrigation in Malawi



Impacts of the IDEAA Programme

Despite the short period that the programme has been in operation, significant impacts have been realised in the following areas:

- ▼ increasing the productivity of smallholder farming communities
- ▼ provision of input credit and opening markets to smallholder farmers
- ▼ addressing the policy environment affecting smallholder farmers
- ▼ empowerment of smallholder farmers
- ▼ introduction of new technologies to farming communities
- ▼ incorporating experiences from the programme into the curriculum of agricultural colleges and universities.

Increasing the productivity of smallholder farming communities

The dairy project in Zimbabwe was previously frustrated by low milk yields resulting from the utilisation of indigenous (local) breeds. The IDEAA programme facilitated the supply of improved dairy breeds (Holstein Friesland and Red Danes). Introduction of these dairy breeds complemented with the development of fodder banks has increased milk yields by more than 30 percent. The IDEAA team is currently making arrangements with two research stations (Henderson Research Station in Mazowe and Grasslands Research Station in Marondera) to breed dairy animals that are adapted and are high yielding. Farmers have constructed centralised milk collection centers in which raw milk will be value added into yogurt and sour milk. The wetland cultivation project has converted a previously underutilised land resource into very productive cropping land producing green maize, rice, beans and wheat. Produce from the project is sold to local communities, rural hospitals and boarding schools.

In Malawi the average maize yield for farmers that were engaged with the IDEAA programme was estimated to be 2 350 kgs/ha (representing a 161 percent increase) in 2000 from the average 900 kg/ha that was harvested before the inception of the programme. This was the first time in the history of the three villages of Chaguzha, Mwansala and Nabwenje, that farmers produced enough maize grain to sustain them for the whole year. Farmers have also opened up new lands for growing cash crops like tobacco and green vegetables.

In Tshatshatsha (Eastern Cape) more than 10 hectares of land has been opened up for cropping. These fields are holding their first crop of maize, spinach and beans. The irrigation community of Gcinisa has opened up new cropping land under cabbages, carrots, beans and tomatoes. In response to the incentive of the high maize selling prices offered by the Inqe Maize Milling plant the farmers (in Bergville, KwaZulu-Natal) cropped more than 250 hectares of maize under dryland conditions and 20 hectares under irrigation in 2000. In the Northern Province the 157 farmers of Elandskraal Balemi Irrigation have rehabilitated more than 168 hectares of irrigated land and are engaged in market gardening, growing crops like groundnuts, spinach, cabbage, tomatoes, onions, beetroot and cotton.

Opening markets to smallholder farmers

In Swaziland the farmers at the Tikuba project site in Swaziland were failing to scale up their production because of the lack of reliable marketing outlets within the area. The National Marketing Board (NAMBOARD) that hosts an IDEAA fellow attached a sales manager in Tikuba whose function was to inform project farmers and neighbouring farmers on products and quantities that are required by the market. The sales manager also developed a planting programme that ensured a consistent supply of horticulture produce to the market. Plans are

currently underway to establish a poultry processing facility at Tikuba. This facility will process and sell all broiler chickens produced by communities in the district (surrounding the project area).

Addressing the policy environment affecting smallholder farmers

The cultivation of wetlands in Zimbabwe is outlawed by the Natural Resources Act, that regards these as fragile environments that need protection. However this legal instrument has resulted in under exploitation of 10 percent of the available national land area that is covered by wetlands. The cultivation of the wetlands in Wedza has shown that this fragile environment has the capacity to support crop production (without irrigation) through out the year, without depleting the water table and with minimal amounts of soil erosion. The attention that the Wedza wetland has received from senior policy makers has resulted in the interrogation of the prohibitive Natural Resources Act. To date there is a nationwide consultative process to establish the benefits and penalties of cultivating wetlands. If proper guidelines are developed for the utilisation of this land resource, it will release a large tract of underutilised agricultural land for cultivation by smallholder farmers, a strategy to mitigate the frequent draught seasons.

Empowerment of Smallholder farmers

The Ramonaka Horticulture Cooperative (in Botswana) was about to break down because its members were neglecting their work shifts, and instead preferred to engage in private (individual) projects on their homesteads. The members of the co-operative were also not exposed to other forms of co-operative/collective models. The IDEAA team in Botswana organised a tour to different co-operative projects in the neighbouring Northern Province. The farmers were motivated by the interactions that they had with their peers and restructured their co-operative when they returned to their homes. The new model thus used the scale effect of the cooperative to source for inputs and for establishing channels for marketing their produce. They subdivided their field into individually owned and managed plots. To date their production has trebled and other members of their families have been motivated to join in some field operations.

Improvement to the course content of agricultural colleges and universities

The IDEAA programme exposed its fellows and CICs to practical experiences that improved their knowledge of smallholder agriculture in Southern Africa. A majority of these individuals worked in learning/teaching institutions like universities and agricultural colleges used these experiences to:

- ▼ improve on the existing teaching curriculum by introducing concepts that were derived from their involvement with IDEAA. In Malawi, the agricultural college at Bunda College of agriculture was enriched by the engagement of

its teaching staff in IDEAA activities. The staff benefited from exposure in concepts of rural development and use of participatory methodologies. The college initiated curriculum review in order to have demand driven courses with emphasis on entrepreneurship development of students.

- ▼ develop case studies for teaching purposes - The Department of Agricultural Economics and Extension at the University of Zimbabwe integrated case studies from IDEAA into its postgraduate programme.
- ▼ include courses on Smallholder agriculture in their teaching curriculum - The universities in South Africa that were participating in the programme (namely, University of the North and University of Transkei) were exposed to best practices in smallholder agriculture from Southern African countries that were engaged in this sector for longer periods.
- ▼ involve their students in research projects at IDEAA project sites - most universities involved their students that were undertaking special studies and theses with IDEAA to address problems faced by communities.

Insights Into Programme Strategies

Institutional Transformation

The IDEAA methodology to engaging institutions in the improvement of service provision was facilitated through the utilisation of change agents (fellows) that held strategic positions within the targeted institutions. Such individuals were capacity built with transformational leadership skills that they were expected to apply in changing the service culture of their institutions towards smallholder agriculture. This strategy had mixed success in achieving institutional reform because;

- ▼ *Most of the fellows were too junior within their host institutions to spearhead change:* Most fellows were middle managers that did not have a significant influence in the policy-making organs of their host institutions. Such individuals were too junior to change the operating strategies of their host institutions to improve access to services by smallholder farmers. Successful experiences occurred only when fellows were supported by Country Implementing Councilors (CICs) who were senior policy makers as was illustrated by the case study from Malawi. The powerlessness of these fellows forced them to work from outside their institutions resulting in their failure to institutionalise IDEAA best practices of service delivery. However, the investment of developing individuals' *in-situ* (i.e. within their host institutions) ensured that relevant interventions were made in improving their overall performance. Most fellows received very good performance appraisals and were subsequently promoted to higher-level positions within their institutions. The IDEAA strategy of investing in these fellows is likely to yield results when these fellows subsequently become senior policy makers (later on) during the development of their careers.
- ▼ *Lack of a critical mass of change agents within each institution to marshal*

institutional reform: The limited resources in the fellowship programme could only support one change agent from each key service delivery institution and five change agents per country programme. The accumulation of a critical mass of change agents within targeted institutions was greatly compromised. IDEAA fellows thus failed to get leverage from a network of change agents that are located in strategic units of their host institutions to drive the agenda of improving the delivery of services to the smallholder-farming sector.

- ▼ *Failure of the programme to directly invest in intrinsic endogenous reform processes that were already taking place in service delivery institutions:* The IDEAA programme was initiated when most institutions within the region were going through a period of restructuring and improving the access to strategic issues (like information, capital and markets) by smallholder farmers. There was a lot of good will by national governments to address the policy and institutional environment in favour of smallholder agriculture. The IDEAA programme failed to make meaningful direct investments to support and elevate these intrinsic endogenous processes towards the development of smallholder agriculture, and hence it lost the opportunity to guide institutional reform processes at a national and regional level.
- ▼ *Inability to capacity build smallholder farming communities to engage the policy and institutional environments:* The most sustainable strategy for improving service delivery, by public institutions, is the creation of advocacy groups among smallholder farmers that have the ability to articulate issues pertaining within their socio-economic environment and demand for improved services and reforms of inhibitory policies. The IDEAA programme was not able to establish meaningful relationships with farmer organisations and commodity associations that it could use as vehicles for demanding both institutional and policy reforms. Such strategies would require the recruitment a critical mass of change agents from the respective farmer institutions and making direct investments in capacity building farmer institutions to influence policies at a local level.

Access to production inputs

The IDEAA programme did not meaningfully address the issues of (i) timeliness of input delivery, (ii) the accessibility and availability of inputs and (iii) the appropriateness of the inputs supplied. Sustainable strategies to ensure for the greater affordability of the inputs were also not developed. Such strategies include :

- ▼ the lowering of transaction costs (e.g., costs of procurement, transportation, storage and processing),
- ▼ the absolute and relative profitability of the use of inputs,
- ▼ the system's ability to induce technological innovations.

Sustainable input supply systems are driven by demand 'pull forces' (Georges Dimithe, *et al.*, 1999). A sustainable input supply system must operate in a way that increases profitability and reduces risks throughout the agricultural input sub-sector and also encourage non-farm income generating activities. Such a system relies on the private sector to lead in supplying agricultural inputs and provides freedom of choice, freedom of operation and equality of opportunity to all economic agents, including farmers. The effective demand represented by business transactions of IDEAA project farmers was too small to attract significant private investment in input supply. To induce greater private investment and more effective input supply systems, there is increasing recognition among scholars and policy makers that national and regional markets must be formed to increase market sizes. Creation of regional markets would require a harmonisation of trade policies and input regulations across member countries.

A major barrier to the intensification of smallholder agricultural projects in Southern Africa is the difficulty that poorly capitalised farmers have in obtaining seasonal credit for inputs. The problems of scarce credit have been compounded by structural adjustment and liberalisation policies. The designing of effective rural financial systems remains one of the most complex development challenges in sub-Saharan Africa (Georges Dimithe *et al.*, 1999). The IDEAA programme needs to explore innovative credit schemes offered by input dealers or within institutional arrangements such as interlocked contracts, out-grower schemes and partnering with other NGOs, or organisations not emphasised in some sites. Under these arrangements credit can be supplied in a way that fits the specific requirements of agriculture and the circumstances of smallholder farmers.

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S.A'S ROLE IN AFRICA'S ECONOMIC RECOVERY

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South Africa's Role in Africa's Economic Recovery

South Africa's regional policy since 1994 has been cast in these terms:

- ▼ in the long run, sustainable reconstruction and development in South Africa requires sustainable reconstruction and development in Africa as a whole;
- ▼ the democratic government must negotiate with neighbouring countries to forge an equitable and mutually beneficial programme of increasing co-operation, co-ordination and integration appropriate to the conditions of the region;
- ▼ the current trade pattern between South Africa and the continent is unbalanced, as regional imports from South Africa exceed exports to South Africa by five to one: a democratic government must develop policies in consultation with our neighbours to ensure more balanced trade;
- ▼ developing the capacity of our neighbours to South African markets requires the democratic government, in consultation with neighbouring states, to encourage and promote industrial development throughout the region in specific sub-sectors such as mineral beneficiation, auto components and textiles;
- ▼ South Africa should also encourage the development of joint mutually-beneficial projects to develop Southern Africa's water resources, electricity, and agricultural and food production; and
- ▼ finally a democratic South African government should encourage technical and scientific co-operation with African countries.

These regional policy elements reflect the fact that trade with the rest of Africa is of considerable importance to South Africa's macro-economic accounts. In 1995 the bulk of exports were destined for Zimbabwe (33.3 percent), Mozambique (14.4 percent) and Zambia (10.2 percent). The main exports to Africa consisted of machinery (11.8 percent), iron and steel (11.8 percent), mineral fuels (11.2 percent), vehicles, parts and accessories (7.3 percent) and electrical machinery (4.4 percent).

Contrary to other parts of the world, higher value-added products were exported to Southern Africa. The more important exports to Zimbabwe consisted of iron and steel (19.4 percent), machinery (15.8 percent), vehicle (10.5 percent) and minerals fuels (5.6 percent). The main exports to Mozambique were mineral fuels

(23.1 percent), vehicles (6.7 percent), machinery (6.0 percent), beverages, spirits and vinegar (5.9 percent) and iron and steel (5.5 percent). The major exports to Zambia were machinery (20.9110) and vehicles, spares and accessories (8.9 percent), with the rest of Africa in 1996 excluding Botswana, Lesotho, Namibia and Swaziland (BNLS), amounted to R13.9 billion, equivalent to 13.6 percent of total exports. More significantly, trade with Africa accounted for about 30 percent of total manufactured exports. A similar pattern of trade is discernable with the SADC countries. Exports to the latter, outside of SACU, amounted to R10.6 billion, with imports of R1.4 billion.

These figures clearly illustrate that in recent years South Africa's trade with the rest of the continent has been increasing considerably. This has a major impact on the national economy. More significantly, however, trade with Africa accounted for about 30 percent of total manufactured goods.

