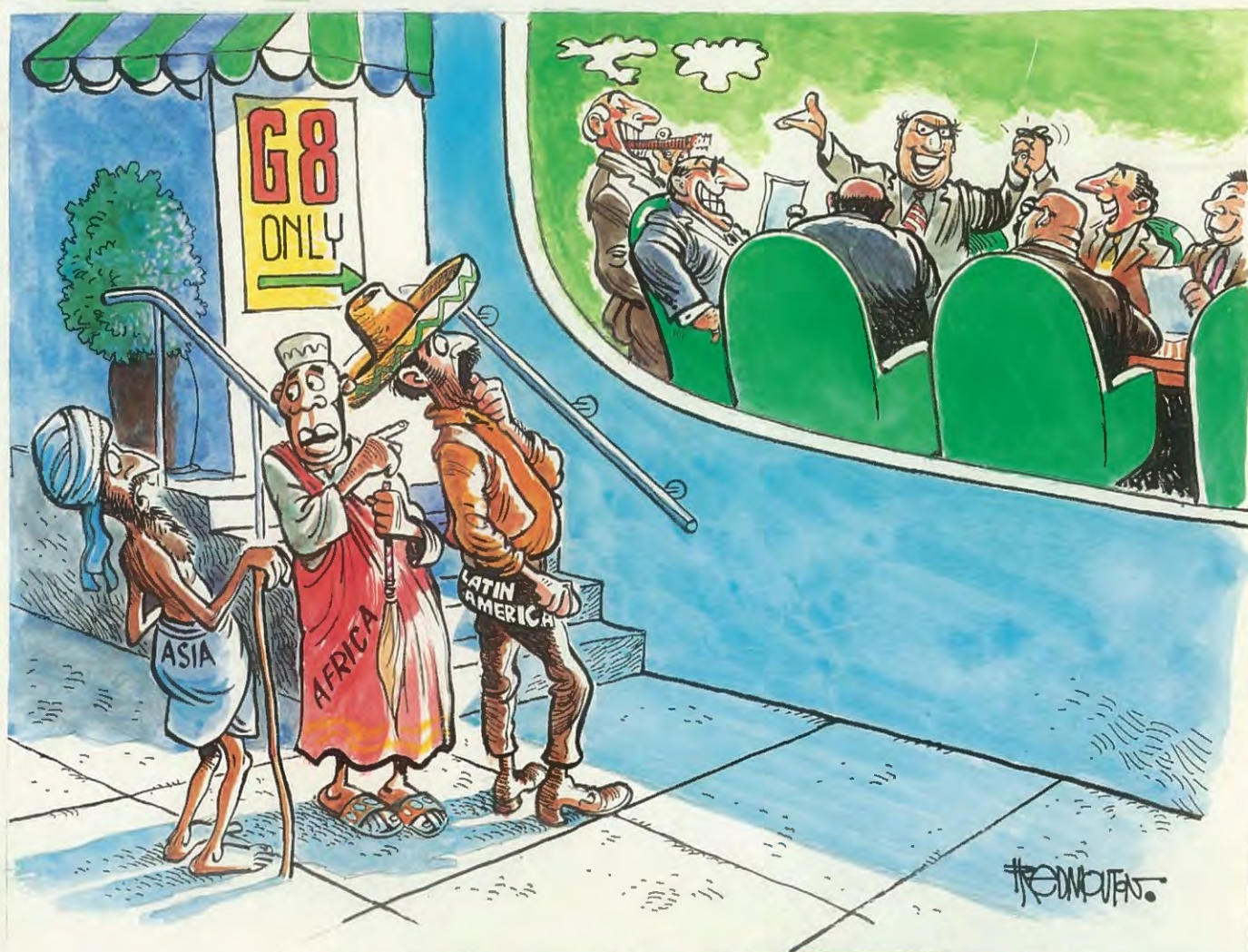


NEW AGENDA

SOUTH AFRICAN JOURNAL OF SOCIAL AND ECONOMIC POLICY



WILL THE WTO SURVIVE?

BY ROB DAVIES

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FOURTH QUARTER 2006

A photograph of a person lying in bed in a dimly lit room. The person is looking towards the camera. A candle is lit on a small table next to the bed. The word "Medicine" is written in a stylized font across the middle of the image.

Medicine

Words alone don't heal the sick. They don't cure disease or ease an aching body. Words won't bring colour back to someone's cheeks or get them on their feet again. They can't break a fever or stop a cold sweat. Words alone aren't nearly enough. That's why we're doing things like providing HIV treatment and support for our staff, as well as building clinics, providing healthcare training and orphan care for the broader community. Because we'd far rather do something about it, than just talk about it.

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Creating Wealth through Infrastructure

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WE AGREE

Extract from the Nelson Mandela Memorial Lecture
by President Thabo Mbeki, 29 July 2006

Many years ago now, Nelson Mandela said that our country needs an "RDP of the soul", the Reconstruction and Development of its soul.

He made this call as our country, in the aftermath of our liberation in 1994, was immersed in an effort to understand the elements of the Reconstruction and Development Programme that had constituted the core of the Election Manifesto of the ANC in our first democratic elections.

All revolutions, which, by definition, seek to replace one social order with another, are, in the end, and in essence, concerned with human beings and the improvement of the human condition. This is also true of our Democratic Revolution of 1994.

In this regard, I will take the liberty to quote what I said in 1978, in a lecture delivered in Canada reflecting on the formation of South African society, which was later reproduced in the ANC journal *Sechaba*, under the title "The Historical Injustice".

"The historic compromise of 1910 has therefore this significance: that, in granting the vanquished Boer equal political and social status with the British victor, it imposed on both the duty to defend the status quo against, especially, those whom that status quo defined as the dominated. The capitalist class, to whom everything has a cash value, has never considered moral incentives as very dependable. As part of the arrangement, it therefore decided that material incentives must play a prominent part.

"It consequently bought out the whole white population. It offered a price to the white workers and the Afrikaner farmers in exchange for an undertaking that they would shed their blood in defence of capital. Both worker and farmer, like Faustus, took the devil's offering and, like Faustus, they will have to pay on the appointed day.

"The workers took the offering in monthly cash grants and reserved jobs. The farmers took their share by having black labour, including and especially prison labour, directed to the farms. They also took it in the form of huge

subsidies and loans to help them maintain a 'civilised standard of living'."

Of relevance to our purposes this evening, the critical point conveyed in these paragraphs is that, within the context of the development of capitalism in our country, individual acquisition of material wealth, produced through the oppression and exploitation of the black majority, became the defining social value in the organisation of white society.

Because the white minority was the dominant social force in our country, it entrenched in our society as a whole, including among the oppressed, the deep-seated understanding that personal wealth constituted the only true measure of individual and social success.

The capitalist class, to whom everything has a cash value, has never considered moral incentives as very dependable.

As we achieved our freedom in 1994, this had become the dominant social value, affecting the entirety of our population. Inevitably, as an established social norm, this manifested itself even in the democratic state machinery that had, seemingly "seamlessly", replaced the apartheid state machinery.

MARKET VALUES

I am arguing that the new order, born of the victory in 1994, inherited a well entrenched value system that placed individual acquisition of wealth at the very centre of the value system of our society as a whole.

The phenomenon we are describing, which we considered as particularly South African, was in fact symptomatic of the capitalist system in all countries. It had been analysed by all serious commentators on capitalist political economy, including such early analysts as Adam Smith.

Specifically, in this regard, we are speaking of the observations made by the political economists that, since the onset of capitalism in England, the values of the capitalist market, of individual profit maximisation, had tended to displace the values of human solidarity.

The central point is that the capitalist market destroys relations of "kinship, neighbourhood, profession and creed", replacing these with the pursuit of personal wealth by citizens who have become "atomistic and individualistic."

Thus, everyday, and during every hour of our time beyond sleep, the demons embedded in our society, that stalk us at every minute, seem always to beckon each one of us towards a realisable dream and nightmare. With every passing second, they advise, with rhythmic and hypnotic regularity – get rich, get rich, get rich!

And thus has it come about that many of us accept that our common natural instinct to escape from poverty is but the other side of the same coin on whose reverse side are written the words – at all costs, get rich!

In these circumstances, personal wealth, and the public communication of the message that we are people of wealth, becomes, at the same time, the means by which we communicate the message that we are worthy citizens of our community, the very exemplars of what defines the product of a liberated South Africa.

In these circumstances, the meaning of freedom has come to be defined not by the seemingly ethereal and therefore intangible gift of liberty, but by the designer labels on the clothes we wear, the cars we drive, the spaciousness of our houses and our yards, their geographic location, the company we keep, and what we do as part of that company.

It is perfectly obvious that many in our society, having absorbed the value system of the capitalist market, have come to the conclusion that, for them, personal success and fulfilment means personal enrichment at all costs, and the most theatrical and striking public display of that wealth.

Necessarily, and inevitably, this cannot but negate social cohesion and mutually beneficial human solidarity, and therefore the most fundamental condition of the existence of all human beings, namely, the mutually interdependent human relationships without which the individual human being cannot exist.

A BETTER HUMAN LIFE FOR ALL

In the context of our own challenges, this "idealism" must serve to focus our attention on issues other than the tasks of the production and distribution of material wealth.

The philosophers in our ranks will have to engage the

old debate of the relationship between mind and matter expressed in the statements, "Man must eat before he can think" and "I think, therefore I am."

I am certain that our country's philosopher-theologians will continue to be interested in these discussions. After all, some of the earliest expressions of idealism, as philosophical expression, are also contained in the Holy Bible.

In this regard, for instance, St John's Gospel says: "In the beginning was the Word..."

I am certain that many in this auditorium have been asking themselves the question why I have referred so insistently to the Christian Holy Scriptures. Let me explain.

I believe that it is obvious to all of us that economic news and our economic challenges have come to occupy a central element of our daily diet of information.

Personal pursuit of material gain, as the beginning and end of our life purpose, is already beginning to corrode our social and national cohesion.

Matters relating to such important issues as unemployment and job creation, disbursements from the national budget and expenditures on such items of education, health, welfare and transport, the economic growth rate, the balance between our imports and exports, the value of the rand, skills development, broad-based black economic empowerment, and the development of the "second economy", have all become part of our daily discourse.

Nevertheless, the old intellectual debate between "materialists" and "idealists", whatever side we take in this regard, must tell us that human life is about more than the economy, and, therefore, material considerations.

I believe that as a nation we must make a special effort to understand and act on this, because of what I have said already, that personal pursuit of material gain, as the beginning and end of our life purpose, is already beginning to corrode our social and national cohesion.

Clearly, what this means is that when we talk of a better life for all, within the context of a shared sense of national unity and national reconciliation, we must look beyond the undoubtedly correct economic objectives our nation has set itself.

TOO MUCH TROUBLE IN THE WORLD

In this context, I must say that, most unfortunately, there is much trouble in the world. Much too regularly all of us are exposed, daily, to news of human-made conflict and death, and the disasters caused by poverty and natural disasters.

In reality, I must confess that I have hardly ever heard of conflicts caused merely by low economic growth rates, currency movements and balance of payments problems, except to the extent that these produce a crisis in society.

Currently, none of us can avoid being extremely concerned about what is happening in the Middle East. What is happening in this region constitutes a tinderbox that has the potential to set the whole world aflame. As a country and people, we surely know that the highly negative events in the Middle East are of direct and immediate concern to us.

It seems tragically clear that here we are confronted with an impending catastrophe that is almost out of control. Nothing that has been done and said during this period of high crisis has produced the necessary agreement which would pull humanity back from the brink of an escalating conflict that can only feed on itself, leading to a further fanning of the terrible fires that already seem to be burning out of control.

In this regard we must pose the question whether, even

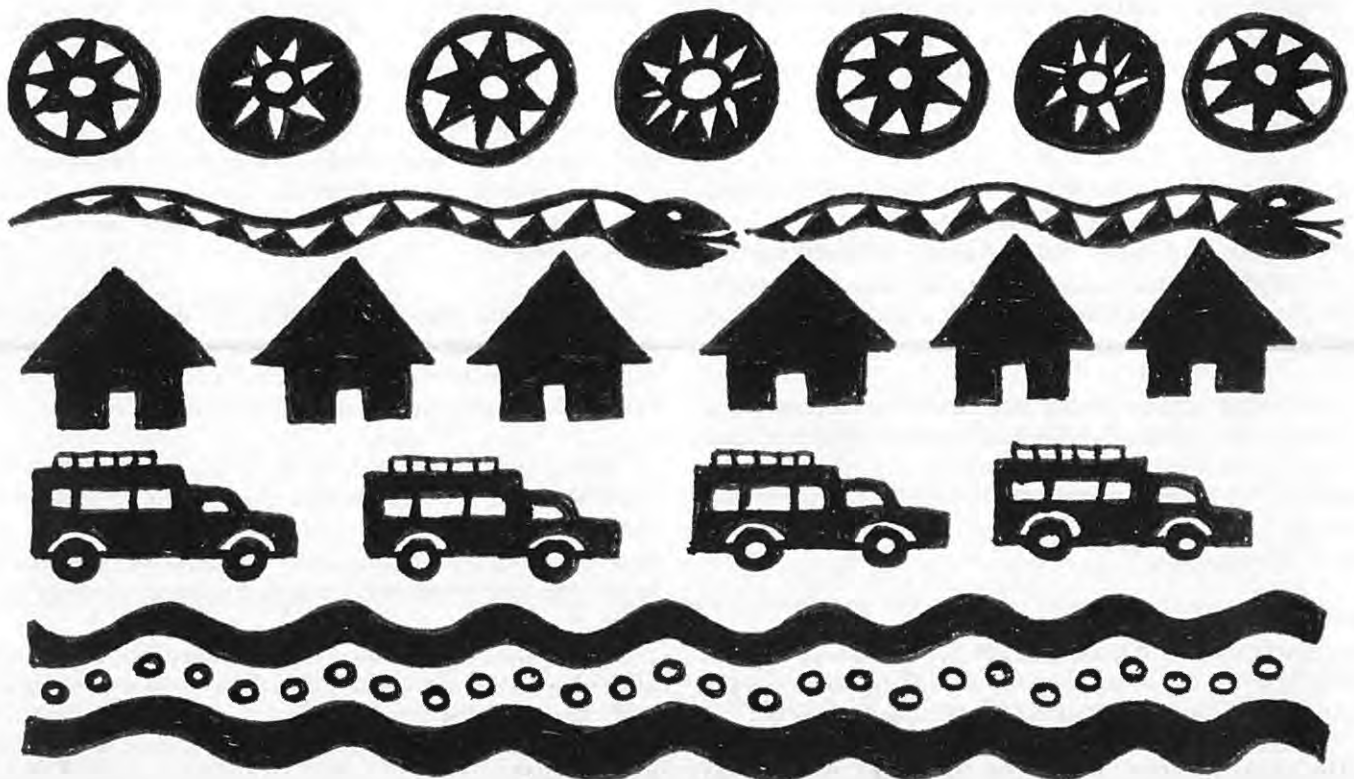
in the medium term, we are not ineluctably progressing towards the situation when the centre cannot hold. I refer here not only to the serious problems in the Middle East but to the phenomenon of social conflict everywhere else in the world.

I believe that for us to ensure that things do not fall apart, we must, in the first instance, never allow that the market should be the principal determinant of the nature of our society. We should firmly oppose the "market fundamentalism" which George Soros has denounced as the force that has led society to lose its anchor.

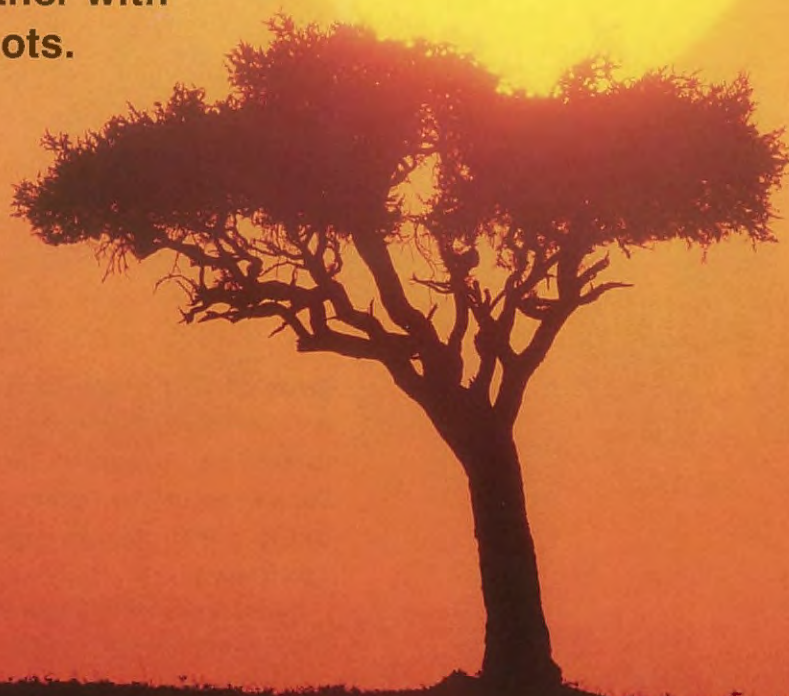
Instead, we must place at the centre of our daily activities the pursuit of the goals of social cohesion and human solidarity. We must, therefore, strive to integrate into the national consciousness the value system contained in the world outlook described as *ubuntu*.

We must therefore say that the biblical injunction is surely correct, that "Man cannot live by bread alone", and therefore that the mere pursuit of individual wealth can never satisfy the need immanent in all human beings to lead lives of happiness.

The conflicts we see today and have seen in many parts of the world should themselves communicate the daily message to us that the construction of cohesive human society concerns much more than the attainment of high economic growth rates, important as this objective is.



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WTO

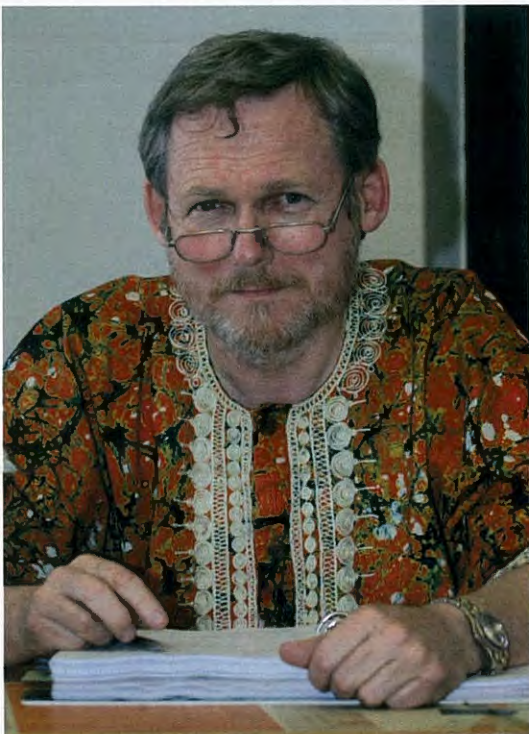
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is to lead South Africa's participation in negotiations at the WTO through the department's International Trade and Economic Development division. Recently WTO negotiations were suspended due to a breakdown of negotiations over a disagreement on Agriculture.

The EU was unwilling to give offers on agriculture tariff reductions, while the US refused to make additional commitments to reduce domestic support and wanted clarity from the EU on how to reduce tariffs, and address sensitive products, and assurances from the G33 on how the limited requests for special products were to be treated differently.

The US is keen that its Farm Bill process should be concluded before the end of the Doha Round. Thus, there is a possibility that the Doha Round could be restarted, either at the end of 2006 or at the beginning of 2007, depending on the Farm Bill Process.

In addition, the US Trade Promotion Authority, which gives authority for the US to participate in trade negotiations, could conceivably be extended for up to several months should the US



president ask for this from the US legislature. This therefore leaves scope for the negotiations to be revived at the end of 2006 or at the beginning of 2007.

Trade and Environment Negotiations

Discussions have centred on what is meant by "environmental goods" in the Ministerial Declaration. Developed countries supported the list approach, while the project/integrated approach was supported by developing countries, including South Africa. However, implementing the approach will be very difficult.

For this reason, SA will go about formulating its own position through consultations with other departments and relevant bodies, e.g. DME, DoA, NEDLAC, etc. The aim of these consultations will be to identify a list of single end-use products; to begin thinking about export interests; and, to consider which environmental industries could be developed in the future.

South Africa would like to ensure that there is a sustainable development angle to the negotiations in the event that they resume.

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CAN THE WTO SURVIVE?

ROB DAVIES, DEPUTY MINISTER OF TRADE AND INDUSTRY

Dr Rob Davies was interviewed by Ben Turok in September 2006

BEN TUROK: Maybe we should start by discussing the crisis in the WTO. Most of us are informed by what the press is saying, and they suggest that the crisis turns around positions taken by the United States, the European Union, Brazil and India. Is this a true reflection of the situation?

ROB DAVIES: Well, I think the membership did agree on 1 July at the Trade Negotiating Committee that there was indeed a crisis in the organisation. The agenda, which is supposed to give rise to the decisions of the Doha Ministerial in 2001, is way behind, and lots of deadlines had been missed. But at this particular moment, what is critical is that the United States has a Trade Promotion Authority which expires in the first quarter of next year. This is a mandate given to the administration by congress to negotiate a multilateral trade agreement and it allows them to bring back the agreement for ratification. If they don't have this authority, then the administration is not authorised to negotiate.

BT: But does everything depend on what the US says?

RD: Well, the issue of the deadline is critically dependent on this, but the reason the deadlines have been missed is because – in the analysis of many of us in the developing world – the developed world is unable to rise to the challenge of Doha and agree to rebalance the global trading system more in favour of developing countries without trying to extract an inordinate price in return for doing so.

The fault line that lies in the triangle of issues is: agricultural market access, domestic support and non-agricultural market access (NAMA).



BT: Assuming that the US doesn't get the authority, does that mean that the other players mentioned in the media, the EU, Brazil and India, are totally stymied? Does the US have a kind of veto?

RD: The WTO depends on what the membership agrees, and individual members can, in fact, hold up the process if they don't agree. If the agreement is not reached before the end of this year – and that includes not just agreement on what is called “modalities”, i.e. the nature and extent of the cuts in subsidies and tariffs, but also individual country schedules, services and everything else on the agenda – if all of this is not agreed by early next year, and the US's Trade Promotion Authority expires, then the scenario is that we might wait around for several years until the parties are ready to negotiate again. The Doha negotiations would be more or less stalled or could collapse altogether.

The US is a big player, and if the US is not going to be part of the agreement, that would mean no deal. The WTO is a member-driven organisation. The US is an important member; if they are not part of an agreement, there is no agreement.

POWER BLOCS

BT: What other blocs are there in the game, apart from the four that are mentioned?

RD: Well, the EU and the US are blocs on their own. Then you have a number of different groupings – some of them are among developed countries and some of them are among developing countries. Developing countries are organised in different groupings, depending on the nature of their economies and the nature of the interest that derives from them. One of the more important groupings is the G20, which is the group from which India and Brazil are the representatives in what is called the group of six – a small negotiating team brought together from time to time to see what the direction of the process might be. India and Brazil are there representing the G20.

BT: Can we take one group at a time?

RD: We start off with membership. There are 150-odd members of the WTO and they are all part of a structure called the Trade Negotiating Committee, which meets regularly. Then, out of the Trade Negotiating Committee, you have a number of “working groups” on issues like

agriculture and non-agricultural market access (NAMA). Then there is a smaller group called together from time to time in what's called a Green Room.

BT: Who calls them?

RD: The director-general usually. It is called the Ministerial Consultative Group when ministers are present, but it also meets at the level of heads of permanent delegations to Geneva. In either form, it consists of around 25 to 30 countries. These are considered to be representative broadly of other groupings in the membership. It is also a sounding board for the direction of the negotiations. Then there is the smaller G6 group that consists of the EU, the US, Australia, Japan, India and Brazil. Those countries meet from time to time and, again, that is a sounding board for the issues in the negotiation. Brazil and India often say that in the G6 itself there's a disparity, because the EU and US and Japan are there representing themselves, whereas India and Brazil have to consult with the G20 and with the NAMA 11 and the other developing country groups when they participate.

BT: There have been allegations that the Green Room is an exclusive club and that the director-general is heavily biased in favour of the big powers. Is that true?

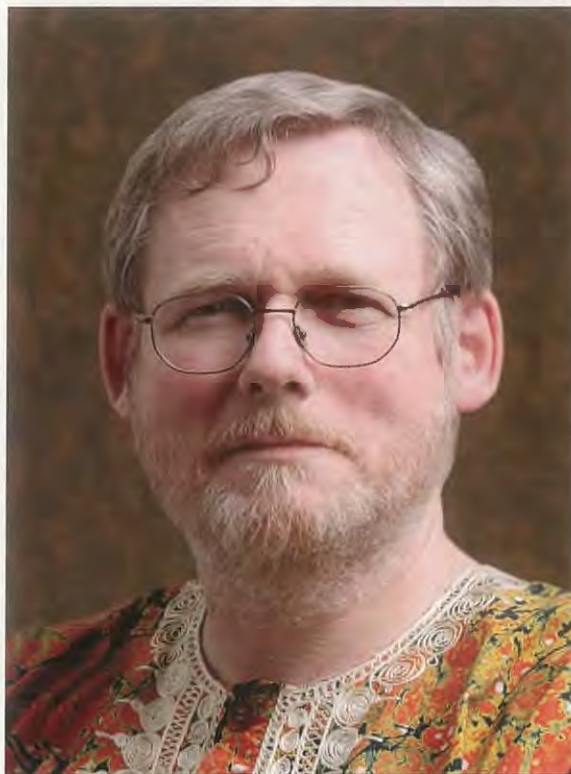
RD: In the past, the Green Room has been highly exclusionary. There have been some reforms, such as, during the last ministerial meeting in June, holding parallel meetings with the Trade Negotiating Committee, and reporting back to the broad membership on Green Room outcomes. So I think it has improved, but of course not every country is represented

in the Green Room and important decisions are taken there. It is hard to crack a deal among 150 members. You need a smaller group, but the relationship between that and the broad membership is constantly an issue and a challenge.

OTHER GROUPS

BT: Are there contradictions between the various blocs? Are they in a friendly relationship on the whole?

RD: I think the big issue is between the developed country blocs and the developing countries. The fundamental issue is whether the developed countries are going to



make the kinds of reforms that the Doha Ministerial had identified as critical to *begin a process* – and I would stress begin a process – of rebalancing the international trading system more in favour of developing countries. But the developing countries are in different groups, and this arises from the nature of the Doha mandate in the first place. I can briefly describe them. First, you have the Least Developed Countries (LDC) group, which is chaired by Zambia. LDCs, according to the Doha mandate, will not have to undertake any obligations themselves – no tariff reductions of any sort.

BT: Can we first deal with just the groups and then we will go back?

RD: It is quite important to understand why different categories of developing countries are in different groups. The LDCs are in a group on their own because they don't have to undertake any obligations themselves. What they are looking for is a series of specific demands, like duty-free and quota-free access to developed country markets and into developing country markets that are able to do so, as well as an "aid for trade" package. So the LDCs are one group. Then you have got at the other end, if you want to put it like this, the G20, which is a combination of developing countries with offensive and defensive interests in agriculture.

What happened in Doha in 2001 was that developing countries, among them South Africa, argued that, in the area of industrial tariffs, what was needed was not another round of average tariff cuts that would allow US tariff peaks and tariff escalations to remain in place.

BT: What does that mean?

RD: It means that some of them would be in a position to take advantage of reforms in agricultural markets in developed countries to expand their exports of agricultural products to those markets, while others would be able to expand domestic agricultural production if the negative impact of things like subsidies on their own domestic agricultural markets were reduced.

BT: Subsidies in Europe?

RD: Subsidies in Europe, the United States and other developed countries on products entering their markets. Those countries united in the G20 have basically developed an agenda of demands for removals

of subsidies on exports, for substantial reductions of subsidies on domestic production and improved agricultural market access.

You've got another group called the G33, of which some are in the G20. This is led by Indonesia. They are concerned to defend themselves against the impact of subsidies on their own domestic markets. They are looking for a deal in which they're able to identify special products and special safeguard measures that would be applicable against competition from subsidised imports from developed countries.

Then you've got a more recently formed group of developing countries that, according to the way that negotiations have unfolded, would be required to take formula cuts in industrial tariffs. This is the NAMA 11. South Africa is co-ordinating this group.

Then we have another group of small vulnerable economies, led by Caribbean countries. We have the African Group, the ACP (African, Caribbean and Pacific) and others. These are all developing country groups that are united around different kinds of issues, depending on how the Doha mandate would affect them, but which came together on the first of July and released a joint statement of developing countries calling for the development dimensions of the round to have priority.

Finally, we have the big players on the developed-country side. First, the US and the EU. Each of them, according to the Doha mandate, would be required to undertake reforms in agricultural trade, but both of them are demanding a rather large pound of flesh in return, particularly in industrial tariffs and services.

Then you've got other groupings, like the G10 on agriculture, which includes countries like Japan, Norway, Sweden and Switzerland, that are actually higher subsidisers than the US and EU and are more resistant to making reforms than either the US or the EU. They are an important outlier group. Then you've got countries like Australia and New Zealand in the Cairns Group, which is basically seeking liberalisation of agricultural trade because they're big potential agricultural exporters. That is roughly the make-up.

BT: It sounds like a recipe for chaos, actually. If you've got so many disparate groups, broadly divided between developed and developing countries, but with so many different interests, is there any realistic possibility of agreement?

RD: Well, the positions of the different groups at the moment – and this is the crisis of the organisation – are very far apart. That's the fundamental issue. And they haven't been narrowing over recent months.

DEVELOPED COUNTRIES RESIST

BT: Where does the fault lie?

RD: The fault line that lies in the triangle of issues is: agricultural market access, domestic support and non-agricultural market access (NAMA).

BT: Agricultural market access into the developed countries?

RD: Principally into the developed countries, and the principal blocker there was, until recently, the EU. Basically, just to put it in a nutshell, the G20 set out to identify a middle ground position – not an outlier, but a middle ground position. This called for a 54 percent average cut in agricultural tariffs in developed countries.

The EU came in with an offer which was about 39 percent, much below the G20 position, and it also had demands for treatment of sensitive products, which it would identify, that could be left out of tariff cut commitments. The basic analysis, for example by the South African Agricultural Department, was that that kind of proposal could have allowed the EU to keep out, if they wanted to, every agricultural product that was excluded from tariff cuts in the Trade Development Co-operation Agreement. This offer could be structured in such a way that it wouldn't provide any additional opportunities, for example, to South Africa. More recently, the EU has come along and said that it would be prepared to move closer to the G20 position: not to absolutely the G20 position, but closer to it. The EU didn't, however, actually indicate what the substance of that was, but it did indicate a willingness to move in the negotiating process. So, in a sense, while they were the main blockage at the December 2005 Hong Kong Ministerial meeting, they have become less of a blockage in the subsequent processes.

The US was very resistant to making cuts in agricultural domestic support until October last year, when they put forward a new proposal. This proposed – and I know it sounds quite ambitious – a 60 percent cut in what's called "the amber box" of trade-distorting domestic support payments. However, the cuts take place from what's called "the bound rates". The bound rates are what you actually negotiate with the WTO as your entitlement.

BT: So, the bound rate is your own?

RD: The bound rate is your legal maximum, but the *applied* rate may differ from the bound rate.

BT: Who decides what the bound rate is?

RD: You negotiate that with the WTO. It's the maximum that you are entitled to, and the cuts the US proposed would be 60 percent off the bound rate. Now, the analyses that were done by many observers showed that a 60 percent cut of the United States' bound rate of amber box

entitlements would actually have allowed them to *increase* their applied subsidies from 21 to 22 billion dollars. So, far from being a cut in applied rates, it could have actually allowed an increase in applied rates.

When they made this proposal last year, the response of the G20 group was to say, "well, it's a first offer that needs improving", and at that point the United States indicated that, if a lot of other things came together, they could improve on it.

More recently, the US has indicated that in fact they no longer seem to be willing to improve on it. That was the issue that came to a head in the abortive June Ministerial. The US basically said that, even if the EU moved closer to the G20 position on agricultural market access, they would not be able to significantly improve their offer on domestic support. Their demands actually are that the EU, in particular, must make cuts in agricultural tariffs way beyond the level proposed by the G20 – and even then, they were not able to commit to further cuts in subsidies. What appears to have happened is that the farm lobbies in the US have become active, congress has become more active, and the new US trade representative, Susan Schwab, who has taken over from Rob Portman, has basically come out saying that the US cannot move further on domestic support. That's the fundamental blockage at the moment.

The principle is called "less than full reciprocity", and it means that, where you are both going to do something, the smaller and weaker must do less than the bigger and stronger.

A POKER GAME

BT: But, it sounds to me that these are games being played by the developed world with no reference to the developing world. It's a game they're playing with each other. Are they genuine, or is it a poker game they're both playing?

RD: If the US did cut its domestic support significantly, then that would be of benefit to the developing world. But they appear not willing to do so and the relationship between them and the EU is – yes, a poker game. Each is playing a poker game with the other.

However, both of them – and this is where the third part of the director-general's triangle comes in – have demanded very high levels of tariff cuts on industrial products by what are called the "advanced developing countries". That is, the Indias and Brazils, but also

South Africa and, in fact, 30-odd developing countries that, according to the processes and the agreements up to now, would be required to take formula cuts. Now, perhaps I should explain this, because it is actually quite critical for South Africa. What happened in Doha in 2001 was that developing countries, among them South Africa, argued that, in the area of industrial tariffs, what was needed was not another round of average tariff cuts that would allow US tariff peaks and tariff escalations to remain in place.

BT: You'll have to explain that.

RD: What happened under the Uruguay Round was that you had an agreement for cuts in average industrial tariffs: you had to cut your overall average industrial tariff by 30-odd percent.

BT: That is for both developing and developed countries?

RD: Well, it was a slightly different percentage for the two groups, but the point is that it was *the overall* average that had to be cut by a certain amount. That allowed for shifting around, so you could reduce some tariffs to zero and keep some very high. The ones that remained high in the developed world were, overwhelmingly, tariffs on products of export-interest to developing countries. So, in the US, for example, the overall average tariff is very low, but when it comes to steel and clothing and textiles, the tariff "peaks" to a high level.

What was argued at Doha by many developing countries, including South Africa, Brazil, India and others, was that what was needed was not another round of average tariff cuts, but *specific cuts* in tariff peaks, tariff escalations and non-tariff barriers on products of export interest to developing countries. We didn't manage to win that on its own, however. In the section of the Doha Declaration on non-agricultural market access, the US managed to insert – and it wasn't possible to get it out – a clause saying that there must also be cuts in high tariffs generally.

SWISS FORMULA TARIFFS

BT: Across the board – high tariffs in developed and developing countries?

RD: Yes. Now in the subsequent processes, and particularly in the process in July 2004 where a framework agreement was put in place, it was agreed that there must be a formula applied in both developed and developing countries, which would reduce individual high tariffs down to an average rather than reduce the average. And that formula, which has more or less become the general currency although it has not finally been agreed, is called a "Swiss formula". It is a mathematical formula.

BT: Sorry, just to be clear. That would eliminate



high tariffs in developed countries on products that developing countries want to export. Is that right?

RD: Well, that was what developing countries wanted. But in Doha, the US talked of high tariffs generally. So, the formula that has been agreed on would apply to each individual tariff line and bring individual high tariffs down. However, what is important is the coefficient that is applied in the formula. *If the coefficient number is low then the rate at which the high tariff comes down is much quicker and much more brutal.*

Now, the other thing that was agreed in July 2004 was something called "flexibilities". Developing countries applying the formula (and I'll explain who is required to apply the formula) would be allowed to either leave five percent of their tariff lines completely outside of the formula cuts, or to subject 10 percent of their tariff lines to less than the formula cut, as long as it was not more than 50 percent less than the formula cut. The extent of these flexibilities is not agreed but the five or 10 percent are numbers "in square brackets", still under negotiation. Much depends on the flexibilities and the coefficient.

This formula arrangement applies to developed countries and to developing countries that, in previous rounds, have "bound" a large proportion of their industrial tariffs. Developing countries that haven't bound many would be

subject to a different arrangement: basically, binding and smaller average cuts. So, many developing countries in Africa would not be subject to the formula; only a few would be. In fact, around 30 developing countries would be subject to formula cuts. In the negotiating process, major developed countries, including both the US and the EU, have proposed that there should be a coefficient of 10 in developed countries and 15 for developing countries.

BT: But why the disparity?

RD: The principle is that there should be less than full reciprocity.

BT: Can you explain in simple terms why there is a different coefficient for developed countries and developing countries?

RD: Because the lower the coefficient, the deeper the tariff cuts. The Doha mandate says that developed countries should do more than developing countries to begin to rebalance the global trading system more in favour of developing countries. So there has to be a difference. The principle is called "less than full reciprocity", and it means that, where you are both going to do something, the smaller and weaker must do less than the bigger and stronger. The point is that, in the proposals on NAMA formula cuts, the big developed blocs interpret this principle narrowly to mean that it would be fair enough, allowing for the flexibilities, for developing countries to take a coefficient of 15 if they take a coefficient of 10.

BT: But it seems the difference is very small.

RD: That's precisely the point. When we look at the impact of these formula proposals on actual tariff cuts and the associated adjustment costs, we in South Africa would have to undertake something like a two-thirds reduction on many of our tariff lines, compared to a much smaller reduction on many fewer tariff lines by the developed countries. And what we did, in Hong Kong, in the face of these demands, was to form a group called the NAMA 11 which South Africa co-ordinates.

What we have been saying, through the NAMA 11 and other groups, is that, if this round is truly to be a development round, it has to put in place proportional cuts, so that the biggest economies and the biggest subsidisers in the areas where the biggest distortions take place must take the biggest costs of adjustment, and that developing countries should make a contribution – but a smaller and proportional contribution. That's the principle we are looking for, and we are saying that the demand of a coefficient of 10 and 15 does not respect – indeed inverts – that principle. Such a proposal may provide for different coefficients, but the effect of applying these would be disproportional against the developing countries.



So, this is the point: even if you crack the triangle, there are still hundreds of other issues where positions remain very, very far apart. This is where the process is at.

We are saying that the principle should be less than full reciprocity in reduction commitments – not in the number in the formula, but in the effect of the reduction. We are saying that this is becoming inverted in a number of the proposals. On behalf of the NAMA 11 group, I said in the Green Room that a coefficient of 15 for us would imply such a high adjustment – social dislocation, unemployment, etc. – that there is nothing in agriculture that they can offer us that would be worth us taking such cuts. We have rejected absolutely outright the coefficient of 15. We in NAMA 11 have said that we don't want to get into bargaining over coefficients yet, but we have also said that a coefficient of 35, which is beyond what the big developed country players are currently contemplating, would imply cuts in applied industrial tariffs in our country that would give real market access to outsiders. It would imply cuts in clothing, in chemical products...

BT: Thereby undermining our industry...

RD: We could bear 35, but we can't bear 15.

BT: What sort of cost in unemployment would that mean?

RD: It would depend on how many years and how we apply the flexibilities, but 35 would not be off the wall because we could live with that.

BT: Can most NAMA 11 countries bear 35?

RD: Yes, most could probably bear that. But of course what are we getting in return? That would be the other question. We said that there must be a spread of 25 between the two coefficients. So if the developed countries want to take 10, then 35 would be appropriate for us. If they want us to go lower than that, they must go lower than 10. That's the point that we are making. And that's the third leg of the triangle. Fundamentally, the triangle is blocked on the US position on agricultural domestic support. The issue of the NAMA has not really come up prominently yet, because of that. But it is the third leg of the triangle and the critical one as far as we are concerned.

Then there are all kinds of other questions on the special products and special safeguard measures for agricultural products. I mentioned earlier that the developing countries of the G33 are demanding that they should have the rights to designate, I think it is, 10 percent of their products as "special products" when there are subsidies on competing products entering their markets from the developed world. Even if the G20 proposals were accepted, it wouldn't end all agricultural subsidies. It would merely reduce domestic support i.e. production subsidies.

So, this is the point: even if you crack the triangle, there are still hundreds of other issues where positions remain very, very far apart. This is where the process is at. It's

blocked in the first instance by the distance between the players in the triangle – between the US and EU on the one hand and the G20 on the other on the main agricultural issues; and then the big developed country blocs and the G20/NAMA 11 on industrial tariffs. The positions remain very, very far apart, but then, even if the triangle issues were to be cracked, there is still a large distance on several other issues. That's the crisis in the negotiation process now.

BUILDING UNITY

BT: What other roles is South Africa playing, and who do we identify with? Is it primarily the G20?

RD: We are an active force in the G20. In fact, the G20 was formed in the wake of the collapse of the ministerial in Cancun in 2003. We were very much involved in that. On agriculture, our positions are largely formed by the collective position of the G20. The convenor of the G20 is Brazil.

BT: And what role are we playing in relation to the least developed countries (LDCs) and the African Group?

RD: Well, we have seen a need to build unity among all the different developing countries' groups. It is important that all those groups come together and support each other's positions, because the fundamental issues at stake are whether developmental demands of developing countries are going to dominate the vested interests of commercial constituencies in the developed world.

The US has indicated that one of the reasons they have such high ambitions for agricultural market access, and also for NAMA, is that they must offer their commercial constituencies at least one dollar's worth of additional market access for each dollar they are forced to cut back on agricultural domestic support. By contrast, the NAMA 11 group members are just supposed to bear the adjustment costs of ultra-ambitious demands on industrial tariffs. We are just supposed to bear this without there being any compensatory benefit one way or the other. This is the sort of disparity I spoke of in a press conference by the developing country groups on behalf of the NAMA 11. We said basically that this is the fundamental challenge: are development issues going to dominate, or are vested interests of commercial constituencies in the rich world going to dominate – in the form of resistance to long identified, necessary reforms of agricultural trade; in the form of extracting an ultra-high price in return for making any adjustments at all; and in the form of marginalising a number of the issues that concern developing countries?

For example, the least developed countries said in June that there had been no progress whatsoever since Hong Kong on the undertakings that there should be a negotiation of duty-free, quota-free market access for the least developed countries. What we have tried to

say is that we must find a common ground between the positions of the developing countries so that we don't find that there is just one group of developing countries isolated in the frame and everybody else is unconcerned. We must find ways to support each other.

BT: How successful are you in getting unity with the LDCs and the G20?

RD: There is quite a reasonable process with the LDCs. Many of the common positions tend to be fairly general, but I think that we have agreed that we need to make an extra effort at this point to try to push a common agenda.

BT: So is the atmosphere a good, friendly one?

RD: Ja, I think it is.

WTO BASICS

BT: In the parliamentary trade and industry committee, we were told by the minister that only by going through the WTO process could we get a fair, rules-based world trading system. Was that a naïve hope? And did we put too much energy into supporting the WTO? Was there an alternative? Some people are saying that we have spent too much energy on the WTO and, of course, the previous minister, Alec Erwin, was seen as one of the key players.

RD: I think the WTO – or more precisely a rules-based, multilateral world trading system – is important for developing countries. What we will see if it is weakened is a proliferation of bilateralism. We already hear a number of voices in the United States saying, “If we can't achieve what we want to achieve through the WTO, then we will achieve it bilaterally.” What the US does bilaterally is to offer to negotiate off a template which they won't depart from. It's almost like “take it or leave it”. This includes so-called “new generation” issues (competition policy and intellectual property) and ultra-ambitious free trade agreements.

So I think that the multilateral system is important to many developing countries and they will continue to see it as important. However, saying that the multilateral system is important doesn't mean that all the battles within the multilateral system are automatically won. Very often in trade negotiations, be they bilateral or multilateral, you find that you may relatively easily win a battle over the broad principles and then find that all the difficulties are in the details. That's exactly what we are seeing now in the Doha negotiations.

BT: But we were told that the WTO was the only hope for a fair, rules-based world trading system and it seems to me, by what you have said up to now, that we are very, very far from that, because the big powers are ignoring it. All we are doing

really is negotiating over lesser issues, but the idea of a fair world trading system is not yet in sight. Is that right?

RD: While I agree that a genuinely fair and equitable global trading system is a long way off, in the current negotiations we are looking to take a step or two towards a fairer system. Issues of agricultural subsidies, for example, would never be dealt with in a bilateral context. Neither the EU nor the US has shown any willingness to put on the table any issues associated with agricultural subsidies in any bilateral negotiation. The only way of dealing with that issue is in a multilateral process.

Of course, as I said repeatedly, the Doha mandate is for agricultural export subsidies to be removed and the target date has now been set at 2013. Other forms of subsidies in the domestic support pillar will not be entirely removed, just reduced. Some level of subsidy will remain in place, even if there is a successful conclusion to the Doha Round. There are still also a whole host of non-tariff barriers, which are becoming more and more important as time goes on. So, of course we are not going to come out of this round with a fair and balanced trading system in agriculture – but we could come out with a fairer system than we currently have.

REGULATING TRADE

BT: And is it rules-based?

RD: It is. Any agreements that you enter into are legally binding and there is a dispute mechanism in the WTO. If someone doesn't implement their obligations, you can go to the dispute mechanism.

BT: Brazil once battled with the US.

RD: Yes, on cotton.

BT: How serious is the prospect of a trading system regulated by the WTO?

RD: Accessing the dispute mechanism is a complex and costly process and there was something called a “peace clause” which stopped action on agricultural subsidy issues until fairly recently. It was the expiry of this that allowed the Brazilian cotton case to proceed.

BT: How many countries have used that?

RD: Relatively few developing countries, but the dispute mechanism meets frequently. There have also been a number of rulings which have gone the other way. For example, Central American banana producers obtained a ruling against the EU's preferential banana regime for ACP countries. The rules work and the rules are enforced but, of course, access depends on resources. Participation in the WTO is by no means equal. However, the rules are there, and what I am saying is that there is

a possibility in this round to take a step towards some improvement in the global trading system favouring developing countries: not the elimination of all inequities and imbalances, but at least taking one or two steps which would be important for developing countries.

ANTI-WTO PROTESTS AND CIVIL SOCIETY

BT: Let me try and contrast your position with the ultra-left, who said at Cancun and various other protests, "Destroy the WTO because it is not ever going to produce a fair system" and "it's all bogus." You are saying that, notwithstanding the fact that it is not going to be a perfect system, it does provide a platform for serious negotiation and gaining concessions. Is that right?

RD: I think that where the ultra-left is right is that the WTO in the past – e.g., in the Uruguay Round – became a vehicle for imposing the demands of developed countries on developing countries. The tariff cuts, the intellectual property law requirements and all of that, were demands of developed countries, which were then put on developing countries through the multilateral system. That was how it was.

What happened at Seattle, really, was that you had the protests outside, but you also had an important process inside. The developing countries, which had previously been relatively passive, started to assert themselves. Some of them said that we are not going to agree with

things that don't take into account our interests. And, gradually, you have seen developing countries beginning to organise themselves and put their positions more clearly and negotiate more effectively. I don't think that this is at the point of fundamentally altering the architecture of an uneven and inequitable global trading system, but the reforms that are in sight, I would say, and achievable, are important reforms that would be worth having.

The US has indicated that they must offer their commercial constituencies at least one dollar's worth of additional market access for each dollar they are forced to cut back on agricultural domestic support. By contrast, the NAMA 11 group members are just supposed to bear the adjustment costs of ultra-ambitious demands on industrial tariffs without there being any compensatory benefit one way or the other.





What happened at Seattle, really, was that you had the protests outside, but you also had an important process inside. The developing countries, which had previously been relatively passive, started to assert themselves.

BT: So, you would favour that the people who are opposed to the WTO almost in principle should continue their protest because it adds weight to the negotiations and the struggle inside the WTO?

