

NEW AGENDA

SOUTH AFRICAN JOURNAL OF SOCIAL AND ECONOMIC POLICY



THE DELEGATES will decide
INSIDE STORY

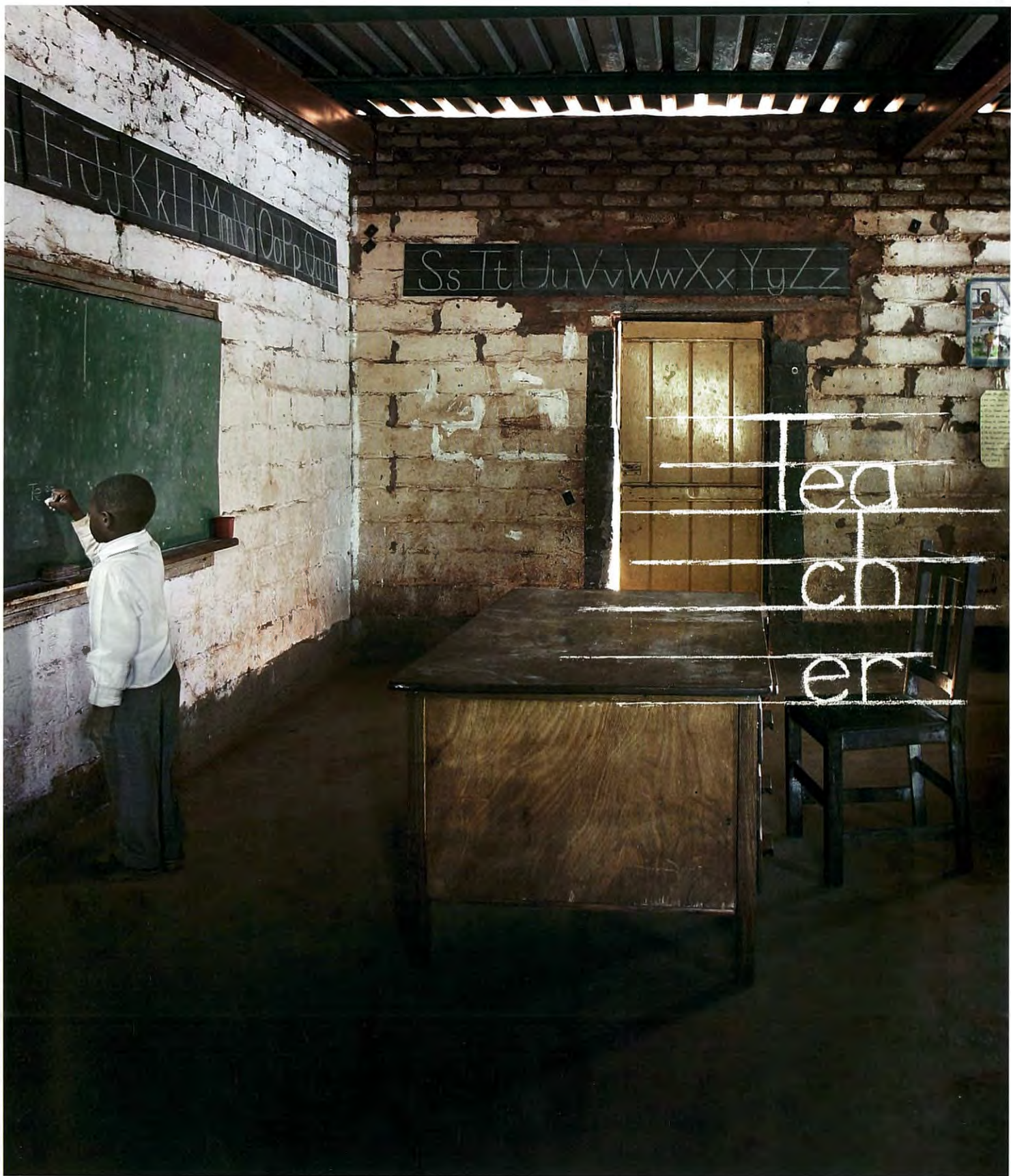
RSA R19.95 (incl VAT)
Other countries R17.50 (excl tax)



NEW AGENDA

ISSUE 25

FIRST QUARTER 2007



Words alone don't teach people. They cannot hold our hand or give encouraging smiles. They don't lean over our shoulder and correct our mistakes. Nor do they guide us with experience. Words alone aren't nearly enough. That's why we're doing things like organising science expos, experiential workshops and teacher training, as well as providing books and science equipment. Because we'd far rather do something about it, than just talk about it.

sasol
reaching new frontiers



EDITORIAL BOARD

PROF BEN TUROK (CHAIR) is a Member of Parliament and visiting professor at the University of KwaZulu-Natal. He is a veteran of the ANC. He has published many books on development economics and politics in Africa and was the founder of the Institute for African Alternatives in the UK and Africa.

DR MARCUS BALINTULO is the former Vice-Chancellor of the Cape Peninsula University of Technology.

PROF PIETER LE ROUX is an economist and director of the Institute for Social Development at the University of the Western Cape. He has published on South African economic problems and on debt and social policy.

PROF VIVIENE TAYLOR is at the school of Humanities at the University of Cape Town. She is a former adviser to the Minister of Social Development. She is also a consultant to the United Nations and was responsible for the UNDP Human Development Report for South Africa.

MR LANGA ZITA is a Member of Parliament and Chairperson of the Portfolio Committee on Environmental Affairs and Tourism.

MR DAVID DLALI is a Member of Parliament. A former trade unionist, councillor and University of Cape Town council member, he has a postgraduate diploma in Employment Law and Social Security at UCT. He is the Chairperson of the executive committee of the Cape Metropolitan Council.

MR HAROON BHORAT is director of the Development Policy Research Unit (DPRU), School of Economics, University of Cape Town.

PROF ROB DAVIES is Deputy Minister of Trade and Industry. He was formerly Research Professor and Co-Director of the Centre for Southern African Studies at the University of the Western Cape and is an authority on the Southern African Development Community and on international trade.

DR MILLS SOKO, senior lecturer, Graduate School of Business, University of Cape Town.

Published by

Institute for African Alternatives (IFAA)
PO Box 12491
Mill Street
8010

(Supported by Friedrich Ebert Stiftung
and Danish Embassy)

Website

<http://www.ifaasa.org>

Administration

Tel: (021) 403-2593
Fax: (021) 461-9390
E-Mail: bturok@anc.org.za

Production by

Picasso Headline
PO Box 12500, Mill Street,
Gardens, Cape Town, 8001
Tel: (021) 469-2500
Design Studio Manager
Warren Uytendogaardt
Designer
Joanne Bell

Advertising Sales and Marketing Team

Sales Manager	Robin Carpenter-Frank
Project Manager	Zakar Swartz
	newagenda@picasso.co.za
Sales Consultants	Luthando Maqungo
	Jonathan Philips

Distributed by

NND 24

For distribution queries,
please contact André Voges
Tel: 011-401-5717

NEW AGENDA

Copyright: Picasso Headline and the Institute for African Alternatives (IFAA). No portion of this magazine may be reproduced in any form without written consent of the publishers. Picasso Headline is part of JMI. The publishers are not responsible for unsolicited material. *New Agenda* is published quarterly by Picasso Headline Reg: 59/01754/07. The opinions expressed are not necessarily those of the IFAA or Picasso Headline. All advertisements/advertisements and promotions have been paid for and therefore do not carry any endorsement by the IFAA.



**Graduate School of Public and
Development Management**

University of the Witwatersrand,
Johannesburg. South Africa.

Africa's Leading School of Governance

WITS P&DM CERTIFICATED COURSES

**For full details on the programmes (including course details and fees) please contact Mrs Nombulelo Mpato,
tel: 011 717-3611 or email: mpato.n@pdm.wits.ac.za.**

Please do not hesitate to contact us to discuss possibilities for customised courses.

CERTIFICATE PROGRAMME IN INDUSTRIAL RELATIONS

The course aims to manage relationships in the workplace effectively and identify and analyse the theories, debates and context that affect the practice of industrial relations in the South African workplace.

CERTIFICATE COURSE IN PROGRAMME AND PROJECT MANAGEMENT

The course is designed to enhance the development knowledge and skills of Project Managers in all areas of development management.

PROFESSIONAL CERTIFICATE IN PUBLIC MANAGEMENT – GAUTENG AND MPUMALANGA

The course aims to expand managerial knowledge; test and explore new ideas and experiences; interact and network with leading academics and practitioners; and reflect on personal goals, values and career.

CERTIFICATE COURSE IN HIGHER EDUCATION MANAGEMENT

The course aims to provide a clear understanding of the socio-political environment as it impacts on higher education institutions, as well as an understanding of the global challenges facing higher education.

CERTIFICATE COURSE IN CRIME PREVENTION MANAGEMENT (may be run in Gauteng and Mpumalanga)

The course aims to provide an understanding of crime prevention within the South African context. The course explores strategies, tools and methods to combat crime, and looks at best practice both locally and internationally.

THE PROFESSIONAL CERTIFICATE IN GOVERNMENT COMMUNICATION AND MARKETING

The course examines a range of perspectives and insights in response to the challenges faced by government communicators.

CERTIFICATE COURSE IN INTERNATIONAL MIGRATION POLICY AND MANAGEMENT

The course explores the international context of migration and migration management.

PROGRAMME IN LEADERSHIP AND MANAGEMENT FOR TRANSFORMATION

The course places participants in a position to exercise decisive leadership, and manage transformation within their organisational contexts.

PROFESSIONAL CERTIFICATE IN PUBLIC MANAGEMENT

The course aims to expand managerial knowledge; test and explore new ideas and experiences; interact and network with leading academics and practitioners; and reflect on personal goals, values and career.

CERTIFICATE COURSE IN PROGRAMME AND PROJECT MANAGEMENT - MPUMALANGA

The course is designed to enhance the development knowledge and skills of Project Managers in all areas of development management.

Head of Executive/Short Courses:

Nombulelo Mpato, Tel: 011 717-3611, Email: mpato.n@pdm.wits.ac.za, Website: <http://pdm.mgmt.wits.ac.za/>

ISSUE 25 – CONTENTS

EDITORIAL OPINION	BEN TUROK	5
-------------------	-----------	---

SOUTH AFRICA

PROFILE OF ANC CADRES	DAVID MAKHURA	6
TRANSFORMATIVE CONSTITUTIONALISM	PIUS LANGA	13
AMANDLA (POWER), TECHNOLOGY AND THE PEOPLE	YUSUF HENDRICKS AND MTE KAHN	17
LAND REFORM AND THE CONSTITUTION	LAWRENCE HAMILTON	20
PARLIAMENT, A RUBBER STAMP?	JOEL BARKAN	24
BEST HOPE FOR THE RURAL POOR	MICHAEL ALIBER ET AL	30
ASGISA AND GROWTH	HAROON BHORAT	35

AFRICA

DEBT, DONORS AND DEVELOPMENT	FANTU CHERU	41
GOOD NEWS, NEW POLICIES	MARTIN KHOR	50
ASPECTS OF THE AFRICAN CRISIS	GIOVANNI ARRIGHI	51
AFRICA, THINK AGAIN!	YASH TANDON	57
PROGRESS THROUGH AID?	RICHARD MGAMBA	62
SOMALIA'S TRANSITIONAL PARLIAMENT	ABDURAHMAN IBBI	66
WAGING PEACE IN SOUTHERN SUDAN	MARIAM BIBI JOOMA	68

INTERNATIONAL

ECONOMIC POLICY IN LATIN AMERICA	JC MORENO-BRID AND I PAUNOVIC	74
UN PARLIAMENTARY ASSEMBLY	VICENTE GARCIA-DELGADO	80

BOOKS

BOOK REVIEWS	87
BOOKS RECEIVED FOR REVIEW	100



UNIVERSITEIT • STELLENBOSCH • UNIVERSITY
jou kennisvennoot • your knowledge partner



SCHOOL OF PUBLIC MANAGEMENT AND PLANNING

University of Stellenbosch

Learning for Sustainable African Futures

The SOPMP offers the following internationally recognised qualifications which are accessible to students throughout Southern Africa.... And indeed the world!

- Master's Programmes in Public and Development Management
Contact Ms Benita van Zyl on 021 9184193 or benitavz@sun.ac.za
- Master's Programmes in Sustainable Development Planning and Management; and
- Master's Programmes in Environmental Management
Contact Ms Charmagne Marais on 021 808 2152 or cmarais@sopmp.sun.ac.za

In today's challenging management environment, building the capacity of our managers to act and measure impact is essential. The SOPMP offers the following range of executive training programmes to meet these challenges. All these courses are NQF accredited and certificates of competence will be awarded following successful completion of course requirements

- Policy Writing, Implementation and Evaluation
- Strategic Policy Management
- Project Management
- Advance Project Management
- Public Financial Management and Cost Accounting
- Executive Governance
- Public Management Certificate
- Local Economic Development
- Leadership Innovation and Change Management
- Mentoring and Coaching in the Public Sector
- Performance Management
- Women Empowerment
- Women in Management
- Leadership Development for Women in the Public Sector
- Facilitation Skills
- Change and Transformation Management
- People Management
- Communication Skills
- Time and Meeting Management
- Research Methodology in the Public Sector
- Orientation to Computer Skills
- Computer Skills for Managers

FOR MORE INFORMATION AND REGISTRATION FORMS PLEASE CONTACT:

Ms Hanlie Coetzee

Tel: 021 918 4130 | Fax: 021 918 4123 | Cell: 0834620423 | E-mail: hcoetzee@sopmp.sun.ac.za

2007: THE YEAR OF THE DEVELOPMENTAL STATE?

BY BEN TUROK

Last year, the country was given the extraordinary news that 2007 would see us with a budget surplus. Everyone was enormously impressed, and it does indeed constitute a landmark in the management of the economy.

A landmark it is, but is it also a watershed? Does this mean that we will have a qualitative improvement in the lives of our people? Does ample finance mean that the poor will benefit? Do we have the plans to ensure that we use the finance correctly and in line with the vision of the ANC and the government?

The indications are that much of the available finance will be spent on physical infrastructure. This is very important since it will facilitate the effectiveness of our economy. It will also assist the people, especially with the improvements in public transport, which is such a burden to many.

But how can we ensure that the finance feeds the creation of a developmental state, which is one of the objectives frequently quoted by the government and the ANC?

A developmental state is one that has a primary objective to serve the needs of the people as a whole, especially the least advantaged. It is marked by substantial financial allocations to social welfare (without necessarily sliding into a welfare state), and to the establishment of a variety of development institutions.

This is the acid test. Most of us agree that the market cannot substitute for a deliberate governmental intervention directed at improving the lives of the less privileged; indeed, the market often makes their position

worse by polarising wealth and status in our society.

So we need a new, more positive stance towards the existing development institutions and perhaps the creation of new ones. It is well known that the development institutions and agencies we inherited were instructed to adopt the principle of cost recovery and even the objective of profitability. This had a negative effect on the DBSA, HSRC, CSIR, Khula, and even the SABC, which is supposed to be a public broadcaster promoting the values of our new society. All these institutions have laboured under the burden of cost recovery at the expense of promoting their developmentalist obligations.

Cost recovery was the battle cry of the World Bank when it imposed structural adjustment programmes on Africa. Countries like Zambia and Zimbabwe that introduced free primary education and clinics after independence were forced to introduce cost recovery at the expense of providing a better life for their people. Subsequently, it was admitted that many public services deteriorated seriously due to cost recovery.

Does pursuing business principles such as cost recovery equate with efficiency of services, as its proponents argue? Perhaps in some cases, but it is a cardinal error to confuse the efficient provision of public services with cost recovery or even profit-making.

South Africa must make the most of our new financial assets. Let us lay a strong foundation for a developmental state whose objective is to ensure a better life for all. These institutions should be ring-fenced to protect them against any future economic downturn. They are the institutions that bring public goods to our people. We must place them at the centre of our attention.

PROFILE OF ANC CADRES

The year 2007 is a decisive one for the African National Congress. Major decisions will be made at the policy conference in July, in preparation for December's national conference, where a new leadership will be elected.

Who will make these decisions?

Traditionally, the president delivers a keynote address, and the secretary-general and treasurer-general present their reports. Discussion documents from the national executive committee (NEC) are circulated; draft resolutions from the NEC and branches are tabled. Delegates speak and debate – all are equal at the conference.

Before the conference, discussion takes place in branches, regions and provinces. Caucusing continues at the conference; provinces meet to lobby.

But, in the end, it is the delegates who decide what resolutions they support and who to elect to the new ANC leadership. There are usually 3 000-4 000 delegates. They come directly from branches and include delegations from the Congress of South African Trade Unions (COSATU), the South African Communist Party (SACP), the South African National Civic Organisation (SANCO), and the ANC Women's League and Youth League.

Who are these delegates?

Amid all the speculation about the leadership struggle in the ANC, little has been said about the rank and file delegates who make up the body of the ANC and attend its conferences.

To fill this gap, the ANC in Gauteng commissioned an extensive survey of its paid-up branch members, their circumstances, and their views on the organisation, its direction and on topical issues. The 42-page report was recently released. Other provinces are considering conducting similar exercises.

New Agenda has analysed the report to find the likely profile of ANC delegates from Gauteng, the richest province and an ANC stronghold. We sought answers to four questions: who are ANC members and why did they join? Are they the "new elite"? What are their views on the ANC and government? What issues concern them most?

We review the report for our readers.



FOREWORD BY DAVID MAKHURA, PROVINCIAL SECRETARY OF THE ANC IN GAUTENG

Progressive political parties and liberation movements are not permanent or unalterable phenomena. As societies change, they too undergo change. Some even disappear. This underscores the fact that parties and movements, including those who regard themselves as agents for change, are themselves subject to change as they seek to effect transformation in society. In periods of major transformation, their composition, character, aims, objectives and the interests they profess to serve are not unaffected by the dynamics of a changing society.

It is in the interests of progressive parties and movements that systematic studies are undertaken to track the positive or negative impact of social transformation on the forces that purport to be agents for change. Such studies will help to identify the negative impact and reinforce and enhance the positives.

The African National Congress is 95 years old. On 8 January 2012, the ANC will celebrate its centenary. This is a monumental achievement. Twelve of these years have been as a democratically elected and fairly successful governing party. History is replete with examples of heroic movements and revolutionary parties who, despite their noble ideals, were derailed and ultimately destroyed along the way. By any standard, the ANC has been extremely successful in staying the course it has chosen for itself in the past nine-and-a-half decades, notwithstanding all the challenges it faced.

As we move towards the centenary and the further consolidation of freedom and democracy, we should take a keen interest in sharpening the ability of the ANC to remain the repository of the best values and aspirations of the overwhelming majority of South Africans. For this reason, we are interested in tracking the impact, both positive and negative, of the unfolding transformation process on the vanguard movement that leads it. How are the dynamics

of the new society we are building impacting on the social composition, values and ultimate objectives of the ANC? What are the main preoccupations and concerns of ANC members? Who are they and what do they do in their communities? What attracts them to the ANC today and what do they want the movement to focus on? How do they view their role in societal transformation and in the political life of the movement? What has been the impact of state power on the organisational life of the ANC in the past 12 years?

VEXING QUESTIONS

These vexing questions require systematic study and serious enquiry. They prompted the Gauteng provincial executive committee (PEC) to incorporate research into its mass work and grassroots organisation-building tactics. In the run-up to the ninth provincial conference, we commissioned research to track trends and changes in the political, social and economic landscape of the Gauteng province. The research culminated in a discussion document, "The Base Document", which pointed to uncomfortable and deliberately ignored questions that needed to be tackled by the movement on the fast-changing democratic terrain.

This year, we took the bold step of looking at ourselves in the mirror in order to try to understand how ANC members in Gauteng view their own movement in the current context. It is our collective view that this research is a ground-breaking initiative, the outcome of which has provided us with interesting insights into the profile and perspectives of our membership and branches.

In the nature of all research, some controversial perceptions and interesting perspectives have also been thrown up to the surface. These issues have generated the necessary debates in our structures about the findings and their medium- to long-term implications.



Inspired by NALEDI's surveys of COSATU membership, we concluded that research is going to play an important role in focusing the attention and energies of leadership structures and directing resources towards the concerns that are close to the hearts and minds of our membership and primary constituencies. For this reason, we are going to carry out regular surveys to keep track of the trends and changes in the profile and perspectives of ANC members in Gauteng.

Certainly, research cannot replace grassroots organising and direct interaction with households through door-to-door work. It can only perfect mass work and make such work more responsive to community and membership concerns. Taken together with the ongoing *Imvuselelo* campaign aimed at strengthening the grassroots structures and involving the membership in community development work, the issues raised by the membership in the survey constitute a strategic agenda for the Gauteng structures towards the centenary of the ANC in 2012. This agenda is about doing our best to deepen and strengthen the ANC's mass character, while at the same time continuously improving its capacity to lead both society and the state over many years to come.

We would welcome any critical comments and feedback on the survey findings so that future research improves on whatever shortcomings are identified.

THE GAUTENG MEMBERSHIP SURVEY

Who are ANC members and why did they join?

Most ANC members are neither very young nor very old. The majority joined during the struggle phase or immediately afterwards. Their mean age is 40. Only 6 percent are under 24 and only 3 percent are over 60. *The majority of members (53 percent) are women.*

"For the majority of respondents, *they want to be (and feel they are) involved in political decisions that affect their country, something denied to the majority of South Africans for four centuries.*" However, a significant minority (17 percent) want to be involved but are not.

ANC membership is valued by the majority because it

enables them to be of service to the community and the country. The survey shows that most members interviewed were *heavily engaged in civil society.*

"Indeed, they are the backbone of civil society in the province," says the report. "ANC members are taking up all the spaces created by government for citizens' participation in governance – they are to be found in community policing forums, community development forums, ward, block and street committees, school governing bodies and so on."

Eighty-four percent of ANC members in Gauteng belong to alliance structures and 50 percent to ward or street committees. Over one-third of members belong to the ANC Women's League, one fifth to the ANC Youth League, 29 percent to SANCO and 14 percent are members of COSATU affiliates.

Are ANC activists the new elite?

While members of the new elite undoubtedly join and belong to the ANC, the answer must be an emphatic no. The survey revealed that the economic situation of ANC members in Gauteng spans a wide range of income, and that *poverty is a daily reality for many:*

- 42 percent of members are unemployed (using the

ANC members are taking up all the spaces created by government for citizens' participation in governance.

expanded definition); 37 percent of male members and 47 percent of female members

- 54 percent of members have a disposable income of less than R3 000 a month; 24 percent have more than R3 000 and 24 percent did not answer the question
- 56 percent do not have water in their dwellings and a further 25 percent do not have access to clean water.

However, ANC members in Gauteng have a *higher level of education* than the general population:

- only 1 percent have no formal education (compared to 8 percent of Gauteng residents)
- over half had completed matric (compared with 36

percent in the general population).

What are ANC members' views on the ANC and government?

Party loyalty to the ANC remains unwavering, with 98 percent of respondents saying they would vote for the ANC if there were an election tomorrow. But democratic and pluralist impulses are strong. Seventy-eight percent agree with the statement that "for good government, we must have a strong opposition". However, 7 percent rejected this statement.

Most members favour face-to-face interaction with office-bearers at branch meetings as the means of communication with the ANC. Very few chose briefing documents (4 percent) and even fewer e-mail. Like the public generally, they prefer to discuss issues and ask questions, not merely passively receive data via a document or media insert.

Members have little confidence in the mass media. While

The majority do not trust any media, newspapers in particular. Eighty percent would like the ANC to have its own newspaper.

73 percent watch TV every day, 70 percent listen to the radio and 50 percent read a daily newspaper, the majority do not trust any media, newspapers in particular. Eighty percent would like the ANC to have its own newspaper.

Constituency offices are seen in a positive light by most members, although in the two poorest regions they were least likely to have heard of these offices – "showing that areas that are materially poor are also knowledge poor." Ward committees did not fare as well. Over half of respondents did not know about their ward committee, and nearly one-third thought their performance was poor.



While party loyalty to the ANC remains strong, this loyalty is not blind.

Most members believe the ANC is a pro-poor party and a voice for the poor and downtrodden, but they differ on whether the ANC is doing enough in this direction. However, the membership is committed to gender equality and 87 percent of respondents regarded the gender quota as a good thing.

What issues are of concern to ANC activists?

In response to an open-ended question on what the ANC needs to do to remain the leading force for progressive change, members listed job creation, the eradication of poverty, delivery, combating HIV/AIDS and crime. Other issues mentioned were the need to stop corruption within the ANC, to consult more vigorously, to stop in-fighting and to get branches functioning.

Asked to name the two main issues facing their communities, survey respondents mentioned jobs (47 percent) and crime (41 percent). These issues have dominated concerns for the past decade, but in this survey crime leapt in importance from 11 percent to 41 percent and lies just behind jobs as the top issue facing the province. Of concern is the fact that 30 percent of respondents had little or no confidence in the police and 25 percent had no confidence in the courts.

A relative newcomer to the list of main issues facing communities is HIV/AIDS, named by 24 percent of respondents. An earlier report noted strong feelings among branch members about the refusal of branches or provincial leaders to speak out on HIV/AIDS or adopt a position that might embarrass the national leadership. A similar unease existed among members interviewed in this survey. Respondents in the poorer regions were most outspoken and women were more outspoken than men.

The report concludes that the survey has shown that "the ANC in Gauteng has a powerful resource base – a membership that is optimistic, committed, pro-poor, active and deeply embedded in civil society – in short, a membership base that any political party would envy."

The implication is that the ANC will remain the key force for progressive change if it deepens its pro-poor stance and speeds up delivery. But the second, internal dimension to be considered is that the ANC's political programme could be derailed by ongoing internal disputes, lack of consultation, and so on.

If the ANC is to meet the challenges it faces it will have to provide leadership and join with the membership in fighting for a better life for all "rather than allow ongoing politicking to dissipate energy and commitment."

SOURCE:

Strategy and Tactics Research Group. 2006. *Profile and Perspectives of ANC membership in Gauteng*. www.anc.org.za/ancdocs/misc/2006/gsurvey.html

Public Investment Corporation:

Who they are

The PIC is an investment management company wholly owned by the South African government. Although the PIC was founded in 1911, it was only established as a corporate entity in terms of the Public Investment Corporation Act, 2004 (Act 23 of 2004) on 1 April 2005. The company invests funds on behalf of public sector entities and their largest client is the Government Employees Pension Fund (GEPF), which accounts for more than 90% of assets under management.

The PIC is one of the largest investment managers in the country with assets under management of over R598 billion (figure quoted as at 31 March 2006). Funds managed by the PIC consist primarily of pension and provident funds, social security funds and the Guardian's Fund. Pension and provident funds include the GEPF, the Associated Institutions Pension Fund and the Political Office Bearer's Fund. Social security funds include the Compensation Commissioners and the Unemployment Insurance Fund.

PIC manages a diversified portfolio of assets, which are managed through a combination of internal and external resources. The external managers of equity investments are: RMB Asset Management; Stanlib; Futuregrowth; Sanlam Investment Managers and Old Mutual Asset Management.

Board of Directors

The PIC is governed by a board of directors with nine members. The

board chaired by the Deputy Minister of Finance, Mr Jabu Moleketi, MP. Seven members of the board including the chairperson serve in a non-executive capacity while two are executive directors. The board includes Mr Jabulani Moleketi, MP (Chairperson), Mr Brian Molefe (CEO), Ms Albertinah Kekana (COO), Ms Ntombifuthi Mtoba, Mr Veli Ntombela, Mr Ignatius Sehoole, Mr Zakhele Sithole, Mr Jan Strydom and Mr Younaid Waja.

Pan African Infrastructure Development Fund (PAIDF)

An innovative new initiative has come from within Africa itself. The Public Investment Corporation proposed the establishment of a Pan African Infrastructure Development Fund (PAIDF) – a one-billion dollar equity fund to promote investment in the continent's transportation, energy, water, sanitation and telecommunications infrastructures. The PAIDF's architects hope to initially raise \$1 billion of long-term capital from public pension funds from across the continent, and thereafter to expand the fund by tapping into international capital markets. No one is in a better position to take a long-term view of the continent than pension funds that inherently have long-term African liabilities that can be matched with long-term infrastructure assets. The continent's leadership has committed itself to long-term stability and growth. To complement these ideals there is no better way to improve the continent's competitiveness and unlock its potential than to start building roads and ports, building telecommunication networks connecting

What is the vision of the PIC? The vision of the PIC is to be a world-class asset management company that delivers market competitive returns for its clients.

PUBLIC INVESTMENT CORPORATION

Physical address: PIC Building, Block A, Glenfield Office Park, Cnr Oberon and Glenwood Rd, Faerie Glen, Pretoria

Postal Address: Private Bag x187, Pretoria, 0001

Tel: 012-369 3300 | Fax: 012-348 2272 | info@pic.gov.za | www.pic.gov.za



Brian Molefe



**Albertinah
Kekana**

the continent, harvesting the continent's energy resources and providing water and sanitation for its people.

Africans committing long-term capital for their own future want to make sure that the future is a bankable reality. The Africa of today is a much more improved one than the one of five years ago. This fund is banking on a much better Africa in 15 years time.

What makes the PIC offer unique?

In its current corporatised form, the PIC is the first initiative in South Africa to create a professional public sector investment management company. While it continues to build internal capacity, the PIC retains strong relationships with private sector asset managers that manage some of its funds – helping to sustain the industry. The PIC has also invested substantial resources in disadvantaged communities and funded black economic empowerment ventures worth billions of rands.

How is the PIC offer differentiated in the market place?

While other investment management companies serve the financial needs of the general public and the public sector alike, the PIC is dedicated to fulfilling public sector needs. Over the years, the PIC has built systems and skills that complement those of the public sector and our management costs are generally below prevailing market rates.

What other companies offer similar services to the PIC locally and internationally, and how does the PIC compare to these companies?

There is no other domestic company that offers the level of asset management services to the public sector as the PIC does. Internationally, there are many PIC-type companies which are similarly structured, but may have slightly different investment

areas determined by their mandates, and by the historical and current political and economic realities of their own countries. These include the Namibian Government Institutions Pension Fund, the Zambia National Pension Scheme Authority, the Nigeria Social Insurance Trust Fund, the California Public Employees' Retirement System in the United States and the Queensland Investment Corporation in Australia. Overall, the PIC compares favourably with some of the best asset management companies in the world.

Profile of the CEO, Brian Molefe

Brian Molefe was previously Deputy Director General responsible for Asset and Liability Management at the National Treasury until June 2003 when he was appointed Chief Executive Officer of the PIC. He joined the former finance department in 1997 as a director of intergovernmental relations and later became Chief Director of Asset Management. Mr Molefe worked for two years in the Limpopo Premier's Office, where he was in charge of strategic planning. A political activist since the 1980s, Molefe worked for First National Bank in 1994 and 1995 as a trainee forex dealer. From there, he moved to the Development Bank of Southern Africa. He obtained his BCom through Unisa and did his postgraduate studies in economics at the University of London. He also holds a Master of Business Leadership.

Profile of the COO, Albertinah Kekana

Albertinah Kekana is the chief operating officer and heads the operations division, which supports all investment divisions. This includes finance and investment administration; legal and compliance; information management; human resources; internal audit; client and public relations.



**PUBLIC INVESTMENT
CORPORATION**

Together, leaping forward!

CEF (Pty) Ltd is involved in the search for appropriate energy solutions to meet the future needs of South Africa, the Southern African Development Community and the sub-Saharan African region.

The Group manages specific energy interests for the Government and primarily acts as a catalyst for the development of new energy entities. Its mandate is to pursue commercially viable opportunities in oil, gas, coal, sustainable and renewable energy.

CEF targets market sectors where there is insufficient private sector activity as well as areas where the Government, for strategic reasons, believes that State investment and development projects are required.

For more information visit www.cef.org.za



saneri
South African National Energy Research Institute



OPCSA



PetroSA



SFF



P.O. Box 786141 Sandton 2146 1st Floor, 158 Jan Smuts Avenue, 9 Walters Avenue (entrances), Rosebank, Johannesburg.
Tel: (011) 280 0300 General Fax No: (011) 880 9803

TRANSFORMATIVE CONSTITUTIONALISM

BY PIUS LANGA

The author is Chief Justice of the Republic of South Africa. This Prestige Lecture was delivered at Stellenbosch University on 9 October 2006. It has been edited

Arthur Chaskalson once wrote that a "commitment... to transform our society... lies at the heart of the new constitutional order."¹ It is clear that the notion of transformation has played and will play a vital role in interpreting the Constitution. What barriers exist to the achievement of that transformation?

Before I attempt to analyse the problems that transformative constitutionalism faces in South Africa, it is necessary to say what I understand the concept to mean. Unfortunately, there is no single accepted definition. Current Deputy Chief Justice Moseneke has said, in this regard: "The meaning of transformation in juridical terms is as highly contested as it is difficult to formulate."² It is perhaps in keeping with the spirit of transformation that there is no single stable understanding of transformative constitutionalism. There must, however, be agreement on some basis for an understanding of transformative constitutionalism. I would suggest that the epilogue, also known as the postamble, to the interim Constitution provides that basis.

The epilogue describes the Constitution as providing: "a historic bridge between the past of a deeply divided society characterised by strife, conflict, untold suffering

we must change. But how must we change? How does the society on the other side of the bridge differ from where we stand today?

Firstly, the new society is one based on substantive equality. Writing in the *South African Journal of Human Rights* in 1998, Albertyn and Goldblatt make the point that the movement from one side of this bridge to the other will "require a complete reconstruction of the state and society, including a redistribution of power and resources along egalitarian lines. The challenge of achieving equality within this transformation project involves the eradication of systemic forms of domination and material disadvantage based on race, gender, class and other grounds of inequality. It also entails the development of opportunities which allow people to realise their full human potential within positive social relationships."³

Transformation, then, is a social and an economic revolution. South Africa at present has to contend with unequal and insufficient access to housing, food, water, healthcare and electricity. As former Chief Justice Chaskalson wrote in *Soobramoney*, "For as long as these conditions continue to exist that aspiration [that is, of substantive equality] will have a hollow ring." The provision of services to all and the levelling of the economic playing fields that were so drastically skewed by the apartheid system must be absolutely central to any concept of transformative constitutionalism. Transformation in this sense does not only involve the fulfilment of socio-economic rights, but also the provision of greater access to education and opportunities through various mechanisms, including affirmative action measures.

THE OBJECTIVE: A TRULY EQUAL SOCIETY

In this sense then, the establishment of a truly equal society and the basic provision of basic socio-economic rights to all are a necessary party of transformation. That is, however, not the whole story. This leads me to the second part and this is the transformation of the legal culture.

It was Etienne Mureinik who pointed out that the true shift from apartheid to post-apartheid South Africa is a move from "a culture of authority" to "a culture of justification – a culture in which every exercise of power is expected to be justified; in which the leadership given by government

It is no longer sufficient for judges to rely on the say-so of parliament or technical readings of legislation as providing justifications for their decisions. Judges bear the ultimate responsibility to justify their decisions not only by reference to authority, but also by reference to ideas and values.

and injustice, and a future founded on the recognition of human rights, democracy and peaceful co-existence and development opportunities for all South Africans, irrespective of colour, race, class, belief or sex."

This is a magnificent goal for a constitution: to heal the wounds of the past and guide us to a better future. For me, this is the core idea of transformative constitutionalism: that

rests on the cogency of the case offered in defence of its decisions, not the fear inspired by the force of its command. The new order must be a community built on persuasion, not coercion."⁴

The Constitution demands that all decisions be capable of substantive defence in terms of the rights and values that it enshrines. It is no longer sufficient for judges to rely on the say-so of parliament or technical readings of legislation as providing justifications for their decisions. Under a transformative constitution, judges bear the ultimate responsibility to justify their decisions not only by reference to authority, but also by reference to ideas and values.

This approach to adjudication requires an acceptance of the politics of law. There is no longer place for assertions that the law can be kept isolated from politics. While they are not the same, they are inherently and necessarily linked. At the same time, transformative adjudication requires judges to acknowledge the effect of what has been referred to elsewhere as their "personal, intellectual, moral or intellectual

This is a perspective that does not see the Constitution as transformative because of its peculiar historical position or its particular socio-economic goals, but because it envisions a society that will always be open to change and contestation, a society that will always be defined by transformation.

preconceptions"⁵ on their decision-making. We all enter any decision with our own baggage, both on technical legal issues and on broader social issues. While the policy under apartheid legal culture was to deny these influences on decision-making, our constitutional legal culture requires that we expressly accept and embrace the role that our own beliefs, opinions and ideas play in our decisions. This is vital if respect for court decisions is to flow from the honesty and cogency of the reasons given for them rather than the authority with which they are given.

So far I have referred to two basic ideas of transformation: economic transformation and a change in legal culture. Some critical scholars have offered a third conception that builds on, but also goes beyond, the first two. For them, the traditional metaphor of a bridge is misleading, as it seems to suggest that transformation is a temporary event, that at some point we will reach the other side of the bridge. Transformation then ends because we have reached our desired destination.

According to Andre van der Walt, "In this vision of transformation there is no longer room for imagining that things could be different, that there might be further options and more complex alternatives to the two places between

which we have chosen to choose."⁶ It is contended that we should instead view the bridge of the interim Constitution as a space between an unstable past and an uncertain future. There is no preference for one side over the other. Rather, the value of the bridge lies in remaining on it, crossing it over and over to remember, change and imagine new and better ways of being.

On that view, transformation is not a temporary phenomenon that ends when we all have equal access to resources and basic services and when lawyers and judges embrace a culture of justification. Transformation is a permanent ideal, a way of looking at the world that creates a space in which dialogue and contestation are truly possible, in which new ways of being are constantly explored and created, accepted and rejected, and in which change is unpredictable but the idea of change is constant. This is perhaps the ultimate vision of a transformative, rather than a transitional constitution. This is a perspective that does not see the Constitution as transformative because of its peculiar historical position or its particular socio-economic goals, but because it envisions a society that will always be open to change and contestation, a society that will always be defined by transformation.

This conception of transformation reminds me of the old Nissan slogan: "Life's a journey. Enjoy the ride." We should enjoy the driving itself rather than seeing it merely as a means to arrive at a destination. Van der Walt is telling us that we should promote and sustain transformation itself, rather than view it merely as a means to construct a new society.

CHALLENGES

Let me now, finally, turn to the main theme of this address: the challenges facing transformative constitutionalism in South Africa. Many of the challenges are interrelated. Taken together, they create a substantial impediment to the realisation of our constitutional dream. My list is by no means conclusive. There are many others and many more that will arise only in the future. However, these are, to my mind, the most pressing obstacles at the moment.

Access to equal justice

I have already mentioned that one of the central tenets of transformative constitutionalism is a commitment to substantive equality and improving socio-economic conditions. It is no surprise, then, that perhaps the biggest obstacle to attaining a truly transformative constitutionalism is the continuing disparities of wealth and power that pervade our country. I do not, however, wish to focus on that aspect. We are all well aware of the extent and seriousness of these problems. I prefer to confine myself to one specific symptom of this inequality: access to justice. Kofi Annan, the secretary-general of the United Nations, recently wrote the following about the necessity of protecting the rule of law and access to justice:

"The United Nations has learned that the rule of law is not a luxury and that justice is not a side issue. We have seen people lose faith in a peace process when they do not feel

safe from crime. We have seen that without a credible machinery to enforce the law and resolve disputes, people resorted to violence and illegal means. And we have seen that elections held when the rule of law is too fragile seldom lead to lasting democratic governance. We have learned that the rule of law delayed is lasting peace denied, and that justice is a handmaiden of true peace. We must take a comprehensive approach to justice and the rule of law. It should encompass the entire criminal justice chain, not only police, but lawyers, prosecutors, judges and prison officers, as well as many issues beyond the criminal justice system. But a 'one-size-fits-all' does not work."⁷

South Africa has its own unique problems when it comes to access to justice. In the face of high levels of crime, the criminal justice system faces a serious challenge to ensure that victims have the satisfaction of knowing that those who harmed them or their loved ones are brought to justice. Legal representation remains beyond the financial reach of many South Africans and it is true that more money ensures better representation. That is not equal access to justice and the challenge we face is what strategies we should adopt to rectify the position. The Constitution should not become a tool of the rich. Equal justice means that the fruits of justice are there for all to enjoy. The provision of equal access to justice is therefore a priority in reaching our transformative goal.

Legal education

The next challenge I see to transformation is in the sphere of legal education. The way we teach law students and the values and philosophies we instil in them will define the legal landscape of the future. Most of us here today are familiar with a traditional legal education that focuses predominantly on private and commercial law and rewards the rational deduction of inevitable conclusions from unquestionable principles. That is how we were taught and it is a vital part of any lawyer's arsenal. We would be failing in our duty to both the students and the public if we did not pass on the tradition of analytical argument and a full knowledge of the legal principles that govern everyday human interaction and form the main part of a lawyer's work.

However, that education is no longer enough. We can no longer teach the lawyers of tomorrow that they must blindly accept legal principles because of their authority. No longer can we responsibly turn out law graduates who are unable to critically engage with the values of the Constitution and who are unwilling to implement those values in all corners of their practices. A truly transformative South Africa requires a new approach that places the constitutional dream at the very heart of legal education. It requires that we regard law as part of the social fabric and teach law students to see it as such. They should see law for what it is: as an instrument that was used to oppress in the past, but that has that immense power and capacity to transform our society.

Much has been done to bring legal education into line with these ideals. Constitutional and human rights law

now form a much greater part of the curriculum and the vast majority of courses and textbooks on traditional private or commercial areas devote sections to the impact of the Constitution on that field of law. However, we must be careful that the influence of the Constitution does not become simply another set of cast-in-stone legal principles. The change to legal education is a change in mindset, not simply a change in laws.

Legal culture

But what of the existing legal community that has already received their legal education and training? In his article "Legal Culture and Transformative Constitutionalism", Karl Klare highlights the "inherent conservatism" of South African legal culture and he compares it with what he believes it should be.⁸ "Conservatism" in this context applies to a jurisprudential approach, not a political outlook. When he talks about "legal culture", Klare is referring to "the professional sensibilities, habits of mind and intellectual reflexes" of lawyers or those ingrained ideas about how the law works and what arguments are and are not convincing. Our recourse to this culture is often subconscious as it is such a basic part of how we approach legal problems.

According to Klare, there is a tendency to follow a formalistic or technical approach to law. He sees this approach to legal interpretation as "highly structured, technicist, literal and rule-bound" as opposed to the "policy-oriented and consequentialist" approach that he favours. A number of other scholars have written about what they see as the conservatism of South African legal culture and argue that it is still based on formal rather than substantive legal reasoning.

This formal reasoning prevents an inquiry into the true motivation for certain decisions and presents the law as neutral and objective when, in reality, it expresses a particular politics and enforces a singular conception of society. Johan Froneman refers to this as a "delusional danger"⁹ and states that it has not been wiped away by the

The Constitution should not become a tool of the rich. Equal justice means that the fruits of justice are there for all to enjoy.

advent of the new Constitution. The Constitution, like any law, can be interpreted formally and thus allow judges to avoid engagement with substance and evade the search for justice.

Let me, however, make two important caveats. First, not all South African lawyers are guilty of the conservatism and formalism they seem to be accused of. Indeed, much of the resistance to apartheid was built on the idea that, to be enforceable, laws must be substantively just. That spirit still inspires many lawyers and judges and they continue to play an incredibly invaluable part in taking us forward in constitutional interpretation. Secondly, there is much to be said for sticking to the rules when they are clear and good.