A similar pattern of trade is discernible with the SADC countries. Exports to neighbouring countries, outside of the Southern Africa Customs Union (SACU) amounted to R10.6 billion with imports of only R1.4 billion.

These figures depict acute imbalances between South Africa and its regional partners, a situation which is unsustainable. Notably, however, at the regional level the case for co-operation and integration exists. The principle policy issues of this process embrace several issues.

Data compiled by the SADC Industry and Trade Co-ordination Division (SITCD) indicates continual strengthening of intra-SADC trade. According to this report, almost all countries expanded their exports in 1996, and the greatest beneficiaries were South Africa, Zimbabwe, Botswana, Swaziland, Namibia and Zambia who jointly accounted for 95 percent of the total intra-SADC exports.

South Africa's preponderant trade surplus with SADC partners continues to be a source of serious concern, especially with neighbouring Zimbabwe, the country's largest trading partner in Africa. The figures reported by the Economist Intelligence Unit for 1999-2000 reveal that between 1993 and 1997 South Africa's exports to Zimbabwe have more than doubled: from US\$535 to \$1. 379. At a continental level, South Africa in 1998 accountable for over 23 percent of the continent's GDP

South Africa's Trade and the Continent

The African continent is becoming an increasingly important destination for South Africa with some 14 percent of total exports destined for the continent in 1999, as demonstrated in table 2.1 below the figure stood at R22.4 billion in 1999, the second largest in the world after the European Union at R53 billion in the same period.

Table 2 South Africa Exports, 1999	
Destination	Figure's in R million
SADC	17,717,976
West Africa	1,801,134
N. Eastern Africa	1,710,600
Indian Ocean	498,108
North Africa	448,981
Central Africa	317,672
TOTALS	22,494,381

Table 3: Trade Statistics of Exports with SADC

Year Totals	1998	1999
Zimbabwe	5,310,979	5,174,196
Mozambique	2,656,202	4,073,554
Zambia	2,137,352	2,425,807
Mauritius	1,029,961	1,240,594
Malawi	1,224,040	1,452,663
Angola	1,096,634	1,280,000
Tanzania	1,035	1,049,032
Zaire	1,048,465	807,354
Seychelles	180,434	214,776

Source: R S A, Monthly Abstract of Trade Statistics Jan-Dec 1999

The bulk of South African trade with the continent is with the Southern African Development Community (SADC) countries, constituting annually 78 percent of total exports, and 74 percent of total trade with Africa, valued at over R17 billion. The detailed trade figures are reflected in Table 2 above.

The figures reflected in table 2.3 demonstrated South Africa's dominant economic positions in Southern Africa; this is also the case with rest of the continent. According to Africa Business, (October 2000) the nature and content of South Africa's trade in Africa is that in "no other region in the world is the profile of trade so heavily weighted in terms of beneficiated and manufactured goods". A decade ago, only 5 percent of South African exports were manufactured goods. This figure increased to 25 percent by 1997. During 1998, 72 percent of South African's continental trade fell into the following categories:

- ▼ machinery and equipment, 19 percent;

- ▼ base metals and metal article, 11 percent;
- ▼ chemicals, 13 percent;
- ▼ transport vehicles and equipment, 9 percent;
- ▼ prepared foods, 9 percent;
- ▼ finally pulp and paper, 5 percent

Table 3 Trade Statistics: S A Imports (millions of R)

Year	1998	1999
Zimbabwe	1,123,719	1,210,862
Mozambique	213,002	321,699
Zambia	233,813	221,803
Mauritius	29,700	52,093
Malawi	462,269	467,177
Angola	9,327	196,177
Tanzania	26,755	25,814
Zaire	25,042	17,948
Seychelles	8,854	9,449
TOTALS	2,523,624	2,132,481

Undoubtedly, therefore, the trade figures tabled above demonstrate an overwhelming South African dominance in terms of economic size and levels of development. For this reason, it can be argued that regional inequality will lead to divergence through a process of polarised development in favour of South Africa, and at the cost of the smaller and lesser-developed countries in the region. It has been, however, argued elsewhere that on its own the growing trade imbalance in South Africa is not a problem, if South Africa's partners can finance the deficit by exporting elsewhere or with aid. According to this view as the Rand currency has depreciated, the increased volume of purchases from South Africa has occurred at lower US dollar values, providing terms of trade gain for regional economies.

McCarthy, on the contrary, has argued that regional integration will be advantageous if the benefits associated with output growth outweighed the welfare costs of trade diversion, that is, the cost to the community of having to pay higher than world market prices for the goods.

The rationale here is that if the growth in output is polarised, some member states may end up with the costs of integration without experiencing compensating output gains. As he puts it:

"Under these circumstances the region as a whole could experience output growth while some participating countries experience economic decline,

balance of payments problems and social and economic dislocation, characterised by industrial closure, and growing unemployment. For these countries integration does not deliver the expected result of industrial development but in fact could lead to de-industrialisation."

Moreover, regional integration should be perceived to produce tangible benefits to all participating countries, and these benefits should be seen to be evenly distributed among member countries. Three elements are identifiable in this respect, namely:

- ▼ participating countries should vigorously promote regional industrial and agricultural projects;
- ▼ they can co-operate jointly in the development of their physical infrastructure, transportation and communications services; and
- ▼ finally, they can co-operate in finding ways of taking advantage of the opportunities offered by international economy.

Notably, none of the above threatens concerns of "international sovereignty and security" and require participating nations to subordinate their national development goals to intangible regional aims, but they do confer on regional integration the role of supplementing development needs within the parameters of each country's objectives.

As observed elsewhere, it is significant to note that a style of regional integration that has deliverable objectives requires a high degree of flexibility in the application of regional commitments, and the levels of consultation which enable participants to take into account what regional co-operation and integration has to offer in achieving their national development goals. It also requires regional institutions that can identify development programmes and projects susceptible to co-operation and that can promote their implementation.

In general, the global economic crisis is impacting on African economies through two main transmission channels: *trade* and *finance*. The "1999 African Development Bank Report" has observed that large currency depreciation raised the prices and reduced the demands for imports from the rest of the world, including Africa. Africa's export market share is also under threat from the rest of the world, including Africa. Africa's export market share is also under threat from the intensified price competition in third markets for primary products arising from the Asian crisis. The continent's economies encounter fierce competition from the Asian producers in key primary commodity markets such as cocoa-beans, timber, rubber, coffee and tea. According to the ADB figures in cocoa beans, Africa's global market share fell 20 percentage points between 1970 and 1993, while Asia increased its share by virtually the same amount.

The report concludes by noting that as a result of the major depreciation of their currencies, Asian countries have become even more price-competitive, increasing their exports and exports market shares at Africa's expense. South Africa's democratisation after the 1994 elections has, however, raised hopes that the liquidation of apartheid offers a major opportunity to encourage the close integration of the African political economy. As Onimode has put it:

"This is symbiotic process in which the rest of Africa should be assisting post-apartheid South Africa with reconstruction, reorientation and reintegration into Africa and the global system, while democratic South Africa will be contributing dynamically to the filling of gaps and the elimination of significant deficits in Africa's problematic political economy."

Critical to the success of the New Partnership for Africa's Development is for African countries to take urgent steps towards the diversification of their exports base away from dependence on primary commodities towards non-traditional exports. This suggests that new investment is required for the production of value-added exports to take advantage of improved access to regional markets. This means that African countries should build capacities for internal resource mobilisation, and not regard NEPAD as another vessel for imperial finance capital.

Cross-border investment is already taking place in several parts of Africa, and this sample economic activity within the continent by South African business points in the right direction:

- ▼ the agreement between the Southern African Railway Association (SARA: South Africa, Botswana, Zambia and Zimbabwe) and the East African Railways (EAR: Kenya, Tanzania and Uganda) to develop a continuous rail link between South Africa and East Africa;
- ▼ Anglo-American investments in Zimbabwe in 1996 (US \$82.4 million), Mali (US \$300 million) and JCI Ltd's investment in Mozambique (US \$ 60 million)
- ▼ South African Breweries investments in Kenya (\$45m) and Tanzania (\$22.5m); and
- ▼ South Africa accounts for more than half of the total value of business acquisitions and merger deals in Africa (\$8.86 billion out of a total of \$9.85 billion).

For cross border investments, joint ventures and other related economic activity to succeed it is of crucial importance to develop an appropriate exchange rate policy to support these initiatives.

Secondly, the harmonisation (at least at a sub-regional level to start with) of agricultural, industrial, energy, fiscal and monetary policies will be critical to the success of the initiative. The lack of monetary co-ordination in West Africa provides a classical example of policy discord among African economies. Ghana,

for example, has maintained a flexible exchange rate while Cote d' Ivoire has anchored its currency to the French Franc.

This situation tends to adversely affect bilateral economic relations among African social formations. In sum, regional economic arrangements should move towards a more positive mode if the following are placed firmly on the NEPAD agenda:

- ▼ diversification of SSA economies' production and export-base
- ▼ harmonisation of macro-economic policies
- ▼ co-ordination of exchange rate mechanisms
- ▼ development of appropriate trade liberalisation initiatives
- ▼ addressing the contradictions inherent in dual (or more) and overlapping memberships of regional bodies
- ▼ redistribution of gains from regional trade liberation through compensating mechanisms and a regional developmental fund
- ▼ maximisation of the efficiency of cross-border transport and communication
- ▼ the harmonisation of administrative systems at border posts including documentation and joint inspections
- ▼ the development of basic infrastructure, especially road and rail facilities
- ▼ strengthening intra-regional finance and investment, and
- ▼ the promotion of joint industrial ventures at sub-regional level.

In addition, countries could continue to mobilise collective effort in these areas:

- ▼ promote regional industrial and agricultural projects
- ▼ co-operate jointly in the development of their physical infrastructure and transport services, and
- ▼ they can co-operate in finding ways of taking advantage of the opportunities offered by the international economy.

South Africa remains the largest economy in Africa, and Africa's economic reconstruction and development will depend hugely on this country's initiatives, some of which were recorded earlier. South Africa accounted for 41 percent of GDP in 1996, an equivalent proportion of its exports, and 76 percent of electricity production (see table 2 below)

The Weight of South Africa in Sub-Sahara Africa (1996) (Percent)

1996	South Africa	Total sub-Saharan	Share of SA/total sub-Saharan Africa	Share of sub-Africa Saharan Africa/world
GDP(US\$bn)	126,3	305,1	41,4	1,1
Export (US\$bn)	28,7	72,3	39,7	1,4
Population (m)	40	596	6,7	10,3
Stock market capital (US\$bn)	232,4	257,4	90,2	1,3
Electricity production (kwh bn)	186,8	245,8	76,0	1,9
Total automobiles (thousands)	4028	8344	48,3	1,6
Number telephone lines (thousands)	4000	8940	44,7	1,2

Source: World Bank, World Trade Organisation

The weight of the South African economy demands that South Africa pays for the cost of economic integration of the continent. The positive value of such a development would mean, inter alia, the following:

- ▼ for a start, economies of individual African economies were so tiny that only by joining together could they even hope to reap the benefits from the advantages of scale
- ▼ the creation of large internal markets would provide the basis for industrialisation, and encourage foreign investments which they could scarcely attract to individual states, and
- ▼ in at least some cases, complementarities could be to result from linking together of production forces that were currently dispersed among neighbouring states.

DEBATING NEPAD

EXTRACTS FROM: THE NEW PARTNERSHIP FOR AFRICA'S DEVELOPMENT "UNITY AND INTEGRATION WITHIN AFRICA"? OR "INTEGRATION OF AFRICA INTO THE GLOBAL ECONOMY"?

By Dot Keet

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Introductory

The New Partnership for Africa's Development (NEPAD) went through various adjustments over some years to become the version eventually presented officially to the Organisation of African Unity (OAU) Summit in Abuja, Nigeria in October 2001, and was formally adopted in Durban, South Africa, in July 2002, as the economic programme of the newly launched African Union (AU).

African Civil Society Reactions and Responses to Nepad

As it was placed piecemeal on the public stage internationally, during 2000 and 2001, and then eventually made fully public within Africa in the last months of 2001, NEPAD received mixed but generally critical responses from African NGOs and broader social movements, trade unions, church-based and academic researchers, and even many media analysts across the continent. On the other hand, some African civil society organisations and analysts welcome NEPAD and support it both in its aims and its content. But of those that are more critical

- ▼ many focus on the process of NEPAD's formulation, and the absence of appropriate and wide-ranging prior public consultation on its very conceptualisation, and in the various phases of its subsequent elaboration and global promotion;
- ▼ others focus more on the overriding external orientation, and the basic motivation of the document as a "fund-raising project" designed to reassure and encourage foreign investment and increased Northern government ODA (overseas development aid) to Africa;
- ▼ yet others analyse in some detail the overall paradigmatic framework within which the programme is situated, or the theoretical concepts that are employed within its proposals, and the substance and implications of its specific projects;

- ▼ and some analyses combine various or all of these dimensions.

However, cutting across these different approaches or emphases, there is, a lively debate within African civil society as to how or whether African non-governmental or civil society organisations (CSOs) should now "engage" with the inter-governmental NEPAD.