RD: Yes, I think that civil society groups should be taking on the forces that are resistant to the kind of changes which could incrementally produce basic reforms. And they need to engage with their counterparts outside much more. While they are welcome to lobby our negotiations, our ability to push our demands also depends on, for example, what the balance of forces is like in the US and Europe. The more such forces can be involved in shaping an agenda in favour of some degree of rebalancing in favour of developing countries, the better. If trade unions around the world were able to co-ordinate with countries which are facing inordinate demands on industrial tariffs with job-loss consequences, and that became a force that

developed-country delegations had to take account of, I think that would make a big difference in our own capacity to push our demands in the Green Room or the Trade Negotiating Committee or whatever.

SPECIAL INTERESTS

BT: Can you say something about the actual commercial and financial interests that are pushing governments in the developed world to take reactionary positions? They are really not discussed in the media at all.

RD: The first lobby is in agriculture, and you have got – as a number of studies have shown – very, very small populations in Europe and North America that are involved in agriculture. I think it is well below 10 percent in both cases. Then again, if you look at the distribution of the subsidies, something like half the EU subsidies go to five percent of the farmers. So, in some countries at least, these interest groups are very strong and influential.

BT: You mean they are power players, lobbyists in the parliaments?

RD: Governments, parliaments and so on, in at least some countries, are unable to ignore their demands and feel obliged to reject any proposal which they think will impose too much adjustment cost on these groups. In the United States, similarly, since the time when the administration indicated a willingness to cut bound domestic support, there appears to have been a bit of a backlash from – what were they called – “product specific groups”, and that is

also reflected in a growing sentiment within congress against making those kinds of adjustments. I think this is very much part of the whole equation.

BT: Have we made a study of interest groups in the developed countries that are lobbying against any concessions?

RD: Well, I think, there's some appraisal of the general processes and some understanding. For example, it is pretty well known that in France there is a very great sensitivity towards the demands of such groups. In Mediterranean countries, more generally, there is very great responsiveness to those interests, and gathering forces in the US as well.

BT: Should we not ask Oxfam and other organisations to do concrete research on who is pushing for what? Because the governments really are spokespersons for those interests.

RD: Well, they have done some work on that. The figures I mentioned, about where the subsidies go, come out of those kinds of organisations. But the fact of the matter is that we are constantly told by representatives of those countries that their constituencies have limits as to what they can bear, what they are willing to take and so on and so forth. And yet there is an assumption from the very same quarters that people in the South African clothing industry or in other industrial sectors must just take the pain and that's it, and you know, we must just impose it.

One of the points that I tried to make in the Green Room was to say exactly that: if we are told that we must be sensitive to constituencies in your countries, then you must understand that we have constituencies in our country that we must be sensitive to as well. I also made the point that if we are all going to have to make sacrifices to get the round to move forward, there are different kinds of sacrifices – both the pig and the chicken must make sacrifices to make a bacon and egg breakfast, but we do not want to have to make the pig's sacrifice. We have made those points repeatedly, but they would be much stronger if there was a stronger developmental lobby in the advanced industrialised countries. I am sure that would help a lot.

SUBSIDIES

BT: There is often reference made to the reduction of international prices as a result of subsidies. How does it actually work and what is the effect on LDCs?

RD: Many of the ACP countries are concerned about this. It is called "preference erosion" and is particularly sharp in sugar. In our estimation, it had more to do with EU enlargement than any concerns with developing countries. What we need to understand first of all is that the EU is undergoing a reform of the common agricultural policy (CAP) agreed on in 2003. What it will

mean is a change in the way in which subsidies will be paid. When the CAP reform is complete, there will be, broadly speaking, a reduction in payments that used to be provided to support prices.

BT: How did that work?

RD: Very generally: if your cost of production was higher than the world price, you would be given a subsidy which enabled you to sell abroad at the world price or below, while the price within the EU controlled-access market was maintained at a level corresponding to the higher cost of production in the EU. If you had preferential access to the EU – as did the ACP countries through the ACP sugar protocol – you could sell in Europe at the higher price.

Now those programmes are giving way to subsidy programmes based on direct income support to farmers and programmes to support environmental conservation. One effect is that prices in the EU will be set by market forces. That will mean, in most cases, lower prices. With the world sugar price much lower than the previous controlled price in Europe, producers selling under ACP preferences would also receive a lower price. That's what's happening anyway – quite independently of the WTO – as a product of the 2003 CAP reform. What concerns ACP countries in the WTO negotiations is that the multilateral process might speed up and deepen such "preference erosion".

BT: So, you are saying, the removal of price subsidies to the European farmers could have a bad effect on Caribbean exports of sugar?

RD: Well, that is already happening. Europe used to set the sugar price – their own sugar price in Europe – under the CAP. There was a subsidy that allowed European farmers to sell in Europe at above the world price, and the same price applied to other countries with preferential access into that market. When they take that subsidy off, then the price will move towards the world market price. Some European farmers will be able to survive because they get a subsidy anyway, but the Caribbean countries and Mauritius will have to sell into the EU at a lower price without significant alternative subsidies.

What happens in agricultural market access is another issue of significance to such countries. As the tariffs come down on agricultural products in which you previously had preferential access as an ACP country, the difference between you and another developing country will diminish. And, as many of the ACP countries are small and weak, they're concerned about that. So preference erosion has become an issue and the way in which that's going to be dealt with – through an aid for trade package – is an important issue.

BT: What's the new system in Europe? Support for farmers and not for prices?

RD: There's supposed to be a movement to income—rather than price-support.

BT: Better welfare benefits?

RD: That sort of thing, but also payment against things like environmental standards and land use, rather than against production outputs.

BT: Effectively the income will be the same?

RD: You would have to look at the complexities of the programmes, but there are lots of reports from Europe quoting EU Agricultural Commissioner Mariann Fischer Boel, saying basically that farmers are not going to get less – they are just going to get it in a different form.

BT: So the ACP countries are going to have lower prices in Europe and therefore their exports to Europe are going to suffer and the revenue will suffer.

RD: And also other countries that didn't enjoy preferential access had to pay high tariffs in certain lines. For example, the banana producers of Central America would be able to compete against the Caribbean banana producers more effectively and so on. So you have got different interests among developing countries as well.

BT: And cotton? I am thinking of Mali and countries like that – they are very concerned about the US.

RD: They are a particular group as well in the WTO, the Cotton Four. Mali is one of them. They have been calling for, first, the removal of export subsidies on cotton. That is more or less agreed – and indeed required under the ruling which Brazil won against the US. The Cotton Four wants this to happen immediately and also wants cuts in domestic support and so on. The fundamental demand of the Cotton Four is that this be front-loaded and treated as a special case. The US, on the other hand, says it can only happen as part of a broader agricultural agreement. That's the cotton debate.

BT: I want to refer to a pamphlet by Yilmaz Akyüz, who was the United Nations Conference on Trade and Development (UNCTAD) chief economist on WTO negotiations on industrial tariffs. He said that irreversible commitments to industrial tariff cuts will have a very serious effect on developing countries, for example, in terms of deindustrialisation. There is a lot of literature which says that any reduction in industrial tariffs in developing countries is a mistake.

RD: Well, I don't think it goes as far as any reduction. We need to accept that we have to make some reduction. I think I have made two points about that. There are reductions that I think we can bear, and if the...

BT: Is this South Africa, or the G20?

RD: Well, let's say the NAMA 11, because the G20 is only an alliance on agriculture.

BT: Of course we would look for there to be corresponding benefits and, in fact, more than proportional benefits in other areas. But what I think Akyüz is saying is that no matter what the proportional effect might be, the risk of deindustrialisation is not worth it.

RD: I think it all depends on the proportionality. If we have to take moderate and bearable cuts, and these are coupled with benefits in agriculture, agro-industries and also access to various industrial tariff lines through reductions in tariff peaks and escalations in developed countries, such a package could be of net benefit to us.

However, where they are correct, I think, is that the nature of the demands as they are currently structured could mean that we get very little benefit in agriculture, and we are forced to pay a very high, inordinate price in industrial tariffs. I think that if we are able to negotiate the cuts in industrial tariffs into a reasonable and bearable package, it could still be a deal that is beneficial to us. Of course, the reforms in agriculture need to be looked at, not just from the point of view of individual countries, but also from a broader perspective of the impact on developing countries as a whole. We have to look and see if the reforms that have been made in agriculture are, broadly speaking, of net benefit to developing countries, and if the cuts that we are taking in industrial tariffs are bearable and reasonable over a long enough period, and so on.

Then, I think that we have to factor that into our industrial policy. If, for example, tariffs become less usable as an instrument of industrial policy, then we have to face the issue of industrial finance much more upfront. Let me say that I think we do need some policy space for industrial tariffs. We are beginning to say in our industrial policy discussions – even now, ahead of any international obligations – that our tariff policy needs to become more differentiated. For example, making tariff reductions in upstream sectors that are imposing import parity pricing while defending higher tariffs on downstream industrial sectors that we want to develop. We would want to come out of this negotiation with some tariff policy space.

SERVICES NEGOTIATIONS

BT: Akyüz and others also suggest that opening up the services sector is disastrous.

RD: In the services negotiation, we have seen all sorts of demands to alter the process and to broaden the ambition in such a way that social services of various kinds would be open to commercial presence mainly from developed countries. I think a number of those proposals have been warded off and I think that it is possible to continue to do that. What is becoming increasingly important is



SEEKING NATIONAL CONSENSUS THROUGH SOCIAL DIALOGUE

"One of the most important features of our system of governance is to ensure consultation and dialogue, in order to build not only a shared national vision, but also in actual practice to attain unity of purpose and action."

*President Mbeki addressing the GDS,
June 2003.*

The National Economic Development and Labour Council (Nedlac) is South Africa's key institution that entrenches participatory democracy in post apartheid South Africa. It was officially launched in February 1995 by the first democratically elected President of the Republic of South Africa, Nelson Mandela. Nedlac brings together representatives from Government, Labour, Business and Community based organisations to engage in the formulation of labour, social and economic policies.

Government is represented by the Ministers of Trade and Industry, Labour, Public Works and Finance whilst Business, Labour and Community based organisations are represented by their respective Presidents and General Secretaries on the Council.

The Council holds a National Summit each year to highlight the achievements and engage on key challenges going forward. The National Summit is chaired by the Deputy President of the Republic of South Africa and brings together 300 representatives from all four Nedlac constituencies, including experts in different policy streams.

Nedlac's work covers four key policy work streams; viz Labour Market Policy, Fiscal and Monetary Policy, Trade, Investment and Industrial Policies, and Developmental issues.

The Council constantly "searches for resonance between macro policy architecture and delivery of sustainable growth and employment creation in South Africa." Realising that the New Economic Partnership for African Development [Nepad] is geared towards creating an inclusive sustainable development programme for economic and social revival of Africa, Nedlac at a national level, seeks to engender broader participation of all sectors of South African society in policy making processes. Nedlac recognises that consensus seeking on major economic, social and

development policies always ensures broad buy-in, in general and legitimacy in particular.

"The key for an institution like Nedlac is to recognise that it operates in a dynamic environment that changes constantly without giving sufficient prior warning at times. That requires agility of immense proportion if we are to unlock the real value in terms of our brief as an Institution."

Nedlac Executive Director Hebert Mkhize, Nedlac Annual Summit 2006.

"With the formation of Nedlac in 1995, success could not be assumed but there was hope that it could weave the fabric of democracy. Nedlac has managed its differences and confounded the critics who wanted chaos!"

President Nelson Mandela, Nedlac Annual Summit 1998.

Nedlac, together with other players in the policy-making space, has made significant contributions to the social and economic transformation agenda in South Africa. Achievements include the Labour Relations Act, Employment Equity Act, Masakhane Campaign, Proudly South African Campaign, Corporate Law Reforms and the Growth and Development Summit Agreements (GDS) amongst others. The GDS, in particular contains commitments and agreements by Nedlac social partners on what needs to be done in order to address growth and development challenges facing South Africa. Whilst the GDS is not a social accord, it is however a set of agreements by social partners on key priorities and steps to be taken to deal with them.

"While this further strengthening of the SA economy is encouraging and attributable to many internal and external factors, it no doubt also helped by the decisions taken at the Presidential Growth and Development Summit in June 2003."

Herbert Mkhize Annual Report 2004/2005.

For more information
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that several developing countries are adopting a stance that is not just defensive, but are also pursuing offensive interests. India has been particularly important in this. One of the areas in services where the developed world is quite resistant is what's called "Mode 4", the right of persons to go and conduct services in the other countries on a temporary basis.

As an example, you're a computer technician from South Africa, and you go to Europe or the US and do a three-month contract there. You actually go there physically and perform the service there. There's resistance to that on the grounds of immigration policy and whatever. So, developing countries are the demanders on that kind of issue. Then also there are attempts by the US, for example, to limit business-process outsourcing. They want to impose restrictions so that the business processes cannot be outsourced to India, for example. So, I think developing countries also have some offensive interest in the services negotiation. I don't think the services negotiations are a kind of unprecedented disaster. Again, it depends on the content and outcome.

BT: You're not afraid of a foreign company coming in and taking over our whole education or publishing industry?

RD: Well, they wouldn't have the right to do that. We would be allowed to set standards and regulations on education and so on, and we are not offering them the opportunity to do that. That is not in our offer.

BT: Well, take insurance. Foreign companies are coming in and are wiping out the South African insurance industry.

RD: I don't think it is going to work that way. Actually, on the contrary, what seems more likely is that certain insurance processes might migrate from developed countries to a country like South Africa. So, I don't think it is the case that all our sectors are immediately vulnerable. In fact, as our offer already shows, on many of these activities there isn't any real restriction on foreign entry at all – but there are regulations. If you enter, you conduct yourself according to those regulations, and we must defend our right to make those regulations. We must not allow necessary regulation to be deemed to be "trade-distorting". So, again, I think it is a question of a balance that's struck in the services negotiations.

BT: But countries like Nigeria, Zambia and Kenya that do not have comparable service industries could easily be taken over.

RD: This is where a battle took place. The services negotiations are a "built-in" negotiation from the Uruguay Round, and they are supposed to work on the basis of offers and requests. Now the big players, particularly the EU, were trying in Hong Kong to change this, so that there

would be more plurilateral access and more standard-setting for individual offers. Those proposals were largely resisted. Services negotiations proceed largely on the basis of request and offer.

BT: Request and offer?

RD: Well, we all make an offer and then you can choose to make requests of some or all of the members.

BT: But you know the history of Africa, post-independence. From my own experience in Zambia, I mean, insurance in particular, so many Zambian companies, both state and private, were seen to be unable to resist the takeover from a foreign company – and the banks?

RD: Well, LDCs like Zambia don't have to make any commitments in this round; they are exempt from that.

BT: So they don't have to open up?

RD: There are 38 or so least developed countries; Kenya is not one of them, but Zambia is.

BT: Two last points, and thanks for being so elaborate. Firstly, what we're basically talking about is liberalisation of developing countries. Opening up is a process that carries huge dangers, where countries may actually deindustrialise and diminish rather than develop. Is that a wrong position?

RD: I don't think the round is supposed to be about developing countries liberalising. The main content of the previous round, the Uruguay Round was exactly about that. The current round is supposed to be about rebalancing the global trading system more in favour of developing countries.

What we saw in the Uruguay Round was that developing countries liberalised their industrial sectors only to find that, where they were competitive or offered a competitive challenge to developed countries, there was no liberalisation there – i.e., in agriculture with its high tariffs and subsidies; or, in the case of industrial products where developing countries were competitive, they faced tariff peaks and escalations. So, the demand of developing countries was to address this unevenness. We are not going to be able to address this – and this was clear even at Doha – without making some concessions to demands of developed countries. What is critical is the overall balance of the concessions.

Actually one of the current debates has seen the US argue that development is reducible to market access. This, of course, raises the question of market access for whom and where? Improved real access for developing countries in developed country markets would, in fact, benefit many developing countries. Many would be

DE BEERS

A DIAMOND IS FOREVER

World Diamond Council

Conflict Diamonds and the Kimberley Process

What are 'conflict diamonds'?

'Conflict diamonds' is the term used to describe diamonds which are illegally traded to fund conflicts. In recent times, conflicts in some of the poorest parts of Africa have often focused on rebels controlling their country's natural resources and assets; for example, oil, wood, minerals and also diamonds. The United Nations (UN) defines conflict diamonds as '...diamonds that originate from areas controlled by forces or factions opposed to legitimate and internationally recognized governments, and are used to fund military action in opposition to those governments, or in contravention of the decisions of the Security Council'.

How does the diamond industry ensure conflict diamonds are not in the pipeline?

The brutal conflict in Sierra Leone in the 1990s brought conflict diamonds to the world's attention. The UN, governments, the diamond industry and NGOs (such as Global Witness, Amnesty International and Partnership Africa Canada), recognised the need for a global system to prevent conflict diamonds from entering the legitimate diamond supply chain. A simple process called the Kimberley Process was agreed on, in which rough diamonds are sealed in tamper-resistant containers and have a forgery resistant, conflict free certificate with unique serial numbers each time they cross an international border. Governments of the exporting and importing countries are responsible for checking all Kimberley Process certificates.

In addition, the diamond industry has agreed to provide evidence to all purchasers in the chain, from when diamonds are imported with a Kimberley Process certificate to the point of sale to the consumer, that the diamonds being sold are from conflict free sources.

What is the Kimberley Process?

The Kimberley Process is a unique joint initiative involving governments, the international diamond industry and NGOs to stem the flow of conflict diamonds. The Kimberley Process requires that firstly, each shipment of rough diamonds crossing an international border must be transported in a tamper-resistant container; accompanied by a government-validated Kimberley Process Certificate; each certificate must be resistant to forgery; uniquely numbered and describe the shipment's contents; the shipment can only be exported to another Kimberley Process participant country. Secondly, importing country's customs have a responsibility to check the contents of the shipment with the Kimberley Process certificate.

The Kimberly Process also states that it is illegal for uncertified shipments of rough diamonds to either be imported or exported by a Kimberley Process participant country. Failure to comply with these procedures can lead to confiscation or rejection of parcels and/or criminal sanctions. Finally, if any concerns arise regarding a country's adherence to the Kimberley Process, they are investigated and dealt with at an intergovernmental level.

www.diamondfacts.org

Diamonds and their benefits to Africa

As one of Africa's major natural resources, diamonds are helping transform southern Africa and the lives of its people. Through diamonds, countries like Botswana, Namibia and South Africa have taken major steps to build a more prosperous future for themselves. Some of the ways in which diamonds currently benefit Africa include:

Diamonds transforming lives

- Nelson Mandela: "The diamond industry is vital to the southern African

economy" [17 November 1999].

- President Mogae of Botswana: "For our people, every diamond purchase represents food on the table; better living conditions; better healthcare; safe drinking water; more roads to connect our remote communities and much more" [7th June 2006].
- President Mogae of Botswana: "It is thanks to diamonds...that we have seen our country transform from one of the poorest in the world at Independence, to the middle income status that it has now attained" [7th June 2006].

Financial

- The diamond trade contributes approximately US\$8.4 billion per year to Africa.

Health

- Revenues from diamonds help fund the construction of hospitals, medical centres and hospices, ensuring that more than 5 million people have access to appropriate healthcare globally.
- In 1999, De Beers contributed more than US\$3 million to a project to fight polio in Angola.
- De Beers annually funds two African graduates to study for Masters Degrees in public health at the Bloomberg School of Public Health, USA.

Tackling HIV/AIDS

De Beers supports organisations that provide counselling services and funds outreach projects aimed at changing teen sexual behaviour.

Education and skills

- In 2005, 38% of De Beers' charitable donations were spent on education – more than any other sector for its corporate support.

Employment

- More than 21,000 people are provided with direct employment through De Beers, of which 17,000 are in southern Africa.

Empowerment

- De Beers believes economic empowerment is an integral part of South Africa's transformation process, encouraging the redistribution of wealth and opportunities to previously disadvantaged communities and individuals, HDSA's including, women and people with disabilities.

Environment

- De Beers Group has set aside nature reserves and has given land to the South African National Parks to help create a world heritage site.

Strengthening communities

- De Beers has partnered with the Kuru Family of Organisations in Botswana, to design and develop two major community projects:
 - o A community based natural resources management and heritage project
 - o A major education initiative to support children.

Preserving heritage

- The De Beers Fund currently supports more than 100 arts, culture and heritage projects
- De Beers Fund has supported two World Heritage sites; the Mapungubwe region and the Sterkfontein Caves

For more information please visit: www.diamondfacts.org

willing to make some payment for this, but don't want to overpay. That, I think, is the ball game. It is about rebalancing. That's what the round should be about, but we face the possibility that it could be about relatively small rebalancing paid for by relatively large adjustment costs for developing countries. What we are trying to do in our NAMA 11 group is to, as we put it, *reclaim the development dimension of the round*.

BT: I have a document by the NAMA 11 group that contains a section on "credit for autonomous liberalisation by developing countries". Isn't the notion of liberalisation built into this whole thing?

RD: What the term "credit for autonomous liberalisation" means is that, while the Doha Declaration says that cuts in industrial tariffs will set out from bound rates, developed countries are demanding that the cuts must be such that they cut significantly into applied tariffs. That's what they say. The NAMA 11 is saying is that a number of developing countries have reduced their applied rates below their bound rates. So, you can cut the bound rate but you must give them credit for having already cut their applied rates. You mustn't punish them for having autonomously reduced their actual tariffs below the bound rate. That is what that means. It is only limited to that.

BT: And *applied* tariffs means tariffs which are in effect. *Bound* tariffs are sort of nominal, the maximum, and set with the WTO.

RD: One of the problems that South Africa faces is that the difference between our bound and our applied tariff rates is not that great. For example, in our most sensitive industries – e.g. in the clothing industry – our bound tariff is 45 percent while our applied rate is 40 percent. There is not much difference. In some other developing countries, on which the developed countries are benchmarking their demands, there is a bigger difference – more "overhang" in WTO jargon. The developed-country blocs say they want additional access into the Brazilian and Indian markets, also China. There's more of an overhang in some of these countries, which is why the formulas the developed countries are proposing in NAMA are so ambitious and why we are particularly vulnerable in that.

AID FOR TRADE

BT: What is the phrase "aid for trade" all about?

RD: Aid for trade is supposed to address the reality that the reason many developing countries, and particularly the least developed and poorer developing countries, are not able to participate and benefit from market access in developed countries is not fundamentally because they face tariffs or anything of that sort, but because they don't have the productive capacity to be able to produce the goods that they can export into those countries and improve their incomes. And, therefore, it is argued that what's needed

is a package of support that will enable them to develop new industries and to address real economic constraints. That is the issue that has been raised. There is a facility that the WTO already has, but it's small and not that effective and what these countries are demanding is that there must be a package.

BT: Why should the US and the EU, who have been so tough on all the other negotiations, go in for this at all?

RD: Well, it's often the usual story of giving lip service to this and then, when it comes to the details, not wanting to cough up too much. Then there is the issue of who should be doing this, the WTO or other institutions, finance institutions and the like. But there is not a huge amount of progress on that subject. That is one of the concerns of the least developed countries in particular.

BT: To conclude, let's go back to the beginning. Would you be devastated if there's a statement that the current WTO negotiations have failed? Would you feel that we have lost an enormous point of leverage, and that this would have serious consequences on the world trading system?

RD: I think "devastated" would be too strong. I think it would be better for us if we had an agreement, but I think the content of an agreement is as important as the reaching of an agreement. If we were able to reach an agreement whose fundamental character was a degree of rebalancing and that we pay a reasonable price for this, it would be worth having. It would be a small step, but only a small step, from where we are – a positive step.

If it is not possible to achieve that this year, in time to meet the deadline of the US trade promotion authority, then I don't think the world will come crashing down. I think there are a number of scenarios and they would include letting this thing hibernate for a few years until it can be picked up again in an improved climate. If there is no agreement, we don't necessarily all have to sign onto the latest fad that comes out of the bilateral processes in the developed world. We can also enhance south-south trade relations, particularly IBSA (the India, Brazil, South Africa forum) and those sorts of things, and I think the rise of India and China in the world trading system as new forces has created a new reality. I don't think it would be the end of the world if we miss yet another deadline, but it would be an opportunity lost that would entrench to some degree the current imbalances. As I said, I think the content is as important as getting an agreement – one that has a developmental character – I think would be a small step forward.

Postscript: At the end of July 2006, following yet another inconclusive meeting of the G6, the Trade Negotiating Committee resolved to suspend indefinitely all Doha Round negotiating processes. At the time of going to press, it is unclear when, or indeed whether, these negotiations will be revived.



WIPHOLD

Wiphold is short for Women Investment Portfolio Holdings. It was established in 1994 by four black women executives, two of whom – Louisa Mojela and Gloria Serobe – still lead the company today, Louisa as its CEO and Gloria as CEO of Wipcapital.

The organisation is dedicated to the empowerment of women and was first established with a view to using women's investment clubs as empowerment vehicles. The founders were driven by a desire to make women equal players in the economy and started out by doing nationwide roadshows galvanising women behind that vision. Many of those women remain shareholders today.

After getting going with seed capital of just R500 000, the organisation grew quickly as a passive investment trust. But the founders soon recognised that there was the potential to accomplish more, and in 1997 and 1998 Wiphold raised more than R500 million through a series of women-only IPOs, rights offers and private placements.

In 1999, Wiphold became the first women's group to be listed on the Johannesburg Stock Exchange and, later that year, established Wipcapital – an advisory and debt and equity arranging business that placed Wiphold firmly in the business of financial services. Over the next five years, Wiphold entrenched itself as a leading Black Economic Empowerment (BEE) financial services group in South Africa and, in 2003, Wiphold delisted and bought out minority shareholders in partnership with Old Mutual – effectively broadening the shareholder base.

Today, Wiphold's focus remains primarily on financial services, through its partnership with the Old Mutual Group of companies as well as investments and controlling stakes in companies such as Legae securities, Wiptreasury Solutions, Wipcapital and FutureGrowth. The company has also developed a track record as a strategic investor in other key industries in the South African economy such as consumer goods and services, telecommunications, manufacturing and resources and mining.

The company is over 50% black-owned and 60% women-owned.

Several things set Wiphold apart as a BEE company of distinction. The first is that it has a permanent broad base through two Trusts. The Wiphold Investment Trust was established for the continual empowerment of Wiphold women who participated in the 1997 and 1998 IPOs. This Trust has over 1 200 direct shareholders and 18 000 indirect beneficiaries. The second Trust, the Wiphold NGO Trust, was established in 2003. Its permanent shareholders are 11 organisations and NGOs who focus on the empowerment of women. Together these two Trusts are the controlling shareholders of Wiphold and own 32.5% of the company.

A second distinguishing feature of the Wiphold business ethos is its commitment to being active BEE partners to corporates that it partners with. This ties in with a third characteristic which is that the company is driven by a passion to take BEE to its logical place – the rural areas and poor urban townships that need



substantial transformation. These are the places where many of the company's shareholders live and Wiphold is driven about finding ways for them (and their wider communities) to tangibly benefit from BEE in the short term, and not only in the longer term through dividend flows from Wiphold's BEE deals.

Wiphold's commitment to being activist BEE partners and to deliver tangible BEE benefits to poor South Africans is perhaps best exemplified through a joint project it launched this year with its partners Old Mutual, Nedbank and Mutual & Federal.

Project Imbizo – as it's called – challenges the notion that BEE codes & charters exist merely to facilitate deals and enrich a few lucky black South Africans. It is an initiative which aims to go way beyond the minimum ground rules which the Financial Sector Charter (FSC) sets out for providing access to financial services to poor people. The four companies are of the view that ATMs and Mzansi bank accounts cannot alone generate sustainable cycles of growth for poor communities (or for financial services companies). So, they have begun pilot exercises in a poor rural community, the Mquma district in the Eastern Cape, and in two urban communities, Khayelitsha and Kiptown. Earlier this year time was spent with these communities, listening to them explain what their financial services needs were. Based on those discussions Wiphold and the Old Mutual Group are now returning to these communities with packages which it is hoped speak to their needs, and which will in the longer term deliver sustainable

business for the Old Mutual Group.

In terms of the "rural package", a key underlying principle is that income generation and wealth creation must lie at the heart of the rural business model. So yes, banks and ATMs will be put into the towns of the Mquma district, but there will also be a piloting of microlending for productive purposes and the exploring of commercial agricultural initiatives in partnership with the Mquma community and with public-sector institutions.

One of the learnings from the imbizos was that in a rural community wealth is more often than not measured in terms of livestock and homes. Finding ways to offer insurance cover for such assets can mean that important sources of wealth will never be obliterated by lightning or fire.

People will be employed and trained from the community to operate "Green Shops" - branches of a different sort. They will be less about the corporate brands and more about a place of gathering and pride, and a direct response to the community's expressed need to be able to engage their financial services representatives.

Wiphold believes that Project Imbizo speaks to the true intent of the FSC – perhaps representing the first substantial delivery of broad-based BEE as the codes and FSC intended and that companies enabled by BEE policy have a responsibility to genuinely broaden transformation. In this it remains true to its founding vision of 1994.

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As the country's infrastructure remains solid and steadfast, so too does PPC Cement, which continues to play its part in building the nation. This heritage has established a firm belief in, and commitment to, the development and sustainability of the communities in which the company operates.

PPC Cement's Corporate Social Investment and Development Policy (CSID) supports individuals and their businesses operating within South Africa's broader economy. These include small, medium and micro enterprises (SMME's), emerging building and civil contractors, key business projects, joint ventures, as well as training and educational institutions.

Building sustainable communities

PPC Cement, together with the Swartland Municipality, developed a Community Centre, incorporating a much needed crèche as well as a craft centre, for the people of Riebeek Kasteel in the Western Cape)

PPC Cement contributed nearly R500 000 towards the construction of the Mokgalwaneng Pension Payout and Recruitment Centre, which will serve the communities of Disake, Mokgalwana and Matlametlou in the North West Province, situated near the company's Dwaalboom factory.

This centre will fill an essential need for the community, which previously did not have the convenience of a dedicated and secure Pension Payout Point. It will also double up as PPC Cement's recruitment centre for the duration of its R1.36-billion cement capacity expansion project. In 2005, PPC announced its Batsweledi (a Sotho word meaning "growing into the future") project, which will increase its inland cement capacity in South Africa by just over one million tons per annum when it comes on-line in 2008.

Together with the community, PPC Cement's Batsweledi project team developed a process and procedure for the recruitment of local labour. A plan was put in place to ensure that all three villages could have access to opportunities associated with the project, and as such a detailed database has been established of all interested individuals or parties from these communities, which contractors or potential employers could have access to when recruiting labour.

To date, 160 people have been recruited from the community for the preparatory works of the Batsweledi expansion programme, but it is anticipated that over 900 people will be temporarily employed during the peak phase of the Project.

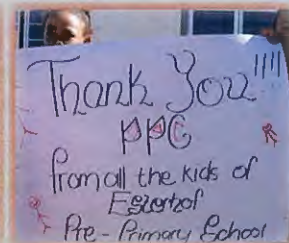


Minister of Housing, Lindiwe Sisulu at the launch of the 2006 Women's Build with PPC Cement's sales and marketing director, Craig Waterson)

Building artistic foundations

PPC Cement has at the heart of its business philosophy, a commitment to enhancing South Africa's Arts, Culture and Heritage for the benefit of future generations.

The PPC Cement Young Concrete Sculptor Awards was established fourteen years ago, as one of PPC's centenary celebrations, and is run in partnership with the Association of Arts, Pretoria. Through this sponsorship PPC Cement is helping artists young in the art of sculpting to receive recognition for their artistic talent.



Mokgalwaneng Pension Payout and Recruitment Centre

PPC Cement partnered with Women for Housing in support of the 2006 Women's Build, which took place in Orange Farm. PPC Cement donated 1 300 pockets of its general purpose cement, Surebuild, which was used to plaster the 50 houses that were built during the five-day build.



Best Sculpture on Exhibition in the 2006 PPC Young Concrete Sculptors Awards

IS DEMOCRACY DESIRABLE AT ALL COSTS?

BY JUSTICE PIUS LANGA

The author is Chief Justice of the Constitutional Court of South Africa.
This paper was presented as part of the UNISA Roundtable Series, 20 July 2006

As a setting for this discussion, I would like to refer to three statements that, to my mind, underscore the esteem which democracy enjoys almost universally.

First, in 1998, Dr Bertrand G Ramcharan, the Director of the Africa 1 division in the United Nations Department of Political Affairs, observed that African states, and African regional and sub-regional organisations such as the Organisation of African Unity (OAU), the Economic Community of West African States (ECOWAS) and the Southern African Development Community (SADC), were engaged in a determined effort to address conflicts in the continent and to promote African solutions to African problems, and that new forms of constitutionalism were a central part of this effort. He went on to say that there was a new doctrine of democratic legitimacy taking hold in the continent. The OAU Mechanism for Conflict Prevention had, on several occasions, insisted that democratically chosen governments be defended against illegal coups, and that the Security Council of the UN had also come out in favour of this doctrine. He went on to applaud the fact that there was an increasing realisation that, in order to tackle the root causes of conflicts in Africa and elsewhere, plural societies must be helped to articulate shared national visions of the future and to develop forms of governance that give all parts of the population a stake in the development of the country. He also alluded to numerous affirmations by authoritative African leaders and voices that respect for human and peoples' rights must be the foundation for building lasting peace and justice nationally, regionally and internationally.

Second, the Harare Commonwealth Declaration (1991) refers to "the individual's inalienable right to participate by means of free and democratic political processes in framing the society in which he or she lives."

Third, the Bloemfontein Statement, adopted by leading African and Commonwealth lawyers in 1995, made strong reference to the rule of law and human rights. It states: "In democratic societies fundamental human rights and freedoms are more than paper aspirations. They form part of the law...", and goes on to state, inevitably, that "[j]udges bear particular responsibility for ensuring that all

branches of government... conform to the legal principles of a free society. Judicial review and effective access to courts are indispensable, not only in normal times, but also during periods of public emergency threatening the life of the nation. It is at such times that fundamental human rights are most at risk and when courts must be especially vigilant in their protection."

In all these statements, a number of concepts recur: democracy, rule of law, human rights, freedom, development, peace and justice, proper governance and stability.

DEMOCRACY: CONCEPT AND PRACTICE

What concerns me in this discussion today is the concept of "democracy". It is a popular concept: most countries claim to be democracies and the democratic form of government has come to be accepted almost everywhere as the ideal form. Many political parties have appropriated the word in a manner that demonstrates that there are actually different forms of democracy. Each one would claim that their brand is the best kind.

In the South African Constitution, too, as in many modern constitutions, the word "democracy" is used as a basic tenet of government. Ours proclaims us as one sovereign democratic state founded on a number of values, which are stated. We see, centrally placed, concepts such as human dignity, equality, human rights and freedoms, the rule of law, universal adult suffrage, regular elections and a multi-party system of democratic government, etc.

The question for us is not really whether democracy is a "good thing". This is assumed, and, I should add, with good reason. The question is rather whether, and to what extent, we can afford all that goes with democracy, all its "incidents", as it were, all the time. What are its elements, and what are its fundamental objectives? Then we could ask ourselves how, in today's world of densely populated and heterogeneous societies, we can make the objectives of democracy a reality. An important question, allied to all this, is whether all these attributes of democracy, as an ideal, are all attainable at the same time.

In particular, are there times when we can say that we cannot afford democracy – it is too open and too expensive – or that some among us are not yet ready for it? Are these attitudes ever justified? Are there places and countries that can justifiably be excused from the application of democratic practices?

Democracy is an essentially contested concept. Although there is widespread agreement that democracy is a good form of government, there is disagreement on its substance, form and content. The concept was famously defined by Abraham Lincoln as “a government of the people, by the people and for the people”. This seemingly simple definition contains within it many thorny questions, such as: who are the people? How should they rule? To what extent should they rule? And for whose benefit should they rule?

The problem with attaching a meaningful definition to democracy arises from the very popularity of the term and the moral weight that it has gained, thereby prompting many different regime types to proclaim themselves democracies. However, it must be possible to ascertain the basic content of the concept, if not to formulate an all-encompassing definition.

Modern democratic practice has tended toward universal adult suffrage, which means that for all intents and purposes “the people” includes all adult citizens. Modern democracy is also, of necessity, representative democracy rather than direct democracy. Therefore, the manner in which the people govern is by choosing their representatives who govern on their behalf. Even there: how do they choose? In some perfectly democratic countries, they do not choose individuals, but parties, who in turn decide who of their members must go to parliament. What is clear in all these variations is that representative democracy can only be legitimate if it ensures that the government and the governed are reliably and effectively linked.

DEMOCRACY AS A VALUE

The values that underlie democracy must inform the manner in which democracy as a system of government is practiced. In its most basic form, democracy is about freedom and the basic human desire to have an egalitarian social order. History indicates that autocratic regimes always face intense opposition and can only survive by using fear and force. Democracy, therefore, is primarily an expression of the basic human desire to be free from oppression, be it political, social or economic. Democracy also embodies the human need for self-governance that is an essential element of human dignity.

THE ELEMENTS OF DEMOCRACY

In my opinion the fundamental elements of democracy are the protection of human rights, free and fair elections, separation of powers, the rule of law, and citizen participation in government. On the issue of rights, the

South African Constitution states that the Bill of Rights is a cornerstone of democracy, enshrining the rights of all people in our country, and affirming the democratic values of human dignity, equality and freedom. And then, in making a determination as to how rights may be limited, the Bill of Rights invokes practice in other countries. It requires that a law that limits a right must be reasonable and justifiable in an open and democratic society based on the same values as our own. With all this in mind, it seems to me that a system that permits social and economic deprivation for its people would certainly be condemned as anti-democratic.

In particular, are there times when we can say that we cannot afford democracy – it is too open and too expensive – or that some among us are not yet ready for it? Are these attitudes ever justified? Are there places and countries that can justifiably be excused from the application of democratic practices?

The fact that democracy, human rights and justice go together means that we should all claim these benefits and rights, not only for the benefit of ourselves as individuals, but also to benefit everyone in our country. These are attributes of democracy that have a positive effect not only on the whole country, but also in enriching the concept of democracy itself.

DEMOCRACY VS ECONOMIC DEVELOPMENT

Two of the main criticisms that have been levelled against democracy are that, firstly, it is not always the most effective way to bring about economic development and stability, particularly in the developing world, and, secondly, it is said that adherence to democratic principles might need to be discarded when dealing with attacks on national security.

The rise of China as an economic powerhouse proves the point that there can be economic prosperity without democracy. Indeed this is not a new idea, as Soviet Russia also proved that same point. The question is whether undemocratic systems of government, though economically viable in the short to medium term, can maintain stability in the long term.

The other significant question is “at what cost” and “to whose benefit” is economic development achieved

in an undemocratic system. There are claims that in China, for example, more than 900 million people in the rural areas still live in poverty and that there is immense environmental pollution and that human rights have been all but ignored in the process.

However, is this situation really different in other supposedly more enlightened democracies? Many people living in these foremost democracies, especially those of African and Hispanic descent, still live in poverty and are still subject to exploitation. We all know the beguiling attraction of cheap labour and other undesirable practices that put economic gain above human rights considerations.

Coming nearer home, the emphasis today in Africa, as it is elsewhere, is on democracy and development.

In the past, there have been, even in Africa, examples of failed attempts to divorce democracy, or should I say a brand of democracy, from development. I say "a brand of democracy" because some of the experiments in the past were dedicated to economic development while at the same time believing that multi-party democracy was inimical to it. A form of democracy or governance that excluded multi-partyism was promoted instead. In the period immediately after independence many leaders proclaimed the birth of African socialism. We saw this in Ghana, in Tanzania, in Guinea, in Mali and in Egypt, among other countries. It was believed that the only way to ensure rapid economic development was to have tighter state control over the economy. This was also said to require absolute unity within the country in order to achieve the aim of economic development. Of course, these attitudes toward what we now regard as democracy and multi-partyism were, to a large extent, a reaction to the ravages and exploitation of colonialism, which in many instances left countries impoverished and forced African leaders to experiment with new policies in the quest for the right mix.

African states at the time were in a state of flux, with many different competing interest groups vying for ascendancy at sub-national levels. In some cases, such as the DRC, this resulted in open warfare. In a number of countries considerations of national unity and maintenance of national security were also elevated above the need for democracy.

On the basis of economic development and national stability and security, some nationalist leaders proclaimed that Africa either did not need or was not ready for Western-style multi-party democracy. Félix Houphouët-Boigny, the first leader of Ivory Coast, was quoted as saying, "Democracy is a government for virtuous people. In young countries such as our own we need an all-powerful chief for a specific period of time."

The philosophy seemed to be that the Western-style multi-party system was a product of Western society

which was not relevant in Africa. The supreme task of the new independence governments, it was argued, was to build up the economy and in this there could be no room for difference or division. Opposition politics was described as "a sophisticated pastime which we in Africa can ill afford" and it was argued that a one-party system could provide for democracy based on unity rather than opposition.

The problem is that, in many countries, this state of affairs set off a chain reaction of coups, counter-coups and civil wars from which the continent is still trying to recover.

DEMOCRACY VS NATIONAL STABILITY/SECURITY

Perhaps the problems that we see in many countries today with regard to national security are not really about democracy at all. Perhaps they arise from other problems in society like intolerance, racism, religious prejudice and a refusal to accept different cultures, values and norms. I would suggest that the best way to deal with the threat posed by these situations is to address the underlying issues rather than to close down democratic space with repressive laws, as that would only breed more problems.

A balance has to be struck between the maintenance of national security, on the one hand, and ensuring human rights, on the other. It seems to me that more democracy, rather than less, is what is required in order to decrease threats to national security; for example, including marginalised groups within government, trying to find an equitable solution to their problems and giving them a voice instead of trying to silence them.

Democracy is not about agreement – it is about respect for disagreement. The goal of a democratic society is not a system with which everybody agrees, but a system within which we are free to disagree and in which that disagreement is taken seriously. In our globalised society, it is also necessary to look beyond democracy within countries; true democracy can only benefit from a globalised approach that encompasses democracy between countries.

As far as the view that democracy does not necessarily result in economic equality is concerned, it seems to me that an emphasis on the advancement of human rights and equality in development stands the best chance of success.

The thing to bear in mind is that democracy comes as a package with human rights, the rule of law, good governance, development programmes, and international and domestic obligations of various shapes and forms. Certainly human rights are central to the concept of democracy.

EXEMPTIONS FROM THE RULES?

There is a problem though, and it is this: you will recall

that South Africa played one of the leading roles in the formation of the United Nations, which in turn adopted the Universal Declaration of Human Rights and a host of other instruments which have, as their basis, the goal of developing a culture of democracy, justice and human rights. Yet it was South Africa that became one of the most serious offenders against human rights and democracy. Could it be that it considered itself unique, with unique problems, and that it was therefore entitled to be exempt from the rules it had itself helped establish? You will recall that democracy and fundamental human rights, flowing from the Universal Declaration, were flouted in the worst possible way, largely on the purported grounds of national security.

I grow quite weary when the judiciary is blamed for all sorts of things simply because it has proved that no one is above the law.

I now ask you, is there a danger that those who have historically fashioned and championed the cause of

democracy, justice and human rights may take the attitude that because they are "the good guys", they are entitled to be trusted when they break the rules which bind everyone else? Should they be allowed to change those rules or to be exempt from them simply because they no longer suit them?

If that is in fact happening, I can think of nothing that is more damaging to the ethic and the culture of democracy and human rights. And I am referring to the flouting of international protocols, conventions, statutes and widely accepted standards that were designed to make this a better world. And yes, I am referring to domestic constitutions that start off with the highest of ideals. I am referring to those of us who feel that the rule of law must be upheld only when they themselves are not on the receiving end of it. I must also say that, as a judge, I grow quite weary when the judiciary is blamed for all sorts of things simply because it has proved that no one is above the law. Is it correct to change definitions of democracy and human rights simply because they collide with our personal ambitions or international aspirations – and then we seek to change the rules?

CORPORATE ETHICS: ABOVE THE LAW?

BY BRUCE CAMERON

The author is the editor of *Personal Finance*

Laws should be seen as more than forced instruction about behaviour that is unacceptable to civil society. Laws should also be seen as moral and ethical guidance. In other words, citizens, both individual and corporate, should uphold both the spirit of and the letter of the law. By doing so, both individuals and corporations add to the success of any society. It is the rule of law that makes the difference in the end.

South Africa's corporate world too often seeks to obviate not only the spirit of laws, but even the letter of the law. Individuals in positions of power and influence have a greater obligation and responsibility to set an example in achieving the intentions of the legislature. There are many individuals of influence in corporate South Africa who bemoan the level of crime in this country, but feel it is their right to decide what laws they will obey and how they will interpret laws in their favour in the pursuit of profit. It often appears as if the pursuit of profits justifies any means.

Employees and customers of corporations quite rightly ask why they should behave ethically or even lawfully if they see these companies seeking to obviate laws. In simple terms: what is wrong with a bit of shoplifting or overstating an insurance claim when the bosses avoid tax and use their financial might to deny insurance claims or even workers' rights, such as reneging on medical aid contribution subsidies for pensioners?

Let me give a few examples of what has happened in the recent past in the financial services industry – an industry that is supposed to be the custodian of our savings.

PENSION FUND SCHEMES AND SCAMS

- As is well known, Pension Funds Adjudicator Vuyani Ngalwana has handed down a string of determinations in which he has ruled that life assurance companies cannot levy confiscatory penalties if a person can no longer afford to pay contributions to a retirement annuity fund. His reasoning is that the penalties are not

explicitly provided for in the rules of the funds or even in underlying life assurance policies.

But we have now seen the spectacle of Old Mutual going to the High Court to challenge one of the rulings. The main legal argument used was that the complainant did not frame her complaint correctly and Ngalwana then interpreted the complaint. In other words, Old Mutual seeks to use a legal technicality to defeat the determination. And even when it dealt with the question of whether there was such a rule that would allow it to levy the penalty, its legal representatives told the court that the rules on the penalties were so complex that not even the judge would understand them – and on top of this, the rules were confidential.

Ngalwana has also voiced his objections to Old Mutual using a gap in the Pension Funds Act to introduce new arguments in the appeal that were not placed before him.

- Numerous amendments have had to be introduced to the Pension Funds Act to plug gaps that pension fund consultants (both actuaries and lawyers) have been attempting to use to prevent the equitable distribution of surpluses, in particular, to former members of funds. By reducing the size of surpluses and the number of claimants the fund consultants are currying favour with employers, who will then get a bigger slice of the pie.

But the denial of pension fund surpluses to rightful claimants has not stopped at attempts to sidestep the law. Currently nine people have been charged with fraud for an intricate pension fund surplus rip-off involving more than R800 million. The scam involved retirement fund consultants and administrators as well as employers. In other words, there was a conspiracy on the part of many major players in corporate South Africa. These participants include a number of JSE-listed companies.

South Africa's corporate world too often seeks to obviate not only the spirit of laws, but even the letter of the law.

SECRET PROFITS

- The exposure by *Personal Finance* of the fairly widespread practice by retirement fund administrators of bulking the bank accounts of retirement funds to make secret profits, exposed just how far corporate South Africa will go in not only sidestepping the law but also in breaking the law to create profits.

The main perpetrator, and the country's biggest retirement fund administrator, Alexander Forbes, continued with the practice even after its own lawyers

had told them the practice of making the profits from bulking without disclosing the practice to retirement fund trustees was "not lawful".

The secret profits were not limited to the bulking of bank accounts. Secret profits have been made in numerous other areas. At the parliamentary hearing, some companies even claimed that they were fully entitled to make secret profits in terms of the Long-Term Insurance Act. This act of parliament gives life assurance companies a lot of latitude in how they manage the assets of investments.