It is when adherence to the word is taken too far, when the upholding of a law obscures or ignores the fact that law exists to try (however difficult this is) to ensure justice, that formalism becomes dangerous.

It is this type of conservative or formalist approach to law that is inconsistent with a transformative constitution. At the heart of a transformative constitution is a commitment to substantive reasoning, to examining the underlying principles that inform the laws themselves and judicial reaction to those laws. Purely formalist reasoning tends to avoid that responsibility.

"The United Nations has learned that the rule of law is not a luxury and that justice is not a side issue. We have seen people lose faith in a peace process when they do not feel safe from crime." — Kofi Annan

However, while it is vital that we embrace the idea of substantive adjudication, there is a distinct limit as to how far we can go. Judges do not have a free rein to determine what the law is. Laws, including the Constitution, do not mean "whatever we wish them to mean". This limit on judicial law-making is encapsulated in the idea of the separation of powers. The Constitution itself entrenches the notion of different roles for the different arms of government: the legislature makes the law, the judiciary interprets the law and the executive enforces the law. Were the courts to completely discard any adherence to the text, they would enter squarely into the domain of the legislature as creators rather than interpreters of the law. That is clearly not what the Constitution envisages.

This is not to suggest that the courts have no law-making responsibility. Upholding the transformative ideal of the Constitution requires judges to change the law to bring it in line with the rights and values for which the Constitution stands. The problem lies in finding the fine line between transformation and legislation. Overly activist judges can be as dangerous for the fulfilment of the constitutional dream as unduly passive judges. Both disturb the finely-balanced ordering of society and endanger the ideals of transformation.

Responsibility for transformation and reconciliation

From this it follows that transformation is not a responsibility that must be borne by the courts alone – it is a task for all three arms of government to perform in partnership. Widespread transformation of economic and social conditions is beyond the powers of the courts alone. Only when our judicial commitment is coupled with legislative reform and appropriate executive action can the vast disparities that continue to exist in South Africa be eradicated.

Finally, transformation is not something that occurs only in courtrooms, parliaments and governmental departments. Social transformation is indispensable to our society. In South Africa, it is synonymous with reconciliation. If there

is no reconciliation between the people and groups of South Africa we will simply have changed the material conditions and the legal culture of a society that remains fractured and divided by bitterness and hate.

That is what the late Chief Justice Mahomed had in mind when he wrote that if certain steps are not taken:

"both the victims and the culprits [of apartheid] who walk on the 'historic bridge' described by the epilogue [to the interim Constitution] will hobble more than walk to the future with heavy and dragged steps, delaying and impeding a rapid and enthusiastic transition to the new society at the end of the bridge."¹⁰

Reconciliation and forgiveness are beyond the power of the law. We cannot legislate reconciliation and we cannot order forgiveness. In his recollections on the TRC, Alex Boraine writes that he agrees with Albert Einstein's pronouncement that "as long as there will be man, there will be war."

"Nevertheless," Boraine continues, "I still believe that goodness and beauty, compassion and new beginnings can triumph over the evil which seems to be all-pervasive." This hope stems "from the courage and generosity of spirit of those South Africans who had been hurt the most and who had been regarded and treated as less than human" but had "expressed their willingness to forsake revenge and commit themselves to forgiveness and reconciliation. It is this truth that gives me hope for the future."¹¹

I should not be understood as saying that all those who were wounded by apartheid must forgive. Many cannot forgive and we cannot fault them for that. There is no right way to deal with the immense violation that was apartheid. But, as a society, we must keep alive the hope that we can move beyond our past. That requires both a remembering and a forgetting. We must remember what it is that brought us here. But at the same time we must forget the hate and anger that fuelled some of our activities if we are to avoid returning to the same cycle of violence and oppression.

Creating a climate for reconciliation

There is a final point I wish to make on this score. The call for reconciliation is not only for the ears of the victims of apartheid, it is equally important that those who benefited from apartheid take responsibility for creating a climate in which forgiveness, and ultimately reconciliation, is possible. Mahmood Mamdani has written about the distinction between a narrow political reconciliation between victim and perpetrator and a broader and lasting social reconciliation of the entire nation. He describes the need for that distinction as follows:

"Where the focus is on perpetrators, victims are necessarily defined as the minority of political activists; for the victimhood of the majority to be recognised, the focus has to shift from perpetrators to beneficiaries. The difference is this: whereas the focus on perpetrators fuels the demand for justice as criminal justice, that on beneficiaries would shift the focus to a notion of justice as social justice... A focus on power that links power to privilege links

perpetrator to beneficiary, racialised power to racialised privilege, and puts at centre-stage the relationship between beneficiary and victim as the majority. To recognise this difference is, I think, key to thinking through how to make the reconciliation durable."¹²

Social reconciliation does not mean that we increase the blame on the beneficiaries of apartheid. What it does recognise is that beneficiaries take responsibility for ensuring that reconciliation is possible. Beneficiaries cannot stand on the sidelines as having no role to play in reconciliation, as they do not need to forgive or be forgiven. All South Africans, beneficiaries, victims and perpetrators must work together to create a climate of reconciliation.

There are many ways to foster that climate: through public dialogue, art and music. But the most effective manner to summon the rain of forgiveness is, as Mamdani notes, through social justice, which must include a levelling of socio-economic conditions. Reconciliation therefore supplements, but also requires, an improvement of socio-economic conditions. Creating a climate for forgiveness as one of our national projects means that no one takes forgiveness for granted. It can never be a one-sided exercise. That is why I believe that national reconciliation cannot be divorced from the reconstruction of the socio-economic conditions of the country. The responsibility for that, however, goes beyond the government of the day. It is, as I have indicated, a national project – for all of us.

These, then, are the challenges that I see facing transformative constitutionalism: legal education, legal culture, maintaining the separation of powers while ensuring that all arms of government work together, and reconciliation.

Can we overcome these dilemmas? I do not know. But I take solace in the idea that, perhaps, rather than obstacles,

these factors can be viewed as enabling conditions for transformation. For as long as they exist, there will be a drive to overcome them, there will be a tension that keeps alive the idea that things can be different. When all the challenges are gone, that is when the real danger arises. That is when we slip into a useless self-congratulatory complacency, a misplaced euphoria that believes that where we are now is the only place to be. That is when we stop dreaming, imagining and planning that things could be different, could be better. This, for me, is the true challenge of transformation.

REFERENCES

- ¹ *Soobramoney v Minister of Health, KwaZulu-Natal* 1998 (1) SA 765 (CC); 1997 (12) BCLR 1696 (CC) at para 8
- ² D Mosenke. 2002. "The Fourth Bram Fischer Memorial Lecture: Transformative Adjudication", *SAJHR* 18: 315
- ³ C Albertyn and B Goldblatt. 1998. "Facing the Challenge of Transformation: Difficulties in the Development of an Indigenous Jurisprudence of Equality", *SAJHR* 14: 249
- ⁴ E Murenik. 1994. "A Bridge to Where? Introducing the Interim Bill of Rights" *SAJHR* 10: 32.
- ⁵ Mosenke (supra n 2), p 317
- ⁶ A van der Walt. 2001. "Dancing with Codes – Protecting, Developing and Deconstructing Property Rights in a Constitutional State" *SALJ* 118: 296
- ⁷ United Nations Development Programme. 2004. *Access to Justice: Practice Note*, p 2
- ⁸ K Klare. 1998. "Legal Culture and Transformative Constitutionalism" *SAJHR* 14: 146
- ⁹ J Froneman. 2005. "Legal Reasoning and Legal Culture: Our 'Vision of Law'" *Stell LR* 16: 1
- ¹⁰ *Azanian Peoples Organisation (AZAPO) & Others v President of the Republic of South Africa & Others* 1996 (4) SA 671 (CC): para 18
- ¹¹ reference unavailable
- ¹² Mahmood Mamdani. 1998. *When Does Reconciliation Turn into a Denial of Justice?*, p 14

AMANDLA (POWER) TECHNOLOGY – AND THE PEOPLE...

BY YUSUF HENDRICKS AND MTE KAHN

Yusuf Hendricks is a master's degree student in the department of electrical engineering and Professor MTE Kahn heads the Centre for Distributed Power Electronic Systems, Cape Peninsula University of Technology (Bellville)

"If liberty means anything at all, it means the right to tell people what they do not want to hear."
George Orwell

Power, more specifically electric power, has never been so much under discussion as during the last few months in South Africa. The Western Cape and Gauteng faced power cuts over what amounts to a mere 800MW of

capacity that could not be accommodated. Is the modern city so absolutely dependent on electricity? The answer is an obvious and resounding yes – and not only for the formal and industrialised sectors of society. The informal sectors of modern Cape Town (and elsewhere) have largely been "electrified" by what could only be described as illegal means, and this *sink* in power is often not officially accounted for. Politics demands that everyone look the other

way. Economics requires serious investigation.

Technology effects changes to our environment and us in it. Life before television and life after television, or life before and after cell phones, is dramatically different. Technology, simply put, changes the user. This change requires a thinking that is radically different from that taught in Victorian-era schools, which operated from a highly mechanistic worldview. In our technological era, where things change every five years, the old mechanistic or Cartesian worldview has been given the death knell. Heisenberg and the formulators of quantum mechanics showed the theoretical impossibility of studying a system without taking into account the inevitable interactions between the system and its surroundings.

The use of electric power will not decrease in the foreseeable future; it will increase more dramatically. Electricity remains a vital component of national development. It accounts for about 40 percent of total global energy consumption and is considered to be a good indicator of economic progress. Whether we switch on a light or start a motorcar ignition, most of our activities are connected to energy consumption. The total energy use per person has increased by 63 percent

How we will cope with this increased demand in South Africa is certainly a matter that requires great dexterity and within the present crises, faced by irate consumers in the Western Cape, the plan had better be foolproof.

since 1949. In *Future Shock*, Alvin Toffler cites PC Putnam's 1954 estimation of the increase of energy use. If Q represents the energy derived from burning some 38 000 million tons of coal, "[i]n the eighteen and one-half centuries after Christ, the total energy consumed averaged less than one half Q per century. But by 1850, the rate has risen to one Q per century. Today, the rate is about 10 Q per century."

We understand from this that, during the last 100 years, man has consumed more than half the energy that he used in his entire pre-modern existence. Development in the microchip industry has clearly shown a doubling of the total output of goods and services every two to five years. Globalisation is creating opportunities for those with assets, skills and education to operate in increasingly competitive markets. With this comes the need for participation of people from all walks of life in this process. Electric power, and electrification, is an enabling facet of this process. How we will cope with this increased demand in South Africa is certainly a matter that requires great dexterity and within the present crises, faced by irate consumers in the Western Cape, the plan had better be foolproof.

POWER STATION DEVELOPMENT OR UNDERDEVELOPMENT?

Approaches to development have often been handicapped

by an over-reliance on purposive rational type reasoning. This reasoning is often also laced with value-laden concepts of "progress" and "development" grounded in technological and materialistic norms. These norms are again often associated in a functional manner with other characteristics of westernisation, including the development of bureaucratic institutions, industrialisation and a host of attitudes and beliefs.

In the United States, estimates show that big power stations produce fewer jobs per dollar than any other major investment. In other words, the electricity supply industry is amongst the most capital intensive of all industries. Eskom's R84 bn request to develop several additional nuclear power plants and to reinstate old coal stations has been a hot topic in the news media and public discussion.

What is bothersome is the ease with which this plan has been accepted. In 2004, the cabinet already approved Eskom's new electricity generation capacity plan and a five-year investment plan in the country's electricity infrastructure, totalling R93 bn. The cabinet approved a five-year plan for Eskom and independent power producers (IPPs) to add some 5 300 MW to the SA grid, 70 percent of which will come from Eskom and 30 percent from IPPs.

At that stage, additional nuclear power capacity was not on the table, and the pebble bed modular nuclear reactor (PBMN) was hardly mentioned. Energy technology on the scale of nuclear power cannot easily be adapted to cope with societal change. Going nuclear commits the public to a certain type of energy, and a certain type of lifestyle, whether they agree with it or not. The recent ban on development in a 16 kilometre radius around Koeberg power station for safety and evacuation reasons is a case in point. Why this development ban had not been insisted upon earlier boggles the mind.

The official story is that the demand for energy will continue to rise and that the energy gap will continue to grow, making large power stations, such as more nuclear power plants, inevitable. Thanks to this line of thinking, South Africa is sliding into the grip of a system that is using up the earth's non-renewable resources indiscriminately and producing nuclear waste (for peaceful purposes?) while promising to maintain living standards and prevent mass unemployment to boot.

In contrast to the above analysis, one could also say that, despite popular perceptions, the market does not magically create new technology whenever it is needed. Although market forces can drive the development of those technologies whose fundamentals have been established, markets typically under-invest in basic technology research. The most important development of the early 1980s was that large-scale power plants no longer entirely dominated the electricity planning strategy. It is often forgotten that technological development and social development go hand in hand. Today's decisions in the energy field will shape people's lifestyles well into the next century and the effects

are often irreversible.

In this regard, various sectors of industry have an important role to play in the realisation of a sustainable future. Industries that operate in the fossil sector also have a considerable contribution to make. The growth of the developing countries of Asia, Latin America and Africa, as well as the transition economies of central and eastern Europe and the Russian Federation, and the expected population increase of the coming decades, present a huge environmental challenge to humanity. This challenge is very acute in the power generation, transmission and distribution sector. As it seems today, a large part of the energy of the developing countries will continue to come from fossil fuels. In China, for example, about 70 percent of the rising demand is expected to be met by burning coal.

These comments may make the future look bleak and raise several problems that have to be addressed, but there are also some important bright spots. One of these is the fact that the mature industrial countries have learnt from their own mistakes and now have both technologies and know-how that can contribute to reducing the environmental impacts of electricity production.

Why then does it appear as if there is a concerted drive to put more nuclear energy options on the supply agenda, as if other options are wholly unfeasible? Could the Western Cape be supplied with electricity without Koeberg?

On a Wednesday evening, 23 November 2005, Eskom initiated a controlled shutdown of Koeberg power station. At 8:46 pm, Koeberg stopped generating electricity. As part of the controlled shutdown, the Acacia gas turbine in the Western Cape and Port Rex in the Eastern Cape were switched on and commenced generating electricity to supply the Western Cape. Power was not interrupted and was maintained using the high voltage transmission lines. Even Thursday morning's peak demand was met on that occasion, by utilising the Acacia and Port Rex gas turbines, Palmiet pumped storage power station and Van der Kloof hydroelectric station. It is important to note that power supply to the Western Cape was not interrupted.

Koeberg was synchronised to the national electricity grid during the course of Thursday the 24th, without any nuclear regulator being reported as giving a 31-hour safety margin before firing up the system.

However, Eskom expects that rolling blackouts will be with the Western Cape and Eastern Cape for several years, at least until a R1.1bn project to upgrade power lines from Mpumalanga to Koeberg is finished, according to a *Business Day* report quoting Eskom's managing director for transmission, Jacob Maroga. The upgrading programme of the three feeder lines to the Cape from Mpumalanga, where Eskom's main generating capacity is situated, started late in 2004 and is only expected to be completed in May 2007, according to that report. Thankfully, Eskom pulled things together with a demand-side management (DSM) effort to

ward off any untoward power cuts. This was indeed a well-engineered and very commendable feat.

RENEWABLE ENERGY AND INCREASING ENERGY CONSUMPTION

Renewable energy suffers from a lack of serious attention by state and industry alike. Renewable energy is simply not seen in a serious enough light and is forced to compete with other energy saving techniques, such as hot-water load control and DSM. Not enough attention is given to medium-term alternatives to harness the huge hydroelectric potential of sub-Saharan Africa. This is estimated at more than twice Eskom's current generating capacity. Hydroelectricity is renewable and does not pollute. It must be considered as a viable future strategy, with South Africa as a dominant partner in the southern African energy sector, and should have been considered far more seriously than the experimental pebble bed technology.

It is strange that, in a world with increasing consciousness about renewable energy resources, more obstructions, such as environmental impact assessments, are in place for wind farms than for nuclear reactors. Renewable energy, it is true, cannot compete on a scale comparable to current base-load providers. But it is also not allowed to compete effectively in distributed generation capacity, as there are no regulations or strategies to allow supplies to feed back into the utility distribution – an ability that could significantly decrease the energy demand during peak loads.

Renewable energy technology suffers from a kind of "applications myopia" that makes researchers immediately inclined to talk about "rural areas" and the electrification of "remote villages". The Australian model of renewable energy certificates (RECs) shows how incentives can be created to deploy renewables more generally in distributed

Why then does it appear as if there is a concerted drive to put more nuclear energy options on the supply agenda, as if other options are wholly unfeasible? Could the Western Cape be supplied with electricity without Koeberg?

energy solutions. The Australian government has introduced legislation to mandate the supply of an additional 9 500 GW of renewable energy by 2010 as part of that country's commitment to reduce their greenhouse gas emissions and to develop a renewable energy industry.

The Australian Mandatory Renewable Energy Target (MRET) scheme obliges electricity retailers and large consumers to purchase an increasing percentage of their power requirements from renewable sources. This will definitely encourage the development of this sector of industry away from novel applications towards more general applications. The MRET scheme encourages qualifying renewable energy generators to create tradable RECs for

each MW of renewable electricity that they generate. As specified in the Australian Renewable Energy (Electricity) Act of 2000, the main aims of the scheme are to:

- encourage the additional generation of electricity from renewable sources
- reduce emissions of greenhouse gases
- ensure that renewable energy resources are ecologically sustainable.

If energy consumption is expected to increase, the amount of distributed generation and renewable energy investment should also be forced to increase. Increasing energy consumption does not therefore mean less reliability on renewable energy, but could also develop a growth plan for this sector by adopting a RET system.

THE COST OF ELECTRIC POWER

The task of an electricity supplier is to produce, transport and sell electricity, and make an acceptable profit. It is regulated with a strategy that includes growth projections and the building of new power stations. There seem to be no limits to growth in the electric supply industry. If they did not reach your village yet, future growth means that they will soon reach you and bring current to your doorstep! A corollary to this strategy is the belief that the price of electricity will be cheaper, as more and bigger power plants come online. But, apart from the simple economic analogy, is this realistic?

The large networked systems of the present, and the ever-growing ones of the future, stand in front of another potential risk. This time it is not fuel, or environmental issues. It is the inevitability of big blackouts, and the billions of rands it will

cost, due to the size of the electric power system itself and to what is only now appreciated as the nonlinear behaviour of such a system. Bigger is not necessarily better and cheaper.

According to Peter Fairley ("The Unruly Power Grid", *IEEE Spectrum*, August 2004), the application of chaos theory to large power grids revolutionised the thinking about power system behaviour. "Extrapolating from the small outages that occur frequently, one might expect a large power grid to collapse only once in, say, 5 000 years. But between 1984... and 2000, utilities logged 11 outages affecting more than 4 000 megawatts – making the probability of any one outage 325 times greater than mathematicians would have expected. Thus, statistically speaking, the blackout on 14 August [2003], which, according to the US Department of Energy, cost between US \$4 billion and \$6 billion, was no anomaly." Researchers from Carnegie Mellon are quoted as saying that "blackouts are as hard to predict and prevent as tsunamis and earthquakes. We should make it our business to be prepared."

The flipside of this is the economics that occur during scarcity. If the electricity sector does not grow there will be less electricity available on the market and market equilibrium would dictate a new price so that consumption is reduced. Logically, the price goes up and the consumer uses less electricity. Politically, this might not be good as "electrification", and "free basic electricity" is a proverbial hot potato. Politicians could argue that prices don't have to rise, and you don't have to change anything. Hence, demand-side management. Inevitably, if people do not consume less energy, or if we produce the same amount, the price must rise.

LAND REFORM: IS THE PROBLEM IN THE CONSTITUTION?

BY LAWRENCE HAMILTON

The author is a senior lecturer at the University of KwaZulu-Natal

The reason for the slow pace of land redistribution in South Africa may lie in our rights-based constitution.

The dawn of democracy in South Africa provided the political means to redistribute economic power and opportunity among all of its citizens. One of the main components of this is land reform, the process through which land ownership is redistributed by the state in line with specified goals. The outline for this process and its associated goals were articulated clearly in the new South African Constitution of 1996. Soon after the appearance of this ground-breaking

legal document, it became the stated policy of the ANC government to reform 30 percent of commercial agricultural land ownership in South Africa by 2009, recently revised to 2015. It has fallen way short of this target: by the third quarter of 2004, only 3 percent of agricultural land had been transferred. Why has a fundamental tenet of transformation foundered in this way?

Many critics blame the ANC government and its policies. They have pointed to a lack of political will, to corruption, inadequate or misguided macro-economic and fiscal policies, incompetent management and so on. Although

all of these may be factors in this catastrophic failure of delivery, I suggest that the real problem is the Constitution. In this case, the devil is not in the detail, but rather in the framework. I will defend this claim by arguing in what follows that the South African Constitution is self-defeating with regard to land reform. I will suggest why this might be the case and show why rights-based constitutions in general are self-defeating. The article will end with an overview of a new conceptual language for politics based on the concept of human needs and how we might use this to develop an alternative (needs-based) constitution.

THE SOUTH AFRICAN CONSTITUTION ON LAND REFORM

For nearly half a century, apartheid legitimised and secured a racially-skewed system of land ownership and economic and political participation that left the needs of most South Africans either unmet or distorted. These ideas and institutions have their origins in the original forceful occupation of land by Dutch and British settlers and the laws they enacted – in terms of specific policy, at least back to 1828. This control was legally ratified, and the subsequent forced removals of Africans were legitimised, by the 1913 Native Land Act. This Act reserved 7 percent (increased to 13.6 percent in 1936) of South Africa's land for "native reserves" and prohibited Africans from buying land elsewhere. The Act was defended under the new racial ideology of "segregation", but had as much to do with the preservation of a large pool of cheap labour for white business and farming interests. Later apartheid-era acts further entrenched this situation.

During and following the end of apartheid, there was a period of negotiation in which this history was thick in the air, culminating in the final 1996 Constitution. This document is ground-breaking, both as a constitution and in terms of what it hopes to achieve in the context of South Africa. It aims to "heal the divisions of the past and establish a society based on democratic values, social justice and fundamental human rights".

This concern for the past within a future-oriented document is most manifest in clause 25 of the Bill of Rights, the property clause. For this, and a number of more obvious ideological reasons, "the property clause was a bone of contention right from the outset" (Du Plessis 1994: 97). It was not a question of whether to omit the property clause from the Bill of Rights, but of how to accommodate both a right to property and a directive to address historical disadvantage secured by apartheid laws. As it stands, the property clause seems to meet both demands. Nowhere does it actually state that individuals have "rights in property" or "rights to property", and the sub-clause on compensation for expropriated land, 25(2), contains a directive to balance individual and public interests, where "public interest" is defined as "including the nation's commitment to land reform".

The Constitution stipulates three branches of land reform:

- the restitution of land rights for those who lost their rights as a result of the 1913 Land Act
- land redistribution to meet vital housing and subsistence

needs and to broaden the base of commercial agriculture

- the recognition of tenure for farm dwellers and others who have insecure tenure, due either to past racially-discriminatory policies or allegedly "traditional" forms of communal ownership.

These positive aspects of the clause are offset by a number of drawbacks, whose consequences are now evident in the extremely poor delivery on land reform. The Constitution lists a number of considerations for decisions on expropriation and compensation. There are five listed under 25(3), but two are of most significance here: "the history of the acquisition and use of the property" and "the market value of the property".

This emphasis on history and market value has complicated, hindered and, in most cases, directly blocked the process of land reform. Even the most legally straightforward branch of land reform – the restitution of land rights that were annulled or expropriated by the 1913 Act – has been difficult to process. And, in the few cases that have been processed, most of the claimants have received cash payments. Moreover, in the light of the long history of continuous colonial land evictions that pre-date the 1913 Act, this rights-based restitution should reach back to at least 1828. The historical and legal complications of such a move are mind-boggling. Finally, the stipulation to consider the market value of the property has become a policy ("willing buyer, willing seller"), and the state simply does not have the funds to undertake this process.

HOW RIGHTS RETARD REFORM

The source of the problem does not lie in the substance of these inevitably complicated practical considerations, or the failings of the ANC government and its policies. The real problem is the Constitution: the property clause is part of an entrenched Bill of Rights in a rights-based constitution. The property clause attempts to safeguard the right of access to property and to aid equal access by providing directives for land reform, rather than to safeguard existing property rights.

In fact, it achieves the opposite. Rather than establishing a means of changing the existing property arrangements of land ownership – in this case, of white South Africans, who constitute 13 percent of the population and own 87 percent of the land – it entrenches them. It does this because, however many limitation clauses follow the right, the property right has a default priority by virtue of being a right within a Bill of Rights. This is the case for three reasons, which all relate to the nature of the contemporary rights discourse and the South African context.

FROM THE POLITICAL TO THE JUDICIAL

First, those with land already have a right of ownership over a portion of the land, to which the Constitution gives them an equal right of access. To redistribute land, therefore, the government is required to convince the courts that the case in question requires application of the public interest (land

reform) *exception* as opposed to the individual right *default*. This, plus the requirement to compensate current owners at market rates and provide the capital for new farmers to become commercially viable, requires the kind of financial investment that is way beyond the means of a developing state. Moreover, with regard to the restitution of land rights, the onus is on the individual or community to lodge the claim and provide the supporting evidence, and most of the individuals and communities concerned have few means and poor educational resources.

The second reason rights-based structures hinder change is because, within a discourse of rights, the right to something becomes the property (or at least the entitlement) of the bearer of the right. Rights are understood as inalienable elements of human nature, and a rights-based politics conceives of persons as legal rather than political agents.

Rather than establishing a means of changing the existing property arrangements of land ownership it entrenches them.

That is, to be a person, to be a human, is to have rights and to have rights is to own or be entitled to certain goods, objects, powers and properties. As the right is inalienable and the bearer of the right is understood as having sovereignty over himself, each limitation of a right is a strict exception that requires careful attention.

Hence, in the case of land reform, every case becomes an analysis of the particular rights-bearer and "the history and acquisition of the property". Each case amounts to a highly individual conflict of existing right (or ownership) versus original right, right of tenure or right of access (property right claim). The possibilities of evaluation and the required historical evidence and discussion are both highly complicated and often inconclusive – but they are inescapable as long as rights form the main bases for evaluation.

The third reason rights-based constitutions entrench the status quo is because, by making *everything* a right, they not only reinforce present conditions but also artificially impose equal value on conditions and goals. I have argued this elsewhere, but this illusory move prevents the government from enforcing the directives or achieving the goals stipulated in the Constitution. Any conflict between different rights (existing rights and "aspirational" rights) appears as a conflict between "equal" rights, which are then resolved within a formal judicial framework.

The political and ethical values and goals that are outlined in the Constitution are thus shorn of their political and ethical nature, and evaluation is removed from the legislating government to the confines of an unaccountable chamber.

Consequently, while the possession and use of property is fundamental to meeting human needs, the crucial ability

of the Constitution to deal with property-related means and goals is severely constrained by the Constitution itself.

THE NATURE AND FORMATION OF NEEDS

There are a number of proposed solutions to this problem, but all of them take the basic problem to be what or what not to include in the Constitution, or they see the difficulty as specific to the right to property. These moves resolve little. In fact, they shroud the problem behind yet more technicalities while missing its source.

I have argued that the problem is not with a constitution *per se*, but with its formulation as a rights-based constitution. Rather than following the prevailing model of human-rights based constitutions, the South African Constitution could institutionalise two procedures that would ensure needs-based institutional critique in line with post-evaluation needs, and guarantee the satisfaction of vital needs.

But first, what are human needs?

I make a distinction between the necessary conditions for minimal human functioning, or "vital" needs – which include, for example, the need for water, shelter, adequate nutrition and mobility – and what I call "agency" needs. Agency needs are the ethical and political conditions and aspirations necessary for the individual and social agency that is characteristic of full human functioning: for example, "intersubjective recognition", "active and creative expression" and "autonomy as goal". These are agency needs because their development increases an agent's power to carry out intended actions and to meet and evaluate needs. Meeting agency needs provides the feelings of safety, self-esteem and confidence that enable individuals to function fully, individually and politically.

Most economic, political and ideological institutions and practices have some causal relation to needs and wants. Together, they determine and legitimise how needs are formed, evaluated and satisfied. Indeed, not only are institutions central components in the formation of our felt needs, they can also be evaluated in relation to the more general vital and agency needs.

TWO PROPOSALS

I propose the following two procedures for the evaluation of needs and institutions. The institutionalisation of these procedures would constitute the major part of an alternative, needs-based, constitution.

The first procedure is an annual need evaluation. This would make use of an elaborate census, as well as local, regional and global information concerning macro-level economic and political institutions and practices. Rotating local area representatives plus local business, labour and consumer representatives would undertake this evaluation under the leadership of the local state authority. Through this process, local government administration could react to articulated and evaluated needs, but it would not affect the standing of the existing government. The aim would be to

reach a decision about need urgency and priority, in order that the local government could ensure that the state and the various markets and market-related institutions respond to post-evaluation needs.

The second procedure is the institution of a periodic process of need-trajectory evaluation and choice. "Need trajectories" are the actual and possible paths down which the development of needs can progress. For example, a single decision by government about whether to invest in railways or motorways is a decision that will affect the way citizens in the future will satisfy their need for mobility. This might then affect other needs: if a government opts for automobile transport above rail transport, it increases the possibility of a general privatisation of existence as citizens respond by purchasing their own cars, not to mention the way their health needs would be affected by the resultant further degradation of the planetary environment.

In contrast to the short-term concerns of the annual need evaluation, the evaluation and choice of need trajectories would involve a relatively protracted communication and evaluation of ideas and possibilities, say, over a period of one month once every ten years. Such choices would involve broad questions of public policy, such as environmental policy, transport policy, fiscal policy, and even longer-term proposals and ideas concerning very large structural issues, such as forms of production and distribution and kinds of property ownership and inheritance, and possibilities for their institutional rearrangement or transformation.

This second procedure might encourage a number of things that are discouraged within liberal constitutional frameworks:

- first, it would provide citizens with some control over the long term and therefore might persuade them to think beyond their immediate, short-term interests
- second, it might dissociate historically specific events, successes or failures from specific parties or governments.
- third, it might encourage citizen groups to take risks, to put forward untried and untested novel proposals to evaluate and meet needs more efficiently, safe in the knowledge that a system could be tested for a ten-year period and then, if necessary, discarded
- fourth, it could react to changes in the nature and form of human needs and how they are met. It would be a great deal more flexible than a reified code of rights, both because it could be adjusted more easily and because it dissociates human goods and means from a notion of individual ownership or entitlement. Needs and need trajectories are not things humans could come to think they own or deserve.
- and fifth, by testing a number of variants, humans can achieve a greater causal understanding of the effects of institutional arrangements on the way they and others perceive, articulate, recognise and satisfy their needs. This enhanced understanding may generate the desire to experiment beyond the status quo.

These two procedures would secure high levels and unique forms of political participation, about which I can say no more here. If it were to adopt this kind of approach, South Africa could seize the current exciting and unusual juncture in its history and develop a constitution that at once secured the means and ends of participation in the evaluation of needs, and set out a full set of goals and aspirations for change. Moreover, periodic reappraisals of the two procedures and the stipulated aspirations would need to be instituted.

This would return the evaluative processes, considerations and decisions to the truly political, legislative arena because the Constitution would only safeguard the rules of the procedures, and because the real processes of need and need-trajectory evaluation would involve government action both in the process itself and as the main agent of ultimate decision-making. Moreover, citizens would be provided with a means to control amendments to the Constitution via the second procedure discussed above. The premium would be on understanding and evaluating substantive issues, such as land reform and property ownership, in terms of vital and agency needs.

NEEDS-BASED LAND REFORM

Property ownership under the logic of need avoids all three hindrances to achieving land reform. It would not require long and expensive historical analysis of rights claims because land reform would amount to redistribution in line with post-evaluation, legitimate need rather than the restitution of historical rights. It would not favour the status quo because all land would be evaluated equally in terms of the demands of redistribution according to vital-need satisfaction and for developing a viable and effective commercial agricultural sector.

Any conflict between different rights (existing rights and "aspirational" rights) appears as a conflict between "equal" rights, which are then resolved within a formal judicial framework.

Finally, by determining possession in line with need, it would disassociate property from private persons and their properties and achievements. Land could be possessed or owned for private consumption, use and exchange, and this could be safeguarded in terms of rights, but these rights must not be understood or treated as inalienable individual rights. Rather, they would be rights to use and exchange (a "use-right" to property) that would be assessed periodically in line with needs. This would also be true of other forms of property that generates needs and their satisfiers – in other words, all existing forms of private property, excluding items of personal property. Since single individuals would never have the inalienable right to land (and other forms of need-related institutions of property), it follows that land would not be inheritable.

What has been argued here is that the question of land reform is better understood if articulated in terms of needs rather than rights, and is more likely to reap rewards efficiently if undertaken in line with the priorities and goals that emerge from a subtle, historical and political conception of human needs. To adopt this approach would constitute a brave step, but no more so than any of the steps

that led to South Africa's transformation of political power.

REFERENCES

- Du Plessis, LM. 1994. "A background to drafting the chapter on fundamental rights", in *Birth of a Constitution*, B de Villiers, ed. Juta: Kenwyn (SA)
- Hamilton L. 2003. *The Political Philosophy of Needs*. Cambridge University Press: Cambridge

THE SOUTH AFRICAN NATIONAL ASSEMBLY AFTER TEN YEARS OF DEMOCRACY EMERGING LEGISLATURE OR RUBBER STAMP?

BY JOEL BARKAN

The author is professor emeritus at the University of Iowa and a Reagan-Fascell Fellow at the National Endowment for Democracy in Washington. He was a research fellow at the Democracy in Africa Research Unit within the Centre for Social Science Research (CSSR) at the University of Cape Town in 2004. This article is based on his 2005 report, available in full from the CSSR

A review of the South African national assembly ten years after the end of apartheid presents a mixed yet fascinating picture of its evolution.

TESTING THE CONVENTIONAL WISDOM

The "conventional wisdom" among students of South African politics is that the national assembly is a weak legislature and little more than a rubber stamp for the ruling ANC; that, although it has all the formal accoutrements of a modern legislature – detailed rules of procedure, an extensive committee system, a professional staff, an elaborate physical infrastructure, etc. – the assembly cannot be regarded as an autonomous branch of government and certainly not an institution of countervailing power capable of checking the executive.

A cursory review of the assembly and the political context within which it operates leads many observers to this conclusion. Indeed, the combination of six factors or tendencies supports this view.

(1) *South Africa is a one-party dominant political system*, and has been such since the country's transition to majority

rule in 1994. The ANC won 62.5 percent of the vote in 1994, 66.4 percent in 1999 and 69.7 percent in 2004. The opposition is also fragmented. In the most recent election, the largest opposition party, the Democratic Alliance (DA), won only 12.5 percent of the vote, and 50 seats or one eighth of all MPs. The remaining 71 seats were divided amongst ten parties. The domination by the ANC is compounded by the fact that the DA draws most of its support from white voters, while the ANC, notwithstanding its commitment to non-racialism, is supported mainly by African South Africans. Put differently, there is no credible alternative to the ANC that draws significant support from South Africa's African population.

(2) *Members of the national assembly are elected via the list method of proportional representation (PR)*. Voters thus cast a single ballot for the party of their choice, and do not have the option of indicating their candidate preference. The use of the "closed list" system means that leaders of all parties, and especially ANC leaders, control the rank order of their candidates on both the national and provincial lists. This in turn means that the leadership exercises considerable leverage over ANC MPs to be highly disciplined and to "toe

the line" when it comes to defending the party's positions in parliament.

(3) *The ANC is a highly centralised organisation where power has become increasingly concentrated in the hands of President Thabo Mbeki and the party leadership.* As president of the ANC, Mbeki chairs the party's highest two organs, the national executive committee (NEC), and the national working committee (NWC), which makes day-to-day policy. The NWC thus sets both the agenda for the cabinet of the South African government and the ruling party's agenda for parliament.

The working committee communicates this agenda via weekly meetings of the ANC parliamentary caucus that last up to three hours. The discussion is sometimes quite extensive, even spirited. But it is also clear who is in charge, and what is expected of the rank and file. As one long-time participant described it to this author, "The process is democratic, but it is not 'bottom-up'."

Other parties also caucus weekly and, in addition, each party maintains a closed caucus or "study group" for each portfolio committee. Given the ANC's large majority, it is within the ANC committee study groups that the details of most legislation are thrashed out. This means that, while committee meetings and the floor of the national assembly as a whole exhibit considerable debate between parties, the decision-making process occurs largely behind closed doors – in the NWC, in the ANC caucus, and in the ANC study groups – prior to the meetings involving all parties. Not surprisingly, this frustrates some members of the opposition, though others contend that much genuine business, that is, the deliberation and crafting of legislation, is also conducted in the multiparty forums.

The NWC further asserts its authority by appointing the chairs and members of all portfolio committees in the national assembly as well as the chairs of the rules committee, the committee on committees, the speaker and the deputy speaker. Yet another indicator of increased control by the ANC was the decision, following the 2004 elections, to name the chair of the standing committee on public accounts (SCOPA), a position historically chaired by a member of the opposition.

THE ANC'S NATIONAL PROJECT

(4) *The nature of "the ANC project", and its impact on relations between the ANC and "the loyal opposition".* The raison d'être of the ANC, since its inception in 1911, has been to reverse 300 years of racial domination by South African whites over Africans and other non-white citizens. As enshrined in the Freedom Charter of 1955, the elimination of political, economic and social inequality between the members of different classes and racial groups remains the guiding policy of the organisation. This in turn shapes the ANC's relations with other political parties, and, especially, how it judges and interacts with the DA. Given its formal commitment to a "democratic South Africa", the government and the ruling party have, with few lapses,

scrupulously respected the rights of the opposition.

In fact, there is a significant philosophical and social distance between the ANC and the DA that is unlikely to be bridged in the near term. This leads the ANC to keep the DA at arm's length and view the party with suspicion. Why? The answer lies in both the ANC's "project" and the manner in which the DA approaches its work. The ANC is prepared to listen to and work with those opposition parties that may oppose the ANC, yet still provide useful criticism regarding how to best achieve equality by reversing the legacies of apartheid. Conversely, those parties that are perceived as opposing the project itself, or as opposing the ANC on nearly every issue for the purpose of "keeping the government on its toes" are loathed. The style of many DA MPs – and especially the party leader, Tony Leon – is regarded as emphasising debate over substance and thus not contributing to better legislation or, by extension, to a "better South Africa."

The ANC's relationship with other opposition parties is arguably more cordial.

(5) *The role of the speaker in the evolution of the national assembly.* A key individual in the development of the national assembly during the first ten years of the post-apartheid era was the speaker, Frene Ginwala, who served in that capacity from 1994 to 2004. Regarded by many MPs as somewhat imperious and autocratic, she was also highly respected for the commitment and professionalism she brought to the operations of the assembly. Ginwala's charge was to

The "conventional wisdom" among students of South African politics is that the national assembly is a weak legislature and little more than a rubber stamp for the ruling ANC; that, although it has all the formal accoutrements of a modern legislature, the assembly cannot be regarded as an autonomous branch of government and certainly not an institution of countervailing power capable of checking the executive.

"make the assembly work" in a manner that reflected the political transition. This meant that she had to take control of an operation and staff (largely Afrikaans) inherited from the apartheid era; orient more than 300 MPs who had not previously served in any legislature; co-ordinate with the ANC NWC, committee chairs, and leaders of the opposition; and, most importantly, pass an unusually large volume of legislation required to restructure the legal framework bequeathed by apartheid.

While regarded as "nurturing" by some ANC MPs, for

helping them learn the skills of a legislator, she was also regarded as a demanding taskmaster who could have resided with a lighter hand and less controlling manner. In the words of one long-time ANC MP, "While I have no doubt that the speaker is committed to democracy, the problem is that she has difficulty getting around to being a democrat."

(6) *The political culture of the ANC.* ANC MPs emphasise the unique political culture of their party and its impact on the way the party governs, including its approach to parliamentary practice. Several considerations are relevant here. The first, as its name implies, is that the ANC is a congress and hence a "big and diverse tent". Though it draws the preponderance of its supporters from the African population, it has never wavered from its commitment to non-racialism, and includes a significant non-African

While committee meetings and the floor of the national assembly as a whole exhibit considerable debate between parties, the decision-making process occurs largely behind closed doors.

minority within its leadership ranks. Most fundamentally, and given its long-term objectives, many ANC leaders still regard the party as a "liberation movement" whose goal is to transform society.

The tensions between key constituencies within the ANC are well-known, and a perennial question in South Africa is: "How long will the movement remain intact?" While the value of "democratic centralism" is still very much alive amongst ANC cadres, and while the practice of "redeployment" is accepted as a strategy for maintaining party discipline and utilising the individual talents of its diverse membership, there is also strong sentiment among many MPs that the leadership should loosen the reins. Within the national assembly, this sentiment is articulated most frequently by younger MPs, by those who are better educated, and by a few "old timers" who express the view that centralised control has been taken too far, because it is no longer necessary. This in turn produces both a loyalty to the leadership and an internal dynamic of debate that shapes the party's approach in the national assembly.

MORE THAN A RUBBER STAMP

The picture presented above appears to confirm unambiguously the conventional wisdom that the national assembly is a rubber stamp of the ruling party, and therefore not an autonomous body. The reality is both more complex and more hopeful, if, indeed, an autonomous legislature is a hallmark of liberal democracy. The case for autonomy can be summarised in terms of five arguments.

(1) *The national assembly is an active body that amends most legislation.* It has been estimated that between 75 and 80 percent of legislation introduced by the executive is

amended, often significantly, before the legislation becomes law. This is particularly true of "major" legislation that involves major changes in government policy and/or includes controversial proposals. Although the executive introduces all but a handful of bills, and private members' bills rarely become law, the final text of most legislation is crafted by the legislature.

During the first parliament following the assumption to power by the ANC in 1994, the national assembly passed 494 bills – an unusually high volume, driven by the party's desire to reverse or amend most legislation (and thus the legal framework of South Africa) passed during the apartheid era. The volume dropped significantly during the second parliament, which sat between 1999 and 2004, when the assembly passed roughly 313 pieces of legislation.

The volume is expected to drop still further during the current parliament. Nevertheless, the sheer volume of legislation considered by the assembly, coupled with the high percentage amended, suggests that the national assembly is a very active body compared to most other legislatures in Africa, and, for that matter, those of many established democracies.

PORTFOLIO COMMITTEES

(2) *A system of portfolio committees of varying capacity.* Modern autonomous legislatures that impact on the policy-making process are invariably legislatures with a well developed system of portfolio committees.

The South African national assembly has 25 portfolio committees – committees that shadow the ministries, departments and agencies that comprise the executive branch of government – plus several standing committees, including the rules committee, the committee on committees and SCOPA. Most committees have roughly 20 to 25 members, of which 15 to 18 are ANC MPs. Given its large majority, ANC MPs serve on only one committee, while MPs of the DA usually serve on two in order to make their presence felt on all committees. MPs from smaller parties, however, must pick and choose, and not all parties are represented on all committees.

Up to one-third of the committees were deemed as doing "an effective" job, one-third were rated as average, and a third were rated as "not effective" by the members interviewed for this study. They also generally agreed that a major challenge for the national assembly was to increase the effectiveness of committees by upgrading and training their members. This may be easier said than done, because a large number of ANC MPs, perhaps as many as 220, are individuals of limited educational background and/or professional experience. These are individuals who gained their seats in parliament on the basis of their historical commitment to the ANC, especially during the armed struggle. Indeed, the proportion of ANC MPs with professional experience was arguably less in the second parliament than in the first, as a result of a high turnover of MPs following the 1999 elections.