- ▼ For some CSOs, "engagement" means a continuation of their rigorous analysis of NEPAD as one part of the longstanding independent research and analyses on African political economy that had been underway well before - and not only in response to - NEPAD; towards the articulation of viable sectoral programmes and comprehensive alternatives for individual countries, regions and the continent. Or, to quote the Accra declaration of April 2002 by African academics of the highly reputable, continent-wide Council for Development and Social Science Research in Africa (CODESRIA), together with activist intellectuals working in civil society organisations and policy institutions throughout Africa:

"In support of our broader commitment to contribute to addressing Africa's development challenges ...we shall deploy our research, training and advocacy skills and capacities to contribute to the generation and dissemination of knowledge on the issues at stake; engage with and participate in the mobilisation of social groups around their interests and appropriate strategies of development; and engage with governments and policy institutions at local, national and continental levels (and) we shall continue our collaboration with our colleagues in the global movement".

- ▼ For other CSOs, "being engaged" means participating in the public consultation processes, and even some official avenues that have belatedly been opened up by the NEPAD secretariat in response to the many process criticisms; and working therein to contribute to more detailed content for the existing proposals. For some of these, in recognition of current gaps and inadequacies, the declared aim of such "engagement" is to "improve" the document as a whole. Thus, the "Continental Experts Meeting", organised in Pretoria in June 2002 by the Africa Institute of South Africa with financial support from the South African government, recommended that
- "an "All-African Academy of Arts and Sciences" or an "African Academy of Scholars" be established to institutionalise the intra-African academic partnership as a civil society component of NEPAD (in order to) optimise the opportunities for African intellectuals to add value and participate in the NEPAD process by means of dedicated research and scientifically-based recommendations (and for which) NEPAD funding should be made available... to support the identification and guidance of such Centres of Excellence"*

Thus, underlying and informing such very different civil society responses to NEPAD are contrasting positions not only on their response to NEPAD per se but on the role and relationship of African researchers and analysts to African governments and/or to African social movements. But there are also other less manifestly different understandings that this present paper will address:

- ▼ the key features and the main internal and external sources or causes of the problems within African societies, polities and economies;
- ▼ the role and location of Africa in the international system of political and economic relations, and the nature and functioning of that system;
- ▼ the nature of social, economic, political and ideological change, and the ways in which experience, and popular investigation and discussion, organisation and action take such processes of change forward.

However, despite these significant differences of perception and approach, there are also apparent commonalities in motivation and inspiration that are evident in otherwise diverse Africa civil society organisations. There is a wide and deep, intellectual and emotional commitment in most African organisations to the philosophical ideals and political aims of African co-operation and unity, in order for Africans to collectively counter and end the continent's long subordination to powerful external forces and negative factors in the world system; to re-vindicate Africa's rights, its just aims and claims, and to "rescue", revive and reinvigorate the continent.

Critical Appraisal of Nepad's Regional Project Proposals and Approach

In examining the detail of NEPAD's proposals, civil society analysts and activists who are engaged in debates and projects on regional co-operation and integration will find that many of these details seem to agree with their own aims and aspirations. The constant problem, however, is that there are invariable tensions between details located in different sections and serving the different purposes of NEPAD, and the different constituencies that it is addressing. And all these details are located within an overall framework that counters and contradicts whatever developmental and integrative potential they may promise.

Infrastructural Inter-Linkages within Africa

NEPAD correctly points out that the building of cross-border and transAfrican road networks, railways, and other means of transport and communication, and the consolidation of joint energy, water and other systems will all be far more effective by benefiting from "economies of scale" (para 93). The creation of such "essential regional public goods" (para 95) and inter-linkages are, in fact, essential to "enhance regional co-operation and trade" (para 105) and crucial to integrated African development (para 196). And these have to be "addressed on

a planned basis -that is, linked to regional integrated development - (without which) the renewal process of the continent will not take off" (para 197).

BUT

- ▼ the problem is that such huge infrastructural projects spanning regions, and even the entire continent, are the main attractions being marketed by NEPAD to draw foreign investment into Africa. NEPAD offers these as "great opportunities for investment" (para 177) together with the guarantee of governmental supports, particularly through "public-private partnerships" (paras 106, 178), and with promises of "lowering the risks facing private investors" (para 105). However, under PPPs it is the private sector that reaps the fullest benefits while the public side will carry the burdens and risks - as elsewhere in the world.
- ▼ in addition to having to provide essential support facilities and -on current international investment terms - to guarantee favourable or "flexible" labour conditions within such "joint" endeavours, Africa would also have to carry the related financial costs arising from the profit "repatriations" or capital exports by such investors. The bigger the project and the foreign investment involved, the greater will be the adverse pressures on Africa's external balance of payments, and on its external indebtedness. Foreign "credit" or loans will add to these costs, even if ODA grants are also applied. And, as history has shown, net financial outflows will prevail for long periods before the creation of such infrastructures begin to have their full developmental impact and generate positive financial returns.
- ▼ furthermore, the building of such essential "sinews" for development in Africa will undoubtedly be evaluated, taken up and located by gigantic transnational technological, construction and service corporations within the framework of their own global investment strategies in these and related sectors. With vastly greater financial and technological resources, management and other skills -than the whole of Africa combined - it is such international corporations and investors that will determine not only the technical features but also the commercial orientation and overall character of such projects as profit-making enterprises; whatever may be the other - declared - intentions of African governments.

The Encouragement of Capital Flows Within Africa

There is certainly much to be done within and between the respective African countries and regions to eliminate procedural and bureaucratic impediments to productive capital flows, particularly to geographical regions and sectors deficient in the necessary financial resources. In its section on Sub-regional and Regional Approaches to Development (paras 93 -981, NEPAD recommends "the promotion of intra-African trade and investments" through "the harmonisation of economic and investment policies and practices"

(para 95). More concretely, NEPAD proposes the establishment of a Financial Market Integration Task Force to "speed up financial market integration" (para 155). It has to be seen whether such a task team will promote macro-economic alignment as the essential basis to the convergence of monetary, fiscal and financial policies, and the "monetary union" that the AEC plan sees in the most advanced stages of African integration, or the quite rapid creation of an African central bank and other joint financial institutions that the AU seems to envisage. Or whether these will be judged premature at this stage.

BUT

- ▼ the more pertinent immediate questions are what the aims and terms are for the "promotion" and "harmonisation" of capital flows in Africa, and the nature and sources of those flows. NEPAD devotes a fairly considerable section to Mobilising Resources (paras 147-155) but offers little in the direction of mobilising domestic resources within Africa. This reflects its *a priori* pre-determined conviction that "the bulk of the needed resources will have to be obtained from outside the continent" (para 147); although elsewhere it points to "an urgent need to create conditions that promote private sector investment by both domestic and foreign investors" (para 148).
- ▼ in the section specifically devoted to Private Capital Flows (paras 153-155), NEPAD defines the priorities as: offering the necessary incentives to international investors, especially with respect to their concerns over "security of property rights", the need to provide them with governmental insurance schemes (para 188), and other guarantees that go with PPPs. But all of these are located in the context of "the deepening of financial markets within countries, as well as cross-border harmonisation and integration" (para 154). Thus, such measures will not only draw foreign investors into Africa but will facilitate the movement of capital around Africa, with Africa turned into a vast integrated field for international investors.

Common and Co-ordinated Regulatory Frameworks

NEPAD recommends that agreed public regulatory terms will be important to facilitate cross-border co-operation and "co-ordination of national sector policies and effective monitoring of regional decisions" (para 95); and "the promotion of policy and regulatory harmonisation (is necessary) to facilitate cross-border interaction and market enlargement" (para 106). NEPAD makes interesting suggestions on the ways in which such regulatory harmonisation and practical co-ordination of cross-border movements can be particularly beneficial in promoting joint tourist ventures involving a number of countries or sub-regions within a broader region (para 164) - ideas derived directly from SADC projects and experiences. Thus, regulations would deal not only with manufacturing processes and standards and trade regulations, such as agreed rules of origin, and "the harmonisation of economic and investment policies and practices"

(para 95). But such regulatory oversight by designated national and regional public regulatory bodies are necessary in all technical spheres, from maritime, rail and road traffic, and telecommunications regulations, to environmental controls; and in all social service spheres, such as labour conditions and safety regulations, education and health standards, especially the monitoring of human disease and animal pest controls and so on. NEPAD clearly recognises the importance of harmonised and co-ordinated regulatory frameworks for intra-regional and inter-regional co-operation and integration.

BUT

- ▼ what is most significant is the actual content of such regulations, not only in technical but also in comprehensive developmental terms. Will such regulations also be designed to monitor the business operations and general economic, social and environmental impacts of corporations and other private agencies; in order to make them more financially transparent, socially and environmentally responsible and democratically accountable? This is what civil society campaigners demand when they call for obligatory corporate codes of conduct through public (re)regulation, nationally, regionally and globally.
- ▼ there could also be potential tensions between concerns about designing and promoting a wide range of joint national, regional, and continental regulations, appropriate to the situations within Africa and the needs for planned African developmental integration, on the one hand; and, on the other hand, the observance of existing international regulations basically in order to achieve "more effective external trade". In terms of the latter, NEPAD seems to be concerned to "improve the standards of exports" (para 158), by "conforming to international standards" (para 161), such as Sanitary and Phyto-Sanitary Standards (SPSS), and by generally measuring up to the rules and regulations set in the WTO; even though these include, for example, terms in the agreement on Trade Related Investment Measures (TRIMs) specifically constraining the setting of internationally "distorting" developmental regulations on FDI (see section 4.2.8 below).

Complementary and/or Combined Cross-border Production

NEPAD observes correctly the long-recognised dilemma of most African economies that they are "vulnerable because of their dependence on primary production and resource-based sectors, and their narrow export bases (and that) there is an urgent need to diversify production" (para 156). In this regard, it notes the importance of African countries "pooling" or combining their resources within regional production strategies (para 94), "cross-border interactions among African firms" (para 168 -vii) and cross-border "inter-sectoral linkages" (para 156) - an idea adopted directly from SADC plans for agro-industrial development and

diversification. In this context, NEPAD proposes "the alignment of domestic and regional trade and industrial policy objectives, thereby increasing the potential for intra-regional trade, critical to the sustainability of regional economic arrangements" (paras 171-172).

BUT

- ▼ it is also significant that, where NEPAD does elaborate on the modalities for economic diversification, this is based on "harnessing Africa's natural resource base" and increasing "value-added in agro-processing and mineral beneficiation (although also a broader capital goods sector)" (para 156). These certainly all have a role to play in internal production dynamics within all economies, but these sectors tend to be based on larger-scale, capital-intensive and even high-tech enterprises. In fact, NEPAD's vision is to emulate the economic and technological patterns of the most industrialised by "bridging the gap between Africa and the developed countries" (para 98). There is, however, little feasibility for Africa as a whole to replicate the historical methods of industrialisation in the now-advanced economies. This is highly questionable in terms of the political possibilities of this, and the economic and environmental advisability for the continent, or sustainability for the planetary system. But this ambition reflects the aims and aspirations of semi-industrialised South Africa to "catch up" with the industrialised countries, rather than the realities of most of the continent (see 4.2.5 below).
- ▼ NEPAD also slips in a very specific strategy promoted by the South African Minister of Trade and Industry which calls for the industrialised countries to accept a so-called global "structural adjustment" (para 170). This would purportedly entail them giving up supporting their ailing "grandfather" industries, such as iron and steel and textiles; leaving the countries of the South to develop such heavy industries, or labour intensive production in which they could have "competitive advantage". Thus, the more advanced countries are being encouraged by South Africa to move up to the high-tech, higher value-added and cleaner industries and service sectors, "allowing" the less developed countries of the South take over the low-value added, difficult, dangerous and dirty industries. The first delusion in this clever global strategy is that the rich and powerful countries will allow themselves to become totally dependent in any sector on foreign producers, or easily "give up" any large employment sector within their economies. The second highly questionable aspect of this South African DTI proposal is that it is actively promoting the transfer of the dirty, dangerous and polluting industries of the North to the South, and imposing further environmental costs on Africa.
- ▼ apart from the above global "scheme", NEPAD's proposals in the sphere of industrial development within Africa do not explicitly prioritise labour

intensive projects, and will not, in practice, necessarily encourage employment creation. It does not stress economic development and diversification deliberately based on human resource mobilisation and capacitation - which both AAF-SAP and the AEC prioritise. In so far as NEPAD does deal with the human factor in development, it is to focus on "Promoting the Private Sector" (para 166). Although there are some useful pointers to "both micro enterprises in the informal sector, and small and medium enterprises in the manufacturing sector (as) the principal engines of growth and development" (para 156), it is not so much these but larger internationally connected enterprises that will be the main beneficiaries of the partnerships proposed between African and non-African firms (para 162).

- ▼ where NEPAD deals with broader human resource development, this is mainly based on the "poverty-reduction" policies of the IMF and World Bank for the masses (paras 118-119), and mainly concerned with "reversing the brain drain" of skilled professionals from Africa (paras 124-125). Although it deals also with expanding education and skills training, NEPAD's approach, seems to be based not on the inherent human rights of the people of Africa in these spheres, but rather on the view of the WB that people are "factors of production" and more skilled people will attract and service more productive foreign direct investment.

