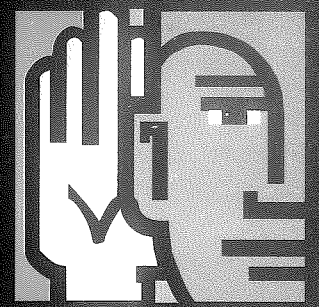


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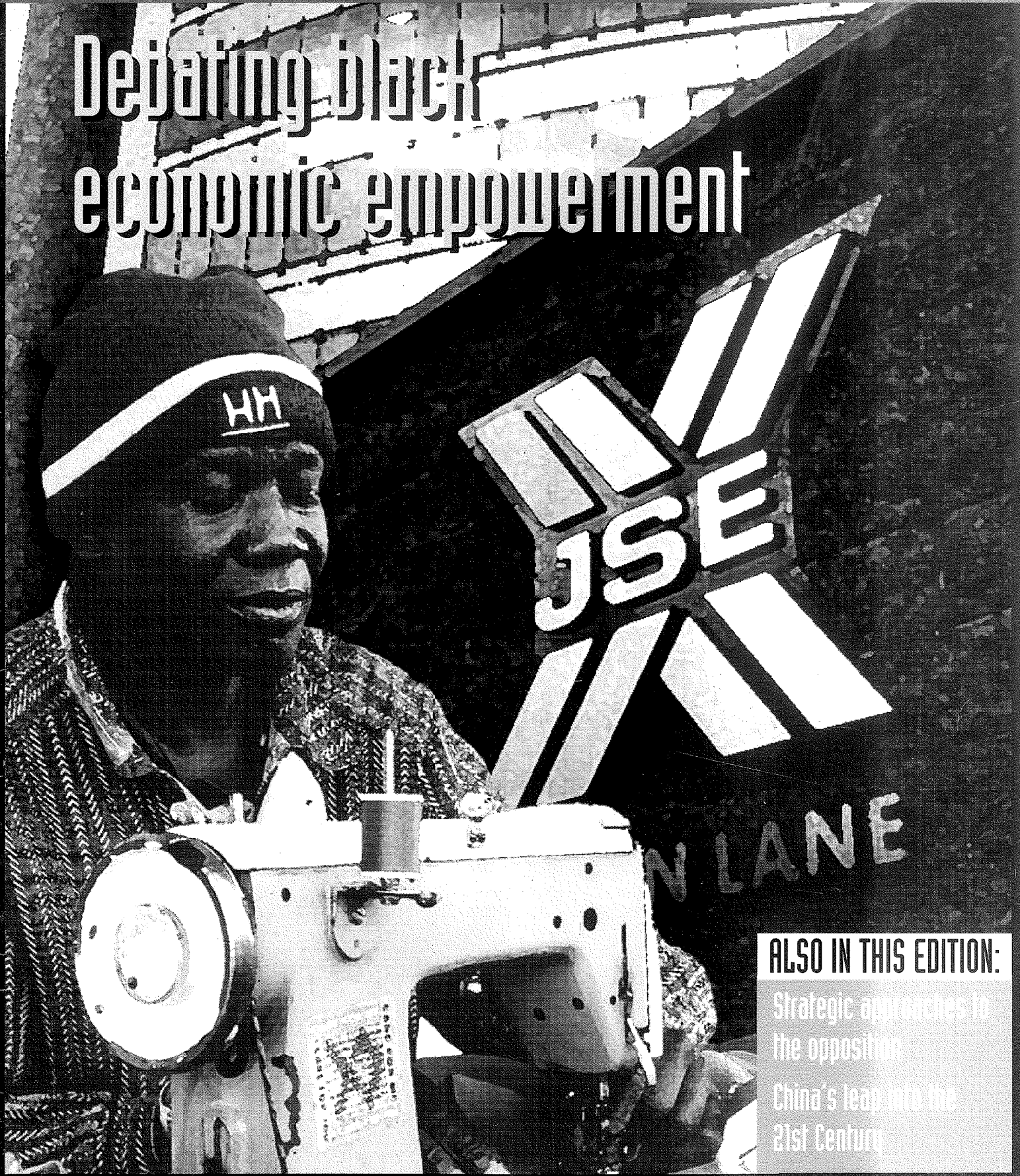


UMRABULO



LET'S TALK POLITICS

Debating black economic empowerment



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UMRABULO was a word used to inspire political discussion and debate on Robben Island. This concept was revived in 1996 when the ANC published the first edition of Umrabulo. The journal's mission is to encourage debate and rigorous discussions at all levels of the movement.

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Contents

COVER THEME: BLACK ECONOMIC EMPOWERMENT

- 3 The people shall share in the country's wealth!
Kgalema Motlanthe
- 7 Black empowerment should be about the workers and the poor
Blade Nzimande
- 9 Can a capitalist system produce socialist results?
Saki Macozoma
- 11 Adding value at the rock face
Empowerment lessons from the mining sector
Phumzile Mlambo-Ngcuka
- 15 Empowerment charters are a site of struggle
Andy Brown
- 20 'n Volk red homself
The Afrikaner Empowerment Movement
Dan O'Meara

CURRENT AFFAIRS

- 28 Build and safeguard the unity of the movement
ANC Gauteng Discussion Document
- 32 Strategic and tactical approaches to the opposition
ANC National Executive Committee Discussion Document

HISTORY

- 36 David Bopape
A fountain of inspiration for generations in struggle
- 39 Memories of exile, reflections on struggle
Joel Netshitenzhe
- 42 The ANC and the Socialist International
International solidarity in pursuit of a better world