At the committee level, basic capacity consists of a “critical mass” of a committee’s membership capable of participating fully in the committee’s work: they understand the issues addressed in the legislation under consideration, they have developed at least a layman’s expertise on these issues, and they are sufficiently motivated to devote the expected amount of time to committee work.

Committees that are regarded as having “developed capacity” also share the following characteristics. First, the committee is invariably chaired by a highly motivated and knowledgeable MP who is intent that his or her committee performs its expected role. Second, the chair is surrounded by between six and 12 committee members who share his or her interest in the committee’s work. The existence of a critical mass is also a function of the chair’s ability to motivate his colleagues, and some are clearly more skilled at rallying the troops than others.

Third, the committee has succeeded in recruiting a small staff, often no more than one or two individuals, who are knowledgeable about the committee’s subject matter and/or who can facilitate its administration. This includes, among other skills, the ability to reach out and consult with (and manage) key interest groups. Fourth, the committee has an adequate budget that enables it to recruit specialised staff and to pursue such investigations as it deems appropriate and necessary. Fifth, committees have assigned space where they can regularly meet, as well as office space for their staff.

Sixth, and perhaps most important, the committee is respected by other legislators, by the presiding officers of the national assembly, by the ANC’s leadership, and by organisations outside the legislature that are concerned with the same area of public policy. When the minister and the portfolio committee disagree, especially when the committee chair does not support the minister’s perspective, there are tensions.

Another factor that determines the quality and capacity of committees is the volume of important legislation directed to the committee. Committees such as justice, finance, trade and industry, local government, transport and social development (and sometimes health) are consistently rated as among the best, in part because they dealt effectively with a large flow of legislation dropped in their laps by the executive. This volume meant that the ANC assigned some of its most talented MPs to chair these committees, a critical factor in the development of the committees themselves. Some committees have failed to develop significant capacity because they have not had to. They could “coast”, while others could not.

Finally, it is important to note that, because the most talented committee chairs are individuals with a higher than average education and professional background, a disproportionate number of committees deemed “effective” are those chaired by white members of the ANC, or members of other racial minorities. Six of the seven committees mentioned

in the previous paragraph fall within this category. Not surprisingly, this situation generates its own tensions within the ranks of the ruling party, though these tensions are rarely acknowledged in public. Several of the MPs interviewed candidly noted that this is a problem, although they were also quick to acknowledge that those who held the chairships of key committees certainly deserved their posts.

(3) *The legislature functions within a pluralistic society that has given rise to a well-organised civil society.* A major constraint on the democratisation of many African countries is that their civil society is weak to non-existent outside the major cities. South Africa does not suffer from this problem. In fact, one aspect of South Africa’s civil society that is matched by only a few other African countries is that there are many civil society organisations that seek to lobby government about the relatively narrow economic issues with which they are concerned. For example, in 2004, the national association of pharmacy proprietors was very vocal in its opposition to a government bill that sought to regulate the prices pharmacies could charge for prescription drugs. Portfolio committees have become a sounding board for civil society, with the result that the most proactive committees are those that seek to pre-empt criticism by canvassing relevant civil society organisations *before* writing the final version of a bill. Such consultation might be viewed by some as a powerful constraint on the national assembly, but the real constraint created is on the executive, because it is via the deliberations of the legislature that bills that displease civil society are adjusted to balance the desires of the government with the concerns of those most affected by the proposed legislation.

The most effective ANC chairs reach out to organisations with large African memberships and/or a presence in the townships or rural areas, in order to balance lobbying by wealthier groups that represent established and white business interests. Civil society thus strengthens the role of parliament vis-à-vis the executive.

THE FIFTH ESTATE

(4) *There is a free press that covers parliament closely and informs the citizenry.* Although some observers argue that the South African press is less provocative today than during the final years of the apartheid era, it is pretty much free to print what it wants – and it does. Though attracted to the sensational, it covers the major stories emanating from the national assembly.

The reality is both more complex and more hopeful, if, indeed, an autonomous legislature is a hallmark of liberal democracy.

Senior members of the press corps contend that the assembly has become a more “opaque” institution since 1999. They state that relations between the press and key committee chairs during the first parliament were more

informal, and the press also had greater access than is the case today. Two reasons are given. The first is that the ANC under Thabo Mbeki is less forthcoming than under Mandela; there is a studied coolness towards the press, and younger African journalists are subject to quiet pressures not to be too aggressive in their investigations. Mbeki himself appears before the national assembly for questions only quarterly, whereas Mandela is reported to have done so monthly. The second is the departure from parliament of former "stars" who got on well with the press.

Given that its coverage of parliament informs civil society, the press contributes to the mobilisation of those organisations that seek to hold the national assembly to account. Conversely, when the press is highly critical of the performance of the national assembly – as it was over the ANC's handling of the controversial arms deal in 1999, and especially the party's reining in of SCOPA – the press probably undermines public confidence in the institution. The long-term impact of the press on the evolution of the national assembly is hard to estimate, although the relationship is certainly more open today than it was before 1994.

(5) *A high level of financial and other resources.* Earlier work on the development of legislatures, both in Africa and elsewhere, shows that that resources count. Legislatures that cannot acquire or otherwise generate adequate resources to support their members and their operations are unlikely to become autonomous and powerful bodies. Salaries and other personal emoluments, as well as staff and physical infrastructure, form a critical package of resources, without which the legislature is unlikely to develop. That said, resources alone do not make a legislature.

Although some observers argue that the South African press is less provocative today than during the final years of the apartheid era, it is pretty much free to print what it wants – and it does.

Only in Kenya does an African legislature provide resources for its members on a level that approaches that of South Africa. MPs are well endowed in three important respects. First, MPs receive a basic salary of R30 000 per month. In addition, MPs receive health and pension benefits, a daily per diem while parliament is sitting in Cape Town, and travel allowances, including airfares, back to their places of residence when parliament is in recess. Second, *all* MPs are provided with a private office with internet access. Indeed, the physical complex of buildings for both houses of parliament is impressive by any standard. The maintenance of these facilities projects an image of parliament to the public that is arguably "more important" than what it is in terms of its actual political impact. Put differently, "the rhetorical image" exceeds its "political clout", while at the same time nurturing clout.

CONSTITUENCY WORK

ANC MPs are expected to visit their constituencies whenever parliament is in recess, hold public meetings, meet with individual constituents to help them with their problems (e.g. obtaining pension payments), and to hire and keep in frequent contact with a personal representative in the constituency when they are not there. ANC MPs are also graded on constituency work, a rating that is supposed to be considered when determining their position on the party's election list. Constituency allowances are paid to each party based on their number of MPs and not directly to the MPs themselves. Smaller parties not only receive far less, but have far fewer MPs to cover all of South Africa. As a result, only the DA and IFP maintain serious constituency efforts.

The overall impact of constituency work is difficult to assess and beyond the scope of this study. Interviews with ANC members, however, suggest that the party views this as an important aspect of each MP's job, and that such work enables the party to better understand the particular needs of different types of communities and economic interests. Notwithstanding this support, studies have shown that the percentage of South Africans who have ever met their MP is approximately 0.2 percent.

In addition to the support provided to individual MPs, parliament has an extensive and qualified staff to facilitate the operations of both the national assembly and the National Council of Provinces (NCOP). A major constraint, however, is the absence of specialised staff who can provide either individual MPs or the portfolio committees with adequate research support. Committee chairs were particularly vocal on the need for better research support, even though the parliament staffs a unit for this purpose. One explanation for this seeming contradiction is political – committee chairs and the leaders of the opposition parties desire control over the research done on their behalf. They want staff dedicated to their needs and their committees rather than sharing a pool of researchers with other committees and the MPs of other parties. MPs of both parties suggest that research staff should be assigned to committees as a way of providing more specialised expertise.

HALF FULL, HALF EMPTY

This review of the South African national assembly ten years after the end of apartheid presents a mixed yet fascinating picture of the evolution of this legislative body.

First, in respect of our initial question of whether the national assembly is a rubber stamp or an autonomous and significant body, the answer is ambiguous. Because it is nearly impossible to quantify or otherwise measure the degree of legislative autonomy or power, we are left to rely on a "thick description" that suggests the national assembly falls somewhere in between.

One might ask whether the South African national assembly would have produced different outcomes had it had greater autonomy. To this, the answer is most likely "no". For example, had Thabo Mbeki not become president

of the ANC and of South Africa, would the legislative output of the national assembly been significantly different? The answer is clearly "no". Would the committee system have functioned differently? Here too, the answer is probably "no". The overall functioning of the committee system would arguably have been the same with respect to its content. Moreover, had the speaker not been in charge, it is quite possible that the assembly would have performed less well than it actually did. Also, the often intense debate within the portfolio committees and study groups creates true bargaining amongst MPs, committee members and the responsible minister.

OVERSIGHT

If the national assembly has a major weakness, it is in its capacity and modalities for performing its oversight role. It is still feeling its way, especially in the wake of the reining-in of SCOPA's investigation of the arms deal in 1999/2000. Many ANC MPs felt burned and/or intimidated by that exercise. The former speaker also acknowledged that the handling of this particular inquiry had complicated, if not compromised, the assembly's capacity in this area.

Several key ANC chairs also expressed the view that, now that most of the ANC's legislative programme has been translated into law, there is a need for the national assembly to expand its oversight role. One might add that, given the dominance of the ANC and the fact that it is now into its second decade in power (and given the tendencies towards corruption that occurs when one party is in power for a long time), the need for more systematic and expanded effort at oversight is manifest. It is also clear that neither SCOPA nor the individual portfolio committees will become more proactive in this task unless given the green light by the NWC.

Fulfilling its oversight role also involves the capacity and opportunity of the national assembly to

- *approve major appointments made by the executive*, such as the appointment of ministers, judges, heads of state-owned corporations, commissions of inquiry, etc.
- *question executive policies*. The government policy on HIV/AIDS is perhaps the biggest and most controversial issue in this regard. Many ANC MPs are extremely disappointed with the government's approach, and indeed have said so within the study group for the portfolio committee on health
- *have greater impact on the budget*, where, by all accounts, it is a marginal player. Although the finance committee is highly respected, the executive is firm in its pursuit of prudent macro-economic policy, and thus insists on maintaining the Commonwealth tradition that the executive alone sets the budget. This is in marked contrast to Kenya and Uganda, where the legislature has established a parliamentary budget office for this purpose. Such independence is unlikely to occur in the South African legislature anytime soon.

A final observation about the autonomy of the national assembly regards the composition of the assembly itself,

especially the ANC's delegation. A challenge to both the assembly and to the ANC is to recruit university-educated and talented Africans to become MPs. This would be a highly controversial and sensitive move for the ANC leadership. As long as it remains a one-party dominant legislature, the greatest prospect for raising the capacity of the assembly lies with the evolution of the ANC cadre in the legislature. It is something that the party leadership may or may not want to hasten.

Looking five to 15 years into the future, we can also conclude that the capacity and autonomy of the national

Legislatures that cannot acquire or otherwise generate adequate resources to support their members and their operations are unlikely to become autonomous and powerful bodies.

assembly is likely to rise, albeit incrementally, over time. First, the pool of potential African MPs with high or relatively high educational backgrounds – for the ANC and for the opposition – will surely rise. Indeed, it is already happening. Second, at some point a credible opposition party to the ANC will emerge that will reduce the dominance of the ANC or displace the party as the ruling party. Once parity or near parity is achieved between the parties, it is very likely that the assembly will become a more open, and less controlled branch of government – a pattern already apparent in other African countries, such as Ghana and Kenya.

REFORMERS

A final factor that can contribute to the development of a strong and autonomous legislature is the role of reformers and/or opportunists seeking to expand its power. At the moment, a core group of "reformers" certainly exists in the South African national assembly, but it is made up of two distinctly different groups of MPs. One group, consisting almost totally of proactive ANC MPs, certainly considers its mission as one of reform, but its meaning of reform is largely limited to translating the "ANC's project" into law and reality.

A second and smaller group of "reformers" are those activists within the opposition who believe that accountable government and the future of South African democracy require a more powerful legislature. Their perspective of the executive is inherently adversarial, and they seek to check its power. In sum, and as is true elsewhere, the evolution of the legislature into an institution with the potential to exercise countervailing power will most likely occur when there is a reform coalition that bridges the ruling and opposition parties. That coalition has yet to emerge in South Africa. The basic elements are there, but if such a group comes together, it will be a function of the realignment of South Africa's political parties, the outcomes of future elections, and thus the changing composition of parliament itself.

SMALL-SCALE AGRICULTURE: BEST HOPE FOR THE RURAL POOR

BY MICHAEL ALIBER, COBUS DE SWARDT, ANDRIES DU TOIT, TEMBA MBHELE AND THEMBA MTHETHWA

Dr Aliber is a director in the urban, rural and economic research programme at the Human Sciences Research Council. This article is abridged from HSRC Review, Vol 4 No 1, March 2006. The full report is available online from HSRC Press

What are the prospects for rural economic development in South Africa? Against a backdrop of continued shedding of agricultural employment, there is little to celebrate: neither small-scale agriculture nor rural small, medium or micro-enterprises (SMMEs) appear to be able to pick up the slack. Nor do direct government development interventions appear to have a significant presence in the countryside. These are the conclusions of an HSRC report, "Trends and Policy Challenges in the Rural Economy".

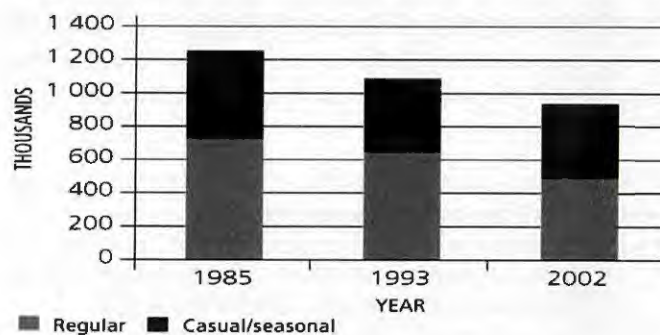
The report is based on four provincial case studies, each undertaken by a different individual or team. They are drawn from Limpopo and KwaZulu-Natal, where the authors conducted primary research; and the Western Cape and Eastern Cape, where the authors drew on data collected as part of other research projects. The main objective of the exercise was to examine the significance for rural dwellers of four different sectors:

- the commercial agriculture sector, in particular its ability to absorb labour
- the subsistence/small-scale agriculture sector, particularly within former homeland areas, and especially in response to anecdotal evidence that there has been a decline in land use in these areas in recent years
- the non-farming micro-enterprise sector in rural areas, whether in former homeland areas or elsewhere
- government projects, with an emphasis on group-based projects, whether past or present.

Taken together, the case studies support the picture of a commercial farming sector that is less and less able to support the rural population, yet has not been replaced by anything else of adequate impact.

The trend of labour displacement in the sector seems to be continuing unabated (see Figure 1).

Figure 1: Long-term trends in agricultural employment



Sources: Agricultural Survey 1985; Census of Agriculture 1993, Census of Commercial Agriculture 2002

The significance of this trend is even more alarming in view of the fact that, as of 1999, farm employment was the single largest source of employment for rural blacks. While government has committed itself at various junctures to halt and even reverse this pattern – the most recent expression of this being the recently unveiled Accelerated and Shared Growth Initiative for South Africa (ASGISA), which identifies agriculture as a strategic growth area – it appears unable to exert much influence on an industry comprising tens of thousands of independent farmers. And, in the light of current legal and policy reforms affecting agriculture (for example, the minimum wage, labour re-regulation and land reform measures), it is an unfortunate reality that many farmers perceive it to be to their advantage to continue shedding workers.

What are the alternatives? The obvious answer is small-scale agriculture and rural micro-enterprise, which exist on a large scale. However, these two sectors generally bear the hallmark of survivalist and/or residual activities. One indication of this is the lack of continuity of individuals' pursuit of agriculture and micro-enterprise over time. This point is particularly well illustrated by the Labour Force Survey (LFS), which interviewed a share of sampled households twice over a stated time period. An example of the survey's findings is as follows: it was asked of those individuals who farmed in the 12 months from March 2002 to February 2003 how many also farmed during March 2003 to February 2004. It transpired that, of the 46 percent of rural blacks who farmed in at least one of these two periods, less than half farmed in both periods.

The case studies support the picture of a commercial farming sector that is less and less able to support the rural population, yet has not been replaced by anything else of adequate impact.

Why is this? One reason concerns the fact that what we are here calling "farming" actually includes a wide range of agricultural activities, ranging from gardening or keeping a few chickens to producing as a commercial operator. Our best information, based mainly on the Labour Force Survey but also supported by the 1997 Rural Survey, is that roughly four million individuals, belonging to two million households, engage in agriculture in some form. It is clear that the vast majority of these four million tend to farm for subsistence, but increasingly as a contribution to subsistence rather than its mainstay.

Table 1.1 Reasons for engaging in agriculture

Survey	As a main source of food for the household	As a main source of income	As an extra source of income	As an extra source of food for the household	As a leisure activity or hobby
2001	24.2%	2.7%	3.7%	67.0%	2.5%
2002	14.3%	1.4%	2.6%	80.1%	1.6%
2003	11.2%	1.4%	3.3%	82.3%	1.9%
2004	6.3%	1.1%	2.8%	88.3%	1.5%

Table 1.1 portrays one of the most sweeping and mysterious changes in the countryside over the past several years. The share of rural blacks practising agriculture as a main source of food has declined dramatically in favour of those who practise agriculture as an extra source of food. An optimistic interpretation would be that people are practising agriculture less intensively as they find other, better paying, economic activities.

Evidence from one case study suggested that households that farmed for a main source of food tended to be worse off than households that did not farm at all. In addition, households that farmed for an extra source of food tended to

be associated with a rise in income – that is, that additional income from off-farm employment enabled such households to purchase more of their food requirements. Though this remains a conjecture, what is observed above might, in fact, be driven by the increasing penetration of social grants.

What we do not know is whether a lesser reliance on agriculture necessarily means a decline in agricultural activities. Conversely, it is possible that households receiving a grant, or some other income source, are able to expand their agricultural activities, even while they are becoming less absolutely dependent on them.

But what of the kind of agricultural development that would indicate a strengthening rural economy? For agriculture, as with rural micro-enterprise, there is, sadly, no evidence of this form of dynamism. Recently introduced schemes, such as the rural loan facility introduced by the department of land affairs, could make a difference, but at this stage we do not know.

FOUR PROVINCIAL CASE STUDIES

LIMPOPO: The most rural province in the country. Mining is the biggest employer outside of commercial agriculture. Economic decline is as evident in the former "white" towns as in the former homeland areas. Rural small businesses are struggling to survive, not least because of improved transport links to larger towns, where supermarket chains draw in rural customers. Old agricultural schemes started by the development corporations remain in a desultory state.

WESTERN CAPE: Commercial wine and fruit farmers have responded in diverse ways to the dual developments of market liberalisation and labour re-regulation. With some notable exceptions, farmers have evolved strategies to secure the necessary supply of labour in ways that maximise the farmers' ability to manoeuvre. The flipside is that an increasing share of employment in the Western Cape, as illustrated by fieldwork in the Ceres area, consists of irregular, temporary employment, making these workers and their households vulnerable and insecure.

EASTERN CAPE: Research focused on the Mount Frere district – home to about 1.2 million people and generally considered one of the poorest and least-resourced regions in the country. A very high proportion of the population goes hungry. Food relief must be complemented by the development of land-based livelihood strategies for effective, long-term food security.

KWAZULU-NATAL: The province's rural areas are beset with political divisions, both between the ANC and IFP, and between municipal and traditional leaders. Poverty linked with high unemployment hampers the cultivation of subsistence crops, as many people lack money to buy fertiliser or hire tractors for ploughing. Communities also lack markets for selling produce.

National Program for the Creation of Small Enterprises and Jobs in the Second Economy



Jobs for Growth - The best policy

The launch of the National Program for the Creation of Small Enterprises and Jobs in the Second Economy, 'Jobs for Growth' last year formed part of the initiatives that were aligned to Government's 2006 Plan of Action. This specific action referred to was that of aiming to 'move faster to address the challenges of poverty, underdevelopment and marginalization of those in the Second Economy, to ensure that the poor share in our growing prosperity'.

This initiative was also one of the strategies of ASGI-SA aimed at halving poverty rate to less than 1/6 of households, reducing unemployment to below 15% by 2014, and achieving 4,5% average growth rate [2005-09: 4.5%; 2010-14: 6%]. ASGI-SA (Accelerated and Shared Growth Initiative for South Africa) however did not cover the whole of the country's development plan. It comprised a set of concrete economic proposals that included a range of initiatives aimed at removing obstacles to economic growth.

These were built on the:

- Government's Plan of Action
- Decisions of the 2003 Growth and Development Summit
- MERS launched in 2001

The historical contributions of cooperatives in global socio-economic growth of both industrialized and developing nations cannot be underestimated. The question however, was what, and how, their special role and contribution in ASGISA would be, as well as their sustainability in the global economy.

The Jobs for Growth Programme's main delivery vehicle is through massification of Self Help Groups (SHGs) and co-operatives with micro-

financing and business development support.

Job's for Growth - a Objectives

Jobs for Growth's main goal is to create a million jobs. Objectives are to:

- Increase employment and income for unemployed or under-employed poor people.
- Reduce income gaps in society.
- More productive jobs in villages and small towns to lessen migration to big city slums.
- Economic empowerment of (mainly black) poor women.
- Address constraints that inhibit economic growth and shared benefits.

The intended outcome is that there will be social and economic enterprises that have scope for growing local economies, creating quality jobs and higher incomes for individual entrepreneurs, workers and their families.

As the pace of growth jumps to fastest in two years, the major challenge facing South Africa is that, despite the economic growth, job creation occurs in a slow and steady fashion. Linked to this is the fact that current economic growth tends to perpetuate rather than redress imbalances of the past that include racial and gender inequalities, income gap and rural-urban divide. Recent results show that economic growth rose in the last quarter of 2006 with a Gross Domestic Product (GDP) increase of 5,6%, from 5,5% in the second (compared to 5.1% 2005) and slowed to 4,7% in third quarter (viewed robust by analysts considering the three interest rate hikes totaling 1,5 percent points). However, slow job creation was evidenced by the recorded 62 000 new jobs created in the second quarter, and 73 000 third quarter in the formal and non-farming sectors. Whilst

the President's 2007 State of the nation address and Minister Manuel's 2007 Budget speech reported that the number of employed people has been increasing at about half-a-million a year in the past three years, it has become clear that the solution of employment creation does not only lie within conventional formal employment. This is so because the unskilled and semi-skilled, as well as the inexperienced youth that form a big majority of the unemployed and under-employed cannot compete for the few vacancies in formal employment. In other words the 4 - 7 million unemployed and underemployed people cannot all fit into the 1 million job opportunities presented.

Strategies for Growth: A case for Self Help Groups and Cooperatives Mass Mobilization

From apartheid South Africa Self Help Groups (SHGs) broadly speaking have mainly symbolized poverty stricken communities mainly women marginalized by the political, social and economic system jointly engaged in subsistence and survivalist income generating and social justice activities. These included savings and revolving credit stokvels, sewing groups, subsistence farming, crafts, and a range of informal activities and family initiatives. From a 'white' perspective SHG included housewives home based industry initiatives (crafts, bakery, sewing) that would be marketed in flea markets.

On the other hand the South African Cooperative history has been male dominated and more visible in mainstream politics. There are the white Afrikaner agri-based cooperatives that were supported by Apartheid South Africa, some of which have emerged as dominant players in corporate global world (e.g. KWV, GWK). This picture changes in the 1980s and 1990s with the emergence of mainly black male dominated worker cooperatives. These received strong trade union support and were partly linked to strategies of addressing retrenchments claimed to be a result of industry re-engineering from import substitution to export orientation policies and global competitiveness. Examples include NUMSA (Sarmcol Workers Cooperative), SACTWU (Zenzeleni Cooperative), and NUM (producer cooperatives in South Africa, Lesotho and Swaziland). The cooperatives have since evolved beyond worker cooperatives into producer, consumer, financial services and housing. The Presidential Growth and Development Summit of July 2003 endorsed the support of cooperatives as part of job creation strategies. There was however not a consolidated legislative framework and strategy resulting in cooperatives not receiving adequate support with their relevance questioned. The realization of the latter led to the introduction of Co-operative Development Policy for South Africa (2004) and the Co-operatives Act (2005) that pave the way for mass based participation of previously marginalized communities in mainstream economy.

Self Help Groups (especially in India) and Cooperatives have proven worldwide to have an employment creation potential as they extend to every area of human activity and can adapt to various socio-economic conditions. Cooperatives have proved to be significant economic actors in

national economies. For example in Kenya, cooperatives are responsible for 45% of the GDP and 31% of national savings and deposits. In Brazil cooperatives are responsible for 72% of the wheat production, 44% of barely, 43% of soy, 39% of milk, 38% of cotton, with a total Agricultural cooperative export over USD 1.3 billion in 2005. In Colombia 6,462 cooperatives were responsible for 5,25% of the GDP in 2005. Cooperatives do not only contribute to growth, but have set good examples of shared growth. In Cote d'Ivoire cooperatives invested USD 26 million for setting up schools, building rural roads and establishing maternal clinics. The audit of informal sector and exiting self help groups and cooperatives in South Africa has shown that the independent entrepreneurs and workers can be better supported to carry out joint economic activities at reduced costs, increase productivity and bargaining power to operate

in a competitive and global market. However, the existing support is either inappropriate, fragmented and not targeted for access by these groupings. Research conducted through the Micro Finance Regulatory Council (MFRC) indicates that the value of South African credit industry is R362 billion. Only less than 5% of this total credit industry is in respect of micro credit which is the source of credit for micro and small enterprises. In the structure of micro credit in South Africa people use micro credit for the



following purposes as shown by research:

- Housing – 11%
- Education – 12%
- Enterprise – 4%
- Other (mainly consumption) – 73%

It is glaringly striking to observe how conspicuously low the contribution of the micro-credit in the enterprise sector is. This manifests the challenges experienced in the Second Economy in accessing credit for entrepreneurial activities. The Commission of Inquiry (The Strauss Commission) into the provision of Rural Financial Services provided a comprehensive overview of access to financial services in the rural areas of South Africa and it drew upon international experience to make its recommendations to establish a new system of rural financial services. The report from the Strauss Commission therefore paved way to the enhancement of equitable access to financial services by the previously disenfranchised particularly within the rural and peri-urban sectors, which constitute the Second Economy. The regulatory environment is progressively undergoing improvement to ease the barriers that have been thwarting the development of the Second Economy and in particular the empowerment of women, youth and the disabled. The new National Credit Act and the Co-operative Banks Bill contain the following interventions in respect of some of the problems of access to credit; providing appropriate, affordable and sustainable access to financial services to people in poverty is a massive national challenge. Given the magnitude of the problem it requires an integrated approach in which government, the not for

profit sector including NGOs & CBOs) and commercial lending sector would all have to make a contribution.

In preparing a fertile ground for ASGISA, which must also lead to the expansion of the SMME sector for the development of the Second Economy, more focus is needed in such regulatory arrangements as Broad-Based Black Economic Empowerment, Preferential Procurement (incorporating Supply Chain Management) and other pertinent legislative arrangements.

Implementation Strategy

Whilst the focus is to create jobs and address un and/or under employment, the strategy also aims to bridge the divide between the first and second economy through the creation and strengthening of viable enterprises and by reducing the income gaps in society. The Program Implementation Plan in the first three years is premised on three main activities for targeted and sustained small enterprise development and job creation. These are i) self help group/cooperative mass mobilization and training (organizing for massification), ii) support institutions transformation and capacity building (addressing specific barriers to economic participation), iii) opportunity scoping and product offering alignment (linking supply to demand for viable and sustainable economic mainstreaming of the second economy). The implementation strategy utilizes Work stream approach as indicated in diagram below.

Community, Public and Private Institutions are targeted in this regard in terms of capacity, program relevance, as well as accessibility issues that include legislative and policy frameworks and procedures. Strategic interventions will focus on strengthening nongovernmental and community based organizations (NGOs and CBOs) as Enterprise Development Intermediaries as well as transforming support institutions to increase bankability and competitiveness of small and micro enterprises (see diagram below).

One of the strategic interventions to address constraints is the introduction of the Direct Financial Access Plan that is being rolled out in partnership with local government, development finance institutions (MAFISA, SAMAF, Postbank), commercial banks and self help groups and cooperatives. The initiative is designed to amongst other things address the constraints identified by ASGISA namely:

- Finance in a system wrought by limited availability of risk capital
- Insufficient lending activities in poor areas
- Market preference for higher loan sizes
- High cost of finance facilities

The approach is to establish local committees that will assess and refer business plans to appropriate finance institutions as illustrated in diagram below.

2nd Economy Industry Sector Analysis and Value-Chain Mapping

The subsector approach represents one tool for analyzing agricultural and food markets, particularly of commodities that involve several marketing stages and channels. Focus is on sub-sector analysis that disaggregates the specific commodity value chain for the purpose of identifying constraints and opportunities for small farmers within the sub-sector. This analysis forms the basis of the design and development of effective interventions that include economic/industry structure transformation, skills development, finance and market access creation.

Progress thus far has been experienced in the Review of National and Provincial Economic frameworks, with a collation of Sector studies in these main sectors: Agro-industries, Creative Industries, Clothing and Textile, Tourism, Forestry and Informal sector.

Case Study: Agro-industrial and Marketing Chains - The Fresh Produce

It is estimated that almost two million South African households, or 25% of the country's total population, derive some or all of their household income from agriculture. Despite it's relatively small contribution to total production in the country (8%-10% overall GDP) agriculture plays a critical role in the South African economy, directly supporting large numbers of rural households as well as indirectly through its backward and forward linkages with the rest of the economy. Case Study - Fresh Produce (Mainstreaming of Fresh Produce Small Farmers and Informal traders (Johannesburg and Durban Metros). With informal traders constituting over 60% of Johannesburg Fresh Produce Market turnover (over a billion annual), the opportunity of exploring job creation and enterprise development along the value chain for small farmers, informal traders and other entrepreneurs (logistics, retail outlets, finance) is imperative.

Jobs for growth strategies

Cooperatives can play a major role in terms of mass based participation and mainstreaming in the economy. However, the members on their own do not constitute an effective response to the challenge of job creation. This is so as cooperatives are rooted in a particular place, are part of a particular community, grow up within and as an expression of the local scene, the national culture, the shared ethos. Integrated, coordinated and focused area-based planning and implementation is crucial with significant investment. Public and Private Partnerships need to be explored further and supported. As the country focuses on poverty eradication it is critical that not only government, but all stakeholders or the nation as a whole to begin to shift the mindset towards supporting the second economy players as part of the mainstream rather than marginalize SHG and cooperatives initiatives as cinderella or social responsibility projects.



ASGISA: ECONOMIC GROWTH IS NECESSARY BUT NOT SUFFICIENT

BY HAROON BHORAT

Dr Haroon Bhorat is associate professor of economics and director of the Development Policy Research Unit (DPRU) at the University of Cape Town

This opinion piece was commissioned by the Isandla Institute for a development dialogue held on 18 May 2006 in Cape Town

Having achieved the critical need for macro-economic stability – arguably the core of the Growth, Employment and Redistribution Programme (GEAR) – the emphasis has now shifted within ASGISA to deliver the holy grail of 6 percent growth per annum.

The government recently released its economic policy programme, captured formally as the Accelerated and Shared Growth Initiative for South Africa (ASGISA). ASGISA is distinguished, relative to its two predecessors, GEAR and the RDP, by its strong emphasis on defined, and very specific, growth-enhancing projects. The delivery of physical infrastructure and a detailed programme for the provision of skills are just two examples of such interventions. It is important to note, however, that in many senses ASGISA is a continuation of the GEAR strategy. Having achieved the critical need for macro-economic stability – arguably the core of GEAR – the emphasis has now shifted within ASGISA to a more detailed programme of activities designed to deliver the holy grail of 6 percent growth per annum.

There is very little debate, if any, amongst economists around the notion that a high level of economic growth is essential for poverty reduction. Indeed, increased growth rates, effectively measured by rising per capita incomes, would appear to make this link clear and simple: if you increase economic growth, poverty levels will fall in the society.

However, a more detailed assessment of experiences around the world indicates that there are two very important caveats to this generalised view that “growth is good for the poor.” Firstly, the impact of economic growth on poverty differs significantly across countries. Hence, research from

the World Bank indicates that a 2 percent increase in growth rates will result in a reduction in poverty ranging from 1 to 7 percent, depending on the country. Secondly, as incomes grow, there is a high likelihood that this will also affect the distribution of that income.

Put differently, economic growth often brings with it some change in the levels of income inequality. When this occurs, however, and if the result is an increase in inequality, the gains from growth to the poor may in fact be reduced. Higher inequality levels from growth “stretch” the distribution of income and in so doing dilute the impact of economic growth on poverty. Given these two caveats to the growth-poverty nexus, the critical insight is that economic growth may be necessary, but it is certainly not a sufficient condition for poverty reduction in a society.

Within the above context, then, it is important to determine what the experience in South Africa has been thus far. Put differently: has the positive economic growth recorded since democracy yielded a sufficient reduction in

For South Africa, with already high levels of income inequality, this is a key early lesson that it is not only the 6 percent growth target that matters, but also the nature of this growth path that gets us to 6 percent.

income poverty levels? Analysis of data for the period 1995 to 2000 (an admittedly very short and inadequate time period) suggests, firstly, that nominal household expenditure grew by 6.14 percent over this period. However, the growth

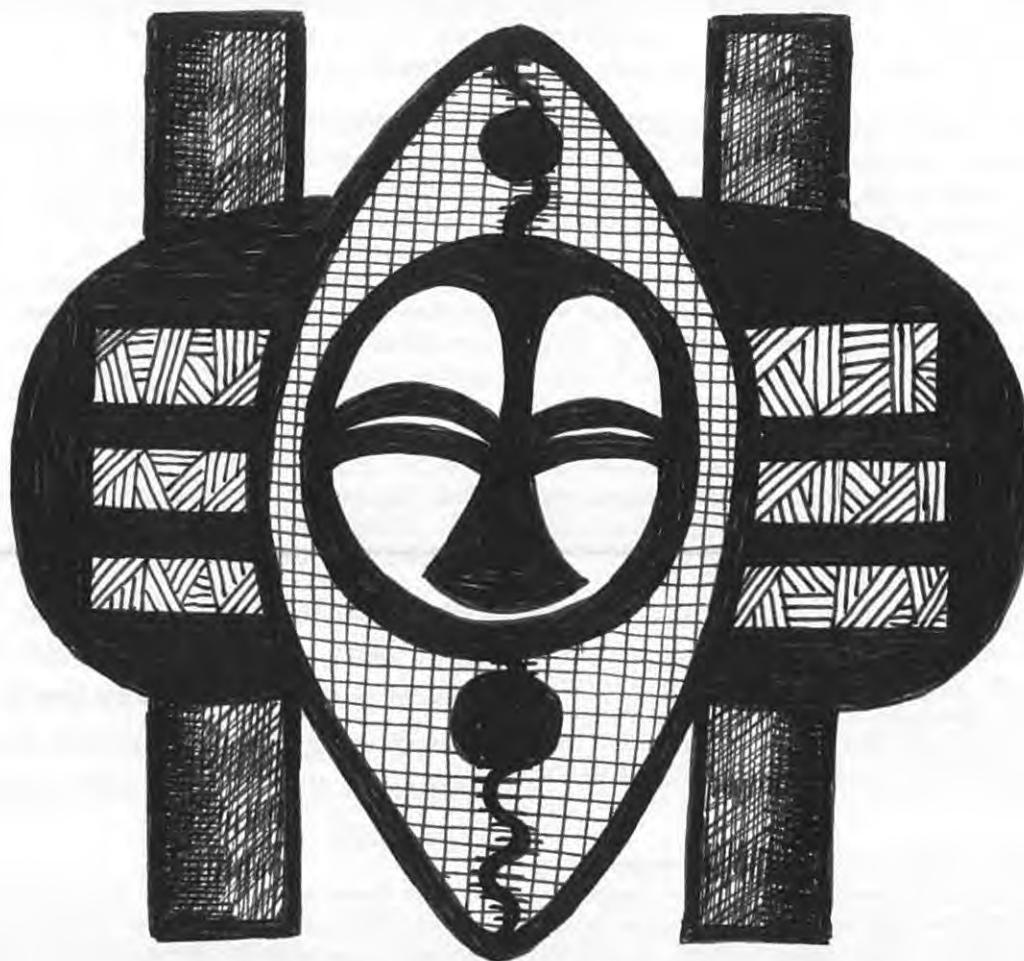
in expenditure of those households living below the poverty line was only 2.29 percent. Hence, the growth in incomes of poor households has been significantly less than the growth for non-poor households. Ultimately, South Africa's aggregate growth in incomes has in fact been driven by households in the upper part of the distribution. This result can be more simply translated into the following: while South Africa did experience a growth in incomes for all households, rich households gained more than poor households, resulting in a growth path that was not pro-poor in nature.

Closer inspection of this empirical result indicates furthermore that, over this 1995 to 2000 period, while the increase in household incomes did in fact reduce poverty levels, it also had the simultaneous effect of increasing income inequality. This is of course implicit in the notion that the incomes of the rich have been rising faster than those of the poor. However, the undesired effect of this rising income inequality was to erode any growth benefits to the poor and ultimately yielded no change in national poverty levels. Rising income inequality therefore can result in a high growth rate delivering deleterious welfare outcomes. For South Africa, with already high levels of income inequality, this is a key early lesson that it is not only

the 6 percent growth target that matters, but also the nature of this growth path that gets us to 6 percent.

While the challenge for the government remains, in terms of delivering a shared growth path, it is true that a large part of its programme is already in place. In particular, two key elements of welfare enhancement exist. The first of these is the government's – by all reasonable and careful accounts – spectacular delivery of assets and services to the poor since 1994. This alone has assisted in dramatically reducing non-income poverty and inequality. Secondly, one of the key elements of a shared growth vision, and indeed one that will assist in ameliorating the consequences of a biased growth path, is the provision of an adequate social safety net. For a middle-income country, South Africa has a very deep social security system that ensures a high level of protection to those individuals and households excluded from the growth process.

Ultimately though, government's impact on the nature of South Africa's growth path, on its own, has significant limitations. A carefully crafted compact in a variety of different arenas with business and labour may get us closer to the vision of a 6 percent shared growth path.



Accelerated Shared Growth Initiative for South Africa (AsgiSA) Will Growth Be 'Shared'?



Réjane Woodroffe
Chief Economist
Metropolitan Asset Managers

In early 2006, the government proposed an economic development plan, The Accelerated Shared Growth Initiative for South Africa (AsgiSA) as a response to low employment creation, growing inequality, high levels of poverty and poor economic growth. There was explicit acknowledgement that while the economy had done reasonably well over the past decade, the benefits of growth were enjoyed by a limited sector of the population, hence the focus on shared growth. The main objectives of AgsiSA are to halve the unemployment rate by 2014, halve the poverty rate by 2014, attain an average growth rate of 4.5% between 2005 and 2009 and an average growth rate of 6% between 2010 and 2014. Why was it important to include the word 'shared'? What does it mean in the AgsiSA context? Can AgsiSA deliver?

The 'Accelerated' and 'Growth' parts of AgsiSA are self-explanatory but the 'Shared' part is not obvious. While it is not explicitly defined in the AgsiSA documentation, the shared part seems to refer to bringing as many South Africans as possible into the 'First Economy' through creating employment or income and wealth opportunities so that all may benefit from future economic growth. With the new administration in 1994, economic planning started with the RDP (Reconstruction and Development program) next came GEAR (Growth, Employment and Redistribution) – where it was recognised in the planning stages, at least, that inequalities were high and rising. The actual result, however, was that little redistribution took place and inequality rose. These growing inequalities were due, in part, to high and rising unemployment because despite rising economic growth, those who are unemployed have no access to the benefits. Even the substantial increase in social grants caused inequality to increase because the poorest of the poor are still unable to access these grants. AgsiSA acknowledges this failure and there is explicit recognition for the severe poverty and inequalities in South Africa between those in the developed 'First Economy' and those in the informal and under-developed 'Second Economy'. Because economic thinking has moved well away from redistribution and economic restructuring plans like privatisation, the focus on removing the severe and growing imbalances in the economy is communicated by using the word 'Shared'.

So can AgsiSA deliver Shared Growth? Dani Rodrik in his paper "Understanding SA's Economic Puzzles" finds that high wages are not the reason for high and growing unemployment but rather the poor performance of the manufacturing sector. Instead rising unemployment is attributed to the unexpected expansion of the

labour force with a large number of previously economically inactive black women entering the workforce and the growth of the service industry relative to the manufacturing industry. Manufacturing is more labour-absorbing than the service industry and it seems that government has taken it on board that the manufacturing industry has to be nurtured. While currency strength has had some impact on the development of the tradables sector, more significant, negative impacts have been found to be due to a decline in profitability in the sector and South Africa's trade policy. Thus interventions in competition policy and trade policy would have a more powerful impact in developing the export sector, than interventions that may be considered with regard to the currency which are risky and expensive.

While growth in the manufacturing industry should boost employment opportunities, the inability of the informal sector to absorb a sizable portion of the labour force is concerning. South Africa is an outlier amongst developing economies in the small size of its informal sector. The informal sector typically absorbs 40-70% of the labour force in the developing economies of Asia, Latin America and Africa. In South Africa it absorbs just 16%. As economies develop, the informal sector automatically grows and provides employment opportunities. By developing country standards South Africa does have a generous social grant programme although it is estimated that a third of eligible households do not access these grants as yet. A 2005 HSRC Development Report found that the social grant system has not caused dependency and the small size of the informal sector can, therefore, not be attributed to these grants. Instead the inability of the informal sector to flourish is attributed to the fact that black business was illegal under Apartheid and that free movements into metropolitan areas and cities was restricted. This has stunted the growth of a natural entrepreneurial spirit as is found in all other developing countries. AgsiSA attempts to address this impediment to the shared growth potential of the economy in interventions designed to bridge the gap between the first and second economies.

A third impediment to shared growth is the lack of government service delivery. Given the significant strides in fiscal management, South Africa has for some time had a problem with under-spending not, as is common in both the developed and developing world, with frivolous over-spending. While there are interventions aimed at this issue, it is not obvious that they will be successful in ensuring the timely provision of the public goods and services critical to accelerated or shared growth.



The Commission

South Africa is a land of endless possibilities - the work carried out by the Commission on Restitution of Land Rights is one such example. Despite the many challenges pertaining to Land Reform in South Africa, good progress has been made with regard to the settlement of Restitution claims. As at 31 January 2007 the Commission on Restitution of Land Rights had settled 73 513 claims out of the 79 696 land claims lodged with the Commission by the cut off date of 31 December 1998. The Commission was established in 1995 in line with the Restitution of Land Rights Act no. 22 of 1994 as amended, with a mandate to provide restitution of land rights and equitable redress to individuals or communities who were dispossessed of land rights as a result of past racially discriminatory laws or practices.