Agricultural Development, and Food Security Within Africa

NEPAD correctly states that "(i)mprovement in agricultural performance is a prerequisite of economic development on the continent. The resulting increase in rural people's purchasing power will also lead to higher effective demand for African industrial goods. The induced dynamics would constitute a significant source of economic growth" (para 134). It notes the "structural constraints" affecting the sector, such as uncertainties in climactic conditions, and refers to the necessity of infrastructural and institutional supports, and even direct governmental support, such as in the provision of irrigation "when private agents are unwilling to do so" (para 135). It also provides some pointers to the crucial issues of access to land, water and rural credit, although it does not spell them out in detail.

BUT

- ▼ for a continent in which more than half, and often up to 70 percent, of the populations are based in the rural areas, the five paragraphs focused on agriculture are even thinner than those dealing with manufacturing. This probably reflects the industrial and urban bias of South Africa and its role in the formulation of this document; although at one point the document does call for the reduction in "the heavy urban bias in Africa by transferring resources from urban to rural activities" (para 158). However, such resource transfers do not apparently include government subsidies to producers in R&D, seeds and fertilisers, transport and marketing and extension services;

in contrast to the more successful rural development programmes in Africa and the detailed proposals in AAF-SAP.

- ▼ although making some references to small scale and women farmers (para 157), the weight and significance of these have to be evaluated also in the context of an emphasis on larger scale "intensive agriculture based on a significant flow of private investment" (para 135), with a call for donor aid to go to "individual high profile agricultural projects" (para 158). This also suggests the influence on the South African government of the large-scale commercial agricultural sector in South Africa and therefore on NEPAD's perspectives.
- ▼ in the section on market access, NEPAD makes it clear that its aim is to "integrate the rural poor into the market economy and provide them with better access to export markets", in terms of the broader aim "to develop Africa into a net exporter of agricultural products" (para 157). Not only is there totally inadequate detail on how this is to be achieved, but NEPAD's writers seem impervious to the well-known fact that there are clear tensions between such cash crop export orientation, on the one hand, and on the other hand, the production of food crops for family, community, national and regional food security; which NEPAD seems to be concerned with (para 158).
- ▼ similarly, NEPAD's brief reference to "the instability in world commodity prices" (para 132) does not seem to recognise the increased vulnerability of African economies to external price shocks that will accompany the increased dependence on agricultural exports; nor the downward pressures that have been exerted upon commodity prices by ever-increasing agricultural exports from the poor South into the rich North. NEPAD seems in tune with World Bank instructions to African countries to increase and diversify their agricultural production but be oriented towards the needs and tastes of international consumer markets in the rich countries.
- ▼ more broadly, NEPAD is not only weaker than many existing governmental and non-governmental plans and programmes for agricultural and general rural development in Africa, but it does not even acknowledge, endorse and try to benefit from the important proposals and demands being jointly posed by the Africa Group in their endeavours within the WTO negotiations on the agreement on agriculture. This also reflects the more general inconsistencies and weaknesses of NEPAD's recommendations on how Africa should engage with/in the WTO (see 4.2.8 below).
- ▼ NEPAD even lags well behind the widely accepted arguments by European NGOs, and major institutions such as the World Bank, which deplore and call for an end to the dumping of EU, US and other industrialised economies' subsidised agricultural exports in Africa. The impacts of such dumping are as damaging as other internal "structural constraints" within Africa. Plus the forced removal of agricultural protections in Africa against such

unsustainable competition will actually pre-empt the internal problems being effectively dealt with. NEPAD's silence on such Northern government agricultural policies is another indication of the diplomatic constraints required in dealing with the policies of governments that NEPAD's promoters would like to become aid "partners" with Africa.

The Promotion of Trade Within, and Between, African Regions

NEPAD supports "the promotion of intra-African trade and investments" (para 95) and the need to "promote and improve regional trade agreements" (para 168), and even refers to "the creation of a single African trading platform" (para 155). It seems to understand the developmental potential in promoting intra-African trade "with the aim of sourcing within Africa, imports formerly sourced from other parts of the world" (para 169). and the potential for creating backward and forward linkages within and between African economies (although it does not use these terms) through "increased intra-regional trade via promoting cross-border interactions among African firms" (para 168). It even suggests at one point, although rather tentatively, "that consideration needs to be given to a discretionary preferential trade system for intra-African trade" (para 171) which, if acted upon, could provide some tariff policy supports to inter-African trade, and towards more internally oriented exchanges.

BUT

- ▼ there is a major challenge posed to such potential internal African trade and mutual development by two other dimensions of NEPAD's strategy. The first is that, while apparently aiming to create larger and more integrated markets within Africa to stimulate African producers and provide a larger and guaranteed market for African exporters, NEPAD also explicitly offers up Africa "as a vast and growing market for producers across the world" (para 176). This would have to be based on generous access into African markets as a *quid pro quo* or reward for the increased foreign aid that NEPAD is seeking from the home governments of such companies and international exporters. But such an "expanding market for world manufactured products, intermediate goods and services" (para 176) would create further unsupportable competitive pressures on African producers and providers of such goods and services. The tensions are once again evident within NEPAD between intra-African developmental proposals, on the one hand, and, on the other hand, susceptibility to the requirements of international "partnerships".
- ▼ but there are also other tensions within this plan, reflecting tensions and differences on the ground in Africa. As with financial market liberalisation which will create more favourable conditions in Africa for South African - and not only international - investment interests, the "inter-regional trade liberalisation" proposed in NEPAD (para 169.5) will, without other deliberate

countervailing programmes and corrective measures, also work mainly to the benefit of the stronger economies in Africa - Egypt, Kenya, Mauritius and, above all, South Africa. This happens with "free trade" everywhere, and the effects of even the free-trade imposed under SAPs is already evident in the rapidly growing trade imbalances in favour of South Africa and all its neighbours in SADC and further afield in Africa.

- ▼ it has also not been lost on African observers of South Africa's energetic promotion of NEPAD that even the "preferential" trade terms suggested for African exporters within Africa could, in fact, serve to make Africa a privileged reserve for the few stronger African economies (and their companies that are not internationally "competitive"). If that is what Africa is to be turned into, it would confirm the claims of neo-liberal theorists that such preferential policies are exploited by the strong to the disadvantage of the less strong. In this light, too, the proposed "sourcing" of imports and intermediate inputs "from within Africa" (para 158) and "the higher effective demand for African industrial goods" (para 161) would also be most advantageous to the production and export sectors of more industrialised South Africa.

Market Access for the Increase of International Trade From Africa

NEPAD stresses the "importance of increased investment in order to strengthen Africa's external trade (para 166). In this regard, too, it identifies "market access to the developed countries for African exports" as one of its top priorities (para 97), and concludes also that this is one of "the programmes to be fast-tracked in collaboration with our development partners" (para 189). With respect to the trade policies of these "partners", NEPAD notes that "(a)lthough there have been significant improvements in terms of lowered tariffs in recent years, there remain significant exceptions on tariffs, while non-tariff barriers also constitute major impediments. Progress on this issue would greatly enhance economic growth and diversification of African production and exports. Dependence on ODA would decline and infrastructure projects would become more viable as a result of increased economic activity" (para 173). NEPAD would thus seem to be making important proposals to ensure that Africa's development is supported by the expansion of its external trade.

BUT

- ▼ adoption of "improved market access" has become the new glib "answer" to Africa's development problems. After many years of argument on this by African governments in their joint official positions, this has more recently been picked up and promoted by Northern development NGOs and even the "new" World Bank. From all these directions, however, this is a thoroughly inadequate response. In the apparent acceptance and most practical expression of this by various European governments and by the EU,

"market access" is not what it seems to be in EU propaganda. Even the generous "tariff-free and quota free" access to the EU for "all" the exports (except arms) of all LDCs -the much publicised Everything But Arms (EBA) agreement, which NEPAD welcomes - is actually hedged around with exceptions and postponements. And "safeguards" will continue to protect European producers against the threat of "import surges" from the weakest and poorest countries in the world, whose export trade is supposedly being encouraged by the EU.

- ▼ what is more, even such qualified access is not on offer to the "non-LDC" or so-called "developing countries" in Africa. Yet, even were they included, and even under the most optimum of "market access", this is not the simple "solution" to Africa's problems that it is presumed to be, even apparently by NEPAD. Although trade barriers are discriminatory and are a complication, the more basic problem for most African countries reside in their "supply capacities", their low levels of production volumes, quality and price "competitiveness", infrastructures, trade financing and commercial information etc. NEPAD seems to recognise this (para 171). Market access may be necessary but it is certainly not sufficient. In other words, the problems of African countries are about development more than trade. The former drives the latter and, although trade in specific sectors can be useful under certain circumstances, it does not, in and of itself, create development; nor even necessarily create "growth".
- ▼ in so far as NEPAD sees other impediments to effective, African export trade, its solutions (para 168-169) focus on technical and "marketing" deficiencies, and at one point it even seems to blame Africans' trade limitations on their own "low standards". However, what NEPAD does not enlarge on, are the high tariff peaks in the richest countries, and their deliberate tariff escalations that are increased in proportion to the degree of processing or manufacture of African exports. These protectionist barriers are constantly criticised by African trade analysts and representatives in international meetings, such as the WTO, but NEPAD does not even endorse let alone build on such public African positions. The inadequate observations by NEPAD on the long-standing role of such policies in deliberately impeding industrial development and diversification within Africa either reflects a seeming lack of appreciation of this by the creators of NEPAD, or - yet again - a diplomatic reluctance to confront the Northern "partners" with the fuller realities of their role in constraining development and diversification in Africa.
- ▼ although NEPAD appears to support trade diversification, it tends to focus Africa's external trade on those traditional areas of export in which it has, according to the World Bank and to NEPAD, itself, "comparative advantage" (paras 162, 171, 173). NEPAD promotes more trade in African food and agricultural products, although also in processed form (para 158). It also

reinforces Africa's attention on its traditional "trading partners", that is the countries of Europe. Although NEPAD at one point recommends negotiations to "facilitate market access for African products to world markets" (para 169), and it even makes a token reference to encouraging South-South partnerships (para 185), the main focus and orientation of its recommendations to African Heads of State is that they do all they can to "secure and stabilise" what it calls "preferential treatment by key developed country partners" (para 172).

Engaging with the Multilateral trade System and the WTO

In touching on the multilateral trade system at various points, the NEPAD document makes references to the "absence of fair and just rules" (para 33) and the "unfavourable terms of trade" facing Africa (para 34), and even mentions the "biases in economic policy and instability in world commodity prices" that affect Africa negatively (para 132). It calls for "active participation" by Africa leaders (para 169) to ensure "(o)pen, predictable" market access for Africa's exports (para 170), the usual code words referring to the multilateral system of trade under WTO rules. In section VI on "A New Global Partnership" NEPAD declares that "African leaders envisage the following responsibilities and obligations of the developed countries and multilateral institutions"; including, *inter alia*, their "obligation" to "negotiate more equitable terms of trade for African countries within the multilateral framework" (para 188). NEPAD is, therefore, encouraging an active engagement by African governments within the multilateral system of rules and regulations being created by and implemented under the WTO.