In simple terms, investors hand over their assets to life assurance companies, in return for which, the life assurance company promises a benefit on the occurrence of a certain event. This event may be the death or disability of a policyholder or the maturity date of a life assurance investment policy. In most cases they can invest the assets held where they want.

In return for this latitude, life assurance companies, like banks, have to keep reserves in order to pay their liabilities (what they owe to policyholders by way of promised benefits).

But this latitude is now being stretched to the limit. Some companies have interpreted it to mean that a life assurance licence is *carte blanche* to do almost anything.

Many retirement fund assets are held under the umbrella of a life assurance policy. And under this umbrella the assets of funds are being used to generate secret or not properly disclosed profits for retirement fund service providers. For example, shares owned by retirement funds are, in effect, rented out in the derivative markets; dividends earned are swapped, for a fee, for interest earned by some unit trust funds to obviate the payment of tax on the returns of the unit trust funds; and rebates (kickbacks) are collected from any number of parties including other asset managers and stock brokers.

Surely this was not the intention of the Long-Term Insurance Act?

BENEFIT OR THEFT?

At the parliamentary bulking hearing, Isaac Ramputa, of the Financial Sector Campaign Coalition, said: "If poor people were caught 'taking away benefits' it would be called theft." He said, "Alexander Forbes admits 'taking away' benefits of R368 million. This is equivalent to stealing 75 million loaves of bread or 75 000 cellphones. Poor people are jailed for stealing one loaf of bread or one cellphone."

Both Ramputa and Jan Mahlangu, COSATU's retirement funds policy co-ordinator, correctly asked the committee: "Is there one law for the rich and another for the poor?" Or put another way is there one law for corporate South Africa and another law for ordinary citizens?

Why we at South Africa commu

What does corporate social responsibility (CSR) have to do with a steel company? At Mittal Steel South Africa we believe it is a key element in the running of a successful and sustainable business.

It is part of what might be called "our licence" to operate.

But more importantly we are committed to CSR because we believe that if we do CSR well, you generate a culture that does all other things well.

For us, the basis of our CSR programme is active participation in communities, institutions and organisations, in the areas around our operations with special emphasis on historically disadvantaged communities.

Over the past 12 years we have invested some R196 million in social programmes aimed broadly at empowering historically disadvantaged communities.

During 2005, we identified education, more specifically mathematics and science education, as a priority. There is a country-wide shortage of skills in the engineering fields, largely because learners do not follow the science disciplines and because there are insufficient qualified teachers and inadequate facilities in many schools.

In order to address the problem, we have developed an innovative plan to provide centralised facilities in the Vaal for teaching mathematics and science to both learners and educators in the region.

This project is in partnership with the Gauteng Department of

Education. Classes commenced at the Centre in July 2006, as a pilot project, with 1250 learners attending classes weekly.

Next year an additional 600 learners from 15 schools in the district will join the program. The initial refurbishment of the facilities and the operational costs for 2006 amounted to R9 million. In addition to the hi-tech facilities and provision of staff, Mittal Steel South Africa provides transport to and from the Centre daily as well as books for the learners.

The Centre boasts of a well-equipped interactive exhibit centre where learners are afforded the opportunity of "hands on" experience. It is hoped that these facilities will stimulate interest and learning in the sciences.

During the 15 weeks of classes at the Centre, excellent results have been achieved and Mittal is confident that the objectives of taking both educator and learner performance to new levels of achievement, will be obtained. In addition to the science centre, we also made substantial contributions to:

- The Mittal Science Olympiad, which is a national initiative to stimulate interest in science amongst learners. About 10 000 learners participated in the Olympiad during 2005;
- Scitech, a national science exhibition, was attended by 38 000 learners and is also aimed at stimulating interest and providing curriculum based classes for learners; and
- ABET (adult basic education and training) programme, which provides basic reading, writing and mathematics skills to



Excited learners attending classes at Mittal Steel South Africa Science Centre



Learners at an exhibition at the Mittal Steel South Africa Science Centre

Mittal Steel South Africa Limited
Vanderbijlpark plant, Room N3-5, Main Building,
Delfos Boulevard, Vanderbijlpark

Mittal Steel care for our nities

employees and the community. Some 550 students completed their training during 2005.

We addressed unemployment through allocations of over R150 000 to the Saldanha Business Development Centre and to the Bophelong Community Project.

Both projects develop and assist unemployed persons in various skills, so that they may become employed, or self-supporting and financially independent. We are currently investigating a major project, in partnership with the Emfuleni Local Government and North West University, to develop and grow the informal economy in the Vaal that has the potential to create more than 60 000 jobs over the next 10 years.

Mittal Steel South Africa made a contribution of R5 million towards a low cost housing project in the Chief Albert Luthuli Township, a project which was completed this year. We made a substantial contribution towards addressing air pollution in communities by providing subsidised steel for gas cylinders in an attempt to decrease smoke and emissions from coal fires in townships.

We recently implemented a support programme for employees and their families affected by HIV/AIDS at all our centres. This focuses on behavioural change communication and support. Our voluntary counselling and testing initiative has been most successful and the majority of HIV positive employees have accessed the support and wellness program.

Over the past two years, we contributed a sum of approximately

R14,2 million to educational projects, R5,4 million to community and rural development projects, R750 000 to HIV/AIDS initiatives, and R650 000 to general welfare and development sport projects. We also donated 550 tonnes of steel to various worthy projects.

As a responsible corporate citizen, Mittal Steel South Africa endeavours to assist in solving the many problems our country faces by committing ourselves to investing in sustainable projects aimed at growing the economy, building capacity within our broader society and investing in environmental sustainability.

Over the coming years Mittal Steel South Africa will spend nearly R1 billion to ensure its operations meet the highest possible environmental standards by rehabilitating historical pollution, constructing modern waste handling facilities and installing cleaner technologies.

Some of the successes already achieved include the Vanderbijlpark plant achieving Zero Effluent Discharge status.

This means no process effluent water will be released from the plant and it will ensure that there is no negative impact on the environment or in the community. It will also contribute to the Department of Water Affairs objective to lower the salinity in the Vaal River Catchments Area.

An added benefit will be a $\pm 30\%$ reduction of fresh water intake from the Vaal Dam and Vaal River into the Vanderbijlpark plant. The reclaimed water will be used in a closed loop system within the Works as make-up water to low and high quality water users.



Learners attending lesson at the laboratory, Mittal Steel South Africa Science Centre



Main Treatment Plant at Mittal Steel South Africa, Vanderbijlpark

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TRADITIONAL AFRICAN SOCIAL ORGANISATION AND GOVERNANCE

BY ITUMELENG MEKOA

The author is at the School of Religion and Theology, University of KwaZulu-Natal

(This paper has been shortened)

INDIGENOUS AFRICAN POLITICAL INSTITUTIONS

For centuries prior to the advent of colonialism and imperialism, African societies enjoyed a tradition of participatory democracy. African people prior to colonialism and post-colonialism never experienced the dictatorships and autocracies prevalent in Africa today, and none of them can be justified on cultural grounds.

There were two types of indigenous political organisation and further differentiation within each. In the first type, tribal groups existed as separate political entities and governed themselves independently. Some were led by chiefs and others were not. Tribes with chiefs and their administrative and judicial institutions were referred to as chiefdoms or states. In the second type, some conquered tribes came under the hegemony of kingdoms or empires. Virtually in all the African tribes, political organisation of both types began at the lineage or the village level. This lineage was the most powerful and effective force for unity and stability in early Africa. Each lineage had its own head, chosen according to its own rules and customs. The majority chose their heads on the basis of age, maturity and relation to ancestors.

The essence of African consensus was to enhance collective solidarity, respect, human dignity and the right to freedom of expression, as well as collective trust and compassion.

AFRICAN DEMOCRACY OR AFRICAN CONSENSUS

The essence of liberal democracy is equality and freedom of individuals, which the state or civil society is bound to protect. However, democracy is not only a Western intellectual product. Africans have always had their democracy, which can be referred to as "African consensus". "Democracy" is a Western liberal term based on the principle of majority will. In African traditional thought, the will of the people is reached by African

consensus. This African consensus was based on the principle of *ubuntu* and mutual caring.

The *kgotla* or *imbizo* is a good example of how African consensus worked. At a *kgotla* or *imbizo*, which was usually held by the chief or *induna* to discuss community matters, agreement could only be reached by consensus. African consensus made it possible to include even dissidents or those opposed to the issue under discussion. It never allowed participants to be divided by vote, because that did not guarantee long-term satisfaction. Hence, in African traditional societies there were no different opposition parties, because consensus guaranteed the hearing of different opinions. The essence of African consensus was to enhance collective solidarity, respect, human dignity and the right to freedom of expression, as well as collective trust and compassion. The emphasis was not on majority views, but on compromise and accommodation.

What lessons can modern liberalism and westernised African leaders learn from traditional African policies? Livermore Mbigi lists the following lessons from traditional African policies:

- consensus, not majority vote, was important in making political decisions and in formulating government policy, because it ensured the accommodation of minority groups
- grass-roots participation and communication in public policy formulation and implementation was a common feature
- good governance required the avoidance of confrontation and a focus on political accommodation, compromise and tolerance
- freedom of expression, broad consultation and democracy were essential elements of good governance
- the preservation of good governance institutions and traditions were more important than charismatic individual leaders
- the separation of religion and secular policies was important for governance and stability
- a system of checks and balances in the political system was important to prevent abuse of power by the political leadership
- tradition and cultural values were more important

for good governance than foreign ideologies (Mbigi, 1996: 71).

THE CONDUCT OF AFRICAN TRADITIONAL MEETINGS

In matters of serious consequence, the chief would summon all the members of the council of elders. Such matters included additional tributes, market tolls, proposed new laws and the declaration of war. The chief would preside over the council and seek its opinion. The council of elders performed two functions: to advise and assist the chief in the administration of the tribe and prevent the chief from abusing his power. According to Olivier, the council of elders voiced its dissatisfaction, criticised the chief and kept him "under the necessary control" (Olivier, 1969). This is essential to keep in mind, as modern African leaders do not tolerate criticism and rebuke, like African traditional chiefs.

Under normal governance, the chief would inform the council of elders about the issue to be dealt with, and open the issue for debate. Routine issues were resolved by acclamation. Complex issues would be debated until the council reached unanimity. Discussions so reached were sure of acceptance by the rest of the community because councillors were influential members of the community.

The chief never debated in the council meetings. He would remain silent and listen to all viewpoints and assess the majority opinion or consensus. It was never the function of the chief to impose his decision on the council, as that would defeat the purpose of the council's debate. It was very rare that the chief would attempt to persuade the councillors to accept his previous opinion. If the majority of the councillors oppose his opinion, he would abide by their decisions, unless he was "looking for trouble".

The key feature of the indigenous African debate was unanimity. Majority opinion did not count, only unanimity. This explains why Africans would debate an issue for some time in order to reach unanimity. If the council did not reach unanimity on a contested issue, the chief called a village assembly to put the issue before the people for debate. The community therefore served as the final authority on issues in dispute.

Dissent was open and free but with due respect to the king or chief. If a dissident made silly remarks, he/she was

ridiculed. If he/she offered a good idea that would help the community, he/she was applauded. In the indigenous African political system, consensus was possible because ordinary people were allowed to express their view at all levels of governance, from the council of elders to the village assembly.

THE ROLE OF THE CHIEF OR KING

In most tribal systems in Africa, chieftaincy was hereditary and reserved from members of a particular genealogy linked to the founding ancestors. Even the man who first settled on a piece of unoccupied land with his followers was always regarded as the owner of the land and ancestor. His offspring would automatically constitute the royal dynasty. The royalty, who chose and appointed a king or chief, would always choose the eldest son of the deceased. No chief or king could rule while his father was still alive. George Ayittey explains: "This ancestral lineage chose the chief, who was often the eldest son of the deceased chief. But succession was not always automatic. The choice of the heir was subject to approval by the "royal" lineage members. The chief's eldest son could be blocked from succession if he was found to be unfit or mentally incompetent to govern. Other considerations included his past conduct, his mannerisms, his capacity to lead, his valour, and his popularity. In general, the chief was never elected by balloting. He was appointed, but he could not appoint himself" (Ayittey, 1991: 43).

As the political head of the tribe, the king or chief was responsible for administration, public affairs and all matters pertaining to governance. The current perception, particularly in South Africa, that kings or chiefs must be apolitical and only be ceremonial is alien to Africa. The kings or chiefs were not just ceremonial heads of state. African custom allowed them to act politically. The so-called governance by political presidents and prime ministers elected by political parties is not only alien to Africa but also un-African. Centuries before the advent of colonialism, Africans were satisfied and progressed under the rule of political kings and chiefs. Africa had kingdoms and not republics.

Secondly, the chief presided over the traditional court, which was also the final court of appeal. Thirdly, he was the religious head of the tribe, and therefore a living representative of the ancestral spirit that guarded the



tribe. In terms of accountability and prevention of abuse of power, the African chief or king wielding such an amount of power led many foreign observers to characterise him as autocratic. However, all the four levels of governance indicated above prevent such an abuse of power or autocracy. In fact, in indigenous African political systems, any new policy had to be agreed to through the four levels of governance. The chief's role was consultative rather than autocratic. His main concern was the preservation and protection of the interests of all his tribe's people.

The tragedy of Africa after colonialism is that despite their rhetoric, most African leaders did not value their own cultural heritage and the significance of their indigenous political systems. Instead, they copied the foreign political systems of their colonial countries. Like the colonial masters, the new African leaders stripped the traditional chiefs of their authority and actually set out to destroy indigenous systems through their policies. In addition, they recruited foreign ideologies and revolutionaries. As George Ayittey writes: "The same African leaders who railed against Western denial of the intellectual capabilities of the African placed more faith in expatriates and foreign systems than in their own African peoples... Blacks, according to this black African president, were not talented enough to fill these posts... Other examples of African leaders' failure to acknowledge African talent abound. Although they demanded respect, recognition and various rights from the West, they rarely extended the same rights to their own people. They condemned the West, yet they secretly admired it. In fact, they went to extraordinary lengths to imitate the trappings of the Western culture... African leaders imported or copied much from abroad in an attempt to prove that Africa was not backward but developed or developing" (Ayittey, 1991: 111-113).

African institutions of governance are part of African culture and need to be preserved. Having rejected colonialism and westernisation, Africa needs an alternative ideology. It is not only Western but also African leaders who must accept and be convinced of the intellectual capabilities of the African people.

THE LAND TENURE SYSTEM

The land in African traditional thought is the soul of African life. Schooled as they are in political science, our African politicians have never attempted to learn African politics of the land. It is this intellectual bankruptcy and European mental bewitchment that has made them mismanage the land issue in South Africa. As long as African culture is undermined by our African politicians, the land issue will be mishandled.

Land in African traditional thought is a religio-cultural issue. There is no individual ownership of land. The land belonged first and foremost to the ancestors, *abaphanzi* or *beng ba lefatshe*: "the owners of the land".

Hence such land could not be sold or disposed of. The graves of the ancestors in the community-owned land made it difficult for the living to dispose of it. In African tradition, a community is not just made up of the living but also the dead (ancestors), who continue to be legitimate members of the community and are consulted on serious matters. Non-consultation can result in a curse or evil befalling the living. Ki-Zerbo explains this relationship between the living and the dead in the African community: "The living were but a microcosm restricted to certain narrow duties in comparison with the tremendous cohort of those whose shades still people the ancestral home or the patriarchal or tribal territory. The African, even when emancipated of his metaphysical beliefs, still gives a large place to these ancestors. From him more than any others, the famous statement of Renan holds true: 'The nation is made up of more dead than living'" (Ki-Zerbo, 1976: 286ff).

The same African leaders who railed against Western denial of the intellectual capabilities of the African placed more faith in expatriates and foreign systems than in their own African peoples...

"This relationship has been evident recently with the forced removals in South Africa, seeing Africans either carrying their people (*marapo a bone*) with them to their new destination or making their annual pilgrimage to their precious habitation. Even Africans who reside in cities want to be buried in their ancestral homes in villages or countryside. As Prof. Gabriel Setiloane once said, 'Land is a holy possession: the shrine of a people's soul. To remove and separate people from their ancestral land is to rupture their soul, to cut off their instrument of life support.'" (Setiloane, 1991: 8).

Land is the source of economic livelihood. It is communally owned for the benefit of every member of the community. In South Africa, most of the communally owned land is tribal land. It is allocated to heads of households. When a young man gets married, he automatically qualifies for a piece of land to grow food and to graze his livestock in the communal grazing fields. This land remains the property of the community. The head of the household is expected to use the land allocated to him for the benefit of his dependents, that is, the wives and the children, who are the main beneficiaries of the land. This system of African land ownership ensures that no member of the tribe is landless, hence there are no squatter camps in the tribal areas.

This land, the source of life, is still held in South Africa by a white minority. It is this non-ownership of the land that constitutes the poverty of the African people. The present economic conditions were historically induced through the Land Act of 1913. As long as African land is in the hands of minorities, there is no way that the present conditions of African people will change. All the wars of liberation were fought against the expropriation of the African land by the colonialist. Yet in Africa the wars of the liberation struggle have brought nothing but misery. Europeans who came here as colonisers continue to own millions and millions of hectares of land.

In 1991, after the first round of negotiations, Setiloane delivered a prophetic oracle that will haunt our African politicians: "No negotiations about bringing in a 'new South Africa' will be acceptable, incisive, deep enough, nor reproductive of any lasting structures for peace (and this is a caution directed principally at the Africans themselves who will sit on our behalf around the negotiation table), unless and until this traditional and fundamental concept of land ownership is calculated, from the beginning to the end, to rationalise their disinheritance of the rightful heirs to the land" (Setiloane 1991: 9).

There will be no freedom, economic and social emancipation for Africans as long as the national resources like the land are still in the hands of the minorities.

TRADITIONAL CULTURAL INSTITUTIONS

The family is the foundation of African society. African family structures include polygamy and monogamy. A polygamous family consists of one husband and two or more wives and their children.

Most African scholars prefer to use the term 'household' to designate a group of people who live together and recognise a common head of the household. The household consists of a husband, his wives and their children, but it can also include any number of other relations, adopted children, servants and, in earlier times, slaves. Farming and animal husbandry continue to be the most important economic activities in African traditional societies, and most work is done by household groupings. In urban areas, monogamous families are more common and some feminist movements are advocating the reform of polygamous marriage practices.

In African tradition, marriage is an alliance of two families through the joining together of a man and a woman as husband and wife for the purpose of procreation. It is the major institution for rearing children in African societies. It is regarded "as a sacred duty which every normal person must perform. Failure to do so means in effect stopping the flow of life through the individual and hence diminishing [humanity] upon the earth" (Mbiti, 1982: 98).

Marriages are cemented through a series of formal arrangements and understandings between the relatives of the man and woman to be joined together. Part of this is the payment of a bride wealth, called *lobola* in Zulu. *Bogadi* or *lobola* constitutes a binding commitment and a guarantee of good faith and stability of the marriage bond. It also confers conjugal rights and duties on the parties to the union. This custom of *lobola* or *bogadi* has nothing to do with the purchasing of the bride as some non-Africans think. One can also not deny the fact that some families are abusing it as a get-rich-quick scheme, particular to recover the educational costs of their daughter.

In the past, parents used to arrange the marriage of their children. Also, there was also the practice of child betrothal which allowed the marriage of young girls before the age of puberty. In such a case, consummation of marriage only takes place after puberty. These practices are very scarce these days. There is now a freedom of marital choice. However, parents still play a significant role in the negotiations that well culminate in marriage.

The greatest desire and expectation in an African marriage is to be blessed with children. Children are highly treasured, because they ensure continuity of the family name, care for parents during old age and ensure that parents will receive proper burial. Male children are the most treasured because they are the ones who will continue the family name. Child-rearing is also a family and clan matter. African children are also taught to respect elder people in the family and society at large. Because marriage is a life-time commitment, African people abhor divorce, though it does occur in traditional African societies. However, counselling and mediation are provided by the family before divorce can take place. The rate of divorce in contemporary Africa indicates that African culture is not immune to the impact of modernisation and westernisation.

SOCIALISATION

In traditional African societies – homogeneous, conservative and technologically undeveloped – child-rearing and socialisation was a system of education in conservatism and conformity, an acceptance of and loyalty to the traditional way of life. The aims and objectives are different from Western socialisation, which is characterised by the time spent in formal educational institutions with an emphasis on vocational training and skills development rather than training of social relationships. Technical training in African societies was acquired informally, by imitation of the range of skills the child witnesses around him/her, but education was concerned more with training in social, rather than vocational, behaviour.

The socialisation process in traditional African societies was made easier by the fact that status was ascribed rather than achieved. An individual could be labelled at birth in terms of status and the roles he was likely to play

by virtue of his position in the family, or his/her parents' rank. Socialisation for conformity and loyalty to the traditional way of life was intended to prevent the pursuit of various conflicting goals. For example, in Western societies, there are various socialisation processes, such as home, school, church and peer groups, all of which pursue various interests.

Very little socialisation takes place now within the community because African children go to schools, social clubs, churches and various social organisations which also influence their thinking pattern.

INFANCY, PUBERTY, INITIATION AND ADULTHOOD

The following is a picture of the traditional pattern of socialisation of the African child from birth to adolescence and adulthood.

In Africa, marriage is considered complete only if a woman has borne her husband at least one child. The birth of the child ratifies the bride wealth contract between her family and that of her husband and also completes her status as an adult woman.

From the ages of five to six years old, the lives of boys and girls diverge. Young boys spend most of their time herding livestock, while girls remain in or near the homestead, usually occupied with "women's work". The onset of puberty, in most African societies, is marked by a period of intensive ritual aimed at integrating the child into adulthood. Initiation into adulthood also involves a certain amount of instruction concerning sexual behaviour and good conduct in general. The most rites of puberty occur in the initiation schools, where there is a collective status change. Initiation also prepares the youth for other adult roles like military, political, religious, legal, marital or sexual roles, as may be determined by the society.

Age order is a central component of social organisation. Even when men sit in the village assembly or *lekgotla* or *imbizo*, they sit in order of age. Status and authority are qualities people acquire through the enactment of their lives within a community. The aged are the most revered members of the community. Seniority in African traditional culture has been strongly challenged by the rapid social changes of the 21st century. The appointment of young people to positions of power and seniority is in direct contradiction of traditional practices of leadership. Liberal democracy has contributed toward younger people gaining positions of authority, surpassing their elders.

THE COMMUNION OF THE LIVING AND THE DEAD

Africans have a strong relationship with the dead. A belief that there is life after death is stronger in the African people than in any other race or nationality. For Africans, when a person dies he or she immediately becomes a spirit and dwells in the presence of God

and the ancestors. They become representatives and ambassadors of the living. They still exercise their authority and power over their children and grandchildren. They can wreak havoc on them if they misbehave.

Death is a moment of triumph for Africans. *Baboke* (poets) come to the deceased, reciting all their great deeds and achievements. The good is always with their bones. In African tradition, everybody goes straight to the ancestors. There is no hell or waiting for judgement. Hell and Satan are alien terms in African vocabulary. Hence Africans do not fear death.

The socialisation process in traditional African societies was made easier by the fact that status was ascribed rather than achieved.

AFRICAN TRADITIONAL RELIGION

African traditional religion was evolved centuries ago by Africans as they sought to explain the origin of life, human suffering, calamities, birth and death, and to devise some means of making human life better and safer. Religious ideas and beliefs were put into practice through rites and ceremonies. It is the collective experience of African people interacting with their environment, with nature and its forces. Unlike Christianity, Judaism or Islam, it has no one single founder. It is a very pragmatic religion, communal, and not individualistic. Its beliefs are communally owned, and rites and ceremonies are performed communally. Every member of the community is part of this religion. Hence in Africa there are no atheists.

It is not a proselytising and missionary religion. Each African nation has its own mediator through whom it can approach the almighty God of the entire universe. One African national religion cannot be propagated over another group of people. As Festus Ohaegbulam wrote: "People may move from place to place with their religion, but no one individual preaches his religion to another or attempts to convert another person to his religion. This is so because traditional African religion, as practised by various African communities, has essential, consistent common norms and beliefs. It is so also because African societies may have recognised early in their development that religion is an expression of a people's culture and experience with nature and that no people could abandon such culture and experience and expect to survive or function effectively. Religious imperialism and religious wars generated by religious and cultural intolerance were therefore extremely rare in Africa prior to the introduction of Christianity and Islam into the continent" (Ohaegbulam, 1990: 106).

Presidential urban and rural developmental programmes

Pushing back the frontiers
of underdevelopment and eradicating poverty.

The Urban Renewal Programme (URP) and the Integrated Sustainable Rural Development Programme (ISRDP) aim to eradicate high levels of poverty and under-development in eight urban and thirteen rural nodes (previously economically exclusion areas - townships and former homelands) by delivering services which integrate national, provincial and local government priorities. Both programmes encourage community and private sector participation.

Development in the previously neglected areas, which have a population of 10 million people, provides a practical opportunity to:

- Alleviate poverty and address social imbalances,
- Create jobs and increase economic growth,

- Upgrade facilities and improve infrastructure,
- Enhance capacity at nodal levels,
- Encourage socially cohesive, viable, safe, supportive, productive and involved communities,
- Encourage public private partnerships and involvement,
- Make a difference in the lives of nodal communities.

The task of the Department of Provincial and Local Government (**dplg**) is to integrate and co-ordinate government agencies and the private sector in providing support to the nodal areas.

We invite you to support us, to join us, to partner with us in our quest for a better life for all.



Support us. Join us. Partner with us.



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Department of Provincial and Local Government

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The Conflict and Governance

While South Africa has made remarkable progress along its road of transition, significant challenges continue to frustrate, and in some cases inhibit, many valuable efforts. To see some of these inhibiting factors, one need only refer to the daily press coverage of crime and corruption. Those are the "told stories" and they are told, largely because of sensationalism. However, it is often in the relatively "untold stories" where incremental or quantum shifts happen to continue the progress of South Africa's transformation. The Conflict and Governance Facility (CAGE) could perhaps be considered one of those "untold stories."

CAGE is primarily a grant-maker funded under the European Programme for Reconstruction and Development in South Africa, falls under the oversight of Government's International Development Cooperation. It funds research and studies that are intended to feed into better informed decision-making. The Facility has, since inception in 2004, funded 20 studies with a monetary value of approximately R11 million.

It is widely accepted that the contribution of research is vital to development and that economically successful countries spend between 2.15% and 3.5% of GDP on research.¹

The Conflict and Governance Facility as a supporter of research has indeed been well timed. In the current funding environment in South Africa in terms of investment into research, the grants that CAGE provides to both higher education institutions and NGO's is realistically seen as the single most valuable resource. This is in a field where the funding margins are low and decreasing yearly (research, being seen as a "luxury" for funding where real social and immediate social needs are very evident).

In the competitive environment both between NGO's and research institutes, CAGE is positioned and perceived as a safer place. It was stated that "it is this somewhat arms-length position that enables it to cause authoritative and independent research on critical policy issues relating to governance to be done."

Further to this, "CAGE's advantage is its active effort to place independent policy research in the public policy arena and in a form that is useful to those active in implementing it".² This axiomatically stimulates debate.

Certainly for a young democracy such as South Africa, but where the independent "space" is closely watched and guarded, and the civil society movement is organized and strong, CAGE's relationship with its grantees is watched carefully. The fact that the intellectual property is vested in the beneficiary organisation is valued. Organisations have felt confident

about the dissemination of research within the democratic "space".

To date a wide spectrum of research has been conducted including the Council for Scientific and Industrial Research (CSIR) study on Developmental Peace Missions Theory. The outcomes of the project have been disseminated to, amongst others, the African Union, South African policymakers, international ministries of defence, and have fed into the process of drafting the South African National Defence Force's Peace Support Organisation's White Paper on Peace Keeping.



Mr. Sybert Liebenberg (Project Manager: CSIR) explains the Developmental Peace Missions model to ex-combatants in Sudan

Researchers at the South African Institute for International Affairs (SAIIA) are currently dealing with the Social Economy of Organized Crime in Southern Africa and will investigate the social fabric which holds organised crime networks together and influences their modus operandi. It will investigate how economic, political and social initiatives can contribute to the reduction of violence and conflict associated with organised crime.

The Institute for Justice and Reconciliation (IJR) has just published its third annual Transformation Audit on Corruption and its costs entitled Money and Morality. This publication also examines education and skills development while focusing on the flip side of school reform, patterns of educational attainment and social mobility.

Facility: an “Untold Story”



The Institute for Justice and Reconciliation Launch in Cape Town (18 October 2006). From the left: Ms Sue Brown (Project Manager: IJR), Ms Charmaine Estment (Programme Co-ordinator: CAGE), Ms Davina Jonathan (Finance and procurement officer: CAGE) and Ms Zandile Gubeni (Researcher: IJR)

The Centre for Development and Enterprise (CDE) is investigating the patterns of unemployment amongst young black South Africans in metropolitan areas. This research looks at how an inefficient education system fails to prepare young South Africans for the local labour market.

The Umsobomvu Youth fund and CAGE collaborated in September 2006 to disseminate the report on Youth in Conflict with the Law. Central to this report was the staggering statistic that 70% of all criminal offenders are youths and that 36% of prisoners are adolescents younger than 18.



The Centre for Development and Enterprise (CDE) received inputs at their second research meeting from a range of stakeholders including The Presidency, Umsobomvu Youth Fund and CAGE

The CAGE Facility prides itself as a grant-maker which is supported by a competent governing body, our Project Steering Committee and directed by a passionate governance expert – Ms Charmaine Estment, and guided by stringent and transparent tender processes. This Facility allows for an open space in which grant partners can explore and create constructive dialogue between unlikely factions at times. CAGE embarked on its third and final Call for proposals and received applications up to the 6th of December 2006 as a set deadline.

The Facility has up to 1st August 2007 to disburse funds and to operate in this open space, enriching dialogue through quality research and adding its Isivivane³ stones on the path of reconciliation and good governance.

To find out more about how to apply for support from this Facility, please visit our website at

www.cage.org.za.



- 1 Hobib, A and Morrow, S: *Research, Research Productivity and the State in South Africa: Paper on the DST June 2005 Conference: Africa Institute and HSRC*
- 2 Transtec Consortium: Herman A & Mbokota G: *Report of the Mid Term Review for the Conflict and Governance Facility: February-March 2006*
- 3 Isivivane: An Isivivane consists of stones that are collected together to form a stone cairn. The pile of stones is found in the rural communities and is a traditional ritual where persons passing by will add a stone to the pile for a number of reasons: safety on the journey, commitment to a common purpose, acknowledgement of the ancient knowledge of the terrain, identification with a good cause. CAGE adopted this as the organizational metaphor

THE 1946 MINEWORKERS' STRIKE

BY THE ANC PARLIAMENTARY RESEARCH UNIT

The 1946 strike of the African Mine Workers' Union (AMWU) was a highly significant event. It set the tone for the radicalisation of the ANC Youth League in the late 1940s, and inspired the ANC-led Defiance Campaign of the 1950s, which changed the course of our struggle forever. We owe our liberation and freedom to the 1946 strike heroes, who set the trend for working class and popular activism as the bedrock of the national liberation struggle. On the occasion of the 60th anniversary of the 1946 mineworkers' strike, the 12th of August, we salute the heroic struggles and sacrifices made by the mineworkers who participated in that strike.

The beginning of the first real mass trade union for South Africa's black miners was a small event – so small that history records very little about it, save that the initiative came from a meeting of the Transvaal African National Congress executive in 1941. The records state that a proposal to sponsor the organisation of such a union was made, and carried out. Its proposers were Gaur Radebe, a well-known trade unionist and public speaker, long time member of the ANC and a communist in the process of drifting out of the party, and Edwin Mofutsanyana, a studious and intellectual figure, former mine clerk, and also a veteran ANC and Communist Party member.

History does not record the reason for the proposal at that precise time, or the views of executive committee members in the debate. The decision was scarcely in keeping with the ANC character of that time: an organisation with only a small membership, steeped in a tradition of quasi-parliamentary type politics, without a great impact on the national political scene, and certainly with little direct connection with working class or trade union affairs.

In an atmosphere of rising expectation, a new surge of life was rising in the ANC itself. A young generation, deeply committed to national liberation, had grown up under the leadership of Anton Lembede. Some of that new generation – Nelson Mandela, Oliver Tambo, Duma Nokwe, Govan Mbeki and others – had burst their way into the leading ranks of the organisation, particularly in the Transvaal, displacing an old generation which had failed to move with the new times and tides of feeling. On the Transvaal executive of the ANC, the militants of the ANC Youth League formed a natural working partnership with the militant veterans of an earlier period, particularly the communists like Radebe, Kotane, Mofutsanyana and

Marks, who were already in the leadership ranks. Perhaps it was the natural consequence of such a partnership that the small decision – lost in the records as just one decision amongst so many – was taken to sponsor a mineworkers' trade union.

A SMALL BEGINNING

In the face of formidable obstacles, the ANC pressed ahead. On 3 August 1941, 81 elected delegates of organisations met in Johannesburg. They came mainly from trade unions, Communist Party branches, and social and political organisations on the Witwatersrand. There were few miners present, and the few there were mainly surface workers and clerks – the men with longer experience of urban and industrial life who were outside the compound and repatriation procedures which applied rigorously to underground workers. Some of these had been members of incipient trade unions which had been started – often stillborn – in earlier years; some were members of the small African Mine Clerks' Association.

The conference set up a working committee to bring the union into reality. The committee included James Majoro, a leading member of the Mine Clerks' Association; TW Thibedi, a founder and survivor of a 1936 attempt to build a union and the first black member of the Communist Party; JB Marks, a veteran member of both the ANC and the Communist Party, and Gaur Radebe.

The union grew slowly, painfully slowly. It needed to break through the barbed-wire curtain that cut the miners off from the world outside; it could do so only by means of painstaking contact with individuals and small groups of miners during their off-duty hours in the recreational areas around the compounds. Meetings of more than a handful could only be held secretly. Organisers were harried and harassed by the private mining company police, who ran the mining properties with a ubiquitous authority without defined limits, almost like an army in occupation of foreign territory. Union contacts themselves, when identified or suspected, were victimised by having their contracts terminated and being deported back to the territories from whence they came. Secrecy and word of mouth were the main organising techniques.

And yet the union grew. By 1944, it could count its members in thousands, perhaps as much as four thousand – yet little enough in a sea of over 340 000. But it was a beginning.

MINERS' GRIEVANCES

It was war time. Social and economic conditions in the country were getting worse; everywhere there were steeply rising prices of goods in the shops, and growing shortages of commodities – especially some foodstuffs; the appetite of the enormous Allied armies had first call on the supplies. Companies increased the pressure on their workers, intensifying the rate of exploitation, reducing rations, and allowing standards of services, recreation and welfare to fall. In the industrial world outside the closed encampment of the mines, workers' struggles against falling standards and rising costs had forced some government action. From 1943, automatic "cost of living allowances" had become standard for all industrial workers, compensating them in part for rising shop prices. But agricultural workers and black miners had been excluded from the legislation, on the specious grounds that their cost of living was met by employers who provided their accommodation and rations. On the same specious reasoning, the Chamber of Mines refused to pay any such allowances, even to those mine clerks who were not contracted labour. The bitterness of feeling among the clerks became a source of support and strength for the union.

The union tried repeatedly to meet the Chamber of Mines to discuss its members' grievances. But the chamber, characteristically, had taken a policy decision to ignore the union's very existence.

Letters from the union went deliberately unanswered. Attempts at intervention by go-betweens, such as the then-existing Native Representatives in parliament and the senate, were given a brusque brush-off.

When the union turned to the government for intervention, the response was much the same – which was the master's voice and which the servant is not clear. Union demands to the government for a Wage Board investigation into the industry were just as summarily turned down, although the Wage Board had been set up specifically for the purpose of making such investigations in industry, and of recommending minimum standards of wages and conditions.

Against the background of government and employer resistance to any change, discontent built up on the mines and began to spill over in sporadic action. On several mines, disputes over treatment by mine officials and over food and conditions sparked off a growing wave of minor – unorganised – strikes and stoppages. Demonstrations in compounds and dining halls erupted into riots, with the

kitchens and other mine buildings being vandalised or burned. Police and company reprisals against the offenders failed to stem the tide of miners' anger. The pressure either had to be headed off or an explosion on the reef would almost certainly erupt.

The government chose to try and head it off. Probably on the initiative of the Chamber of Mines – though this was never admitted – the government announced the appointment of a commission of inquiry into the wages and conditions of the black miners. It was hoped that this would signal to the miners that their grievances were going to be remedied if only they would be patient and go quietly on with the work in the old conditions. By the time the commission reported, it was thought the "troublesome" generation of miners would have ended their contracts and been sent home, and a new, hopefully more tractable, group would be installed to replace them.



THE LANSDOWNE COMMISSION

History and the Mine Workers' Union frustrated those hopes. As soon as the appointment of the commission under the chairmanship of Mr Justice Lansdowne was announced, the union seized the opportunity it presented. Meetings of miners were held up and down the reef to tell the miners of the inquiry, and to ask them to collect and formulate grievances and demands which the union would take to the commission. The idea caught on. The state's safety fuse was grasped and turned against its makers. As the idea spread, meetings of miners grew from small group affairs to mass gatherings at which the men "spoke bitterness" – as the Chinese say of public denunciations of conditions of life. Every weekend in

central Johannesburg, large gatherings of articulate miners from every Witwatersrand shaft gathered to give the union organisers chapter and verse of the day-to-day details of life and conditions of work on every part of the reef. From these meetings came a massive, detailed and fully documented memorandum from the African Mine Workers' Union to the commission.

The miners' unions turned the Lansdowne Commission on its head. What had been designed to be a full justification of the policy of the Chamber of Mines became instead a massive public denunciation. The chamber's legal representative, who had taken the front seat at all sessions of the commission, cross-examining and contradicting witnesses, found his starring role eclipsed by the deep and detailed evidence presented by the Union. Against the chamber's claim of its inability to afford anything more than the existing rate of between two shillings/1d and two shillings/3d per shift,

the union demanded a minimum wage of 10 shillings (one rand) per day, and sweeping improvements in conditions generally, including paid holidays and overtime, clothing and boot allowances, and improved food.

The demand for 10 shillings a day minimum wage – by today's standards so paltry as to be laughable – was treated by the chamber and its supportive national press and parliament as a fantastic and irresponsible dream. The men's wages, the chamber argued repeatedly, were really only part of the family income: the main part of that income was derived from family crop and livestock production in the reserves. The union's challenge to the chamber thus had to deal not only with the conditions on the mines themselves, but also with the alleged farming incomes of the miners' families in the reserves. Prompted by the union, other organisations and experts came forward to testify about the conditions of the people in the reserves; and a formidable body of health and social researchers exposed the reality of starvation and near starvation in almost all areas, of soil erosion and falling productivity which had made the reserves net importers of food from outside, of large and growing numbers of totally landless families, and of alarming levels of malnutrition and infant mortality rates.

The commission took a year to digest all its evidence. It could scarcely be expected that any inquiry by such white establishment figures as these would find in favour of the "fantastic", "irresponsible" and "revolutionary" demand for 10 shillings per day. But it was impossible for the commission not to find that improvements were imperative. Its report, when finally issued, conceded much criticism of the industry, but little substance for the miners, recommending that:

- surface workers be paid an extra four pence per shift and underground workers be paid an extra five pence
- a "boot allowance" of one penny per shift be paid
- Sunday working and overtime working be paid at one-and-a-half times the normal rate
- long-term workers get two weeks paid holiday per year, plus rations
- catering services be improved.

The mountain had heaved and produced a mouse, but even that mouse proved too much for the combined stomachs of chamber and government. While government dithered and delayed its decisions, the union carried on with mass meetings of miners, telling them of the concessions already proposed by the commission, and organising them to carry the campaign for a minimum wage still further. Late in 1944, the government made its decision. The recommendations of the Lansdowne Commission would not be implemented. In place of the recommended improvements, only a small wage increase "in lieu of all other recommendations" would be introduced, giving the princely rise of four pence per shift for surface workers and five pence for underground. The bitterness on the mines grew worse.

The commission had found that the industry was able to pay the full costs of the improvements it had recommended, yet the government chose to pass the full costs of its own decisions on to the tax-payer through a refund of a tax known as the Gold Realisation Charge.

The decision was scarcely in keeping with the ANC character of that time.

WAR MEASURES

It was in this mood that the annual conference of the AMWU met in August 1944. There were 700 delegates from the mines, 1 300 other miners without delegate credentials "observing"; and a large turn-out of political leaders and trade unionists from other industries, plus the president-general of the ANC, members of the Native Representative Council, and chiefs from several areas from which miners were recruited. Delegates demanded strike action. The union leaders advised caution, and time to seek once again to meet the Chamber of Mines for discussions while delegates returned to the mines and spread the union organisation further in preparation for whatever lay ahead. The union leadership carried the day – but the miners remained angry and rebellious, and sporadic clashes and disturbances began all along the reef.

On their part, the chamber and the government acted in concert to try and destroy the union, although whether this was an agreed conspiracy or simply an identity of views is not clear. The chamber declared the mining areas no-go areas for the union, and advised compound managers that no union organising whatsoever was to be allowed on mining property, either during working hours or when the men were off-duty. Meetings were to be totally prohibited regardless of the size, and union activists singled out and repatriated regardless of any uncompleted contracts.

For its part, the government stepped in with a new War Measure (Measure 1425 of August 1944), promulgated under special war emergency powers, which banned any gathering of any sort by more than 20 people anywhere along the "proclaimed" mining area of the Witwatersrand.

The union was driven to shift its meetings away from the shabby "concession stores" and canteen areas adjacent to the compounds, to secret places, usually on the mine dumps, and under cover of dark. But the private police, aided and abetted by state police, were everywhere, and victimisation of activists by arbitrary sackings and deportations of identified or suspected union members were widespread. Union membership declined under the assault, and its income from membership subscriptions fell to crisis point.

By 1945, the Chamber of Mines felt confident enough to seize advantage of the food shortages developing in the

country, and cut the already unacceptable level of rations in the mine canteens. Canned meat was substituted for fresh meat, and the quantity and quality of the food was deliberately reduced without any attempt to explain or to meet with the miners. In protest, food demonstrations, riots and violent attacks on the mine kitchens began to flare up all along the reef. The explosion that had long threatened was clearly coming, but state and chamber, confident that they had emasculated the miners and brought their union to a low ebb, ignored all the signals.

The year 1946 opened with the union's general meeting in Johannesburg, with some 2 000 members present. They again drew up a list of demands: 10 shillings a day minimum wage; family housing in place of compounds; long service gratuities; and the repeal of War Measure 1425. The tone was angry: again there were rank and file calls for strike action, and again the union leadership held back. Letters containing the demands were sent to the chamber. No response.

No one, apparently, appreciated that a fuse had been lit, and the flame was racing towards the point of explosion.

THE STRIKE IS CALLED

On 19 May, the union called an open-air meeting at the Newtown Market Square, to report back to the miners on what had – and what had not – happened to their demands. JB Marks took the chair and reported. Calls for strike action were made loud and clear by miners in the audience. Finally, a miner stepped up to the platform, and formally moved that a general strike be called on all mines. The proposal was put to the vote and carried almost without dissent. No date was set. The union executive was to make one final attempt to meet the chamber. The Native Commissioner and the Director of Labour were both at the meeting, together with uniformed and plain clothes police. No one, apparently, appreciated that a fuse had been lit, and the flame was racing towards the point of explosion.

On 4 August, again at the Market Square, a much larger audience of miners gathered to hear the executive's report. They had nothing to report, save that the chamber had blankly refused to speak to them or answer their letters. At once, from the audience, came a call for immediate strike action. This time a date was set – one week ahead, Monday, 12 August. Marks cautioned all present against provocateurs, and warned that violence would achieve none of their objectives. What was needed was unity, discipline and determination. All present were to go back to their mines and use the next week to prepare their fellow workers for a Monday morning stoppage throughout the industry.

There had never been an attempt at an organised industry-wide strike before. There had never been such a frontal confrontation between the worst paid, compounded and contracted black workers and the most powerful bosses' cartel with major influences in the state. It was a step into the unknown.

THE GREAT STRIKE

The union spent the week after the last mass meeting spreading the word about the strike to its contacts all along the reef. It was a task far beyond the real capacity of the four or five union organisers. The shafts and compounds – all now policed, patrolled and wire-enclosed like concentration camps – were scattered along 50 miles of the Witwatersrand, generally in isolated areas of veld surrounded by a no-man's-land of unused scrubland, difficult to approach by road except along the company's own private roadways, and inaccessible by passenger rail.

The word spread – but how far, and how many miners had heard nothing of the strike before it actually started has never been clear. The union office, which should have been a hub of activity during the week, was generally quiet, often deserted as all hands left headquarters for the task in the field. By the end of the week of preparation, there was little real organised preparation for headquarters operations once the strike had started. The strike would stand or fall, finally, on the self-initiative and self-direction of the miners, concentrated in a multitude of separate and isolated compounds. The union would be less a general staff of the strike than a reporting centre and observation post.

The separation of union offices and union officials from the closed world of the compound was to remain throughout the strike, despite many clandestine operations by which organisers penetrated the compounds, and made isolated contact. The separation grew more serious as union officials were arrested and locked up within the first few days of the strike. As a result, there has never been an "official" account of the strike, of how it actually developed, written by anyone on the inside. The participants and strikers had an intimate knowledge only of that tiny segment in which they participated personally: none had an overall view that could provide a comprehensive picture.

The atmosphere was not that of a labour dispute, as the term is understood elsewhere in the civilised world. It was rather that of a civil war: it was a war fought by police equipped like an army, with rifles and fixed bayonets; its operations conducted like military offensives against an enemy, ending in "surrender" signified by raising of weaponless hands; the surrenders followed by the "rounding up" of stragglers in hiding. How many were killed and injured in this war against the black miners has never been established. The figures are contradictorily reported, and have never been carefully investigated.

On their part, the only seemingly hostile act reported of the miners are attempts to "march on Johannesburg", with blood-curdling stories of weapons such as choppers and iron bars – none of which have ever been alleged to have been used. Even the dread inspired by the lurid press treatment of these "marches" served only to obscure the reality – admitted obliquely in some reports – that the marchers were on their way to the offices of the recruiting corporations who held their contracts and thus held the apparent custody of their conditions and rights. Whether the marchers went for the purpose of negotiating conditions, or to seek the ending of their contracts and their repatriation, has also never been made clear. The total failure of the press to investigate deeply into anything connected with the strike reflected the total bias of their owners against the miners and all their demands.

By Saturday the strike was over. It had been – by any reckoning – an heroic confrontation between the most exploited black workers in the country, and the most powerful of employers allied to the state machine. In the course of it, the miners had pioneered a course which would serve the whole working class in the future. They had forged and maintained an intertribal and international unity in the face of tremendous provocation. They had discovered for themselves new weapons of struggle: the stay-at-home (although here it was the compound which had to serve as "home"), and the protest march to the seats of the power that controlled them. If in the end they were beaten back to work with none of their demands won, they had made one fact clear to the Chamber of Mines and government alike, a fact which they and their press still failed to take on board. Here, in the mines and compounds, there were men who had grown the consciousness and organisational capacity of the most advanced sections of the country's working class – a real proletariat which had felt the strength of its muscle, and could never again be disregarded or contemptuously ignored.

The strike had been fought and lost. But much had been proved for the future. It had been a dramatic clap of thunder, which should have told South Africa that storms of a new kind lay ahead.

LOSSES AND LESSONS

Starting from its small beginnings in the Transvaal ANC, the strike ended in court, after a reported but never accurately established five deaths and 900 injuries and the bravest ever attempt at miners' union building.