The Restitution process: Speeding up the right to land

According to the Chief Land Claims Commissioner Thozami Gwanya, the amendment of the Restitution Act in 1999 led to a significant increase in the number of claims settled by the Commission during the past seven years. With the amendment, the Commission followed the German model of combining a judicial approach with an administrative approach that focuses on a negotiated resolution and settlement of claims. "This approach improved our processes significantly from a snail pace start with only 41

claims settled through the Land Claims Court during the first four years of our existence", Gwanya points out. "Restitution is deemed as an essential pillar for the reconciliation process and the land reform programme in South Africa", adds Gwanya. As part of the process to speed up land delivery, the Minister of Land Affairs and Agriculture Lulama Xingwana has launched the department's operation GIJIMA. "On 19 October 2006 the Minister delegated her powers to settle claims to the Chief Land Claims Commissioner and the Regional Commissioners, up to a maximum of R100 million and R50 million respectively. A total of 1286 claims were settled between October and December 2006, a significant improvement as a result of the delegation of power by the Minister," Gwanya says.

The Minister has indicated to all stakeholders that the state will only negotiate for six months, and if no progress is made the state will declare a dispute and proceed with expropriation. Section 25 (2) of the Constitution of the Republic of South Africa allows for expropriation provided that Just and Equitable compensation is paid.

The Pniel farm 281 in the Northern Cape Province has become the first property to be expropriated by the State in line with Section 42E of the Restitution of Land Rights Act. The expropriation was effected after negotiations between the state and the church regarding the price for the land



MR A.N NDUNGE, MR ZAMA MEMELA, CHIEF MPENDULO NDUNGE SIGNING THE SETTLEMENT AGREEMENT DURING THE SETTLEMENT CELEBRATION OF IZININI AND NTSHAMATHE LAND HAND OVER IN BIZANA, EASTERN CAPE PROVINCE.



CHIEF LAND CLAIMS COMMISSIONER, MR THOZI GWANYA AND THE MEC FOR LOCAL GOVERNMENT AND HOUSING IN THE FREE STATE, MR JOE MAFEREKA DURING THE SIGNING OF THE MOU FOR THE HOUSING PROJECT FOR LAND RESTITUTION BENEFICIARIES IN THABA NCHU, FREE STATE PROVINCE.



PREMIER EDNA MOLEWA AND THE CHAIRPERSON OF THE CPA MR HENRY PITSO MAHUMA DURING THE SNYMANDRIET LAND HANDOVER CEREMONY AT BETHANIE IN THE NORTH WEST PROVINCE.

on Restitution OF LAND RIGHTS

reached a stalemate.

The department is in the process of reviewing the willing buyer willing seller (WBWS) principle in line with the recommendations of the 2005 Land Summit held in Johannesburg, Gauteng. The view is that the WBWS principle is not applicable in the Restitution program, and is only contributing to the delay in the finalization of land claims.

Knocking down the walls

Rural claims take longer to settle due to various challenges. Most of the rural claimants have problems producing the required copies of personal documents such as identity documents, death certificates, marriage certificates, affidavits, etc. "80% of the claims settled are Urban claims involving financial compensation. We are left with about 6000 claims to settle. Most of these are Rural claims, and are the most difficult to settle," says Gwanya. The existence of disputes amongst family and community members slows down the process for finalizing some of the claims. Other challenges relates to claims where there are boundary disputes, or disputes amongst Traditional Authorities and legal entities or claimant management committees. The result is that communities are usually drawn into the conflicts which lead to division in the community when members fail

to agree on the development priorities. "A large portion of the land in the former home-land areas is unregistered and un-surveyed, and thus there are no title deeds or maps. This poses serious challenges when conducting archival research", Gwanya says.

One of the major challenges with Restitution emerges when after many years of dispossession, claimants now have to engage in full scale commercial farming activities, after many years of systematic de-skilling. They have been removed from agriculture in the 1950s and 1960s and pushed into homelands and working as laborers in the cities. The result is that most of the people have now lost interest in agriculture. When you restore land, you have to restore the people's interest in agriculture, train them with regard to commercialization, and provide technical support, etc Gwanya points out. "Exorbitant land prices make Restitution expensive", says Gwanya. "Disputes with current land owners on issues such as the land price, validity of the claim, as well as resistance to the Restitution process sometimes make it necessary for a claim case to be referred to the Land Claims Court", he adds.

Through additional funding assistance from organizations such as the Belgian Technical Committee (BTC), the Commission was able to engage in a massive claimant verification campaign. More Strategic Partners are needed



MINISTER OF AGRICULTURE AND LAND AFFAIRS, LULAMA XINGWANA AND THE PORT ST JOHNS LOCAL MUNICIPALITY MAYOR WILLIAM MZOLISI MTAKATI DUBUL'IZIKHOVA (MIDDLE) TOGETHER WITH THE CHAIRPERSON OF THE MAJOLA TRUST MR MORRIAT SITHOLE DURING THE MAJOLA LAND HANDOVER CEREMONY IN THE EASTERN CAPE PROVINCE.



DEPUTY MINISTER DIRK DU TOIT SHARES A MOMENT WITH THE BENEFICIARIES OF THE SIPHUMELELE SIBOSHOWA LAND RESTITUTION PROJECT IN THE MPUMALANGA PROVINCE.



THE CHIEF LAND CLAIMS COMMISSIONER, TOZI GWANYA, AND THE MEC OF AGRICULTURE IN KWAZULU NATAL MR MTHOLEPHI MTHIMKHULU HANDS OVER A TITLE DEED TO THE CHAIRPERSON OF THE MANANATHI WOMEN'S COOPERATIVE DURING THE HLOMENDINI LAND HANDOVER CEREMONY.

to assist with the Settlement Support Programme. Many of the claimants who have had land restored to them need assistance with regard to farm management skills, financial management skills, etc, Gwanya points out. The department offers settlement support by assisting the communities with the land use planning processes, socio-economic surveys, feasibility studies, project management, etc. The department also assists to ensure that Memoranda of Agreements are in place with regard to collaborations with other relevant role players such as the local Municipalities, the Provincial department of Agriculture, etc.

A successful road to 2008

About one third of all the outstanding rural claims will be difficult to finalize. These are referred to as residual claims and include claims where the claimants are untraceable, claims that have been referred to the Land Claims Court for adjudication, claims where there are deadlocks with regard to the validity of the claims, as well as claims where there are conflicts with Traditional leaders, including issues of jurisdiction and boundaries. The department is looking at possible strategies to deal with the issue of residual claims. Gwanya is confident that the Restitution programme in general has been handled in a very practical manner when measured in terms of the United Nations Human Rights Codes. "We have been practical in terms of redress by giving the people something that can be equivalent to the value of the actual land rights that they have lost," he says. The South African Government allocated R9 billion towards the finalization of those claims settled to-date. A total of R5 billion was allocated towards financial compensation and R4 billion to cover the costs for land acquisition. The annual budget for the Commission is R3.3 billion. "In the whole world this example is a very good one. I've compared it with what is happening in New Zealand and Australia and I find that our valuation of rights lost and the restoration, the value of the redress is something to be proud of as South Africans," concludes the Commissioner.



BANANAS HARVESTED FOR THE DOMESTIC AND EXPORT MARKETS AT THE MAMAHLOLA RESTITUTION PROJECT IN THE LIMPOPO PROVINCE.



COMMISSION ON RESTITUTION OF LAND RIGHTS
IKHOMISHANA YOKUBUYISELA
KWAMALUNGELO OMHLABA
KHOMISHINI E MABAPI LE PUSETSO YA
DITSHWANELO TSA MAFATSHE
KOMMISSIE OP HERSTEL VAN GRONDREGTE

CONTACT DETAILS FOR THE COMMISSION

Office of the Chief Land Claims Commissioner

Tel: 012 312 9244/9146

Fax: 012 321 0428

E-mail: pjmolefe@dla.gov.za

Western Cape

Tel: 021 426 2930

Fax: 021 424 5146

E-mail: FGzottl@dla.gov.za

Free State and Northern Cape

Tel: 051 403 0700

Fax: 051 430 3930

E-mail: OENkomazana@dla.gov.za

Mpumalanga

Tel: 013 755 8100

Fax: 013 7523859

E-mail: FOLesenyego@dla.gov.za

Limpopo

Tel: 015 287 0800

Fax: 015 287 0811

E-mail: NPShibambu@dla.gov.za

Eastern Cape

Tel: 043 743 3824

Fax: 043 743 3687

E-mail: ZHMemela@dla.gov.za

Gauteng and Northwest

Tel: 012 310 6500

Fax: 012 324 5812

Tel: 018 392 3080

Fax: 018 392 3083

E-mail: VGMahlangu@dla.gov.za

KwaZulu-Natal

Tel: 033 355 8400

Fax: 033 842 0409

E-mail: SGDladla@dla.gov.za

DEBT, DONORS AND DEVELOPMENT: FROM HIPC TO PRSP

BY FANTU CHERU

The author teaches development studies at the American University, Washington, DC¹

PARLIAMENT'S OVERSIGHT OF THE WORLD BANK

An extraordinary international conference of parliamentarians is to take place in Cape Town on 16-18 March 2007. The president of the World Bank and the executive director of the International Monetary Fund (IMF) will address the conference and answer questions about their policies. President Mbeki will also address the conference on the role of these institutions in the global economy.

The conference is being convened by the Parliamentary Network on the World Bank (PNoWB), The World Bank and the African Development Bank and is hosted by the parliament of South Africa.

This is an exceptional opportunity for dialogue, as the World Bank has usually interacted with national executives and not with parliamentarians. Several years ago, the bank realised the limitations of this and supported the establishment of the network – which, however, remains independent.

Two hundred parliamentarians, representing 100 countries, and 100 experts from international development agencies and civil society organisations will attend the conference. The deliberations will feed into the coming meetings of the G-20 (chaired by SA), the G-8 (where Germany has put Africa at the top of the agenda), the spring meetings of the World Bank and IMF, and others.

The policy debates at the conference should reflect the profound concern of all developing countries about the policies and performance of these institutions, in particular the continuing pursuit of structural adjustment programmes that have done so much damage in Africa and Latin America.

New Agenda will cover the conference fully and a report will appear in our next issue.

In the article that follows, Ethiopian professor *Fantu Cheru*, a world authority on the political economy of these institutions, provides an analysis of the World Bank's changing policies for debtor nations.

The Heavily Indebted Poor Countries (HIPC) initiative of the World Bank and International Monetary Fund (IMF) has failed to resolve Africa's debt crisis. Why? Because it was designed by creditors and controlled by creditors. Creditors have the power to define who gets what, and when, and how.

Even by its own measure, the HIPC framework is not reducing debt to levels described by the World Bank as "sustainable". The majority of countries find themselves in worse conditions after completion than when they first entered the process. Moreover, it obfuscates the illegitimacy of most of this debt. Tinkering with the HIPC is a shell game. Tying debt relief to conditions determined by creditors undermines African priorities and initiatives and affords creditors an inordinate degree of control over the running of African countries.

The meagre results of the HIPC programme suggest that its promises are hollow ones, made solely to ensure that countries remained on the debt and structural adjustment treadmill. The guiding principle in the creditors' debt relief strategy has been to loosen the chain lightly, but not to break it. Such a strategy prevents debtor countries from defaulting or opting out of the global financial system altogether. The international financial institutions (IFIs) and the G-8 governments in particular also have incentives to avert defaults: any gaps in the globalised economy represent reduced control and loss of potential markets. In the post-1990 political environment, debt relief and the accompanying structural adjustment reforms have, therefore, become important vehicles to facilitate the process of globalisation through deregulation, liberalisation and reducing the role of the state in national development.

The value of the leverage associated with multilateral debt and the extent to which the G-8 controls the IFIs are evident at times of international crisis. Just as Egyptian and Kenyan debts were cancelled during the Gulf War, so, in the wake of the September 11 attacks, Pakistan was induced to assist the fight against al-Qaeda and the Taliban with promises of debt cancellation and new loans from the IMF. Should the crisis persist, Indonesia, with one of the largest debt burdens, as well as the largest Muslim population, will likely benefit as well.

Finally, the key weakness in the IFIs' approach to economic reform has been the failure to recognise that structural adjustment at the domestic level is meaningless without a corresponding adjustment at the global level. Efforts to reform economies at the national level have often been derailed by market failures at the global level. Much more effort by the international community will be required to establish a more propitious trading and financial climate within which debtor nations can hope to increase their exports and attract various forms of financing needed to achieve a positive momentum in their economic development. In order for trade to generate sustainable growth, however, there must be a more equitable trading relationship between rich countries and African countries. Specifically, ensuring fair prices for commodities and market access to these products is of dominant importance. This requires structural changes in the field of primary commodity trade, by giving

The key weakness in the IFIs' approach has been the failure to recognise that structural adjustment at the domestic level is meaningless without a corresponding adjustment at the global level.

the least developed countries better access to Northern markets, encouraging more processing of their commodities before export and extending the preferential treatment now accorded them.

For almost 20 years, IFIs and Western creditor governments have engaged in the self-deceptive and destructive game of managing the Third World debt problem from afar, and forcing unpopular economic policies down the throats of powerless countries in the belief that the bitter medicine of macro-economic adjustment would ultimately put these countries on a path to prosperity and debt-free existence. Structural adjustment programmes (SAPs) have failed to create a framework either for sustained economic recovery, or for enabling the poor to benefit from market reforms. The debt "hangover" has had a crippling effect on the achievement of human development targets. This is particularly more pronounced in sub-Saharan Africa, which has undergone two decades of adjustment without making a dent in the extreme level of human deprivation.

Africa's burden of illegitimate foreign debt represents the single largest obstacle to the continent's development. As long as African countries are forced to spend almost \$15 billion per year repaying debts to G-8 governments and IFIs, they will be unable to address their urgent domestic needs. The constant outward flow of desperately needed resources undermines poverty reduction initiatives and cripples efforts to cope with the devastating impact of the HIV/AIDS crisis. Without freeing the continent from the shackles of debt, it may be impossible to stem the spread of the pandemic on the continent.

AFRICAN DEBT AND THE POLITICS OF INDIFFERENCE

At the beginning of 1999, the total foreign debt owed by developing countries was \$2.1 trillion (UN 2000: 276-277). The regional distribution of this debt was as follows:

- \$792 billion for Latin America
- \$340 billion for Africa (of which \$175 billion was owed by sub-Saharan Africa)
- \$972 billion for Asia.

Yet, by most conventional indicators, such as the ratio of debt to Gross National Product (GNP), sub-Saharan Africa's debt burden was 133 percent of its GNP compared to 41.4 percent for Latin America and 28.2 percent for Asia. In terms of ratio of external debt to exports, the figures are striking 202 percent for Latin America; 340 percent for sub-Saharan Africa; and 121 percent for Asia (UN 1998: 171). In short, Africa is considerably more "debt-stressed" than Latin America.

There is another important difference between Latin American and African debt. While most of Latin America's debt is owed to commercial banks, most of the debt owed by African nations is to official donors and multilateral organisations such as the World Bank, the IMF and the regional development banks. For low-income countries (defined by the World Bank as those with per capita GNP below \$785), multilateral debt increased by some 544 percent between 1980 and 1997, from \$24.1 billion to \$155 billion as credit from other sources dried up and repayments mounted. Multilateral debt constitutes 33 percent of the long-term debt burden of the most impoverished countries (UN 1998: 165). For middle-income countries, the corresponding percentage is 15 percent. Neither agency is permitted, under existing rules, to reschedule or write off debt: repayment to both has to be met in full.

The growing importance of the IMF and the World Bank as creditors has made debt management less flexible. As more and more Third World countries ran into greater difficulties servicing the huge loans made to them by northern banks and multilateral institutions in the 1970s, pressure to adopt structural adjustment grew strong as a wide range of bilateral and multilateral donors insisted upon economic reform as a condition for the disbursement of funds and for rescheduling the debt. Since most of these countries have very weak political structures, an IMF-World Bank condominium has been imposed over them under the guise of providing aid. As a result, these countries have pretty much ceded their sovereignty to the IMF and the World Bank.

The basis of structural adjustment has been to persuade indebted countries to "export their way out of the crisis" through closer integration into world markets, while devoting less attention to the expansion of public expenditure to boost production for domestic needs. The IMF calls this "demand management". It is meant to ensure that more of debtor nations' resources will be used to produce exports to be sold for dollars that can then be used to pay debts. Among the conditions typically required by the IMF and the World Bank

are the following:

- deep reduction or elimination of subsidies and price controls, which distorted internal prices for a number of goods and services
- drastic reduction of trade and exchange controls designed to protect the local economy from foreign competition
- high interest rates to fight inflation, promote savings and allocate investment capital to the highest bidders
- privatisation of state-owned firms
- reduction of the role of the state, not only in the economy but also in the provision of social services such as health, education and social security
- indiscriminate export promotion through devaluation of the currency.

Most importantly, economic adjustment has been achieved on the back of the poor. Debt servicing requirements have detracted funds from necessary spending in the areas relevant for the promotion and protection of human rights, as defined in the principal human rights treaties. Consequently, living standards for the majority of Africans have declined. Increasing malnutrition, declining school enrolments and rising unemployment and poverty threaten the social fabric of highly indebted poor countries. Increasing globalisation, which has rendered many poor countries to the margins of the world economy, compounds this situation. Reform has been necessary to satisfy the demands of external creditors for servicing debt and not adequately internalised as domestic requirements for pursuing human-centred growth and development.

The World Bank and the IMF have single-handedly managed the Third World debt crisis since the 1980s, without any regard for the social and economic costs of macro-economic adjustment. The dramatic situations of heavily indebted countries affected by war, natural disasters and the HIV/AIDS pandemic have not been given the special attention they deserve. In the social sector, debt servicing and the adjustment policies pushed to free up foreign exchange

A serious commitment to addressing Africa's challenges must begin by releasing the continent from debt bondage. Many of the HIPC's serviced their debts at the cost of widespread malnutrition, premature death, excessive morbidity and reduced prospects for economic growth.

needed to service the debt have worsened social welfare.

THE HIPC INITIATIVE: TOO AUSTERE, TOO LITTLE AND TOO LATE!

In October 1996, as a result of many years of persistent campaigning by a global coalition of NGOs and civil society organisations, the Bretton Woods institutions finally conceded the need to address the issue of poor country debt owed to them and approved the HIPC initiative. The ostensible aim

of the programme is to make the debt burden of the poorest and most indebted countries "sustainable". Sustainability is defined as the ability "to meet current and future external debt service obligations in full without recourse to debt relief, rescheduling of debt or the accumulation of arrears, and without unduly compromising growth". Once a country is deemed eligible, it must demonstrate a commitment to "sound economic policies" – the IFIs' usual euphemism for SAPs – to receive debt relief.

The IMF and the World Bank initially identified 41 countries as possible candidates for debt relief under the HIPC initiative. In total, according to UN and US government figures, they owed \$221 billion in 1998, about \$61 billion of which (roughly 26 percent of the total debt stock) was owed to the multilateral financial institutions (UN 1998). Under the original HIPC programme, a country could not obtain benefits until it completed six consecutive years of implementation of the Fund's enhanced structural adjustment facility (ESAF). The first stage entails a rescheduling of debt-servicing obligations to Paris Club countries on Naples terms. At the end of that period, the debtor may be accorded up to two-thirds reduction of debt. At this point, a decision can be made on whether the second stage is needed.

Few indebted countries chose to apply for HIPC relief because of the stringent qualification criteria that came with debt relief. By the spring of 1999, only three countries had become eligible for actual debt relief: Uganda and Bolivia, in April and September 1998 respectively, and Mozambique in mid-1999. Although eight others – Mali, Côte d'Ivoire, Benin, Honduras, Senegal, Tanzania, Guyana and Burkina Faso – had reached their "decision point" and had assistance committed to them by the end of 1999, they represented only a small proportion of the total initially targeted (IMF 1998: 68).

Barely two years after the introduction of the HIPC initiative, the IMF and the World Bank conceded in the spring of 1999 that the initiative had major shortcomings and that there was a need for more substantive steps to address the debt problem of low-income countries. Reacting to this, the G-7 leaders announced from Cologne in June 1999 a major debt reduction initiative aimed at enhancing the HIPC initiative. A total of \$90 billion was promised for 33 countries, with the cost to creditors (net present value) at \$27 billion, primarily due to heavy discounting of the loans and the advantage of purchasing the debt now as opposed to having it accrue interest over its lifetime.

THE LIMITATIONS OF THE HIPC INITIATIVE

As of July 2002, 26 countries were benefiting from debt relief under the enhanced HIPC initiative, of which seven had reached completion point. The seven include Bolivia, Guyana, Burkina Faso, Mauritania, Mozambique, Tanzania and Uganda. These seven have received debt relief amounting to \$7.5 billion in net present value (NPV) terms (or equivalent to \$13 billion in nominal terms). The remaining 20 countries received interim relief when they reached decision points in the amount of \$17 billion in NPV terms (or \$27 billion in

nominal terms). Twelve countries with substantial arrears problems were in need of significant relief and yet to be considered, as they were mostly conflict-affected.

Despite evidence that debt relief can save lives, neither the original HIPC initiative, nor the "enhanced" version introduced in 1999, has succeeded in resolving Africa's debt crisis. While the \$24 billion released by 2002 was no small change, the envisioned debt relief has neither been sufficiently deep nor sufficiently broad. Furthermore, the first 26 countries to qualify for HIPC are still spending more on debt servicing than on healthcare.

One of the principal factors of the HIPC initiative's failure has to do with the unrealistic projections of debt sustainability, which is calculated by comparing total debt in NPV terms to a country's total exports. If a country can pay its debt from its export earnings without going broke, then it is assumed to have "sustainable" debt. When the total stock of debt is more than one and half times the value of exports, the country is deemed to have an "unsustainable" level of debt.

The very optimistic export projection by the World Bank and the IMF has actually not materialised. Much of the shortfall in exports was caused by dramatic falls in commodity prices over 2000/01, particularly for coffee and cotton, which fell by 60 percent and 10 percent respectively. As a result of this shortfall, the average ratio of debt to exports in 2001 for the 24 HIPC countries considered was estimated to have been a staggering 280 percent, almost twice the levels deemed "sustainable" by the World Bank and the IMF. Even the four countries that had already passed completion point were estimated to have an NPV of debt to export ratio of 156 percent (IMF/World Bank 2002: 10).

A serious commitment to addressing Africa's challenges must begin by releasing the continent from debt bondage. Many of the HIPCs serviced their debts at the cost of widespread malnutrition, premature death, excessive morbidity and reduced prospects for economic growth. If the resources were freed up and successfully redirected towards basic human needs there could be significant improvements in human welfare.

The World Bank and the IMF have taken the position that completely cancelling the debt of HIPC countries is too expensive and could also create a moral hazard, thus encouraging other debtor countries not to honour their commitments. However, studies indicate that these institutions hold sufficient wealth on their own balance sheets to absorb the full cost of multilateral debt cancellation from their internal resources. An audit of these institutions by two independent accounting firms in Britain revealed that the World Bank and the IMF could write off all of the debts of the world's poorest countries from their own assets, without negatively impacting their credit rating or their ability to function (Drop the Debt 2001). Despite these studies, the World Bank and the IMF continue to maintain that outright debt cancellation is a financial impossibility because it would critically undermine their future operations.

POVERTY REDUCTION STRATEGY PAPERS

The Poverty Reduction Strategy Paper (PRSP) initiative came out of the 1999 Cologne annual meeting of the G-7 governments, when the leaders of the industrialised countries announced the Enhanced HIPC initiative. The joint boards of the IMF and the World Bank officially approved the PRSP in December 1999 as a new approach to the challenge of reducing poverty in low-income countries and as a framework for development assistance.

There are five core principles underlying the PRSP approach, which are drawn from the World Bank's Comprehensive Development Framework (CDF):

- **being country driven:** owned and managed by the government of the country concerned, involving broad-based participation by civil society and the private sector in all operational steps and policy dialogue
- **being results oriented:** promising, at least in principle, better prioritisation and a focus on outcomes that would benefit the poor. Planning is to be done within a common fiscal framework
- **being comprehensive and long-term in perspective:** integrating macro-economic, structural, sectoral and social elements – recognising the multidimensional nature of poverty
- **being prioritised:** so that implementation is feasible, in both fiscal and institutional terms
- **being partnership oriented:** involving co-ordinated participation of development partners (bilateral, multilateral and non-governmental), thus enhancing greater accountability and democracy in decision-making. This promises to democratise recipient-donor relationships, by replacing the politics of "paternalism" with the politics of "partnership" and "mutual accountability" (IMF/World Bank 1999: 30).

In 2006, implementation of the PRSP approach was in its sixth year, calling for a critical examination of the challenges that confront African governments when preparing and implementing credible, nationally-owned poverty reduction strategy plans. To what degree has the PRSP approach transformed donor-recipient country relations, thus allowing African governments the policy space to develop home-grown policies?

COMPREHENSIVENESS OF GROWTH STRATEGIES

On close inspection, the PRSP growth strategies have not been sufficiently pro-poor. All the country studies emphasise the importance of economic growth for poverty reduction, but the links between growth and poverty are very weak. In no country has there been a broad debate about alternative economic policies and their impact on poverty, prompting many critics to label the PRSP approach "structural adjustment by another name". A report by the World Bank's Operation of Evaluation Department (OED) reinforced this conclusion by rightly pointing out that "most PRSPs to date have not considered the full range of policy actions required

for growth and poverty reduction" (World Bank 2004: viii). Most PRSPs do not include decisive measures to redistribute wealth and promote equality.

Critical gaps remain in linking policies and programmes to poverty impact for various reasons, such as overly optimistic growth projections and governance concerns.

The PRSP approach has focused more on stimulating growth and less on complementary policies to reduce structural poverty. In the majority of the countries, growth projections (e.g. GDP, fiscal revenues and exports) have largely been too optimistic. Growth projections are often based on very optimistic projections of export growth, which have not materialised in many commodity-dependent African countries. There is also inadequate *ex ante* analysis of the poverty impact of policies, particularly those pertaining to macro-economics framework and structural reforms. Nor has there been an effort to analyse macro-economic risks or alternative scenarios and present contingency plans to respond to economic shocks. Consequently, the coherence between the macro-economic framework and poverty reduction goals or targets has been very weak. Ideally, the PRSP should incorporate policy scenarios to accommodate different options.

While economic growth is necessary, it is not sufficient in reducing poverty. For growth to work in favour of the poor, it must be accompanied by decisive measures to redistribute wealth, promote equality and give greater attention to social safety nets. For example, land reform – important for reducing rural inequality – is studiously avoided within most PRSPs.

The central goal of fighting poverty can be easily undermined if the courts, tax collectors, procurement systems, and local service providers are dysfunctional and systematically deny good governance to the poor. Since the introduction of the PRSP approach, there has been a noticeable move on the part of governments to strengthen governance systems and create enabling conditions for economic agents to operate.

COSTING, BUDGETING AND FINANCIAL MANAGEMENT

With the introduction of the PRSP approach, countries have made great progress in linking budgeting with planning at the national level. The medium term expenditure framework (MTEF) is a good instrument and resources are projected for both domestic and donor projects. Nevertheless, costing the PRSP programmes and their presentation in a medium-term framework remains a major problem because of the considerable data requirements and technical complexity of estimating costs. Most PRSPs have not been reliably costed and fail to provide strategic prioritisation.

Prioritisation of objectives in PRSPs is also extremely challenging. One of the key challenges in this regard is how to link the PRSP objectives institutionally with the annual budget cycle and the MTEF. The MTEF takes into consideration resource constraints, macro-economic stability, specified strategy priorities, estimates of current and medium-term

costs of existing and new policies, and a decision-making process aimed at matching costs with available resources. It must adequately reflect the specific choices of the poverty reduction strategy, as well as possible medium-term fiscal constraints. As such, the MTEF can serve as an important instrument for prioritising and implementing elements of the poverty reduction strategy.

The monitoring and tracking of public expenditure is key to the successful implementation of PRSP programmes. This requires a transparent budgeting and auditing system, including the modernisation of the financial accounting system. Unfortunately, there exists a huge gap between the scale of the problem and the institutional requirements for a more efficient, reliable and transparent system of budget management and administration. Among the most pressing problems are weak budget prioritisation, lack of a uniform accounting system, a weak expenditure monitoring and procurement code, inadequate capacity for both external and internal auditing and a poor aid and debt management system.

THE CHALLENGE OF INSTITUTIONALISING PARTICIPATION

Countrywide participation in PRSPs presents a paradigm shift from ineffective donor-led, conditionality-driven partnership to a system that puts the recipient country in the driving seat. It implies that the emphasis on participation and ownership will improve policy design and the implementation of policies and programmes. Despite these assumed potential advantages of a participatory process, however, genuine participation of local stakeholders is a challenge. The process does not often work smoothly, particularly in countries where prior dialogue between stakeholders and government has been lacking. In many countries, participation has been tightly controlled from above. In many instances, the participation of societal actors in the preparation of the PRSP has not been extensive and transparent, and sufficient time has not been given to prepare for consultation. With few exceptions, very little attempt has been made by governments to capture the voices of the rural poor.

Despite many shortcomings, the PRSP has initiated a dialogue among a wide range of national stakeholders. It has sensitised and mobilised local communities, local governments and parliamentarians and has broadened the "policy community".

The critical determining factor for broad-based consultation and joint decision-making is the depth and scope of government commitment to a participatory process. Countries where the government allows citizen involvement in areas of governance, such as accountability of public funds and citizen monitoring of public services, have been able to build on the experience and conduct participatory

processes effectively for PRSPs.

As one of the stated goals of participation in PRSPs is to build national ownership, the exclusion of most national parliaments in the process has been a great omission. In many PRSP countries, parliaments and other elected officials have not been actively involved in the PRSP process. In Uganda – a successful PRSP country – few parliamentarians were involved in the PRSP process. Although the government organised a consultation workshop for parliamentarians in February 2000, it was done at the last minute and attracted only five elected officials. In Kenya, fewer than 10 percent of MPs attended consultations. In Mozambique, the overriding government concern for political stability and national reconciliation limited the degree of open political debate in the parliament on the appropriate course of development planning. In Malawi, the district workshops were dominated by government officials, trade authorities and influential people at local levels, while ordinary people and elected representatives, such as councillors and MPs, were excluded from the process. Although government quickly opened up the space for greater civil society involvement in response to civil society criticism, the process lost credibility and, as a result, participation tapered off as the policy cycle progressed.

External aid is likely to be more effective in reducing poverty if donor policies, procedures and practices are aligned with government-led poverty reduction-related processes.

Despite initial omissions, however, the environment for the participation of parliament in the PRSP process has significantly improved in the past three years. Many governments recognise the vital role of parliament in national development strategies since the cyclical policy-making processes – like the budget process – offer significant opportunities for parliaments to ensure accountability and transparency in decision-making and in the efficiency of public expenditures. Moreover, endorsement of the PRSP by parliament and local authorities will remove any lingering suspicion among societal actors that the PRSP is simply an initiative of external donors.

A critical missing element in the participatory process has been the failure of governments to enhance the participation of the private sector in the PRSP process. The private sector is the engine of growth and development in Africa. With the exception of Mozambique and Uganda, where the private sector was deeply engaged in the PRSP consultation, the majority of African governments have yet to develop a coherent strategy on how to engage institutions representing the private sector in dialogue over the PRSP. In many countries, while apex private sector institutions, such as the chamber of commerce and association of manufacturers, had been consulted, other private sector organisations

representing the interests of the informal sector and women entrepreneurs did not participate in the national consultation. Even in Rwanda, where the process has been highly participatory, the private sector was excluded during the consultation process.

Despite many shortcomings, the PRSP has initiated a dialogue among a wide range of national stakeholders. It has sensitised and mobilised local communities, local governments and parliamentarians and has broadened the “policy community”. Through open and transparent consultation, attitudes have changed, and governments are increasingly becoming more transparent thanks to NGO scrutiny. New networks and alliances are being formed to influence policy decisions at the local and global levels. Needless to say, participation has not moved beyond consultation and has not led to joint decision-making by societal actors. A lot more work remains to be done in order to institutionalise participation throughout the entire policy process – i.e. in sector plans, the budget process, and in the implementation and monitoring of PRSP objectives. In countries where principles of accountable governance, participation, country ownership and a clear poverty focus in national planning were already in place (e.g. Tanzania and Uganda), the PRSP initiative has added weight to reform efforts and opened new spaces for domestic policy dialogue.

Substantial gaps remain in many African countries between the political commitment to reduce poverty and the human and institutional capacity to undertake systemic analysis of the causes and consequences of poverty, to design and implement poverty reduction policies and programmes, and to monitor their impacts.

Poor diagnosis and analysis is partly the result of poor capacity in government institutions and the absence of quality and up-to-date data. Budget outlays for research, data gathering and policy analysis are inadequate, and disbursements fluctuate from year to year, handicapping these institutions’ ability to engage in long-term research projects. National statistical institutes remain under-funded and under-staffed, with many lacking the most rudimentary technology to collect and process statistical data and produce analytical reports to key decision makers. This has crippled the effectiveness of the public service to plan and manage development in a sustainable way.

HARMONISATION OF DONOR POLICY

External aid is likely to be more effective in reducing poverty if donor policies, procedures and practices are aligned with government-led poverty reduction-related processes. In this regard, PRSPs are potentially important instruments for streamlining and co-ordinating international aid flows. There is an implied shift from conventional conditionality towards mutual obligations for achieving shared outcomes; a requirement on the part of external donors to realign aid modalities and donor practices to the spirit and objectives of the PRSP, and donor commitment to strengthening capacities and

institutions for enhanced African ownership of development programmes.

Since the launch of the PRSP approach, there have been substantial changes in donor policies and practices, but the record is uneven. In Tanzania and Uganda, for example, there has been a shift of modalities of financing away from stand-alone project aid towards programme aid and budget support. In Burkina Faso, the development partners have constituted themselves into a PRSP budget support group. The group is made up of the European Union, the Netherlands, Belgium, Sweden, Denmark and Switzerland.

Despite some encouraging signs, however, progress in harmonisation of donor policy with PRSP objectives has been far from satisfactory. Current donor practices for supporting poverty reduction strategies are cumbersome, involving extensive conditionality, burdensome information requests, and uncoordinated missions.

A recent report by OED echoed the above observations and stated: "The rhetoric of donor alignment around the PRSP has yet to reduce the transaction costs for the government. Governments reported that multiple donor initiatives, including the PRSP, have actually increased transaction costs in the short term" (World Bank 2004: 19).

Only Rwanda and Tanzania have attempted to develop a national strategy to address the broader question of changing donor-recipient relations in the direction of greater recipient ownership. In Rwanda, a joint government and donor document, *Guidelines for Productive Aid Co-ordination in Rwanda*, proposes concrete long-term and short-term actions for effective co-ordination to support implementation of the PRSP. The Tanzanian framework, entitled *Tanzania Development Strategy (TAS)* seeks to promote good governance, transparency, accountability, capacity-building and aid effectiveness. The government and its development partners agreed on 18 points of behaviour, which will be monitored through the Consultative Group (CG) process.

While the alignment of donor policies with a country's PRSP is important, equally important is the predictability of donor funding. Since high levels of aid dependency characterise most African countries, the unpredictability of donor funding and disbursements can hamper national efforts to improve the efficiency of public expenditure. Without predictable flows of external finance over the medium to long term, African governments are unlikely to have the flexibility to make adequate budget allocations for poverty reduction.

Streamlining conditionality should be the basis for building stronger and lasting partnerships in support of a nationally defined agenda. The need for more transparent donor conduct regarding the content and mechanisms of conditionality has moved to centre stage in the debate on alignment of donor modalities, and the IMF-managed Poverty Reduction and Growth Facility (PRGF) has received

the bulk of the criticism.

The PRGF, which is based on a number of briefing papers prepared by IMF experts, is usually negotiated between the visiting IMF mission team and a limited group of key experts at a country's ministry of finance. This implies that the country's macroeconomic frameworks are drawn directly from the PRGF and are agreed without political or public scrutiny, with the implication that the PRGF is not guided by the PRSP. The fund's Independent Evaluation Office (IEO) found that "in cases where a PRGF arrangement was already in place before the PRSP, the macro-economic framework was typically taken from the former with limited efforts to open up the policy debate" (IMF 2004: 72). This practice does very little to strengthen the principle of national ownership.

The private sector is the engine of growth and development in Africa.

Many of the policy and institutional gaps identified in this article should have been anticipated by the World Bank, the IMF and the bilateral donors, who played a decisive role in dismantling many aspects of the African state throughout the 1980s and 1990s, all in the name of market-oriented economic reforms. In reality, the neo-liberal economic model can result in reducing poverty where there is a strong state. Given the comprehensiveness of the reform agenda contained in the PRSP, strengthening state capacity is, therefore, as critical as the resources required for successful PRS implementation.

REFERENCES

- Drop the Debt (2001). *Reality Check: the need for deeper debt cancellation and the fight against HIV/AIDS*, A Report by Drop the Debt, London
- IMF (1998). *Annual Report 1998*, IMF: Washington, DC
- IMF (2004). *Report on the Evaluation of Poverty Reduction Strategy Papers (PRSPs) and the Poverty Reduction and Growth Facility (PRGF)* IMF Independent Evaluation Office, Washington, DC
- IMF/World Bank (1999). *Heavily Indebted Poor Countries (HIPC) Initiative: Strengthening the Link between Debt Relief and Poverty Reduction*. World Bank: Washington, DC
- IMF/World Bank (2002). *Heavily Indebted Poor Countries Initiative: Status of Implementation*. World Bank: Washington, DC
- United Nations (1998). *World Economic and Social Survey 1998*, Department of Economic and Social Affairs, New York
- United Nations (2000). *World Economic and Social Survey 2000*, Department of Economic and Social Affairs, New York
- World Bank (2004). *The Poverty Reduction Strategy Initiative: An Independent Evaluation of the World Bank's Support through 2003*. World Bank Operations Evaluation Department: Washington, DC

¹This article was adapted from "The Heavily Indebted Poor Countries (HIPC) Initiative: Old Wine In A New Bottle?" in Anthony McGrew and Nana Poku (eds), *Globalization, Development and Human Security*, Blackwell Publishers: Oxford (forthcoming, 2006) and "Building And Supporting PRSPs In Africa: What Has Worked Well So Far? What Needs Changing?", published in *Third World Quarterly*, Vol. 27, No. 2, 2006. pp 355-376.

Development Bank of Southern Africa

The Development Bank of Southern Africa is a leading Development Finance Institution (DFI) in Africa south of the Sahara. Currently, what steps are being taken to maximise sustainable development in the region?

The Bank's investments are directed beyond just big, hard, infrastructural assets, to include non-traditional, smaller activities, including a focus on soft assets such as human and institutional capital. These represent major binding constraints to infrastructure and economic development, both in South Africa and the wider region. Investments will also be directed at co-financing and facilitating public and private investment in infrastructure and broad-based economic growth, to accelerate reductions in basic service backlogs and help achieve the goal of a 50% reduction of people living in poverty.

After being mainly a financier, partner and advisor, the Bank now also strives to be an integrator and implementer. The Government's Siyenza Manje initiative, which the DBSA is leading, is a technical assistance programme focusing on municipalities with capacity challenges. This is one example of the Bank becoming more hands-on in the implementation of development.

The activities are informed by two major focuses which underpin its strategy. Firstly, generating investment in assets, both hard (physical) and soft (human and institutional), that serve the poor, directly and indirectly, and that support broad-based wealth creation (infrastructural and productive capital). The other focus is to mobilise, develop, apply and manage knowledge that supports development effectiveness, innovation and an enabling developmental environment.

What role is the DBSA playing in the Development Finance community?

Some years ago, the DBSA took the lead in setting up an informal DFI network involving South African Development Finance System member organisations (the Industrial Development Corporation, the Land Bank, the National Housing Finance Corporation, Khula Enterprise Finance Corporation and the DBSA) and other stakeholder organisations such as the Department of Provincial and the Local Government National Development Agency. The idea was to provide a forum to improve the coordination across development finance entities so that there could be integrated approaches to development issues.

Towards the end of 2006, the Industrial Development Corporation and the DBSA co-hosted a consultative regional conference organized by the United Nations on the evolving socio-economic development role of African development banks. The conference also involved international multilateral development agencies such as the International Finance Corporation and the African Development Bank.

The focus for the Bank is to build on this foundation and encourage coordination and cooperation amongst DFIs in the wider region, in conjunction with the SADC Development Finance Resource Centre.

What underlies the rationale of the DBSA being a 'Knowledge Bank' in addition to its other roles?

For the DBSA, knowledge is a critical element of socio-economic development. Hence, managing knowledge to maximize development impact and organization efficiency is an imperative.

The Bank took the lead in establishing 'Knowledge Management Africa' - a continent wide knowledge



networking initiative, two years ago. The Bank hosted the first KMA conference in Johannesburg in 2005. It is currently actively involved in supporting the second conference to be held in Nairobi in July 2007.

The Bank has many strategic partnerships with organisations such as the World Bank and runs workshops, discussion forums, and dialogues, with input from its partners to communicate and debate the development issues of the day. These discussion forums are set to gain further momentum and achieve greater collaboration from the development community and foster smart partnerships among DFIs in the region.

Can you tell use more about the DBSA Vulindlela Academy?

The DBSA Vulindlela Academy is a fully accredited training provider with the Local Government Sector Training and Education Authority of South Africa. Many of the courses on offer are linked to unit standards as required by the South Africa Qualifications Authority.

The Academy was officially opened in 2006. It offers a range of capacity development services to the public sector. Whilst it is mainly focused in South Africa, the academy's services are increasingly being offered in the SADC region to address similar skills needs.

Government's Accelerated and Shared Growth Initiative of South Africa (AsgiSA) and the Joint Initiative for Priority Skills Acquisition (JIPSA), shareholder expectations, the five-year local government strategic agenda and the recent local government elections -which saw many new politicians elected to office for the first time, are examples of recent developments that place training demands on the Bank. The Academy is expected to assist in developing vital skills and institutional capacity to handle development demands in local government.

The Academy partners with a range of service providers, academic institutions and the local government SETA to leverage their expertise to design, develop and deliver appropriate training programmes and interventions. This includes Public Administration training programmes to DFIs in the SADC region and support to the Knowledge Management Africa programme.

What products and services are offered by the DBSA?

As a financier, the DBSA offers loans for infrastructure development. Other financial product offerings include guarantees, equity participation, long-term senior debt,

lines of credit, and bridging finance. Technical assistance grants for project origination, assessment, training, institutional and human capacity building are also provided.

In terms of advisory services, the Bank deploys specialist staff (typically project, engineering and financial) to work with municipalities to mobilise government funding and set up projects. Sector-specific advice is available in energy, water, ICT, social infrastructure, environmental impact, tourism, rural development, agriculture and fisheries, mining support infrastructure, urban renewal, financial and capital market development, housing and regional integration.

Research and Information Services include research in a wide range of development issues. The Bank houses the Development Southern Africa Journal, an international scholarly journal focusing on Development Studies.

A wide range of development information is provided and is used extensively by sister organisations and government departments.

Agency services are provided on behalf of other development funders (frequently international finance institutions) who do not have the resources on the ground to manage their own projects in the region.

Development Bank of Southern Africa

1258 Lever Road,
Headway Hill,
MIDRAND
South Africa.

Telephone number: 011 313-3911

Website: www.dbsa.org



MARTIN KHOR: “AFRICA’S GOOD NEWS ALLOWS FOR NEW POLICIES” “THE KEY: GET PRODUCTION GOING!”

A milestone roundtable meeting, one that could break the policy logjam in Africa, was held in Dar es Salaam on 15 and 16 November 2006. The agenda was set by two extraordinary economists, Martin Khor, world authority on trade, and Yilmaz Akyüz, the world’s leading economist on industrial development.