BUT

- ▼ in the half dozen brief sentences/clauses focused specifically on the multilateral system and the WTO, NEPAD exhibits a totally inadequate grasp of the nature, complex functioning and effects of this system. Despite some earlier passing observations on the inequities of the global system, NEPAD welcomes "the new trading opportunities that emerge from the evolving multilateral trading system" (para 169). This new system is "evolving" and has been given an enormous boost through the Uruguay Round Agreements (URAs) out of the GATT round of negotiations, finalised in April 1994. But, already in the penultimate stages of that round, the United Nations Conference on Trade and Development (UNCTAD) calculated and warned that, despite the predicted vast expansion of global trade, Africa would actually lose out to the tune of some US\$ 2.5 billion to US\$3 billion in the years immediately following. This has since been born out in practice, and even accepted, in general terms, in studies by other "reputable" mainstream institutions such as the World Bank and the OECD. In the years following the signing of the dozens of URAs, and the establishment of the WTO in 1995, it soon became clear to governments throughout the "developing" world - as they tried to implement these agreements, and as the detailed terms of the URAs were

subject to meticulous examination by both governmental and independent trade lawyers and development analysts - that there were gross imbalances, deficiencies and inconsistencies within and between the respective agreements. These not only militated against the interests and needs of the developing countries but reflected the pervasive bias towards the interests of the most developed. NEPAD, however, simply refers to the need for the rules and regulations of the WTO to be implemented (para 169) and makes no mention of the more than one hundred specific "implementation issues" relating to problems within virtually all the URAs. The governments of the developing countries, individually and collectively, have been trying over the past five years to make these issues the priority matters on the agenda of the WTO for "review, revision and reform"; only to be intransigently blocked by the more powerful players in the WTO, particularly the notorious Quad of the EU, the US, Canada and Japan

- ▼ even in so far as it mentions problems of "implementation", NEPAD does not in any way bring out the fact that these are not only about the difficulties of the weaker developing countries, especially in Africa, in "implementing" the legal and institutional requirements of the WTO. It is such "failures" that the powerful governments and the WTO Secretariat constantly criticise. At the same time, again like the latter, NEPAD ignores the fact that it is the most powerful industrialised country governments, themselves, that have skillfully evaded implementing those URA terms that they consider to be inimical to their interests. These countries -the proposed "partners in Africa's development" - have also postponed the fulfillment of their undertakings to provide financial and technical assistance to the LDCs and other countries that would (or that the QUAD insisted "might") be adversely affected by the new global regime. Such compensatory measures were promised by the powerful governments at the last moment before the signing of the Treaty of Marrakesh that concluded the UR. These were part of the *quid pro quo* terms of the "deal" to secure the acceptance of the whole UR package - about which many developing country governments had strong reservations, even at that stage. Such evasive strategies and tactics by the rich and powerful governments reinforce serious doubts about their preparedness for an honest and supportive "partnership" with Africa. But, NEPAD's failure to point to the tendentious manoeuvres and blatant failures of the governments of the richest countries in the WTO points, once again, to the political constraints placed on the promoters of "partnership" with such governments.
- ▼ alternatively, or additionally, it can be concluded that the technical formulators and political promoters of NEPAD are unaware of such outrageous abuses. But, if they are so unaware, then it has to be said that they are ill-equipped to formulate a historic strategy for the whole of Africa. For example, NEPAD blandly suggests that the expansion of the WTO "must

recognise and provide for the African continent's special concerns, needs and interests in future WTO rules" (para 169). It repeatedly calls on African Heads of State to ensure this (para 169), and urges them to persuade the developed countries to "negotiate more equitable terms of trade for African countries within the WTO multilateral framework" (para 188). But the writers of NEPAD patently fail, on the one hand, to understand the real nature of the WTO as an extremely tough negotiations arena where ruthless hard bargaining is driven by powerful corporate and national vested interests, not the polite diplomatic positioning or posturing of Heads of State. The WTO is not an open forum or assembly of nations where world leaders gather to debate and "influence" each other's positions.

- ▼ on the other hand, NEPAD also fails to acknowledge that it is precisely the political leaders of African countries, far removed from the realities and extreme complexities of the WTO negotiations in Geneva, that frequently undermine African efforts in the WTO. This is because many top political leaders in Africa are far more susceptible to the pressures and "persuasions" of their Northern aid and trade "partners", who are known to contact them directly and "confidentially" outside of the negotiations processes and behind the backs of the African negotiators on the front line, in order to counter and undermine African negotiating positions and negotiators. Even many African trade, industry, agricultural, environmental and other ministers are often less in touch than their own WTO negotiators are with the full complexities of the negotiating issues and arguments, and the delicate tactical and strategic alliances being created in Geneva.

Nepad and the Integration of Africa Into the Global Economy

In all the above positions, NEPAD is thoroughly lacking in its apparent grasp of the nature of the WTO as a new global executive body, as the central component of an emerging but undeclared system of global government, and as the central institutional instrument for the restructuring and (re)regulation of an emerging globalised economy. NEPAD is similarly lacking in its understanding and characterisation of the processes of "globalisation", and this is reflected in its proposals on how Africa should relate to these processes.

In its introductory contextualising section dealing with the globalising world economy (paras 1-41) NEPAD does make some critical comments on the "increased costs" caused by globalisation on "Africa's ability to compete" (para 28), and observes correctly that the costs of global processes "have been born disproportionately by Africa" (para 301). It even notes that "in the absence of fair and just rules" globalisation has "increased the ability of the strong to the detriment of the weak" (para 33), and that "increasing polarisation of wealth and poverty is one

of the number of processes that have accompanied globalisation" (para 35). These remarks are testimony to the extent to which even the writers of NEPAD have been affected by the exposure by UN agencies, above all the UNDP and UNCTAD, of the uneven, polarising and destabilising impact of globalisation. bThese and other revelations about the "negative as well as the positive effects of globalisation" have even entered into mainstream discourse. This also reflects, and may be an attempt to outflank, the wide-ranging and increasingly influential criticisms from the international peoples' movements levelled against the anti-democratic, divisive and damaging effects of neo-liberal governmental and corporate-driven globalisation on people and communities throughout the world.

However, the greater influence of other agencies, such as the World Bank, on the NEPAD writers' fundamental approach to globalisation are expressed in the more pervasive views in the NEPAD document endorsing globalisation on the grounds of "the unparalleled opportunities that globalisation has offered to some previously poor countries" (para 40), and that "pursuit of greater openness of the global economy has created opportunities for lifting millions of people out of poverty" (para 32). The significant centrality of such views in NEPAD are evident from its opening statement deploring the "malaise of under-development" in Africa caused by its "exclusion" from the globalising world (para 1). The supposition that the "marginalisation" of Africa from the processes of globalisation has been the cause of its underdevelopment (para 2), and that "Africa's potential has been untapped because of its limited integration into the global economy" (para 16) runs throughout this document (paras 26, 33, 50, "52, 55 et passim). Thus, in NEPAD's view, what Africa needs is to end its "marginalisation" and "rapidly integrate" into the global economy (para 35). NEPAD argues not only that globalisation is the *de facto* "context" but that it "provides the means for Africa's rejuvenation" (para 28).

Misconceptions, Misunderstandings and Misdirections in Nepad's Approach

There are a number of profound misconceptions in NEPAD's approach to globalisation and Africa's location within it, and thus mis-directions on what should be done:

The so-called "**marginalisation**" of Africa is the first misconception in NEPAD, and is actually an inversion of the realities of Africa's location in the international capitalist economy. NEPAD accepts the views of neo-liberal agencies, such as the World Bank, that Africa's internal problems and "inhospitable policy environment" cause it to be "marginalised" from the beneficial effects of international flows of investment and trade. On the face of it, Africa does have a minuscule share of about 1 percent of international trade and receives an equally minute percentage of the flows of international capital. Whether "more" would necessari-

ly be "better", as NEPAD unquestioningly accepts, is a highly debatable matter. But the most fundamental problem for Africa is not its exclusion but rather the longstanding, subordinate and exploited nature of its inclusion in a profoundly asymmetrical international economy, from enforced integration through colonisation down to the present day. As Samir Amin, the pre-eminent Africa economist observes, "The concept of marginalisation is a false one which hides the real questions, which are not "to which degree the various regions are integrated" but rather the ways in which they are integrated".

The consequent necessity, according to NEPAD, for **"rapid integration" of Africa** (para 52) into the global economy completely misses the significance of the existing forms and extent of the integration of Africa into the global economy. African countries are deeply dependent upon and locked into the workings of the global economy. Their economies are characterised by contrived and excessive extroversion (turning outwards) to international markets, with extremely limited internal backward and forward trade and production linkages within, let alone between African economies. The more commercialised sectors of African production are heavily externally oriented; and, at an average of 43 percent of GDP (and more than 50 percent in LDCs), trade carries a much greater weight in African economies than in the supposedly highly globally-integrated industrialised economies (where external trade has an average weight of only 20 percent of their GDPs). Clearly, it is not external trade *per se* but the role of trade within multi-layered, multi-dimensional, internally integrated and largely self-sustaining economies that should be the prime concern. The basic character of most African countries is that they are mainly simple "trading economies"; whereas they need to be transformed into rounded, internally integrated and more soundly-based "production" economies. This concern is reflected to a considerable extent in the MF-SAP and AEC approach, in contrast with NEPAD's overriding concern with the expansion of "efficient" production to feed into "competitive" external trade.

In NEPAD's **view liberalisation and openness** (para 321) are the main instruments for the expansion of trade within Africa and between Africa and the rest of the world, and such "openness" is the measure and means of Africa's "integration" into the global economy. This misses the fact that it is the extensive liberalisation of the external trade and investment policies of most countries in Africa, imposed under structural adjustment programmes, that have been major factors in de-industrialisation, economic decline and social crises in Africa. It is the enforced "opening up" of African economies that has made them even more vulnerable to damaging external pressures and reinforced foreign controls and increased influences within their economies. Even NEPAD shows some seeming awareness of this, although expressed in a confused formulation that "greater integration has led to the further marginalisation of those unable to compete"

(para 331. If by "marginalisation", NEPAD here means the weakening and decline of African economies, and that this has made it more difficult for Africa to "compete", both observations are correct. But this also points, indirectly, to the fact that neo-liberal injunctions about integration into: are actually and very dangerously about "opening up to" the global economy, meaning the highly competitive trading forces and self-serving investment interests emanating from the rest of the world.

In so far as NEPAD notes the **polarisation or "widening wealth-poverty gap"** within and between countries in the "globalised" world, it refers to such growing inequalities and inequities as being among the outcomes "accompanying" globalisation (para 351. In fact, such patterns are not coincidental, nor are they incidental side-effects of globalisation. They are intrinsic to the globalisation of the of "free market" economies. While enabling and encouraging the already strong, well-endowed, well-placed, favoured, fortunate - or ruthless - to prosper, the removal of protective regulations for the more vulnerable, in order to allow "open" competition, simultaneously plays upon and intensifies the disadvantages of the weaker countries, communities, and social groups. Such uneven effects and social and economic imbalances are intensified and magnified under conditions of unfettered globalised competition. These polarising effects between and within countries (including the richest such as the USA) have been powerfully and authoritatively documented in the UNDP's Human Development Reports throughout the 1990s. The "survival of the fittest" and "the devil take the hindmost" have always been, and are now more than ever, the two sides of the coin of capitalist ideology and practice. Thus, contrary to NEPAD's statement that "there is nothing inherent in the process of globalisation that automatically reduces poverty and inequality" (para 401, it is more correct to state that there is much that inherent in the globalisation of capitalism that automatically increases poverty and inequality throughout the world.

In the context of such growing inequalities - which it cannot fail to see between Africa and the rest of the world - NEPAD's response is not to question this system but to suggest a **more effectively managed integration** of the world (para 281. This would create more "fair and just rules" (para 331 to ensure a "more equitable and sustainable development" in Africa (para 521 and the world. According to NEPAD, this effective management through "the co-operation of governments and private institutions" will ensure that the "benefits of globalisation are more equitably spread" (para 401. NEPAD's writers see that "governments -particularly those in the developed world - have, in partnership with the private sector, played an important role in shaping the form content and course of globalisation" (para 391. In this, NEPAD is correct in noting that it is not just "science and technology" that drives globalisation but political and economic forces. What it does not seem to understand is that globalisation

reflects the structural needs of the most highly industrialised economies, and is essential to the very functioning of the capitalist system. The driving motivation for this alliance between the governments of the industrialised economies and their global corporations has been, and is, to restructure international economic relations and re-regulate both international and national economic policies as required in order to optimise their advantages and maximise their access and rights all over the world. Thus the "form, content and course" of globalisation has been determined by, and in the interests of the very forces that NEPAD seems to believe will co-operate in the creation of a more just global system. This reflects and is part and parcel of NEPAD's entire belief in its capacity to persuade such neo-liberal and thoroughly self-serving governments (particularly the unilateralist global hegemony, the USA, into a new partnership with Africa. This presupposes a far-sightedness and preparedness of such short-sighted, deeply prejudiced and totally self-serving governments to compromise their own economic interests and needs in any real way in order to respond in the interests of Africa ...humanity ...or the world.

In the same vein, NEPAD fails to point to **the policies and role of the rich and powerful countries** in actively contributing to and even creating Africa's extreme problems. To the contrary, NEPAD seems to attribute Africa's failure to "benefit" from "globalisation" to **factors and failures within African economies and societies**. Thus NEPAD identifies the "low level of economic activity" in African countries creating a self-perpetuating cycle "that" severely weakens Africa's capacity to participate in the globalisation process, leading to further marginalisation" (para 3.5). It also goes into some of the detail of the interaction of internal factors in "Africa's peripheral and diminishing role in the world economy (para 26)". There are some elements of truth in such observations about internal weaknesses in Africa (para 18). but such "explanations" fail to point also to powerful external factors, such as domestic protectionism in the industrialised economies and their external trade strategies that have deliberately blocked African trade access and undermined its potential to move up the ladder of productive development. Nor do NEPAD's references to the negative effects of colonialism in Africa touch more than superficially on the profound economic distortions and structural imbalances created in Africa during the process (para 21). In fact, NEPAD, diplomatically skips over the long decades of direct and destructive neo-colonial economic, political and military interventions by the major powers in "post-colonial" Africa that actively targeted and undermined or actively destroyed any African effort to introduce national economic strategies to deal effectively with their internal weaknesses, transform their societies, and definitively end their external subordination and exploitation.