Certainly, the immediate demands of the miners were lost, and the strikers were driven back to work in precisely the same conditions over which they had come out. And their union, built with such difficulty over several years, was almost, if not completely, smashed and lost. The gains were less tangible, longer term, and to be found mainly in the consciousness and understanding of

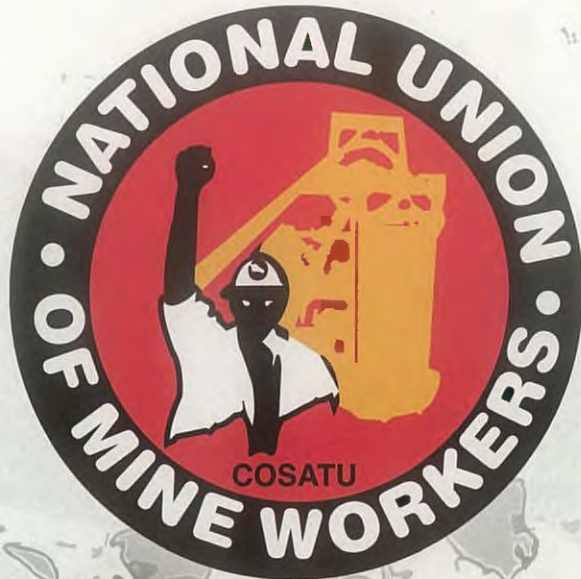
the miners themselves. They had gained – even in defeat – the knowledge that their unity could be established despite all the language, cultural and tribal divides, and that such unity was the first condition for any successful challenge to the combine of state and employers that fixed the conditions of their lives. They had gained, too, the understanding that where state and bosses combine together against them, there could be no way forward without the miners too uniting with their natural allies outside – the black trade unions and the movement for political liberation of the whole country that lived beyond the compound walls. But above all, they had learnt the power to shake the social order that is in the hands of a working class once it is determined and ready to use it.

Outside the mines, too, the trade union movement as a whole had suffered losses, including the loss of prestige and confidence that followed its miscarried call for a general strike. But perhaps there were gains in experience and wisdom there, too, which would reveal themselves in the future – the wisdom that calls to strike are final weapons, not first; that such calls succeed only where the masses have been fully prepared by solid organisational work; and that their support had to be argued for and won, not taken for granted. There was the experience too, as a constant reminder to black organisations in South Africa, that every mass action requires careful steps to preserve the organisational apparatus from certain state counter-attack, headed by the state's armed forces.

A NEW PARTNERSHIP

As far as the African National Congress was concerned, the strike and the building of the union marked the real start of a new departure. Its decision to sponsor such a union marked a decisive turn away from its traditional sources of support – the educated elite and professional classes – towards a new constituency in the black working class, which is the majority of the urban population. In thus becoming an active participant in the events of the strike and after, it had turned decisively from a past tradition of parliamentary-style pleading with government, and set out on a new path of mass mobilisation of people for extra-parliamentary mass action.

The strike brought together in a working partnership the three main forces of that national movement – the ANC, the black trade unions and the Communist Party. It was a working partnership that had not been seen, or tried perhaps, since the great days of the Industrial and Commercial Workers' Union (ICU) under Clements Kadalie before 1930. Such a partnership existed at the time of the ICU, but was smashed to pieces in bitter factional disputes and internecine war. The miners' strike provided a new type of partnership, based on mutual respect for each other's special ideology and mutual trust. That new partnership grew steadily, uninterrupted from that time on. It became the foundation stone for the united alliance that today dominates the political terrain in our country.



The NUM Memorandum to the Chamber Of Mines – 12 August 2006

On the 03 May 1946, the African Mineworkers Union wrote a letter of demand to the Chamber of Mines. This letter was to convey to the bosses, the mineworkers' demands. The demands were a result of the conference this union held on the 14th April 1946. The following demands were articulated in that correspondence:

- Living wage.
- The demolition of the hostel system.
- The reduction of working hours to forty.
- The provision of free safety equipment.
- Overtime payment.
- Improvement of food in the compound etc.

While they might have appeared straightforward and simple, they were all what the union demanded. Simple demands heralding a call for a better life and a life with dignity for the African Mine workers. It was the failure to respond to these simple demands, combined with the usual arrogance and insensitivity displayed by the mine bosses, which precipitated the historic 1946 strike.



These united revolutionary mineworkers embarked on a strike on the 12 August 1946 under the leadership of the great stalwarts and ancestors of our struggle such as John 'Beaver' Marks, JJ Majoro, and Thabo Mofutsanyana to mention but a few. Indeed, they were Titans of the unprecedented massive and historic action by mineworkers. However, it is not by default that to this day the Chamber of Mines has never deemed itself fit to respond to the memorandum of demands given to it in 1946.

The Current Context

Accommodation: Sixty years on, and today, the majority of mineworkers (close to sixty percent) still live in single sex hostels, with their families too long a distance to enjoy family and social connection.

Gender: The majority of workers in the mining sector (about ninety-five percent) are male, while female constitute only five percent of the total workforce in this sector. Women are still



The new General Secretary, Frans Baleni (centre of photo in white t-shirt), participating in the 1946, 60th anniversary Commemorative march on the 12 August 2006 to present a memorandum that reinstate the old demands which were never met or acknowledged by the chamber of mines.

It never met any of those demands by the black mine workers. It is not by default that since that historic day the mine bosses never acknowledged receipt of that particular memorandum of demands. The reason is simple; mine workers have always been treated with utter disgust. This is the undying attitude of the industry that continues to haunt us today as we too gather here to register our disdain.

It is the persistent arrogant attitude that continues across generations to the latter day. The undying spirit of JB Marks, J.J Majoro, Thabo Mofutsanyana, Moses Kotane etc, should continue to lead us as we challenge the current period. With our action now, we promise not to falter.

being discriminated against around natural features such as pregnancy.

Occupational distribution by population group/employment Equity: White workers, who constitute only thirteen percent of the total workforce, occupy very senior positions such as senior officials, managers etc.

Education and qualification of the workforce: About 25% of the total workforce does not have formal education, and about 61% are below grade 10 or standard eight.

Health & Safety: As long as the majority of mineworkers reside in the single sex hostel, the fight to prevent new infection remains a pipe dream. The hostel life exposes these mineworkers to both

From 1946 to 2006 the struggle continues

HIV/AIDS and Tuberculosis diseases. Regarding accident safety, the accident-related fatalities in mining remains high. The slight improvement of 0.56% between 2001 and 2004 remains a drop in the ocean. The employment of workers by the independent contractors is a concern for the NUM for their adherence to safety standard is questionable.

NUM Observations

Notwithstanding the positive contributions we have made since the formation of the NUM, the above picture (without any exaggeration) simply presents a shameful lack of interest by mine bosses in transforming the mining sector to be consistent with the democratic status quo protecting human rights, human dignity, and the right to life. However, the MQA committees continue to reflect the old order and dominance in terms of demographic reflection. The improved commodity prices resulted in mine bosses doubling profits and their salaries whilst threatening to retrench workers and embark on liquidation exercise without any provocation whatsoever. The black women in the distant lands of our country continue to raise families alone as their husbands are forced to toil in the mines with no guarantee of safety from rock fall or immunity from disease such as HIV AIDS and TB.

Our Demands

- 1 We, the NUM members gathered here today proclaim the following as our demands as per the NUM's Congress of 24-27 May 2006:
- 2 The COM to acknowledge receipt of the letter dated 3 May 1946 written by James Majoro.
- 3 The COM to respond to all those demands taking into account the current material conditions.
- 4 All the outstanding demands as per the 2005/06 wage agreement be resolved on or before the 12 September 2006.
- 5 Job-Grading be a priority and be resolved urgently.
- 6 The COM in consultation with the NUM and relevant Local Authorities erects monuments in every mining town and or labour sending areas in recognition of the contribution made

by the mineworkers who sacrificed their lives and limbs.

- 7 All mining companies in consultation with the NUM and relevant government authorities to contribute resources towards the establishment of a mine workers museum since the industrialisation of South Africa was anchored by mining activities.
- 8 The COM and all its affiliated companies to commit themselves towards decent and a living wage for mineworkers commencing from the 1st July 2007.
- 9 The establishment of a mining industry development agency is accelerated in order to improve the economies of the labour sending areas in South Africa and outside the country including the mining towns.
- 10 In consultation with the union's structure the COM provides social/sporting activities in all the mines.
- 11 Accelerate African women employment in decent working conditions.
- 12 The COM commits itself not in paper but in action on the transformation of the industry.
- 13 All ABET participants be released on full time without any loss of earnings, education and training is a right.



THE ROLE OF PARLIAMENT IN NATIONAL TRANSFORMATION

BY BEN TUROK (MP)

The African National Congress (ANC) became a powerful movement by building a mass base among the most oppressed and exploited people of South Africa. Its long history of struggle brought about the defeat of the apartheid regime, but in conditions of much continuity. The parliamentary system is a major feature of that continuity, but it is also a site of struggle and a platform for change. How parliament is used for further transformation is one of the most important issues of the day.

While there has been a great deal of attention given in parliament to the work of parliament and its relation to the executive, this has been largely done from a constitutional-legal perspective, with a particular focus on matters dealt with in the South African Constitution. Much of the work has focused on technical matters such as amending legislation and oversight, with little impact on the way parliament actually functions politically. Also, most members have felt that this is a matter for lawyers and experts. The result is a gap in the political understanding of the role of parliament and how Members of Parliament (MPs) should conduct themselves. Yet parliament remains a critical institution of our democracy; its main functions are political, and if the ANC component is not clear about that political role we will not function optimally.

PHASES OF OUR STRUGGLE

The creation of the ANC in 1912 may well be considered as a revolutionary event given the political economy context. The ANC may not have expressed itself in revolutionary terms, preferring to be tactical, in the sense of being seen as consisting of "reasonable" people articulating reforms which could be met without serious disruption. Indeed this tradition of engaging with authority with "reasonable" proposals continued for many decades and was a way of gaining legitimacy at home and abroad.

Over the years, these "reasonable" demands took different forms, representing a different understanding of the political changes required. Aspects of the proposed reforms included the extension of the franchise to all and the abolition of unjust laws, all of which could arguably have been achieved by major reforms within the existing system.

It was with the establishment of Umkhonto we Sizwe that the ANC set out the clear perspective of system overthrow by the armed seizure of power.

Yet history determined otherwise and the negotiated settlement, which we rather modestly called a "democratic breakthrough" and which led to the installation of democracy in the form of a multi-party parliamentary system, effectively established black majority rule led by the ANC. This has been referred to as a "beachhead to fundamentally transform society" (ANC, 1997b). But "beachhead" implies a major assault to follow. What form is this meant to take?

In other words, the ANC came to exercise effective power in a system not of our choosing, and which reflected the traditions of Western parliamentary democracy that give much recognition to the role of the ruling party, but also the opposition. Has the ANC fully analysed that system and how it impacts on its immediate and long-term agenda?

It is vital that we do so, since our official policy states that the "defining reality of our society is the continuing legacy of colonialism and white minority rule" (ANC, 1997a: 3) and the task of the ANC is the total transformation of that society. So, what role does a parliamentary system of the Western type play in such an agenda?

We must take into account that Western political parties evolved out of the mass trade union movements in the second half of the 19th century and modern parliaments gave representation to those parties. These parties, especially the centre-left parties, became narrowly focused on elections. "The party leadership, when not in power, gravitates to the parliamentary caucus and shadow cabinet. When in power, it is the cabinet itself which dominates the party. The party is not really the leader of a broad movement" (ANC, 1997a: 8).

Yet, this cannot be the perspective of the ANC, which remains a mass movement with a revolutionary agenda. *Umrabulo* argues that "the constitutional structures of the ANC must assume an overall, political, strategic primacy over the legislative and governmental institutions in which we are located." The 1997 *Strategy and Tactics*

document states: "In all centres of power, particularly parliament and the executive, ANC representatives must fulfil the mandate of the organisation." In practice, the National Executive Committee and the National Working Committee do generally lead, perhaps not in all matters, but the principle is well established.

However, there is clearly a contradiction between ANC hegemony and multi-party democracy located in a parliamentary system of the Western type, although the contradiction is not necessarily antagonistic. Indeed, it might well be creatively constructive!

This places MPs in a difficult position as they are supposed to defend conference positions while the policies and/or legislation placed before them may deviate from this.

THE TRADITION OF PARLIAMENTARY DEMOCRACY

When the labour movements in Western Europe first gained space in parliament, Marx was critical of their performance. He felt that they were drifting away from their mass constituency in the working class and becoming engaged in what he called "parliamentary cretinism".

In 1917, the Bolsheviks adopted an ambivalent attitude to the Duma (parliament) set up by the social democrats but then opted for People's Assemblies or Soviets once they took power. These institutions were mechanisms for Communist Party rule, without a great deal of autonomous power. In present day China, there is a People's Congress that contains representatives of non-communist parties, but it is quite different to the Western parliament. In most of the rest of the world the parliamentary system has become the norm.

As we have seen, in South Africa this model was part of the negotiated settlement and we are committed to parliamentary democracy for the foreseeable future, perhaps for all time. Certainly one-party rule is not on the agenda. Instead, we find the ANC is rapidly beginning to look like a "normal political party" (ANC, 1997a) and party politics increasingly look like that of Western systems.

The Western justification of the parliamentary system is based on the notion that power corrupts and absolute power corrupts absolutely. Hence the need for checks and balances. Hence, also, the emphasis on the separation of powers between the legislature, the executive and the judiciary, and on the rule of law.

Our Constitution endorses this system and the ANC frequently defends it. At the same time, the ANC is a

powerful political actor in the system with a majority almost large enough to give it the power to rule alone politically. Yet we frequently affirm the importance of having opposition political parties to challenge government policies and performance.

The ANC component in parliament is frequently reminded of the importance of debating government policies and exercising oversight over performance, but we do not always put political issues first. The agenda of the national democratic revolution (NDR) is too often in the background and not at the centre of tasks at hand. For instance, it would be difficult to argue that each policy document from a particular department or piece of legislation is scrutinised from a political ANC perspective rather than a technocratic one.

Yet the ANC MPs and ministers meet in weekly caucus with the leadership of the ANC as members of a single movement with a single programme and set of objectives determined by the National Conference. At these meetings, MPs are free to raise questions on policy or anything else, but it is emphasised repeatedly that MPs are there by the grace of the movement and not as individuals to pursue their own careers and articulate their own views.

Similarly, in the ANC Study Groups, ministers may insist that they are pursuing Cabinet policies and decisions and require endorsement and support from MPs.

This system is not unique to South Africa, and is the rule in most parliamentary democracies.

Yet it may not always be the case that (a) the Cabinet is fully pursuing the mandate from the National Conference; or (b) the minister is fully interpreting Cabinet decisions accurately; or (c) that the state lawyers are carrying through the intentions of Cabinet in the final draft legislation.

This places MPs in a difficult position as they are supposed to defend conference positions while the policies and/or legislation placed before them may deviate from this.

Furthermore, conditions change between conferences, and MPs must allow a degree of flexibility for the Cabinet, ministers and officials, and this is particularly true in the drafting of regulations under particular laws. These regulations are not subject to parliamentary approval and may introduce serious distortions in the implementation of laws. Yet the ultimate criterion must remain that National Conference objectives are met.

THE ANC AND THE PARLIAMENTARY OPPOSITION

The official opposition in parliament is the Democratic Alliance (DA) whose philosophy is fundamentally different from that of the ANC. Yet the DA is committed to the parliamentary system and accepts the legitimacy of ANC

rule. The ANC ought to be able to engage with the opposition on policy differences without difficulty and without unnecessary tension.

The problem often arises when the opposition is seen to be insulting our leaders or being arrogantly racist. A mature cohort of ANC MPs ought to be able to handle such issues with dignity and decorum. Another problem arises when the opposition raises very sharply perceived deficiencies in the performance of government or particular ministers. This arouses the anger of the affected ministers and of MPs. Yet it has to be conceded that some of these criticisms have at least some validity and that government is not perfect in every respect. Given the enormous dominance of the ANC in the house, we ought to be able to handle these contradictions with ease.

This is particularly important since the work of parliament is carried out in full public view. Our democratic aspirations as the ANC are reflected in what happens in parliament, which is screened on television.

PARLIAMENT AND THE PEOPLE

ANC policy on the relationship between parliament and the people is clear.

- "The new South African state is one in which formal expressions of democracy and human rights should be backed up by mass involvement in policy formulation and implementation."
- "The ANC needs to use those centres of power in which it has a foothold to widen and deepen popular power."
- It must have a "proper balance in its day-to-day activities between narrow governmental work and organisational tasks" (ANC, 1997b: 11, 15, 23).

The most common mechanisms for parliamentary members to interact with the people formally are public hearings organised by portfolio committees. Notices are placed in various newspapers, individual experts are invited, and relevant organisations are notified. At the hearings, officials of the relevant department(s) are present and generally respond to the various representations made. Cosatu and the business sector often make presentations. The portfolio committee prepares a report which is tabled in a plenary session and "noted". These reports are not generally debated and are often lost to view.

Portfolio committees visit particular areas or projects on fact-finding missions. These are invaluable, providing opportunities for actual oversight on the ground, and for interactions with ordinary people as well as officials at local level. However, visits are costly, and the exception not the norm.

MPs who are relatively well-known frequently receive representations from businesses, communities and non-governmental organisations (NGOs) and this provides opportunities for engagement.

The most important opportunities to relate to the people come through the constituency system, through the constituency office and its numerous opportunities for contact. However, since parliament is in session a great deal of the year, these contacts are not as frequent or in-depth as they might seem. As a result, many people do not know who their MP is, nor what rights of access they have.

There can be little doubt that the proportional representation system does not create an equally intimate relationship between a particular electorate and the MP as does a direct representation system.

There are clear guidelines on the required relationship between MPs and the local ANC branch and the higher levels of the organisation. The effectiveness of this relationship is highly variable, depending on the MP and on the branch.

MPs are meant to be tribunes of the people, speaking on their behalf and defending their interests. In practice, far greater weight is given to ANC campaigns, to electioneering, and to defending government policies and actions. From time to time, MPs are expected to debate controversial issues where they may express a personal view but always in the context of ANC national policy.

As our political system settles down, so civil society movements and NGOs are finding a place in the system. Some are particularly keen on advocacy and these find their way to parliament, especially in public hearings. But it cannot be said that we have a systematic link to these movements or that we practise satisfactory accountability and transparency processes with them.

While the ANC tradition supports public protests, and even rolling mass action, the circumstances in which MPs join such actions are quite sensitive. A great deal of individual discretion is required, as the line between a positive and a negative action can be quite fine. Too often decisions have to be made at short notice without time to seek guidance elsewhere. These decisions often reflect the contradictions of being in a party in power but facing obstruction within that same structure.

MEDIA ISSUES

From time to time, the press seizes on some controversy and sensationalises it. ANC spokespeople try to represent our positions, but the story runs on and on. Editorials open up the guns and journalists who struggle to generate a regular column reach deep into their moral consciences to berate MPs for failing to stand up and be counted among the government's critics.

Is it correct for ANC MPs, whose duty it is to uphold the values and dignity of public life, to remain silent during such controversies? Opposition MPs do not hesitate to join the fray, yet they have little to say! Do MPs not have

a mandate from the organisation to represent and defend the organisation – and to accept criticism if appropriate? Does silence not diminish their status and credibility in the eyes of the public?

Also, there is an extensive code of conduct for the press and a press ombudsman. There is also a Broadcasting Complaints Commission. Why is it that the ANC in parliament does not have a team of MPs who regularly take up biased reporting with these bodies? Do these bodies not have responsibilities for the proper conduct of our public life?

Our presence in our constituencies is meant to reflect the role of the ANC as people's power in action.

CONDUCT MATTERS

Recently a considerable controversy has arisen about MPs' salaries, pensions and participation in private business. Some ANC members have argued that salaries have to take into account the lack of security of employment. But very few employers provide long-term security, which is generally based on good performance anyway.

Similar considerations apply to MPs who enter private business. While there is no rule against such activity, there is a moral/ethical consideration that people in a position to wield influence in government agencies should not be involved where they are beneficiaries.

ANC discipline over MPs is exercised by the Political Committee and by the Chief Whip. This is no easy task, as MPs require a substantial degree of freedom to operate to be effective. They have to be able to communicate with ministers, officials, businesspeople, labour and a whole host of institutions and individuals in the course of pursuing some enquiry or other.

MPs may have to challenge officials and ask awkward questions of people in high authority and they must feel free to do so with vigour. Yet, within ANC structures, some of these people may be senior to the MP and resent

being challenged. Sometimes the MP may be seen to be stepping out of line, or linking up with civil society structures in a challenging way. The path of exercising oversight is rarely smooth.

Is it possible to draw up some kind of code to guide MPs? Or should their main yardstick be the fundamental position that their task is to assist the people in advancing their needs and ensuring their right to be actors in building the new society?

FURTHER TRANSFORMATION?

It would seem to be a basic rule of any system that it gradually creates mechanisms of self-defence. Certainly, bureaucracies and political institutions tend to perpetuate themselves and insulate themselves from external pressure. Yet, as we have seen above, the ANC is committed to change, even to fundamental transformation of our inherited system.

Parliament is one of the principal arenas and should be leading this transformation, not only in its internal processes, but also in society at large. We are meant to be a "people's parliament" and our presence in our constituencies is meant to reflect the role of the ANC as people's power in action. How do we do this in practice without running into the sorts of obstacles listed above?

We clearly need an examination of the role of MPs in the public domain so that they are seen to be leaders in their communities in their daily efforts for a better life. And that includes the poorest of the poor and the most disadvantaged, historically and otherwise. In this way, the ANC will achieve its vision and be certain of maintaining its wonderful reputation as a liberation movement without parallel.

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CSR Projects

Implemented By Rand Water

1. Introduction

During almost 104 years of service, Rand Water has built a solid reputation for delivering high quality, potable water to bulk consumers, namely local authorities, large industry and mines.

Now, more than ever, we face the social responsibility of rolling out additional distribution infrastructure to provide accessible and affordable water to 12 million consumers in a 18,000 km² supply area on South Africa's highveld.

At the same time, in our water-stressed country we are the custodian of a critical national resource, which requires us to carefully manage the growing consumer demand for water whilst simultaneously safeguarding the future supply through sound environmental stewardship.

One of the ways we address our social goals and environmental responsibilities is through the community programme managed by the Rand Water Foundation and Community-based Projects Department (CBPD). I invite you to read our case study in this brochure, which highlights how some of our projects provide a reliable supply of clean water to communities that previously had no potable water. The case study also highlights projects that build water-wise communities, management of water resources through Eradicating Alien Invasive Plants, Rehabilitation of Wetlands and Repairing of Domestic Leaks etc.

2. Winterveldt Pipeline Reinforcement Project

The project entails excavation for water supply, laying and installation of bulk potable water steel pipeline of 1000mm in diameter of about 700m long. The project has created 10 job opportunities, 40 percentage being females. More than 60% of total project funds were spend on local PDI.

3. Winterveldt Community Sanitation Project

Rand Water was appointed in 2001 to implement the Winterveldt Community Sanitation Project. To date the project created 105 job opportunities, 35 percent being females. More than 1 210 Urine

Diversion Systems (UDS toilets) were constructed for year ending 2005/2006. The project also exposed 9528 households to improved health and hygiene practices. More than 80 percent of total project funds were spend on local PDI.

4. Domestic Leaks Repairs

Currently two leaks repairs are being implemented in the two municipalities within Gauteng Province, namely the City of Tshwane Metropolitan Municipality (Mamelodi and Eersterus), and the Emfuleni Local Municipality (Ironsides and Bophelong). About 3500 households are targeted to benefit through repairs of leaking plumbing installations. The projects have created 80 job opportunities for local communities 52.5 percent females have been employed.

5. Invasive Alien Plant Removal

Rand Water has implemented 5 Alien Invasive Plant Removal projects in Eastern Free State and Gauteng. These project jointly created 601 job opportunities for local communities in these areas, 308(51%) females were employed. The total project value implemented in partnership with (Dept of Water Affairs and Forestry (DWAF), Dept of Environment Affairs and Tourism (DEAT, Gauteng Dept of Agriculture Conservation and Environment (GDACE) and Rand Water amounts to R13.6 million.

6. Wetlands Rehabilitation (Blesbokspruit & Siluma View)

Rand Water Foundation in partnership with Ekurhuleni Metro Council, Gauteng Department of Public Works, and Working for Wetlands joined hands to restore the wetlands area of Siluma Park, as well as Blesbokspruit in Ekurhuleni. The project has created 80 job opportunities for local communities 51 (64%) females are currently employed. The total project value for both projects amount to R1.3 million.

7. Schools Farming Project

RWF/CSI has entered into partnership with Telkom Foundation to fund farming projects since the 2004/5 financial year. The school





projects are being implemented in Bergville, Alice, Uitenhage and Bushbuckridge. These projects entailed training and planting of vegetable by schools and the communities aimed at instilling self reliance amongst the communities. These types of projects will assist to eradicate poverty and equip people with farming skills.

A total number of 100 people including learners and educators have been trained to date. About 40 people were employed to carry out digging and concreting work.

8. Rand Water Encroachment Projects

Approximately 258 Rand Water pipelines are affected by encroachment and some of the pipelines are also facing a risk of being encroached as people continue to look for open space for settlements. Encroachments have the following associated problems:

- Safety risks to Rand Water's staff patrolling and/or servicing the pipeline
- Potential danger to people's in cases of pipe burst
- Unauthorised connections to Rand Water bulk water pipelines to get access to drinking water
- Access to infrastructure is virtually impossible

Rand Water has allocated R2 million to implement encroachment projects whose primary objective is to ensure (through community involvement) that people do not settle on Rand Water servitudes and that rubble and other waste products are not dumped on them. The encroachment project entails the following:

The installation of beacons, using local labour, to indicate or mark the position of the Rand Water pipeline.

The construction of concrete sign walls to warn people of danger associated with settling on Rand Water servitudes.

Community workshops and awareness campaigns.

9. Community Education

In 1992 Rand Water initiated a community education programme that entailed taking people (including councillors, schools, and community organisations) from various areas within our areas of water supply to

tour Zuikerbosch Pumping Station to learn about the entire potable water processing, and to be educated about the value of water, how to reduce water losses and use water wisely as well as sensitizing them about the cost purification process. Rand Water has allocated an amount of R750 000 per annum for this programme.

In addition to taking people to Rand Water's purification plants, other community members are being exposed to this water education programme through community road shows and presentation within various forums/seminars at their respective areas. Compared to 13 000 people who were exposed to this education programme in 2004/5, the programme has reached out a record of 16420 people during 2005/6. The programme is also showing a positive impact with regard to the level of awareness on water saving. Our internal survey shows that currently an average of 40% education impact index is achieved against 38% in 2004/5.

10. KZN Donga Rehabilitation Project

The project is implemented in the three villages of Amangwane area located within a radius of 30 kilometers from Bergville, in Ukhahlamba Local Municipality situated in Uthukela District Municipality. The Department of Environment Affairs and Tourism (DEAT) is funding the project to a total value of R 5.5 million.

The main objective of this project is to preserve sensitive catchment areas through reclamation and rehabilitation of Dongas in the Tugela and Mnweni catchments. The project activities include mapping, potting and recording of dongas, construction of 240 gabions (each consisting of approximately 14 baskets) and planting of grass species.

The employment opportunities of 298 local people were created of which 135 (62%) were women. These workers were also exposed to various skills training sessions including gabion construction as well as life skills that they can use even after this project. Three (3) tractor owners are currently rendering service to the project by transporting collected stones to the sites. The direct benefit also includes conservation of valuable resources, water quality, and community awareness to the importance of environmental protection.

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GENDER APARTHEID AND HUMAN RIGHTS

BY SARA HLUPEKILE LONGWE

The author is the immediate past chairperson of FEMNET

With the ending of racial apartheid, the continent of Africa has finally rid itself of the last remnant of the legalised and institutionalised racialism that was pervasive across Africa in the colonial era. But we remain with another form of apartheid, which is ever present and pervasive, and more seriously embedded – gender apartheid.

These two forms of apartheid are strikingly similar, and each is equally an offence against human rights. Each elevates one category of humans as superior to another, leaving the subordinate category without a broad range of fundamental human rights. Whereas racial supremacy gives privilege and power to whites over blacks, the parallel system of male supremacy gives privilege and power to men over women.

This paper compares racial and gender apartheid, and points to the similarities not merely as offences against human rights. These offences against human rights are not “things in themselves”, or accidental aberrations which can be removed by asking the perpetrators to behave in a more civilised fashion. With gender apartheid, as with racial apartheid, we need to understand these offences against human rights as being rooted in an institutionalised governmental system of male supremacy which is legitimated by its own ideology, laws, customs and administrative practices.

When we have better understood the nature of gender apartheid, we will be better able to abolish it. When we have properly understood the close similarity between racial and gender apartheid, we will be better able to learn from the successful struggle against racial apartheid in the 20th century. From these lessons, we can build the strategies to fight gender apartheid in the 21st century.

This paper therefore analyses the essential features of gender apartheid, with a view to identifying the essential strategies for its abolition. We are presently inundated with various horrific reports on the “status of women” worldwide, which supply endless statistics and situation analyses to describe the horrors of women’s present subordination, marginalisation and degradation. But the purpose of this paper is not to provide any further analysis of the situation of women, but rather

to recognise and analyse the institutionalised system of male supremacy that has caused this situation. Only by understanding the basis of male power shall we be able to overthrow it. This is the true meaning of the process of women’s empowerment.

THE LEGALISATION AND INSTITUTIONALISATION OF MALE SUPREMACY

It may surprise many today to learn that, in the heyday of racial apartheid, whites in apartheid South Africa would commonly defend apartheid as a legitimate form of democracy. After all, they would argue, they had a parliamentary system of government, an electoral system, and considerable constitutional separation of powers between the executive, legislature and judiciary. Until the government began to give itself special “emergency” and “security” powers, the government operated largely within the rule of law. It was even claimed that this system was the only example of democracy in Africa, where other countries typically had one-party states, and even more crude forms of dictatorship.

Of course there were many major flaws which made nonsense of this claim to be democratic. Even though there may indeed have been a relatively high degree of adherence to *the rule of law*, blacks were *not equal in law*. In other words, racial apartheid was a system of legalised and institutionalised discrimination. It was a system of democracy for whites. There were human rights for whites. Blacks were officially regarded as subhuman, therefore the question of human rights did not arise. And yet, in the face of all the discriminatory legislation, whites would claim that there was no discrimination. There was merely “separate development”, and blacks were held back by their own inadequacies!

It is this essential aspect of racial apartheid that is perfectly replicated in gender apartheid, where although there may be a high degree of adherence to the rule of law, women are not equal in law. In other words, gender apartheid is a system of legalised and institutionalised discrimination against women.

Many governments blandly deny the existence of legalised discrimination against women, claiming that women are equal in law and under the law, and that gender equality

is enshrined in the Constitution. Throughout Africa, such claims are bogus. Taking my own country of Zambia, such claims are based on a partial and disingenuous reading of Article 23 of the (1991) Constitution, which ostensibly protects women against gender discrimination in all law and provision of public services. However, a subsequent qualifying clause in the same article removes such protection in the area of "personal law, marriage law, custom and tradition". This leaves the way open for the continuation of a system of customary law (under local courts) which is extremely discriminatory. It also leaves the way open for much legislation and administrative practice to be guided by the same discriminatory custom and tradition. To put the matter simply, the article in the Constitution which ostensibly provides equal rights for women, actually serves to legalise gender discrimination in most areas of life, both public and private.

This is the pervasive pattern in most of southern, central and eastern Africa. In the more Islamic areas, the position is often worse because there is not even any pretence of a separation between statutory and customary law, because both are subsumed under Shari'ah law. In this situation there is no theoretical "statutory space" where women may claim gender equality.

Several conclusions may be made from this recognition of the extent to which male supremacy is legalised and institutionalised:

- it is a hopeless strategy to encourage women to work for their "rights under the law" in areas where the law and its administration are discriminatory
- it is a hopeless strategy to treat the state as a "gender neutral" entity, where an appeal to the "right court" will acknowledge women's equal rights and ensure future gender equality in law and administrative practice
- it is a hopeless strategy to appeal to men in power to change their laws and institutions to give equality to women, since the male monopoly of power serves their interests and maintains their privileges
- it is a hopeless strategy to imagine that women's increased education, training or economic advancement will bring about gender equality. On the contrary, such strategies are all premised on the false notion that there is something lacking in women themselves, rather than that women are struggling to survive within a discriminatory system.

GENDER APARTHEID AND MALE SUPREMACY

Looking at the whites' defence of apartheid (a defence now consigned to the dustbin of history), one finds

another startling similarity with the male defence of male supremacy (a defence which unfortunately has not yet been consigned to the dustbin of history).

This defence may be summarised in the single phrase: "separate development". Racial apartheid, we were told, is not about inequality or supremacy. It is merely about different cultures and different ways of life. Above all, it is about the division of labour, where the whites with their "superior" culture and skills naturally occupy the positions of power, whereas the blacks "naturally" occupy the more menial jobs.

But actually, in the old South Africa, there were two forms of separate development operating simultaneously. At the top of the power pyramid were white males. At the bottom of the pyramid were black females. Somewhere in between were black males and white

females. (It is perhaps arguable which of these two middle groups was relatively more discriminated against.) Just as black culture and racial differences were used as a justification for the white power over blacks, so equally sexual difference was used as the justification for male power over females. Whereas racial apartheid confined the male black to the factory conveyor belt, so gender apartheid confined female workers to the kitchen.

Women in South Africa should beware, rather than naively imagine that the collapse of racial apartheid will automatically bring with it freedom and human rights. Experience in other parts of Africa shows that recognition of the principles of racial equality does not naturally bring with it recognition of

the principles of gender equality. On the contrary, it is more likely that a new alliance of black and white males will prove more powerful than previously in forming a cross-cultural and interracial alliance to keep women in their place.

In African countries, the lesson from the colonial struggle is that each group must fight for its rights. Blacks had to recognise the issues of discrimination, and to fight for political power to gain their rights. The lesson is the same for women. The fight to dismantle the patriarchal state is the route towards gender equality.

PATERNALISM AND PATRIARCHY

Another startling similarity between racial and gender apartheid is the arrogance of the minority in power who claim to be the "paternal" and "benevolent" custodians of the welfare of subordinate groups. Whites claimed to be



acting in the interests of all racial groups, although the statistics showed that they were using their monopoly of power to maintain privilege, and disburse state benefits and services primarily to their own white group.

Similarly the male supremacist, at both the family and state level, has the cheek to claim that men take decisions for the equal benefit of women and men. As with racial apartheid, the most elementary disaggregation of socio-economic statistics will quickly reveal that male decision-making serves to give most of the rewards to men, and most of the work to women. This is just as true within the government of the state as it is within the government of the household.

Such paternalist and patriarchal claims are an offence against the most basic of democratic principle of representative democracy, which is that all interest groups must be proportionally represented in the decision-making process, in the making of laws and the allocation of public resources. The mere existence of male domination of parliament (currently averaging 89 percent in Africa) should be enough to alert all women that their interests are not being properly represented.

As with the fight against racial apartheid, the struggle against inequality must begin with the clear recognition of the issues of discrimination and inequality, as the basis for political campaigns to gain the necessary power to enforce equality of treatment.

Experience in other parts of Africa shows that recognition of the principles of racial equality does not naturally bring with it recognition of the principles of gender equality.

MALE SUPREMACY AS A DENIAL OF HUMAN RIGHTS

Human rights principles are directed towards ensuring that no one group in society can dominate another, turning another group into oppressed servants and slaves. Therefore the male domination of government, as with a white domination of government, automatically presents a *prima facie* fundamental human rights issue.

Basic human rights principles are directed at ensuring that no one social group can enslave another. Any statement of human rights is largely concerned with ensuring that there is no discrimination against any individual or group of citizens. Such discrimination is outlawed by adhering to the following basic principles: equality in law and under the law; entitlement to citizenship and right of abode; equal rights in marriage and sexual relations;

right to political association, freedom of movement and expression; and the right to equality of opportunity in access to resources.

But women in Africa are pervasively and routinely denied many of their basic human rights, for example in the following practices which are not only pervasive, but actually the law in many countries:

- female genital mutilation (of young girls below the age of consent)
- disinheritance (family of deceased husband entitled to marriage property)
- rape (by husbands, not recognised as an offence in law)
- sexual slavery (surrender of sexual rights to husband)
- child brides (recognised under customary law)
- bride price (legalising wife as property of husband)
- woman as legal minor (under guardianship of husband or dominant male)
- violence against wives (as a mode of "discipline" by husband)
- polygamy (as a non-reciprocal marriage right)
- male citizenship (wife cannot give citizenship rights of foreign husband)
- male right of abode (wife should move to country of foreign husband).

Even where such practices are not legalised under statutory law, they remain allowable under customary law, and are therefore effectively legalised.

And yet, even amongst so-called human rights activists, many of the above practices are not even seen as issues, let alone offences against basic human rights. They are seen to be "women's issues". They are treated as "backward practices" which will disappear when women become better educated (despite the obvious fact that all such practices are rife amongst the educated classes)!

It is only recently that the United Nations officially recognised that women's rights are human rights. Or, more bluntly, that male human rights activists belatedly recognised women as human beings!

PATRIARCHAL IDEOLOGY

At the level of ideology, there is a striking similarity in the ideological beliefs which underpin both racial and gender apartheid:

- racial apartheid was justified by the belief that whites are biologically and mentally superior to blacks, whereas gender apartheid is justified by the belief that men are biologically and mentally superior to women
- racial apartheid was justified by the belief that whites are morally superior to blacks (who are ascribed the moral responsibility of children), whereas gender apartheid similarly ascribes moral superiority to men, giving moral blame to women in sexual matters (as temptresses, seducers, witches, etc.)

- racial apartheid relied on biblical claims concerning the inferiority of blacks, supposedly based on differences inherited from Cain and Abel, whereas gender apartheid relies on claims of male superiority and female subordination which are traced back to the Bible story of Adam and Eve
- racial apartheid was based on justifications of “custom and tradition” (or “this is how things have always been in South Africa”), just as gender apartheid is justified in terms of tribal custom and tradition (which must be held dear and protected in this modern world)
- rather different from the claims of “natural” or “biological” superiority, it was instead claimed that white superiority was based on their historical accumulation of modern technology, skills and wisdom, which blacks could acquire in due course (although their “backward culture” will always hold them back). Similarly, it is claimed that men’s superiority over women is due to their higher levels of education, so women can become equal only by getting educated (although their subordinate gender roles will always hold them back).

Given the similarities of these two belief systems, and the similar group interests and privilege which they claim to legitimate, arguing with a white racist is a curiously similar and frustrating experience as arguing with a male chauvinist. Since in each case you are arguing with a person who has power over you, it cannot be an equal or open discussion. It is a discussion which is ostensibly about morality, reason, truth and evidence. But covertly it is actually about the oppressor’s maintenance of power and privilege.

Because of the oppressor’s underlying interest in maintaining his power and privilege, you are arguing with a person who is not amenable to reason, or likely to be swayed by mere empirical evidence. Such argument is not merely a waste of time, it is much worse. The oppressor’s irrationality and his power over you are dangerous and life threatening.

Such argument is not merely a waste of time, it is much worse. The oppressor’s irrationality and his power over you are dangerous and life threatening.

SOCIALISATION INTO MALE SUPREMACY

The first task of black resistance to colonialism was conscientisation. Blacks needed to believe that they were of equal endowment, ability and worth as the whites. Such belief in equality is very difficult when everything about the given social and political world seems to be telling you the opposite. White superiority was part of the “reality” of the world in which you lived. It was difficult

to deny the “reality” of this lived in “truth”. Only when blacks could see themselves as equal human beings was it possible for them to discuss human rights, discrimination, and the legalisation of oppression.

So it is with gender apartheid. As long as women see themselves as “naturally” subordinate to men, then male supremacy – like white supremacy – appears not only normal, but even legitimate. As long as women accept the “normality” of men as the head of the household, and men as decision-makers, then women are doomed to marginalisation, oppression and various forms of human rights abuse, including various forms of sexual slavery.

ACCOMMODATION VERSUS TRANSFORMATION

For blacks in a white world, whether in racist America or colonial Africa, the individual’s best prospect for advancement seemed to be to “play white”: to seek accommodation within the white world; to get the white man’s education, and seek advancement within a system of institutionalised racism. Such a strategy for advancement is easier if you believe that the white’s superiority derives from his superior culture, manners and education. Then you may read his books and ape his manners.

White culture allows the assimilation of a few blacks, who may then be held as an example to other blacks, and a lesson that their “inferiority” is due to their lack of similar effort. Blacks in America who sought such inferiority were disparagingly known as “Uncle Toms”, and despised equally by both sides of the racial divide. Uncle Tomism was never possible as a strategy by which blacks as a group could gain advancement. Nor was it a strategy by which a black could gain equality with a white. It was only a strategy by which a black could gain an advantage over other blacks.

Women today are being presented with the same prospect. Women are invited to get educated, so that they – equally with men – may occupy decision-making positions, enter parliament and government, and so on. But a recent African study of the connection between the level of education of women in a particular country and their level of occupation of top decision-making positions clearly shows that there is *absolutely no correlation* between women’s level of education and their level of representation in parliament and government.

The actual figures instead show some startling counter examples. The percentages of women in parliament in South Africa and Uganda are very high, although in those countries gender gaps in education are also high. But in North Africa, where as many women as men have access to higher education, the percentage of women in parliament is the lowest (around three percent).

Unfortunately, many of the women who achieve political positions within patriarchal governments are the equivalent of “Uncle Toms”. We may perhaps call them

"Aunt Sallys". They have been accommodated within patriarchal governments as "honorary males" or as "token women". Rather than using their position to raise gender issues, they deny the existence of gender discrimination, and claim that all women can get ahead if they are sufficiently assertive and educated (like themselves).

This small minority of women has been allowed into patriarchal government because of their willingness to drop all principles of gender equality, and to defend the patriarchal status quo. Such women are traitors to the cause of gender equality, and to their sisters. Very often the Aunt Sallys within government are more noisy and blunt in telling other women to keep their place. Their rude defence of patriarchy may even cause men to blush, for the more polite males usually have the sense to keep quiet about their presumption of superiority when in the company of women.

Of course the Aunt Sally does not represent any form of women's advancement. Her position in government does not indicate that higher education is the route to women's advancement. It rather indicates that women's higher education enables her to advance *at the expense of her sisters*, who she should be representing but who she has deserted. The educated woman does not have equality with an educated man, or even the advantages of an uneducated man. Instead of using her education to advance the cause of her less educated sisters, Aunt Sally has instead used it to leave them behind, and to climb further up the patriarchal dung heap!

DIFFERENCES BETWEEN MALE SUPREMACY AND RACIAL SUPREMACY

Despite all of the similarities between race and gender apartheid, there are some important differences. Perhaps the principal of these is the relative ease with which black consciousness can be achieved and lead to organised political action, compared to the problems of female consciousness and action. Taking the example of South Africa, black groups were already organised as distinct geographical groups and communities. The whites were in the northern suburbs and the blacks were in Soweto.

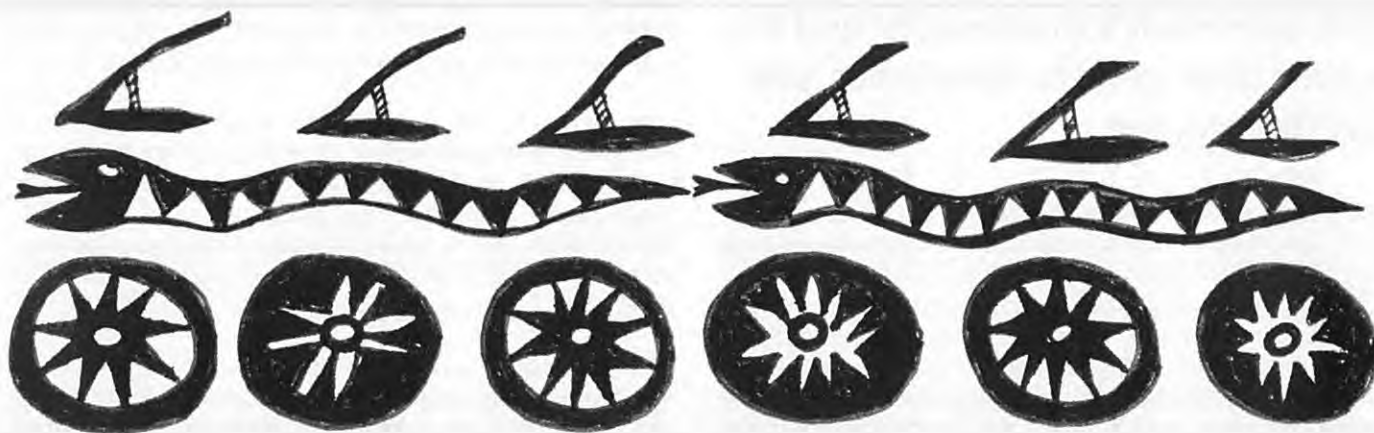
Women have no such fortunate geographical or community location. Rather the reverse. They are isolated in their domestic location. Very often the traditional forms of female political discussion and mobilisation have broken down, especially with urbanisation. Instead of the oppressor being located in the northern suburbs, he is instead within your household – as husband, father, uncle and brother.

But the absence of a "female tribe" or "female community" as a basis for conscientisation and mobilisation around gender issues does not automatically make our situation worse. In some ways it is easier. Perhaps it is easier to escape from husband and household than the Special Branch and Robben Island!

Another advantage that women have, by comparison with blacks in apartheid South Africa, is that women now have the vote. So far women have failed to use their votes to develop a female constituency, and to put forward parliamentary candidates who can identify gender issues as a focus for political debate, and as a reason for seeking political power.

This failure to use the democratic potential of an election system is itself testimony to the strength of patriarchal ideology as a "given truth", and the failure to develop a female consciousness. Instead, we have to admit, we are largely trapped within the false consciousness of patriarchal ideology, which claims to serve our interests, and yet clearly leaves us subordinated and marginalised.

These differences between gender and racial apartheid point to the central importance of conscientisation and mobilisation as the key strategic issues for action on women's rights. Here women cannot base such mobilisation on family, tribe or community. Rather new forms of alliance and networking need to be developed. We see the beginning of this in the emergence of women's NGOs, especially those focusing on different aspects of women's advancement.



INTERNATIONAL FINANCIAL REGULATION – POLICY AND PRACTICAL ISSUES FOR AFRICA

BY ALEX TAWANDA MAGAISA

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It is generally accepted in most parts of the world that the financial sector is a key engine for economic growth. Over the past few years, many developing countries have implemented financial sector reforms as part of broader reforms designed to strengthen their economies. The purpose of this article is to highlight key policy and practical issues for Africa arising from the current international financial regulatory framework.

INTERNATIONAL FINANCIAL REGULATION

International financial regulation consists of a variety of principle-based legal and non-legal rules developed by multilateral organisations and associations. These organisations act as standard-setting agents. Irrespective of whether the standards they set have legal force, they are generally well respected across nations. A prime example of a standard-setting agent is the Basel Committee on Banking Supervision of the Bank for International Settlements, which over the years has set and developed the “Basel Accord”, whose principles have become the minimum standards followed by most countries in respect of banking supervision and minimum capital requirements for banking institutions.

Another, more recent body is the Financial Action Task Force (FATF), which develops strategies and policies designed to help its members to combat money laundering and terrorist financing. In the field of securities regulation, the International Organisation of Securities Commissions is the main standard-setting body, while the International Association of Insurance Supervisors leads the way in the insurance sector.