Many African countries have now been relieved of much of their debt servicing obligations. Martin Khor pointed out that this not only relieves them of financial pressure but, more importantly, removes policy conditionalities and gives them the policy space to rebuild their economies. He noted that East Asian countries were able to take off because they were not bound by such policy constraints and could adopt policies to expand their economies.

JOB-CREATING GROWTH

African governments can now develop growth strategies that focus on employment, which will have the effect of reducing poverty. Governments, he said, must prioritise the creation of an enabling environment for job-creating growth, since this is the only kind of growth that is sustainable.

Job-creating growth requires a hard look at each country’s physical and human resources to design a strategy that will unlock their potential. A step-by-step process would involve a proactive stance by government, in a manner that will fully bring in the private sector. Much of the focus will be on meeting the real needs of the domestic market, which will depend on producing goods for local demand.

This strategy reverses the policies imposed on Africa by the International Monetary Fund (IMF) and the World Bank, based on export-led growth of minerals and agricultural products. Their strategy depended on favourable international market prices, which often turned out to be extremely volatile. It also failed to advance Africa’s skills or promote industrial productive capacity, and actually led to the collapse of manufacturing and infrastructure. By failing to create employment, their policies instead created dependency on foreign handouts through a downward spiral of lowered demand and reduced state revenues.

The result was low growth, low revenue, poor social services, low employment and, most important of all, a psychology of defeat.

What must be done to overcome economies which have only 10 percent formal sector employment, an exploding and unregulated informal sector and 43 percent of the

population living under US\$1 a day? These economies now have only 1.4 percent of world exports, compared with 4.2 percent in 1999.

Should Africa seek more aid? This is the approach of those who focus on the World Bank’s Poverty Reduction Strategy Papers (PRSP) proposals, which maintain that Africa’s development requires more spending on education, health and other social services. Khor argued that aid is charity and is not sustainable. Africa must build its own economies as the only guarantor of a decent future.

A NEW FRAMEWORK FOR SUSTAINABLE GROWTH

Khor set out a policy framework based on what has worked elsewhere:

- a strong role for the developmental state: it must regulate the local market and foreign investors; it must create an enabling environment for the private sector through sensible taxation, procurement from government and staged protection from imports
- marketing boards that can negotiate good prices with foreign buyers of export agricultural products
- promotion of research and development for local industry
- introduction of staged tariffs on imports of goods. The primary objective is to provide space in which to build domestic manufacturing until it can compete with foreign enterprises. There should be low tariffs for essential inputs for manufacturing, as well as machinery, but high tariffs for imported finished goods. The key is to phase in tariffs so that local industry benefits first. The strategy is dependent on the particular stage of industrialisation. (He argued that jobs and income are the first concern. Even if consumers have to face slightly higher prices initially, the fact that employment rises means that workers have the income to afford slightly higher prices for domestically produced goods.) It also means that governments have revenues based on local manufacturing taxes rather than import duties
- macro-economic policy must be pro-growth, pro-employment, and control capital inflow as well as capital flight. It must avoid high interest rates – which are advocated by the IMF – and devaluation where there is debt repayment, because it raises their costs. There must

- be selected capital repatriation for foreigners
- five-year plans are necessary for each sector, including the social sector
- 90 percent of investment should come from domestic savings, such as public servants' pension funds. Each firm should have an employees' development fund, with equal contributions by workers and employers, for such purposes as self-owned housing for workers.

The primary objective of all these measures must be job creation, in order to reduce poverty, but also to provide tax revenue to rebuild state capacity. Governments would then be able to provide services and infrastructure.

OTHER FINDINGS OF THE ROUNDTABLE

The meeting was critical of the international discussions on economic policy for Africa that identify "good governance" as a priority. There is no case for trying to fix governance without fixing development, and development requires a rising level of public investment as a percentage of GDP.

It is also mistaken to depend on foreign direct investment (FDI), since this is often associated with lower domestic investment, and creates a dependency psychology.

The discussion on small and micro enterprises (SMEs) noted that there is a major difference between small enterprise and the informal sector, and each requires different treatment. With small enterprises, the priority is to identify what the market wants, and then to create the conditions to produce for that demand, including training, credit and state procurement. It must sell into the local market first, and then seek to export. The informal sector needs to be legalised, regulated and enabled to get access to credit.

Turning to agriculture, the meeting said that states must stop bleeding it by taxation that is not reinvested in farming. It was also noted that most African farmers are illiterate

and untrained, so they cannot compete globally; their first market must therefore be domestic.

The United Nations Conference on Trade and Development (UNCTAD) presented a report on official development assistance (ODA) that called for a doubling of aid, but was highly critical of present practices: the current system is chaotic, aid is declining, 60 percent is known as "phantom aid", 30 percent goes through multilateral institutions, and most important, "technical co-operation" is not monitored. Aid presently provides 20 percent of budget support, with recipient governments increasingly dependent on aid. A new architecture on aid is required, and a UN development fund for disbursing aid.

Aid is charity and is not sustainable. Africa must build its own economies as the only guarantor of a decent future.

The meeting endorsed the following proposals:

- to set up a task force on the production needs of Africa
- to review the external factors that constrain Africa's development, especially loan conditionalities, trade agreements, and support for national needs
- an expanded meeting of governments and other parties to implement the findings.

The roundtable was part of the Helsinki Process, jointly headed by the presidents of Finland and Tanzania, and convened and hosted by the Tanzanian minister of foreign affairs, Bernard Membe, who chaired the first day of proceedings, and the minister of trade, Basil Mramba, who chaired the second day. President Jakaya Kikwete hosted a banquet at the State House and addressed the participants. (Report by Ben Turok)

THE AFRICAN CRISIS: WORLD SYSTEMIC AND REGIONAL ASPECTS

BY GIOVANNI ARRIGHI

The author is a professor of sociology at Johns Hopkins University. This is an edited version of an article published in *New Left Review*, Issue 15, May-June 2002

Over the last quarter of a century, the African crisis of the late 1970s has been transformed into what has aptly been called the "African tragedy".

In 1975, the regional Gross National Product (GNP) per capita of sub-Saharan Africa stood at 17.6 percent of world per capita GNP; by 1999 it had dropped to 10.5 percent.

Relative to overall Third World trends, Sub-Saharan health, mortality and adult literacy levels have deteriorated at comparable rates. Life expectancy at birth now stands at 49 years, and 34 percent of the region's population are classified as undernourished. African infant mortality rates were 107 per 1 000 live births in 1999, compared to 69 for South Asia and 32 for Latin America. Nearly 9 percent of Sub-Saharan

15- to 49-year-olds are living with HIV/AIDS – a figure that soars above those of other regions. Tuberculosis cases stand at 121 per 100 000 people; the respective figures for South Asia and Latin America are 98 and 45.

POLITICAL ECONOMY OF AFRICA, “NEW” AND “OLD”

The dominant interpretation of the African crisis traces it to an alleged propensity of the elites and ruling groups of Africa for “bad policies” and “poor governance”. The definitions of these, as well as the reasons for the alleged African addiction to them, have varied. But the idea that the primary responsibility for the African tragedy lies with African elites and governments has been common to most interpretations. In recent years, this idea has been challenged by some authoritative investigations of the determinants of economic performance in Third World countries. This challenge, however, has remained implicit and has had little impact on the dominant view of the crisis.

The Lagos Plan of Action saw the resolution of the crisis in a greater reliance on the capacity of African states to mobilise national resources and foster greater mutual economic integration and co-operation.

The most influential text in launching the standard interpretation was a World Bank document of 1981, known as the Berg Report. Its assessment of the causes of the African crisis was highly “internalist”, sharply critical of the policies of African governments for having undermined the process of development by destroying agricultural producers’ incentives to increase output and exports. Overvalued national currencies, neglect of peasant agriculture, heavily protected manufacturing industries and excessive state intervention were singled out as the “bad” policies most responsible for the African crisis. Substantial currency devaluations, dismantling industrial protection, price incentives for agricultural production and exports, and substitution of private for public enterprise – not just in industry but also in the provision of social services – were singled out as the contrasting “good” policies that would rescue Sub-Saharan Africa from its woes.

The diagnoses and prognoses of the Berg Report converged with those of another highly influential text also published in 1981 – Robert Bates’s *Markets and States in Tropical Africa*, which rapidly acquired classic status as an exposition both of the “new” political economy (NPE) and of the perils of state intervention in underdeveloped countries. Bates’ answer to the problem – dismantling state power and leaving the peasantry free to take advantage of market opportunities – was similar to that advocated by the World Bank in the Berg Report and subsequent reports on Africa.

The “internalist” and “state-minimalist” diagnoses of the

World Bank and the NPE did not go unchallenged. The greatest challenge came from the African governments themselves. In a document published the same year as the Berg Report, but signed in 1980 at a meeting in Lagos, the heads of state of the Organisation of African Unity (OAU) traced the crisis to a series of external shocks. These included deteriorating terms of trade for primary products, growing protectionism of wealthy countries, soaring interest rates and growing debt service commitments.

The Lagos Plan of Action – as it came to be called – accordingly saw the resolution of the crisis in a greater reliance, not on world-market mechanisms, but on the capacity of African states to mobilise national resources and foster greater mutual economic integration and co-operation. In its emphasis on collective self-reliance through the eventual creation of a continental common market, the plan reflected the influence of dependency theory at the time, as well as the sense of empowerment that African states derived from the near completion of the continent’s formal decolonisation. Neither the influence of dependency theory, nor the sense of empowerment, however, lasted very long.

UNEVEN DEVELOPMENT OF THE AFRICAN CRISIS

In spite of a widespread disposition to treat Sub-Saharan Africa as a uniform developmental disaster, the sub-continent has had its fair share of success stories. In their study of sustained economic growth experiences in Africa between 1960 and 1996, Jean-Claude Berthélemy and Ludvig Söderling identify as many as 20 such experiences, four in North Africa and the remaining 16 in Sub-Saharan Africa. These are exceptionally good performances that compare very favourably with those of the “miracle” economies of East Asia. As such, they provide conclusive evidence that, *pace the Economist*, African countries in comparison to other low-income countries have no “character flaw” that makes them incapable of sustained development. For our present purposes, however, the main interest of these experiences lies in their distribution over time.

I have classified the 16 Sub-Saharan success stories by the years in which they started and the years in which they ended. Most success stories (12 out of 16) cluster in two groups: a larger group of experiences (eight) that began in the 1960s and ended in the 1970s, and a smaller group (four) that began in the 1980s and had not yet ended in 1996. With the exception of demographically insignificant Mauritius, the smaller group consists of countries that had disastrous developmental experiences in earlier years. Since their later growth did not compensate for their earlier contraction, their “success” was largely fictitious. The larger group, in contrast, consists of true success stories and provides strong circumstantial evidence in support of the 1968 contention of John Saul and myself, that the economic growth experienced by African countries at the time was “perverse” – that is, a pattern which undermined rather than enhanced their potential for long-term development. Indeed, all but one of the eight success stories that started in the early 1960s ended in the 1970s, and the one that survived the 1970s (Kenya)

ended in the early 1980s. Moreover, none of the countries that experienced these early successes appears again in the later group.

Three main features of the record stand out for comment. First, although Sub-Saharan Africa is by far the worst performer among Third World regions, this negative record is almost entirely a post-1975 phenomenon. Up to 1975, the African performance was not much worse than that of the world average and better than that of South Asia and even of the wealthiest among First World regions, North America. It is only after 1975 that Africa experiences a true collapse – a plunge followed by continuing decline in the 1980s and 1990s, which is the main reason for the comparatively poor performance for the period 1960 to 1999 as a whole. Here too, “perverse growth” may help to explain the collapse but can hardly account for its extent.

Second, the African collapse of 1975 to 1990 was integral to a major change in the inter-regional unevenness of Third World economic performance. In this period, a sharp bifurcation developed between the deteriorating performance of Sub-Saharan Africa, Latin America, and to a lesser extent the Middle East and North Africa, on the one hand, and the improving performance of East and South Asia on the other. The African collapse was a particularly extreme manifestation of this divergence. The question then arises of why the divarication occurred when it did, and why it proved particularly deleterious for Africa and particularly beneficial for East Asia.

Finally, both the African collapse and inter-regional bifurcation were associated with an important reversal of tendencies within the First World itself. The comparative performance of First World regions since 1960 has been characterised by three main tendencies. One is the very substantial improvement up to 1990 of Japan’s position, and its levelling off thereafter. Another is the less substantial improvement of Western Europe’s position also up to 1990, and its less marked levelling off in the 1990s. The third is the deterioration of the North American position up to 1975 and improvement thereafter. The question then arises of how these tendencies relate to one another and whether the African and Latin American collapses of the 1980s are in some way connected to the contemporaneous reversal in the fortunes of North America.

In sum, what turned the crisis of Sub-Saharan Africa into tragedy, with disastrous consequences not only for the welfare of its people but also for their status in the world at large, was the region’s economic collapse of the 1980s. Although unique in its severity, the collapse was integral to a broader change of tendencies among First and Third World regions. The African tragedy must therefore be explained in terms of both the forces that brought about this transformation, and those that made its impact on Africa particularly. That is to say, we must provide answers to the following two basic questions. First, what accounts for the change in the fortunes of world regions of the late 1970s? And second, why did the change affect the performance of

some Third World regions positively and others negatively, and the performance of Sub-Saharan Africa far more negatively than that of any other Third World region?

WORLD SYSTEMIC CONTEXT OF THE AFRICAN CRISIS

A good part of the answer to the first question lies in the nature of the crisis that overtook world capitalism in the 1970s, and in the response of the leading power, the United States, to it. The global crisis of the 1970s was simultaneously a crisis of profitability and of legitimacy. The crisis of profitability was due primarily to the worldwide intensification of competitive pressures on business enterprises in general, and industrial firms in particular, that ensued from the great expansion of world trade and production of the 1950s and 1960s. To some extent, the crisis of legitimacy emanated from the crisis of profitability. Policies and ideologies that had played an essential role in launching and sustaining the worldwide expansion of trade and production in the 1950s and 1960s – so-called Keynesianism, broadly understood – became counterproductive, socially as well as economically, once the expansion intensified competition for increasingly scarce resources, human and natural. But the crisis of legitimacy was also due to the increasing social and economic costs of US reliance on coercion to contain the communist challenge in the Third World.

The initial response of the United States to the crisis – withdrawal from Vietnam and opening to China, but continued adherence to Keynesianism at home and abroad – only worsened it, provoking a precipitous decline of US power and prestige. Integral to this decline was a widespread disenchantment (particularly acute in Africa) with the achievements of what Philip McMichael has called

First, what accounts for the change in the fortunes of world regions of the late 1970s? And second, why did the change affect the performance of Sub-Saharan Africa far more negatively than that of any other Third World region?

the “development project” launched under US authority. It was at this time that Third World countries, becoming increasingly impatient with the “development project”, sought to renegotiate the terms of their incorporation in the global political economy through the establishment of a new international economic order (NIEO). There were at least three good reasons for this.

The first was that, even in the best performing Third World regions, economic progress fell far short of the expectations aroused by decolonisation and generalised industrialisation or modernisation. A second, and in part related, reason for the crisis of the “development project” was that economic growth was doing little to alleviate poverty in the Third World. Although for most of the 1970s the income of many

Third World nations increased in absolute and relative terms, the welfare of their populations continued to improve at a slow pace, if at all. Finally, improvements in the economic position of Third World regions, or at least some of them, vis-à-vis the First World seemed to fall far short of the generally perceived shift in the world balance of political power that followed the US debacle in Vietnam, Portuguese

The development-friendly regime of the preceding 30 years was officially liquidated and Third World countries were invited to play by the rules of an altogether different game.

defeat in Africa, Israeli difficulties in the 1973 war, and the entry of the People's Republic of China into the Security Council of the United Nations. Third World demands for an NIEO sought to increase and at the same time institutionalise this ongoing redistribution of resources.

Through a battery of policies, the US government started to compete aggressively for capital worldwide to finance a growing trade and current account deficit in its own balance of payments, thereby provoking a sharp increase in real interest rates worldwide – and a major reversal in the direction of global capital flows. Thus the United States, which in the 1950s and 1960s had been the major source of world liquidity and of direct investment, in the 1980s became the world's main debtor nation and by far the largest recipient of foreign capital. (see box)

- In the five-year period from 1965 to 1969, the US balance of payments account recorded a surplus of \$12 billion, which constituted almost half (46 percent) of the total surplus of G7 countries.
- from 1970 to 1974, the surplus contracted to \$4.1 billion and to 21 percent of the total of G7 countries.
- from 1975 to 1979, the surplus turned into a deficit of \$7.4 billion.
- After that, the deficit escalated to previously unimaginable levels: \$146.5 billion in 1980 to 1984; \$660.6 billion in 1985 to 89; and \$912.4 billion in 1995 to 1999.
- As a result of these escalating US deficits, the \$46.8 billion outflow of capital from G7 countries of the 1970s turned into an inflow of \$318.3 billion in 1990 to 1999. (All calculations from IMF data.)

This was a reversal of historic proportions, which reflected an extraordinary capacity of the US political economy to attract capital from all over the world. It is likely that this was the single most important determinant of the contemporaneous reversal in the economic fortunes of

North America and of the bifurcation in the economic fortunes of Third World regions. For the redirection of capital flows to the United States reflat both effective demand and investment in North America, while deflating it in the rest of the world.

A secondary but nonetheless significant source of the bifurcation was the emergence of the so-called Washington Consensus which accompanied the change in US policies in the military and financial spheres – what John Tye has aptly called the “counter-revolution” in development theory. The Berg Report and the string of World Bank reports on Africa that followed, as well as much of the NPE, were part and parcel of this counter-revolution. The development-friendly regime of the preceding 30 years was officially liquidated and Third World countries were invited to play by the rules of an altogether different game: that is, to open up their national economies to the cold winds of intensifying world-market competition, and to rival each other and First World countries in creating within their jurisdictions the greatest possible freedom of movement and action for capitalist enterprise. Especially in Africa, this new strategy of “structural adjustment” was presented as the antidote to an increasingly discredited statist model prevalent in the preceding 30 years. In practice, the cure often turned out to be worse than the disease.

Nevertheless, while the new strategy did not deliver on its promises of development, it did – knowingly or unknowingly – succeed in inducing Third World countries to adapt their economies to the new conditions of accumulation on a world scale created by the redirection of capital flows towards the United States. The Washington Consensus thus contributed to consolidating the bifurcation in the fortunes of Third World regions.

THE AFRICAN CRISIS IN COMPARATIVE PERSPECTIVE

Why, however, did East Asia – and, to a lesser extent, South Asia – perform so much better than Latin America and, especially, Sub-Saharan Africa under these conditions? At least part of the answer is that, through the 1970s, Latin America and Sub-Saharan Africa had become far more dependent on foreign capital than East or South Asia. As the redirection of capital flows towards the United States gained momentum, such dependence became unsustainable.

Nevertheless, this can hardly explain why, under the new circumstances, South Asia and East Asia performed so much better than they had before 1980. Nor does it explain the persistence of South and East Asian improvement relative to Latin American and, especially, African deterioration. I suspect that in order to understand why the change in global context had such a persistently uneven impact on Third World regions, we must look at these regions as geo-historical “individuals” with a specific pre-colonial, colonial, and post-colonial heritage that endowed them with different capabilities to cope with the change.

This is more easily said than done. Here, I will confine myself to illustrating the point with some remarks on the

two regions with which I am more familiar, East Asia and Sub-Saharan Africa – which also happen to be the best and worst performers of the period under consideration. I will focus on three distinct but closely related questions: labour, entrepreneurship, and state- and national-economy formation.

Sir Arthur Lewis' classic argument that underdeveloped regions are characterised by "unlimited supplies of labour" never really applied to Africa, where labour appears to have always been in short supply. Sub-Saharan Africa's primary form of interaction with the Western world in pre-colonial times – the import of guns and the export of slaves – undoubtedly worsened whatever structural shortage of labour relative to natural resources might have existed in the region prior to that interaction. Under colonialism, the supply of labour did expand; but so did the demand for it, as exploitation of African natural resources was stepped up. During and after decolonisation, the underlying shortage of labour was reproduced partly by a demand for Africa's natural resources, which remained brisk through the mid-1970s, and partly by the efforts of the newly independent states to modernise and industrialise. It was only *after* the collapse of the 1980s that Sub-Saharan Africa's structural labour deficit turned into a labour surplus.

In sharp contrast, East Asia inherited from the pre-colonial and colonial eras a condition of underdevelopment that approached Lewis's ideal type more closely than any other Third World region. East Asia's structural abundance of labour relative to natural resources had multiple origins. However, it was only in the 1980s – when these efforts became both more labour-intensive and more successful – that the labour surplus began to be absorbed.

This first difference was crucial because, under the conditions of escalating competition among Third World regions of the 1980s, the availability of a large, flexible and low-cost labour supply became the primary determinant of a country's capacity to reap the benefits, rather than bear the costs, of the new conjuncture.

Equally important, however, was the presence of an indigenous entrepreneurial stratum capable of mobilising the labour supply for capital accumulation *within* the region, so as to expand its share of the world market and of global liquidity. Fortunately for East Asia, and unfortunately for Sub-Saharan Africa, the discrepancy between local entrepreneurial resources inherited from the colonial and pre-colonial past was also far more favourable to East Asia.

In this respect, indeed, the East Asian endowment was truly exceptional. By far the oldest and most extensive among the region's entrepreneurial networks were those embedded in the overseas Chinese diaspora. After the Second World War, the spread of economic nationalism restrained the expansion of all kinds of transnational entrepreneurship in East Asia, but it often promoted in hothouse fashion the formation of new entrepreneurial layers at the national level. The greatest opportunities for old and new strata to profit from the

mobilisation within and across borders of the regional labour supply came precisely when the crisis of the 1970s, and the US response to it, turned large, flexible and low-cost labour supplies into a powerful lever in competing for a share of the expanding US demand for industrial products.

In sharp contrast to East Asia, Sub-Saharan Africa inherited from the pre-colonial and colonial eras a political-economic configuration that left little room for the construction of viable national economies or robust national states. Attempts to build these against all the odds did not on the whole get very far, in spite of the considerable legitimacy that they enjoyed at the time of independence. At that time, as Mahmood Mamdani has emphasised, the core agenda of African nationalists comprised three basic tasks: "deracialising civil society, detribalising the Native Authority, and developing the economy in the context of unequal international relations". While nationalist regimes of all political persuasions made

The United States gave the exports of its East Asian allies privileged access while tolerating their protectionism, state interventionism and even exclusion of US multinationals to an extent that had no parallel in US practices anywhere else.

major strides in deracialising civil society, they did little or nothing to detribalise rural power. In Mamdani's view, this is the reason "why deracialisation was not sustainable and why development ultimately failed" (Mamdani 1996:287-8). The argument developed here suggests that African states would have probably failed economically even if they had been successfully detribalised. Nevertheless, the fact that African elites needed to detribalise the social structures they inherited from colonialism if they were to create viable national states, did constitute yet another handicap in the intensely competitive environment created by the global crisis of the 1970s and the US response to it.

We should add that the discrepancy between the developmental potentials of the two regions was magnified *before the crisis* by the preferential treatment that the United States accorded its East Asian allies in the early stages of the Cold War. As many observers have underscored, this preferential treatment played a critical role in the "take-off" of the region's economic renaissance.

Equally important, the United States gave the exports of its East Asian allies privileged access to the US domestic market, while tolerating their protectionism, state interventionism and even exclusion of US multinationals to an extent that had no parallel in US practices anywhere else in the world. Thus, notes Bruce Cumings, "the three Northeast Asian political economies [of Japan, South Korea and Taiwan] had in the 1950s a rare breathing space, an incubation period allowed to few other peoples of the world" (Bruce Cumings 1987:68).

The political economies of Africa were given no such

break. On the contrary, the centrepiece of US Cold War practices in Africa was the replacement of in the Congo of Patrice Lumumba's democratic government with Mobutu Seseseko's predatory regime at the very heart of the continent. By the time the world economic crisis of the 1970s set in, the Cold War had thus further increased the chances that East Asia would succeed and Africa fail in the coming competitive struggles of the next two decades.

"BAD LUCK" AND "GOOD GOVERNANCE"

Perhaps aside from China, the only country that appears to have benefited unambiguously from the trend toward open markets worldwide is the United States, where a huge inflow of capital has helped allow Americans to spend more than they save, and to import more than they export.

"The trend of globalisation is that surplus capital is moving from the periphery countries to the centre, which is the United States," said George Soros... [who] came to Monterrey to persuade leaders to back his idea of creating a \$27 billion pool... to finance development, especially when private capital flows dry up." "The US government view is that markets are always right," Mr Soros said. "My view is that markets are almost always wrong, and they have to be made right". ("Globalisation Proves Disappointing", *New York Times*, 21 March 2002.)

For the casualties of so-called globalisation, first and foremost the peoples of Sub-Saharan Africa, the problem is not that "markets are almost always wrong, and they have to be made right". The real problem is that some countries or regions have the power to make the world market work to their advantage, while others do not, and have to bear the costs. This power largely corresponds to what William Easterly and his co-authors call "good luck". From the perspective developed here, what appears at any given time as good or bad luck has in fact deep roots in a particular historical heritage that positions a country or a region favourably or unfavourably in relation to structural and conjunctural processes within the world system. If this is what we understand by the terms, then the African tragedy has indeed been due to a large dose of bad luck – that is, to a pre-colonial and colonial heritage which has gravely handicapped the region in the intensely competitive global environment engendered by the US response to the crisis of the 1970s. Still, neither American responsibilities for the change in the world conjuncture, nor African bad luck in being ill-equipped to compete in the new conditions, absolve the African elites from their failure to do what was in their power: to make the collapse of the 1980s less severe, and alleviate its disastrous social consequences.

While there may be little that most states can do to upgrade their national economies in the global hierarchy of wealth, there is always something that each can do to increase (or decrease) the well-being of its citizenry at any given level of poverty or wealth. In the African context, the kind of detribalisation that Mamdani advocates would have probably yielded greater returns than any other strategy. From this standpoint, most African ruling groups have probably done far less than was in their power to do. But it is not at all clear whether and to what extent they have on the whole been more deficient than the ruling groups of other countries and regions, the United States included. Indeed, if we take into account differentials in wealth and power, it seems likely that they have been comparatively less so.

NOTE

This paper – first presented at the conference on 'The Political Economy of Africa Revisited', Institute for Global Studies, Johns Hopkins University, April 2002 – originates from a joint project with John Saul, aimed at evaluating our writings on the political economy of Africa 30 years after their publication.

REFERENCES

- Arrighi, Giovanni and John S Saul. 1973. *Essays on the Political Economy of Africa*, Monthly Review Press: NY and London
- Bates, Robert. 1981. *Markets and States in Tropical Africa: The Political Basis of Agricultural Policy*, University of California Press: Berkeley
- Berthélemy, Jean-Claude and Ludvig Soderling. 2001. "The Role of Capital Accumulation, Adjustment and Structural Change for Economic Take-Off: Empirical Evidence from African Growth Episodes", *World Development*, no. 2
- Cumings, Bruce. 1987. "The Origins and Development of the Northeast Asian Political Economy: Industrial Sectors, Product Cycles, and Political Consequences", in FC Deyo, ed., *The Political Economy of New Asian Industrialism*, Cornell University Press: Ithaca, NY
- Easterly, William, Michael Kremer, Lant Pritchett and Lawrence Summers, 1993. "Good Policy or Good Luck? Country Growth Performance and Temporary Shocks", *Journal of Monetary Economics*, vol. 32
- Lewis, Arthur. 1954. "Economic Development with Unlimited Supplies of Labour", *Manchester School*, no. 2
- Mamdani, Mahmood. 1996. *Citizen and Subject: Contemporary Africa and the Legacy of Late Colonialism*, Princeton University Press: Princeton
- McMichael, Philip. 1996. *Development and Social Change: A Global Perspective*, Pine Forge Press/Sage Publications: Thousand Oaks, CA
- Toye, John. 1993. *Dilemmas of Development: Reflections on the Counter-Revolution in Development Economics*, Basil Blackwell: Oxford
- World Bank. 1981. *Accelerated Development in Sub-Saharan Africa: An Agenda for Action*. World Bank: Washington DC (also known as the Berg Report)



AFRICA, THINK AGAIN: THE AFRICAN EXPERIENCE AND FUTURE STRATEGIES FOR DEVELOPMENT

BY YASH TANDON

The author is executive director of the South Centre, an intergovernmental think tank of the developing countries, based in Geneva. This is an edited version of a paper presented at the Dar es Salaam Roundtable on Growth and Employment of the Helsinki Process on Globalisation and Democracy, November 2006

BOTH SOCIALISM AND CAPITALISM HAVE SO FAR FAILED AFRICA

For one who has been engaged in the dialogue about growth, development and employment since the early 1960s, with avowed partiality for the socialist road to development, honesty to history demands the admission that the socialist project failed in Africa. It failed from its first attempt in Ghana under Nkrumah to its fledgling attempt in my own country, Uganda under Obote, and, for that matter, also in Tanzania under Nyerere. Those of us who then pinned our hopes, in the 1980s and 1990s, on the liberation of Mozambique, Zimbabwe and South Africa must concede that developments in this region too have stretched our spirit of optimism to a point where it is a constant struggle not to let despair yield to cynicism. The reasons behind these failures are deep and complex. Ample time and an atmosphere of quiet repose to reflect on the experience of the last 40 years of Africa's independence is, for the moment, a luxury one cannot afford.

On the other hand, a quick flashback into the last 40 years shows that capitalism too has failed Africa. It is little consolation that the non-socialist route to development – integration into the global capitalist system – has brought no improvement in the condition of the bulk of the people of Africa. After all, it is not the ideology that matters. What matters are the lives of ordinary people. If the lives of people in Africa had improved over the last 40 years, if people had decent jobs that secured for them adequate income to purchase the basic wherewithal of livelihood, then it would have been easier to defend the market system, socialism or no socialism. All evidence points to the conclusion, however, that the market system has also not worked for the people of Africa.

Let us look at some evidence on the ground.

THE DAMNING LEGACY OF NEO-LIBERAL GLOBALISATION

In November 2001, the International Labour Organisation (ILO) set up the World Commission on the Social Dimension

of globalisation. The commission took three years to finish its study and finally submitted its report, 'A Fair Globalisation: Creating Opportunities for All', in 2004. Among other things, the report brought to the surface serious data to show, among other things, the damage to farmers in the developing countries caused by distortions in the global trading system:

"Agricultural subsidies in the industrialised countries are now estimated to amount to over \$1 billion per day while 70 percent of the world's poor live in rural areas and subsist on less than \$1 per day. This is a clear injustice."

The report argues that the problem of falling prices of non-oil commodities is related to the issue of agricultural protectionism practised by the developed countries. Many developing and least developed countries (LDCs) still depend on farm commodities for more than half of their export earnings. From 1980 to 2000, global prices for 18 major export commodities fell by 25 percent in real terms. The fall was particularly significant in cotton (47 percent), coffee (64 percent), rice (60.8 percent), tin (73 percent), cocoa (71.1 percent) and sugar (76.6 percent), says the report.

Coming the other way, the UK exported 28 000 tons of concentrated milk and milk powder worth £35 million to sub-Saharan Africa in 2004 (NEF: 2004). The European Union countries export millions of chicken legs to West Africa every year, wreaking havoc on the domestic and regional poultry industry, thus causing poverty and massive urban and rural unemployment in the region – as does, indeed, the export of chicken legs and dairy products from South Africa to the countries of East Africa.

The evidence that shows the global system of production and trade as the principal reason for Africa's continuing poverty, underdevelopment, massive unemployment, depletion of resources and brain drain is so massive that it baffles the mind that the official orthodoxy in Africa

continues to trust it, and continues to hope that if only Africa has "good governance" and removes corruption (public goods in their own right, no doubt), aid and foreign direct investment (FDI) will "ultimately" deliver Africa from its problems of underdevelopment and unemployment.

THE NEED FOR AN ECONOMIC PARADIGM SHIFT

In the 1990s, neo-liberal globalisation stalked the world. Critique of it was still sparse, and confined to those who were dismissed as belonging to the lunatic fringe of the intellectual community. There was still some hope that a genuine dialogue between the mainstream economists and the World Bank on the one hand, and their critics from civil society on the other, would yield a consensus of views that would help shape a more reasonable set of policies that would be pro-poor and pro-development.

The evidence that shows the global system of production and trade as the principal reason for Africa's continuing poverty, underdevelopment, massive unemployment, depletion of resources and brain drain is so massive that it baffles the mind that the official orthodoxy in Africa continues to trust it.

One of these debates focused on the very controversial matter of large water dams. Some civil society advocates took part in the World Commission on Dams (WCD), chaired by South Africa's then water minister, Kader Asmal. When evidence on the ground contradicted the global policies of the World Bank (WB) on dams, the WB simply turned around and rejected the findings. According to Patrick McCully of the International Rivers Network, "The World Bank's singularly negative and non-committal response to the WCD report means that the Bank will no longer be accepted as an honest broker in any further multi-stakeholder dialogues."

It is no consolation that Africa, though often singled out as "the lost continent", is not alone in missing out on the joys of development over the last 40 years. The poor have lost out globally. In Britain, there is a group of economists that functions as an "alternative think tank" called the New Economics Foundation (NEF). Their professionally rigorous research reveals a certain truth about the world situation in a different statistical light from the figures that are a regular fare from the World Bank and the International Monetary Fund (IMF). The first in NEF's series of "Re-thinking Poverty" reports shows that the share of benefits from global economic growth reaching the world's poorest people is actually shrinking; while they continue to bear an unfair share of the costs. The report shows that the so-called "trickle down" of the benefits to the poorest in the 1990s was even less than in the 1980s. For good measure, it shows that the creeping effects of climate change will worsen the condition of the poor. (As for Africa, one might add, the

warning signals coming from several sources to the effect that global warming could intensify the already worsening drought conditions cannot and should not be taken lightly.)

The NEF report argues that the mainstream economists' notion that growth is the minimum necessary condition, even if it is not a sufficient condition, for reducing poverty for the world's poorest people is not borne out by the reality on the ground. Of course, growth of a certain kind is significant for the poor. But growth that further impoverishes the poor and enriches the rich is neither sufficient nor even necessary. If the theory of growth trickling down to the poor has been shown to be false by recent history, then the mega-question of what kind of growth is pro-poor continues to remain the enigma and the challenge of our times.

The ranks of those who argue that what we need is a "paradigm shift", a break out of the rigidities of mainstream economic thinking, are increasing by the day, not least in the World Bank itself, whose official line, however, still labours under the so-called "Washington Consensus".

THE NEED FOR A PSYCHOLOGICAL PARADIGM SHIFT

But even more necessary than an economic paradigm shift is a psychological paradigm shift. The idea that, somehow, "deliverance" will come from outside the continent has become so ingrained in the official as well as public discourse in Africa that, in some ways, it is worse than blind faith in the Washington Consensus. The economic orthodoxy can be defeated in the marketplace of ideas and rigorous scholarship. But a mindset that refuses to challenge its own assumptions is more difficult to overcome. How does one regain one's self-confidence when it has become engrained in the psyche of the nation and the continent that deliverance can only come from outside one's own efforts and spirit of self-reliance? This is a more difficult battle to fight.

From aid dependence to FDI dependence, the story is the same. At the end of the day, it is Africa that is called upon to "adjust". Africa must provide proper conditions of governance and accounting so that aid can work more efficiently rather than be lost in the pockets of a corrupt bureaucracy. Of course, no one would wish for poor governance nor condone corruption of government officials. On the other hand, the global accounting profession is itself presently under question by movements such as the Tax Justice Network, which argue that the whole accounting system is a game of tax avoidance (even tax evasion), and "transfer pricing", played out by global corporate and political elites that do not pay taxes even in their own countries.

In order to attract FDI, Africa is supposed to compete for it with the rest of the world. Africa must provide the "enabling conditions" for capital to come when it wants, to invest where it wants to invest, to remit profits whenever it so wants, to secure guarantees against nationalisation on the pain of sanctions, and to indulge in transfer pricing so that it shows losses in Africa and profits in the tax havens.

The sad truth is that Africa has created all these “enabling conditions”, and more. Countries such as India and China have done much less and have still been able to get capital largely on their own – not foreign investors’ – terms. So where is the problem? It is difficult to escape the conclusion that the problem lies in the *dependence mindset* in Africa.

THE NEED FOR LONGER-TERM PLANNING

This paper started with a gloomy view of the promises of the idealist versions of socialism and capitalism and went on to provide damning evidence of neo-liberal globalisation at the root of increasing poverty and unemployment in Africa (as indeed in many other parts of the Third World).

As we review the debates of the past 40 years, and despite all the mistakes governments and intellectuals have committed in the past, a couple of themes from the 1970s’ debate on this perennial quest for growth and development that will lead to employment and equity in the distribution of wealth are beginning to make sense once again. These themes need to be revisited.

One is the theme that it is near impossible for Africa to cultivate “endogenous” capitalist development in the existing system of global capitalism and conditions of free trade. Under these conditions, it is impossible for Africa to get out of its subservience to the hegemonic capital of the West. For a while, some African governments pursued the path of “black empowerment” as the basis for developing “national capital”. This policy is now eating dust as it is becoming clear that, even in the case of South Africa, for example, the policy has created a few very wealthy individuals but not a whole class of indigenous capitalists that can wrest control of the economy from the dominance of Western corporations and banks. In an open economy, where dominant global capital would have free access to the land and resources of Africa, these efforts were bound to be frustrated.

It was a favourite sub-theme of the debates in the 1970s that the peasantry would continue to “reproduce” itself, with very little prospect of getting out of this condition. This still remains the situation today. The further integration of Africa into the global capitalist system has trapped the bulk of its population in a condition of perpetual “underdevelopment”.

A second theme that needs to be revisited and seriously put to question is the export-oriented mindset encouraged by the neo-liberal globalisers of the 1980s and later years. Nobody argues for complete autarchy, or against exports where these are necessary to pay for necessary imports. But driving the entire process of production and domestic resource employment for the sake of seeking export markets is the height of folly. Even in the case of countries such as India and China, exports, though significant, are not the principal driver of their development. A recent issue of the British periodical, the *Economist* (21 October 2006: 9), reported that “[s]maller Asian economies, notably Taiwan, are heavily export-dependent. But the bulk of growth in China, India and Japan in recent years has been driven by the domestic market.” The *Economist* goes on to say:

“It is true that exports account for 40 percent of China’s GDP, but those exports have a large import component; only a quarter of the value of China’s export growth is added locally... China’s GDP growth has come mainly from domestic demand, which has been growing by an annual 9 percent in recent years” (Ibid: 82).

It is the creation and sustenance of the *domestic market* – putting enough wages into the hands of ordinary people that they can purchase basic goods and services that are primarily produced within the country – and not the illusory quest for export markets that must, in the final analysis, form the engine of growth and development in Africa, as indeed it has in most developed countries of the West, as well as in India and China.

A third theme follows logically from the above two propositions. The only way to get out of the neo-colonial pattern of development is for Africa to selectively and smartly “de-link” from the neo-liberal process of globalisation. This argument from the 1970s’ debate needs to be refined and nuanced in at least three ways. One is that the de-linking does not have to be abrupt or total; that it can be selected and sequenced. The second is that the final outcome need

Growth that further impoverishes the poor and enriches the rich is neither sufficient nor even necessary.

not be a socialist economy; that it can be a kind of mixed economy with a distinct role for a domestic private sector in partnership with the state. And the third is that the attempts to follow this route to development would be much enhanced within the framework of a regional (rather than purely national) enterprise.

CONCLUSION

The time has come for Africa to think again. If the period of the 1960s and the 1970s produced fanciful ideas that did not yield expected results (such as *Ujamaa* in Tanzania), the time after that – the period of the 1980s and 1990s and well into the present decade – has done no better. Indeed, it is a contention of this paper that the early period of experimentation and its spirit of *self-reliance* were grounded on more solid theoretical foundations than the latter period of *other-reliance* of the era of the Washington Consensus.

It is not necessary to rewind the clock, even if this were possible. It is possible, however – and necessary – to learn from the errors of the past and from the lessons of those in the South now on the development path. New opportunities are opening up in the global production and trading systems, such as the rise of China and India. If Africa sensibly takes advantage of these developments, keeping in mind that development only comes through self-reliance (not the same thing as autarchy), then Africa may yet, in the decades to come, rise out of its present state of poverty and underdevelopment.

Meet the Director-General of Limpopo Province

Dr Nelly Manzini was born and brought up in a rural village of Nwamitwa, approximately 20km east of Tsaneen in Limpopo. She is the fourth child of the late Hosi Fotoza Nwamitwa and a widowed mother of three (two girls and one boy). Dr Manzini speaks and understands Xitsonga, Sepedi, Tshivenda, Setswana, Isi-Zulu, Isi-Xhosa, Sesotho and English and Afrikaans.

EDUCATIONAL BACKGROUND

She has been the senior executive for programmes at Wits and Harvard universities and holds a D Litt et Phil (UNISA), and advanced Diploma in Primary Healthcare (University of London) and a Diploma in Interior Design (INTEC) a MA Cur (UNISA), a BA Cur (UNISA), a BA Hon (UNISA), a Diploma in Nursing Administration (UNIN), a Diploma in Midwifery (ELIM Hospital) and a Diploma in General Nursing (MASANA Hospital).

CAREER HISTORY

Dr Manzini was formally the Head of Health and Welfare Department, where she was responsible for the strategic planning and direction of the Department, overall management of the departmental components of Health and Welfare services, policy development, budget and financial control and high level communications and functional guidance.

Here, Dr Manzini was responsible for managing a R10.2bn budget (R3.97bn Health and R6.42bn Welfare). She has also received Premier's Excellent Award; Platinum Winner for 2003. She is a Board Member of the Oliver Themba fellowship Programme and the South African Institute of Health Managers and a Trustee of the Health Systems Trust.

HER VIEWS ON BROAD BASED BLACK ECONOMIC EMPOWERMENT (BBBEE)

She is a firm supporter of BBBEE. She maintains, though, that all systems may have a certain amount of fallibility. In this case what sometimes poses a problem is the challenge of fronting. According to Dr Manzini all BBBEE processes are based on ensuring that certain levels of skills and professionalism are imparted into the business people from previously disadvantaged groups. The experience of the province in this regard has begun to yield positive fruits. Dr Manzini says,

"The provincial government continues to facilitate the



Dr Nelly Manzini
Director-General, Limpopo Province

participation of BBBEEs in the property, mining and retail sectors. Priority is given to women, the youth and people with disabilities. Thus, the current monitoring and measuring systems need to be in place if we are to fully support the drive."

ON GENDER EMPOWERMENT

In terms of gender empowerment, Manzini believes that we in South Africa, have adequately started the drive but have not yet reached an equity mark of 50/50 representation.

"My view is that we still have a long way to go in empowering women to be assertive from within their families up to the corporate level. My experience as a rural woman is that traditional belief still rule supreme in our rural families and this has an effect on assertiveness of a woman. A programme we started on the development of 'Women in Decision Making' is beginning to empower women to take up leadership responsibility at executive level", she added. The Director-General contends that the number of women at senior management levels has increased in the provincial government's workforce. It is currently at 37% which is the highest compared to the rest of the country.

"50% of the Heads of Department in the province are female and that is a clear indication that Limpopo does not pay lip service to this endeavour."

According to Dr Manzini, South Africa should have targets for female managers in the Economy. "We, as a society, have been talking about gender equity for so long that it is time we set measurable targets by which to monitor transformation in this area, and particularly at executive management level", she said.