The Main Overall Conclusions

- ▼ The first conclusion is that, although NEPAD is projected as a new and unprecedented "African initiative", it has not only been initiated from within South Africa, but is largely being driven by the SA government, which is using its much greater resources (than the rest of Africa combined) in order to do so. Even more significantly, NEPAD clearly shows, in its detailed content, the hand of South African government strategists and policy-makers; including very specific strategic views and tactical options promoted by Pretoria in relation to the WTO and the global system in general. But, above all, many aspects of NEPAD can be seen to be serving specific economic interests of and within South Africa - which causes some civil society analysts and activists to use the highly critical term "sub-imperialist" in describing South Africa's attitudes towards and relations with the rest of the continent.
- ▼ The related conclusion is that, although NEPAD has apparently been adopted by the African Union and is constantly described as being "driven by African governments", this may be true in a formal sense but it misses the point that most African governments are not independent agents, but are subject to constant constraints and pervasive pressures from outside agencies towards particular policies, whether they agree with them or not. However, more often than not, African leaders have internalised many of the ideological assumptions and instructions of their international institutional mentors and foreign aid and trade "partners". And this opportunism, or "survival" necessity for African policy makers to adopt the policies, or at least speak the language of such agencies, is reflected also within NEPAD, which, in many respects, has been formulated with a view to what foreign investors and other "partners" want to hear, and what they do not want to hear. But, more fundamentally, NEPAD's approach is an adaptation to their world view and an acceptance of the global balance of power. Thus, this programme does not have to be directly driven by such outside players when African policy-makers are themselves anticipating and proactively proposing what they know powerful governments and other international agents want to hear.
- ▼ The further related conclusion is that the potential partners from whom NEPAD is seeking support will also **directly and de facto determine the outcome and the very directions in which NEPAD goes**, even within the "independent" African framework which they are merely "responding to". In the first instance, their role will be reflected in their willingness to come up with the sums of aid and investment that NEPAD is soliciting - which is already extremely doubtful - and the constant political bribery that they will exert through the possible prospect of further aid or less. But, more indirectly and subtly, these "partners" will determine the directions of NEPAD's programme by making their own selections of which sectors or proposed projects they are prepared to finance, or even which projects they

will support in terms of the African countries participating therein. These are well-established and well-known practices of Northern "donors", and it explains the motivations of the long-standing arguments and plans within Africa to be less susceptible to such manipulations by becoming more self-reliant through the mobilisation of internal financial and human resources.

- ▼ In so far as NEPAD does actually try to **change the attitudes and behaviour of the rich and powerful governments, and other influential players**, it is mainly in the section entitled "A New Global Partnership" (paras 174 -185). While there are some attempts at moral "persuasion", this and other sections reflect a combination of inducements and enticing offers of what is "available" in Africa, not only economically and in its rich and varied natural resources, but also environmentally, culturally and so on. But NEPAD also includes very carefully veiled "threats" about the consequences and dangers to the rich world in not responding to the crises in Africa: which is argued to be in their own interests and to protect their own economies and societies, life-styles and security. The broader "threat" is that unless the widening gap between wealth and poverty in the world is addressed, globalisation will not be "sustainable". This, of course assumes that the globalised capitalist economy should in fact be "sustained".
- ▼ It is in this latter connection that the most fundamental feature of NEPAD needs to be explicitly drawn out; that is the relationship between regionalisation and globalisation. For a start, this document consistently confuses and conflates concepts and precepts, and even specific organisations related to "African integration". It is significant that the writers of NEPAD can, for example, casually throw together SADC, ECOWAS and RETOSA (para 163), as examples of integration programmes, suggesting that they are of same order and scale; whereas the former are two of the major country groupings or RECs in Africa, while RETOSA is simply a cross-border tourism co-operation project within SADC. Even more fundamentally, NEPAD, either out of such confusions and inadequate knowledge, and/or out of a deliberate intention to obfuscate, or blurr, its real intentions, refers throughout this document to "the integration of Africa" without making it clear when, or rather whether, what it is proposing is integration within Africa, or the rapid integration of Africa into the global economy. These carry totally different and mutually contradictory implications for the development prospects within Africa. Given NEPAD's views on the "positive" attributes of and "gains" to be had from globalisation, the conclusion indicated is that NEPAD certainly endorses the latter, without apparently understanding its counter-effects and contradictions with the former.
- ▼ Finally, and directly related to this last conclusion is the other basic question as to which of two contrasting and counterposed strategic views NEPAD subscribes to on the nature and aims of integration within Africa. Is African regional integration and development to be a state-led and politically

negotiated holistic developmental process, or a mainly investor-driven and market-led process? Is African integration to provide a platform for the continent to engage more effectively, politically and economically, with the global system, and a geographical, political and policy "space" within which the participating countries can co-operate and co-ordinate their policies and programmes? In this view, regional integration is a development means and end in itself. Or is regional integration a means to create larger markets and investment fields to attract international investment and technology as the key means for growth; and thus what is needed is "open regionalism" which makes such regional blocks the "stepping stone" for African economies to fit into the global economy? The tensions and contradictions between these different orientations will be born out in practice as, or if, this programme is implemented.

The Prime Questions for African Civil Society Organisations

- ▼ The prime questions for African social movement analysts and activists are not, in fact, how or whether NEPAD will be implemented. Civil society concerns do not relate to the "institutional overlaps" between the structures of the AU and NEPAD. Nor are the concerns of African civil society whether these programmes will be "inclusive" of all African countries or not, and what the role of NEPAD's "peer review" will be in deciding participation. Nor should African peoples organisations even make it the main focus of their attentions whether the African ruling elites will pursue their own programmes for African unity, or find and create excuses to hang onto their "national" prerogatives; which in fact means their national resource, patronage and power bases.
- ▼ A more important question for African civil society organisations is whether - given the innumerable inconsistencies, tensions and contradictions within this programme - NEPAD could, as some suggest, be "improved" and made to work in the interest of Africa and African peoples. With the pervasive inadequacies and weaknesses of this document, this seems highly improbable. The reason is that NEPAD is based on erroneous and contradictory aims" and paradigms and, in order to be an appropriate development plan for Africa, it would have to be a fundamentally different plan.

But the real questions and challenges for African peoples organisations are the kind of programmes that they consider to be necessary to answer to their needs, the kind of governments they need to implement such programmes, and their own empowerment and mobilisation to create the appropriate programmes and governments. As one aspect of this, African peoples organisations have also to know more about Africa's history - about the efforts, the achievements and the failures of the past and recent past, and the present - in order to build on, or correct, and move forward to create real alternatives for themselves and the continent.

DECLARATION OF THE AFRICAN TRADE UNION CONFERENCE ON THE NEW PARTNERSHIP FOR AFRICA'S DEVELOPMENT (NEPAD)

We, the representatives of the Workers and Trade Unions of Africa met in Dakar, Senegal from February 18-20, 2002, and endorsed this Declaration.

The Dakar Declaration.

Aware of the continued economic non-performance of African economies and therefore the need to design a framework for African economic emancipation;

Conscious of the continued marginalisation and/or peripheralisation of the African continent in the global division of labour;

Determined to be the torchbearers of the African economic emancipation struggle;

Entrusted with this mandate by the workers and trade unions of Africa;

Noting that the present stage of global development requires a holistic approach, and that NEPAD seems to be premised on this philosophy;

Do therefore DECLARE:

1. That Africa's development landscape is nothing but a mirror-reflection of her trodden socio-historical path;
2. That there has been a consistent failure of African economies since the second decade of independence, a phenomenon that has led to the externalisation of Africa's economic management;
3. That this external management of African economies has been premised on the neo-liberal paradigm of free market economy, which paradigm has been responsible for the continued indebtedness, poverty, social instability and peripheralisation of the African countries. Here we quote Joseph Stiglitz to support our point: "Today, it is without dispute that the Washington Consensus policies have pushed policies, which enhance instability. Instability on the other hand is among the most important causes as well as manifestations of poverty".
4. We demand therefore that Africa move away from this neo-liberal economic paradigm and opt for social oriented economic paradigm;

5. That curiously, though NEPAD pretends to pave the way for Africa's development, it seems to have been painted on the very neo-liberal canvas, which ignores demands for social insurance, thus simultaneously constraining the ability of governments to respond effectively to any such demands;
6. That NEPAD failed to link itself up to existing structures - the African Economic Community, the African Union, other regional groupings etc - and it is difficult to fathom how NEPAD could be totally divorced from the structures mentioned above. Indeed the basic objectives of NEPAD can hardly be realised, save against the background of sub-regional and/or regional integration, which is only mentioned in passing the NEPAD document.
7. That NEPAD also failed to be guided by history: A careful study of NEPAD would reveal that most of the issues tackled therein have been confronted before and that the broader challenge for Africa, therefore, would have been to engineer a new balance between the market and society, one that would continue to unleash the creative energies of private entrepreneurship without eroding the social bases of co-operation, and which would also induce international acceptance and or partnership.
8. That NEPAD's claim of being African-owned seems difficult to accept, since the socio-economic partners for its realisation have been ignored in its preparation. This is evident not only from the up-down (bottom) approach employed in the formulation of NEPAD but also in the fact that in Section Three of the NEPAD document, has been drawn for African leaders to follow, while a partial reference (appeal) is made to the "peoples of Africa". Incidentally, no mention is made to the African Charter for Popular Participation in Development and Transformation (ACPPD), adopted in Arusha, Tanzania, February 1990.
9. That NEPAD seems to be preoccupied with 'strategies for rapid economic development without first adopting programmes for eliminating the bottlenecks that had helped in strangling African economies for decades.
10. That while accepting the concept of, and the need for, partnership with Africa's development partners, NEPAD should have avoided the asymmetrical relationship that has existed between Africa and her partners since independence.

Now, therefore, we reiterate our commitment to programmes that would emancipate African economies from the doldrums of stagnation and decay, among them the NEPAD, and we recommend to decision-makers the following:

- i) NEPAD should be regarded as a working platform that needs re-crafting and re-casting in order to avoid the pitfalls that earlier programmes had encountered. More importantly, the need for mutually beneficial symmetry in the partnership concept cannot be ignored.
- ii) NEPAD should represent a paradigm shift in Africa's relationship with her

international development partners. There are very strong moral and compelling economic reasons of common interest for Africa's development partners to buy into the new paradigm, as the continued economic non-performance of Africa has enormous impact on global progress. In this vein the need for commitment is paramount.

Reference here may be made to the UN Programme of Action for Africa's Economic Recovery and Development (UN-PAAERD) -1986-1990, and other programmes like the African Alternative Framework to Structural Adjustment for socio-economic Transformation (AAF-SAP), and Africa's Priority Programme for Economic Recovery (APPER), the Lagos Plan of ACTION - FAL and the treaties of the Africa Economic Community and the Africa Union, where either the African leaders failed to demonstrate the necessary political commitment needed for their implementation or the development partners also reneged on their part of the bargain.

- iii) In close relation with what has just been said, we also call for the adoption of effective measures to provide free market access for African products. There is need therefore to redress the serious imbalances and discrimination against African countries as a result of prohibitive measures such as barriers to trade and other unfair trade practices and rules.
- iv) The structure of African economies vis-à-vis globalisation makes it imperative to devote attention to sub-regional and regional integration. The aims of NEPAD may hardly be realised under the present fragmented, weak African economies that virtually lack horizontal links to each other. We therefore recommend a fast-track, multiple geometry approach to sub regional integration to serve as a platform on which NEPAD may be anchored. NEPAD should therefore be re-cast to take advantage of the socio-economic platforms of the African Economic Community and African Union; it cannot replace the latter, neither can they run parallel to each other.
- v) A key component of the implicit post-war social bargain in the industrialised countries has been the provision of social insurance and/or safety nets at home (unemployment compensation, severance payments, etc.) in exchange for the adoption of liberal policies. The role of governments has thus increased (not diminished) in the industrialised countries. The prescriptions given to Africa, however, while espousing global capital and trade mobility, advocate at the same time contraction of government and casualisation of labour and subject social protection and social justice to the vicissitudes of the market. This is unacceptable. We recommend therefore that NEPAD should design a role for government that ensures a balance between the market and social sustainability, a balance that would ensure that social development directs economic development (and not the other way round).

- vi) It is our firm belief that the realisation of NEPAD is only possible against the background of the total absence of war and the crystallisation of popular democracy in Africa. The need therefore for the intensification of efforts towards peace, stability and transparency and participation in good governance in Africa cannot be over emphasised.
- vii) Closely tied in with (vi) above is the question of the African debt. NEPAD is simply meaningless unless it is linked up with the total elimination of the debt albatross. Estimated at well beyond 300 percent of exports, the African debt is simply not sustainable. What is worrisome is that quite a sizeable percentage of the African debt accrued as a result of factors not of Africa's making. It is against this background that we call for a total and unconditional cancellation of African debt. NEPAD should not be another preparatory programme for ensuring debt repayments.
- viii) Lack of equity in international economic relations has been the bane of most African development programmes. In the framework of NEPAD equity is assumed: It does not exist. That is why we call for a realignment of the global division of labour.
- ix) On the labour front we call for the incorporation of respect for core labour standards into the administration of NEPAD, and the establishment of a formal structure (within NEPAD) to address trade, development, and core labour standards, with the full participation of the ICFTU-AFRO and OATUU. We equally call for the inclusion of social, labour, gender, environment and development concerns in the NEPAD's trade and development policy review mechanisms.
- x) Finally, to recap, that attention should be concentrated on some basic areas, if the current endeavour is to succeed. These are:
- ▼ ensuring the total absence of war on the continent and crystallising popular, transparent, and participatory democracy
 - ▼ fostering sub-regional and regional integration
 - ▼ development and transformation of agriculture, not only as a means of ensuring food sufficiency and security, but also as a pivot for industrial take off
 - ▼ ensuring world market access for African products
 - ▼ minimizing the spread of HIV/AIDS
 - ▼ empowering women
 - ▼ prioritising the creation of decent well-paid jobs as a basis for wealth creation and poverty eradication
 - ▼ development of human capital, and
 - ▼ setting up an operational tripartite structure facilitating effective implication of African workers and employers.