STANDARDS AS NORMS

The standards set by these organisations usually become the norms in their respective areas in financial services regulation. The pertinent policy question for African countries is whether their concerns and interests are represented at these institutions. This question arises because currently the powerful industrialised countries – mainly the United States, the European Union and Japan – dominate the setting of norms. These countries are able to exercise their power and influence in international

financial regulation and consequently their primary concerns and interests enjoy greater representation.

Their key advantage is the synergies they draw from their unity when dealing with international economic and social issues, something that African countries have largely failed to achieve. But just as African countries are waking up to the reality of negotiating in blocs in the global trading arena, they must also adopt a more assertive and coherent approach in the area of international financial regulation. Without proactive strategies, they will remain at the margins of standard-setting and will continue to follow rules and norms created by the advanced economies, some of which may not be entirely suitable for their respective financial sectors.

RACE TO THE BOTTOM OR RACE TO THE TOP?

The phenomenon of the “race to the bottom” is often raised in the field of regulation to refer to a situation whereby regulatory standards in one country are reduced in order to make the business environment more attractive in comparison to other countries. In terms of this reasoning, greater levels of regulation increase costs for businesses, thereby forcing these businesses to relocate to countries that have, or are perceived to have, lower and cheaper standards. Theoretically, this means that those countries that have lower levels of regulation would be able to attract more investors in the financial sector. In practice, however, this is not the case because the costs of regulation are normally counter-balanced by other factors such as political stability, skills base, infrastructure, and market size.

To be sure, some commentators have posited the notion of the “race to the top”, implying that countries that have better regulatory standards are more likely to attract quality investment because of the safety and security they provide. Given the balance of financial sector dominance in countries that have higher standards of regulation, it seems that having better regulation is far more beneficial than having a weak regulatory structure. The approach taken by progressive countries is to follow the prevailing norms – not to move ahead too hastily, but also not to

lag behind too much. This is the balanced approach that African countries should consider.

In any event, most of the leading financial institutions have global reach and standards set in the home countries often have an extraterritorial effect. They are, thus, more likely to choose countries in which the standards are similar and familiar as this reduces the burden of compliance. Moreover, risk is a major factor that financial institutions take into account, given the increasing dominance of risk-based regulatory systems. Countries with poor track records of regulation are considered high risk and financial companies would rather invest in countries with a good risk record. Reputational risk is fundamental, both for the financial companies and countries because if a branch or subsidiary fails in a country with poor regulation it will have a damaging impact both financially and in terms of reputation for the particular company as a whole.

To curtail the effects of the race to the bottom, international standard-setting agents have been increasingly keen to ensure that the minimum standards they set are in force across the world. Countries that fail to adhere to these standards face the prospect of being penalised. A good example of this is the FATF, which monitors the levels of compliance among countries and makes recommendations in respect of anti-money laundering and counter-terrorist financing. States that fail to enact and implement standards recommended by the FATF are listed as "non-co-operative jurisdictions". The FATF publishes this list and urges the listed countries to co-operate. Should these countries fail to meet the deadlines for co-operation, counter-measures can be applied against them. These include issuing warnings to non-financial sector businesses in member countries that transactions with companies or organisations in non-co-operative countries could run the risk of money laundering. This places an onus on African countries to ensure that they keep up to standard, lest they fall foul of the requirements, with the resultant devastating impact on other sectors of their economies.

PROMOTING COMPETITIVENESS

African countries must also keep an eye on the increasing competition in financial services in other emerging financial markets. In the Middle East, for instance, certain countries have become more prominent in the international financial world as they forge ahead to establish international financial centres that rival those of Europe and America. Notable among these are the Dubai International Financial Centre and the Qatar Financial Centre. Crucial to the development of these financial centres is the creation of financial regulatory frameworks in line with international standards. This has enabled these centres to attract business from established financial outfits. These developments have also seen a growing recognition of Islamic finance, with unique characteristics. There are positive lessons that African

countries can learn from these trends as part of their quest to modernise and develop their financial sectors.

COST-EFFECTIVENESS AND CONSUMER PROTECTION

Nonetheless, in developing legislation to comply with international rules, countries must also take cognisance of the need for cost-effective regulatory systems. Cost-effectiveness applies in two ways. Firstly, for businesses to ensure that the finance industry's compliance and operating costs are kept at a reasonable level. In other words, regulation must not be overly burdensome on the finance industry. There is a danger that attempts to apply international standards too hastily could harm local institutions in the short-term, thereby threatening their viability. As such, it is vital to manage the process carefully and to adapt the standards to the local conditions. Secondly, the costs of compliance incurred by businesses are often passed on to the consumer who ultimately suffers the burden of regulation. Therefore, consumer protection should become one of the core objectives of regulation.

But just as African countries are waking up to the reality of negotiating in blocs in the global trading arena, they must also adopt a more assertive and coherent approach in the area of international financial regulation.

CONSULTATION IN POLICY-MAKING

In designing and developing regulation, countries must consult both domestic industry and consumers. This helps to prevent a heavy-handed approach to regulation, thus increasing the chances of co-operation and compliance by industry players and the public. Standards and rules that are alien and incompatible are hard to implement.

BETTER ENFORCEMENT

Even the best set of financial regulations meeting international standards will be of no use unless they are enforceable. Countries must not only enact appropriate legislation, they must also create mechanisms for the proper enforcement of those laws. The main weakness of most regulatory systems is their poor enforcement capabilities. Several factors account for this, including limited financial resources, lack of skills, and insufficient investment in law enforcement agencies.

Thanks to the integration of national markets, financial risks in one country are likely to spill over into other countries. This makes it imperative for regulators in different countries to co-ordinate their efforts and processes, not least to reduce duplication and to cut costs and complications

arising from international investigations. African countries should consider centralising their enforcement procedures so as to curb such vices as corruption, fraud and money laundering. Without greater transnational co-operation, criminals will continue to exploit jurisdictional differences in the region to escape the arm of the law.

As financial services markets and the impact of new financial products have transcended national boundaries, coherent regional approaches to financial regulation have become important. This is even more significant in the African context, where such approaches could contribute to economies of scale and better organisational efficiency, unencumbered by jurisdictional technicalities. National regulators need to have more legal gateways to share information and to facilitate efforts aimed at combating financial crime and fostering regional confidence.

CONCLUSION

In sum, the challenges of financial sector reform are

numerous, but the central plank for promoting growth and stability is proper regulation. Africa can learn a great deal from developments in places such as Dubai and East Asia where the formation of vibrant financial centres is in full swing. Alongside infrastructure and other modernisation strategies, it is necessary to take account of the international regulatory framework and implement appropriate measures. And it is important to ensure that mechanisms are carefully tailored to suit the local context. Any changes must promote competitiveness and cost-effectiveness, bearing in mind that investors and consumers derive security from optimal regulatory frameworks. Most countries in Africa continue to act individually and their power is therefore limited. Unsurprisingly, they have had very little influence in the development of international standards. Consequently, their interests and concerns relevant to their markets have not been taken into account. It is through better organisation and proactive approaches that Africa can play a stronger role in global financial regulation.

CONFRONTING THE CHALLENGES FACING AFRICA

BY ALPHA OUMAR KONARÉ

The author is chairperson of the Commission of the African Union. He gave this address at the University of South Africa (Unisa), Pretoria, 24 June 2006

What is Africa? Some people refer to Africa as the "Black Continent", probably alluding to the colour of the skin of the majority of its inhabitants. Other people maintain that it is important to recognise that Africa is not a coherent entity because of the racial and cultural differences that exist between "sub-Saharan Africa" and "North Africa". Still, there are people who insist that differences between English-speaking, French-speaking, Arabic-speaking, Portuguese-speaking and Spanish-speaking Africa must be acknowledged. It is even more interesting to note that before the end of apartheid in this country, the Republic of South Africa was classified as being part of Europe by international organisations. *Webster's New World Dictionary* defines "Africa" as follows: "Africa is the second largest continent in the world, situated in the eastern hemisphere, south of Europe." This definition is interesting because it recognises Africa as a geographic entity. But it is unsatisfactory for all Africans because it defines Africa in relation to Europe.

In my view, Africa is best defined as a land mass of over 30 million square kilometres situated between the

Atlantic Ocean in the west, the Indian Ocean in the east and bordered by the Mediterranean and the Red Sea in the north. With this definition, all 850 million people who live in countries located from the Mediterranean Sea to South Africa and from Senegal to Egypt, including all the islands adjacent to the main land mass are Africans. According to many scientific findings, Africa is the cradle of human civilisation. Therefore, one can only wonder why it is necessary to define our continent in relation to Europe. In fact, it should go the other way around. All other continents in the world must be defined with reference to the cradle of human civilisation, which is Africa.

I shall try to identify the main challenges that our continent is facing today. In that context, it is my view that it would be ludicrous to avoid talking candidly about historical factors that explain, to a large extent, the current situation in Africa. Particularly important here are factors that led to the division of Africa into numerous countries, thereby weakening its ability to compete with the rest of the world.

There is no doubt that the slave trade and colonial adventures of European powers are among the main factors that adversely influenced Africa's development during the last 500 years. As a direct consequence of these factors, Africa was deprived of millions of its young daughters and sons, possibly some of its best brains and certainly its labour force. The colonisation of Africa also resulted in the arbitrary division of our continent following the Berlin Conference of 1884. Unfortunately, that division has been the origin of some armed conflicts within and between African countries during the post-colonial period.

It is even more troubling to note that, after becoming politically independent beginning in the late 1950s, African countries continue to be divided by languages that simply reflect our colonial heritage. There is nothing wrong with Africans becoming proficient in English, French, Portuguese or Spanish in the process of acquiring knowledge. In that regard, I would strongly encourage all young Africans to learn every foreign language that they can, including Chinese and Japanese.

The widespread knowledge of foreign languages will be a powerful instrument for Africa's opening to the outside world through increased cultural, commercial, technical and scientific exchanges. It will also bring future generations of Africans closer and strengthen the prospects for our future political union, which is our ultimate goal. Therefore, we should not use foreign languages as a pretext for the division of our continent.

Also, we should not use the existing ethnic and linguistic differences among ourselves for political advantage. On the contrary, we should consider ethnic and cultural diversity as one of our strengths. Africans should not forget that our former colonial masters used such artificial differences to better divide and control us.

SOCIAL CONDITIONS

African countries have the weakest social indicators in the world. Let us take the example of the Republic of South Africa, which has the largest economy on the continent. According to some sources, South Africa has the 13th largest economy in the world based on its economic and financial indicators. Because of that, South Africa's quota at the board of the International Monetary Fund is the highest among the 54 African countries. Nonetheless, in the Human Development Report of the United Nations Development Programme of 2004, South Africa ranked 119 out of 176 countries classified in the world on the basis of their human development indices.

Internationally, Africa continues to play a very marginal role in world trade and investment flows. The same is true for world political issues where decisions made by many African governments are greatly influenced by the interests of foreign powers. The vast majority of African countries remain small, open economies,

which depend on one or a few primary commodities (agricultural, mining and forestry) for foreign exchange receipts. If one excludes petroleum products and minerals, the volume of their exports and the amount of their foreign exchange earnings fluctuate widely with domestic weather conditions and the demand for their products in developed countries. The amount of private capital flows coming to Africa, with the exception of South Africa, is still very small in comparison with other developing regions of the world.

We should not simply be trying to narrow the output gap between the developed countries and the African countries. The emphasis should be put on policy areas that will enable us to meet the basic needs of our populations.

Given the above situation, one can broadly identify two main challenges that are facing Africa today. First, there is a need to put in place, on an urgent basis, an environment that will promote public-private sector partnership in investment (domestic and foreign) activity in order to achieve high-quality economic growth and create employment opportunities for poverty reduction. This challenge is in line with the requirements of the United Nations Millennium Declaration of September 2000. Second, Africa must become a full and competitive participant in world affairs, including trade and investment. To that end, it must create conditions to increase its power in international decision-making bodies. It must also become more competitive in world markets for goods and services and attract an increased amount of foreign capital in the form of portfolio and foreign direct investment.

In the search for a lasting solution to the problems that Africa is facing, we should keep in mind that our objective is not to copy blindly the model of development used by present-day industrial countries. I believe that the main objective should be the improvement of the social indicators of our countries. We should not simply be trying to narrow the output gap between the developed countries and the African countries. The emphasis should be put on policy areas that will enable us to meet the basic needs of our populations.

SLOW PACE OF INTEGRATION

African leaders have strategic choices to make in confronting these challenges. They must decide whether they believe that Africa has the best probability of success if African countries confront these challenges separately

or collectively. Since the majority view is that collective action is the preferred option, what should be the model and the pace of Africa's integration? The answers to these questions must be found on an urgent basis, because time is running against us. We must accelerate the pace of the integration of the continent in order to be able to catch up with trends towards the building of regional blocs around the world. Africa cannot become a fully fledged member of the global economy without having achieved its own monetary and economic integration.

African leaders must act to improve the co-ordination and harmonisation of sector policies in Africa and support the creation of networks that will facilitate the free movement of goods, services and persons. In the process of economic integration, the African Union (AU) also gives high priority to the development of regional and continental infrastructure projects. It therefore welcomes the various actions envisaged or already taken by African countries, including the recent building of an international consortium with the participation of the AU and its NEPAD programme, the World Bank and the African Development Bank.

CREATE CONDITIONS FOR PEACE AND SECURITY

An environment characterised by peace and security is absolutely necessary for domestic and foreign business confidence. It also facilitates the economic and political integration of our continent. In this respect, I would like to commend the political leadership of South Africa, beginning with former President Mandela and President Mbeki, for their relentless efforts to bring peace to a number of African countries. I have no doubt that the whole continent appreciates your commitment in the peace processes of Burundi, Côte d'Ivoire, the Democratic Republic of Congo, Comoros Islands, the Darfur region of Sudan, etc. The AU will continue to support your efforts and those of other leaders elsewhere in Africa.

African countries must work together to confront the problem of refugees in our continent. It is estimated that there are presently about five million people in Africa who have been forced to live outside their countries of citizenship or are displaced within their own countries because of armed conflicts. One important step would be to facilitate the free movement of people across our continent. We should remember that the process of integration will be meaningful only if it results in the total mobility of labour and capital within an African common market.

As regards good governance practices, the AU has taken a number of steps since its creation to encourage member states to adopt them. Noteworthy in that regard are (i) the African Peer Review Mechanism (APRM), in which the performances of participating governments are evaluated on the basis of set criteria; and (ii) the Monitoring and Evaluation Mechanism of the Conference on Security, Stability, Development and Co-operation

in Africa (CSSDCA), which reviews member states' implementation of the agreements they have voluntarily entered into. The AU is also actively encouraging member states to adopt good democratic governance practices in line with the provisions of the 2000 Lome Declaration and the AU Constitutive Act. The AU believes that it is imperative for African countries to reinforce their adherence to constitutional order and to ensure that the rule of law and democratic governance prevail at all times. This will promote good governance, transparency and accountability in the management of public resources. The strengthening of the institutions that will facilitate the creation of such an environment is critically important.

WORK AND BREAD

Regarding manpower development, the "brain drain" is a matter of concern for the AU. It is a tragedy that African countries should be the source of professionals and skilled workers for the developed countries. It is very difficult for an African citizen to gain permanent residency, let alone citizenship of a developed country without skills that are useful for its labour market. At the same time, the same developed countries, which take away our trained citizens, claim that we need technical assistance because of the lack of skilled manpower. It would probably be more beneficial for us to receive the financial support that is needed to reduce the number of our intellectuals who leave our continent in search of better living conditions available in the developed world, than receiving "experts" from the developed world.

In November 1996, the World Food Summit held in Rome estimated that 840 million people were then chronically hungry. That summit issued a Declaration on Food Security and Plan of Action to combat hunger and cut by half the number of hungry people in the world by 2015. African countries must try to make food security a human right, as water should be. In order to reduce the number of hungry people in our continent, we need a co-ordinated approach. To this end, we must modernise agricultural production through the provision of modern inputs to farmers. At the same time we should put in place measures to fight against desertification, land degradation and deforestation. The commission will continue to encourage the implementation of appropriate policies by member states in all these areas.

INFRASTRUCTURE FOR INTEGRATION

In the area of infrastructure, Africa's economic integration is presently hampered by the lack of transport, communication and energy facilities. African countries continue to implement development projects in these sectors individually. This situation is not in line with the recommendations included in the Abuja Treaty. The AU intends to harmonise policies and facilitate the implementation of integrative programmes in the infrastructure sector. The AU supports efforts to invest in the construction of continental roads and railways in order to speed up the process of Africa's physical

integration. Air transport is another area where the AU believes that member states must strengthen their co-operation.

Regarding the energy sector, it is estimated that only 15 percent of Africa's 850 million people has access to electrical energy. At the same time, Africa has diverse potential sources of energy, including crude oil reserves, gas and coal. Of the world totals, these sources of energy account for 9.5 percent, 8.0 percent and 5.5 percent respectively. One can add to these sources the hydropower potential of the continent that amounts to 13 percent of the world. This implies that the development of the hydropower potential would be sufficient to cover the various demands for energy of Africa's population, which is estimated at 13 percent of the world population.

During the last two years, high prices of petroleum products have created balance of payments for the large majority of African countries that are net importers of these products. This situation was discussed at the Assembly of the Heads of State and Government of the African Union, held in Sirte, Libya in 2005. One important conclusion of this assembly was to request net exporters of petroleum products in Africa to provide some form of financial assistance to net importers as a demonstration of "intra-African solidarity".

The future role of the government and public enterprises is an issue that must be addressed by African leaders. In recent years, African countries have been strongly advised by international partners to privatise their public enterprises indiscriminately.

However, as experience shows in Africa, the transfer of ownership between the government and the private sector has often meant that public enterprises were simply sold to private bidders representing, in many cases, foreign interests. The privatisation of public enterprises is certainly an area where private (domestic and foreign) investment could be encouraged. But it is also useful to note that, until recently, many economies in the developed world have had large public enterprise sectors, which played a key role in their industrial development. Noteworthy among such developed countries are Austria, Finland, France, Italy and Norway. Some of the most successful emerging economies in East Asia also had large public enterprise sectors.

Given these examples, there is no empirical evidence that a large public enterprise sector alone is a cause of the poor performance of African economies. It is also not evident that the privatisation of public enterprises has improved significantly the supply of goods and services in African countries. This notwithstanding, African governments should consider encouraging private sector investment in the public enterprise sector if the expectation is that it will make goods and services more affordable to the end users.

Even if African countries took appropriate measures to attract such capital flows, it is not certain that foreign private investors would be interested in projects intended to alleviate poverty.

AFRICA'S INTERNATIONAL ROLE

African countries must become more active in the decision-making processes of various international organisations. Africa should continue to claim a fair representation among the permanent members of the Security Council of the United Nations in New York. Our representation on the boards of the Bretton Woods institutions also needs to be strengthened. It is almost a travesty that the combined voting power of Germany, Japan and the United States on the executive board of the International Monetary Fund is five times that of all the 54 African countries combined. In addition, there is no plausible reason why Africa should continue to be a bystander in decisions that affect its people. We should work on a proposal to strengthen Africa's representation on the boards of the Bretton Woods institutions without further delay.

As regards external trade, it is estimated that commercial exchanges within regional groupings remain low. The direction of trade is still largely oriented towards Western Europe or Asia. According to available statistics, the average African country sent over 40 percent of its exports to the European Union and only 10 percent to other countries in the African region in 2001. This situation is partly due to the lack of transport infrastructure that constitutes an important obstacle to intra-African trade. The commission supports efforts to increase intra-African trade. In that context, the commission is playing a leading role in the ongoing efforts to establish a continental commodity exchange, which could be headquartered in Botswana.

CONSTRAINTS ON TRADE

Two main constraints limit Africa's ability to increase its penetration of international markets for goods. One is its heavy dependence on the export of primary commodities. The second constraint is the inability of most African countries to be more competitive than other regions in the manufacturing of industrial products. The AU will support African countries' efforts to diversify their production base and adopt production technologies that will make their products more competitive in world markets.

On foreign direct investment (FDI), it is true that, because of the steady decline in Official Development Assistance (ODA), African countries must now look for

non-debt-creating private capital flows. However, even if African countries took appropriate measures to attract such capital flows, it is not certain that foreign private investors would be interested in projects intended to alleviate poverty. Their main interest will remain in the exploitation of crude oil and minerals. Nonetheless, measures must be taken in order to create environments that will enable Africa to receive an increased amount of FDI. It is obvious that in order to attract foreign capital, Africa must offer an environment where that capital can achieve a higher rate of return than elsewhere.

The process of globalisation, it is claimed, aims to make African and other developing countries liberalise their economies and open them to worldwide competition. The supposed idea behind it is that, by opening to the outside world, African economies will be able to secure areas where they would have a competitive advantage. It is further claimed that compliance with the requirements of the process would benefit all countries of the world. If this claim is true, one can only wonder why trade unions in the developed countries are voicing their opposition to globalisation. They argue that their labour force is now losing employment opportunities through "outsourcing" to low-paid workers in developing countries. Given this controversy, it may not be in the interest of African countries to accelerate the pace of liberalisation of their economies, unless a very careful analysis concludes that the benefits of globalisation would definitely outweigh by far its cost in the medium to long term.

Africa's debt problem needs a quick and more generous solution. In spite of the debt reduction granted to heavily-indebted poor African countries under the HIPC Initiative, Africa is still facing a debt crisis that began in the mid-1980s. Africa's debt must be cancelled in order to enable African countries to invest more resources in regional and continental infrastructure projects that are indispensable for the physical integration of the continent. In this regard, it is important to note that even if Africa is granted total

debt cancellation, its social and economic development will continue to depend on foreign capital flows to offset the shortfall in domestic savings, at least in the medium term. Ideally, therefore, these capital flows will have to be non-debt creating.

EXTERNAL AID RESOURCES

In line with the conclusions of the 2002 Monterey Conference, "a substantial increase" in the flows of external resources is required to enable African countries to meet various challenges facing Africa, including the Millennium Development Goals. Four years after the Monterey Conference, the flows of external resources to Africa have not increased as promised. Part of this increase may come from the additional ODA of \$25 billion a year indicated in the Commission for Africa (Blair Commission) Report of early 2005. Even if Africa receives that additional ODA, it will have a huge gap for the financing of its infrastructure, water supply, energy and agricultural development projects.

African leaders must understand that we cannot indefinitely rely on external resources for the successful implementation of our development agenda. Therefore, the African countries must improve the mobilisation of domestic resources, including measures to combat tax fraud and tax evasion. A reform of the existing tax system to broaden the tax base and improve customs and tax administration could also contribute to an increase in government revenue in African countries. In addition,

the AU believes that measures to fight corruption, improve the prioritisation of government spending and reduce wasteful spending would strengthen the financial situation of the African governments.

Let me also emphasise the need for African leaders to speed up the process of our economic monetary and even political integration. Given developments in other parts of the world, this process has become an imperative if Africa wants to survive as a full and significant player in the rapidly integrating world.



S

South African drinking water is fast becoming a palatable commodity. This view is supported by the National Water Summit of 2006 that stated: "South Africa is one of a few countries in the world where one can drink water directly from a tap".

From recent actions it is clear that the South African Government is not willing to surrender this noble status and is committed to maintaining this level of confidence. In addition, the government wants to ensure the improvement of the drinking water quality in areas where this has been questioned.

While there is a high level of confidence in the quality of water reticulated in the bigger municipalities and metropolitan areas, the Department of Water Affairs and Forestry (DWA) still needs to increase the confidence levels in smaller areas. The roll-out of the electronic Water Quality Management System (eWQMS) will ensure that Water Services

The Quality Of

South Africa is one of a few countries in the world where one can drink water directly from a tap



Authorities have a tool which will assist them with the management of drinking water quality information. The Department: Water Affairs and Forestry has made huge strides in this regard in recent months since a large component of Local Government has been given access to this system. At the IMESA (Institute for Municipal Engineers in Southern Africa) Conference recently held in Soweto, most of the attendees expressed their satisfaction with the user-friendliness of the system. It has been noted that subsequent successful management of drinking water quality would only be possible if the system is correctly used. Therefore DWA staff members are capacitated not only to assist struggling municipalities but also to audit captured information. The Free State was the first Province to implement the eWQMS as part of a joint Provincial Government initiative. The enhancement in drinking water quality management in this region encouraged National Government to engage in a project which will expand the use of this system to the rest of the country.

Recent surveys performed support the claim that drinking water quality in metropolitan and larger municipalities is generally better managed than that at smaller municipalities, which has a direct impact

on the quality of water eventually supplied to the public. It can be noted, however, that this is not the norm. Initiatives in the Free State to assist municipal management to prioritise the management of potable water quality resulted in the overall enhancement of the quality of water. The success was not limited to the larger municipalities only - the entire province, which consists mainly of smaller local authorities, achieved a 95% compliance with the National Standard for Drinking Water Quality.

South Africa adopted a revised drinking water quality standard, SANS (South African National Standard) 241:2005, which was finalised in December 2005. This ensures that the quality standard for South African drinking water is on a par with standards set for countries such as the United Kingdom, Canada and other countries within the European Union. It should be noted that this code is on a much higher level than the guidelines set by the World Health Organization. Therefore tap water

levels in smaller areas are simultaneously increased. This would mean that locations earmarked for the 2010 World Cup receive water that is safe for human consumption. However, the challenge remains to ensure that this standard is maintained or improved over the next four years.

DWAF came under the spotlight recently when the media reported on the apparent appearance of rat-tailed maggots in local drinking water. Subsequent investigations proved that no rat-tailed maggots were found in any water supply system in this country. Most of the media reports that surfaced during this incident were based upon scientific speculation by certain individuals and were definitely not based on substantiated fact. It can therefore confidently be stated that the apparent appearance of the little maggots should by no means be regarded as indicative of the overall quality of South African drinking water. It is also a pity that home purification technology salespeople are using scare tactics to market their products,

South African Drinking Water

that complies with this standard, would pose no significant health risk over a lifetime consumption.

In this regard DWAF serves as the regulator of the South African water sector and measures performance against these standards with the backing of secondary legislation under the Water Services Act of 1997. Legislation is obligating Water Services Authorities to have sampling programmes in place and this would be the initial regulatory focus area for the Department. Efforts have been made to inform municipal management on the minimum requirements for effective sampling programmes, which will also be used as the yardstick during auditing.

The Department has noted the magnitude of the challenge to ensure that the South African public is receiving safe water supply consistently. Subsequently, various initiatives were embarked on to materialise the plan to establish high levels of confidence in the overall quality of drinking water. This will include publishing compliance levels to the afore-mentioned legislation by the various Municipalities.

The challenge is two-fold: to ensure that the high quality of drinking water in the bigger areas is maintained, and to ensure that the quality

spreading untruthful statements on the general quality of drinking water.

It is quite encouraging to note successful turn-arounds such as displayed by the Kai !Garib Municipality in the Kakamas area. After drinking water quality management and operations were found to be in tatters as recently as March 2006, the Department's intervention resulted to major improvement in the management of both the drinking and waste water quality. The success could be accounted to the excellent political commitment displayed by the Mayor, Ms. Brooks and the cooperative attitude of officials such as Mr. Clark. When Clark was asked what the expenditure was to change the situation, his answer was: "Not an extra cent. Only a change in attitude from management and operators." If success was achieved in the rural town of Kakamas, surely the challenge is not insurmountable.

It should be noted that the South African government is committed to ensuring that safe drinking water is being reticulated, since it is clear that the quality of drinking water cannot be compromised, and that the majority of our population cannot afford alternative means such as bottled water and home purification systems to fulfil their need for clean water.



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UN REFORM AND WOMEN: “HALF THE WORLD IS WAITING”

BY STEPHEN LEWIS

The author is the UN Special Envoy for AIDS in Africa. These remarks were addressed to the High-Level Panel on UN Reform, 2 July 2006, Geneva

There is a crying need for an international agency for women. Every stitch of evidence we have, right across the entire spectrum of gender inequality suggests the urgent need for a multilateral agency. The great dreams of the international conferences in Vienna, Cairo and Beijing have never come to pass. It matters not the issue: whether it's levels of sexual violence, or HIV/AIDS, or maternal mortality, or armed conflict, or economic empowerment, or parliamentary representation, women are in terrible trouble. And things are getting no better.

This panel can create such an agency and show fundamental courage by doing so, or it can tinker at the edges of “gender architecture” and consign the world of women, yet again, to perpetual second-rate status.

I'm not going to equivocate about my expectations: I expect the panel to take the road of least resistance, and come up with some high-sounding scheme, probably with a few choice rhetorical morsels about “gender-mainstreaming” and expect that that will do the trick. It won't. If that's the chosen path, I can confidently predict that we'll be back again, less than 10 years from now, driven by a new impetus for UN reform, the Millennium Development Goals unmet in a majority of countries, and the lives of women will be every bit as hazardous, compromised, marginalised and desperate as they are today.

One of the single greatest failures within the United Nations over the last few years is the performance of the UNDP on matters pertaining to gender. It's been awful, and everyone knows it.

LET'S LOOK AT THE OPTIONS

The suggestion has been made that all the present

fragments of women's agencies in the United Nations be thrown together, given a little more money and staff, and be led by an undersecretary general. We'd take the Division for the Advancement of Women, the Office of the Special Advisor to the Secretary General, the UN Development Fund for Women (UNIFEM) and the International Research and Training Institute for the Advancement of Women (INSTRAW) and turn them into a viable women's organisation. It's not enough; it won't work... too little experience, too few mandates, too much unbridled competition, too many areas of programming that are entirely unfamiliar. It's a recipe for stalemate. (I might note that in the 1 July edition of the Canadian newspaper, the *Toronto Star*, a story was carried suggesting that I thought a women's agency could replace the mandates of various agencies where they intersect with women... e.g., WHO on health; ILO on labour; UNFPA on sexual and reproductive health. That was a matter of simple confusion that I may well have caused. I hold no such view.)

The suggestion has been made that UNIFEM alone should be transformed into a new, free-standing women's agency. The sentiment is perfectly understandable; UNIFEM has at least made some impact despite being confined to subservient status as a department of the United Nations Development Programme (UNDP). But it won't work... UNIFEM in its present form has never had extensive programming expertise, or operational experience in countries, or a range of government counterparts in ministries, or financial and human resource autonomy, let alone sufficient breadth in its focus to represent half the world's population.

UNIFEM can most assuredly be folded into something new; it cannot become what it was never meant to be. It is part of a gender architecture so dysfunctional as to lead one to believe that the design was deliberate.

The suggestion has been made that the resident co-ordinator (RC) system be altered to separate the RC from his or her duties with UNDP, thus freeing up the RC, as head of the UN family, to devote whatever time is necessary

to the struggle for gender equality. I have heard many foolhardy suggestions, but that tops the list. It may help the overall UN relationships with government to separate the functions of the RC. But to pretend that the RCs, who vary greatly in quality and interest, and have no particular skills on gender (and that's the crucial point), would somehow behave differently on the issue of women than they have behaved over the last many years, is to indulge in reckless self-delusion. How long do we have to toy with the façade before admitting that the architecture is hollow?

Of equal merit is the suggestion that we can strengthen UNIFEM within the UNDP and win the day for women as a result. I don't want to be disrespectful, but just how far can you strain credibility? One of the single greatest failures within the United Nations over the last few years is the performance of the UNDP on matters pertaining to gender. It's been awful, and everyone knows it. The UNDP has never even been able to bring itself to make the executive director of UNIFEM an assistant-secretary general (ASG), in an agency where ASGs abound. It is absurd to think that the UNDP can change its spots.

The suggestion has been made that we create some kind of co-ordinating Centre for Women's Empowerment and Gender Equality, in the fashion of UNAIDS. I realise the earnest intent behind this proposal, particularly when the objective of co-ordination is enhanced by having an individual representative placed in all country offices, and a central office modestly staffed at headquarters.

But the UNAIDS analogy simply does not hold up to scrutiny. UNAIDS was designed to co-ordinate the separate agency responses to AIDS, using the co-operating partners' (including the World Bank) field level capacity to provide resources and technical expertise to governments dealing with an unimaginably complex pandemic. But where gender is concerned, there's precious little at headquarters to co-ordinate, let alone at country level. What's more, without operational capacity on the ground, this proposition is a non-starter. It will take us no further than we are today. Advocacy without programme capacity is a recipe for the status quo. Sure, we'll have some heightened consciousness, but that's not genuine reform; that's intellectual dalliance. All the advocacy in the world (and UNAIDS has some limited country capacity as well), has not managed to stem the carnage of AIDS amongst women.

The proof is in the dying.

In fact, if I may digress for a moment, it's worth pointing out that if it were not for the unsung heroism of the women of Africa, including the grandmothers – impoverished, uneducated, disproportionately infected – the response of the international community would be branded a complete failure.

No, what we need is a fully fledged agency with real operational capacity on the ground to build partnerships

with governments, to engage in public policy, to design and finance programmatic interventions for women, to give NGOs and community-based women's groups the support their voices and ideas have never had, to extract money from bilateral donors, to whip the UN family into shape, to bring substance and know-how to the business of gender mainstreaming, to involve women in every facet of life from development to trade to culture to peace and security, to lobby vociferously and indefatigably for every aspect of gender equality, to have sufficient staff and resources to make everyone sit up and take notice. That's exactly what UNICEF does for children. Why can't we have the same for more than half of humankind?

How dare the leaders of the G8 crow about progress on aid and debt (albeit not trade) while continuing to watch the economic, social, physical and psychological decimation of so many of the world's women?

FIVE OBJECTIONS TO A FULLY FLEDGED WOMEN'S AGENCY

There are five significant caveats raised every time the proposal is made. Let me deal in brief with all of them.

- First, how do you wed the human rights objectives of the Convention on the Elimination of all Forms of Discrimination Against Women (CEDAW) with the operational capacity in the field?

I submit that it's not so difficult. The provisions of CEDAW become the policy base for the women's agency. The Office of the United Nations High Commissioner for Human Rights (OHCHR) can then best service the CEDAW Committee while a new women's agency, as part of its mandate, funds the process. That's exactly what is now done by UNICEF and OHCHR in respect to the Convention on the Rights of the Child. It works and works well.

- Second, how do you reinforce and make more effective the concept of "gender mainstreaming"?

Many governments, especially Western governments, have invested huge amounts of money and time in gender mainstreaming as an easy solution to gender inequality, and want to see it make a dramatic difference. They want to see that the needs and rights of women are woven into the body of every aspect of institutional life.

Well, the sad truth is that the governments have to learn to face defeat. Gender mainstreaming is not easy. When it's sloughed off on non-experts and made to stand on

its own, rather than alongside targeted programmes to promote women's empowerment and human rights, it just doesn't work. The original idea was intended to use gender mainstreaming as a "transformative" strategy... that is to say, there would be a radical transformation in gender relationships. It has not happened, least of all within the United Nations itself. There is not a single assessment of gender mainstreaming that I have read – and there have been many assessments, commissioned by donors, compiled by the UN itself, done by NGOs – that is fundamentally positive. Every single one of them ranges from the negative to an unabashed indictment.

And the United Nations? The complexities of gender mainstreaming aside, it even flunks the test of gender parity, failing to reach its own target of 50/50 in staffing percentages in the vast majority of departments and agencies. For the UN Office in Geneva, the city in which we're meeting, the 50/50 target, at present rates, will be reached in 2072. The Department of Peacekeeping Operations, at present rates, will reach the target by 2100. It makes of gender mainstreaming the *reductio ad absurdum* of United Nations policy.

I have to tell this panel that if there were a true UN policy of whistle-blower immunity, you would be inundated by women, especially at the mid and lower levels of the United Nations system, eager to provide testimony about the dismay they feel when it turns out that no one cares about women's issues, let alone the sexism and discriminatory treatment to which they are regularly subjected.

- Third, where will we get the money?

Everyone argues that there's no money to be had and no patience for large additional sums. I've said publicly that the new agency should be launched at the level of UNICEF's funding, currently \$2 billion a year. If that paralyses governments, then let's start at \$1 billion a year, build systematically, and with increases of 10 percent a year, for five years, we will have exceeded the \$2 billion mark.

When it comes to women, Western governments cry poverty whenever large sums are discussed. It's just unconscionable. As recently as one week ago, the prime minister of the United Kingdom asserted,

in an op-ed for *The Independent*, co-authored by his chancellor of the exchequer (a member of this panel!) and his minister of development co-operation, that world foreign aid jumped by 25 percent in 2005 over 2004, reaching over \$100 billion annually, well on the way to \$130 billion as promised for 2010.

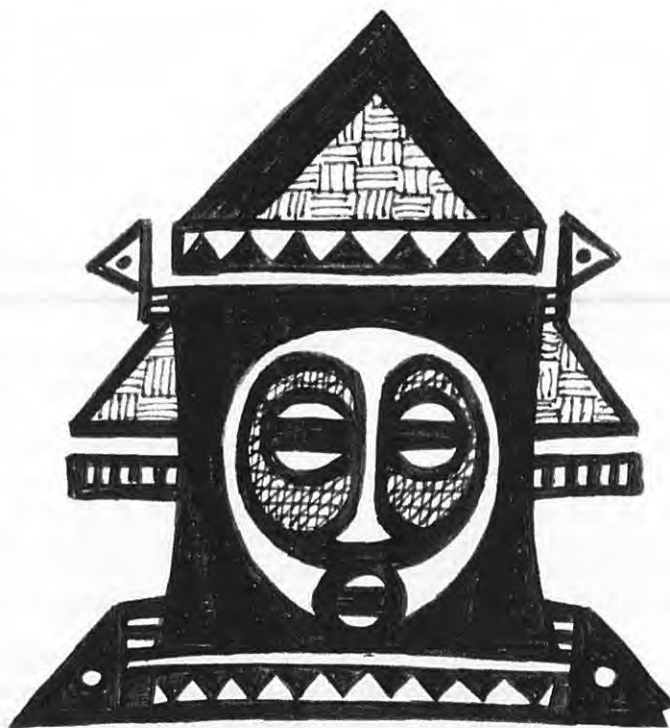
So I ask: is more than half the world's population not entitled to one percent of the total? What's happened to our sense of international values? How dare the leaders of the G8 crow about progress on aid and debt (albeit not trade) while continuing to watch the economic, social, physical and psychological decimation of so many of the world's women? How in heaven's name can they be sanguine about the catastrophic loss of so much human potential?

- Fourth, it is anticipated, in advance, that "the G77 and China" may not be friendly to the idea of a new agency.

That may or may not be the case. But in any event, it should have no veto-like bearing on the recommendations of this panel. After all, the Secretary General knew that his management reforms would run into hostility from the G77 and China, which indeed they have. But the Secretary General was in no sense intimidated, and advanced the reforms because he felt they were right. This panel should do the same.

- Fifth, and perhaps most pointedly, more and more people – including NGOs and some governments – are asking: why create another agency within the United Nations when the multilateral record is abysmal? What makes anyone think that a women's agency will function at a higher level than so many others which have proved themselves dysfunctional?

That's a very tough question to answer. I was frankly surprised at the numbers of people to whom I've spoken, overwhelmingly women, who expressed an almost venomous scepticism about the UN's capacity to perform. They have noted the miserable sidelining of women and women's issues and are close to writing off the entire UN on that basis. I had to plead for one more chance. I had not fully realised how much the United Nations is at the crossroads in the minds of so many.



I will admit that it's somewhat at a crossroads in my mind as well. If this panel merely concocts a solution that is no solution at all – sounds good on paper, but like so many other UN documents collapses in practice – then the rationale for contemporary multilateralism really has to be questioned. We're not talking here of some minor intervention; we're talking of several billion people.

I want the world to understand that if we had an international organisation for women, with force and dollars and staff, we could save, liberate and enhance hundreds of millions of lives.

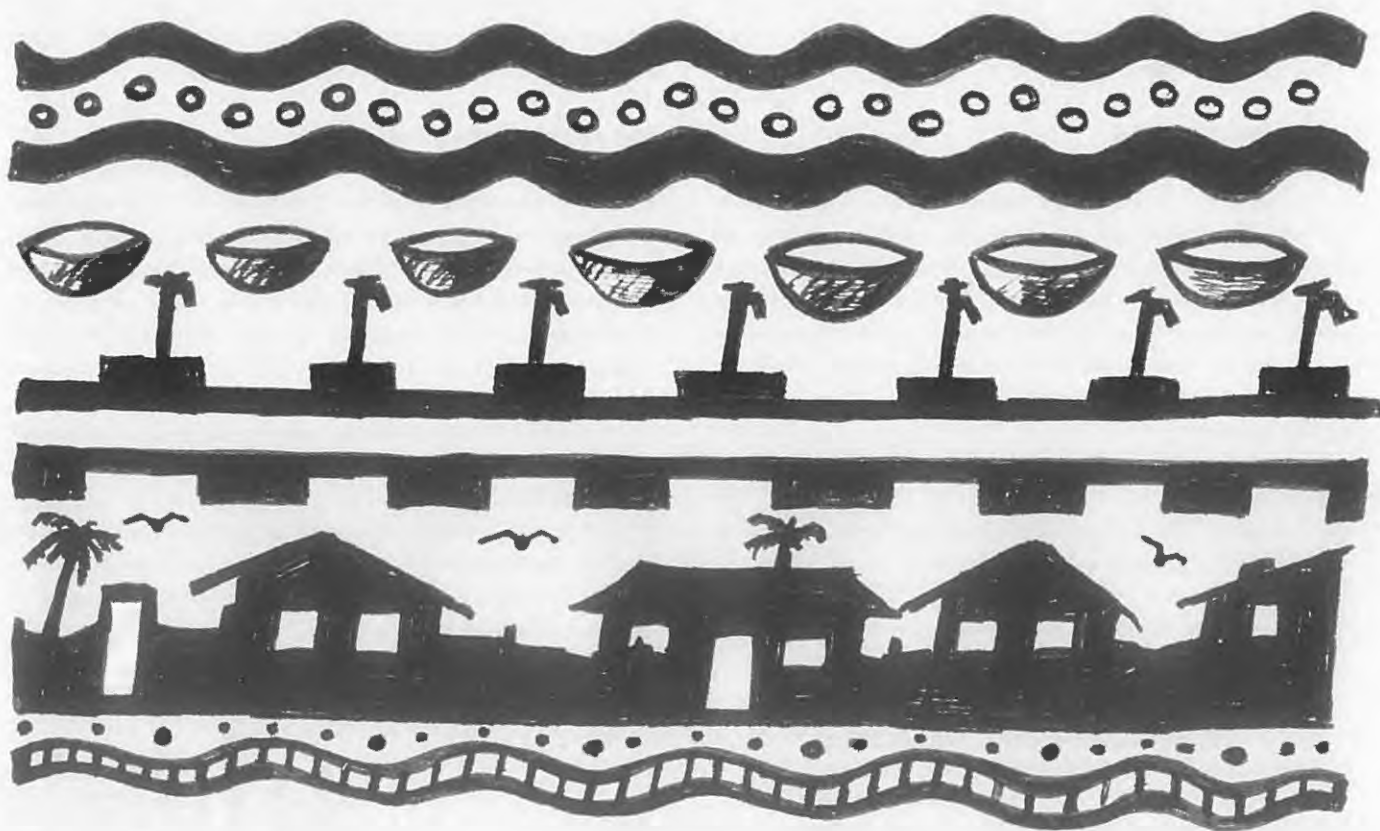
For me, everything I've ever known of gender inequality has been sharpened by witnessing the AIDS pandemic. And I can say, without fear of contradiction, that where the women of Africa are concerned, the UN has been a colossal failure. Confirmation of that can be seen in the work of the UN theme groups on HIV/AIDS at country level. I've watched them now for five years; try as they might, they can never get their act fully together to reduce the impact of the virus on women. For the young women in particular, there is a palpable sense of betrayal.

I want to change that view. I want the world to understand that if we had an international organisation for women, with force and dollars and staff, we could save, liberate and enhance hundreds of millions of lives. I make that argument because this women's agency can be built on the foundation constructed over the years by the kaleidoscope of women's groups that have operated outside the UN, partly because there's been so little to affiliate with on the inside.

That's why a billion dollars is such a paltry sum. And let me sow confusion: by an international organisation for women, I don't mean a specialised agency like the WHO, or ILO, or FAO. I mean one of the powerful funds or programmes like UNICEF or UNDP or UNFPA or the World Food Programme.

Time and time again over the last two years Kofi Annan has called for a "deep social revolution... to transform relationships between men and women at all levels of society." He means, by that, women's empowerment and gender equality. Gender equality is not achieved in hesitant, tentative, disingenuous increments. It's achieved by bold and dramatic reform of the architecture of the United Nations.

This panel has the opportunity to take the plunge. Some would argue that more than half the world is waiting.



Driving Economic Development and Empowerment in KwaZulu-Natal

The Ithala Development Finance Corporation Limited's (Ithala) overriding purpose is to drive economic development and empowerment in KwaZulu-Natal.

As a statutory body and KwaZulu-Natal's sole development finance agency, Ithala is actively involved in promoting and facilitating development and empowerment in the fields of small, medium and micro business, agri-business, manufacturing, commerce, tourism, savings, home ownership and insurance.

With in excess of 46 Province-wide branches and 11 Business Centres, Ithala is well-placed to provide financial and supportive services to the people of KwaZulu-Natal.

Key Activities

To achieve its development mandate, Ithala engages in a range of business activities across the development spectrum. The organisation's key activities include:

- Entrepreneurial development;
- Employment creation;
- Funding of business enterprises;
- Provision of business premises, commercial shopping centres and tourism facilities;
- Fostering of personal wealth through savings;
- Provision of loan finance for home ownership and home improvements; and
- Provision of insurance products.

PRODUCTS AND SERVICES

Business Finance

As the facilitator for business development in KwaZulu-Natal, Ithala is ideally positioned to meet the business needs of investors and entrepreneurs in the region. The short, medium and long term Ithala financial packages are offered to all qualifying businesses, no matter where in KwaZulu-Natal the enterprise is located. Finance is also available to small businesses, medium sized industrial concerns, commerce and tourism ventures, and building contractors

Lending Criteria

- Ithala strives to finance projects and businesses that are profitable and sustainable over the long run.
- Ithala also finances projects that will have a positive development impact in the form of job creation, black economic

empowerment, new technologies and skills development.

- Beneficiation of South Africa's raw materials, export and/or import replacement, the multiplier effect of the project and level of foreign investment to be generated.
- Ithala believes that an entrepreneur should be committed to his/her business to ensure its success. To achieve this, the organisation encourages clients to contribute something in the form of cash or assets to the business.

Ithala Properties

As one of the largest property portfolio holders in KwaZulu-Natal, with over 1 million m² of industrial and commercial space, Ithala is ideally placed to service the various business sectors, spread throughout KwaZulu-Natal. The Properties Department has assembled a professional team to cater for the various needs of business in the Province to drive economic development and empowerment whilst remaining financially sustainable. Ithala is currently managing a property portfolio of over 2300 units making up approximately 1,2 million m² of large and mini factory units and commercial shops and offices through-out KwaZulu-Natal including tourism projects. Our service includes lease management, building maintenance, engineering services, protection services, financial management, lease and database administration for medium to large factories, mini factories, commercial/ retail / office premises and tourism.

Ithala Insurance Services

Ithala Insurance Services, a division of Ithala Development Finance Corporation Limited, was formed to handle all lines of commercial and personal insurance for individuals and businesses primarily located in KwaZulu Natal. Ithala Insurance Services represent our clients best interest using the finest insurance companies in the marketplace, thereby securing optimum protection and service.

Ithala Insurance Services strives to meet the needs of clients by developing a comprehensive range of innovative products that will not only fulfil client needs, but also add value to their lives.