The Limpopo Provincial Administration, in line with national Policy, has committed itself to improve the lives of people of the Province



LIMPOPO
PROVINCIAL GOVERNMENT
REPUBLIC OF SOUTH AFRICA

The heartland of southern Africa - development is about people

About the Limpopo Provincial Administration



by a transformed Public Service, which is representative coherent, transparent, efficient, effective, accountable, and responsive to the needs of all. The National Government has, in line with this policy objective; developed policies and legislation to facilitate transformation in the public service and to increase access to basic services as well as addressing the Economic Objectives of the Country. The Public Service Regulations (2001), which prescribe that all departments should have approved strategic plans, service delivery plans, service delivery improvement plans, human resource plans and approved structures are the outcomes of the transformation process in the Public Service. In line with its mandate, the Office of the Premier shall perform its functions to meet its constitutional imperatives within the Public Service Regulatory frameworks and other applicable legislation.

THE STRATEGIC THRUST FOR THE OFFICE OF THE PREMIER FOR THE NEXT THREE YEARS IS:

- To speed up the transformation of the Public Service
- To evaluate the impact of the Provincial growth and development strategy through improved co-ordination and policy implementation monitoring processes.
- To provide strategic leadership for the Provincial Administration
- To increase access to government services through improved communication and information management

THE VISION AND MISSION OF THE OFFICE OF THE PREMIER VISION

Good governance, integrated planning and sustainable development

MISSION

Providing innovative and strategic leadership and management for service excellence

GENDER EMPOWERMENT DALLS UNDER THE KEY PRIORITY AREAS FOR THE FINANCIAL YEAR 2007-2008 OF THE OFFICE WHICH IS TO:

- Monitor and evaluate the implementation of the Provincial Growth and Development Strategy;
- Improve co-ordination with regard to the implementation of the poverty alleviation programs;
- Monitor and review the implementation of the public service transformation process and integration of gender, disability and youth matters into departmental policies.
- Intensify the HIV/Aids awareness campaign;
- Elaborate on the corporate IT strategy, and the expansion of the electronic messaging and Group Ware infrastructure server for the province; Certify Bills and the drafting of new legislation including rationalization of laws;
- Develop an approach to address organizational skills gaps involving the system re-engineering process and redesign;
- Strengthen cooperation with neighbouring countries such as Botswana, Mozambique and Zimbabwe.

For more information, please contact the General Manager – Provincial Communication Services

Office of the Premier, Private Bag X9483, POLOKWANE, 0700

Tel: 015-28 7-6311, Fax: 015-287-6322, E-mail: masebenzal@premier.limpopo.gov.za, Website: www.limpopo.gov.za



LIMPOPO
PROVINCIAL GOVERNMENT
REPUBLIC OF SOUTH AFRICA

The heartland of southern Africa - development is about people

CAN FOREIGN AID BRING ECONOMIC PROGRESS?

BY RICHARD MGAMBA

The author is a Tanzanian journalist. This article was published in *The Citizen*, 15 November, 2006

As African leaders and policy makers continue struggling to attract foreign aid for the continent's development, the main question that needs an urgent answer is, Can Africa prosper by depending on donor aid?

A search for an economic cure for Africa's massive poverty has been going on about four decades now, with most countries turning to foreign aid.

Today it is still quite clear that the search for an economic cure for Africa is yet to bear fruit as the majority of people continue to be destroyed by massive poverty living below a dollar per day.

However, Africans are divided about this question. There are those who think and believe that without donor dependency nothing can be done, while others insist that Africa can prosper by not relying on foreign aid but on better economic policies.

The second group, which seems to be undermined by our leaders and key economic policy makers banks its agenda on countries like Malaysia and South Korea, which have managed to record rapid economic growth through better policies during the past decades.

They also cite a country like Kenya, which has managed to survive during the past decade without getting a single penny from donors after western countries froze aid in the early 1990s due to massive corruption in the former regime.

They also describe South Africa as an example of how African countries can implement better economic policies and avoid donors' dependency for their economic prosperity.

For example, 40 years ago, Nigeria was much richer than South Korea, a country with the same population. But Nigeria's oil wealth was squandered, while South Korea invested in its people and targeted key export industries in the West. Now Korea, a leading export nation, has a per

capita income 20 times higher than Nigeria's.

They also cite a country like Kenya, which has managed to survive during the past decade without getting a single penny from donors, after western countries froze aid in the early 1990s due to massive corruption in the former regime. They also describe South Africa as an example of how African countries can implement better economic policies and avoid donor-dependency for their economic prosperity.

Speaking in Nairobi early in July last year about the future of Africa, ambassador Bethuel Abdu Kiplagat, the chairman of the African Peer Review Mechanism (APRM) said, "Foreign aid is killing Africa. The continent needs to boost its trade in order to attain better economic growth which will help eradicate poverty."

"Aid is like a drug that is killing self-reliance in Africa." Kiplagat told journalists from nine African countries in Nairobi who were in Nairobi for a Reuters course on what Africa needs in order to boost her economic growth. The APRM is an initiative launched by the African Union in order to come up with the best policy to establish good governance among African countries.

"Aid makes you believe that you don't have anything except dependency," Kiplagat, who once served as the international peace mediator in Sudan, Somalia and Uganda, said.

"Aid is a terrible mentality of dependency among African countries that needs to be stopped."

Kiplagat questioned the so-called "aid" to Africa adding that, if donors were fully committed to helping the continent, they would assist efforts to return stolen billions of dollars from the world's poorest continent. "If they [donors] are really good partners why can't they assist us to recover the looted billions of dollars kept in Swiss banks?"

Africa has lost billions of dollars through massive looting of public funds done by some of its leaders. The late president Mobutu Sese Seko, of what was then Zaire, is said

to have stashed away more than \$16 billion, equivalent to three years' budget funds for a country like Tanzania.

According to a 2006 Transparency International report, more than \$140 billion has, over the decades, been illegally and corruptly looted from Africa by politicians, soldiers, businesspeople and other leaders, and has been kept abroad in form of cash, stocks, bonds, real estate and other assets.

This amount is what Africa needs as aid for development in the next six years based on the current aid flow of \$25 billion per year.

Ambassador Kiplagat is not alone. Abdul Rahman Mohamed Babu questioned the ill-fated mentality of banking the continent's economic growth on foreign aid in his book, *African Socialism or Socialist Africa?*

If donors were fully committed to helping the continent, they would assist efforts to return stolen billions of dollars from the world's poorest continent.

Babu narrated that aid was first introduced to help poor countries subsidise their trade deficit. But as we proceeded, it was then changed anonymously into an engine of economic growth with donors also using it as a tool to dictate to poor countries.

According to Babu, no country on this earth can attain better economic growth by relying on foreign aid. From the late Julius Nyerere to ambassador Kiplagat, one thing here is very clear: Africa can't develop by depending on donor aid.

This corresponds with the message issued by American president George W Bush in July 2005 about what Africa needs in order to attain economic prosperity. While speaking to African leaders ahead of the G-8 summit, Bush said, "I think one of the things that many African nations have come to discover is that through trade, they can develop a more hopeful society rather than through aid. When you open up your market to entrepreneurs and small businesses it helps spread wealth. And, that's, after all, what we're trying to achieve."

President Bush last year announced the African Global Competitiveness Initiative (AGCI), with a five-year funding

target of \$200 million of additional resources. This new initiative greatly expands the trade capacity-building efforts underway with African nations through the US Agency for International Development (USAID)'s regional trade hubs located in Accra, Ghana; Gaborone, Botswana; and Nairobi, Kenya.

The initiative will further the work of the trade hubs in enabling African economies to become better integrated into regional and global markets and to take advantage of trade opportunities afforded by the African Growth and Opportunity Act (AGOA).

But to Tony Blair and his allies, the future of Africa lies in more flow of foreign aid. Launching the Commission for Africa, which is his own initiatives to save Africa from the trap of poverty, early in 2005, Blair said donor communities should double the amount of aid to Africa.

The 16-member commission was launched to tackle a myriad of economic problems facing the continent. Africa has fallen dramatically behind other developing regions, with declining growth rates, increasing poverty and falling life expectancy.

During the G-8 summit held in Gleneagles in July 2005, the industrialised countries to boost aid for developing countries by \$50 billion. While the world might be expecting that the economic growth of Africa will come from foreign aid, the truth is that only better economic policy can rescue this continent from the trap of poverty.

Africa needs to look at what style South Koreans and Malaysians adopted four decades ago to break through into economic prosperity, which today has become a success story in those two countries.

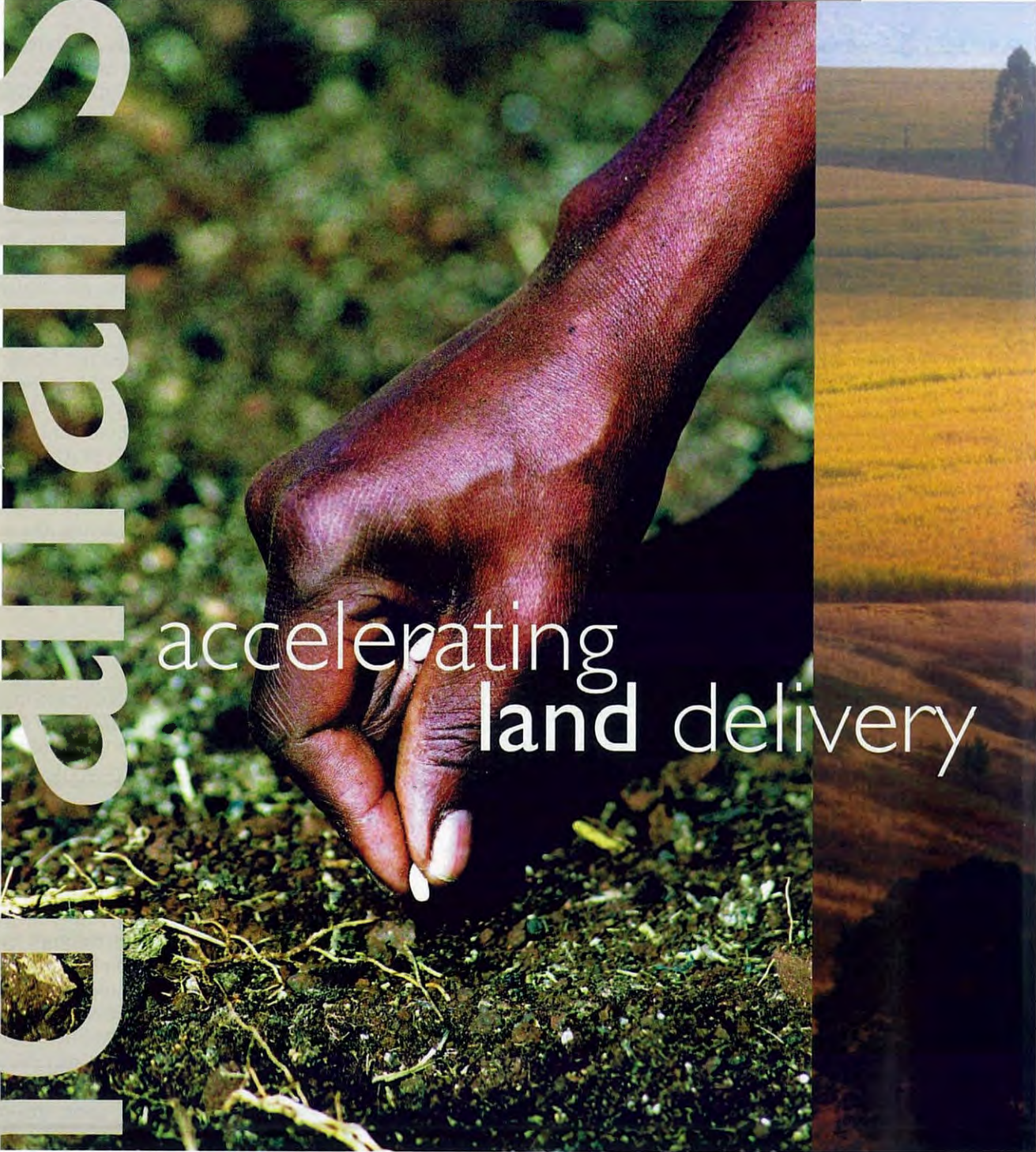
Investing in human resources through quality education, funding agriculture, which employs about 80 percent of the total population in this continent, introducing modern technology, establishing processing industries that will enable the continent to export finished products instead of raw materials are key to economic success for Africa.

Africa should also establish good governance and the rule of law, as well as the comprehensive campaign to fight massive corruption, if the continent wants to record a better living to its people in future.



DEPARTMENT: LAND AFFAIRS

land affairs



accelerating
land delivery

land **redistribution**
agricultural development
tenure reform
land **restitution**



for sustainable development

spatial **planning** & information
land **surveys**
deeds registration
mapping



land affairs

Department:
Land Affairs
REPUBLIC OF SOUTH AFRICA

SOMALIA'S TRANSITIONAL PARLIAMENT

BY ABDURAHMAN IBBI

The author is a member of the foreign relations committee of the Transitional Federal Parliament of the Somali Republic

This is an edited version of his presentation to the Association of European Parliamentarians for Africa (AWEPA) EU Presidency Seminar, 23-24 November 2006, in Helsinki, Finland

The situation in Somalia remains very volatile. We publish this speech since it indicates the extent of that volatility. The speaker of the transitional parliament has since been removed from office, but these insights remain important. – Editor

To give you a brief report of the history of the last 15 years, Somalia has been in the midst of civil strife and without an internationally or nationally recognised government. The current Somali parliament is a product of a concerted effort and painful peace process facilitated by Intergovernmental Authority on Development (IGAD) countries and hosted by our brotherly country Kenya for over two and a half years. The Somali National Reconciliation Conference (SNRC) held in Kenya was the 14th attempt to bring stability back to Somalia following the collapse of the central government. I can confidently say that our parliament of 275 members enjoys the legitimate support of the Somali people and they look upon our institution as a source of hope and prosperity to bring back security and stability in the country.

The transitional federal parliament is currently meeting outside the capital, in the city of Baidoa, in a granary warehouse that has been refurbished and re-roofed, thanks to some of our donor partners, who have also provided for capacity building of the parliamentarians. Its members are unpaid, but instead rely on meagre sitting allowances. We are indebted to the government and people of donor countries who supported the convening of the current session of the parliament in Baidoa. The decision of the members of parliament to attend the session of parliament under present conditions clearly affirms their commitment to rebuilding the Somali state.

But in order to assume our responsibility and to implement

The transitional federal parliament is currently meeting outside the capital, in the city of Baidoa, in a granary warehouse that has been refurbished and re-roofed. Its members are unpaid.

our experiment in building the foundation for a democratic state, the people of Somalia need timely and concerted international support, without which it would not be feasible for this nascent government of Somalia to meet the challenge it faces today. The transitional federal parliament of Somalia (TFP) is a new parliament. It was conceived to act as a forum for political reconciliation in addition to fulfilling the normal legislative, oversight and other functions of representational national parliaments.

The TFP is an inclusive body. Its core and principal duty is to enact legislation that promotes national reconciliation, to rebuild state institutions and entrench democratic political institutions. In all of these tasks, the TFP faces enormous institutional and political challenges.

Our participation in this very important gathering gives us an opportunity to meet members of parliament from all regions and learn from their experiences. We are particularly interested in learning about the experiences and practices of other parliaments in organising parliamentary committees and deciding the role of committees in the legislative and oversight functions and in the deliberations of the parliament in general.

THE 2004 SOMALI NATIONAL RECONCILIATION CONFERENCE

Prior to the SNRC, 14 conferences were held in various places for the reconciliation of the Somali warring factions that devastated the country and caused the death of thousands of innocent people, as well as forcing thousands to flee their country, following the collapse of the regime and the ensuing decade of civil war.

Over 3 000 representatives attended the SNRC from various sections of the Somali society, including traditional leaders representing each and every region of the Somali Republic, the former transitional national government (TFG) and all the political leaders of the warring factions of the country,

and concluded with the establishment of the TFP.

The first act of this newly established parliament was to adopt its standing orders, followed by the election of the speaker and his two deputies on 15 September 2004. On 10 October 2004, the parliament elected H.E. Abdullahi Yusuf Ahmed as president of the Somali Republic. He nominated the prime minister who in turn appointed the members of the cabinet, which the parliament approved on 13 January 2005. After a decade of the absence of all-inclusive government in Somalia, the TFG not only filled the vacuum, but also brought back the dignity of this proud nation.

In its desire to play its oversight role after the formation of the government, our parliament disagreed with the executive on two fundamental issues, i.e. the relocation of the government into Somalia from Kenya and the possible deployment of foreign troops to assist in the stabilisation efforts. This conflict between the institutions lasted over a year and almost paralysed the smooth operations of the transitional federal institutions (TFIs) and even risked derailing the gains made in the SNRC.

This conflict lasted over one year until President Ali Abdallah Saleh of the Republic of Yemen intervened and invited the president and the speaker for consultation in January. Both leaders accepted and attended the meeting in Aden. On 5 January 2006, the two leaders reached agreement to bring together the two sides of the parliament and the government in Baidoa for an extraordinary session of the parliament, to reconcile, sort out their differences and conduct the nation's business.

TRAGIC CONFLICTS

In the context of conflicts in Africa, our country Somalia is a sad example. A protracted conflict continues to rage for more than a decade and has caused the displacement and death of thousands of Somalis. Still many others fled into refugee camps across the world. You will no doubt recall the strong and vibrant Somalia, a Somalia that was at the forefront of the liberation struggle of Angola, Namibia, South Africa, Zimbabwe, Eritrea, Djibouti, Guinea Bissau and Mozambique; a Somalia that actively joined the struggle against apartheid; a Somalia that provided moral, political and material support to the liberation of many African countries; a Somalia that has never shied away in providing assistance even to the leadership of some current governments when they were fighting against dictatorships in their countries; a Somalia that was a model for development; a Somalia that had one of the highest literacy rates in Africa; a Somalia in which the cultural and economic potentials were harnessed for the benefit of the Somali people.

But unfortunately, we tore ourselves apart, and the conflict in Somalia has been continuing to rage for more than a decade, and the world watched in horror. Africa, in which Somalia had invested so much and heavily, remained silent. While other conflicts on the continent drew immediate and

For the implementation of what our newly born government has promised, we have had very serious discussions with the religious leaders of the Union of Islamic Courts (ICU) in Mogadishu, with the aim of improving the security and the stability that the Benadir region (Mogadishu, the capital) is enjoying now.

timely attention from African countries and international powers, Somalia continues to suffer from the benign neglect of the international community and particularly that of Africa.

After the establishment of our TFIs in August 2004, in Nairobi, Kenya, and up to the present time, some African, EU, and Asian countries have extended a helping hand, for which we are very grateful, and which will remain in our hearts. The TFIs inherited a devastated country, with all the state infrastructure completely destroyed.

THE TRANSITIONAL PARLIAMENT AND THE UNION OF ISLAMIC COURTS

The TFIs have been active in searching for peaceful solutions to the problems in the country. For the implementation of what our newly born government has promised, we have had very serious discussions with the religious leaders of the Union of Islamic Courts (ICU) in Mogadishu, with the aim of improving the security and the stability that the Benadir region (Mogadishu, the capital) is enjoying now. The re-opening of the international airport and the national harbour (port of Mogadishu) is the achievements of the ICU. The speaker and members of the TFP, and other prominent members of society, went to Mogadishu on 5 November, in order to persuade the ICU to attend the Khartoum meeting without any preconditions and to be part of the nation-building.

As you are aware, the TFIs and the ICU have had three rounds of meetings in Khartoum, Sudan. The world appreciated the initiatives of the speaker and his members of parliament towards the ICU. The leaders of the European Union and European Commission, Javier Solana and Louis Michel, made a very appreciative statement last week regarding the resumption of the peace talks between the TFP and the ICU inside Somalia.

ARMS EMBARGO

I would also like to inform you that some of the world's leading nations are lobbying to lift the arms embargo imposed by the security council of the United Nations on Somalia in 1992. Why today? Why not before? The region is already suffering the enormous flood of illegal arms. And, for sure, if the arms embargo of Somalia is allowed to be lifted, then the world should be ready for another catastrophe in the Great Lakes region, in particular the East African nations.

The lifting of the embargo will not only renew the civil war of Somalia but will also create all-out war between the two neighbouring countries of Somalia and Ethiopia. No one will enjoy the kind of stability that we are experiencing in our homes. These arms will soon be seen at the markets of the neighbouring countries, in particular

Kenya, Uganda and Ethiopia.

We strongly appeal to the members of parliaments to speak out on behalf of the peace-loving people of the region and to tell their leaders to stop as soon as possible the imminent war that is going to take place in days or weeks.

WAGING PEACE IN SOUTHERN SUDAN

BY MARIAM BIBI JOOMA

The author is a researcher with the Africa Security Analysis Programme at the Institute for Security Studies. This paper is based on her previous publications and fieldwork focusing on the peace processes in Sudan

While the general approach to analysing war in Sudan has centred on the effects of discrimination based on ethnicity and religion, such an emphasis can only offer a superficial, though vital, insight into the current conflict in the country. Rather, it is important to highlight the overarching political problem of elite rule that has had a tangible impact on the marginalisation of communities as 'citizens' of the Sudanese state. This has affected all quarters of Sudanese society, and will indeed continue to provoke opposition if the core problem of human development is not addressed. It may thus be argued that the crisis of identity as manifested in the return to, or creation of, ethnic, tribal and religious affiliations is a significant consequence of economic exclusion and powerlessness that resonate at community, regional and national levels.

SETTING THE CONTEXT

Sudan is the largest country in Africa, with a total land area of 2.5 million square kilometres. The country is divided into three major geographic areas, and is traversed by 9 000 kilometres of the Nile and its tributaries. An estimated 50 percent of the country, mainly in the North, is semi-arid or arid, and often experiences long periods without rain. The northern zone consists of the Libyan Desert in the west and the mountainous Nubian Desert, which extends to the Red Sea in the east.

The central zone comprises the fertile rain-fed areas of Kassala and Gezira, Darfur and the gum forests of Kordofan. The third is the Southern Equatorial zone, which is marked by rich soils and good rainfall patterns. This area is also known for its large swamps, which are a "vital ecological and climatic zone for Sudan and the surrounding region" (United Nations Development Framework 2002-2006: 11).

The United Nations Common Country Assessment and Development Assistance Framework outlines the socio-economic profile of Sudan in substantial detail, using what it calls a "rights-based" perspective to analyse current trends. The reason given is that "poverty is a condition characterised by serious deprivation of basic rights and needs in terms of food, nutrition, water, health, shelter, education and a lack of opportunities to change the situation" (ibid.).

Using this definition, the regional disparities and unequal access to resources (whether financial or natural) between different parts of Sudan suggest a high level of poverty. Sudan's low human development indicators confirm this. According to the 2001 UNDP Human Development Report, Sudan ranks 138th out of 162 countries. It is also ranked the second lowest Arab country on the Human Development Index, just above Mauritania. Of course there is no single cause of poverty: it is a manifestation of the breakdown of various elements of social and political governance, not least as a result of many decades of civil war.

Women and children have borne the brunt of the war in terms of the social trauma caused by the activities of militia groups. Women and girls are also most affected by lack of access to education and other services. As can be expected in a zone of conflict, Sudan now has a high proportion of female-headed households. A 1999 census undertaken by the Save the Children Fund Denmark among displaced people in Khartoum found that 34 percent of households have female heads. Statistics for the South are believed to be much higher. Southern Sudan also has the lowest ratio of female to male primary school enrolment in the world, with three times as many boys as girls attending school, and a youth female illiteracy rate of 84 percent. Recent data suggest that a woman in Southern Sudan is more likely to die during childbirth than to finish eight years of school

(Joint Assessment Mission 2005). In addition, women's positive role in maintaining food security is constrained by the lack of both credit and extension services. It is clear that the burden of productive and reproductive responsibility severely hampers the ability of Sudanese women to rise above the double oppression of inequality and poverty.

The pattern of elitist and overly centralised government that has characterised Sudanese politics for centuries is largely to blame for the breakdown of previous attempts to build peace. In the case of the South, Darfur and the extreme Northern territories there is, consequently, a severe lack of competent and responsive local government. Large-scale agricultural projects driven from the centre have taken precedence over rain-fed traditional farming.

This has meant that while the agricultural sector is the principal provider of employment in the country, and the main contributor to gross domestic product, it has a skewed impact upon development and human security. Again, the lack of infrastructure has constrained both growth and access to social services, especially in the South, the Three Areas, and disadvantaged parts of the North.

Food security is another major challenge that needs to be addressed as part of the transition from humanitarian relief to local capacity-building. The Food and Agriculture Organisation suggests that about half of the counties in the South are "highly" or "moderately" food insecure as the result of ongoing conflict, environmental degradation and adverse weather conditions. More fundamentally, food insecurity can be attributed to governmental failure to address the needs of the local agricultural economy. It is also clear that while the state of relative peace in the South has been established, there is a major crisis and raging armed conflict in the Western region of Darfur highlighting the precariousness of peace in this interim period.

THE COMPREHENSIVE PEACE AGREEMENT

The Comprehensive Peace Agreement (CPA) has been criticised for taking a narrow regional approach (North-South) to the war in Sudan. It can be argued that the onset of violence in Darfur and the Eastern Sudan was in part an expression of disaffection regarding the exclusivity of the CPA. The CPA can thus be viewed largely as a tactical agreement between the major military protagonists. As one analyst has argued, "To have opened the door to a debate about the relationship between the central authority and the marginalised peoples throughout the country would have been tantamount to political suicide for the narrowly-based Sudanese regime" (Cornwell 2005).

While Sudan has been with numerous challenges stemming from decades of war, the following factors can be seen as the most pressing for the stability of this interim period: entrenched mistrust, and uncertainty between communities as manipulated through decades of war; North-South asymmetries, underlined by the South's poor absorptive capacity for reconstruction projects and minimal experience of autonomous governance; centre-periphery conflicts; the

presence of militias; spoilers and regional players, notably Chad, Eritrea and the Lord's Resistance Army (LRA) in Northern Uganda; multiple hot spots; large-scale population movements; lack of clarity around land ownership and tenureship; lack of accountable governing structures; and a history of assistance manipulation and non-transparent use of resources (Esposito and Crocker 2005).

POLITICAL ALLIANCE

At this writing, it is more than a year since the signing of the CPA, which was widely expected to signal the beginning of peace in Sudan after decades of war between the Sudanese People's Liberation Movement (SPLM) and the Khartoum government. The peace agreement paved the way for the creation of the Government of National Unity (GNU) as well as an autonomous interim Government of Southern Sudan.

However, the continuing political uncertainty and violence in the western state of Darfur, coupled with long running tensions in the eastern Red Sea and Beja regions, underscore the increasing fragility of the newly created institutions and have considerably tested the durability of the alliance between the National Congress Party (NCP) and the SPLM.

Moreover, the death of Dr John Garang contributed significantly to slowing the momentum around the "New Sudan" project, which sought to unite the Sudanese people beyond the largely fictional categories of Arab and African, Muslim and non-Muslim around a common "citizenship".

It can be argued that the onset of violence in Darfur and the Eastern Sudan was in part an expression of disaffection regarding the exclusivity of the CPA.

In his analysis of the "New Sudan within Southern Sudan", Francis Deng (2006) argues that "the vision of the New Sudan therefore promises to liberate all people, along with the South, from their marginalisation, and to create a country of genuine pluralism and equality with a greater influence for the previously marginalised African groups."

Although the outbreak of violence in Khartoum and Juba immediately following Garang's death highlighted the lack of trust between the two sides, it has been suggested that a deeper reason for the violence was the loss of hope his demise signified for the aspirations of the marginalised peoples of the North, who had seen in Garang the possibility for a movement away from elite-based politics.

The immediate confusion around Garang's death and, indeed, the speculation around the cause of his fatal accident placed the SPLM in a vulnerable position from which, some argue, it has not recovered. Equally, the politics of cohesion within the "Islamist" NCP has become strained as the CPA itself offered both an opportunity for the narrowly supported NCP to entrench itself in Sudanese politics even as, theoretically, it opened the political space to other

opposing groups. The internal groupings within the NCP represent different opinions regarding the longevity of the "Islamist" project.

It has been intimated that the Darfur crisis has been particularly relentless in its impact on the NCP. This has been manifested in the reconfiguration of President Bashir's inner circle, which has increasingly been dominated by individuals from the security and petroleum sectors. It can be argued that the previous "ideological backbones" of the NCP's Islamist project have taken a backseat to the increasing securitisation of the inner political core.

As such, although the alliance between the NCP and the SPLM is one of necessity, it also potentially contains the seeds of mutual destruction. These challenges take on greater urgency when considering that national elections should be held in less than three years, while the referendum on possible secession for the South is to be held in just under five years. How far will the political landscape have changed by 2008? Will the SPLM and the NCP still be seen as the monolithic entities they are today? And what implications would non-implementation of the CPA have on the conflicts in Darfur and the eastern Beja region? These are some of the questions that are being raised.

(RE) CONSTRUCTION IN SOUTHERN SUDAN

That peace and development are interdependent is now well established. A powerful acknowledgement of this was the awarding of the 2006 Nobel Peace Prize was awarded to Prof. Muhammad Yunus and Grameen Bank of Bangladesh that has, through its micro-credit schemes, empowered impoverished women. But the concept of development is not neutral, and the linear model adopted in the 1980s that suggested that modernisation and industrialisation held the key to Africa's prosperity cannot account for the nuances in the African context.

Indeed, it has been argued that development itself can become a source of conflict: through the use of, for example, of privatisation and contractors, a new economy can be inserted into a region in ways that are not entirely supportive of long-term, sustainable development. It is now recognised that even under 'ideal circumstances', for example where all hostilities have ended, post-conflict processes do not necessarily progress chronologically in sequential phases from a state of violence to, ultimately, sustainable peace. The multidimensional character of post-conflict reconstruction – political, security, socio-economic and reconciliation – ought to be undertaken concurrently: security and development must take place simultaneously. This implies that disarmament, demobilisation, reintegration and security sector reforms must be undertaken in conjunction with efforts to evolve alternative forms of economic activity and social development from which former combatants can benefit.

Moreover, the process of development and its by-products of greater urbanisation and environmental degradation ought to be placed in greater context. The creation of peace economies will not always translate into prosperity for war-

weary communities. Herein lies the dilemma: How to make a post-conflict environment conducive to local ownership without raising sensitive questions around resource access that are often a central part of conflict?

Despite the common usage in Sudan of the term 'post-conflict reconstruction', it is unclear whether such reconstruction will be prioritised or whether development itself will become a target for future conflict. As such, notwithstanding the thrust towards an emphasis on development, there is no clear understanding of what reconstruction or construction in the case of Sudan is meant to look like and whether such development will be sustainable.

Often, the first question about reconstruction relates to the question of timing: namely, when does the 'post' in post-conflict kick in? Complex conflict systems have not responded well to the traditional linear conflict model and thus the debate about sequencing has becoming increasingly irrelevant. The challenge of working on two levels (one of relative peace in the South and one of continuing war on the western front of Darfur) in Sudan has compounded

This has been manifested in the reconfiguration of President Bashir's inner circle, which has increasingly been dominated by individuals from the security and petroleum sectors. It can be argued that the previous "ideological backbones" of the NCP's Islamist project have taken a backseat to the increasing securitisation of the inner political core.

the complexity of the conflict for international actors in the region. The protracted war in Darfur has not only diverted attention away from the implementation of the CPA, it has also raised further questions about the sustainability of the regionalisation of peace-making, a process that has entrenched belligerents as the dominant political actors. As the African Union's post-conflict reconstruction framework suggests, one of the key policy tensions in the post-conflict setting is between economic efficacy and political stability. This is certainly the case in Southern Sudan.

TRANSFORMING THE SPLM INTO A CIVILIAN ADMINISTRATION

In the aftermath of the death of Garang, it has become apparent that continued international attention (despite the need for a focus on Darfur) and especially the disbursement of donor funds will be essential to keeping the CPA's implementation on track. Even more pressing will be meeting the challenge to institute participatory and responsive government at local level since neither the government of Sudan (GOS) nor the SPLM are known for a democratic approach to governance. It should be noted that decentralisation has been at the heart of political demands for autonomy in the South and also plays an important role

in addressing the perceived ethnic factionalism within the SPLM.

Moreover, the South is a politically contested space with no unified Southern Sudanese identity. The binding factor seems to be based primarily on the common experience of repression by, and resistance to, the Khartoum regime. Thus, the establishment of the Civil Authority of New Sudan in 1996 at the Conference on Civil Society and Civil Authority in Himman-New Cush was an important step towards dispelling the notion of the SPLM as an "authoritarian animal".

This is particularly important for the SPLM agenda, since the provision of services fell largely on non-governmental organisations (NGOs) during the war. In the early 1990s, the vacuum created by the weakness of the SPLM structure for local governance was partially filled by individuals and NGOs. These non-governmental entities undertook training and other local government building activities on a project basis, and operated outside the purview of the Secretariat of Local Government in Southern Sudan. The resultant duplication of activities and lack of co-ordination of agency activity across the vast region led some to describe the situation as the "INGO-isation" of Southern Sudan (Riehl 2001).

In the context of rebuilding it will be essential for the GOS to co-operate with international donors and agencies, without allowing state ownership of the reconstruction agenda to be weakened. Moreover, there is always a risk that donor funding will itself be used as a form of patronage to consolidate the SPLM's support base. This would serve only to heighten tensions among southerners themselves, and threaten the durability of peace in the South.

Addressing the issue of community-wide democratic representation within local government structures will be crucial to the success of Southern Sudan's immediate future. The stress point is likely to be the composition of the Boma, Payam, and County Development committees.

MAKING UNITY ATTRACTIVE?

One of the most glaring challenges to building a peaceful Southern Sudan in this pre-referendum period relates to the orientation of its political leadership in the long term – namely, whether it would seek to be an independent Southern Sudanese state or a part of a united Sudan. While the CPA was initially hailed for its flexibility to accommodate both views in granting southerners the right to determine their status via referendum, it may equally be seen as a factor in deciding the level of commitment to the agreement from both sides. Since the death of Garang, the SPLM's leadership has taken a significant introverted stance by focusing most

of its energies on the South. Consequently, the notion of a United Sudan has become less of a political objective. It has also been suggested that the NCP is less willing to invest in implementing the agreement to the full since the South has already decided on secession. As such, there is limited political will to see through the implementation.

Furthermore, the signing of the CPA was seen as a watershed moment for Sudan and the document was to set the tone for democratic transformation in the country. However, because of the high level of marginalisation of communities of what is now commonly termed the 'periphery' from the 'core' of the elite based regime the CPA also exacerbated opposition in areas of the North not party to the peace process as seen in Darfur and Eastern Sudan. At the time of writing the Darfur conflict continues to intensify and has spread into neighbouring Chad and the Central African Republic. It is clear that far from military or humanitarian 'band aids' used to deal with Sudan's numerous war fronts, human security can only be guaranteed when political will is focused on equitable human development for all areas of Sudan.

CONCLUSION

That the signing of the CPA on 5 January 2005 was a watershed moment in Sudan's tortuous history cannot be denied. Indeed, the momentum for peace that came with the initial euphoria of the agreement was fundamental to paving the way for the possibility of a "New Sudan" based on common citizenship. However, the challenges to making this vision a reality lie not only in the enormous task of rebuilding a devastated South but also in initiating a reconciliation process between the fractured groups.

The lack of trust also extends to relationships between southerners themselves and in fact may pose a serious obstacle to a unified vision for the south during the interim period. The outstanding questions of oil sharing and the demarcation of the borders between North and South provides a concrete platform for a possible return to hostilities between North and South, as politicians seek to exploit particular areas for both oil resources and potential voters for the 2011 referendum.

Without the visionary leadership of Garang, the SPLM has had to review its internal policy towards the "unity" option with mixed results. Certainly the narrow support for the NCP in the North also suggests that its marriage with the SPLM may not be enough to legitimate its dominant stake in government. For now, it is important that international observers and Sudanese actors remain focused on implementing the deal as a secure and prosperous South and North will be necessary for long-term stability of the region regardless of the outcome of the referendum.



The Office of the Public Protector has over the years continued to fight for ordinary people who have received unsatisfactory service delivery from government departments and state institutions.

The office strengthens our young constitutional democracy among others through investigating delays in service delivery,

PUBLIC PROTECTOR



PUBLIC PROTECTOR
SOUTH AFRICA

maladministration and allegations of corruption in the public service. It is an office of last resort, meaning that all other avenues to address a complaint must be exhausted before one approaches the Public Protector.

Since its establishment in 1995 the office has handled and resolved complaints that ordinary people have brought forward. These include long delays in pension payouts from government and parastatals, adverse impact of a decision or policy on individuals, institutions or groups, denial of access to information, and insufficient reasons provided for a decision taken.

The office receives good support from most government departments and complaints are often resolved quickly after a phone call from Public Protector investigators - including those complaints related to delays.

More extensive investigations, or systemic investigations, are also conducted to assist departments in reducing chronic cases of service delivery delays and maladministration.

The office can also advise people on alternative help if their complaints cannot be attended to. If cases are related to private entities such as banks, short-term or life insurance, then those industries have their own ombudsman that can be approached for assistance.

Despite the higher profile cases involving politicians that have been investigated, complaints from ordinary people from townships, shack dwellers and rural areas who are struggling to access services they are entitled to, form the majority of the work of the office. It is unfortunate that complaints from these individuals and communities are not as well publicised as those concerning high profile individuals.

Recommendations made are implemented by departments concerned, while others are presented to Parliament as a report for the institution to act on. In this way constitutional democracy is strengthened.

The current Public Protector, Advocate Lawrence Mushwana has, since his arrival in 2002, brought a new way of doing things. He has engendered an inclusive culture of working, harnessing the collective strength and experience of investigators in the office. This includes establishing Think-Tank meetings, where all finalised investigations are presented to senior investigators for scrutiny. This ensures that peers look at each other's work and produce quality reports before the Public Protector signs them off for release.

He has strengthened management in the institution and is passionate about fighting for the rights of ordinary people. Outreach programmes are held throughout the year and in far-flung areas of the country to educate people about the work of the Public Protector and log new cases for investigation.

Any person can lay a complaint with the Public Protector related to maladministration, delays in service or improper or prejudicial conduct by government officials.

Services are free of charge and there is no fee payable whatsoever.

The Public Protector can only investigate complaints related to government departments or state institutions. The office cannot investigate judgments by judges or magistrates, the sentences imposed, private acts of individuals, private companies, or doctors and lawyers not working for the state.

For more information visit
www.publicprotector.org
or call
0800 112 040



ECONOMIC POLICY-MAKING IN LATIN AMERICA: OLD WINE IN NEW BOTTLES?

BY JUAN CARLOS MORENO-BRID AND IGOR PAUNOVIC

The authors are with the United Nations' Economic Commission for Latin America and the Caribbean, in Mexico. The opinions expressed here are their own. This article appeared in the *post-autistic economics* review, issue no. 39, 1 October 2006

In this paper, we put forward a succinct assessment of the economic policy-making of the new left governments in Latin America, and their results so far.

To assess the medium-term economic prospects of Latin America, the recent emergence of left-of-centre governments in the region is a fundamental element to be considered. What economic policies do they implement? How do these differ from the orthodox ones put in place by their predecessors?

Will, as their advocates argue, governments of this "new left"¹ adopt strategies, radically departing from so-called neo-liberal ones, that will help Latin America to enter a path of high and sustained economic growth?

Or, on the contrary, are their fierce critics correct in stating that such alternative programmes are revamped versions of populist experiments and, thus, sooner or later, will provoke acute inflation, bloated fiscal deficits, and push the region into financial crisis and recession? Other elements to take into account are the constraints imposed by the world economy and the international financial markets.

ANTECEDENTS

A key root of the region's shift to the left is the disappointing result of the economic reforms, inspired by the Washington Consensus, implemented by previous governments. Indeed, after nearly two decades of drastic macro-economic reforms favouring trade and financial liberalisation, deregulation, and downsizing of the public sector, Latin America is still unable to enter a path of high and sustained economic expansion. Inflation has come down, but economic activity has been sluggish. In addition, in the last ten years, the region has suffered acute economic crises; among the most conspicuous ones were the Mexican *tequila* crisis and the

financial collapse in Argentina a few years ago.

During the 1980s, the average real per capita GDP declined in Latin America due to the debt crisis. In the 1990s, it expanded at 1.5 percent per year, four points below the average of developing countries in Asia. Moreover, between 1980 and 2000, the income gap between Latin America and the Organisation for Economic Cooperation and Development (OECD) widened, and there was scant progress in the reduction of poverty. By the beginning of

At the same time that the native population was becoming weary of the conventional economic strategies, the left-wing parties' campaigns in favour of a new development agenda were attracting respectability.

the millennium, close to 50 percent of its population lived in poverty, with 25 percent in conditions of extreme poverty. And, particularly worrisome, Latin America remained the most unequal region in the world.

Not surprisingly, Latin Americans became critical of the neo-liberal economic policies implemented. *Latinobarómetro* showed that, by 2000, less than 30 percent of the population across the region believed that privatisations were beneficial, an approval rate 30 points lower than a few years before.

The majority considered saw the market economy as the main road to development, but less than 25 percent claimed to be satisfied with its results. By then more than 50 percent were against the view that the state should not intervene in economic affairs. Physical insecurity and the lack of employment were regarded as the major concerns of Latin America.

On the other hand, the success of China and other Asian economies in luring vast inflows of foreign direct investment and maintaining a rapid economic expansion, based on heterodox policies that allowed for an active role of the state in the economy, contributed to further undermine the credibility of the Washington Consensus. Thus, at the same time that the native population was becoming weary of the conventional economic strategies, the left-wing parties' campaigns in favour of a new development agenda were attracting respectability. An additional element in their favour was the fact that, after 9/11, Latin America appeared to drift away from the United States' screen of geopolitical priorities.

RHETORIC AND REALITY

The above-mentioned factors shifted political preferences in Latin America, allowing for a number of left-wing parties to be ushered into power through democratic elections. The debate about the macro-economic policies adopted by these new left governments is ideologically charged, with rhetoric tending to prevail over reality. Their supporters defend them as alternatives to counteract the adverse effects of the neo-liberal agenda, while their critics brand them as populist programmes doomed to end in a financial and economic crisis.

A preliminary inspection of the recent economic performance of the region suggests that the macro-economic policies put forward by the new left governments to date are not the irresponsible populist public spending experiments that their critics describe.

During 2003-2005, the performance of medium and large Latin American economies under left-of-centre governments (with the exception of Venezuela) does not substantially differ from that of other medium and large economies in the region under governments with a right-of-centre political orientation. During this period, the left-wing governments have, on average, been somewhat more successful in sustaining a high rate of economic expansion, but less so in achieving low rates of inflation. Differences between both groups shrink if Venezuela is excluded.

In these three years, the group of left-wing governments held tighter fiscal positions than other economies here considered. Indeed, whether Venezuela is included or not, the group registered an average fiscal deficit lower than 1 percent of GDP, compared with an average of more than 3 percent for the right-of-centre group. With the caveat that it is probably too early to draw firm conclusions, it seems that the new left governments do observe fiscal prudence.

If world oil prices decline significantly, subsidies for food and healthcare for the poor in Venezuela may be subject to severe cuts.