THE ROLE OF PARLIAMENT IN NEPAD

West African Regional Parliamentary Conference,
Accra, Ghana September 30 - October 2, 2002

Introduction

The conference, which consisted of 85 participants from 18 Parliaments in West Africa (including the ECOWAS Parliament) and Europe (including the European Parliament), met in Accra, Ghana through the hospitality and courtesy of the Parliament of Ghana and the facilitation of AWEPA.

Discussions revolved around the roles of Parliaments and Parliamentarians in relation to NEPAD as well as the great challenges of poverty, HIV/AIDS and the new generation of young people.

The conference was of the view that the success of NEPAD hinges on democracy and good governance. African Parliaments, unlike those in Europe and elsewhere, have weak structures, especially the committee system. Therefore Parliaments should be resourced to function as the pillars upon which participatory and enduring democracies can be built and entrenched on the continent. Members of Parliament should be further enabled to exercise their oversight function and to scrutinize budgets.

Delegates were of the view that regional integration ought to be strengthened in order to create a solid foundation for Pan-Africanism. For now, all governments should work towards the easing of restrictions on the free movement of people across borders on the continent to enhance socio-economic integration.

Delegates were further of the view that there was insufficient action undertaken to fight the HIV/AIDS pandemic and that this ought to be remedied as a priority. Statistics indicate the massive presence of HIV/AIDS but these are conservative estimates of the prevalence of HIV/AIDS and this should be taken into account.

Mobilisation Plan

It was the considered view of delegates that the foundation of true parliamentary democracy is the effectiveness and efficiency of the legislature in the discharge of its constitutional responsibilities.

For NEPAD to be the property of the peoples of Africa, Parliaments must be well positioned to partner African governments and their foreign partners to fine-tune the NEPAD document for collective implementation. Accordingly, delegates

proposed the following concrete recommendations for action:

1. African Parliaments should set up select committees on ECOWAS, the AU, and NEPAD so that these committees can constantly review the NEPAD agenda and programmes in order to make recommendations to the AU and the governments;
2. The NEPAD document(s) together with any amendments or revisions and other relevant material should be made available to all Parliamentarians to enable them to hold informed debates on the contents of the document;
3. The NEPAD secretariat should be encouraged to fashion strategies which can be implemented and which take into account the role and suggestions of African Parliaments;
4. Parliaments should hold periodic public fora or hearings to engender discussions on non-partisan bases so that national interest on developmental issues becomes the rallying point of carrying all the people on board. MPs should be encouraged to consult and mobilise public opinion to support the objectives of NEPAD. Special efforts should be made with respect to civil society organisations, religious organisations, labour, sports and other bodies as well as NGO's which have roots in communities. Advocacy and other NGO's may also be consulted where appropriate;
5. The Committee system of African Parliaments should be strengthened so that they can take up issues relevant to their functions and report back;
6. Regional and sub-regional workshops should be facilitated for constant review of the NEPAD documents in order that all Parliaments can function proactively in fashioning the NEPAD agenda;
7. Parliament must assert its independence as an institution and position itself as an equal partner in governance and also strive to achieve real balance of power and equitable distribution of resources among the three arms of government;
8. Parliaments should work with the Executive arm in seeking common grounds for addressing and managing conflicts and preventing violence on the continent because NEPAD can only succeed in a conflict-free environment. All Members of Parliaments must contribute and work collectively towards conflict resolution;
9. Even though NEPAD is the brain child of African leaders, the executive must be encouraged to collaborate with their parliaments in the implementation, monitoring, and evaluation of various programmes under NEPAD;
10. Individual Parliaments should be encouraged to summon the executive, especially cabinet ministers who attend NEPAD meetings, to brief their Parliaments on matters discussed and new outcomes;
11. Parliamentary research groups, including university staff, should be commissioned to organise periodic conferences for MPs to enable them to upgrade their knowledge at various stages of implementation of the NEPAD agenda.

Delegates expressed their profound gratitude to the Parliament of Ghana for hosting the conference and to AWEPA for organising the conference and encouraged AWEPA to continue to facilitate similar fora for West African Parliamentarians to be involved in and play a critical role in developing the NEPAD process.

CHILDREN ON THE BRINK,

Statement by Carol Bellamy, Unicef Executive Director to Africa
Leadership Consultation: Johannesburg, 9 September 2002

Dear Colleagues and Friends.

It is a pleasure - and a personal privilege - to join you for this vitally important consultation. We are here because we are deeply concerned: concerned about the plight of children in Africa, of the mounting adult mortality and orphan crisis that is disfiguring this continent, and concerned about the inadequacy of the response. We are here to discuss this crisis and to, together, propose ways forward to invigorate and expand the movement for Africa's children, especially her orphans.

Twenty years into the pandemic we are seeing, with brutal effect, the impact the HIV/AIDS pandemic is having on Africa. Today, over 11 million children in Africa are orphaned, many millions more are living in families touched by HIV/AIDS, nearly 3 million children are today living with AIDS in Africa, and the pandemic steamrolls on with over 7 000 children and young people being infected daily. While, on the one hand, we must recognise and applaud the recent increase in global attention to HIV/AIDS, the reality also is that this is not yet making a dent in the threat to Africa's children.

The silence that surrounds children affected by HIV/AIDS and the inaction that results is morally reprehensible and unacceptable. If this situation is not addressed, and not addressed now with increased urgency, millions of children will continue to die, and tens of millions more will be further marginalised, stigmatised, malnourished, uneducated, and psychologically damaged.

The implications of this are monstrous. The profound trauma of losing a mother or both parents has devastating long-term implications, not only for a child's survival, well-being and development, but for the stability of communities - and, ultimately, nations themselves. And by creating millions of orphans as it kills the very men and women vital to the functioning of society, HIV/AIDS sows the kind of political instability that can lead to strife and outright war.

It is an increasingly common sight to encounter groups of children wandering through the streets of Africa, children growing up without the care, love and protection of adults, and who as a result, are more often than not malnourished, denied their right to basic education - and ultimately marginalised. Disconnected

from societal norms and increasingly vulnerable to violence, sexual exploitation and political opportunism, children and young people can easily turn to crime as a mode of survival.

My friends, I have the highest hopes for our meeting. Drawing on the deep and diverse collective experience and wisdom in this room, my hope is that our ideas will trigger a quantum shift in our collective response to the orphan crisis.

To move forward we need to recognise the failure of not seeing the crisis for what it is. For failing to talk loudly about its impact on children. And the failure of not mounting emergency and development responses commensurate with the problem. What is disturbing about this failure is that it represents a silence - the OVC crisis is not talked about and not acted upon. Why?

- ▼ Why? - Partly because the problem of HIV/AIDS has been hidden. There are time lags between HIV infection, death and orphaning which mask the crisis
- ▼ Why? - Partly because leaders have been overwhelmed by the size and complexity of the crisis - resulting in action paralysis.
- ▼ Why? - Partly, because it means talking about what fuels the epidemic.
- ▼ Why? - Partly, because the OVC crisis reflects cleavages within society and highlights a number of failures of governments in delivering on their promises.
- ▼ And partly, because the OVC crisis requires rethinking and the shifting of priorities and budgets.

There is no doubt there are many reasons for this silence. But, the bottom line is, they must no longer be used as an excuse for inaction. The human costs of this conspiracy of silence - both immediately and in the longer term - have been far too costly for Africa and its children.

Friends, from my own experience - reinforced in recent weeks by my impressions of the vast humanitarian crisis unfolding in much of southern Africa - tells me three things.

- ▼ Firstly, that we need to reinvigorate the Global Movement for Children on the African continent.
- ▼ Secondly, that we cannot act on behalf of children in Africa without directly, honestly and boldly addressing HIV/AIDS.
- ▼ And thirdly, that traditional African strengths such as the extended family and community structures are collapsing under the weight of HIV/AIDS. Let me be frank: Families and communities in many parts of Africa are no longer coping.

In my opinion, leadership is key in changing all this, in agitating, leading and mobilising this movement for children. And this leadership, to be effective in touching the lives of the many millions of children touched by AIDS, must be

broad-based and embracing of government and civil society, community groups, NGOs, activists and politicians, civil society, the private sector and international community, and involving children and young people themselves. Uniting this leadership and movement must be a common vision, of building a strong and stable Africa and of ensuring that in doing so we invest in, protect and nurture Africa's most precious resource, her children.

This leadership must be articulated in practical ways - not merely in sermons, statements and declarations - but in ways that touch the lives of children. This leadership must lead the way to halt rising levels of young child mortality and malnutrition; reverse rising rates of school drop outs and exclusion; and stop the exploitation and abuse of children. This leadership must give confidence, inspiration and material support to individuals, families and communities who day-in-day-out are trying hard to serve children but often lack the resources, information and advice and solidarity required to sustain and complete their efforts. These results for children are, and must be, the true and only indicators of the mobilisation of Africa's leaderships for children.

Clearly, the OVC crisis is a catastrophe of unprecedented scale and hurt. As such, we need to ensure that OVC are considered in all development planning and action. We also need to ensure that the immediate needs of this large and growing population of marginalised children are met. Here the messages must be clear - these children need food and shelter, access to medical care, counselling and psycho-social support and protection from abuse and violence. They need to live under the protection and care of adults, and they also need the space and respect for their right to be able to express themselves and be involved in decisions that affect their lives.

From my travels these last weeks, there is one priority that stands out, and that is education, and particularly for girls.

Only education can empower young people with the knowledge they need to protect themselves and their communities. Only education can combat the discrimination that helps perpetuate the pandemic. And only education can help children and young people acquire the knowledge and develop the skills they need to build a better future.

That is why UNICEF is challenging governments, local leaders, teachers and young people to help transform schools and education systems - centred not only on reading and writing, but on preventing the spread of the disease while supporting those affected by it - and strengthening the communities where they live.

This means using schools to promote more youth participation and commitment; more services aimed at youth; more parental involvement; more education and information, not only for young people but for families and communities; more protection for girls, orphaned children, and young women; and more partnerships with people with HIV and AIDS.

My Friends, each of us has the power to help make the world a better place for children - a place where every child can grow to adulthood in health, peace and dignity. Your work here in Johannesburg is a testament to what we can achieve when that power is put to work. Our challenge is to think creatively and devise actions that will fundamentally and irrevocably ensure a quantum shift in the global response to children affected by HIV/AIDS.

DECLARATION ON AFRICA'S DEVELOPMENT

CODESRIA - TWN-AFRICA, Accra 23-26 April, 2002

1. From the 23 to 26 April, 2002, we, African scholars and activist intellectuals working in academic institutions, civil society organisations and policy institutions from 20 countries in Africa, as well as colleagues and friends from Asia, Europe, North America and South America met at a conference jointly organised by the Council for Development and Social Science Research in Africa (CODESRIA) and the Third World Network-Africa (TWN-Africa) to deliberate on Africa's developmental challenges in the new millennium.

2. Our deliberations covered such issues as Africa's initiatives for addressing development; Africa and the world trading system; mobilising financing for development in Africa; citizenship, democracy and development; education, health social services and development, and gender equity and equality in development.

Challenges to the Space of Africa's own Thinking on Development

3. In our deliberations, we recalled the series of initiatives by Africans themselves aimed at addressing the developmental challenges of Africa, in particular the Lagos Plan of Action and the companion African Alternative Framework for Structural Adjustment. Each time, these initiatives were counteracted and ultimately undermined by policy frameworks developed from outside the continent and imposed on African countries. Over the past decades, a false consensus has been generated around the neo-liberal paradigm promoted through the Bretton Woods Institutions and the World Trade Organisation. This stands to crowd out the rich tradition of Africa's own alternative thinking on development. It is in this context that the proclaimed African initiative, the New Partnership for Africa's Development (NEPAD), which was developed in the same period as the United Nations Economic Commission for Africa's *"Compact for African Recovery"*, as well as the World Bank's *"Can Africa Claim the 21st Century?"*, were discussed.
4. The meeting noted the uneven progress of democratisation and in particular of the expansion of space for citizen expression and participation. It also acknowledged the contribution of citizen's struggles and activism to this expansion of the political space, and for putting critical issues of development on the public agenda

External and Internal Obstacles to Africa's Economic Development

5. The meeting noted that the challenges confronting Africa's development come from two inter-related sources: (a) constraints imposed by the hostile international economic and political order within which our economies operate; and (b) domestic weaknesses deriving from socio-economic and political structures and neo-liberal structural adjustment policies.
6. The main elements of the hostile global order include, first, the fact that African economies are integrated into the global economy as exporters of primary commodities and importers of manufactured products, leading to terms of trade losses. Reinforcing this, secondly, have been the policies of liberalisation, privatisation and deregulation as well as an unsound package of macro-economic policies imposed through structural adjustment conditionality by the World Bank and the IMF. These have now been institutionalised within the WTO through rules, agreements and procedures which are biased against our countries. Finally, the just mentioned external and internal policies and structures have combined to generate an unsustainable and unjustifiable debt burden which has crippled Africa's economies and undermined the capacity of Africa's ownership of strategies for development.
7. The external difficulties have exacerbated the internal structural imbalances of our economies, and, together with neo-liberal structural adjustment policies, inequitable socio-economic and political structures, have led to the disintegration of our economies and increased social and gender inequity. In particular, our manufacturing industries have been destroyed; agricultural production (for food and other domestic needs) is in crisis; public services have been severely weakened; and the capacity of states and governments in Africa to make and implement policies in support of balanced and equitable national development emasculated. The costs associated with these have fallen disproportionately on marginalised and subordinated groups of our societies, including workers, peasants and small producers. The impact has been excessively severe on women and children.
8. Indeed, the developments noted above have reversed policies and programmes and have dismantled institutions in place since independence to create and expand integrated production across and between our economies in agriculture, industry, commerce, finance and social services. These were programmes and institutions which have, in spite of their limitations, sought to address the problems of weak internal markets and fragmented production structures as well as economic imbalances and social inequities within and between nations inherited from colonialism, and to redress the inappropriate integration of our economies in the global order. The associated social and economic gains, generated over this period have been destroyed.