Ithala Limited

Ithala Limited, a wholly owned subsidiary of Ithala Development Finance Corporation Limited provides a wide range of savings, investments and home loans products to meet the needs of the people of KwaZulu-Natal.

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INTERNATIONAL CAPITAL MOVEMENTS: STATE RESPONSES TO FINANCIAL GLOBALISATION

BY MILLS SOKO

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This article examines the concept of international capital movements within the context of differences among state responses to financial globalisation. Four issues are addressed. First, the essay locates the notion of capital mobility within a historical context by briefly tracing the origins of contemporary globalisation of financial markets. Second, it explains the "capital mobility hypothesis" and its implications for state behaviour. Third, it critically assesses the capital mobility hypothesis, challenging its central claims while highlighting how national states with varying material capacities and resources have responded differently to financial globalisation. Lastly, the paper discusses the political and economic challenges posed by cross-border financial movements in a globalising world economy, and proposes some ways in which these could be tackled by national governments.

CONTEMPORARY FINANCIAL GLOBALISATION: WHERE DID IT ALL START?

The ascendancy of neoliberal economic ideas in the 1970s and 1980s represented a direct attack on the notion of "embedded liberalism", the normative framework that underpinned the interventionist economic practices of the post-war period (Helleiner 1994: 301). The advocates of neoliberalism were critical of the Keynesian welfare state and blamed it for most of the problems afflicting the global economy. They sought to construct an international economic order that would "promote freer markets and more orthodox fiscal and monetary policies" (ibid.). Not only were they opposed to the imposition of capital controls on financial movements, they also admired the manner in which international financial markets disciplined government policy and forced states to adopt sound macro-economic policies. Furthermore, they argued that a liberal international order would "promote a more efficient allocation of capital by allowing capital to move across borders where it could be most productively employed" (ibid. 310).

The embrace of neoliberal economic ideology by states – led by Britain and the United States – laid the foundations

for the globalisation of financial markets. States supported financial globalisation in the post-war era by giving freedom to market actors, by putting in place mechanisms for the prevention of major financial crises, and by choosing not to implement more effective controls on financial movements (Helleiner, 1995: 320-328). First, the resurgence of international capital movements was partly a consequence of the "role that American and British leadership played in opening up financial markets" (Cohen, 1996: 277). Second, the growth of the unregulated eurodollar market was instrumental in inspiring other foreign financial centres to follow the lead of Britain and the US by liberalising and deregulating their own financial systems. The drive towards financial liberalisation was, however, counterbalanced by the decision to make the state a lender of last resort in the event of severe international crises. This was demonstrated clearly by the intervention of the US Federal Reserve in the 1982 debt crisis, sparked off by Mexico's debt problems, and in its subsequent decision to provide a rescue package to enable Brazil and Argentina to overcome their liquidity crises. These actions played a crucial role in maintaining the momentum of financial globalisation. Third, the reluctance to impose more effective controls on financial movements, following the collapse of the Bretton Woods system, was also a catalyst in the deregulation and liberalisation of international financial markets.

All these factors led Strange (1998: 5-10) to conclude that the creation of the eurodollar market in London, and the subsequent emergence of what she termed a "global casino" in the mid-1980s, was the culmination of several policy decisions and "non-decisions" made by political authorities over the decades. These decisions and "non-decisions" were based on political calculations that were designed to appease certain key domestic constituencies. National interests, therefore, played a vital role in the decisions that were made to implement financial globalisation.

It has been difficult to exercise political management over the liberal financial order because of the fungible

(or interchangeable) and mobile nature of financial operations. The liberal financial order, unlike the liberal trade order, is not subject to collective action problems – such as “prisoner’s dilemma” dynamics and “free riding” behaviour (see Helleiner, 1994: 303). It is these collective action problems that complicate efforts to reduce trade barriers. For example, in the trade domain one of the crucial benefits of an open trading order – access to foreign markets – cannot be realised without collective action; that is, without efforts on the part of other states to reduce their trade barriers. This is not the case with the mobility of finance, which has been propelled by competition and deregulation (the so-called “competitive deregulation dynamic”).

The model states that in an environment of pegged exchange rates and integrated financial markets, any attempt to pursue an independent monetary policy will cause balance-of-payments problems, which could induce destabilising speculative capital flows.

UNDERSTANDING CAPITAL MOBILITY

According to the capital mobility hypothesis, international financial integration has “raised the costs associated with pursuing monetary policies that diverge from regional or international trends” (Andrews, 1994: 193). Highly mobile cross-border financial movements systematically erode the sustainable macro-economic policy options available to states and result in structural incentives for monetary adjustment. It is worth noting that capital mobility, in this context, refers to the capacity of capital to cross borders rather than actual money flows; that is to say, the relative absence of friction on financial flows across borders.

According to Andrews, two schools of thought explain the notion of capital mobility. First, it can be understood as a structural phenomenon that systematically limits state behaviour by rewarding some actions and penalising others. Alternatively, capital mobility between states can be conceived as a result of national policy decisions to liberalise national financial markets based on the assumption that the consequences of these decisions are fully reversible. In terms of this perspective, treating capital mobility as a structural constraint risks obscuring the political decisions that have made international financial integration possible.

The capital mobility hypothesis is based on the “unholy trinity” of the Mundell-Fleming model, which contends

that “exchange rate stability, private capital mobility and domestic monetary independence cannot be achieved simultaneously except on an episodic basis” (ibid. 197). The model states that in an environment of pegged exchange rates and integrated financial markets, any attempt to pursue an independent monetary policy will cause balance-of-payments problems, which could induce destabilising speculative capital flows. To maintain exchange rate stability, governments are forced to limit either the movement of capital or their own policy autonomy. If they are unwilling or unable to sacrifice either one, then the goal of exchange rate stability will be undermined. Exponents of the capital mobility hypothesis assert that these considerations impose a difficult trade-off on policymakers by reducing the government’s scope to manoeuvre with regard to formulating independent monetary and fiscal policies. This makes it difficult for states to pursue divergent monetary policies for fear of capital flight.

The rapid rise of transnational capital movements between the late 1970s and the early 1990s – which was driven by the growth of liquid international funds and the increasing globalisation of production – laid the foundation for the erosion of national financial barriers by offshore markets and multinational firms. The erosion of these barriers enhanced the capability of market operators to develop evasion and exit strategies. The ever-present threat to exercise the exit option has increased the influence of multinational firms in relation to economic policymaking and strengthened their bargaining position vis-à-vis governments.

STATE RESPONSES TO FINANCIAL GLOBALISATION

Competitive pressures on the regulatory policies of states have changed the ways in which governments make financial regulatory decisions. As a result of these pressures, states have become increasingly sensitive to changes in the regulatory policies of their neighbours – since they are now effectively competing for the right to regulate capital. This competitive dynamic has forced states to accommodate the preferences of market actors by liberalising their regulatory standards. Therefore, states have been forced to lower their regulatory standards for fear of the likely costs they might incur should they make different policy choices.

This logic is used by proponents of financial globalisation to support the argument that financial globalisation has led to the creation of a “borderless” world economy in which the role of the national state has “declined” – thereby diminishing its ability to pursue independent macro-economic options (Held *et al.* 1999: 3-5). They frequently point to the political difficulties that resulted from the failed attempts to control short-term financial flows in the early 1970s (when growing speculative flows threatened the Bretton Woods stable exchange rate system) and in the 1980s (when the US Federal Reserve attempted to persuade other Western central bankers to regulate the eurodollar market).

They also draw attention to the political and economic problems triggered by efforts to introduce exchange controls in Britain (1976) and France (1983) in order to prevent speculative capital flight from disrupting domestic expansionary economic programmes. In the end, the negative reaction of investors forced both governments to reject this option and to "accept the discipline of the international markets" (Andrews *op cit.*: 193).

The Mexican peso crisis of 1994 is cited as another instance of the unassailable power of capital mobility. Following the publication of Mexico's poor bond rating by Moody's Investors Service, the government was compelled to introduce an austerity programme of unprecedented severity to reassure the financial markets about its economic management credentials. This mantra has been echoed in a study by Kurzer (1993: 4-5), which linked the abandonment of social democratic policies in some Western European countries to the post-war internationalisation of finance. It concluded by stating that "a new international economic regime, characterised by increased levels of capital mobility, has made traditional tools of government steering ineffective."

Even so, the core claims of the capital mobility argument have been challenged in academic circles. Eichengreen (cited in Cohen *op cit.*: 283) has argued that although capital mobility makes the pursuit of independent policy objectives "extremely costly and potentially unsustainable politically," it does not make national autonomy impossible. The option to exercise national autonomy continues to exist, albeit at a price. Capital mobility does not prevent governments from exercising independent policy choices *per se*. It only warns of the costs they are likely to incur should they decide to adopt divergent monetary policies.

A study by Haggard and Maxfield (1996) showed that developing countries responded differently to financial globalisation depending on variables such as whether they had access to credit, how secure their balance of payments and foreign reserves positions were, and whether they pursued export-led growth strategies or not. They found, for example, that countries with balance-of-payments crises and low foreign exchange reserves were more vulnerable to internationalist forces both within the government and in the economy. On the other hand, they found that easy access to credit, large foreign exchange reserves, commodity booms or successful export-led growth strategies increased the bargaining power of governments vis-à-vis international investors and gave political leaders breathing space to pursue social and political goals.

Goodman and Pauly (1993: 58-81) have also highlighted different ways in which states have reacted to capital mobility. Using four countries as their case studies – Germany, Japan, France and Italy – they found that countries that sought to control capital inflows (Japan and Germany) faced different incentives than those countries seeking to control capital outflows (France and Italy). It was

easier for countries faced with capital inflows (Japan and Germany) to lift capital controls than it was for countries experiencing capital outflows (France and Italy). They attributed these findings to the asymmetric impact of financial movements on foreign exchange reserves. They noted that variables such as "current account deficits, capital outflows, weakening exchange rates, and depleting reserves often go together; when they do, governments must either adjust their policies or adopt controls before the loss of reserves is complete". In contrast, they found that governments facing the obverse situation found it easier to abandon controls since their reserve positions were not threatened.

Similarly, in another study, Phillips (1998: 19-20) has described variations in national responses to financial globalisation in Latin America in the 1980s. These ranged from Chilean controls on short-term capital flows to Argentina's banking sector reforms to devaluations in Colombia and Ecuador. The national interests of individual countries informed all these policy measures: the decisions to implement these economic policies did not take account of regional or global policy arrangements.

The insights shed by these studies reinforce the argument that, instead of drifting towards convergence, states respond differently to globalisation pressures depending on their different levels of resources and capacities. As Scholte (1997: 440) has stated: "Individual states have faced globalisation with different levels and kinds of resources, different histories and cultures, different policy options and choices." He has argued that the globalisation of capital has proceeded much further in Australasia, East Asia, North America and Western Europe than in the rest of Asia, Europe, Africa and Latin America. As such, it is problematic to take the existence of a single global system as evidence of global convergence. Globalisation is underpinned by patterns of inclusion and exclusion: some states have become increasingly enmeshed in the global economy, while others have become progressively marginalised.

WHAT CAN GOVERNMENTS DO?

Financial globalisation has raised a number of political and economic challenges that governments have to meet if they are to retain credibility and legitimacy in the eyes of their domestic polities. First, they have to contend with the fact that globalisation has transformed the character of the nation-state in terms of its role, power and functions in the world system. Although the state has retained control over some national policy functions, it has surrendered it over other policy instruments – such as monetary policy. Consequently, certain policy functions have become the preserve of multilateral and inter-governmental agencies. This reconfiguration of the state's character has presented a fundamental dilemma for governments in terms of their capacity to provide for the social and economic well-being of their citizens. This quandary is captured eloquently by Pauly (1995: 381):

"On the one hand, in a more complex financial environment, governments seek the jobs, investment, new technology and prestige that mobile capital appears to promise, whether embodied in short-term financial flows or long-term fixed investments. On the other hand, governments must craft domestic economic ground rules that strike a balance between competitive efficiency, fairness, social justice and other such values."

The second challenge facing governments is the reality that financial globalisation enhances the power of investor interests at the expense of other domestic constituencies. It has led to what Winters (1994: 46) calls a "local revolution," which is typified by a "disjuncture, historically unique in character, between where and how control over investment resources are conferred and defended and where and how these resources can be and are located by capital controllers for profit."

Financial globalisation has raised a number of political and economic challenges that governments have to meet if they are to retain credibility and legitimacy in the eyes of their domestic polities.

The social dichotomies engendered by unregulated capital movements are the third challenge. Globalisation has created a situation where a process of convergence or homogenisation at one level has been accompanied by a process of divergence at another level. In some cases, it has been characterised by a process of progressive fragmentation that has been evidenced by the growing marginalisation of poor countries and the explosion of social problems such as mass joblessness.

What, then, can governments do to tackle these challenges? First, there has to be recognition that even with greater options for exit, capital's veto is not absolute. It is accurate that financial globalisation has increased pressures for policy convergence toward a common agenda set by investors. But as Garrett and Lange pointed out (cited in Cohen op cit.: 284), this does not suggest that there is no room for implementing distinctive national strategies and structures. Many governments have adopted supply-side programmes to enable them to "maintain traditional redistributive and welfare goals while simultaneously adjusting to the demands of investor interests" (ibid).

Second, there is a need for governments to engage in actions, unilaterally and multilaterally, that will limit the destabilising aspects of capital mobility. This accords with Pauly's view that "states are the only actors

capable of establishing and securing the property rights upon which financial markets are based" (op cit.: 382). Although governments compete with one another for efficiency in the international financial markets, they also seek ways to co-operate more extensively. This co-operation is central to attempts to cope with the problems caused by the systemic risk inherent in financial markets.

Third, there ought to be a concerted attempt by domestic coalitions – such as academic and policy-making communities – to engage with the globalisation debate at conceptual and policy levels. Any attempt to seriously grapple with this debate will require articulate, coherent and cohesive responses on the part of those national polities disadvantaged by financial globalisation.

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Northern Cape Provincial Government

A province worth taking seriously

The largest of South Africa's nine provinces,

the Northern Cape Province, consists of 26 magisterial districts, which are divided into five District Municipal areas. With a surface area of over 360,000 square kilometres, the Northern Cape province covers approximately 30 per cent of the total land area of the country. It is a province that needs to be taken seriously – especially regarding its incredible bio-diversity, mineral and agricultural wealth.

The economy of the Northern Cape is based almost entirely on the exploitation of its natural resources and mining. The agricultural, fishing and mariculture and tourism sectors dominate the productive economy of the province, and the Northern Cape offers the prospective investor a wide range of highly attractive investment opportunities. In addition to this, the provincial and local government authorities are geared to facilitating the establishment of new business ventures by the private sector.

Provincial Growth and Development Strategy

According to the Northern Cape's provincial growth and development strategy vision, the province sets out to 'build a prosperous, sustainable, growing provincial economy to reduce poverty and improve social development.'

Indeed, this is backed up by Ms Dipuo Peters, the Northern Cape Premier. 'We are taking numerous steps to maximize the potential of our economy and infrastructure for the various communities in the Northern Cape. The various provincial stakeholders in the Northern Cape have adopted a common vision to guide their actions as they jointly pursue a mutually agreed set of growth and development objectives. This is a prerequisite for putting together the Northern Cape province on a sustained growth and development path.'

The Northern Cape Provincial Growth and Development Strategy (NCPGDS) is guided by the following principles:

- Equality – ensuring that all persons should be treated equally.
- Efficiency – the promotion of the optimal utilisation of existing physical, human and financial resources.
- Integration – the integration of spatially coherent regional and local economic development, transport and communications, land-use patterns and service delivery systems.
- Good Governance – the promotion of democratic, participatory, co-operative and accountable systems of governance.
- Sustainability – the promotion of economic and social development through the sustainable management and utilisation of natural resources and the maintenance of the productive value of the physical environment.
- Batho Pele – prioritise people and their needs to serve their physical, psychological, developmental, economic, social and cultural interests equitably.

Tourism array

The Northern Cape is a land of many diverse cultures, frontier history, impressive parks, seemingly endless game resources, and some of the most incredible flora in the world. It also has countless challenges for adrenaline junkies, hikers, hunters and 4x4 adventurers.

'The Northern Cape is a province of contrast,' continues Premier Peters. 'It's a place where you can experience the contrast of the Orange River and Augrabies Falls, but also the dryness of the Karoo desert plains. We have Khoisan Rock Art; a small district surrounded by towering granite boulders and canyons that is owned and run by a community of Riemvasmakers; historical mission stations; cultural experiences in the Karoo battle fields; Kimberly's Big Hole; the flowers of the Namakwa; the beautiful Vaalharts Valley and much much more.'

The Northern Cape is also one of the world's best places to view the sky. The Southern African Large Telescope (SALT) can record distant stars, galaxies and quasars a billion times too faint to be seen with the unaided eye - as faint as a candle flame at the distance of the moon. On a desert hilltop, far from city lights and pollution, the South African Astronomical Observatory has operated telescopes since the early 1970's. The South African Astronomical Observatory is open to visitors

the province sets out to 'build a prosperous, sustainable, growing provincial economy to reduce poverty and improve social development.'

at specific times. Qualified observers conduct tours, which consist of a short slide presentation, a brief talk on SALT, and a description of how astronomers collect data, followed by a tour of the domes.

'We have a saying here that the Northern Cape has real diamonds, and real people,' adds the premier. 'In between all this, we have a vast array of tourism activities and transport networks, municipal infrastructure and knowledge to support it. We will soon have a new airport in Upington to support the increased traffic into the province.'

A new age of hope

Recently, the Northern Cape celebrated Public Service Week, which was celebrated under the theme 'Shona phansi Msebenzi' – which stands for a seamless and efficient public service echoing a new age of hope.'

'In light of this,' the premier mentioned in her recent speech at the occasion of the launch of the Public Service Week, 'a number of measures and initiatives have been developed, geared towards reforming, rebuilding and reshaping the Public Service and making it more responsive and relevant to the needs of our citizens. It is for this reason that much has been achieved in health care services, welfare, electricity, provision of clean water, addressing the housing backlog, police services, education, and sanitation.'

JOINT DECLARATION OF THE FIRST IBSA SUMMIT MEETING, 13 SEPTEMBER 2006, BRASÍLIA

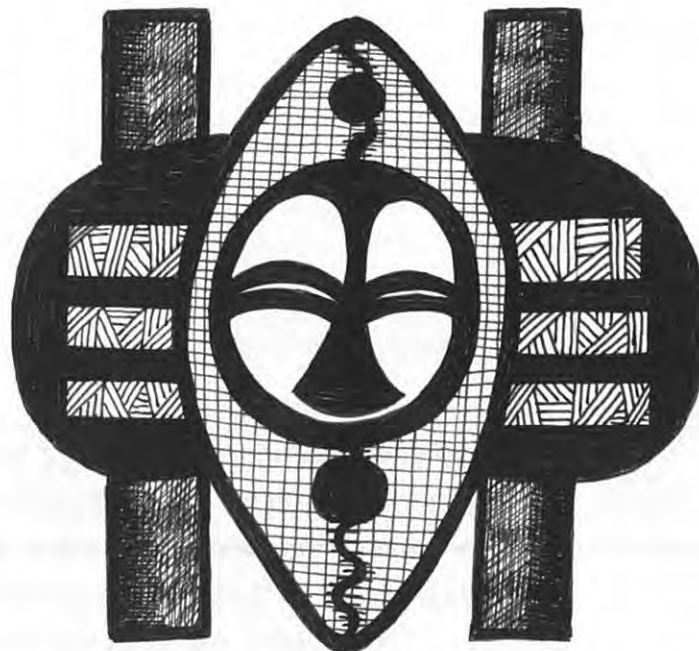
The Prime Minister of India, Manmohan Singh, the President of Brazil, Luiz Inácio Lula da Silva, and the President of South Africa, Thabo Mbeki, met in Brasília on 13 September 2006 for the first summit meeting of the India-Brazil-South Africa (IBSA) Dialogue Forum.

Created in the year 2003, the IBSA Dialogue Forum has played an increasingly important role in the foreign policies of India, Brazil and South Africa. It has become instrumental for promoting ever closer co-ordination on global issues between three large multicultural and multiracial democracies of Asia, South America and Africa and contributed to enhancing trilateral India-Brazil-South Africa co-operation in sectoral areas.

The importance of the IBSA Dialogue Forum goes beyond its positive impact on India-Brazil-South Africa relations. The forum consisting of three large developing countries provides a framework that will give additional impetus to further contacts between Asian, South American and African developing countries, thus contributing to strengthening south-south co-operation.

POLITICAL CONSULTATION AND CO-ORDINATION ON GLOBAL ISSUES

The Prime Minister of India, the President of Brazil and the President of South Africa reaffirmed their commitment to the promotion of peace, security and sustainable economic and social development in the world and in their respective regions. They reaffirmed their commitment to multilateralism and the pre-eminent role of the United Nations (UN). India, Brazil and South Africa will continue to work together to strengthen the multilateral system, particularly through institutions



such as the UN and the World Trade Organisation (WTO) in order to further promote this goal.

In that spirit, the heads of state and government of India, Brazil and South Africa discussed relevant global challenges before the international community, particularly: the reform of the UN and of the United Nations Security Council (UNSC); the successful conclusion of the Doha Round in the World Trade Organisation (WTO) along with the development dimension at the core of its outcome; environmental issues,

in particular, improved access to renewable energy technologies and the effective implementation of the convention on biological diversity, especially the rights of countries of origin over their own genetic resources, as well as the protection of associated traditional knowledge.

It reaffirmed the outreach partners' commitment to work with G8 member states to address matters of mutual concern. It:

- highlighted the importance of mobilising financial resources for development, through innovative mechanisms supplementing the commitments made at the United Nations International Conference on financing for development
- emphasised the need to follow up on the work programme on Africa launched at the G8 Summit meeting at Gleneagles, United Kingdom (UK), in 2005
- reiterated the significance of technological co-operation in energy research and development; called for improved access to renewable energy technologies and underscored the pledge to work with developed and developing countries in sharing knowledge and expertise for development of such technologies

- called upon the international community to strengthen co-operation towards the achievement of the Millennium Development Goals (MDGs), in particular, the G8 to develop global partnerships for development and further the realisation of the right to development and the Dakar goals in the field of education
- reiterated the need to reduce major trade barriers to facilitate access to new affordable quality vaccines, medicines, diagnostics and technology aimed at preventing and controlling infectious diseases
- underscored that the flexibilities contained in the WTO agreement on trade-related aspects of intellectual property rights, recognised by the Doha Ministerial Declaration on Trade-Related Intellectual Property Rights (TRIPs) and Public Health, should be fully used to protect public health.

REFORM OF THE UN AND OF THE UNSC

The heads of state and government reiterated their support for the comprehensive reform of the UN and welcomed the creation of the Peacebuilding Commission and the Human Rights Council (HRC) as well as the progress made in the areas of development and management. They reaffirmed the need for a decision regarding the expansion of the Security Council, without which no reform of the UN will be complete. They reiterated their conviction that the Security Council must be expanded to include developing countries from Africa, Asia and Latin America in both its permanent and non-permanent categories, so as to reflect contemporary realities and make it more democratic, legitimate, representative and responsive. They reaffirmed their commitment to continue to jointly pursue a decision on Security Council expansion. This commitment will be pursued on an urgent basis.

MDGS' ACTION AGAINST HUNGER AND POVERTY INITIATIVE

Progress in achieving the MDGs has been exceptionally slow and this can primarily be attributed to the fact that current international support for developing countries in their efforts is inadequate to meet their needs. Increasing the levels of official development assistance, supporting the liberalisation of trade and the elimination by the developed countries of subsidies for products that are of interest to developing countries continue to be essential goals in promoting development and fighting hunger and poverty. However, the magnitude of the challenge makes it necessary to seek additional ways for the poorest countries to achieve the MDGs, in particular MDG1: to halve by 2015 the proportion of people who suffer from hunger. In this regard, the heads of state and government reiterated their strong commitment to the action against hunger and poverty initiative and, in particular, the Millennium Declaration and the 2005 World Summit outcome. They reaffirmed the importance of seeking innovative financial mechanisms in order to generate supplementary income flows that are consistent and reliable. The ongoing search for innovative new sources of financing for development is critical to overcoming

the financing constraints that limit progress towards the international development objectives.

The Presidents of South Africa and Brazil and the Prime Minister of India noted with satisfaction that progress has been made with a pilot project based on small solidarity contributions made on the purchase of air tickets, the income from which will be channelled towards creating an international drug purchasing facility to respond to the challenges of AIDS, malaria and tuberculosis (TB).

SUSTAINABLE DEVELOPMENT

India, Brazil and South Africa share similar views regarding the importance of achieving sustainable development, particularly through the eradication of poverty, the promotion of economic growth and the protection of the environment. In this context, the IBSA countries wish to reiterate their common commitment in working together towards the goal of ensuring that sustainable development is achieved on a global scale, particularly in the developing world.

INTERNATIONAL MONETARY FUND (IMF)

The heads of state and government expressed the view that the legitimacy of the IMF depends on a fundamental reform of quotas and voice that is more representative of developing countries. The reform must effectively reduce the serious imbalance between the ample majority of voting power now held by advanced economies and the unsatisfactory participation of developing countries.

DOHA ROUND

The heads of state and government deeply regretted that the WTO Doha Development Agenda negotiations have been suspended. This is a serious setback to the development promises of the round and a disappointment for developing countries. Failure to conclude the negotiations in accordance with the mandate will deprive developing countries of fair and equitable conditions for fully realising their right to development and their comparative advantages across agriculture, industry and services.

Agricultural trade and production continue to be hindered, particularly on products of export interest to developing countries, by all sorts of barriers and distortions, through a combination of non-tariff measures and high tariffs, domestic support and export subsidies. Such distortions should be expeditiously eliminated and agriculture should be fully incorporated into the rules of the multilateral trading system.

The Prime Minister of India and the Presidents of Brazil and South Africa called upon countries that have not yet done so to substantially and effectively reduce their expenditures on agricultural subsidies. It is essential that the main subsidisers improve their proposals on domestic support and their current offers on market access to provide an adequate and equitable basis for

achieving the results that our countries have all agreed to strive for.

India, Brazil and South Africa recalled the outcome of the G20 high-level meeting held in Rio de Janeiro on 9 and 10 September 2006 and reiterated that they shall spare no effort to resume the negotiations sooner rather than later. On the road ahead, the progress achieved so far must be fully preserved. We cannot retreat. The level of ambition of the Doha Development Agenda must be maintained. The needs and aspirations of developing countries will only be met with an ambitious outcome to the round that will reduce protectionism and end distortions.

GLOBAL SYSTEM OF TRADE PREFERENCES AMONG DEVELOPING COUNTRIES (GSTP)

The heads of state and government reiterated their commitment towards a fairer global trading system, to the benefit of developing countries. In this respect and taking into account the spirit of the Brasília Declaration, they welcomed the progress achieved so far in the São Paulo Round of the Global System of Trade Preferences among Developing Countries (GSTP). The GSTP has a crucial role to play in the new geography of trade in which south-south trade is recognised as an important dynamic force. The GSTP can contribute decisively to foster new trade flows, supplement the current regional arrangements and promote the diversification of export products and markets.

INDIA-BRAZIL-SOUTH AFRICA TRILATERAL CO-OPERATION

The Prime Minister of India, the President of Brazil and the President of South Africa reviewed initiatives for trilateral sectoral co-operation. South-south co-operation is a key element for promoting economic and social development. In this context, the IBSA Dialogue Forum provides an invaluable framework to further trilateral co-operation among three of the most important developing countries in the world. The heads of state and government expressed deep satisfaction with new, concrete results achieved during the first IBSA Summit in the areas of energy, agriculture, transportation, trade, science and technology and information society. They decided to further explore additional opportunities for trilateral co-operation. In this regard, they took note and supported the launching of a Working Group on Public Administration.

TRADE

The heads of state and government expressed their full support and commitment to the expeditious establishment of the working group to focus on the modalities for the envisaged India-Mercosur-South African Customs Union (SACU) Trilateral Free Trade Agreement (T-FTA). They expressed the view that the T-FTA will have a significant impact with regard to the consolidation of the IBSA Dialogue Forum as an effective mechanism to promote closer relations between India, Brazil and South Africa, as well as between their respective regions. They also registered that a growing co-operation between India, Mercosur and SACU in the trade field can strongly contribute to a new scenario in international trade, suitable to their respective development goals.

The three countries expressed their satisfaction with the fact that important business delegations from India, South Africa and Brazil took part in the first IBSA Summit meeting. Leading businessmen from the three countries attended the "India, Brazil and South Africa Business Summit", organised by the Brazilian Confederation of National Industry (CNI) with the support of the Associated Chambers of Commerce and Industry of India (ASSOCHAM), Council of Institutional Investors (CII) and Federation of Indian Chambers of Commerce and Industry (FICCI) from India, and Business Unity South Africa (BUSA) from South Africa. Furthermore, the heads of state and government held a meeting with business delegations from the three countries and had a fruitful exchange of views on perspectives and challenges for the expansion of trade among the IBSA countries.

INFORMATION SOCIETY

The Prime Minister of India and the Presidents of Brazil and South Africa underscored the importance of working together towards a people-centred, inclusive and development-oriented Information Society and renewed their support for the results of the World Summit on the Information Society (WSIS), held in Geneva and Tunis, in 2003 and 2005, respectively. They agreed to continue to co-ordinate positions for the WSIS follow-up mechanisms, as well as for the other fora and organisations related to the Information Society and Information and Communication Technologies (ICTs).



UNIVERSAL SERVICE AND ACCESS AGENCY OF SOUTH AFRICA

The Universal Service and Access Agency of South Africa (formerly known as Universal Service Agency), is established under the Electronic Communications Act, No 36 of 2005 with the function of promoting the goal of universal access and universal service in South Africa. This Agency also plays a critical role in terms of its mandate to advise the Minister of Communications and the Authority (ICASA) on any issues related to universal access and universal service. The agency was started in 1996 under the Telecommunications Act 103 of 1996 but started working in 1997 and since then the organisation has managed to contribute immensely to the reduction of digital divide within the country.

The EC Act also establishes the Universal Service and Access Fund (USAF) which is managed by USAASA and currently receives 0.2% of the annual turnover from all Telecommunication licence holders in South Africa. The Act stipulates that these contributions should be utilised exclusively for subsidies aimed at promoting universal service and universal access in the country. Currently Telkom, Cell C, Vodacom, MTN and Sentech are the main contributors to this fund.

It is expected that with the implementation of the new Act that Broadcasting service licence holders will also contribute to Universal Service and Access Fund.

UNIVERSAL ACCESS PROJECTS

In implementing universal access projects in South Africa, USAASA prides itself that it has gone beyond basic telephony to encompass other advanced ICT services. These include Internet, e-mail and multi media technologies. The Agency is rolling out the following services in under serviced communities of South Africa:

COMMUNITY TELECENTRES

Since its establishment Universal Service and Access Agency of South Africa has been deploying ICT community access points in

under-served areas to provide computer services, voice, data services, DVD and CD facilities, typing, photocopying and capacity – building (training) in computer literacy. Participation of both young and old people in such a centre goes beyond utilisation and providing computer training as it also includes the actual ownership and management of the centres. Most community centres that have been deployed are run by Community based organisations from all sectors whether its youth organisations, people living with disability organisations, women organisations, etc, and so far 138 centres (this number includes MPCC's) have been deployed.

MULTI-PURPOSE COMMUNITY CENTRES (MPCC's)

This model is similar to a regular Telecentre, the difference being that it is intended to be located within the Multi-Purpose Community Centre (MPCC) being rolled out by the Government Communication and Information System (GCIS). The Agency is aware that communities in rural areas do not have access to most critical government services such as home affairs, labour, social services, etc hence this partnership with GCIS. The services provided by these "one-stop development service centres" goes a long way in enabling communities that resides in these areas to access services and be empowered equally to their counterparts in urban areas.

MPCC's also provide support to existing community development initiatives such as craftwork, Adult Basic Education and Training, crèches, bakeries, and other services that are owned and run by community members.

COMMUNITY DIGITAL HUBS

Community Digital Hubs are Advanced ICT centres that serves the following functions; business digital centres, technical support centres, computer refurbishment centres

as well as ICT education and training centres for Community Development Workers, Community Health Workers and community entrepreneurs. A total of four Community Digital Hubs have already been deployed with three already launched as part of the Urban Renewal and Rural Nodes Programme in Cradock, Inanda, Maluti A-Phofung and Bohlabele.

E-SCHOOL CYBERLABS

The work of the Agency does not end with providing and creating Telecentres for community access but it also includes the deployment of ICT Centres in schools better known as E-school Cyberlabs. These computer centres provide computer services and Internet services to different learners, including those living with disabilities. Section 88 (1) (c) of the Act mandates agency to utilise USAF to subsidise Public Schools and Public Further Education and Training institutions for the procurement of internet services and related equipment. This has resulted in the Agency being able to successfully deploy more than 234 similar centres since inception.

BRIDGING THE DIGITAL DIVIDE

Through the deployment of such projects, the Agency maintains its commitment to bridge the digital divide and to enable communities in under serviced areas to be active participants in the world of ICT's. On top of that, the Agency acknowledges the daily challenges that are faced by our communities in under served areas hence through such initiatives these challenges are met. The Universal Service Agency will continue with the commitment of deploying Information and Communication Technology services that will create a platform for South Africa's citizens irrespective of the location to use ICT's to improve their standard of living.

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UNIVERSAL SERVICE AND
ACCESS AGENCY OF SOUTH AFRICA



Department of Local WESTERN CAPE SETTLEMENT

INTRODUCTION

The rationale underpinning the need for a shift from housing to the principle of sustainable human settlement development was reinforced in the National Breaking New Ground policy framework. The policy provides a shift in urban development that enables an understanding of how through housing, the socio-economic and spatial restructuring can be tackled.

Drawing from the current provincial policies and strategies, the Western Cape Sustainable Human Settlement Strategy (WCSHSS) supports and fit into the developmental challenges and realities of

obligations, for example the payment of all service charges.

- The alignment, collaboration and co-operation with the planning and budgets of all the relevant Departments and Municipalities.

THE NEW HOUSING VISION AND NEED FOR THE WCSHSS: A CONSULTATIVE PROCESS

The new housing vision reinforces the promotion of a non-racial integrated society through the development of sustainable human settlements. Within the broader vision the Province is committed to meeting the following objectives:



Letsema project that was held in Riversdale as part of "Siyabulela Deliverables"



One of MEC Qubudile Richard Dyantyi's community outreach programmes

the Western Cape.

The WCSHSS provides an interpretation of the current situation as it relates to human settlement development in the Western Cape.

THE WCSHSS AIMS TO:

- Translate and adapt Breaking New Ground (BNG) for implementation according to the situation of the Western Cape Province;
- Enable citizens to understand their options in terms of Housing instruments at their disposal;
- Allowing citizens to constructively engage with the state and contribute to the economy;
- Capacitating citizens to take responsibility in terms of their housing

- Accelerating delivery as a poverty alleviation strategy.
- Utilising the provision of housing as a job creation strategy
- Ensuring that property can be accessed by all as an asset for wealth creation.
- Supporting the function of a single property market.
- Leveraging economic growth in the economy.

The Western Cape responded to this new vision by initiating a consultative process to concretise and adapt Breaking New Ground for implementation according to its situational context. This consultative process was embedded through a variety of national and provincial policy requirements and best practices as it relates to human settlement development.

Government and Housing

SUSTAINABLE HUMAN STRATEGY (WCSHSS)



MEC for Local Government and Housing, Qubudile
Richard Dyantyi

The following steps were undertaken to guide the WCSHSS:

- A Reference Group was established to advise on how to address the main blockages to implementing BNG;
- Stakeholder consultation process to discuss the report of the Reference Group;
- A Housing Summit was conducted;
- Logical Framework Workshops were conducted, aimed at developing the strategic goals, purpose and key result areas of the WCSHSS;
- Support teams were established to advise on specific interventions

and environment, a well integrated, managed transparent and accountable public sector and civil society to meet the basic needs of its citizens.

The purpose of the strategy can be stated as that 'through housing interventions an environment is created which allows the citizenry to constructively engage with the state in order to access a wide range of facilities and benefits'. The Strategy seeks to ensure that housing delivery becomes more demand-driven and that housing instruments begin to respond to the local and situational manifestations of housing needs. The WCSHSS sets out to make



Premier Ebrahim Rasool flanked by MEC for Local Government and Housing Qubudile Richard Dyantyi and Chairperson for Western Cape Youth Commission, Vincent Domingo



N2 Gateway project



Vredendal community rejoicing after handover of houses by MEC Qubudile Richard Dyantyi

for the WCSHSS; and

- The Human Settlement Strategy Partnership Seminar was conducted to undertake a broader consultation process with potential partners for the WCSHSS.

GOAL AND PURPOSE OF THE WCSHSS

The overall goal of the WCSHSS seeks to ensure that all residents live in vibrant, safe efficient and sustainable human settlements that are able to grow and absorb further migrants.

The goal is consistent with the iKapa Elihlumayo Strategy that articulates a shared vision for growth and development and sees 'the need to establish the Western Cape as a world class region that provides a safe and secure social and economic infrastructure

explicit linkages between the functional relationships between production, reproduction and consumption space and thereby make intervention principles that can translate these linkages to human settlements that are productive.

IDENTIFIED RESULT AREAS (OBJECTIVES)

The WCSHSS begins to define elements that support the development of sustainable human settlements, which are termed 'Result Areas'. A number of objectives which should be achieved through the WCHSS were identified. These are:

Result Area 1: Usage and Assembly of Housing Instruments

This result area defines that citizens have a right to a wider range of

housing instruments and benefits for individuals and communities, as well as settlement-wide economic development. The WCSHSS is a demand-driven response to the housing challenge, through the utilization and assembly of instruments.

Result Area 2: Intergovernmental Relations

Intergovernmental Relations (IGR) requires that the three spheres of government and various government departments' policies, plans and budgets related to human settlement development are horizontally and vertically aligned and implemented especially in relation to programs such as the Municipal Infrastructure Grant (MIG). Communities are not made up of separate components, but rather consist of the inter-relationship between different aspects such as health, education, housing, etc. Integrated Development Plans (IDPs) and Inter Governmental Relations (IGR) should be joint vehicles that drive the logic and implementation framework for sustainable human settlements.

Result Area 3: Municipal Capacity Building

BNG envisages the "...accreditation of municipalities... in order to enable municipalities to manage the full range of housing instruments within their areas of jurisdiction..." It also goes on to provide criteria for accreditation. The WCSHSS recognizes that accreditation will be guided by capacity building at a municipal level. It also identifies that

capacity development programme to enhance its existing one. This could include a capacity audit of municipalities around their ability to develop human settlements and focusing interventions based on learning and reflection through dedicated monitoring and evaluation (M&E) of the implementation process.

Result Area 6: State Land and other resources are used for Spatial Re-Structuring for the benefit of the poor

Outwardly sprawling low density residential development leads to inefficient and unsustainable settlements. The Provincial Spatial Development Framework (PSDF) suggests that urban settlements be restructured to break down the spatial barriers created by apartheid and make them more convenient and pleasant to live in, while creating economic opportunities close to where people live. The location of land to address housing needs should be strongly linked to the urban structure and the Spatial Development Framework to guide the form, nature and direction of urban growth. This is also important for the protection of the environment and optimising economic opportunity. The 'banking' of suitably located land for housing and a land fund that can be used by municipalities to immediately purchase and 'bank' suitable land for housing that is aligned with a long term land use plan that must be created. This would require an overall register of available and suitable land and buildings in the Western Cape.

From Inspiration to Implementation



BEYOND THE BRICK

capacity building hinges on interrelated and distinctive components, which include skill levels within an organization, human resources and physical area carrying capacity, amongst others. The short term (5 year) priority should provide everyone with secure tenure and access to basic services.

Result Area 4: Functioning Property Markets

The property market has a major impact on areas of capital, ecological integrity, social justice and economic efficiency. A functioning property market across both economies will foster an environment supportive of sustainable human settlements while contributing significantly to the restructuring of urban settlements. An important point of entry would be to utilise existing well-located state resources to engage with the social, economic and spatial restructuring of the space economy of the Western Cape, particularly in the Cape Town metropolitan areas.

Result Area 5: Capacity Building of the Department of Local Government and Housing

Institutional arrangements and capacity in the Department of Local Government and Housing must exist in order to effectively implement the WCSHSS. The Department needs to implement a strategic

Result Area 7: Development of Quality Social Interactions within and between communities and between communities and the state

In line with the Social Capital Formation Strategy, community participation and interaction in decision making is vital for the establishment of sustainable human settlements. Social Capital refers to institutions, relationships and norms that shape the quality and quantity of social interactions and networks within a society that are formed on a basis of trust and shared values. A common element is the connectedness between citizens, enabling mutual benefit and collective action for the community. Strengthening social capital could assist in promoting economic and other aspects of well-being of those who are currently poor. The Province's vision of A Home for All requires that the social capital networks within the province embrace all its people, not just certain groups, and therefore its interest is in strengthening 'bridging' capital (bringing together people across different social divides), and 'linking' capital (the vertical alliances such as between government and civil society).

MAIN FRAMING ELEMENTS OF THE WCSHSS

Deriving from the goal, purpose and the objectives and activities identified in the strategy development process, the following

themes were identified to frame the main thrusts of the strategy (see Diagram 1).

Participatory and Sustained Framework for Engagement with citizens in Sustainable Human Development

- A people intensive engagement with communities in planning (IDP, etc) and incremental phases of implementation (pre, during, post); and
- Intensive information dissemination, education, capacity building and building social capital (Housing Support Centers and CDWs).

Diagnose and respond to need incrementally

- Design interactive diagnostic method of assessing need and delivery;
- The strategy goes initially wide and deepens incrementally – mapping footprint ;
- incrementalism for quality of life and from a human settlements perspective; and
- Integrate into research and M&E.

Understanding Housing Instrument usage and assemblage

- Management and effective use of programmes to determine intervention;
- Acknowledge the need to build social capital and creating the conditions for it; and
- Main lead subsidy instruments now linked to institutions and geographical targeting than to individuals and therefore the need to explore through agencies.

Embedding Sustainable Human Settlement Strategy IGR and interactive nature and intent of iKapa strategies

- Not changing authority structures but authority structures' agenda driven by support/task teams process through the strategy; and
- Consolidate planning instruments and development regulatory frameworks for equitable land and property development using the IGR arrangement to focus and align planning and housing instruments.

Building capacity of the Department and Municipality to implement BNG

- Capability to set up syndicated learning arrangements;
- Use of agency & partnerships;
- Establishment of regional teams; and
- The establishment of the capacity building / accreditation unit.

Framing state interventions to influence better functioning property & financial markets and enhance urban efficiency

- Mixed use / mixed income projects in connecting corridors;
- Social housing to trigger functional housing markets in strategic locations; and
- Protect against in short and medium term against downward raiding.

MAIN THRUSTS OF THE WCSHSS

Rental Housing

Through this approach, we ring-fence opportunities and allow access to the poor to settlement opportunities within the urban core, thus

addressing:

- Spatial dysfunction;
- Widening the range of affordable housing options available to the poor;
- Providing support to private rental (backyarders);
- Providing mechanism for existing rental stock/hostels to be managed (Social Housing);
- Offering protection against downward raiding; and
- Reduce the excess demand-over supply and addressing a mix of socio-economic strata in the core or any given area.

Incremental Development

This approach seeks to satisfy the constitutional right to adequate housing by providing more households with basic services, allowing for extensive engagement in all phases of a project by Citizens. This approach aims to build a Citizenry that are able to engage, assist in poverty reduction and build social capital while addressing the largest composition of the housing challenge in the Province.

Strategic Interventions in Land and Property Markets

This approach includes the following:

- Consolidating planning instruments and development regulatory frameworks for equitable land and property development i.e. spatial development frameworks, restructuring zones, zoning regulations, urban edge instruments and IDPs;
- More effective management and use of state land and other resources to provide greater access and benefits to the poor and for spatial restructuring;
- Develop financing models that complement strategic public investments in low-income housing and infrastructure development; and
- Conducting research and monitor land and property markets to develop better understanding of property market trends to frame more effective interventions.

Intergovernmental Relations (IGR) and Integrated Development Planning (IDP)

This would include the establishment of forums on vertical and horizontal alignment on the creation of sustainable human settlements. It also supports District Support Teams. The improved use of IDP's as an instrument for improved understanding of the nature of the need, better use of housing instruments and using the IDP for monitoring and evaluation should be prioritised. At the same time monitoring and evaluation and capacity should be developed within the Department of Local Government and Housing.

Accreditation and Capacity Building

Capacity Building of the Municipality would be developed based on accreditation criteria. Municipalities would be trained based on the capacity requirements for each new and current instrument and how it contributes to the development of Sustainable Human Settlements. The Support Teams or Focus Groups should also serve as 'syndicated learning groups'.

CONCLUSION

The above background information serves as a brief summary of the WCSHS Strategy and forms the basis for the implementation plan.

MANIFESTO OF THE FIRST CONVENTION OF THE WORLD ASSOCIATION FOR POLITICAL ECONOMY

Revised version as adopted on 2 April 2006

Today the voices for and against globalisation can be heard everywhere. The issue of globalisation has become one of the most important questions to be studied seriously by the governments of all countries, the general public and many scholars around the world. We are seventy Marxist economists from 15 countries including China, the USA, Japan, Russia, Germany, the UK, France, Canada, Austria, Belgium, South Korea, Vietnam, India, Ireland and Luxembourg, who have put our heads together in Shanghai from 2-3 April 2006. After discussion of the theme of "Economic Globalisation and Modern Marxist Economics", we have reached common ground as follows.

Economic globalisation can be described and defined from two sides. Firstly, from the viewpoint of the productive forces and economic relations in general, the term economic globalisation refers to the increasingly rapid movement of factors of production across national borders and the growing interconnection of economic activities among countries. Secondly, looking at the important characteristics of economic relations in the current period, economic globalisation has reflected the increasing control and expansion of the capitalist mode of production, dominated by the United States and other developed capitalist countries. It is undesirable to formulate socio-economic strategies and policies in accordance with a totally affirmative or negative attitude toward economic globalisation.

Contemporary capitalism, which goes by such names as globalised capitalism or neoliberal capitalism, has produced a growing gap between human social and economic potential on the one hand and the actual outcomes experienced by the people of the world on the other. In some parts of the capitalist world, such as in much of Eastern Europe, Latin America and Africa, there has been severe economic decline in the contemporary era. In other parts of the capitalist world, some economic development has occurred, but it has been accompanied by severely negative social and economic phenomena, including growing inequality, increasing insecurity and unemployment for working people, declining social

services for the population, and worsening environmental degradation. In all the countries of the world, the neoliberal form of the world economy has hindered social and economic progress. Today the global neoliberal capitalist order is facing growing problems and challenges. This is a time when change and reorientation of the world system have moved onto the agenda. Marxist political economy has an opportunity to play a significant role in the debates over the future shape of the socio-economic systems in the world.

Neoclassical economics typically fails to offer a scientific analysis of economic systems. Instead, it serves to justify and glorify neoliberal capitalism with all of its irrational features. It has become the dominant approach to economics in most of the world, and the policies advocated by neoclassical economics have imposed vast economic costs on the people of the world and have served as a barrier to solving social and economic problems.

Marxist political economy provides the best basis for analysing the contemporary world economy, as well as for analysing capitalist and socialist systems. It provides a basis for finding progressive solutions to the severe problems of the current world economy. It can also point the way toward the eventual replacement of capitalism by socialism/communism throughout the world, which is necessary if humankind is to achieve its social and economic potential.