The case of Venezuela deserves a special comment to the extent that its fiscal position relies on oil revenues (50 percent) – though the same can be said of Mexico, where the oil sector contributes 40 percent of total public revenue. The fiscal situations of both countries are vulnerable and, unless additional sources of tax revenues are exploited, may become even more problematic if world oil prices decline significantly. In this event in particular, subsidies for food and healthcare for the poor in Venezuela may be subject to severe cuts.

PRICE CONTROLS

To partially compensate for the adverse impact of high oil prices on consumers, many countries grant subsidies or set price controls on gasoline. In Argentina, to cut down inflation, the government has not updated utility rates, and has set up agreements to impose price caps on a range of basic goods, including beef, with wholesale stores and producers.

These measures will be ineffective if the Argentine economy continues growing, as it has, at real annual rates of 9 percent or above, unless additional investment comes forward to ease supply-side bottlenecks. In this regard it is important to point out that the government has put in place special incentives to stimulate investment in sectors that produce key inputs or other goods intensive in innovation. In addition, it recently banned the export of beef, in order to insure the supply for the domestic market.

A characteristic of the new left's economic strategy is its marked effort to strengthen the margin of autonomy of macro-economic policy by the reduction of public foreign debt. Argentina, against the advice of the IMF, negotiated with its foreign creditors and managed to restructure its external debt in the largest operation of its kind in history, obtaining a discount of 70 percent on close to US \$100 billion.

In addition, some new left governments in mineral-rich countries have significantly increased their fiscal revenues by renegotiating with transnational companies the distribution of rents from the exploitation of natural resources. This has been done by increasing royalties and tax rates or, in Bolivia's radical move, by moving for the nationalisation of such resources.

For fiscal policy to have the capacity to act in a counter-cyclical way, Latin America (on both sides of the political spectrum) needs comprehensive fiscal reforms to:

- increase tax revenues as a proportion of GDP by at least 5 points above their current range of 10-20 percent

- implement a more progressive tax system that will affect income distribution.

Some advances have been made, but fiscal reform has a long way to go. It remains to be seen whether recently adopted measures to tax exports of certain commodities and financial transactions will be only temporary fixes and soon abandoned to avoid their long-term distorting effect on production.

Fiscal prudence has been accompanied in most new left governments – with perhaps the exception of Brazil – by a commitment to avoid a persistent and significant appreciation of the real exchange rate. Indeed, through open market operations, central banks have been reducing the supply of foreign exchange in the domestic arena and, simultaneously, increasing their external reserves.

A characteristic of the new left's economic strategy is its marked effort to strengthen the margin of autonomy of macro-economic policy by the reduction of public foreign debt.

This orientation of monetary policy implies a recognition that the exchange rate has an important influence, not only on domestic inflation but also on international competitiveness.

WAGE NEGOTIATIONS

Another essential element in considering the adequacy of the new left's macro-economic policies is the extent to which the government interferes in wage settlements. Argentina enacted income policy measures to strengthen the purchasing power of poor and middle-income families. Uruguay, in addition, reinstated the old institutions of wage councils (*Consejos de Salarios*), which are once again the institutions where wages are negotiated at a national level. Most of the new governments in the region have decreed a significant but far from excessive hike in minimum wages, given the deterioration they'd had in real terms in the past.

Such restraint may reflect the fact that policy makers are concerned more with creating jobs than with improving employees' earnings in formal labour markets. It also reflects the recognition that, unless backed by increases in productivity, nominal raises in minimum wages may fuel inflation with scant effect on real wages. In any case, by 2005, with the exception of Chile, the real average earnings of workers in countries under left-of-centre governments were still below their level in 2000.

So far, radical measures to alter income and wealth distribution have not been included in the new left agenda. They have been ruled out due to political and electoral, as well as to economic, considerations. In particular, such measures, unless they have wide and strong political support,

tend to weaken the business climate and alienate part of the electorate. In addition, recall that new left governments took power accompanied not by the noise of bullets but by ballots in free elections. Consequently, these governments are very much aware of the impact of their policies on the overall electorate. In addition, some of these governments are backed by coalitions of diverse political trends and sectors, coalitions that may not be solid enough to support radical redistribution policies or fiscal reforms.

GEOPOLITICS

International relations are one area where the economic policies of the new left governments depart from previous models, as virtually all left-leaning countries are moving toward greater independence from international financial institutions. Temporary agreements with the International Monetary Fund (IMF) on macro-economic policy tend, in general, not to be renewed. Moreover, in a move that gained international prominence, Brazil and Argentina prepaid their outstanding debt with the IMF.

The recent evolution of some regional accords has been complicated. Indeed, for example, the Andean Community has suffered the withdrawal of Venezuela, though partially compensated by Chile. And the Free Trade Area of the Americas (FTAA) project seems to have stalled. In any case, regional integration is still seen as a more attractive option for increasing commerce than bilateral trade agreements with the United States.

On the multilateral front, in contrast with the passivity in previous rounds, the new left governments play an increasingly active role. It is clear now that the negotiations of the Doha Round face a grim future unless developed countries agree to open their agricultural sectors and to eliminate agricultural subsidies.

EXOGENOUS RISKS: THE GLOBAL IMBALANCES

There are two scenarios that, in our view, should be first explored regarding the likely medium-term evolution of the world economy and its impact on Latin America.

The first is characterised by a, say, "soft landing" of the United States' economy, coupled with a continuation of a rather strong growth of the European Union, the Chinese and other Asian economies so that world trade keeps expanding at a relatively solid rate. This scenario implies that the region will face no significant adverse shocks and, thus, its macro-economic policies will not be particularly challenged.

If the boom in commodity prices does not lose impetus, governments in the Southern Cone will continue to be pressed to avoid the appreciation of the real exchange rate. If the expansion of world trade does decline, the whole region will then continue to be pressed to meet the challenge presented by China in international markets, and may implement policies to boost production of tradable goods and value-added services, as well as of commodities and inputs that the Chinese market demands.

The alternative scenario assumes that the fiscal and current account imbalances in the US economy soon become unmanageable, and lead to a recession combined with substantial turmoil in the exchange rate matrix. In this case, the Latin American economies will be dramatically urged to accommodate a fast depreciation of the dollar, a slowdown in its GDP growth, and an increase in interest rates. This adverse scenario will pose a major challenge for macro-economic policy-making in the region, with some countries most likely unsuccessfully fighting to avoid acute destabilisation and recession.

CONCLUSIONS

With the exception of Chile's Concertación, new left governments in Latin America are recent arrivals on the real practical policy-making arena. Assessing and predicting the impact of their macro-economic policies is thus an exercise in audacity and of a partial and preliminary nature.

With this caveat, it is safe to conclude that, so far, Latin America's new left's policies are not in a populist, free-spending mode that ignores budgetary constraints. On the contrary, new left governments have shown strong fiscal prudence, an increasing state intervention in economic affairs and a commitment to avoid the persistent appreciation of the real exchange rate. This is particularly true of governments that, concerned with employment problems, try to stimulate job creation in export-oriented sectors.

Concerning the trade-off between inflation and economic growth, the new left governments seem inclined to accept, within limits, higher inflation if it is accompanied by higher rates of economic growth. They emphasise the need for macro-economic policies guided by development goals and not merely by price stabilisation. In practice, their approach to achieving key social goals, poverty alleviation and income redistribution has been gradual. They have not implemented high-impact social measures that run the risk of triggering large fiscal imbalances and debt spirals.

Minimum wage increases have been rather reasonable, and trade liberalisation measures have not been rolled back. The starkest innovations on policy matters concern relations with international financial institutions and some transnational corporations regarding the distribution of rents in activities that are intensive in the use of mineral

In our view, the left today in Latin America is in the process of building a new paradigm of economic development policies. Whether it will succeed in doing so is unclear.

resources. To achieve greater degrees of freedom in macro-economic policy-making, governments have lowered the public debt ratio, rescheduled public debt maturity structures, issued bonds denominated in local currency, and, most notably, run high primary fiscal surpluses to improve debt sustainability.

The constraints that Latin American governments, left-wing and centre/right-wing, face are formidable. Radical, drastic changes in macro-economic policies are likely out of the question, given the weakness of public sector revenues and the commitment to trade liberalisation and the free movement of capital flows. Nevertheless, certain changes in the composition of public expenditure, as well as in policies to promote innovation and to develop specific sectors, could lead to very different and positive outcomes in the medium term.

Perhaps the main risk today is having a big gap between what is expected from the new left governments in terms of social and economic development and what they will actually achieve. A large credibility gap may undermine support for new left governments, and lead society to push for more radical, left-wing or right-wing, governments. In our view, the left today in Latin America is in the process of building a new paradigm of economic development policies. Whether it will succeed in doing so is unclear. In other words, and contrary to the opening statement in the title of this essay, the new left macro-economic policies seem to be more a case of "new wine in new bottles". Whether this wine will age gracefully and have a rich and memorable taste or, on the contrary, sour and decay is too early to know.

NOTE

¹ The term "new left" is not used in the European sense of the last 30 years, but only to identify the left-of-centre governments currently in power in Latin America.



FREE STATE MOVING OFF-SHORE

Adding value and exporting the finish product is an endeavor to create quality and sustainable jobs. The Premier's Awards For Export Excellence is one intervention by government to lend impetus to this process, writes Kgotso Tau.

The Free State Provincial Government is pulling out all stops to ensure that it is on a high road to sustainable economic growth and development. Through the Department of Tourism, Environmental and Economic Affairs every effort is done to create a platform for marketing the Free State Province as an investment destination, and also to showcase its products and services to possible investors and buyers from abroad. Export trade is the centre piece of the Free State Growth and Development Strategy.

For the seventh year running, the DTEEA held Premier's Award For Excellence to recognize and reward excellence in export business. Export is measured in terms of value added to Free State natural produce and should constitute a substantial proportion of the applicant's throughput. Nominated companies should have a proven ability to produce a marketable product which has identified a viable and sustainable market.

At the center of this initiative is the value adding in products like jewellery and agro processing in support of the Free State Growth and Development Strategy. The Free State effort is aimed at contributing towards the IBSA (India Brazil and South Africa) agreement which is the result of the tri-nation summit held in Durban last August and the follow-up meeting held later in India.

Export trade in the Free State is aimed at promoting products from different regions of the province. Growth sectors are as follows:

- Motheo (central region) focusing on the textile manufacturing and truck bodies and furniture sectors
- Lejweleputswa (Goldfields region) Gold jewellery manufacturing, farm machinery and equipment
- Fezile Dabi (North region) Petro – chemical down – streaming and pharmaceuticals
- Thabo Mofutsanyana (Eastern region) Agri- industrial beneficiations and tourism development.
- Xhariep (Southern region) Wine, Art and craft, sleeper furniture and ostrich products

As part of an aggressive trade and promotion strategy, in the recent past, the Free State has established an international platform for Free State products in Finland, Belgium, Sweden, Uganda, Ghana and many more.

The Free State Premier's Awards For Export Excellence was introduced with an expressed intention to maximize job creation in the formal sector of the Free State economy through diversification and growing the manufacturing base of the Free State. The specific focus here is the promotion of value adding, specialist skills utilized in manufacturing, processing and assembling in the formal sector of the economy. At a glittering gala dinner on the 5th December 2006 at the Sand Du Plessis Theater in Bloemfontein, winning companies were awarded exciting prizes in the following categories;

- Premier's Award – Exporter of the year
Bio Sculpture International
- Small Business Exporter of the year
Accent Manufacturing
- Emerging Exporter of the year
Umpukani Flora
- New Entrant to the Exporter field
Kganya Creations

The Exporter of the year won an all expense paid trip to an international expo to place it in a better position to expand existing markets and penetrate new markets and increase export earnings. The Small Business Exporter of the year won an HP Pavillion 6101 note book to enable it to improve its competitive edge. The Emerging Exporter of the year was awarded an Acer Apire 3682 WLM1 computer to enhance its business processes. The New Entrant won training course in export marketing.

All winners won advert space in reputable international and local publications, and an all expense paid weekend at the soon to be opened R31 million rand upgraded Phillip Sanders holiday resort. DTEEA is embarking in an aggressive campaign to encourage Free State people and companies to get involved in value adding or beneficiation. Adding value and exporting the finish product is an endeavor to create quality and sustainable jobs.

FREE STATE PREMIER'S EXPORT EXCELLENCE AWARD 2006

DEPARTMENT OF TOURISM, ENVIRONMENTAL AND ECONOMIC AFFAIRS CONGRATULATE THE WINNERS

EXPORTER OF THE YEAR

BIO SCULPTURE INTERNATIONAL

Currently exporting to 25 countries the company manufactures and supply UV-curing nail-gels and products related to hands, feet and nail care.

Clocolan Tel +27(51) - 943 0377

Email: elmie@biosculpture.com

Contact person Dr E Scholtz



MEC Masithela and Premier Marshoff with the Exporter of the Year Dr. E Scholtz



MEC Makgoe (Treasury), Mr Makhanya (Member of Mayoral Committee MLM), Mrs Masithela and MEC Masithela

SMALL BUSINESS EXPORTER OF THE YEAR

ACCENT MANUFACTURING

The company specializes since 1999 in the production and sales of putty adhesive with major markets including China, Taiwan, USA, UK, Germany and New Zealand.

Tshiame / Harrismith Tel: +27(58) – 635 1630

Contact person: Mr. G. Denys



EMERGING EXPORTER OF THE YEAR

Companies involved in the export trade for not longer than 24 months with the cycle starting 1 January 2005.

UMPUKANE FLORA

Started ten years ago, Umpukane Flora specializes in Oriental Lilies and Zantedeschia (Arum Lies).

Clocolan Tel: +27(51) - 943 70012

Email: peet@umpukane.co.za

Contact person: Mr. P. Van Rooyen

NEW ENTRANT TO THE EXPORT FIELD

KGANYA CREATIONS 7 YOUNG DESIGNERS

A jewellery and beadwork design and manufacturing company producing rings, corporate gifts, broach pins, bangles, neck pieces and bracelets

Virginia Tel: +27(57) 217 1307/ +27(72) 222 2618

Contact M Lic

FOR MORE INFORMATION:
PLEASE CONTACT:
COMMUNICATION UNIT
Ms. Xoliswa Miso
+27 51 400 9567

FREE STATE PROVINCE

Department of Tourism, Environmental and Economic Affairs



A PARLIAMENTARY ASSEMBLY AT THE UNITED NATIONS?

BY VICENTE GARCIA-DELGADO

The author is the UN Representative for Civicus: World Alliance for Citizen Participation. This article appeared in *e-CIVICUS News*, 22 February 2006

A UN Parliamentary Assembly would of necessity make the United Nations (UN) more democratic. It would provide the UN with renewed legitimacy, and it may also help bring civil society and all citizens closer to the UN.

The UN has reached its most critical moment since the end of the Cold War. Unimaginable new global challenges – from terrorism to climate change and from global diseases, conflicts and catastrophes to economic and social gaps – are advancing at stunning speed, seemingly out of control.

The entire UN system is stretched to the limit and profound reforms are needed to make it substantially more functional and effective. However, while the lofty principles of the UN Charter and the Universal Declaration of Human Rights continue to be paid plenty of lip service, governments still

Such a scenario could bring about the UN's most urgent reform: a change of consciousness where existing and emerging global challenges are no longer denied nor ignored; a change of consciousness where the interests of the commons are universally seen to coincide with the national interests.

find it hard to place the interests of the commons ahead of narrow national interests. A real effort to strengthen the UN through meaningful reform seems unlikely in the current historical circumstances.

Now, 15 years of hard work by civil society to secure more meaningful citizen participation at the UN is placed at risk. According to a recent Dialogue on Globalisation paper published jointly by the Friedrich Ebert Stiftung and the Global Policy Forum:

"Consultative arrangements between the UN and NGOs, in

1996, to reform NGOs' formal opportunities for participation, have been unsuccessful. The recommendations made by the Cardoso Panel on the future of UN-civil society relations played no apparent part in debates on UN reform in 2005. Instead, governments sent out the opposite signal during the Millennium+5 Summit preparatory process. In contrast to their practice at the UN Conferences of the 1990s, or the Economic and Social Council (Ecosoc) meetings and the meetings of its functional commissions, in 2005 governments largely excluded NGOs both from the preparation of the summit and from the summit itself."

With the overwhelming global crises thrust upon UN member states at present, citizen participation is not high on anybody's agenda. More so than ever before, decisions affecting millions or even billions of people are made behind closed doors by representatives of governments, thus only indirectly representing their citizens. Thus the political will to implement solemn global commitments remains largely absent.

In this context, the question arises whether an eventual UN Parliamentary Assembly would serve to democratise and strengthen the UN while effectively enhancing civil society and citizen participation at the UN. The Committee for a Democratic UN (KDUN), a non-governmental organisation founded in 2004 by a group of eminent persons from politics, society and science, thinks it would.

Parliamentarian involvement at the UN is not new. The Inter-Parliamentary Union (IPU) established in 1889, received official observer status at the UN General Assembly in November 2002. KDUN's idea goes further, however: while the IPU is "an international organisation of the parliaments of sovereign states", KDUN envisages the establishment of a "UN Parliamentary Assembly" proper.

A GRADUAL APPROACH

In a September 2005 paper, "Developing International Democracy – For a Parliamentary Assembly at the United Nations", Andreas Bummel, KDUN's Chair and the German member of the World Federalist Movement Council,

outlines a gradual approach by way of which the UN parliamentary assembly would in an initial stage be limited to consultative status complementing the UN general assembly (no amendment of the UN Charter would be required at this stage). This initial stage could be achieved by way of a co-operation agreement with the general assembly in tandem with the IPU, or the creation of a subsidiary UN body. This would, the author suggests, make a "crucial link between the UN, the organisations of the UN system, the governments, national parliaments and civil society." Further, such assembly, "as the voice of its citizens", would be "a manifestation and vehicle of a changed consciousness and understanding of international politics".

Initially composed of national parliamentarians, the assembly would be provided gradually "with genuine rights of information, participation and control vis-à-vis the UN and the organisations of the UN System." A UN parliamentary assembly vested with such rights was called for by the European parliament in the summer of 2005. KDUN envisages that, in a later stage, the assembly may be directly elected by the peoples of the world.

These are large words indeed: a UN parliamentary assembly elected by the peoples of the world? Imagine for a moment the potential for democratisation and strengthening of the UN through a transparent and democratic collaboration between such an assembly, the world's citizens and civil society organisations! The assembly's influence in the work of the UN, particularly in the latter stage, would be formidable, and civil society's influence should likely increase proportionately. Such a scenario could bring about the UN's most urgent reform: a change of consciousness where existing and emerging global challenges are no longer denied nor ignored; a change of consciousness where the interests of the commons are universally seen to coincide with the national interests.

At first glance this seems a "mission impossible". Member states and the UN itself are immersed in a myriad of pressing issues at a time when "reform" tops the UN's internal agenda. With an unexpected backlash against civil society in the offing (despite the good efforts of the UN general assembly president, Jan Eliasson, to reverse the trend), citizen participation at the UN is diminishing quickly. It would be safe to assume that member states as a whole are not in the mood to consider a parliamentary assembly at this time.

National governments at the UN are watching, presumably with some concern, the swift global changes enveloping them. The lack of leadership and the impression that there is no clear way forward add to the sense of uncertainty. Rich and poor countries alike are living on an edge – an economic, social and ecological edge; an edge concerning their own security. Thus contradictions exist between the high principles of the UN Charter and the Universal Declaration of Human Rights, and the sad reality of member states vying for position to advance short-term national interests at the expense of humanity's future generations.

COMMONS' GOOD

But as the challenges facing our civilisations turn more global and more complex, the good governance of the commons becomes essential to the survival and well-being of billions of human beings, countless animal species and flora. We are the generation that can make the difference; and we just might do so. Humanity owes it to itself and to its future generations to find creative ways to get us out of this mess.

Any solution to this quagmire must have the support of the citizens of the world to be successful. Citizens, individually and through their local, national, regional and global civil society organisations, must be involved in the project of identifying, adopting and implementing viable solutions from their initial planning stages to their fruition and implementation. Nothing else will work. Only more democracy, more transparency, more accountability and active and meaningful citizen participation can make our dysfunctional 19th-century system adjust gracefully to the realities of the 21st century. Less democracy, less transparency, less accountability or citizen participation can only bring more trouble and more chaos.

Everyone benefits from more democracy, be it citizens, local and national governments, civil society, business or international institutions, including – indeed, particularly – the UN. Major world events in the next few years may finally put in plain view the unequivocal global need for immediate, concrete advances in global governance and a true reform of the UN. A sudden, global change of consciousness could influence many member states to favour profound UN-reform ideas such as the establishment of a UN parliamentary assembly.





the doc

**Department:
Communications
REPUBLIC OF SOUTH AFRICA**

Making South Africa a global leader in harnessing ICTs for socio-economic development

The Department of Communications



The vision of the Department of Communications is to be the global leader in harnessing Information Communication Technologies for socio-economic development.

The Minister of the Department of Communications, Dr Ivy Matsepe-Casaburri, is the political head of the department. Also falling under the Ministry is the office of the Deputy Minister, Mr Radhakrishan Roy Padayachie.

The Director General, Ms Lyndall Shope-Mafole, is the accounting officer of the Department, and head of the Department's Executive Committee.

The Department's work is undertaken under six programmes:

- Governance and Administration
- International Affairs and Trade
- ICT Policy Development
- Finance and ICT Enterprise Development
- ICT Infrastructure Development, and
- The Presidential National Council on Information Society and Development (PNC on ISAD)

Background

The Department's function is to develop ICT policies and legislation that stimulate and enhance the sustainable economic development of the South African first and second economies, and positively impact on the social well-being of all South Africans. This is carried through mainly the development of policy and legislation; evaluation of the economic, social and political implementation impact and processes of the said policies; the exercise of oversight over state-owned enterprises, and ensuring that the department fulfils South Africa's continental and international responsibilities in the ICT field.

Historical Background

The Department of Communications was reconstituted into its present form and with its current mandate on the passing of the Telecommunications Act No 103 of 1996. Previously, the Department was known as the Department of Post, Telecommunications and Broadcasting.

Since its new mandate, the Department has worked hard to create a favourable environment that ensures that South Africa has the capacity to advance its socio-economic development goals, and supports the renewal of Africa and contributes to the building of a better world. This mandate places the Department at the forefront of Government initiatives to bridge the digital divide and to providing universal access to Information and Communications Technologies (ICTs) for all South Africans.

This mandate is carried through by developing ICT policies and legislation that stimulates and enhances the sustainable economic development of the country's first and second economies, and that positively impact on the social well-being of all South Africans. Through policy development, the Department also seeks to restructure the State-Owned Enterprises, introduce competition in the sector, and accelerate the penetration of services into under-serviced communities. The Department also continually strives to streamline the regulatory framework in its quest to achieve competitiveness in the sector.

The Electronic Communications Act, which was passed in April 2006 and came into effect in July 2006, seeks to remove hindrances to the development of cross-sector applications, services and businesses. The Act enables the sector to reflect the integration of telecommunications with information technology, broadcasting and broadcasting signal distribution.

It also empowers citizens with better access to knowledge and information. Previously, the Telecommunications Amendment Act, passed in 2001, had enabled the Department to liberalise the South African Telecommunications market, increasing competition and as a by-product, stimulating the sector to bring down the costs of communication, and removes constraints to growth.

The amendment also provided for the licensing of operators in under-serviced areas with a teledensity of less than 5%, the majority of which are in the Sustainable Rural Development Programme nodal points. It also has brought about an increase in the ownership and involvement in the telecommunications sector by women and historically disadvantaged groups.

ICT Empowerment Charter

The final draft of the ICT Empowerment Charter was presented to the Minister in May 2005 after two years of intensive consultation with the sector. This Charter will be adopted and published as a code of good practice, to guide all BEE activities in the broadcasting, electronics, information technology and telecommunications industries.

The core functions of the Department

- To develop ICT policies and legislation that stimulate and enhance a sustainable development of South Africa's first and second economies, and impact positively on the social well-being of all South Africans
- To evaluate the economic, social and political implementation impact, outcomes and processes of the said policies
- To exercise oversight on State Owned Enterprises (SOE's)
- To fulfil South Africa's continental and international responsibilities in the ICT field

With a view of broadening participation in the economy, the DoC objectives are to accelerate the usage of ICT's as a tool in all spheres of government delivery and for socio-economic development, facilitate the growth and development of SMME's in the ICT and other sectors and improve their sustainability through the development of new applications for e-services in the ICT sector.

The Department's strategic direction is based on five key focus areas:

1. Achieving higher rates of investment in the economy;
2. Increasing the competitiveness of the SA economy;
3. Broadening participation in the economy;
4. Improving capacity of the State to deliver; and
5. Contributing to a better world.

The Department has also identified a number of strategic objectives towards achieving its mandate. These are:

- Broadband Strategy
- Digital Migration Strategy
- Universal service and access policy and strategy
- DoC 2010 Strategy
- Stakeholder Management Strategy
- E- Cadres strategy
- Spectrum Management Policy
- ICT BEE Charter
- Funding model for Regional Televisions
- Research and development of ICT products and service
- Additional Community Radio Stations
- National Emergency communications Framework
- Active participation in World Radio Conference 2007 and Regional Radio Conference 2006
- National Space and Satellite Programme for Communications

- Fulfillment of International Obligations (Post WSIS implementation, G77+ China, International Telecommunications Union, WTDC -06, Bilateral engagements, hosting of PIAC, IBSA framework of Cooperation)
- NEPAD projects
- SA International ICT strategy and programmes (Bilateral, Multilateral and Africa (SADC/AU); South - South Cooperation)

Digital Migration

The digital migration project is gaining momentum, influenced by developments internationally. The Conference on digital broadcasting migration held in July 2006 agreed on a phasing in period starting in June 2006 and ending in June 2015 for full migration from analogue to digital broadcasting. When fully implemented nationally, digital broadcasting will provide the country with a robust platform for the introduction of new diverse digital services. This will allow the country to integrate into the global community. When the framework was drafted, it aligned the country with broadly accepted overarching principles that underpin digital migration. Currently the Department is managing the migration to digital platforms to make sure that the process is aligned with multilateral institutions such as the International Communications Union, the World Trade Organisation, and the African Union.

2010 Initiative

The DoC established a 2010 Soccer World Cup programme as recognition that the country must accelerate the programme to meet the need for quality Information and Communications Technologies (ICTs) as the critical, "invisible" success factor to the 2010 World Cup. To succeed on the world's stage, South Africa will have to provide quality ICTs at the venue host city level, and the DoC must ensure that the event must also produce a lasting legacy for ICTs in South Africa.

Contact details

Key contact people:

1. **Name:** Ms Lyndall Shope-Mafole **Position:** Director General
2. **Name:** Ms Basani Baloyi **Position:** Chief Director: Human Resources
3. **Name:** Ms Samantha Bloem **Position:** Chief Director: Communications
4. **Name:** Rhena Lusiba **Position:** Head of Ministry

Physical address: iParioli Office Park, 399 Duncan Street, Hatfield, Pretoria

Postal address: Private Bax X860, Pretoria, 0001

Tel: 012 427 8000

Website: www.doc.gov.za



facilities management consortium



Top end Integrated Facilities Management Services

The DSVH is responsible for the integrated Facilities Management Services of the Prestige Portfolio Cape Town. The contract is a four year renewable performance based contract was awarded to DSVH Facilities Management Consortium, of which Drake and Scull FM SA own the majority of the stake, and the balance owned by Vulindlela Holdings based in Kwa-Zulu Natal. The Parliament Buildings in Cape Town Account is one of the largest contracts that Drake & Scull FM SA is responsible for in South Africa. This account was awarded in December 2005 and mobilised in March 2006. As part of the contract, the DSVH has committed to run the ECDP program, says Songezo Boo, Operations Executive.

The ECDP (Realigned ECDP)

'The main objective of the ECDP programme is to develop the technical and entrepreneurial skills of small to medium-sized enterprises in a project environment so as to facilitate their access to work opportunities created by government's Affirmative Procurement Policy (APP). The ECDP focuses on contractors performing contracts from R0 to R1m,' explains Boo.

The programme consists of the following key elements:

- Learnership: i.e. the Construction Contractor NQF Level 2 (CCO2);
- Mentorship: Mentors will be provided as a support mechanism to the learners, throughout the period of the learnership;
- Payments: Compliance of payments to learners, in-line with the Public Finance Management Act (PFMA), which requires payment within 30 days;
- Training Projects
- The CIDB Register of Contractors: The CIDB's Contractor Grading System provides a framework within which the development of emerging enterprises can take place

Contractor Incubator Programme (CIP)

The DPW has embarked on the development and implementation of an Incubator Programme to promote the development of sustainable contracting enterprises owned and controlled by Historically Disadvantaged Individuals (HDIs). The purpose of the incubator programme therefore is to create an enabling environment within which selected existing contracting enterprises can develop into sustainable contracting enterprises. The enabling environment should comprise of two elements: Steady access to work opportunities achieved through sourcing suppliers on Incubator-designated projects from the Incubator Supplier Register. This will also be achieved to some extent by concentrating development efforts on a level of contracting enterprise that can operate in the sustainable R1 million to R30 million range market identified. The number of players in the market place can be expected to be in line with the number of opportunities. Supply side measures for the support of growing enterprises through a structured

mentorship-centered enterprise development programme with improved alignment of institutional support structures. The key elements of the support measures being:

- Access to mentorship
- Access to financial support
- Access to information
- Access to any other development support that would be relevant for contractor development

Women in Construction

This programme aims to ensure that a formidable percentage of contracts are set aside for and taken up by women contractors. A register of women contractors would be developed so that opportunities can be passed on to them.

Company operations

The contract is considered a strategic public/private partnership with the National Department of Public Works (NDPW), which entails an all inclusive Integrated Facilities Management service, that support the NDPW buildings with maintenance operations and project delivery services.

The DSVH Facilities Management Consortium (DSVH) manage these support services to the National Department of Public Works via a national NDPW Government helpdesk – Pretoria Call Centre (PCC) based in Pretoria, then reported to the DSVH helpdesk based in Cape Town.

DSVH has set and formalized objectives to be attained by the contract as follows:

- Establish and sustain a reliable high quality Integrated FM service delivery
- Alignment to Government initiatives and strategic focus
- Realize real Black Economic Empowerment
- Substantial affirmative procurement
- Support the Emerging Contractor's Development Program (ECDP)
- Efficient Project delivery service
- Innovative solutions to Buildings management
- Consistent customer satisfaction to site occupants

Location of services

- Parliament Precinct – Buildings and parking area
- Groote Schuur Estate
- Walmer Estate
- Acacia Park
- Pelican Park
- Laboria Park
- Various outlying Ministerial Residences
- Training programme's and feedback



Left to right: Chris Wallem (NDPW), Songezo Boo (DSVH) & Kenneth Tsobo (ECDP) at the ECDP Launch



ECDP Contractors & Facilitators

BOOK REVIEWS

REVIEWS EDITOR : HELEN DOUGLAS

THE ORIGINS OF DEVELOPMENT ECONOMICS: HOW SCHOOLS OF THOUGHT HAVE ADDRESSED DEVELOPMENT

JOMO K S AND ERIK S REINERT (EDS)

Tulika Books: New Delhi / Zed Books: London, 2006. 188 pp

REVIEWED BY PETER T JACOBS
(ECONOMICS, UWC)

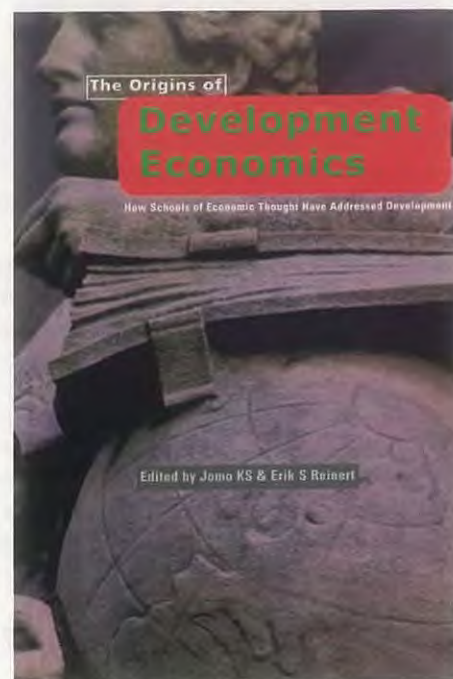
This slim volume revisits a longstanding and intensifying turf war on the subject matter and methodology of economics. Jomo and Reinert assert in their introductory chapter that economics has to be defined in terms of development, a sub-field that purportedly staked out its claim to independence in the aftermath of the Second World War. But what is shown here is that experiments with economic development strategies that hold invaluable lessons for countries wrestling the scourge of underdevelopment today can be traced back at least 500 years.

"Economic development" essentially refers to the processes and consequences of industrialisation. Manufacturing and technology-based activities exhibit increasing returns and positive externalities that give dynamism to development. Other bridging ideas in these essays include: synergies among economic sectors, such as agriculture/manufacturing cross-fertilisation; labour productivity and mobility between sectors; markets, property rights and states and institutions; and human welfare. From this subject matter, the contributors derive a typology to evaluate various schools of thought in development economics. On the methodological front, all the essays in this volume oppose the pseudo-scientific methods in mainstream thinking: the deductive and physics-based theorising used to justify destructive economic policies. Inductive and historical evolutionary approaches, by contrast, are richer analytical alternatives that have been informing development thinking and policy-making for centuries.

Three chapters carefully map the path-breaking insights of pre-neoclassical development thinkers that became the foundations for early post-WWII theorising in development economics. Mercantilist development thinkers, one essay shows, were primarily interested in diversifying into manufacturing to boost agriculture and general economic progress, rather than to accumulate precious metals for its own sake as *neo-classical* trade theorists and historians claim. Sixteenth- and 17th-century Italian development economists underlined the necessity of "state capitalism" for countries wanting to "catch up" and ensure holistic development, another chapter points out. The German Historical School (Cameralists), Erik Reinert argues, established the *lingua franca* of scientific economics in the 19th century and underscored the inability of markets to address social problems and the reasons why late developers need welfare states.

One thematic chapter offers a critique of both Solow-Swan and endogenous growth models, and makes the case for enriching pre-neoclassical approaches to growth of the 1940s and 50s through the inclusion of human capital and research and development. Another chapter debunks the "comparative advantage" doctrine, usually invoked to rationalise neo-liberal globalisation, in favour of state intervention and planning to extend the benefits of international capital flows and technology transfers to late developers.

Two chapters, arguably the most pertinent in this volume, re-examine actual early and late capitalist transitions. Underdeveloped countries seeking to undergo some socio-economic transition to capitalism in the modern era either follow the prescriptions of new institutional economics (NIE), Keynesianism or some Marxist approach. NIE has cornered a large territory in development thinking, as evidenced by the rising popularity of post-Washington Consensus policy advice, yet it retains the deeply flawed theoretical apparatus of neo-classical economics (such as transaction costs). Its narrow insistence on good governance in order to create more efficient markets forces late



developers to institutionalise private property in productive factors as a one-stop solution to underdevelopment. On the other hand, for Marxists considered in this volume, huge chunks of underdeveloped countries stagnate at pre-capitalist socio-economic arrangements and need a period of capitalist accumulation to reconfigure the socio-economic and political class structure. In contrast to NIE, Marxists insist that any great social transformation among late developers will only be possible with massive state intervention.

Marxism was influential in development circles as Latin America, Asia and Africa gained independence from colonialism. It became the analytical foundation for dependency theory and advocates of "de-linking" to break the vicious circle of unequal exchange between "the periphery and imperialist metropolises". Saad-Filho also notes in his essay that this radical discourse offered an alternative to, and co-existed with, structuralism, a variant of Third World Keynesianism seeking a deepening of nationalistic capitalist development.

However, both structuralism and the dependency school have lost their popular appeal, partly because vast regions of the Third World remain painfully underdeveloped in the 21st century. Moreover, they lacked plausible and convincing explanations of post-war developments in Japan and South Korea, and dependency theorists failed to transcend their dogmatic case for socialism.

This book is a crucial addition to the task of rethinking the subject matter and methodology of development economics in response to the pervasive "*there is no alternative*" discourse. It clearly defines the opposing camps, and their platforms for a better world, which fuel the relentless turf war in development theory – a battle over ideas. The writing is accessible and this enhances the mesmerising read each essay offers. Readers, from social activists protesting trade policies to the professional economist pondering alternative growth theories, will find this book riveting.

ECONOMIC DEVELOPMENT AND MULTILATERAL TRADE COOPERATION

SIMON J EVENETT AND BERNARD M HOEKMAN (EDS)

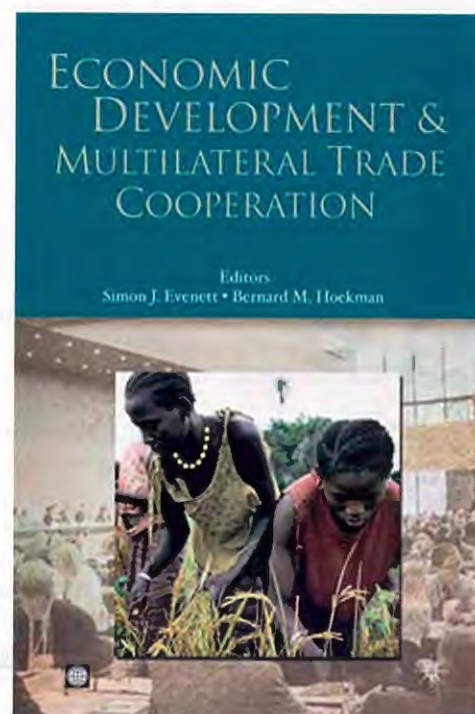
Palgrave: Basingstoke, 2006. 477 pp

REVIEWED BY MILLS SOKO (GRADUATE SCHOOL OF BUSINESS, UCT)

The Doha Round of trade negotiations has triggered a heated debate as to whether the World Trade Organisation (WTO) should pursue its traditional agenda of championing trade liberalisation, or whether it should explicitly pursue development objectives. At the heart of the debate has been a broad understanding reached by WTO member states at the inception of the Doha talks in 2001 that the issue of development would be central to the negotiations, implying a commitment by the developed nations to respond to the trade concerns of poor countries. The problem is that the negotiators never spelt out how incorporating the interests of developing countries in the WTO would translate into a multilateral agreement that meaningfully benefited these countries.

This is the lacuna this book attempts to redress. The volume analyses ways in which the WTO could be deployed to underpin development goals without undermining its core mandate: regulation of global trade. This raises a number of specific questions: how can trade agreements promote development? How could rules be designed to benefit poor countries? Can multilateral trade co-operation in the WTO enable poor countries to develop and strengthen institutions as well as regulatory policies that will increase the benefits from trade and integration into the global economy?

The central theme of the book is that, if WTO trade agreements are to have a developmental impact, they ought to achieve at least one of three outcomes: eliminate external barriers to trade in goods produced by developing countries and do away with policies that adversely affect these countries' trade terms; reduce domestic barriers so as to bring down the prices of goods and services; and encourage the implementation of trade-related regulations and institutions that support development.



The volume is made up of 15 chapters, which discuss the factors that shape the prospects of achieving these three outcomes. The chapters focus on a wide range of pertinent topics in the multilateral trading system, such as the reform of agricultural policies, formula approaches to liberalising trade in goods, reform of services policy, aid for trade, trade facilitation, unilateral preference programmes, investment incentives and multilateral disciplines, and dispute settlement.

In general, the contributors concur that the multilateral trade regime provides a global framework within which poor nations can pursue development policies, including poverty alleviation and growth. But this can be accomplished only if other conditions are met domestically: reforming domestic policies is equally as vital as reforming international policies. As such, if developing countries want to exploit opportunities offered by the international trade system, they ought to recognise that this can only happen in a domestic policy setting that engenders the appropriate conditions for economic development.

This necessitates implementation of policies that seek to advance an effective integration of emerging economies into the global trade order. Such policies should aim to enhance the productivity and competitiveness of firms, address the supply-side constraints that have hampered these economies' participation in trade, minimise transaction costs, improve technological capacity in order to foster cost-effective processing, and deal with adjustment problems induced by trade reform.

This book provides a salutary reminder of the complex challenges that face the contemporary multilateral trade system, which have contributed in no small measure to the failure by the WTO to conclude a multilateral agreement in the Doha negotiations. The contributors deserve kudos for tackling these issues in a lucid, balanced and constructive fashion.

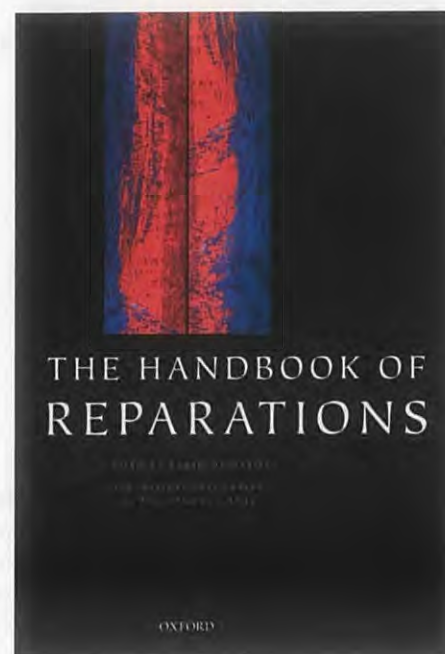
THE HANDBOOK OF REPARATIONS

PABLO DE GREIFF (ED) FOR THE INTERNATIONAL CENTRE OF TRANSITIONAL JUSTICE

Oxford University Press: Oxford, 2006. 1 020 pp

REVIEWED BY NAHLA VALJI AND CARNITA ERNEST (CENTRE FOR THE STUDY OF VIOLENCE AND RECONCILIATION)

The right to reparations for victims of gross human rights violations has gained increased recognition in recent decades; particularly through the rapid growth of the field of transitional justice, of which reparations forms an integral component. The meaning and nature of reparations, described here as a "term whose meaning is not settled either in theory or in practice", remains contested terrain. *The Handbook of Reparations* is an attempt to map this terrain and contribute to a discussion of some of the key controversial issues. It is a wide ranging and comprehensive reference source on reparations as they relate to the field of transitional justice.



The book consists of 20 chapters contributed by 27 authors. The two key sections – thematic and country case studies – each provide an overview of key issues and representative cases as well as difficult-to-find primary documentation and legislation. Structurally, the use of an abstract section makes this mammoth handbook a useable and accessible reference.

Given the complexities inherent in any scheme intended to "repair" or secure justice for past violence, a structured and representative overview of the field poses a particular challenge. Nevertheless, the editor's introduction offers just such a review, as well as an overdue and useful theoretical framework for evaluating reparations schemes. While the focus in this book is squarely on material reparations, it is noted that this constitutes just one of a range of initiatives that are needed in a post-conflict setting to address the needs of victims. The introduction also outlines some of the most vexing problems faced by reparations schemes: implementing them in a context of mass poverty; the complexities

posed by defining which violations get covered and who is considered a "victim"; and the need to establish evidentiary standards for assessing reparations claims. Each of these, if handled incorrectly, has the potential to do further harm rather than contribute to healing.

Thematically, the *Handbook* covers some of the foundational questions that underpin the field – such as the relationship between material compensation and mental health – as well as new or as yet unaddressed questions, such as reparations for sexual violations and the use of micro-finance schemes in reparations programmes. The country studies equally cover a diverse range of cases, from post-WWII, when reparations were defined largely as being between states, to the September 11th fund in the United States, which, although of a vastly different nature to traditional reparations programmes, provides a window through which to examine broader issues of compensation and justice.