9. The above informed our reflections on the NEPAD. We concluded that, while many of its stated goals may be well-intentioned, the development vision and economic measures that it canvases for the realisation of these goals are flawed. As a result, NEPAD will not contribute to addressing the developmental problems mentioned above. On the contrary, it will reinforce the hostile external environment and the internal weaknesses that constitute the major obstacles to Africa's development. Indeed, in certain areas like debt, NEPAD steps back from international goals that have been won through global mobilisation and struggle.
10. The most fundamental flaws of NEPAD, which reproduce the central elements of the World Bank's *"Can Africa Claim the 21st Century"* and the ECA's *"Compact for African Recovery"*, include:
- ▼ the neo-liberal economic policy framework at the heart of the plan, and which repeats the structural adjustment policy packages of the preceding two decades and over-looks the disastrous effects of those policies;
 - ▼ the fact that in spite of its proclaimed recognition of the central role of the African people to the plan, the African people have not played any part in the conception, design and formulation of the NEPAD;
 - ▼ notwithstanding its stated concerns for social and gender equity, it adopts the social and economic measures that have contributed to the marginalisation of women
 - ▼ that in spite of claims of African origins, its main targets are foreign donors, particularly in the G8
 - ▼ its vision of democracy is defined by the needs of creating a functional market;
 - ▼ it under-emphasises the external conditions fundamental to Africa's developmental crisis, and thereby does not promote any meaningful measure to manage and restrict the effects of this environment on Africa development efforts. On the contrary, the engagement that it seeks with institutions and processes like the World Bank, the IMF, the WTO, the United States Africa Growth and Opportunity Act, the Cotonou Agreement, will further lock Africa's economies disadvantageously into this environment;
 - ▼ the means for mobilisation of resources will further the disintegration of African economies that we have witnessed at the hands of structural adjustment and WTO rules;

Call For Action

11. To address the developmental problems and challenges identified above, we call for action at the national, continental and international levels to implement the measures described below.
12. In relation to the external environment, action must be taken towards stabilisation of commodity prices; reform of the international financial system (to prevent debt, exchange rate instability and capital flow volatility)

as well as of the World Bank and the IMF; an end to IMF/World Bank structural adjustment programmes; and fundamental changes to the existing agreements of the WTO regime, as well as stopping the attempts to expand the scope of this regime to new areas including investment, competition and government procurement. Most pressing of all, Africa's debt must be cancelled.

13. At the local, national and regional levels, development policy must promote agriculture, industry, services including health and public education, and must be protected and supported through appropriate trade, investment and macro-economic policy measures. A strategy for financing must seek to mobilise and build on internal and intra-African resources through imaginative savings measures; reallocation of expenditure away from wasteful items including excessive military expenditure, corruption and mismanagement; creative use of remittances of Africans living abroad; corporate taxation; retention and re-investment of foreign profits; the prevention of capital flight, and the leakage of resources through practices of tax evasion practised by foreign investors and local elites. Foreign investment while necessary, must be carefully balanced and selected to suit national objectives.
14. Above all, these measures require the reconstitution of the developmental state: a state for which social equity, social inclusion, national unity and respect for human rights form the basis of economic policy; a state which actively promotes, and nurtures the productive sectors of the economy; actively engages appropriately in the equitable and balanced allocation and distribution of resources among sectors and people; and most importantly a state that is democratic and which integrates people's control over decision making at all levels in the management, equitable use and distribution of social resources.

The Challenge for African Scholars and Activist Intellectuals

15. Recognising that, by raising anew the question of Africa's development as an Africa-wide concern, NEPAD has brought to the fore the question of Africa's autonomous initiatives for development, we will engage with the issues raised in NEPAD as part of our efforts to contribute to the debate and discussions on African development.
16. In support of our broader commitment to contribute to addressing Africa's development challenges, we undertake to work both collectively and individually, in line with our capacities, skills and institutional location, to promote a renewed continent-wide engagement on Africa's own development initiatives. To this end, we shall deploy our research, training and advocacy skills and capacities to contribute to the generation and dissemination of knowledge of the issues at stake; engage with and

participate in the mobilisation of social groups around their interests and appropriate strategies of development; and engage with governments and policy institutions at local, national, regional and continental levels. We shall continue our collaboration with our colleagues in the global movement.

17. Furthermore, we call,

- ▼ for the reassertion of the primacy of the question and paradigm of national and regional development on the agenda of social discourse and intellectual engagement and advocacy
- ▼ on Africa's scholars and activist intellectuals within African and in the Diaspora, to join forces with social groups whose interests and needs are central to the development of Africa
- ▼ African scholars and activist intellectuals and organisations to direct their research and advocacy to some of the pressing questions that confront African policy and decision making at international levels (in particular negotiations in the WTO and under the Cotonou agreement), and domestically and regionally
- ▼ upon our colleagues in the global movement, to strengthen our common struggles, in solidarity. We ask our colleagues in the North to intervene with their governments on behalf of our struggles, and our colleagues in the South to strengthen South-South co-operation.

18. We pledge ourselves to carry forward the positions and conclusions of this conference. And we encourage CODESRIA and TWN-Africa to explore, together with other interested parties, mechanisms and processes for follow-up to the deliberations and conclusions of this conference.

OPENING UP NOT ALWAYS GOOD, ACKNOWLEDGES THE IMF

By Rita Tavares

Sao Paulo: The International Monetary Fund admits that developing countries that open their markets to international capital do not always benefit from this. In fact, based on the analysis of ten academic studies on this topic, the fund concludes that financial integration does not always favour economic growth in these countries. Although these 10 studies were not conclusive, the IMF staff examined the trajectory of 38 developing countries in the period between 1980 - 1999, utilising two methodologies of evaluation, and arrived at the same conclusion: the benefit is not always greater than the risk.

The evaluation is made in the chapter "International Financial Integration and Developing Countries" of the "World Economic Outlook", that deals specifically with the impact of international financial integration on developing countries. Brazil, naturally, is part of that group of countries.

In the study conducted by the fund team, there are two principal conclusions: first, an increase in international financial integration is generally associated with an increase in economic growth of countries, but this effect is generally not statistically significant. The direct impact on per capita economic growth is an average around 0,25 percent per annum. Secondly, in the 1990s, growth came from inflows of foreign (direct) investment, while foreign portfolio investment responded to (followed) the growth that had occurred in the 1980s.

Until the beginning of the 1990s, the outlook on the impact of international financial integration was more positive, with a perception that market liberalisation was accelerating growth in developing countries, after the series of crisis of the 1990s, the IMF considers that, besides the benefits, risks began to be perceived reducing optimism. On the one hand, less rigid controls and a greater inflow of capital supports greater investment, including in the domestic market itself that responds to external flows and strengthens the capital market.

But, against this, developing countries become vulnerable to the vicissitudes of international capital flows, that tend to be exacerbated in moments of crisis or lack of confidence in emerging markets. "That risk can increase if the domestic economy and fiscal policies are weak or inconsistent, or if the financial system is not sufficiently developed to cope with large flows of capital", says the Fund's document.

"Weak financial supervision and inconsistent macroeconomic policies can lead to large inflows of capital that are allocated inefficiently, leading to rapid outflows of capital. As a result, consistent benefits are difficult to identify", says the text. The IMF study considers that the impact depends basically on the initial conditions and on the policies adopted by each country, when embarking on financial integration.

Without having a solid macroeconomic base and having undertaken financial sector reform, the document recommends that developing countries adopt a cautious approach: cautiously and gradually opening the domestic market to international capital.

VALLI MOOSA AND NGO'S

Dear New Agenda,

Valli Moosa's comments on WSSD provide fascinating insights on the negotiations process. But I don't recognise what I understand of NGO positions in his representation of them. Take renewable energy. Yes, there are some climate NGOs who have difficulty focussing at an altitude lower than the stratosphere. But most of those calling for renewables are intensely concerned with access and distribution. They would have several concerns with government's approach:

First, it largely reduces energy to electricity. Poor people in particular rely on a mix of energy and government itself has recognised this in the case for cheaper paraffin. But there has been no real support for wood-fuels, clean coal, solar water heating, bio-gas digesters, energy efficient appliances (whatever the energy source) or thermal efficiency of housing.

Second, cost recovery has resulted in mass cut-offs. Access, as provided by the electricity roll out, has therefore been rather uncertain and will become more so with restructuring and the implementation of "commercial returns" to Eskom and its successor companies.

Third, the approach has reduced access to an issue of consumption. Many renewables are capable of small and medium scale local applications and advocates argue that there is a great potential for access to participation in production. There is also considerable evidence that renewables will create more jobs for less capital outlay. Renewables (including electricity from renewable sources) would thus contribute far more to local economic development than does electricity supplied from a central source.

Fourth, Moosa remarks that the Europeans have a head-start in developing renewable technologies. For wind turbines and solar electricity panels this is true. But then, it is even more true for conventional technologies where, Moosa suggests, southern countries could develop their own technologies. For bio-gas digesters, it is not true - China and India lead the field. For most renewables, there is scope for innovation and the opportunity for South Africa to get in on the ground floor of technology development.

Fifth, several renewables can and should be associated with other services. For example, bio-gas generation needs to be developed together with water, sanitation and waste services and should feed into cultivation. The necessity of building new infrastructure in many areas presents a choice: do we lock people into conventional technologies which yield no return on expenditures or do we develop flexible packages combining innovative technologies with local consultation and institutional development? This question will become more urgent when municipalities lose their income from electricity distribution as a consequence of restructuring.

Moosa says government has no idea of what a globally agreed renewable energy target would cost South Africa. This isn't really surprising since it has made no effort to find out. Its thinking on renewables has been as a peripheral application - solar electricity in areas where consumption will not pay for the costs of extending the grid, or the odd solar cooker funded by donors. Yes, South Africa has now set its own target for renewables. It is a very safe target in that it is below forecast growth levels. It's a target that says, "We will do nothing beyond the symbolic." Meanwhile, the real action in energy policy appears to be driven by cheap energy to intensive industrial users.

Perhaps it was not the intention, but Moosa's arguments set up an opposition that puts northern interests, the environment and progressive NGOs on one side and southern interests, access and development on the other. This is misleading. Oxfam's fair trade campaign and coruscating critique of northern government hypocrisy - published under the title of "Rigged rules and double standards" - scarcely speaks in the northern interest. Nor does the demand for holding transnational corporations accountable - a campaign led by an international consortium of environmental NGOs including the South African organisation groundWork. There certainly are north-south issues within the NGO movement but they do not easily fit with Moosa's representation of them.

In the same way, he represents Rio as having been concerned with the environment at the cost of social and economic development. It is worth remembering that the Section One of Agenda 21 addresses precisely the social and economic dimensions and Chapter 3 is titled "Combating Poverty". The second section deals with environmental issues but as resources. Similarly, the resource and developmental value of environmental goods frames the approach to the environmental conventions was agreed to at Rio. Rio was trenchantly criticised by NGOs at the time, particularly for its failure to address power relations. But it is difficult to avoid the conclusion that government's representation of Rio is aimed at subordinating environmental concerns to the requirements of capital accumulation.

The real difference between government and progressive environmentalists - including the advocates of renewable energy - is not access. It is the meaning of development, who benefits from it and who carries the social and environmental costs of it. NGOs came to WSSD with the slogan "a better world is possible". As I understand it, that meant a defence of people's rights to resources including land, water, energy, health, education etc., equitable distribution of economic benefits, and protection from environmental harm. And it implies a way of thinking about the environment as a developmental asset rather than as an impediment to development. Getting there, of course, is the difficult part. Renewable energy is one place to start down the road.

Yours,

David Hallows.

14 January 2003



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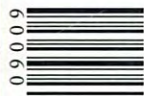
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