We are resolved to develop Marxist political economy and to apply it to analyse and solve the social and economic problems facing humankind in this era. To this end, we intend to build links among Marxist political economists throughout the world and to facilitate the development of common projects among them. We will strive to expand the role of modern Marxist political economy in scholarly work, public policy debates and other arenas. While we recognise the existence of different views among Marxist political economists on certain issues, our commonalities are more important than our differences. Marxist political economists of all countries, unite!

A CALL TO REPLACE THE TERROR OF WAR WITH PEACEFUL NEGOTIATIONS IN THE MIDDLE EAST

FROM SOUTH AFRICANS OF LEBANESE AND JEWISH DESCENT

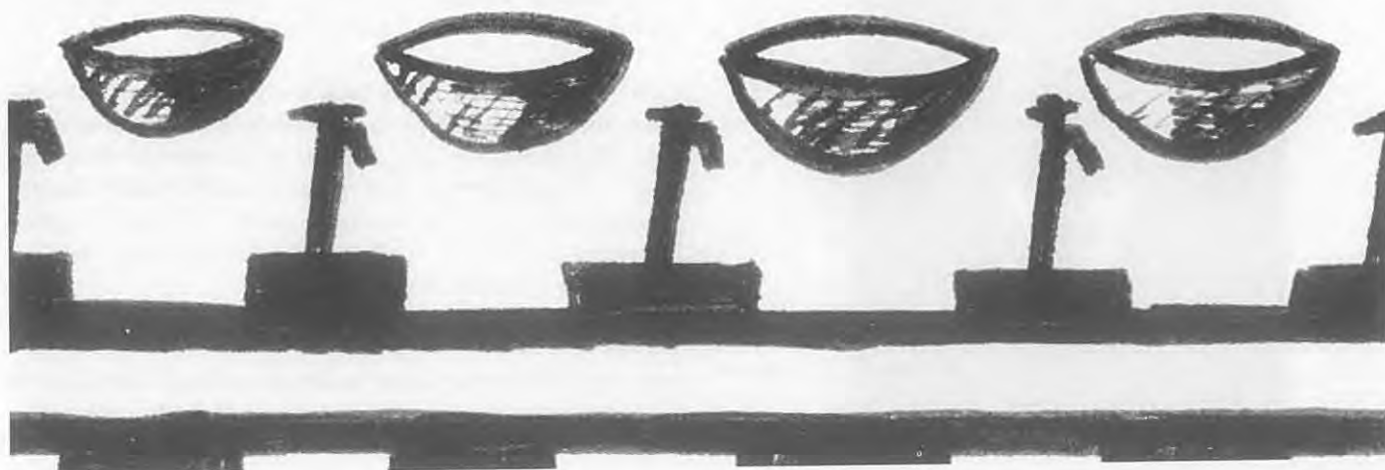
We South Africans of Lebanese and Jewish descent condemn the escalating conflict in the Middle East which has been intensified by Israel's totally disproportionate use of violence and callous disregard for innocent Lebanese lives. The victims of this war are civilians, including hundreds of children, who neither support attacks upon nor wish any harm to the people of Israel. We question the Israeli state's misguided belief that Jewish survival can be achieved by aggressively destroying the life and property of her neighbours. These actions against a sovereign state are neither justifiable nor acceptable and threaten to unleash a spiral of counter-violence rather than peace in the Middle East.

The prophet Jeremiah could have been addressing our times when he said,

"... my eyes stream with tears day and night without rest,
For my people are deeply wounded and are badly hurt,
When I go out into the fields I see the bodies of men
killed in war;
When I go into the towns I see people starving to death...
Why have you struck us a blow that cannot be healed?
We waited for peace, to no avail;
For a time of healing, but terror came instead."

As South Africans, we have witnessed how the miracle of a just peace became possible when antagonists laid down their arms and began talking to each other. The people of Lebanon, Israel and Palestine have borne the painful thorns of violence for far too long and it can never bring peace. One more death is one too many. Peace is the fruit of dialogue, of negotiations, of mutual acceptance. Each country's sovereignty and the rights of their people need to be respected.

We join our voices with people of goodwill all over the world calling for an immediate ceasefire, beginning with the withdrawal of Israel's military from Lebanese soil. To resolve the fundamental cause of this conflict, there needs to be a negotiated solution which ends the occupation of the Palestinian territories. We appeal to the descendants of Abraham – Jewish, Christian and Muslim – to unite together and show solidarity through action and prayer for those who are needlessly suffering. We encourage all South Africans to contribute to appeals for aid to assist the hundreds of thousands of people displaced from their homes. It is by our actions that we make peace possible (8 August 2006).



Free State Provincial Treasury: a Department with a Vision



The Free State Provincial Treasury is indeed on the move. With the strong leadership style of MEC Tate Makgoe, and through sound financial management Treasury is proving to be a leading change agent for improved economic growth and social equity.



MEC Tate Makgoe

Treasury consists of four (4) chief directorates, each with specific functions, namely:

- **Administration**
- **Sustainable Resource Management**
- **Assets & Liability Management**
- **Financial Governance**

This has established Treasury as one of the key Departments that play an integral part in the economy of the Free State Province.

Administration, the support core of Treasury functions is situated at the heart of the Department. It renders an effective administrative support role, enabling the MEC to carry out his political mandate. The MEC's support staff is fully equipped for this purpose. Accessibility of information is effective hence information reaches the targeted audience.

To ensure **economic sustainability** in the Province, Treasury provides a monitoring role for expenditure. Furthermore, being an active member of the **Economic, Employment & Investment Cluster** Treasury ensures that issues around infrastructure development, growth, job creation & employment are addressed. Treasury is fully committed to aligning itself with the Free State Growth & Development Strategy.

One of the challenges faced by Treasury is under spending by provincial departments budgets. This is however being vigorously addressed with planning, which ensures processes are completed before the next budget allocation to the respective departments. **Economic analysis** is one of the tools used by Treasury as a pivotal role of describing the provincial economy and ensuring that Departments submit inputs towards the budget process.

Assets of the province are constantly being monitored to ensure strengthened inventory control systems. Treasury is gradually moving towards asset management reform. Although one of the challenges is aligning old systems with the latest trends, this will be addressed with



the change from cash to accrual systems in the future. The future for **Asset & Liability management** looks bright indeed. The implementation of the Public Private Partnerships and the monitoring thereof clearly indicates commitment by Treasury in strengthening relations with business, private sector & civil society.

Procedures are followed, which ensures effective administration with a degree of flexibility. The introduction of induction sessions that give new employees an overview of the department has contributed significantly towards well-informed Treasury officials. Challenges such as asset management education for officials will be catered for during information sessions that will be headed by the Administration Chief Directorate.

A number of questions on how the Treasury is monitoring the **implementation of the MFMA** are constantly asked. Provincial Treasury is indeed doing its best and much more. One of the key results of its monitoring role has ensured that **high capacity municipalities** spend on their allocated funds on aspects such as infrastructure, which ensures effective service delivery, creation of jobs and attraction of investors.

One of the challenges is relationship and role clarity between councillors and managers. However this is being addressed during the **MEC's colloquiums** with political office bearers in municipalities. The colloquiums run simultaneously with training sessions held with councillors. In the Future Treasury plans to establish CFO (Chief Financial Officer) Forums to better equip municipalities with the skills needed to ensure service delivery.

Treasury is indeed proving that with a vision the sky is the limit for the Province. Treasury is creative and has been consistent in its approach in dealing with challenges and indeed has the interests of the People at heart.

By: Josephine Kasumba
Manager: Communications



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PRETORIA CENTRAL REFRAIN

BY HILDA BERNSTEIN

It's Sunday again, and here we are sitting
And reading, or talking, or knitting and knitting.
We're up in the mornings, we each make our bed,
We eat up our breakfast of porridge and bread.
Then out in the yard we go for a bit
And under a palm tree we sit and we knit.
Sunday papers and scones in the world that we quit
But here we just sit, and we knit and we knit.

Now Monday has come, and the children are dressed
In shirts or in blouses, with gyms nicely pressed;
They're ready for school; while to work folks are flitting
While here we are just sitting and knitting.
Are the streets jammed with traffic? We don't care a bit
We just sit and we knit and we knit and we knit,
Yes, we knit and we knit and we knit.

Wednesday and Thursday, Friday and Saturday,
Each one like the former, each one like the latter day.
Cold days or hot days, we care not one whit,
As we sit and we read, or we read and we knit.
At night round the table in nightgowns we sit,
And we talk, or we read – or we sit and we knit,
We knit and we knit and we knit and we knit.

One day they will say: The emergency's over,
You may pack and return to your husband or lover;
Your children are waiting, so why don't you flit?
We won't even hear them. We'll just sit and knit.
The prison door's open, and Spengler has gone
But the women detainees sit on and on.
And three decades later, they'll dig through the grit
And there they will find us, as we sit and knit,
As we sit and read, or we read and we sit
And we knit, and we knit and we knit and we KNIT!!

OBITUARY

HILDA BERNSTEIN

BY BEN TUROK

How do we capture the life of Hilda Bernstein, one of the most extraordinary personalities of our movement? No single phrase can do justice to one so talented in so many fields and about whose life so much can be written in each of these arenas to which she contributed so much. To which would she herself have given pride of place? Politics? Public life? Novelist? Author? Artist? Mother? Family? It is really hard to speculate – in each she made an outstanding contribution.

Her public record has been well documented. Member of the early Labour Party, Communist Party member, Councillor of the Johannesburg City Council, Leader of the Federation of South African Women, detainee, recipient of the Luthuli Silver Award, mother of four talented children, wife of Rusty Bernstein – one of the most remarkable intellects in the movement.

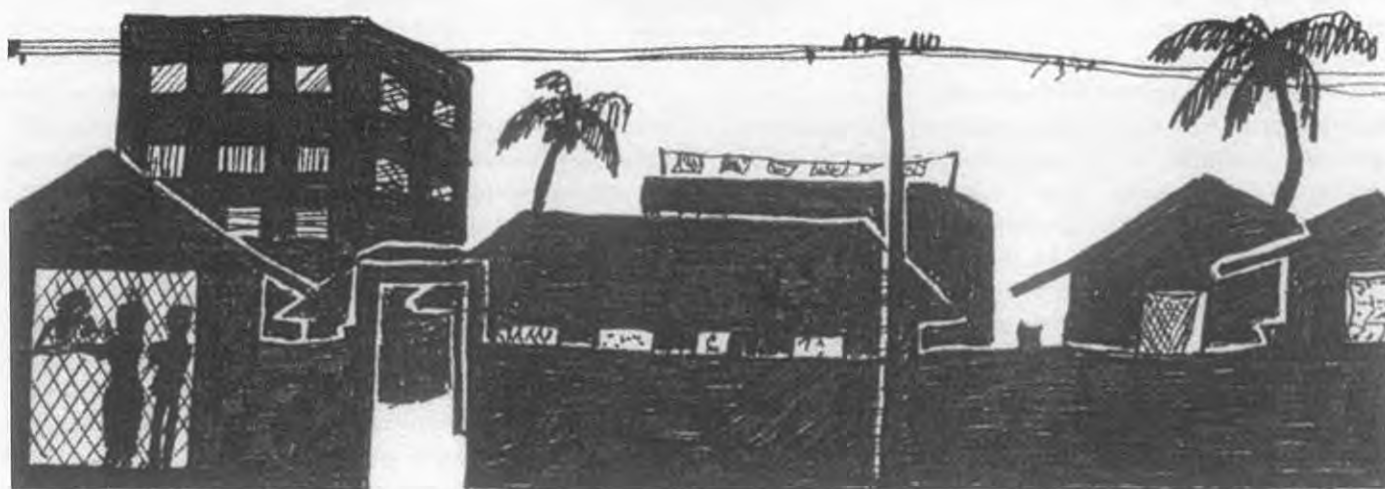
Yet her public record is insufficient. Above all, she was a warm, gracious, considerate human being, who however was tough and unyielding on matters of principle.

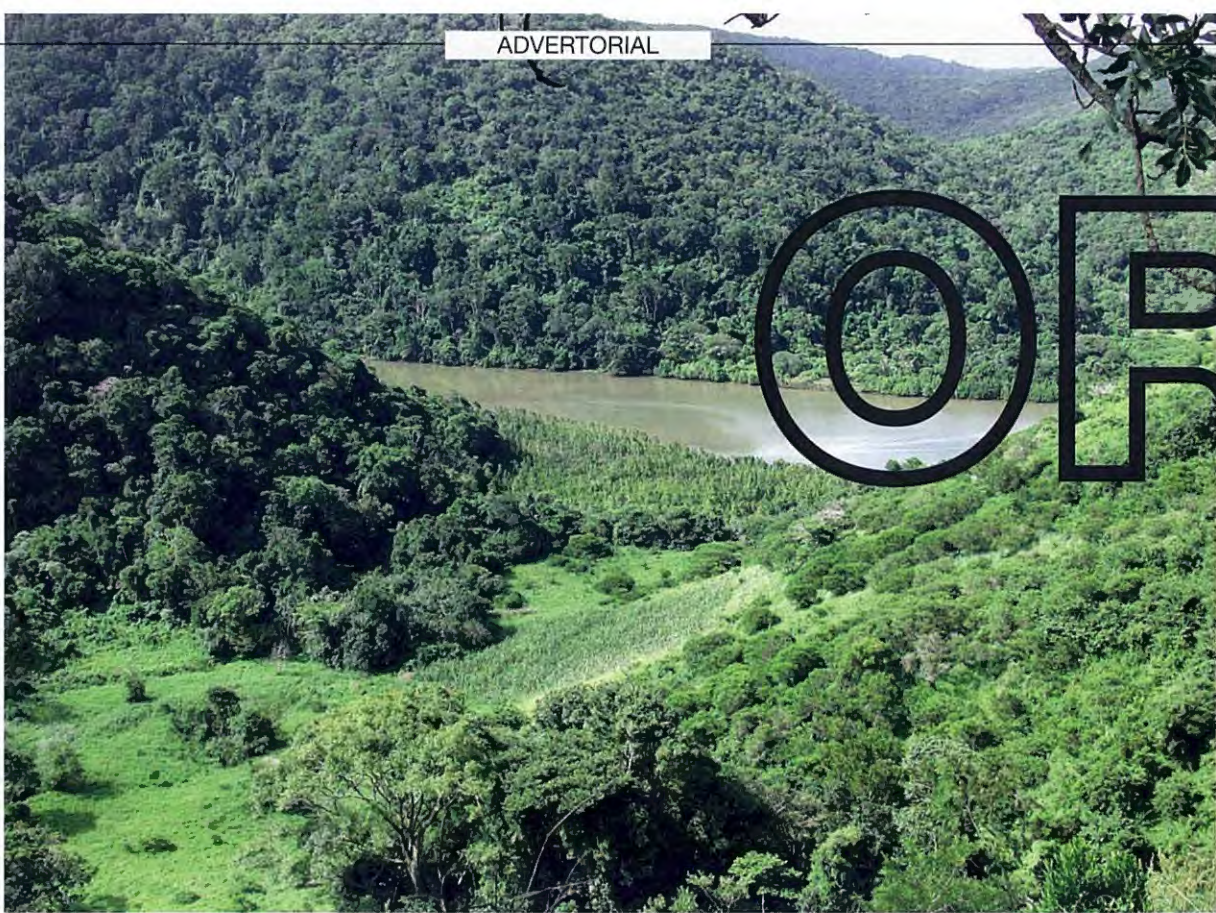
I was privileged to stay with her family in 1966 during the Treason Trial Preparatory Examination, and can never

forget her kindness and hospitality when she herself faced the prospect of her husband going to jail for a long time, or worse. The long, drawn out hearings drained us all, especially Rusty who had to continue working after court to earn a living.

The essence of Hilda was that she achieved so much with seemingly so little effort. Whether it was writing her several books, or her perennial sketching, or cooking delicious meals, it all seemed to flow so readily from her talent. It was the same with her public speaking and her overall involvement in the political life of the movement. Somehow she seemed to fit everything into a crowded schedule and to remain calm and focused.

Hilda spent the last years of her life in Cape Town after very many years in exile. It was a tough move for a person at her age, but it was a fulfilment of her commitment to South Africa. She spent her days reading, writing, looking out over Robben Island, and reflecting on the philosophical foundations of all she had stood for. It was an uncompromising retrospection, and one partly recorded in her last book. We could all be enriched by those thoughts.





Situated two hours away from the East London Airport, and situated along the north Eastern Part of the Eastern Cape, the OR Tambo District Municipality incorporates a large portion of the former Transkei and the Wild Coast. The district municipality includes the following municipalities: King Sabatha Dalindlebo Municipality (Umtata & Mqanduli), Mbizana (Bizana), Nyandeni (Libode and Ngqeleni), Ntabankulu, Mhlontlo (Qumbu and Tsolo), Port St Johns, and Qaukeni (Flagstaff and Lusikisiki).

With the warm Indian Ocean on its South East boundary, the District boasts an exceptionally striking coastline and vast rural areas ideal for further development of Agriculture, Tourism, Forestry and Marine resources.

Rich and diverse cultures, and natural resources in abundance

The area is characterized by a rich and diverse cultural heritage. Three kingdoms are found in this region and there are more than 5 cultural groupings, Amampondomise, Amabomvana, Abathembu, etc. Of course, this represents an exciting opportunity for cultural tourism. There are quite a number of major financial institutions, including Standard Bank, First National Bank, Meeg Bank and ABSA. These institutions are found in almost all the Local Municipalities within the region and offer a range of services, including foreign exchange services. Development agencies found in the district include Ntinga OR. Tambo Development Agency and Eastern Cape Development Corporation, which is also responsible for investment promotion in the Eastern Cape Province. Ntinga Development Agency, which is the District's own development agency, has positioned itself to be able to package various SMME and other business support programmes, which are currently provided by various government

development agencies. For this reason, Ntinga has also forged strategic linkages with various government development agencies and SETA's. This will help to ensure easy access to and better packaged business support programmes.

The coastal area receives abundant rainfall, although the interior is much drier and has frequently experienced drought. Average hours of sunshine are well in excess of 200, with Autumn and Winter months pleasant. In terms of land coverage, the District covers an area of 16 617 km squared. This makes the district bigger than Swaziland and Botswana. It has a population of approximately 1.7 million and there are approximately 306 464 households.

Together with the firm backing and support of the provincial and national governments, The OR Tambo District municipality has committed itself to a programme of encouraging investments in the region in order to facilitate its integrated rural development programme and ensure sustainable economic development and growth. In order to facilitate the crowning in of private sector investors into the region, the OR Tambo District Municipality has adopted the approach of facilitating the formation of Public Private Partnership, and Community Public Private Partnership to finance and implement various investment opportunities and development initiatives. Furthermore, the District has adopted a much focused approach aimed at mobilizing resources and playing a key role in skills development, SMME development and promotion as well as the development of specific and physical social infrastructure required to leverage economic growth.

Another role that the District municipality has decided to spear head through its development agency, Ntinga OR Tambo Development Agency is research and development, specifically in those sectors that have been identified as critical for economic development of the region. For this to



Tambo

District Municipality

happen Ntinga is forging linkages and partnerships with key research and educational institutions, both public and private. Through its integrated development planning process, the municipality continues to mobilize communities for proper land use planning and land availability. Socio economic appraisal of the District identified sectors that have real economic potential for economic development of the region. The assessment was done on the basis of the comparative advantage and potential for international competitiveness. Lead sectors that have been identified are Agriculture, Tourism, Forestry and Mari-culture.

Attractions

The undulating plains, the savanna grasslands and the unspoilt wild coast combine to make a striking OR Tambo District as a one-stop tourist destination. Its major strengths are the hospitality of the people, unspoilt beaches and rich scenic beauty that qualifies OR Tambo region as a Tourist destination. This unique area of South Africa boasts many hidden secrets. Spectacular scenery, countless leisure options and rich



cultural heritage make the untamed wild coast a must-see. Kilometers of unspoilt coastline lure the adventurer. Swim, dive, surf or hook a prize catch in water swimming with more than 800 fish species. Hike through uncharted territory, or stroll on sun kissed beaches. But you can be sure that you will receive ultimate pleasure. Discover prolific bird life in river estuaries and coastal forests complete with rare mangrove swamps and lush tropical flowers. Explore rural areas where age-old Xhosa and Phondo customs, traditions and dances live on. Escape

to the OR Tambo District and rekindle your passion for living. The OR Tambo is almost an untouched paradise, an environment haven with the feel of the true African coastline – an almost unbelievable experience. Cracky, rocky and untamed, the OR Tambo region is the pearl in the crown of the Eastern Cape with countless natural attractions and a rich cultural heritage. Uncommercialised beaches are one of the important attractions providing tourists with an opportunity to getaway from hectic city life. It is also home to great legends Nelson Mandela and Oliver Reginald Tambo with whom the area is named after. The area remains a rare untouched paradise offering tranquillity to those seeking rest. An escape to the OR Tambo is the quickest way to rediscover your passion for living.

Infrastructure

The OR Tambo region can now boast improved access roads, water and sanitation and telecommunications since 1994. In having this, it complements the Tourism industry and improves investment



opportunities. There are accommodation tastes to suit all ranges of budgets including Bed and breakfasts, hotels, inns and homes, backpacking and campsites.

Of course, the transportation network in the OR Tambo region is within acceptable national standards. The OR Tambo District can be defined as a people taking hold of their destiny, a land awakening to its potential a nation embracing and taking advantage of its natural resources. People of the district have come to accept that their destiny is in their own hands



and depend mainly on their ability and willingness to join hands and to rise to the economic development challenges facing the region. With public sector holding hands with private sector, the economic emancipation of the people of this region can surely be attained. Private companies are invited to come join hands with the public sector and communities to take advantage of the number of investment opportunities that the district has. So far, investment opportunities typically include the crop, grain and vegetable cluster, livestock farming, forestry development, tourism and marine resources.

Vulindlela SMME Programme

The Vulindlela SMME Programme, which is co-funded by the OR Tambo District Municipality and the Development Bank of Southern Africa, serves to develop and strengthen the performance of local government with respect to SMME development thereby ensuring effective coordination, planning, implementation and management capacity critical to create a conducive environment for growth and development. Further objectives include:

- To facilitate innovative provision of business development support services to improve geographic and market access to training, mentoring, advice and information by rural and marginalized area.
- To assist local government and SMME sector in identifying and capitalizing on local competitive advantages thereby improving access to sustainable markets.
- To improve sustainable access to investment and development finance necessary to maximize on local competitive advantages and niche markets.
- Development of a District SMME Master Plan
- Training of municipal officials (Local Economic Development) and mentors in small business development skills.
- Establishment of a one-stop shop business centre capable of providing information, advice, mentoring and linkages with financial institutions to SMME's.
- Establishment of a fully-fledged call centre capable of assisting SMME's with telephonic enquiries.

Empowered, Passionate, Decisive

The Ntinga OR Tambo Development Agency is a service utility company established by the OR Tambo District Municipality as a special purpose vehicle responsible for spearheading Local Economic Development in the OR Tambo District. The company vision is to be a results oriented development catalyst with skilled people committed to an integrated and sustainable economic development of the OR Tambo district. In order to achieve our vision, the agency is committed to:

- Create, support and encourage the promotion of business opportunities, skills development and employment opportunities in the OR Tambo district.
- Implement a district economic growth and development strategy that develops the productive and other economic capabilities of the OR Tambo district in high potential sectors, namely: agriculture; forestry, tourism and trade promotion.

Considering the uniqueness and extent of the development challenges facing this district, and recognising local economic development (LED) as one of key strategic pillars of equitable, sustainable rural development, the OR Tambo District Municipality, as part of its LED implementation strategy, saw it fit to establish a municipal entity in the form of a Section 21 Company (Ntinga OR Tambo Development Agency) as a vehicle for implementation of its local economic development initiatives and programmes. Ntinga, as commonly known, is therefore a district development catalyst, an agent of change, a beacon of hope, a fast-track strategy, and evidence of the continued development efforts by the people of the OR Tambo district. In order to comply with the requirements of the Municipal Systems Amendment Act, Ntinga has been re-constituted as a Service Utility as contemplated in Section of the MSAA.

Water and Sanitation

Recently, a water and sanitation summit was held regarding the OR Tambo District Municipality. The objectives of the summit were as follows:

- To strengthen co - operative governance, community participation and stakeholders involvement in the delivery of water services.
- To develop a District Strategies Framework for the delivery of a qualitative and sustainable water services.
- To develop viable model for water services in relation to human capital and infrastructure investment.
- Accelerate water services delivery as a vehicle for local economic development in the district.
- To develop a WSA/WSP arrangement model for provisioning of sustainable water services.

Accordingly, the summit had a big impact on the local development of the region. Firstly, it ensured that the district had the right skills and human resources to secure and stay in jobs with guaranteed income. Also, the income generated will translate into better nutritional and social levels; own food production (through RWH tanks) guarantees a fight against hunger; improved households' livelihoods and well being; and spin offs of job creation is reducing crime rate.

To find out more about the OR Tambo District Municipality, contact Mr. MHY Zungula on (047) 501-6400 or e-mail zungulam@ortambodm.org.za

King Sabata Dalindyebo Municipality

'A safe, vibrant and prosperous economic Hub, which is characterized by well developed agriculture and tourism sectors with all communities able to participate in the economic and social development of their areas in an active, meaningful and sustainable manner.' So reads the King Sabata Dalindyebo Municipality's long-term vision statement. Judging by some of the events going on in the area, one could say that they were achieving this.

The King Sabata Dalindyebo municipality is one of the seven local municipalities located within the OR Tambo District Municipality in the Eastern Cape Province. It comprises four amalgamated entities comprised of both Mthatha and Mqanduli urban and rural magisterial areas, and measures approximately 3019km² in area.

Integrated Development Plan

King Sabata Dalindyebo Municipality has a strategy document called an Integrated Development Plan that is designed to address the key priorities of the people living within the municipal area. An analysis of the existing situation reveals that there are approximately 430 000 people in the municipal area, the majority of whom reside in rural settlements. The City of Umtata is an important regional service center and tourism gateway city. Mqanduli is a subsidiary node, with other development nodes and areas, along the coast, the N2, and the mountain region to the north. The population is primarily dependant on welfare and pensions for their survival due to the widespread poverty and unemployment.

The IDP has identified three main economic opportunities offering hope for development and improved quality of life, namely; agriculture, tourism and forestry. Coupled with these opportunities is seen to be a need to achieve local economic development through community based projects and SMME'S.

'The KSD municipality offers a wide range of opportunities for potential investors as captured in our integrated development plan,' explains Executive Mayor D. Mkatshwa. 'As we go through the arduous process of consolidating service delivery, we acknowledge that it will be through strategic partnerships with various stakeholders that the KSD Municipality will be in a position to succeed with her plans. We have accordingly provided an opinion column in the website to enable the general public and stakeholders to express their opinion on those areas where we need to focus or improve.'

Critical Factors

The impact of HIV/AIDS is of major concern and

the municipality sees a need to adopt a concerted effort to combat this crisis, implement a social development programme and attend to the substantial backlogs in basic infrastructure.

Another critical factor, which is having a negative impact on all development initiatives and the economy, is the poor condition of the road network. The participants of the IDP workshops identified Road access to be the highest priority. It was concluded that unless the roads are upgraded, the improvement of other infrastructure would be impossible.

The situation analysis also concluded that the Municipality itself, needs to be rationalized as soon as possible, the proposed organogram implemented, skills and capacity upgraded and training carried out. The financial state of the institution is unsatisfactory, with an urgent need to sort out financial systems, introduce controls and appropriate procedures.

Having identified the priority issues, the Municipality and Representative Forum prepared a set of objectives and strategies to achieve the long-term vision. The projects identified by the ward committees were grouped into 24 IDP project outlines and clustered into programmes. These programmes were costed and budgets prepared for the five-year plan.

The main focus of the capital funding will be towards upgrading the road network, water and sanitation, housing, health and safety and security.

Executive Mayor D. Mkatshwa adds that he is positive about what has happened. 'The King Sabata Dalindyebo Municipality has every reason to celebrate the strides that have been made towards achieving its developmental challenges. A foundation has now been laid for the KSD Municipality to meet the constitutional obligations of service delivery and therefore improving the quality of life of our people.'

Computer Literacy

The unveiling of the new website for the King Sabata Dalindyebo Municipality is indeed a significant milestone in the municipalities quest to achieve good governance and service excellence. 'The launch of our website marks the first achievement to break the low levels of computer literacy as well as lack of information and communication technology within the KSD Municipality,' continues the Mayor. 'To bridge the digital divide in a rural environment like KSD remains one of the critical developmental challenges in attaining our objective of communicating to our communities. We however want to view the launch of this website as a milestones that will propel the KSD Municipality to fast track the implementation of communications system which will enhance development and thus address our broad mandate of a better life for all.'



For more information about the King Sabata Dalindyebo Municipality, contact (047) 501-4111/4397. Alternatively, visit www.ksd.org.za

Mbizana Local Municipality



Since its inception in 2000, the Mbizana Local Municipality has worked to provide basic community and household services for the people of Mbizana. In order to better fulfil its constitutional mandate, the municipality developed a strategic perspective strategy in 2006, which contained, amongst other things, a component of 'deepening community participation.' At this juncture, the Mbizana Municipality has set itself the following as minimum indicators or conditions for effective community participation. Firstly, the existence of strong ward committees; secondly, the existence of a committed cadre of community development workers (CDW's), and finally, the ability of communities to meaningfully participate in municipal planning and budgeting processes.

Broader Community Education

Accordingly, the Mbizana municipality has established 250 ward committees corresponding to the existing 25 wards. Each ward committee has 10 members. During the middle of September 2006, the Mbizana Municipality held a launch function for its ward committees, and from this, the municipality began implementing measures to ensure that the ward committees complement the efforts of community-based organizations in ensuring effective feedback from the communities. Related to the existence of strong community structures is the development of a comprehensive programme of civic education. Mbizana municipality has developed a draft programme that will focus on the capacity building of ward committees. It is envisaged that this programme would at a later stage be expanded to encompass broader community education.

Integrated Service Delivery

The second element of effective community participation aims to close the gap between communities and the programmes offered by sector departments and state owned enterprise. Mbizana has fully embraced government's strategy of deploying CDW's to facilitate integrated service delivery. In the context of rural municipalities there is the reality that communities have no access to the services and programmes that government departments are offering due to issues of spatial dislocation and illiteracy. In Mbizana there are currently 13 CDW's working hand in glove with Ward Committees, Ward Councillors and Traditional leaders. Partly out of this, there is a perceptible shift in the public mood as communities are beginning to understand the constraints under which government is operating.

Allowing for the expected learning curve, it is envisaged that this institutional set-up would provide the back-bone for a seam-less, integrated service delivery model which would link communities with the various service and programmes offered by sector departments and

state-owned enterprises. This ideal situation would be complete with the establishment of community service delivery points where people would interface with Home Affairs, Social Development, Justice etc. it is within this context that the municipality envisages the role of Multi-Purpose Community Centres (MPCCs). To date there is one MPCC and there are 13 community halls, which could support this integrated service delivery model.

Planning and Budgetary Processes

A third dimension of community participation concerns the actual input made by communities in planning and budgetary processes. Since 2000 municipalities have implemented integrated development planning as a tool to ensure that various interests of communities and other role-players are taken into account when municipalities plan for development. The reality however, was that very little space was given for communities to participate and own the IDP as it is modelled and reinforces representative democracy as against participatory type of engagement.

The Department of Provincial and Local Government (DPLG) adopted a model of community based planning (CBP) to enhance community participation in the municipal planning processes and a core methodology has been developed for participatory planning at ward level. The methodology aims to improve the quality of plans, of services, to increase the community's control over their own development, and to promote community action. As from mid-November 2006, the Mbizana Local Municipality embarked on community based planning in order to enhance its IDP review process. More and more, this exercise should yield the following:

- An analysis of community based issues/problems and opportunities for incorporation into the IDP.
- An agreed vision and development objectives per ward.
- A set of agreed activities and projects that the communities within wards will undertake.
- A ward plan methodology finalised and 25 ward committee members and municipal officials trained as facilitators.
- By April 2007, 25 ward plans produced.
- Administrative systems for ward committees developed.
- A monitoring and evaluation tool which will provide an accountability framework and effective interface structure between the municipality and the communities.

The municipality will continue to explore avenues, seek advice and share experiences in order to enhance its programmes and ensure that people are at the heart of its activities.

**For more information on the Mbizana Local Municipality,
contact (039) 251-0510/0230.**

Mhlontlo Local Municipality



The Mhlontlo Municipality is enriched with a vast array of natural resources that provide the basis for a stable economy and sustained local development. At present, the municipality is limited only by the lack of capacity in terms of resources to explore the available opportunities. The Mhlontlo Municipality has also committed itself to continue the fight against racism, poverty, crime and abuse against all members of society – especially women and children. Another challenge is the continuous efforts to align the budget with the Integrated Development Plan. This issue remains a priority despite the challenges present from the equitable share that the municipality is offered. Recently, the Mhlontlo Municipality has been more concerned with accelerated service delivery. This will undoubtedly ensure that the contracts entered into between the people and the council are fulfilled.

Human resource development

Our human resource development strategy is geared towards ensuring that the human resource is trained to understand the principles of Batho Pele. However, we understand that this unfortunately cannot be done by the municipality alone. It has to be done in conjunction with various partnerships and social contracts. It will only be realized if the international community, business and other relevant stakeholders join hands together in the quest for the betterment of society. Of course, the relationship of governance is triangular – meaning it should consist

of the community, the councilors and administration.

The Honorary Mayor Madodana Socikwa, feels positive about the future of the Mhlontlo Local Municipalities. He understands however, that any future successes will undoubtedly be from a joint effort. 'On behalf of the Mhlontlo Municipality, I appeal to the international community, government departments, NGO's, CBO's, business sectors and all stakeholders - national and in the SADC region - to assist in improving the lives of our people, by mobilizing resources for the attainment of our noble plans and visions. We are committed in achieving the aims of the Freedom Charter by making services accessible to all of our people – and not discriminating against rich or poor. Our commitment to service delivery is formed around the basis of the Freedom Charter. We are more concerned with ensuring that the people's contract is fulfilled, come what may.'

Committed to achieving their aims

'As we celebrate our achievements and the contributions of our fellow citizens,' continues the Honorary Mayor Madodana Socikwa, 'municipality should also turn its attention to those challenges that still lie in its path. We are on track towards transforming our administration and integrating our communities – both the rich ones and the poor ones. Furthermore, we're confident that this will be achieved within our lifetimes. We are committed to achieving the aims of the Freedom Charter by making services accessible to our people.'

**For more information about the Mhlontlo Local Municipality,
please contact the Hon. Mayor Madodana Socikwa on 082-551-0244.
Alternatively, e-mail mrasi@mhlontlo.co.za**

Ntabankulu Local Municipality



Located in the north-eastern part of the OR Tambo District Municipality in the Eastern Cape, the Ntabankulu Local Municipality is a category B Municipality. It was established by the amalgamation of the former Ntabankulu TLC, TRC and parts of Flagstaff and Mount Ayliff TRC's.

Among the various tasks the municipality sets out to achieve, the predominate one is endeavoring to ensure an inclusive and participatory local government by dwelling on a growth generating local economy, empowering social change supported by sustainable infrastructure in an environment conducive both politically and administratively.

According to the Office of the Mayor, 'It is indeed true that Ntabankulu Local Municipality has a lot to offer its communities precisely because of our commitment to serve as a catalyst in human development and thus our continued conscious effort to enhance the citizen's activism towards determining their own future. This thrust we believe is what has led to council adopting a vision crafted with the people through representative forums, Honorable Mayor's community outreach programmes. Evidently our vision of endeavoring to ensure an inclusive and participatory local government serves to create a future free from prejudice characterized by empowerment of communities in an effort to alleviate poverty towards eradication and importantly this vision rallies communities to participate in this agenda of social change and lastly the vision commits council and its administration to provide and create an environment conducive for the success of such an agenda of developing the people of Ntabankulu.'

Winning Formula

The Office of the Mayor also points out that although largely and hugely untapped, their winning formula lies in livestock especially goat and beef, crop production (with the available resources of land and water where many a times the two are placed closer to each other), tourism (with an emphasis on telling a history that has never been told i.e. evidence exists that there once lived the san people in fact descendants are still alive today although their culture has been eroded etc). 'More importantly however, is to go beyond merely identifying these as the backbone of our economic strength towards putting concrete endeavors in solving the plight of communities i.e. poverty.

Untapped Tourism

Ntabankulu has much to offer the cultural and heritage tourist, eco tourist

and agro tourist. Tourism therefore, is regarded as a leading sector in the economic growth of the area with attractions like:

- The tradition of bead working, Mpondo garments and traditional dance (imfene) offer an unforgettable cultural experience to the visitor.
- Ntabankulu Dam, which exhibits great potential as a tourist destination. Its development as a nature conservation area would allow for the creation of game reserve with further potential for a Conference Centre, Hotel and Arts and Craft Centre. Activities at the dam include water sports and fishing, picnicking and barbequing, game viewing, hiking (including the nearby forests), eco tourism and cultural tourism.
- The Lalashe Horseshoe is magnificent horseshoe bend in the mighty Umzimvubu River, which cuts through the natural landscape adjacent to the Lalashe Village. As a well marketed destination, Lalashe would have huge potential as a nature conservation area, with a campsite, hiking trails and further activities such as 4X4 trails, adventure sports, rafting and fishing.
- The Mowa and Xhukula Heritage sites are rich in cultural heritage. A tourist will be acquainted with warm spirits of Khoi San ancestors at Xhukula carves and Tshezi ancestors at Mowa Village. Oral history of these places indicate the history of Khoi San that dates as far back as 1790's and 1840's and the history of a volcano eruption that occurred way back in 1976 at Mowa Village and killed 10 people from Tshezi family.

Development Facilitation

Recently, the executive committee debated a discussion document with the title 'Development Facilitation.' This document details, among others key strategies that the municipality will engage in the pursuit of eradication of poverty. These strategies are of course influenced by the National Local Economic Development Policy and thus Ntabankulu has sought to first and foremost identify its role and has summed it up as that of a strategic intervener. Thus the municipality is establishing a development agency which shall serve as a business support to community initiatives, specialize in marketing Ntabankulu and her products in terms of tourism, and lastly, weigh up an option of linking this special purpose vehicle with a possibility of micro finance. Secondly the executive has adopted what is termed a cooperative development strategy. Under this strategy small project undertakings will be joined willingly to form primary cooperatives at ward level specializing in particular products of comparative advantage. This strategy goes further to say these primary cooperatives will then willingly join to form secondary cooperatives at a Municipal level also according to products they produce. Evidently such a strategy will ensure easy access funding, training opportunities and most importantly would rally the people of Ntabankulu behind a particular mission: the total defeat of poverty.

**For more information on the Ntabankulu Local Municipality,
contact (039) 258-0056.**

Port St Johns Municipality



Port St. Johns – South Africa's precious possession

Port St. Johns is the centrepiece of the Wild Coast. The place remains one of the most pristine spots on South Africa's coastline, with its most precious possessions being its cultural and environmental heritage. It is renowned worldwide for its open beaches, wild waters and unmatched good-weather conditions. Naturally, this all makes for a highly desirable tourism destination.

This coast's waters mark the transition between the temperate Cape and the Subtropical KZN and as a result a diverse array of fish and invertebrates occur here. The magnificent coastline offers spending opportunities for fishing, swimming and sunbathing. Our people, known for their friendliness, are excellent hosts. Port St. Johns has numerous estuaries, bays and headlands. Rocky shores predominate here, bordered by stunning precipitous cliffs that drop into the sea. Small sandy bays and long stretches of open beach are also found, often near the mouth of large rivers like Umzimvubu River and Umngazana.



any new economic activities active. Port St. Johns has a good road network, with access roads meandering through its valleys and rural areas. Currently, about 70% of the municipality is electrified, including the rural areas. Although the water reticulation is still dragging below 30%, it is contained in our strategic plan document i.e. Integrated Development Plan.

In an effort to further accelerate development in the area, the Port St. Johns Municipality has established the Port St. Johns development Agency, to fast-track sustainable development in the area. The Port St. Johns Development Agency represents a humble and earnest attempt by the municipality to work with local industries, particularly tourism, in order to identify key opportunities for growth and innovation. Central to the Agency's mandate, is to ensure that development takes place within an environmentally sound and sustainable framework. It is also critical that what defines Port St. Johns, as a unique destination of choice for tourists, remains so.



An unspoilt territory

Port St. Johns is dominated by rural areas with limited economic activities but with an abundance of arable land. A network of rivers and potential irrigation opportunities cut through the mountains and valleys. Port St Johns – or PSJ, as locals fondly know it - has two main economic activities that sustain its economy: agriculture and tourism.

At the moment there are no big corporate businesses besides supermarkets, and the municipality still remains the only source to make

Port St. Johns Municipality's special development plan framework involves a long list of major developments to be done ranging from the construction of the beach front, up market houses that are going to be built over the cliff that face the sea on the east and overlooking the golf course on the west, development of an upmarket townhouse complex at the existing golf course and currently the environmental scan of the area is underway and three to five star hotels that overlooks our popular first and second beaches.

For tourism related information, the Port St. Johns tourism information office can be contacted on (047) 564-1187. Alternatively, the Municipal Manager, Mr ZM Hewu, can be contacted on zhewu@psjmunicipality.co.za

Nyandeni Local Municipality



Nyandeni Local Municipality is part of the OR Tambo District Municipality, situated in the Eastern Cape Province. It is a coastal Municipality situated within the Wild Coast Spatial Development Initiative. The Municipalities of King Sabata Dalindyebo, Port St Johns and Mhlontlo also surround the Municipality. Furthermore, it is an exit point to Port St Johns.

The Nyandeni Local Municipality is estimated to be having 292 000 people

and 59 000 households. This translates to an average household size of 5 people.

One major characteristic of this Municipality is that it is a rural Municipality with 79% of its households residing in traditional or village type settlements. Although it is a rural Municipality a vast arable land that is suitable for Agricultural and Farming activities also characterizes our Municipality. The vast land is also a potential for commercial industries.

Year-round tourism

Of course, the Nyandeni Local Municipality is a dream destination for tourists – mainly because it is bordered by the Indian Ocean in the Southern areas. This southern area is blessed with five beautifully unspoilt beaches: Hluleka, Mthatha Mouth, Mdumbi, Presley Bay, and Mngcibe. These attract tourists throughout the year.

Over and above this, the municipality is full of tourism opportunities. There are areas of interest along the coast, and also along the coast. It is an area renowned for its rich cultural history – in particular the heroic stories of its forebears, the ancient warriors and kings. Other attractions include:

- Historic Sites
- Fishing at Tshani and Mamolweni
- Mlengana mountain
- Dikela Hill
- Ngqongweni Double Falls
- Ngqubusini falls
- Unspoilt beaches

Another fact worth noting is that there are cleaning up campaigns along the coast to keep beaches clean and attractive. The Municipality



also financially supports locally trained Life Guards who look out for the safety of tourists on the beaches.

Agricultural activity

As previously mentioned, the Nyandeni Local Municipality contains vast tracts of arable land that is perfectly suited to agriculture. The municipality is also involved in a Massive Maize production Programme.

Economic activities

There are current economic projects that are receiving internal funding from municipality sources, as well as externally from other funders. For example, the Department of Economic Affairs is funding various projects within our Municipality. This includes:

- Wild Coast Tourism Road Signage
- Ntlangano Conservancy Nature Reserve
- Mthakatye River Basin
- Bee-keeping projects and many more

These activities assist in the reduction of poverty and in the creation of employment opportunities. The Nyandeni Local Municipality is also involved in supporting their Small Medium Micro enterprises (SMME's) through training and funding.

Mining activities

Last on the list of the municipalities' big industries is mining. Although they are currently privately owned, they help in promoting local economic development. The Transkie Quarries is supplying crushed stone and sand in almost the entire region of Mthatha. The Municipality is currently exploring ways of owning these resources in order to generate revenue for the Municipality.

Recent achievements

One recent achievement of the Nyandeni Local Municipality is the construction of a new, modern office building, to the value of R24 million. The commission of an in-depth Local Economic Development Strategy has also been successfully completed, and the municipality has fully completed the development of a Spatial Development Framework and Housing Sector Plan. Furthermore, the Nyandeni Local Municipality has successfully developed and approved the 2006/07 Budget and Integrated Development Plan, and their recently approved Organizational Structure is being populated. Last on the achievements list, is the recent purchase of a multi-million Rand plant for the construction and maintenance of roads.

**For more information about the Nyandeni Local Municipality,
contact the Municipal Manager, Mr Hlazo, on (047) 555-0161/5001/0026.**

Qaukeni Local Municipality



Having been established in December 2000, the Qaukeni Local Municipality is now a noteworthy role-player in the Eastern Cape area. The establishment meant that Qaukeni now shares boundaries with the Port St. Johns Municipality, the Mbizana Local Municipality and the Ntabankulu Local Municipality on the North. Qaukeni Local Municipality is composed of 27 Wards 54 Councillors. It is grade 3 Municipality with Mayor, Speaker and 10 Executive Members.

Just like the rest of the Eastern Cape's municipalities, the Qaukeni enjoys rich cultural and environmental resources that go hand in hand with tourism and travel opportunities and job creation. One example of this is the historical Inqguza Hill. This was the place where many Pondo activists were brutalized by the evil forces of apartheid on the 6th day of June 1960. Nowadays, the area serves to remind visitors about the people who gave up their lives for freedom.

Sustainable Service

Currently, the Qaukeni Local Municipality is providing Free Basic Electricity (FBE), with the total number of households provided with the service sitting at 989 or 1.96%. Coastal areas are sparsely populated and the majority of the population still lives in rural area.

The Qaukeni Local Municipality's mission reads as follows, 'To facilitate sustainable development by promoting economic development and ensuring service delivery in a just and equitable manner focusing on infrastructure and social services through a skilled, accountable and responsible administration and council that prioritises community needs and good governance.' And it is with this in mind that the municipality's department of infrastructure, under the leadership of the acting infrastructure manager, has an obligation to submit an annual service delivery report to the Municipal Manager reporting on progress that has been achieved by the department as well as challenges facing the department and possible solutions to those problems. As a result of this, some of the projects to be implemented during the 2005/06 financial year were:

- Surfacing of secondary roads
- Installation of waste bins in all strategic points
- Revamping of transido flatlets
- Development of hawker's stalls
- Public toilet facilities
- Parks and recreation
- Upgrading and development of parking bays
- Upgrading of pedestrian sidewalk pavement

- Development of proper commonage facilities
- Upgrading of town halls
- Upgrading of existing traditional courts
- Construction of community halls and offices for ward councillors
- Fencing of arable land.
- Establishment and fencing of grazing camps
- Upgrading and construction of dipping tanks

Infrastructure Development

Going through the budget implementation plan, one can make sense of what has been implemented, and what kind of challenges the municipality is currently faced with. Projects include the Lusikisiki Taxi Rank, Flagstaff taxi rank, the Qebedu Community Hall, and various access roads situated around the district. There are also various projects registered by the dplg under MIG. These include the Dubana Access Road, Ngubengcuka Access Road, France Access Road, Ntlanjana Access Road, Tyeni Access Road, Mkhumeni Access Road, Mbambakewu Access Road and Gingindlovu Access Road. Furthermore, the National Development Agency (NDA) advertised for a call for proposal for funding of co-operatives in the Qaukeni Local Municipality.

Small Medium Micro Enterprise

As part of SMME Development, the Qaukeni Local Municipality is embarked on the process of assisting all the Small Medium Micro Enterprises (SMME's) within the municipality – with a focus on the very small businesses (caterers, hawkers etc) by creating an enabling economic environment. All the historic evidence indicates that significant community development only takes place when local community people are committed to investing themselves and their resources in the effort. SMME support is one of the key role players in the local economy. The municipality therefore is in the process of purchasing tables for the street hawkers.