While the *Handbook* does not purport to be an exhaustive review of the reparations field, it contributes greatly to a better understanding of the evolution of the right to reparations, the implementation of this right in different contexts, and an assessment of where the field must grow in future. Some of the issues not addressed in the publication – and which are key for us in the context of South Africa and other African countries grappling with the dimensions of reparations – are the role of regional mechanisms in securing the right to reparation; the complexities of reparations across national boundaries in regional conflicts; and the relationship between reparations within the transitional justice framework and that of broader historical conflicts, as in the continuing debate on reparations for slavery and colonialism.

THE NO-NONSENSE GUIDES

NEW INTERNATIONALIST/VERSO: LONDON

REVIEWED BY HELEN DOUGLAS

Major issues facing the world today, complex as they are, are further obfuscated – often deliberately – by political and corporate jargon and media spin. The Verso series of *No-Nonsense Guides*, published in conjunction with *New Internationalist* magazine, aims to cut through the confusion to present the facts and arguments as accessibly as possible. There are almost 20 titles currently available of this series of pocket-sized paperbacks, each less than 150 pages, including bibliographies and contact lists. *New Agenda* reviewed two of them (*Water* and *Women's Rights*) in Issue 19. Here are four more.

THE NO-NONSENSE GUIDE TO...

GLOBALIZATION, BY WAYNE ELLWOOD

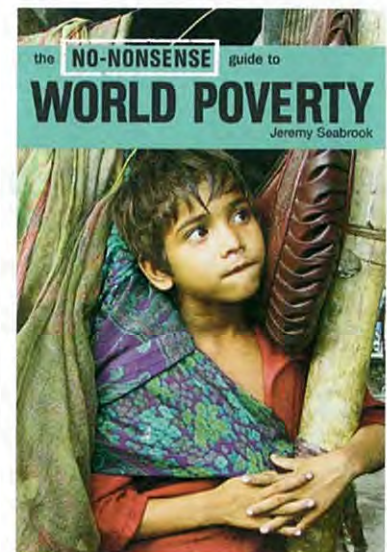
An overview of the history, development and impact of economic globalisation, with clear and compelling discussions of the Bretton Woods institutions, debt and structural adjustment, corporate values, financial speculation, trade and tariffs, poverty, inequality and environmental impacts. The final chapter presents suggested steps toward more responsible and life-centred economic systems, including International Monetary Fund (IMF) reform, a global central bank, global environmental standards, Tobin tax, and an alternative investment treaty for democratic capital control, oriented to the public good.

HIV/AIDS, BY SHEREEN USDIN

Usdin, a medical doctor and public health specialist with the Soul City Institute, presents complex material skilfully. With a strong focus on sub-Saharan Africa, she sketches the history of the epidemic, discusses how AIDS spreads and can be prevented and treated, the impacts of poverty, culture and gender inequality, and the responses of governments and the health industry. The terrible statistics are here (from 2002) – but so are numerous individual stories that bring to life the pain and hope of those living with HIV/AIDS. An excellent resource for educators and parents.

INTERNATIONAL DEVELOPMENT, BY MAGGIE BLACK

"There is no common prescription. To be of genuine use to people, development has to grow organically, building on existing knowledge and systems, and engaging empathetically with modern ideas. Is this really so impossible?" Black takes us through the stages of development projects from the end of the second world war, through the UN Development



Decade of the '60s, the growth of official development aid and the World Bank and the shift from economic toward social, health and educational objectives, to the more recent focus on sustainability and governance. Throughout, her eye is constantly and properly on the question of "who benefits?". Her concluding chapter begins with the no-nonsense suggestion that "[m]ore legitimacy for poor people as equal partners in the process, rather than as objects of development, would be a good starting-point."

WORLD POVERTY, BY JEREMY SEABROOK

This is a good old-fashioned polemic, a rant in the best tradition. The facts are here, and the vignettes of the many profiles of poverty – in the global North as well as the South – but so is Seabrook's caustic commentary and articulate anger. He takes care to tease out the importance of the ways that poverty is defined as well as the ways it has been created. He also looks at the costs of wealth, over-consumption and inequality to support his conclusion that the "cure" for poverty is not wealth, but sufficiency. "Self-reliance, a more respectful relationship between humanity and its fragile resource-base, waits to be rescued from the condescending excesses of a global market which is utterly unresponsive to the needs of the poor, and which casts them, in its cruel calculus of gain, into darkness and silence."

LIBERAL DEMOCRACY AND ITS CRITICS IN AFRICA: POLITICAL DYSFUNCTION AND THE STRUGGLE FOR SOCIAL PROGRESS

TUKUMBI LUMUMBA-KASONGO (ED)

**CODESRIA Books: Dakar; Zed Books: London and NY; UNISA Press: Pretoria 2005.
213 pp**

REVIEWED BY SUREN PILLAY (POLITICAL STUDIES, UWC)

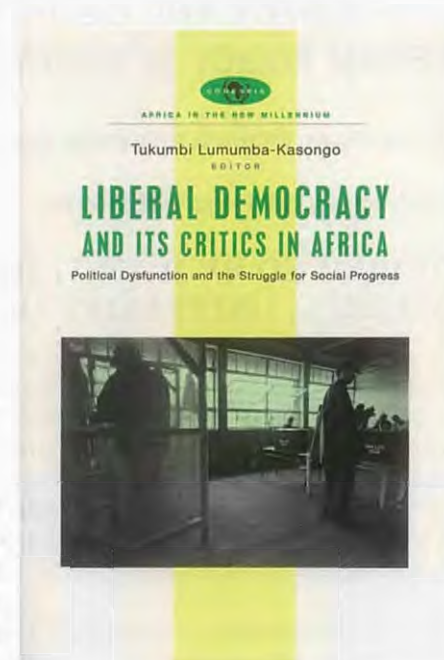
Following the wave of multiparty democracy that has gently flowed, and sometimes ebbed, across the continent of late, these essays are a welcome contribution to the debate on democratisation in Africa. Originally presented at CODESRIA's 2001 Governance Institute on the theme of "Democracy and Democratic Processes in Africa", they constitute an impressive span of detailed case studies.

Algerian scholar Rachid Tlemçani, in his "Reflections on the question of political transition in Africa: the police state", explores the deleterious effect of the US-led "war on terror" on African constitutional reforms. He looks in particular at how the war on terror is enabling states to place limits on citizens' rights, and, as in the case of Algeria, to reverse some aspects of democratic reforms in the name of "national security", thereby strengthening the role of coercive institutions over civilian life.

In a provocative chapter on the relationship between ethnicity and voting in Cameroon, sociologist Joseph-Marie Zambo Belinga questions the assumption that the two – ethnicity and voter support – are linked. Careful ethnographic studies of local voting patterns explore local understandings of the democratic process and the use of ethnic identity. Contrary to many other studies, the author finds that, while ethnicity does play a role, it is not the main determinant of voting choices, but rather features as one factor among others that influence the choices of the electorate. Emmanuel Debrah also explores local interpretations of the universalised language of democracy to good effect in his study of the 2000 elections in Ghana, where Jerry Rawlings competed against an official opposition that he underestimated quite considerably.

Other chapters look at such issues as women's participation in Kenyan politics, alliance building in the Congo and Nigerian interpretations of electoral democracy.

The authors seek to provide African perspectives on the democratisation of political life in their respective countries. As the editor notes, "the studies in this collection challenge both the tourist-knowledge paradigms and the assumptions related to the plantation mentality of some Africanists who use their research data for purposes other than those of



African development." He goes on further to point to the possible dissonances of the origins of liberal democracy as a Western import that privileges individualistic conceptions of the self versus what he terms "African notions of personhood", which are more rooted in collective identities. While the editor has attempted to frame the project within this approach, it appears that this was done in hindsight rather than prior to the conduct of the research and the writing of the studies. Not all the studies live up to or share this aspiration equally, and some draw quite substantively on the very Africanist conceptual approaches the editor wishes to problematise.

There is a growing body of literature that does question the universal application of liberal democracy, but the "critics" of liberal democracy referred to here are those recalcitrant figures who are hampering the entrenchment of democratic practices in Africa, rather than those who are critics of the theory of liberal democracy. That said, the volume is an important, well-grounded and stimulating contribution to current debates on democratisation, both in Africa and globally.

DEMOCRACY AND DELIVERY: URBAN POLICY IN SOUTH AFRICA

UDESH PILLAY, RICHARD TOMLINSON AND JACQUES DU TOIT (EDS)

HSRC Press: Cape Town, 2006. 334 pp

REVIEWED BY IVAN TUROK (URBAN
STUDIES, UNIVERSITY OF GLASGOW)

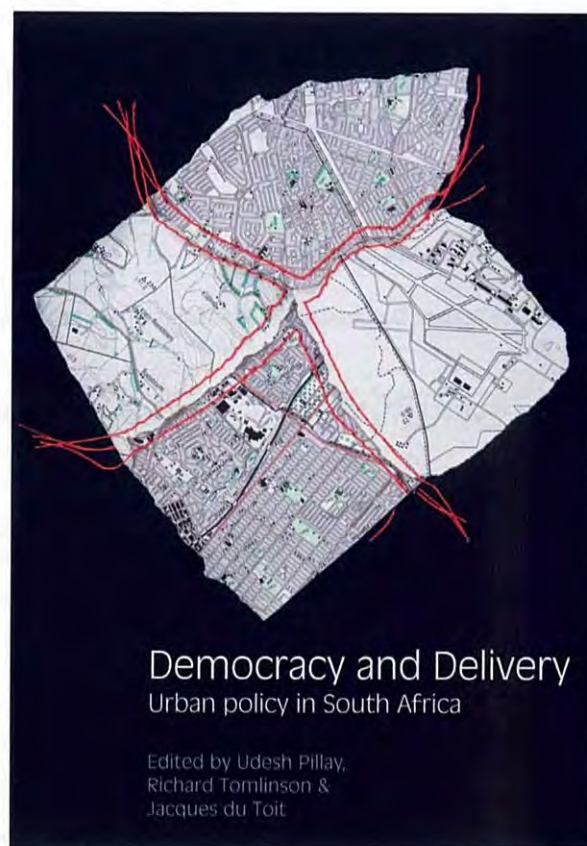
Radical changes have been made to the governing structures and policies of South Africa's towns and cities over the last decade in order to address the apartheid legacy. This book provides a detailed account of many of these attempts to create democratic local government and to deliver better services for the poor. It is written by some of the country's foremost urban scholars, and it deserves serious attention.

The basic purpose is to analyse how the main urban policies were made, helping readers to understand their origins and the influence on the policy process of local research evidence, external ideas, domestic politics and economic circumstances. It also seeks to assess how effectively the policies have been implemented and subsequently modified. These are ambitious objectives for the book and are only partially achieved.

One section considers the policies that followed the "one city, one tax base" slogan of the township struggles. These include the restructuring of local government boundaries, administrative arrangements and financial systems to support service delivery to the poor majority. The authors of these chapters were intimately involved in these changes and are relatively positive about their future impact.

Another section examines the introduction of integrated planning and developmental policies towards tourism, foreign investment, mass housing and free basic water services. These chapters tend to be far less sanguine and raise some serious doubts about the content of policy. There is also a section on areas where the government has been reluctant to act explicitly: urban spatial policy and urbanisation.

The book will be most useful to students and other readers who want to know more about the recent history of urban policies and the growing role of the big cities as they become more assertive and autonomous tiers of government. One of the clearest points to emerge is the extraordinarily complex challenges confronted, partly because cities are such intricate systems shaped by a myriad of independent household and business decisions, and because urban society is so unequal. There are many difficult balances to be struck, e.g. between popular politics and long-term urban development goals, economic growth and redistribution, meeting welfare needs and ensuring financial viability. Local and national



governments struggle to juggle and sustain very different policy concerns, which is one of the reasons why all-round progress and “transformation” are difficult to achieve and political agendas shift over time.

As an edited collection, the book has some weaknesses. Authors inevitably reach different conclusions, presumably because their points of view and comparison are not the same. The editors could have done more to draw out and examine these differences explicitly, or even to identify common criteria by which policy success might be judged. Although the book’s ostensible focus is the policy-making process, there is no analytical framework offered to help make sense of the diverse factors and forces involved. The best chapters offer invaluable insights into the tensions and contradictions at the heart of policy, but several provide mere descriptions of unfolding events. Finally, there is surprisingly little discussion of transport and education/skills, despite their fundamental importance for urban prosperity.

A PATENTED WORLD? PRIVATISATION OF LIFE AND KNOWLEDGE

ANA AGNOSTINO AND GLENN ASHTON (EDS) AND THE
HEINRICH BOLL FOUNDATION

Jacana Media: Johannesburg, 2006. 239 pp

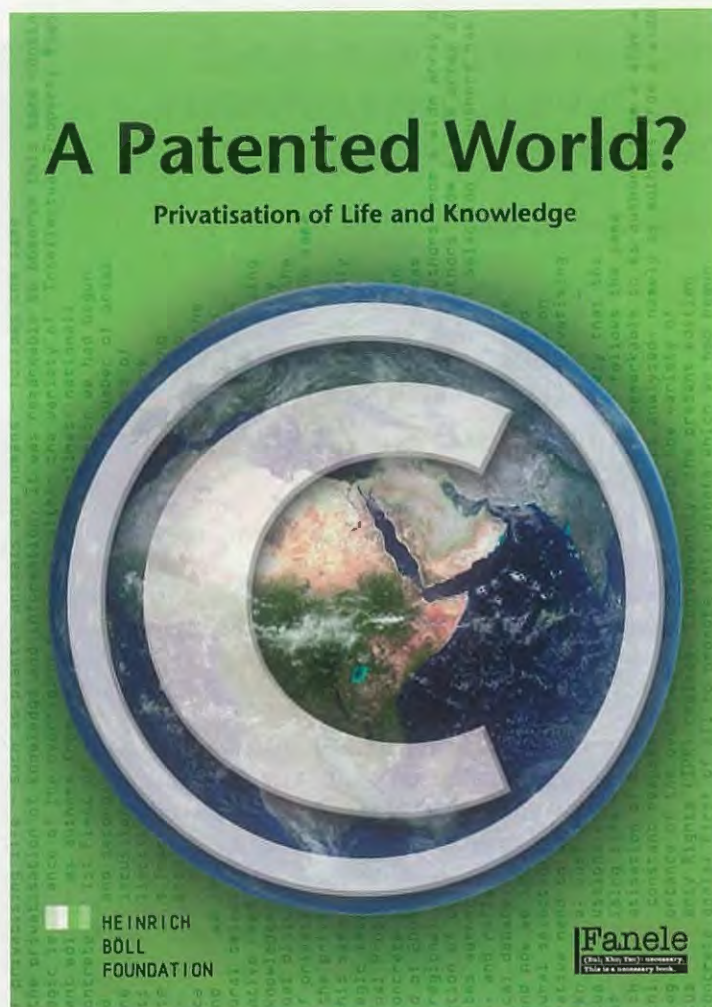
REVIEWED BY ANNIE LEATT (PHD
FELLOW, WISER/WITS)

The English enclosure movement that began in the 15th century saw common land fenced off and made private property under a new legal framework. The opening chapter of *A Patented World?* draws a parallel between this common land and a “commons of the mind”. Previously uncommodifiable entities are being turned into private property. This time the property includes ideas, databases, business methods, agricultural techniques and gene sequences. The intellectual property regime of 50 years ago is being turned, not only to products, but also to underlying data and its compilation.

The emerging intellectual property regime has proved extremely efficient from an economic point of view, allowing for a massive expansion of production. Medical research on genes and their manipulation also offers possibilities for improved healthcare. And yet, given the Northern and corporate ownership of these patents and rights, it also has consequences for further inequality, and as a means of rent-seeking by the global North and multinational corporations. These consequences can be felt in the sustainability of agriculture in the South, a loss of biodiversity, the development of biotechnologies and their possible eugenic, and therefore racist and sexist, intents.

This book sets out ways in which these new commons have been “enclosed” through patents, intellectual property right regimes, copyright, international treaties and trade agreements. It also records challenges from civil society organisations and African governments that seek to prevent the import of genetically modified organisms. Other chapters deal with efforts to counteract the commercial imperative to reconfigure life as an industrial process, and national legislation to prevent certain types of cloning.

Throughout the book, the open source software movement is used as a counter-example: an alternative model of intellectual property rights, research and development. Authors argue that open and co-operative action can lead to the same levels of productivity, research and creativity as the patent regime, but with better social outcomes. For more



information on this, try out "Ubuntu", Mark Shuttleworth's project to make software available for free (www.ubuntu.com).

Originally released in Spanish, this translated and expanded edition is published by the Heinrich Boll Foundation. It suffers some of the flaws of being cobbled together; there is some repetition and an uneven quality of writing. While it's a great introductory text, those more familiar with this area might want to read selections, and particularly the excellent first chapter by James Boyle.

Interspersed with fantastic Zapiro and Grogan cartoons, the book ends with a useful list of resources that includes websites, access points for free software, the Charter of Civil Rights for a Sustainable Knowledge Society, and the Earth Democracy principles. In keeping with its contents, the entire book can be downloaded for free from www.boell.org.za and its copyright allows for not-for-profit copying and distribution.

FOOD AT WORK: WORKPLACE SOLUTIONS FOR MALNUTRITION, OBESITY AND CHRONIC DISEASES

CHRISTOPHER WANJEK

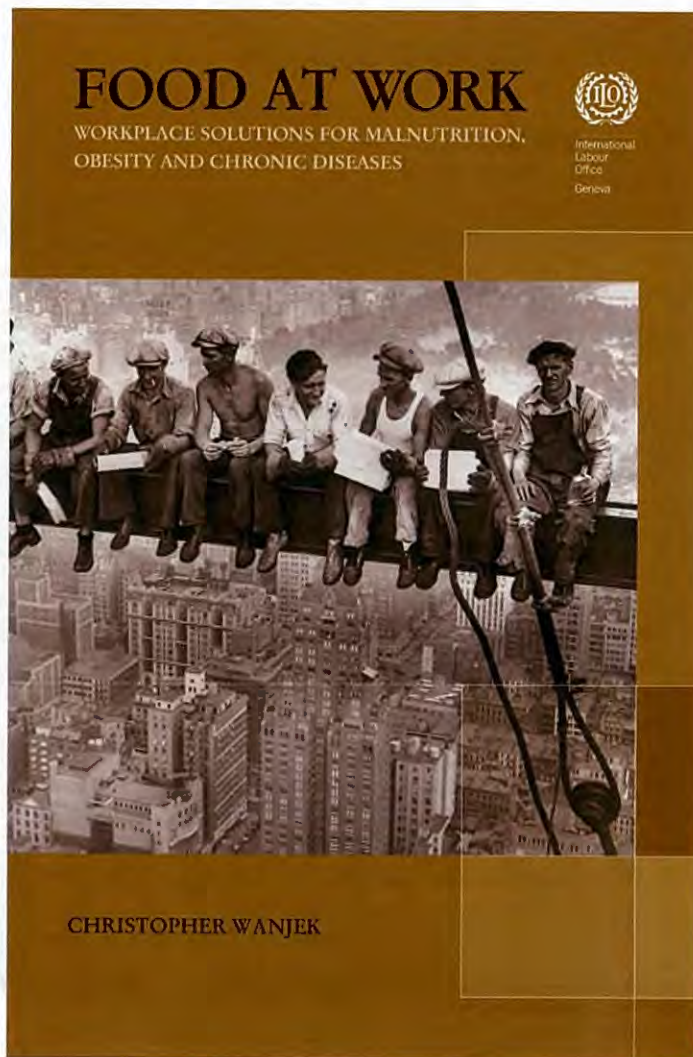
International Labour Office: Geneva, 2005. 448 pp

REVIEWED BY SUMAYA MALL
(PUBLIC HEALTH AND FAMILY
MEDICINE, UCT — MASTER'S
CANDIDATE)

As a graduate student of public health, I welcomed Christopher Wanjek's 2005 book, *Food at Work: Workplace Solutions for Malnutrition, Obesity and Chronic Diseases*. Wanjek, an environmental health practitioner based in the United States of America produced this text during a crucial transitional period in public health discourse, as public health analysts and scientists are facing the challenge of nutritional transition. Basically, this means that individuals in developing countries are consuming carbohydrates and other foods laced with fat. One of the consequences of this change in diets is the burden of chronic diseases of lifestyle including obesity, heart disease and strokes in both developing and developed countries. Wanjek has also tackled another burning area of the health of the public: that of the well-being of workers. He has skilfully integrated the two branches of healthcare by providing historical background, a human rights angle and then suggestions for nutritional interventions in the workplace.

When presenting his historical background of the importance of nutrition, with an example of workers in Chaco (now New Mexico) who laboured in the desert, he does tend to confine his argument to a narrow definition. He expands slightly by stating that archaeological excavations have revealed that these workers' supervisors went to great lengths to provide them with nutritious food. This historical background could well have been concretely complemented by examples from apartheid South Africa, with its history of both migrant labour and malnutrition in African populations – an obvious example of the need for the interventions that Wanjek suggests.

The human rights angle is well put forward as he argues that clean drinking water and freedom from hunger are basic human rights but are too often negated in the work context. He links this human rights angle to that of occupational productivity that, in a way, alludes to the rights of the employer.



Wanjek proceeds with a comprehensive expansion of these debates, cleverly intertwined with policy recommendations. He provides examples of canteens and cafeterias in workplaces and meal vouchers, as well as family-based interventions. He ends his text with nutritional guidelines from international bodies such as the World Health Organisation and the United Nations. He also provides some information about the care of diseases caused by nutritional deficiency, such as anaemia. I felt that his information was slightly limited in this regard. By expanding these guidelines about disease management, the text would have become more applicable to occupational health clinicians seeking sources to provide better patient care.

On the whole, Wanjek's book is worthwhile, particularly for the human rights issues that it raises and the suggestions it describes for short-term solutions.

DEVELOPMENT-INDUCED DISPLACEMENT: PROBLEMS, POLICIES AND PEOPLE

CHRIS DE WET (ED)

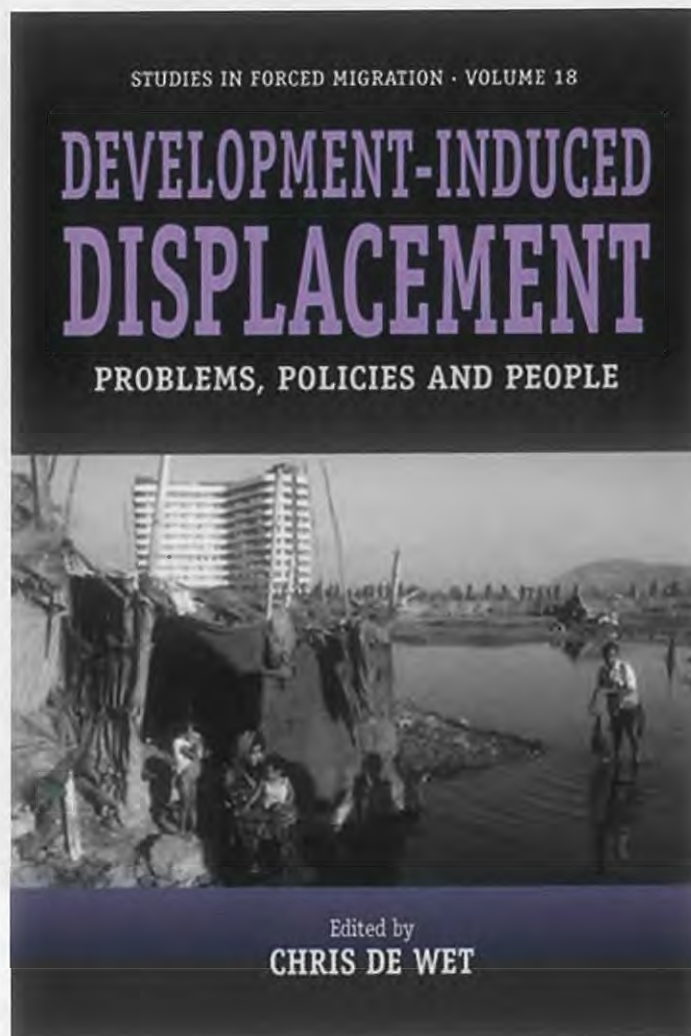
Berghahn Books: New York and Oxford, 2006. (Available from Anglia Books, Knysna, SA) 218 pp

REVIEWED BY LIANE GREEFF
(ENVIRONMENTAL MONITORING
GROUP)

This important book defines what development-induced displacement and resettlement (DIDR) is and the extent of its impact in this world of ours, and builds on the knowledge base of the World Commission on Dams, which dealt specifically with dam projects. De Wet estimates that 200 million people have been displaced through development projects in the last 20 years alone. From my own calculations, this amounts to one out of every 30 people alive today, and yet the majority of people are ignorant of the extent of the impact of this, and its implications for impoverishment.

The book consists of eight chapters, including an introduction to the issue and a final chapter defining policy recommendations and suggestions for further research. The six substantive chapters deal with forced migrants – who they are, and the similarities and differences between political refugees and people displaced by development; policy practices with respect to DIDR and rehabilitation; international law; enhancing local development in DIDR projects; displacement, resistance and the critique of development from the grassroots to the global; and risk, complexity and local initiative in forced resettlement outcomes.

Together, the chapters present a complex picture of a world where democracy is non-existent, where development decisions are made without participation and without benefiting affected people, and are undertaken to meet consumptive needs rather than for real growth and development. It explores how the costs of development are externalised so that the environment, which can least afford it, and the general population have to carry the burden. It details how policy is not reflected in implementation on the ground, and how in the vast majority of cases, things turn out really badly for those affected. People have no say over whether they move and where they move to, and this leads to a downward spiral into poverty. The book also includes some positive examples of where displacement has worked, and the combination of policy and context that enabled this to happen.



Although the book is written in an academic manner, it is hoped that the practitioners and bureaucrats involved with resettlement will read and learn from the international and African case studies detailed here. This book is highly recommended, especially in the context of the large-scale promotion of hydro-energy projects throughout Africa by African and South African leaders.

Without significant transformation of the way projects are planned, budgeted and implemented, the status quo will continue, and affected people in large numbers throughout Africa will continue to become destitute.

CONSTRUCTING A GOOD DISSERTATION: A PRACTICAL GUIDE TO FINISHING A MASTERS, MBA OR PHD ON SCHEDULE

BY ERIK HOFSTEE

EPE: Sandton, 2006

REVIEWED BY JOPIE COETZEE
(GRADUATE SCHOOL OF BUSINESS LEADERSHIP, UNISA)

This book primarily targets southern African masters and doctoral students, with the aim of improving their dissertation-completion success rate.

At the core of many mediocre or failed dissertations lies the forgotten art of structuring the research process for success. Hofstee guides the postgraduate student in mastering this core competence in a practical and easy-to-follow manner. This is done through a holistic "project management" approach by introducing the visionary, analytical, doing and relationship areas of competence, structured into a four-part book.

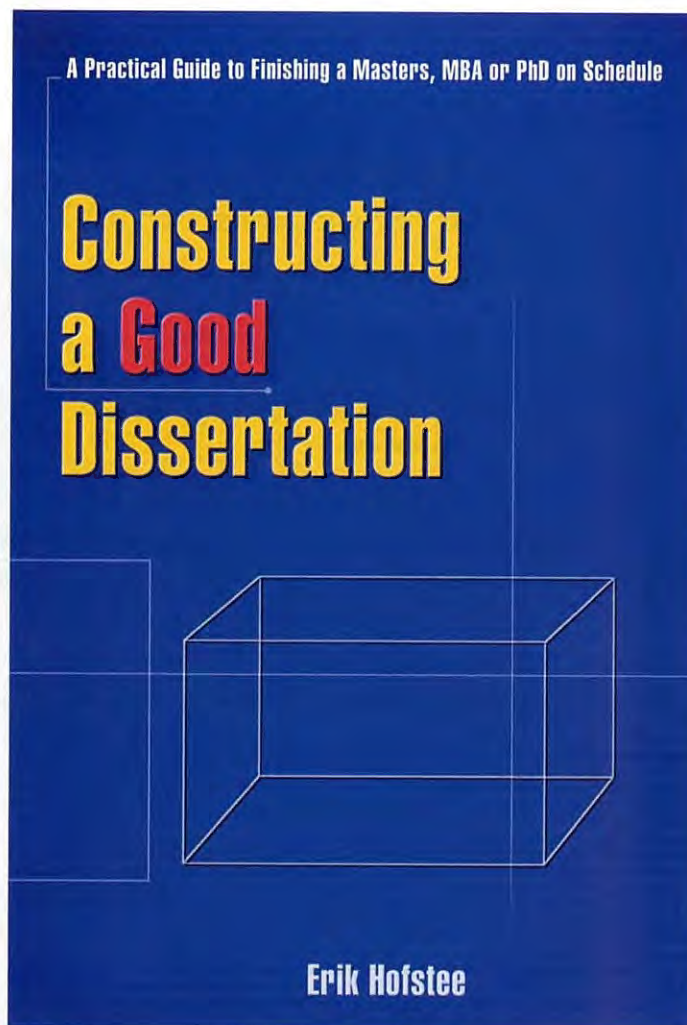
Part one is about getting the basic building blocks in place before the research starts, namely: understanding what postgraduate research is all about, selecting a research topic, crafting a thesis statement, writing a research proposal, managing the relationship with the academic supervisor and overcoming the psychological barriers many students face.

Part two takes the student through the dissertation step by step, chapter by chapter: introduction, literature review, the body chapters, conclusions and recommendations. Each section's objective, requirements and unique characteristics are discussed, together with advice on how to structure and execute each chapter for successful completion.

Part three discusses relevant practical skills, such as academic writing, editing, requirements for the cum laude pass, dissertation marking procedures and pitfalls to look out for to increase the student's probability of success.

Part four summarises the preceding parts as a checklist for success, and includes a detailed guide to the Harvard referencing style. It also outlines the online support service offered to masters and doctoral students by the author and his team of experts. These services include academic editing, discussion forums, online study groups and various downloads to assist students, including American Psychological Association (APA), Modern Language Association (MLA) and Chicago Manual of Style (CMS) referencing guides and free third-party software.

Professors are well advised to encourage their postgraduate students to master the competences outlined in this book.



This will enable them to focus on the intellectual part of the research process, thereby optimising their valuable time as supervisors or promoters. I have benefited from it as an academic supervisor of Masters in Business Law dissertations, and as a doctoral student myself.

With this publication, Hofstee contributes uniquely and significantly to the development of the rarest of all skills, namely those of the top intellectual echelon, which is mission-critical in the development of a sustainable political economy for the southern African society.

COSMOPOLITANISM: ETHICS IN A WORLD OF STRANGERS

KWAME ANTHONY APPIAH

WW Norton: New York and London, 2006. 217 pp

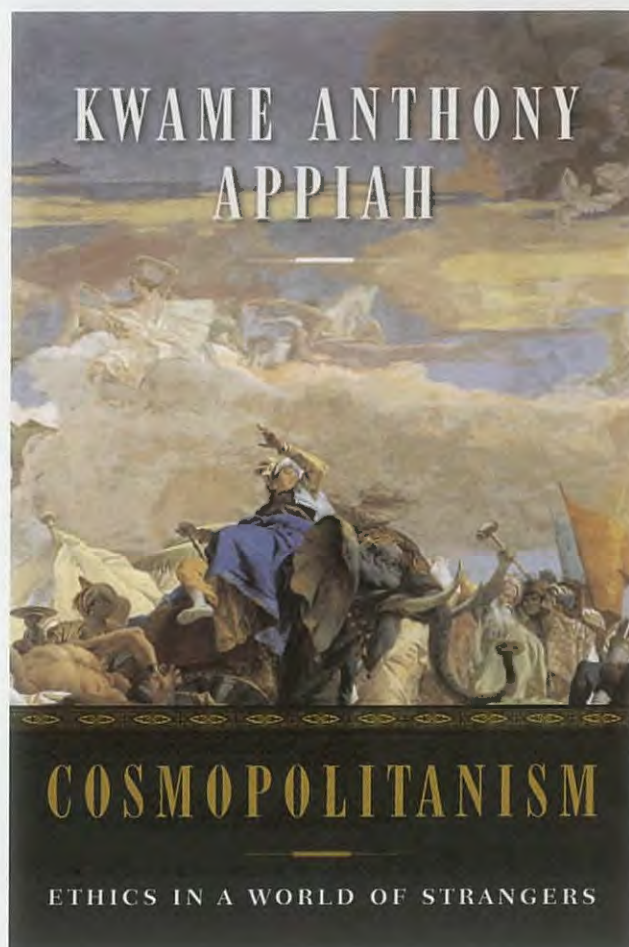
REVIEWED BY HELEN DOUGLAS

Kwame Anthony Appiah is a stylish guy. I've been searching for the right word and I think that's it. I say it with admiration; I don't mean trendy or merely fashionable. His thinking is clear, expansive and generous, and his ethics realistic and respectful. He is a good representative of the kind of cosmopolitanism he encourages us to adopt, one which, he writes, has two intertwined strands: "One is the idea that we have obligations to others... that stretch beyond those to whom we are related by the ties of kith and kin... The other is that we take seriously the value not just of human life, but of particular human lives, which means taking an interest in the practices and beliefs that lend them significance."

This cosmopolitanism is offered as an antidote to the notions of "civilisations in conflict", an "us" and a "them" irredeemably at ethical odds with each other; or to the moral relativism where each community is seen to measure its actions by its own values, but nothing serves to compare values across different communities; and to the weightiness with which some philosophers and critical theorists regard questions of foreignness and difference.

The book is a pleasure to read. Appiah fills in his arguments with stories and characters from all over, including his own Ghanaian and English families. In fact, this approach to "ethics in a world of strangers" can be seen as a nicely-worked meeting of two philosophic traditions: African community-based ethics on the one hand, and Anglo-American liberal individualism on the other. This is a rich and thoughtful contribution to the conversation-making that is the key operation of cosmopolitanism.

SEE BOOKS AVAILABLE FOR REVIEW ON PAGE 100



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 R200 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.

In 2007 an additional 600 learners from 15 schools in the district joined 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.

Since it's opening excellent results have been achieved and Mittal Steel South Africa 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 46% 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

**PO Box 2
Vanderbijlpark
1900**

**Tel +27 16 889 9111
Fax +27 16 889 2472**

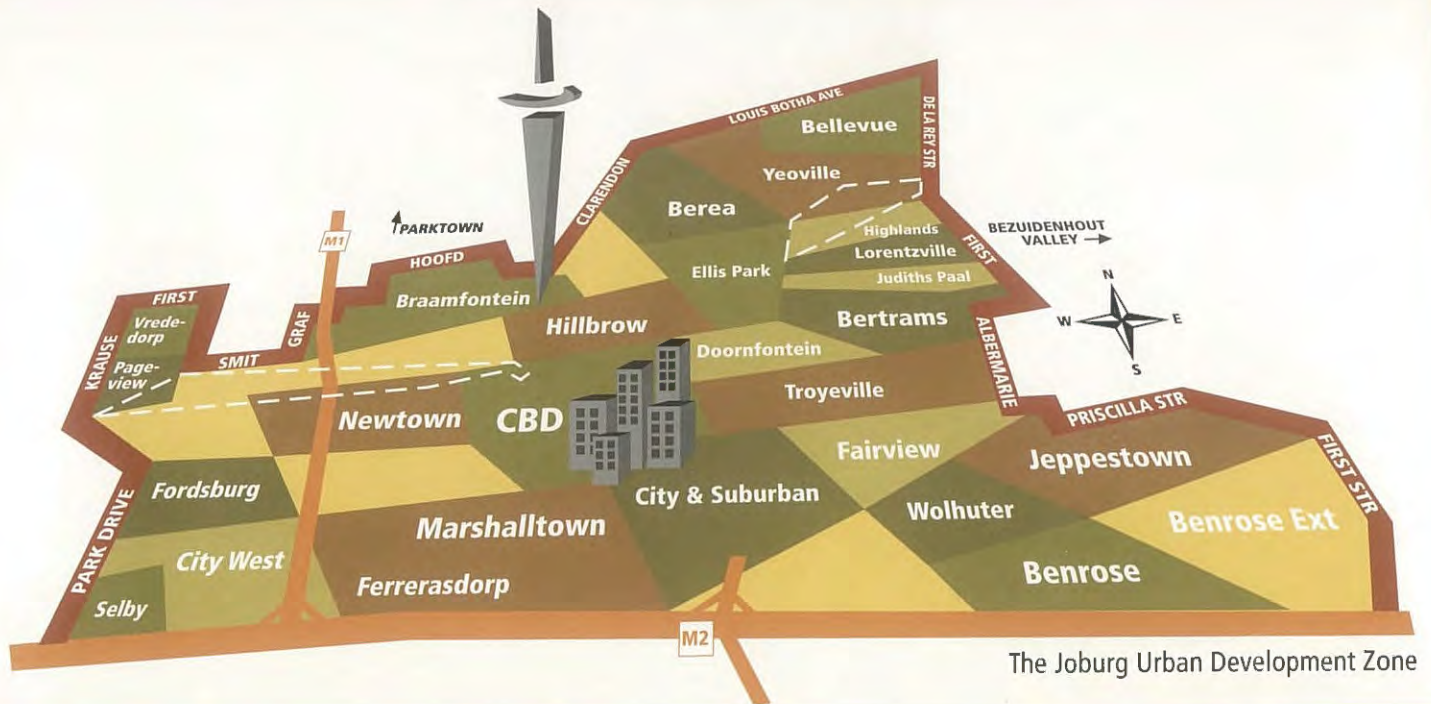
BOOKS AVAILABLE FOR REVIEW

Interested reviewers please contact Helen Douglas at mwnewagenda@mweb.co.za

- Africa Institute of South Africa. *Africa Insight Vol 36, No 2*. AISA
- African Development Bank. *Aid, Debt Relief and Development in Africa*. Oxford
- Barker, Frans. *The South African Labour Market*. Van Schaik
- Barnard, Rita. *Apartheid and Beyond: South African Writers and the Politics of Place*. Oxford
- Benhabib, Seyla, with Jeremy Waldron, Bonnie Honig and Will Kymlicka. *Another Cosmopolitanism*. Oxford
- Boshoff, Henri and Waldemar Very. *A Technical Analysis of Disarmament, Demobilisation and Reintegration: A Case Study from Burundi*. ISS
- Buckland, Angela (Photographs). Text by Kathleen McDougall et al. *Zip Zip My Brain Harts*. HSRC
- Buhlungu, Sakhela et al (eds). *State of the Nation 2005-2006*. HSRC
- Buhlungu, Sakhela. *Trade Unions and Democracy: COSATU Workers' Political Attitudes in South Africa*. HSRC
- Calland, Richard. *Anatomy of South Africa: Who Holds the Power?* Struik
- Carlsnaes, Walter and Philip Nel (eds). *In Full Flight: South African Foreign Policy After Apartheid*. Institute for Global Dialogue
- Creed, Gerald W (ed). *The Seductions of Community: Emancipations, Oppressions, Quandaries*. SAR Press and James Currey
- Deveaux, Monique. *Gender and Justice in Multicultural Liberal Studies*. Oxford UP
- Eade, Deborah and John Sayer (eds). *Development and the Private Sector: Consuming Interests*. Kumarian
- Eichengreen, Barry. *Global Imbalances and the Lessons of Bretton Woods*. MIT
- Fanon, Frantz, edited and introduced by Azzedine Haddour. *The Fanon Reader*. Pluto
- Frank, Cheryl. *Missed Opportunities: The Role of Education, Health and Social Development in Preventing Crime*. ISS
- Fried, Charles. *Modern Liberty and the Limits of Government*. Norton
- Hartcher, Peter. *Bubble Man: Alan Greenspan and the Missing 7 Trillion Dollars*. Norton
- Hendricks, Cheryl and Lwazi Lushaba (eds). *From National Liberation to Democratic Renaissance in Southern Africa*. CODESRIA/African Books Collective
- Institute for Security Studies. *African Security Review Vol 15 No 3 - African Perspectives on Terrorism*. ISS
- Institute for Security Studies. *African Security Review Vol 15 No 4*. ISS
- Jomo K S (ed). *(The Long Twentieth Century) Globalization Under Hegemony: The Changing World Economy*. Oxford
- Kennedy-Dubourdieu, Elaine (ed). *Race and Inequality: World Perspectives on Affirmative Action*. Ashgate
- Kuzwayo, Musi. *There's a Tsotsi in the Boardroom*. Jacana
- Malaquas, Assis. *Rebels and Robbers: Violence in Post-Colonial Angola*. Nordic Africa Institute
- Ndlovu-Gatsheni, Sabelo. *The Nativist Revolution and Development Conundrums in Zimbabwe*. ACCORD
- Padayachee, Vishnu (ed). *The Development Decade? Economic and Social Change in South Africa, 1994-2004*. HSRC
- Piombo, Jessica and Lia Nijzink (eds). *Electoral Politics in South Africa: Assessing the First Democratic Decade*. HSRC
- Prempeh, E Osei Kwadwo. *Against Global Capitalism: African Social Movements Confront Neoliberal Globalization*. Ashgate
- Pressend, Michelle (ed). *Trade Liberalisation and Environment Linkages: Implications for Sustainable Development*. Institute for Global Dialogue
- Salih, MA Mohammed (ed). *African Parliaments: Between Governance and Government*. HSRC
- Sander, Reinhard and Bernth Lindfors (eds). *Ngũgĩ wa Thiong'o Speaks: Interviews with the Kenyan Writer*. James Currey
- Schelling, Thomas C. *Micromotives and Macrobehavior*. Norton
- Sen, Amartya. *Identity and Violence: The Illusion of Destiny*. Oxford
- Shivji, Issa G. *Let the People Speak: Tanzania Down the Road to Neo-Liberalism*. CODESRIA/African Books Collective
- Stephan, Harry et al. *The Scramble for Africa in the 21st Century: A View from the South*. Renaissance
- Stevens, Garth et al (eds). *A Race Against Time: Psychology and Challenges to Deracialisation in South Africa*. Unisa
- Taylor, John B. *Global Financial Warriors: The Untold Story of International Finance in the Post-9/11 World*. Norton
- te Velde, Dirk Willem (ed). *Regional Integration and Poverty*. Ashgate
- Thomassen, Lasse (ed). *The Derrida-Habermas Reader*. University of Chicago
- Waetjen, Thembisa. *Workers and Warriors: Masculinity and the Struggle for Nation in South Africa*. HSRC
- Watermeyer, Brian et al (eds). *Disability and Social Change: A South African Agenda*. HSRC
- Weiss, Roslyn. *The Socratic Paradox and Its Enemies*. University of Chicago

THE SECOND GOLD RUSH IN THE HEART OF THE CITY OF GOLD!

Brought About by Joburg's Urban Development Zone Tax Incentive



Do you own property within the Inner City, or are you looking to invest there?

Sectional title ownership and property purchased from developers also qualify for this incentive.

Want to find out how you can benefit from Joburg's most exciting tax incentive?

Stake your claim and reduce your tax burden by becoming a part of the Inner City boom.

For more information: www.joburg.org.za/udz

Or contact: Lebo Ramoreboli

Telephone: +27 11 358 34 37



You wouldn't be reading this if it weren't for our roads.

That's how the layout artist, the ink and paper, the printer and the distributor all converged. Across the country, other building blocks are finding each other and bonding to create lasting value. This is the major mandate of The South African National Roads Agency Limited (SANRAL): to provide conduits which link the constituent parts of our economy. And while you've never had to stop and think about it, every day we put a finished product in your hands.



Creating Wealth through Infrastructure