Intergovernmental Relations (IGR)

Qaukeni Local Municipality has established Intergovernmental Relations (IGR) as from October 2005. Over and above this, all the local government departments have developed cooperative approaches to governing, resource sharing and solving of disputes that might affect the development of Qaukeni. There is a programme of action that links the activities in order to avoid the repetition of events.

**For more information on the Qaukeni Local Municipality,
contact (039) 252-0131/0161.**

EDUCATOR SUPPLY AND DEMAND IN THE SOUTH AFRICAN PUBLIC EDUCATION SYSTEM: INTEGRATED REPORT

K PELTZER ET AL

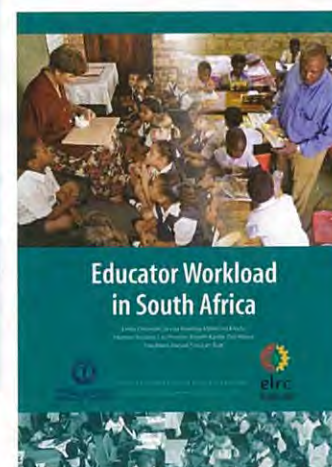
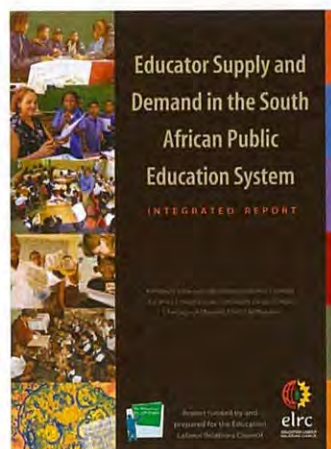
HSRC Press: Cape Town, 2005. 140 pp

EDUCATOR WORKLOAD IN SOUTH AFRICA

LINDA CHISHOLM ET AL

HSRC Press: Cape Town, 2005. 206 pp

REVIEWED BY SALIM VALLY (WITS EDUCATION POLICY UNIT)



For many years, speculation and anecdotal reports of teacher absenteeism, job dissatisfaction, high workloads, low morale and premature mortality generated much passion. While all observers acknowledged that these factors are crucial in influencing teacher productivity, learning outcomes and learner achievement, they remained neglected areas of scientific research.

Seven years ago, the Wits Education Policy Unit (EPU), through its journal, took umbrage at statements made by some sections of the media and high-profile politicians concerning the ethical and professional conduct of teachers. It questioned the generalisations which were “widely and wildly made... condemning all teachers for their ‘bad work ethic’ and serial absenteeism”. At the time, I counselled that such statements court sensationalism and that although “the issues are grave, a cooler, more balanced, scientific and inclusive analysis of the situation is needed instead of the easy teacher-bashing exercises we have become familiar with”. For the first time, we now have a series of empirically-based reports and reliable data, which hopefully will inform education planners and, dare I say, various talk show hosts.

The Education Labour Relations Council, a statutory body consisting primarily of teacher unions and education departments, commissioned these comprehensive studies which also include valuable recommendations. The report on factors determining educator supply and demand in public schools was compiled by a consortium consisting of the Human Sciences Research Council (HSRC), the Medical Research Council and the University of KwaZulu-Natal’s Mobile Task Team on the impact of HIV/AIDS on education. This multi-study project integrates a series of seven reports, all published last year: *The Health of our Educators* (Shisana et al), *Workplace Policies in Public Education* (Simbayi et al), *HIV-positive Educators in South African Public Schools* (Rehle et al), *The Impact of Antiretroviral Treatment on Aids Mortality* (Rehle and Shisana), *Factors Affecting Teaching and Learning in South African Public Schools* (Phurutse), *Potential Attrition in Education* (Hall et al) and finally *Educator Attrition and Mortality in South Africa* (Badcock-Walters et al).

It is deeply troubling that while the school-age population between six and 13 years increased by 6.4 percent between 1999 and 2003 (despite the impact of AIDS), the total number of public school educators (those paid by the state and school governing bodies) declined by 5.3 percent (386 735 to 366 320) in the period 1997/98 to 2002/03. The situation is worse if we consider the attrition levels of state paid teachers: 9.3 percent in 1997/98, 6.4 percent the next year, 5.5 percent in 2000/01 and rising again to 5.9 percent in 2002/03. The high attrition rates between 1997 and 1999 can be accounted for by the disastrous teacher rationalisation policy in that period and, in recent years, mortality, medical retirement and resignations have risen. In the financial year 2002/03 alone, 15 000 teachers were needed to meet replacement demand, excluding 6 000 substitute teachers.

The supply of teachers is not meeting demand. The study projects that for 2008, if the learner to educator ratio is 1:35 (currently the ratio is 1:40 and 1:35 in primary and secondary schools respectively) then we would have a shortfall of between 32 000 to 34 000 teachers. Depressingly, over half the sample of teachers studied thought of leaving their profession. With regard to HIV prevalence rates, while the report provides average figures of 12.7 percent for all teachers, the age group 25-34 have the highest rates at 21.4 percent. Crucially, the report determined that 10 000 teachers require the immediate initiation of antiretroviral therapy (ART), based on the conservative guidelines for a CD4 cell count of less than 200.

Interestingly, HIV/AIDS is not the only significant factor of ill health in teachers. Seventy-five percent of the teachers

studied reported a visit to a doctor in the six months prior to the study and most of the chronic diseases were stress related. Despite the canard that most teachers are habitual alcoholics (recall the national mirth a few years back when a minister, on prime time television, accused teachers of spending more time in shebeens than in classrooms), the report found that 75 percent of teachers had not had alcohol in the past 12 months and a mere 5.3 percent could be classified as high-risk drinkers.

The recommendations in the seven reports include:

- the need to attract and provide incentives to prospective students who might be willing to become educators, and measures to retain educators by, among other measures, providing loans to students and improving the career prospects and service conditions of educators
- the provision of effective social support structures, serviced by dedicated school social workers as well as the appointment of assistant teachers to reduce the non-teaching workload of educators
- improving the classroom environment and job satisfaction of teachers as well as salary increases linked to career advancement
- the importance of providing a comprehensive prevention and treatment programme for all illnesses. This includes the urgent rollout of ART and the treatment of opportunistic infections
- encouraging teaching in rural areas.

The *Educator Workload Report*, compiled by staff from the HSRC, is based on an impressive survey consisting of 3 909 questionnaires and time-diaries conducted in 900 schools. The findings of the survey were validated by in-depth case studies in 10 schools. Three out of four educators felt their workload had increased considerably since the year 2000. Some of the factors which have contributed to this situation include: the burdensome requirements of outcomes-based education; onerous paperwork and administrative tasks; the paucity of resources and the shortage of teachers, resulting in the fact that particularly “those schools most in need of improvement are least able to respond to new external environments”; and large class sizes which result in a decline in the hours spent on teaching, preparation and planning.

A disjuncture exists between policy and practice in that teachers spend an average of 41 hours on all activities per week, and not the 43 hours that the policy requires. The formal school day is seven hours long and the school week is 35 hours, but teachers are required to spend a further eight hours per week outside the formal school hours on work-related activities. On average, more than half a teacher’s working week is spent on administration and activities such as extramural studies. While teachers are meant to spend between 64 percent and 79 percent of the formal school week on teaching, the average time teachers actually spend on teaching is 46 percent of the 35-hour week or 41 percent of the total time – an average of 3.2 hours a day. The following breakdown shows how actual time-on-teaching gets crowded out. The total time disaggregates as:

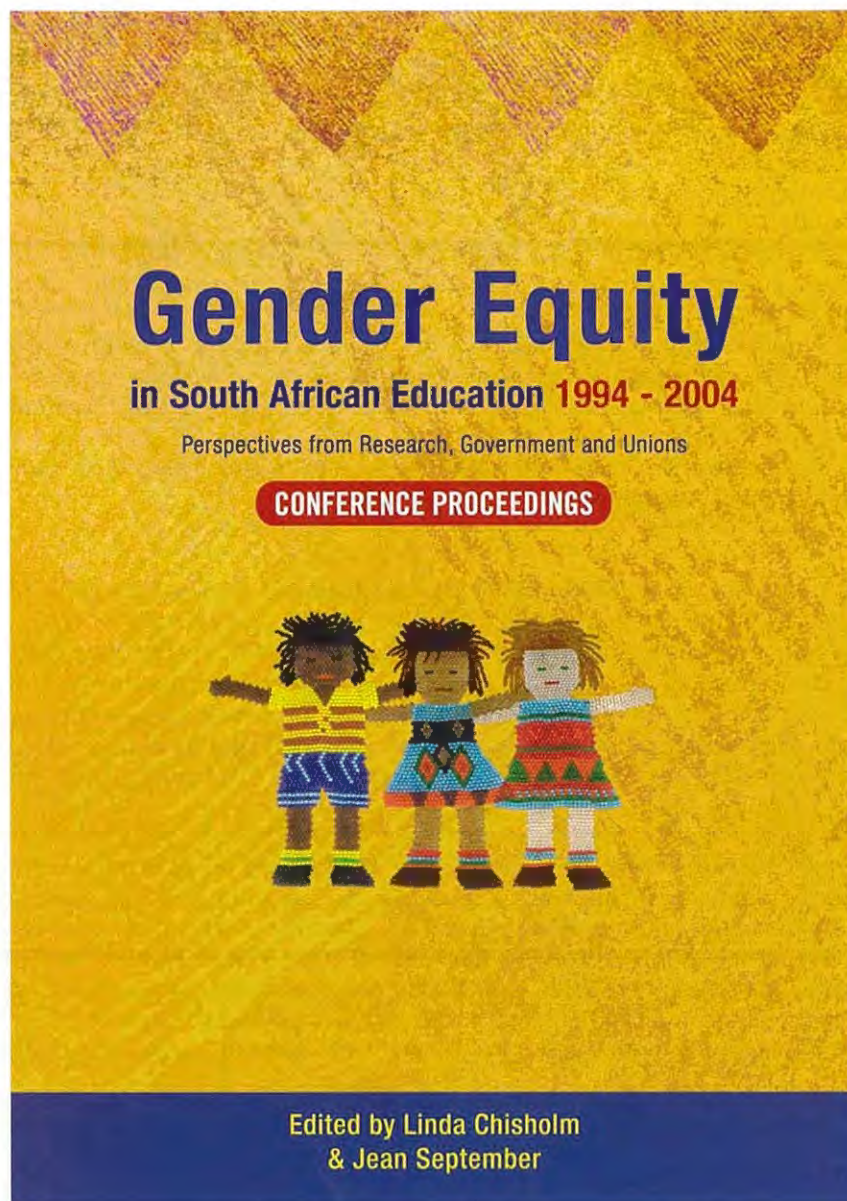
- 41% on teaching
- 14% on planning and preparation
- 14% on assessment, evaluation, reports and record-keeping
- 12% on extra-curricular activities
- 7% on management and supervision
- 5% on professional development
- 3% on pastoral care
- 2% on guidance and counselling
- 2% on breaks.

The study notes that, ironically, “[m]uch of the paperwork that teachers are required to do is designed to ensure that teaching and assessment occurs regularly”, yet “it is precisely this policy... that serves to undermine instructional time”.

Among the recommendations of the study are: to safeguard teaching time and to stress “the role of teachers as teachers”; reduce class sizes; improve administrative support; reduce the number of learning areas in the curriculum and reduce the required assessment, recording and reporting procedures.

Although all these reports make grim reading, they are an essential corrective to the ill-informed (and reckless) views held about teachers and policy prescriptions pushed through without adequate data. Hopefully, they will be studied closely and built upon so that we can appreciate and support our teachers, encourage students to join the profession, develop the full potential of our students (as the preamble to our Constitution insists we should) and through them our country.

The reports can be downloaded at: www.elrc.org.za and www.hsrcpress.ac.za



GENDER EQUITY IN SOUTH AFRICAN EDUCATION 1994-2004: PERSPECTIVES FROM RESEARCH, GOVERNMENT AND UNIONS

**LINDA CHISHOLM AND
JEAN SEPTEMBER (EDS)**

HSRC Press: Cape Town, 2005. 160 pp
REVIEWED BY MARY TUROK

In 1996, the department of education set up a Gender Equity Task Team to advise the department on the merits of establishing a Gender Equity Unit and what its form and composition should be. The Task Team went well beyond this brief in its 1997 report, providing a comprehensive analysis of the conditions and constraints in the field of education and the role education could play in addressing gender inequalities. It also made recommendations addressing the links between sexual violence, HIV/AIDS and gender identity.

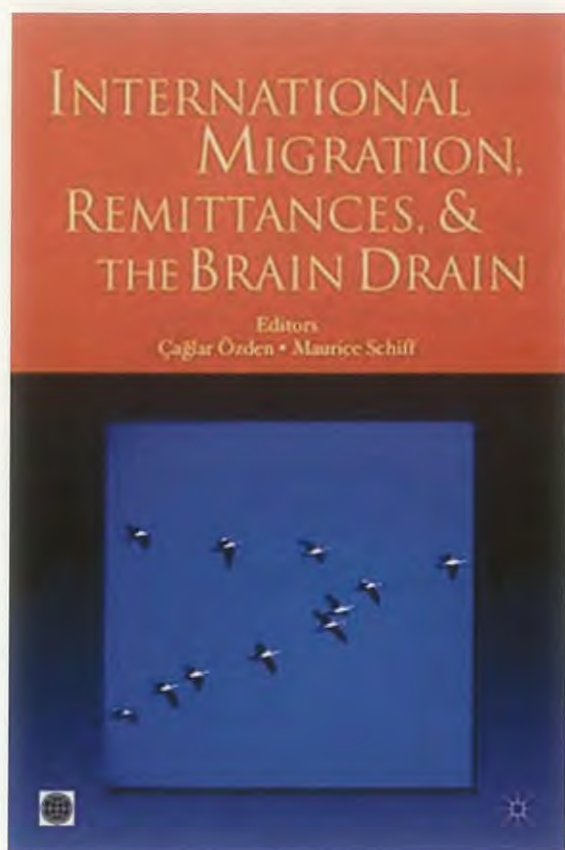
But 10 years on, gender equity in South African education remains a significant challenge. The quality of girls' participation in schooling and the outcomes are both problematic. The impact of HIV/AIDS on the quality of education is a major concern, as is the continuing role of culture in justifying and legitimising social practices that entrench inequalities.

There is evidence that girls stay longer in school and perform better than boys overall, but the reasons for this are poorly understood. There is also evidence of barriers for girls: their achievements in school do not appear to translate into success in higher education or the labour market. Unfortunately, researchers, practitioners and campaigners are not addressing these issues.

The conference revealed the lack of co-ordination amongst the organs of national gender machinery and their inability to monitor, evaluate and implement gender programmes effectively. The overall experience of people working on gender issues – whether in government or in unions – is one of daily marginalisation and humiliation.

Gender rhetoric is not matched by gender-sensitive organisational cultures and a major gap exists between gender policies and what happens in the classroom. Nor is there clarity on what it means to mainstream gender, and how this should be monitored and evaluated. In their conclusion, the editors stress the need for a broad network of gender activists in education, and for independent action as well as government intervention.

The steering committee created by the conference met with the minister of education in mid-2004 to communicate these concerns. In October 2004, she appointed a ministerial committee under the leadership of Sheila Tyeku to assess the extent to which gender equity has been implemented in the education system and to make recommendations on how it could be fast-tracked. The committee was to report in 2005. Did it?



INTERNATIONAL MIGRATION, REMITTANCES, & THE BRAIN DRAIN

ÇAĞLAR ÖZDEN AND MAURICE SCHIFF
(EDS)

Palgrave Macmillan: Basingstoke UK, 2006. 274 pp
REVIEWED BY MILLS SOKO (GRADUATE SCHOOL OF
BUSINESS, UCT)

Emigration of skilled workers from the developing world to industrialised countries understandably sparks off concerns about the harm of the brain drain. Yet as this volume attests, it can also have beneficial effects. The book is a product of extensive research undertaken by the World Bank, which explored the growing links between international migration and development.

Some of the key questions researchers set out to answer are: How does migration affect poverty and growth? Who are the main beneficiaries of migration and the main recipients of remittances? What are the effects of migration and remittances on investment in both physical and human capital? What are the determinants of the migration of highly skilled workers and the effects on destination and source countries?

The volume consists of eight chapters, divided into two parts. The chapters in Part 1 analyse the determinants of migration, and the impact of migrant remittances on a number of development indicators and welfare measures, including poverty and inequality.

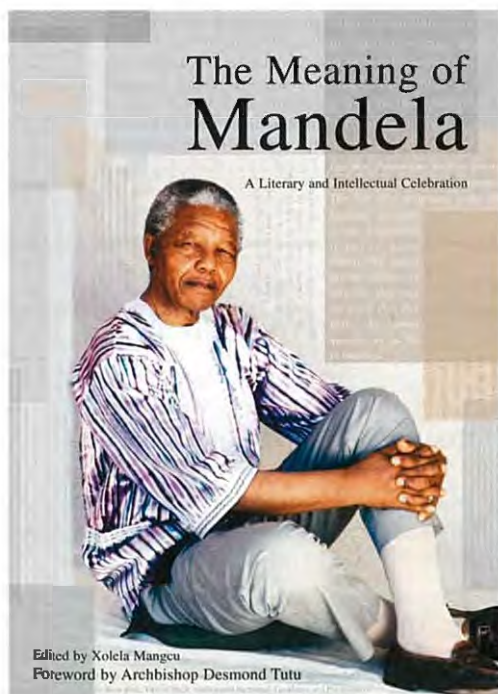
The significance of migrant remittances is underlined by the fact that they now constitute the second largest source of private financial flows to developing nations after foreign direct investment. Over the past decade, the flow of migrant remittances has doubled, reaching \$216 billion in 2004, with \$150 billion going to poor countries. A distinct advantage of remittances is that they are a relatively stable source of foreign exchange and, unlike capital flows, are less susceptible to volatility. Moreover, unlike foreign direct investment (which tends to be concentrated in a select number of developing nations), they are dispersed evenly among poor countries.

Migrant remittances have contributed considerably to sustaining livelihoods and economies in the developing world. In many cases, recipients of remittances have used them to invest in, among other things, education, health, housing, and small business start-ups.

The chapters in Part 2 examine issues concerning the migration of skilled workers. International research has highlighted the importance of human capital to development. As such, emigration of skilled workers has invariably raised concerns about the harmful consequences of the brain drain. However, the chapters argue that the present demographic patterns in the world promise huge economic gains from migration. This is because the labour forces in many industrialised countries are expected to peak around 2010 and drop by about five percent in the next two decades, accompanied by a fast increase in dependency ratios. On the other hand, the labour forces in many developing nations have been growing rapidly, decreasing dependency ratios. This imbalance is likely to induce a robust demand for workers in rich countries' labour markets, particularly for service sectors that can only be provided domestically.

Considering the enormous potential welfare gains from migration, governments need to devise policies that maximise migration's developmental impact. This means not only reducing transaction costs, but also relaxing restrictions on migration and creating incentives to attract remittances. It also means introducing a regulatory environment that fosters competition among remittance service providers through the implementation of innovative payment technologies. Moreover, remittance recipients should be offered greater options to invest their funds efficiently.

This book is an important contribution to the growing literature on global migration and development. It will serve as a valuable resource to academics, policy-makers and development experts.



THE MEANING OF MANDELA: A LITERARY AND INTELLECTUAL CELEBRATION

XOLELA MANGCU (ED)

HSRC Press: Cape Town, 2006. 40 pp

REVIEWED BY HELEN DOUGLAS

In July 2005, Xolela Mangcu organised three renowned men of letters – Henry Louis Gates Jr, Cornel West and Wole Soyinka – to mark Nelson Mandela's birthday with a series of lectures on the meaning of Mandela's legacy. What is it about this man's life and values that has led to such international celebration? And what, in turn, does this mean for us who celebrate him? For these three men, it is about African humanity, the traditions of freedom struggles and the possibility of a culture of dialogue.

In his lecture, Gates charts the voyage of the *Encyclopedia Africana*, from W.E.B. Du Bois's 1909 revelation, that "the most efficacious way to fight anti-black racism would be through a comprehensive encyclopedia about the entire black world, to its 1999 2.5 million word fruition, published by Microsoft and that other Gates ("my long-lost cousin").

It's a wonderful, warm and fascinating lecture, but, at first glance, a rather peculiar piece here: Nelson Mandela is only mentioned in the very last phrase as the one in whose honour, along with Du Bois, the encyclopedia is dedicated. But from a black consciousness perspective, the connection between the two is obvious and profound. Gates's speech on the occasion of Mandela receiving an honorary doctorate from Harvard is also included here. He speaks of gathering with his family to watch Mandela's release from prison on television: "When you finally emerged, we were so excited and teary-eyed at your nobility, your princeliness, your straight back, your unbowed head! I felt 'there walked the Negro', as my father might have said, there walks the whole of African people, regal as any king... Not only is Mandela free, but Mandela has *always* been free."

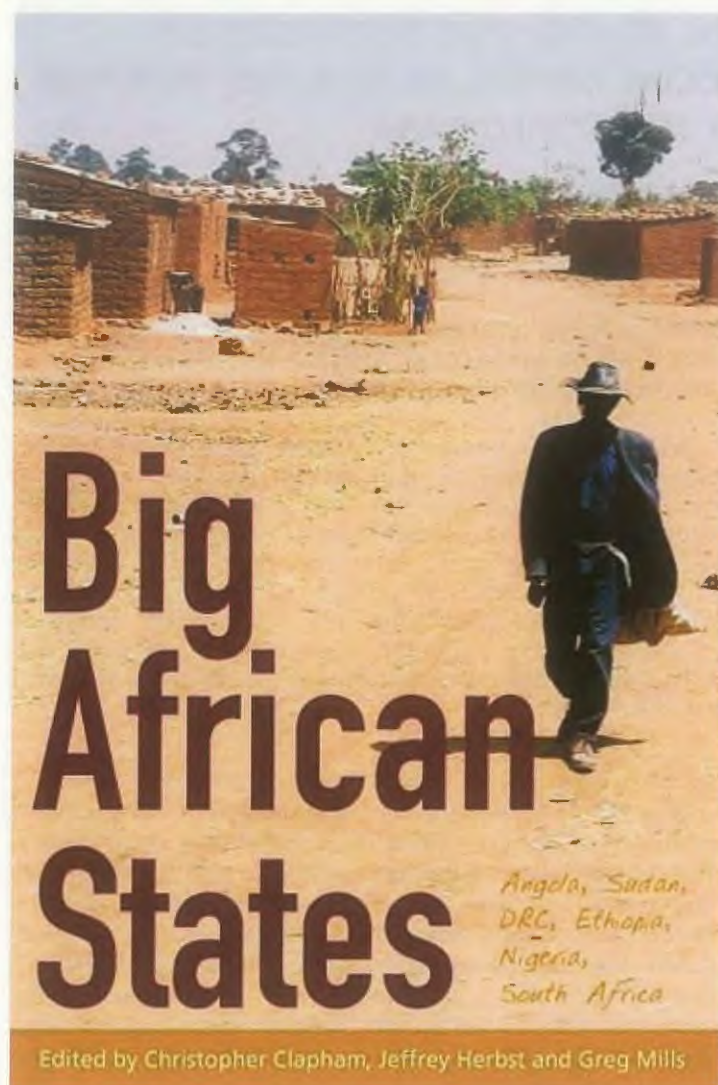
The second lecture is Cornel West's "Nelson Mandela: Great exemplar of the grand democratic tradition" and it is a joyful blast right from the opening sentence: "I come here to South Africa to talk about the meaning of Mandela – his legacy, and his witness. Every time you mention his name you ought to be unnerved... He constitutes such a challenge to us – an intellectual challenge, a political challenge, a moral challenge, an existential challenge... What does it really mean to be human? That is Mandela's question to all of us."

West refers to Mandela as "the jazzman of the freedom struggle" and, with the powerful, passionate phrasing of black American preachers, calls us to think about ourselves and Mandela in this "Ice Age" of free-market fundamentalism. "I don't know about you in South Africa," he writes, "but in the United States we have... a black middle class that has become drunk with the wine of the world, of materialism, narcissism and hedonism. And then we wonder why the younger generation does not have access to the traditions of the struggle." He speaks of the joy of struggle, which is not pleasure linked to "a market way of life", but to "courage to love and care, and courage to go against the grain".

Wole Soyinka completes the trilogy with "Views from a palette of the cultural rainbow". He starts from Archbishop Tutu's idea of a rainbow people, speculating on "the cultural spectrum that may result from their interactions even where the histories, world views, modes of apprehension... and expression were so different they could have been of different planetary origins and yet have become expressions of an identity that goes beyond mere hybridity."

How do cultures meet in current conditions of globalism? He considers the examples of Austrian-born Yoruba artist Suzanne Wenger, the French farmers who protested against Disneyland with bulldozers and the Nigerian version of the "reality show", *Big Brother*. He finds Mandela to be both a product and expression of another process of interaction, "a symbol of the culture of dialogue, backed by an unparalleled generosity of spirit", and concludes by recounting a dinner party hosted by Danielle Mitterand in Paris after Mandela's release, also attended by Thabo Mbeki and Cyril Ramaphosa, in which the thorny issue of vengeance is raised.

This slim volume from the HSRC Press, which also contains a foreword by Desmond Tutu and a preface and introduction by Mangcu, features a very casual portrait of Mandela sitting cross-legged on the cover. It's a gem.



BIG AFRICAN STATES: ANGOLA, SUDAN, DRC, ETHIOPIA, NIGERIA, SOUTH AFRICA

CHRISTOPHER CLAPHAM, JEFFREY HERBST AND GREG MILLS (EDS)

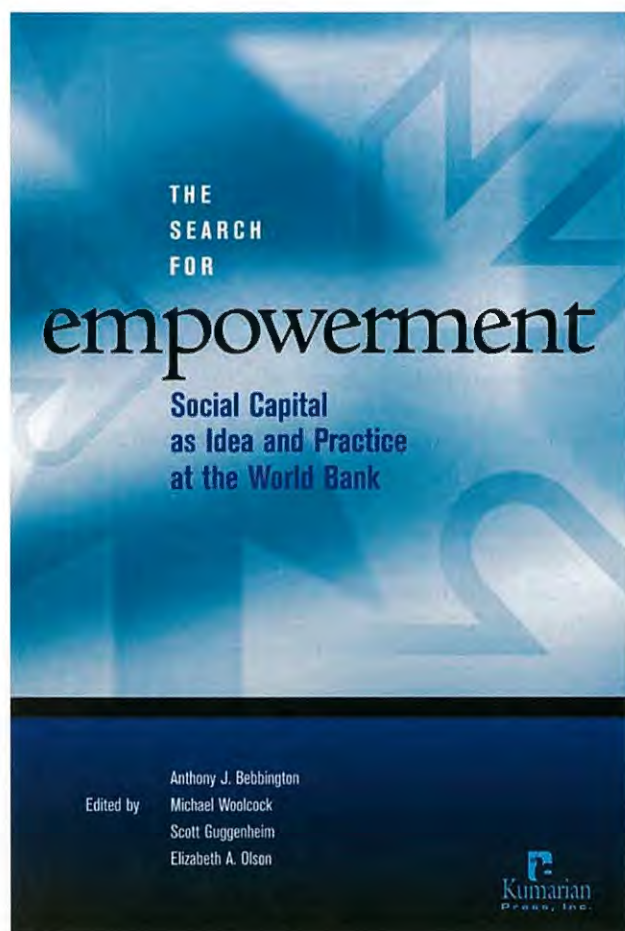
Wits University Press: Johannesburg, 2006. 301 pp
REVIEWED BY GARTH LE PERE (INSTITUTE FOR GLOBAL DIALOGUE)

This book seeks to challenge the conventional wisdom that bigger states perform better in the provision of public goods for their citizens. "Bigger" here has common referents in terms of geographic size, state capacity and authority and larger economies. The prism through which the focal countries in the book are examined is their varying degrees of "dysfunctionality", which Herbst and Mills define in their introduction as "lack of provision of welfare and opportunity to the population..., a sustained period of civil unrest, economic decline, state atrophy and social corrosion." Another important consideration is how such states locate themselves in their respective regional neighbourhoods, as well as those external factors and dynamics that shape their integrity. The proposition which frames the contributions to the book is that there is a relationship between size and dysfunctionality which deserves scholarly attention (although both the introduction and the chapter by Tim Hughes hasten to add that South Africa has a different character of dysfunctionality compared to the other case studies).

The book is organised on the basis of the six country studies in the title. Christopher Clapham examines Ethiopia (Chapter 1) and notes the problematic nature of the constitution, which allows constituent nationalities to secede if they so wish. In the case of Sudan, by Jack Kalpakian (Chapter 2), identity politics and a highly stratified religious and ethnic divide have contributed to the weak foundations of the state. Nigeria, according to Daniel Bach, suffers from the debilitating consequences of mixing federalism with a consociational system that has caused institutional decay and eroded state power (Chapter 3). In Chapter 4, Claude Kabemba highlights the problems of state reconstruction in the DRC as a result of war, kleptocracy, size and external interference. For Greg Mills, post-war reconstruction in Angola comes up against deeply entrenched "structural, personal, ideological and policy obstacles" (Chapter 5). In Chapter 6, Tim Hughes defines the dimensions of "dysfunctionality" for South Africa as persistent economic inequality, slow progress with land reform, endemic crime and poor state response to HIV/AIDS.

The case studies are followed by useful thematically-related chapters. Thus in Chapter 7, Marina Ottaway examines how weak state capacity and dysfunction encourages the vicious cycle of armed opposition movements and looting of commodities. For Nicolaas van der Walle, international responses after independence might have contributed to political stability but not to the creation of strong and viable states (Chapter 8). According to Jeff Herbst (Chapter 9), geography has a determining effect on large states' ability to exercise a monopoly of force, which in turn invites rebellion and insurgency. Gail Wannenburg argues that organised crime becomes easily embedded in dysfunctional states (Chapter 10). And finally, leadership typologies and boundaries are considered by Joseph Ayee and Garth Abraham, respectively, in Chapters 11 and 12 and Clapham provides thoughtful policy options in Chapter 13.

All said, this is a very important and well-structured contribution to a governance and state capacity problem that has thus far escaped analytical and empirical consideration. However, the book begs the obvious question of whether smaller states fare any better as far as these dysfunctional parameters are concerned!



THE SEARCH FOR EMPOWERMENT: SOCIAL CAPITAL AS IDEA AND PRACTICE AT THE WORLD BANK

ANTHONY J BEBBINGTON, MICHAEL
WOOLCOCK, SCOTT GUGGENHEIM, AND
ELIZABETH A OLSON (EDS)

Kumarian Press: Bloomfield CT, USA, 2006. 301 pp
REVIEWED BY MMATLOU JUSTICE KGANYAGO
(SAIIA/KAS RESEARCH INTERN)

In this edited volume, 15 World Bank development practitioners interrogate the effects that the concept of social capital has had on the bank's approach to development and its prioritisation of development projects since 1994. The principal shift has been away from big infrastructure projects like bridges and electricity projects towards small inclusive community development initiatives like rural poverty reduction programmes through the World Bank's Social Development Department, which was created in 1996.

Social capital is generally defined, in Chapters 1 and 2, as networks of trust and co-operation within and between communities. Michael Edwards, one of the contributors, defines social capital as the cumulative capacity of communities to work together for common goals. In Chapter 2, Michael Woolcock and Deepa Narayan identify two forms of social capital – *bonding* social capital (connections within groups,

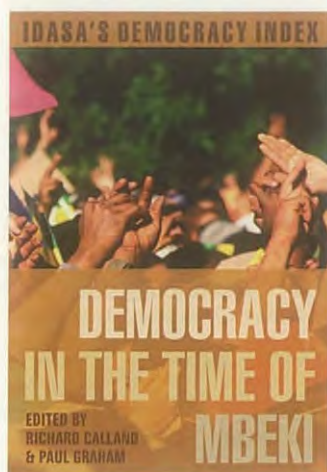
like ethnicity) and *bridging* social capital (connections across groups, like political affiliations). They argue that the latter is more development focused. Contrasting different views, they conclude that the institutional and synergy perspectives have taken root amongst many practitioners as they better explain possible development through social capital.

Edwards raises issues of power and inequality from the perspective of enthusiasts, tacticians and sceptics. He observes that a group with consensus and partnership does not necessarily have social capital. He thus adds the third form of social capital, *linking* social capital (connections to institutions and the environment), which is a balance of bonding and bridging social capital.

In a cross-regional comparison, practitioners draw on experiences of Indonesia and Ecuador, where the inclusive projects of the World Bank have triggered local calls for better, more transparent governance by authorities. In Indonesia, locals refused projects imposed on them by their government, preferring transparency and involvement in planning and decision-making. In Ecuador, the bank dedicated projects for the most excluded Afro-Ecuadorians and indigenous groups.

The contributors acknowledge that the idea of social capital is not without flaws: some relationships are negative and exclusive, for example, elitist ethnic groups. A drawback of these analyses stems from the lack of viewpoints from practitioners outside the World Bank. However, the social capital concept has moved practitioners and scholars a step further in understanding how to design and implement inclusive and empowering projects.

The active cultivation of large stocks of social capital appears to be part of the solution to the long history of those development failures related to incompetent and corrupt bureaucracies and rent-seeking behaviour. The increasing realisation at the turn of the 21st century – that civil society organisations, commitment to good public and corporate governance, and sustainability are important to socio-economic development – raised and responded to grassroots awareness and local participation. Social capital facilitated this inclusion. This volume is an indispensable practitioner's guide to the general evolution of the idea of social capital in social and economic development.



DEMOCRACY IN THE TIME OF MBEKI

RICHARD CALLAND AND PAUL GRAHAM (EDS)

IDASA: Cape Town, 2005. 252 pp

REVIEWED BY ROBERT SCHRIRE (POLITICAL STUDIES, UCT)

This book presents the IDASA democracy index, supplemented by 11 short essays analysing related issues of democracy such as gender politics, political participation and foreign policy. Although most of the contributions are competently researched and presented, the sum is far less than the component parts. If one is seeking an analysis of "democracy in the time of Mbeki", one is going to be disappointed by this volume. In part this is because the book reflects its origin as a work produced by the bureaucrats at IDASA and is based partly upon their in-house research. It has very much the feel of a product of a committee. In part, this is because of flaws in the methodology.

Empirical work on South African political economy is desperately needed and many contemporary studies are, in essence, only a rehash of well-known published research. In that sense, this volume is a breath of fresh air. Unfortunately, the methodology is deeply flawed. The two editors derive a set of analytical categories from the political science literature and then seek to apply them in an attempt to measure the state of democracy in South Africa. They then rather arbitrarily calculate a score out of 10 for each category based upon selected operational indicators. Their findings are that, overall, South African democracy scores 6.3 out of 10. This is made up of 6.2 for participation and democracy, 7.2 for elections and democracy, 5.7 for executive accountability and legislative oversight, 6.9 for political freedom, and 4.7 for human dignity (i.e. socio-economic development).

One result of this approach is that the analysis is essentially static. We have little feel for the dynamics of democratic consolidation or retrogression. In the real world, the quality of democracy is not a structural property that can be measured, but is a relationship that reflects the balance between a wide range of factors. It is determined by the contextual pulls and pushes of domestic and global factors, and it changes continuously and often in unexpected directions. Thus, for example, events such as a major global recession or the complete implosion of Zimbabwe would have a major influence on South Africa's political system and quality of governance.

Despite these limitations, the reader will be reminded of some important realities, including the neglect of women's rights in rural societies and the dangerous gap between economic performance and the political requisites of democracy.

Measurement has its uses in political analysis despite its usual crudity. What this book needed, and lacks, is a qualitative analysis of democracy and political power to supplement the indices. The sometimes interesting chapters by Govender, Fick and others are useful sources of ideas but clearly do not provide the necessary narrative to integrate the empirical data.

The book will have some interest to students of South African politics. However, we will have to wait for a more comprehensive analysis of the state of contemporary South African democracy.



AU, NEPAD AND THE APRM: DEMOCRATISATION EFFORTS EXPLORED

CHARLES MANGA FOMBAD AND ZEIN KEBONANG

Nordic Africa Institute: Uppsala, Sweden, 2006. 56 pp

REVIEWED BY STEVEN GRUZD (SOUTH AFRICAN INSTITUTE OF INTERNATIONAL AFFAIRS)

While it has had many elections – only six out of 53 countries *didn't* hold multi-party polls between 1989 and 2000 – contemporary Africa exhibits, at best, a range of quasi-democratic regimes. Charles Fombad's chapter demonstrates how presidents – even elected ones

– disproportionately dominate local parliaments and judicial structures, abuse state funds and exploit ethnic cleavages. And they tend to keep winning elections, adeptly clinging to power through electoral manipulation, hiding their sophisticated tricks from election observers, co-opting or coercing potential rivals, and behaving as badly as their more blatantly authoritarian predecessors. Most of Africa's born-again democrats have dubious track records.

Fombad catalogues meticulously the legal and moral implications of key African codes, standards and principles, and describes the ambitious institutions that Africa is constructing – such as the Pan-African Parliament, the Peace and Security Council and the African Peer Review Mechanism (APRM) – that attempt to enhance democracy and sound governance practices. He concludes that this messy institutional spaghetti bowl has overlapping mandates, potential rivalries and a chronic funding challenge, but says, “The mere recognition by African leaders that democracy and good governance is critical to the continent's recovery is a giant step in the right direction.”

Zooming in on the innovative APRM, Kebonang and Fombad ask whether this voluntary procedure – meant to expose and remedy governance gaps through national introspection, genuine dialogue and peer learning – will deliver the goods. Through carefully examining international arrangements that exert peer pressure effectively, they identify key principles, such as technical competence, accurate and fair information, independence of reviewers, consistency of reviews and publication of results. They note that the APRM has tried to emphasise two themes: national ownership and broad participation; and conducting the exercise with “transparency, accountability, technical competence, credibility and freedom from manipulation.” But the APRM faces money problems, limited capacity at the continental APRM Secretariat, and constant threats to its independence and credibility. While African states have poor leverage over one another, the donors that do have clout must dance diplomatically.

The chapter unfortunately lacks enough insight into how the APRM has unfolded in early countries, partly because reports are released so slowly. The authors consequently underplay critical issues that emerged in the extremely difficult process of assembling competent and credible self-assessment reports. How is mistrust dispelled? How does one answer a long, confusing questionnaire? Who gets consulted? Who governs the process, and how? And who edits the report?

Nevertheless, this document cogently outlines the APRM's challenges, including being “expected to do too much within too short a time with limited resources”, particularly in a continent unused to being candid, with leaders long on rhetoric, but sadly short on results. I disagree that “[the] APRM will remain a closed state-to-state process with no room for non-state critical voices who could contribute constructively to making the process more productive, effective and credible.” Civil society interest and activism can make all the difference.



ENDING AFRICA'S WARS: PROGRESSING TO PEACE

OLIVER FURLEY AND ROY MAY (EDS)

Ashgate Publishing: Aldershot, 2006. 258 pp

REVIEWED BY CHRIS SAUNDERS (HISTORICAL STUDIES, UCT)

Since 1970, we are told in this book, over 30 wars have taken place in Africa, most of them intra- rather than interstate, and many of them fuelled by external actors. There is, however, relatively little history here, and no clear definition of “war” (a table of “Africa's most destructive wars” includes “Ugandan internal repression” and “Burundian ethnic massacres”). The emphasis is on the recent past, and in recent years many of Africa's wars have ended – in Angola, the DRC, Liberia, Sierra Leone, the southern Sudan and even, we can now begin to hope as I write, northern Uganda.

Written mostly by UK-based scholars, this collection consists of four chapters on general issues and nine case studies. The general chapters concern post-war governance, civil society transformation, disarmament and demobilisation. Much of what is said is not unrelated to the ending of wars, but is not focused directly on the issue of how and why wars end. The case studies (the two on southern Africa, Angola and Mozambique, being among

the most historical) are more helpful, though the one on the DRC is out of date, being concerned merely to argue the failure of the Inter-Congolese Dialogue, and some summarise more detailed work available elsewhere. The individual cases, moreover, are not compared and there is no attempt to grapple with the key questions they throw up, relating to the different causes and types of wars, how and why they ended and with what result. Why has South Africa been able to achieve so much in ending conflict in Burundi, the DRC and elsewhere? Do economic interests and personality explain why the Angolan war was prolonged for a decade after that in Mozambique ended? What kinds of mediation have worked, and why? Will the African Union be more successful than the Organisation of African Unity was in bringing conflicts to an end? The editors say that it is too early to answer that question, but suggest that "[m]uch may come from the African Peer Review Mechanism", surely an unlikely means of ending wars.

This book would have been more useful if it had focused more narrowly on what its title promised and tried to address key questions head-on. The study of how and why wars have ended is clearly of great importance if it can help prevent wars breaking out again and provide lessons in how to end future wars. While the way that a war ends may determine what happens after it ends, ending a war is essential before long-term peace-building can get underway. Reading this book, one realises how much we still have to learn about how and why different African wars, including, say, the low-intensity civil war in KwaZulu-Natal of the 1980s and early 1990s, have come to an end.



06 WORLD DEVELOPMENT INDICATORS

The World Bank: Washington DC, 2006. 402 pp
(Available via Anglia Books, Knysna, SA)
REVIEWED BY HELEN DOUGLAS

As Paul Wolfowitz notes in the foreword, better statistics "allow us to assess the scope of the problems we face and measure progress in solving them. They make politicians and policy-makers more accountable. They discourage arbitrariness, corruption, and reliance on anecdotal evidence."

The annual *World Development Indicators* presents statistics from 152 economies with populations of more than one million. It begins with a "world view", which presents information in terms of the UN Millennium Development Goals. The following chapters deal with:

- *people*: including population dynamics, labour, poverty, education and health
- *environment*: agriculture, biodiversity, water, energy, urbanisation, pollution and travel
- *economy*: growth, manufacturing, services, import/export, monetary indicators, capital formation and debt
- *states and markets*: investment, stability, tax policies, communications and defence
- *global links*: trade, tariffs, aid, movement of people and remittances.

And there is a back section with documentation and methodology, plus a useful index of indicators.

The book is, of course, a valuable and convenient resource for researchers and policy-makers, but with all its fascinating factoids it's also a fine loo book.

For instance, who knew that, in 2003, the country with the highest ratio of cars to people – 613:1 000 – was New Zealand? China, with 10 per 1 000, was seventh from the bottom.

Facing **the challenges** of implementing NEPAD



While significant progress has been recorded in the implementation of NEPAD programmes, many constraints have been identified over the past five years. These challenges need to be confronted in order to accelerate implementation and deepen ownership of NEPAD.

The first challenge is to strengthen and sustain progressive political leadership. South Africa, Nigeria, Algeria, Egypt, Senegal and other pioneers of the African renewal must continue to strengthen the political leadership of the African Union and the Regional Economic Communities.

The second challenge is building the capacity of African institutions – national governments, Regional Economic Communities and the African Union. Unless capacity building is given increased priority, African countries will not be able to take advantage of improved access to resources nor deliver increased social services to meet the Millennium Development Goals (MDGs). Improvement in governance will also be at risk.

The third challenge is speeding up the integration of NEPAD plans into national development programmes including NEPAD programmes in agriculture, health, education and skills development, water and sanitation, science and technology and SMME development. Unless this happens, African countries will not be in a position to achieve the MDGs or their sustainable development.

The fourth challenge is changing the manner in which the multilateral development-finance institutions, in particular the African Development Bank, World Bank, IMF and the European Union Commission support infrastructure development in African countries. Special mechanisms must be created to facilitate crossborder projects and to support project preparation.

“ The fifth challenge is strengthening the private sector in Africa and attracting increased foreign direct investment. At the same time, African countries should give increased attention to the development of domestic debt and equity markets.

The fifth challenge is strengthening the private sector in Africa and attracting increased foreign direct investment. At the same time, African countries should give increased attention to the development of domestic debt and equity markets. This requires accelerated policy and regulatory reforms to create a more conducive climate for business as well as for support to small and medium enterprises.

The sixth challenge is speeding up the implementation of the African Peer Review Mechanism. This is an important instrument for fostering political, economic and corporate good governance and improving efficiency and effectiveness of governments in delivering goods and service to the citizens.

The seventh challenge is converting the promises of the highly industrialised countries into concrete actions – significant increases in development assistance flows, harmonisation and simplification of aid procedures, and phasing out of trade distorting agricultural subsidies. African countries will not achieve the MDGs on current levels of development assistance.

The eighth challenge is to address the impediments to effectiveness of development assistance. At the heart of the problem is the fact that funding has often been done piecemeal by individual donors for short-term single programmes that carry heavy transaction costs and often require parallel infrastructure to be set up.

The key changes required in the architecture of funding are to move towards streamlined applications to pooled funds, based on national plans with harmonisation of resources.

The future success of NEPAD largely depends on the extent to which actions are taken to overcome constraints that currently hinder implementation.

Prof. Firmino Mucavele
CEO: NEPAD Secretariat

NEPAD

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THE NEPAD PRIMARY OBJECTIVES

- To eradicate poverty;
- To accelerate the empowerment of women;
- To halt the marginalisation of Africa in the global economy; and
- To place African countries, both individually and collectively, on a path of sustainable growth and development.

THE PRINCIPLES OF NEPAD

- Good governance as a basic requirement for peace, security and sustainable political and socio-economic development, African ownership and leadership, as well as broad and deep participation by all sectors of society;
- Anchoring the development of Africa on its resources and resourcefulness of its people;
- Partnership between and amongst African peoples;
- Acceleration of regional and continental integration;
- Building the competitiveness of African countries and the continent;
- Forging a new international partnership that changes the unequal relationship between Africa and the developed world; and
- Ensuring that all partnerships with NEPAD are linked to the Millennium Development Goals and other agreed development goals and targets.

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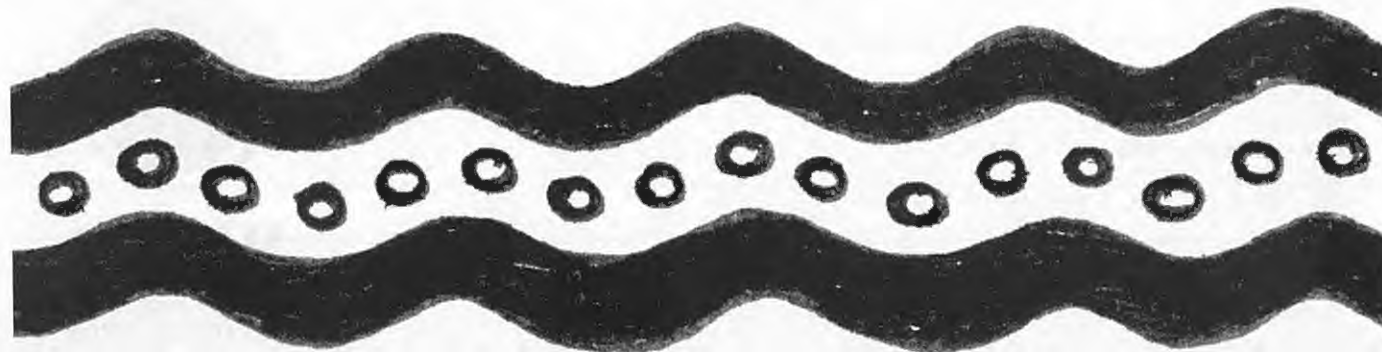


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BOOKS AVAILABLE FOR REVIEW

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