INTERNATIONAL

- 47 China's leap into the heart of the 21st Century
Michael Sachs
- 54 Building peace in Darfur
Mahmood Mandani

READERS' FORUM

- 58 The NDR, technology and a developed economy
Tshilidzi Marwala
- 61 Involvement of the masses strengthens ANC policy
Mduduzi Matloporo

POLITICAL EDUCATION SERIES

- 65 Understanding Basic Economics 4
Labour Markets / Part Two

BOOKS

- 70 Shedding light on the dark shadows of a forgotten history
President Thabo Mbeki
- 72 Scraping together evidence of a 'great scam'
Chris Landsberg



Editorial

A healthy debate on empowerment

There are some who believe there is not enough debate in our democracy. The ANC is regularly accused by a variety of commentators of stifling debate within its own ranks and in society at large. On both counts, there is no better indication of the inaccuracy of these views than the debate over the last few months on the question of black economic empowerment (BEE).

Since ANC Secretary General Kgalema Motlanthe addressed the Black Management Forum (BMF) in September last year, a wide-ranging public discussion has taken place, in which a variety of views have been aired.

Members and leaders of the ANC, COSATU and the SACP, as well as leaders of opposition parties, have all participated. A plethora of 'analysts', 'commentators' and other observers of the process of change have commented. This is an indication of the vitality of democratic engagement, both within the ANC and in society at large.

But the public media, especially the print media, has done little to help the public understand and participate in the discussion. The Secretary General's input was widely misquoted, misreported and misinterpreted.

In this edition of Umrabulo we seek to balance these distortions by focussing on various views on black economic empowerment within the ANC and the alliance more broadly.

In a new paper, the Secretary General takes his initial intervention further, locating the process of BEE within the ANC's overarching economic vision, that 'the people shall share in the country's wealth'. The ANC's policy calls for a broad-based approach to empowerment that contributes to defeating the two-economy divide. As we implement this policy, all our members, and all progressive South Africans, must ask if they are truly contributing to this vision.

Responding to the frequent claims that government policy is directed toward the creation of 'a narrow, ANC-linked elite', the article by Phumzile Mlambo-Ngcuka demonstrates how both the legislative framework and the approach of government departments is focussed on a broad-based

conception of empowerment. This approach links the transfer of equity to the kind of transformation that the Secretary General calls for.

But the current owners of the means of production in our country, who remain overwhelmingly white, can be expected to resist thoroughgoing transformation. This perhaps explains why so many private sector BEE deals focus on narrow asset transfer, rather than broad-based BEE. Government has intervened to address this, through the Broad Based BEE Act, which, among other things, creates a framework for empowerment charters.

Andy Brown, a consultant on BEE matters, shows how the charter process can be used to expand the developmental impact of BEE processes. Rather than rejecting the process overall, it is incumbent on democratic and progressive organisations to engage with the charter processes to push the envelope of progressive outcomes.

We also include an extract of Dan O'Meara's seminal work, 'Volkskapitalisme'. Afrikaner economic empowerment was directed at a narrow ethnic base, and relied on the super exploitation of black people to achieve its chauvinist ends. Nevertheless, a crucial lesson of this history is that Afrikaners were able to unite their own capital, political formations, mass media and civil society in a common effort towards resolving the 'poor white' problem.

The Secretary General writes that in seeking not only the deracialisation of ownership, but also its fundamental transformation for the benefit of the masses of our people, we need to "act together, as black entrepreneurs, the progressive union movement and the agencies of government to realise an authentically transformative and broad-based approach to black economic empowerment".

Realising this unity requires an open, democratic and vibrant debate. Despite the diversionary influence of weak and lazy journalism, these debates are indeed taking place within the ANC, in the democratic movement as a whole, and among the people of our country.

COVER THEME



The people shall share in the country's wealth!

Black economic empowerment should seek not only the deracialisation of ownership, but also the fundamental transformation of the economy to the benefit of all our people, writes Kgalema Motlanthe.

The ANC has declared 2005 the "Year of Popular Mobilisation to Advance the Vision of the Freedom Charter". In our January 8th Statement we said that our task, the task of all progressive and democratic South Africans, is to translate the ten clauses of the Freedom Charter into solid progress towards the realisation of a better future. We said: "All the structures and cadres of our movement have the duty to honestly re-examine their work in the light of the Charter's political, social, economic and moral vision".

With respect to the economy, the Freedom

Charter demands: "The people shall share in the country's wealth." This is the starting point for the ANC's approach to economic transformation in general, and black economic empowerment (BEE) in particular. The Freedom Charter claimed for all South Africans the restoration of their economic heritage because it rightly equated 300 years of colonialism and apartheid with a systematic campaign of dispossession, expropriation and confiscation of all forms of productive wealth in the hands of Africans in particular and black people in general. The explicit intent of



Capital never behaves philanthropically, at least not to an extent that would interfere with its profits

foresight, the human engineers of apartheid sought also to suppress the accumulation of knowledge, information and education among black people, factors that have become the most important productive assets in the twenty-first century economy.

This is the historical basis upon which our economy remains divided into two economies. By this we mean the division between a First Economy, which is globally integrated and fast growing, and a Second Economy, which remains mired in poverty and underdevelopment and which is incapable of self-generating growth.

Inspired by the Freedom Charter, it is the vision of the democratic movement in South Africa to overcome the two-economy divide and create a united and integrated economic system, in which fragmentation and injustice are consigned to history. This, we know, is the only sustainable basis on which we can build a genuinely non-racial, non-sexist, prosperous and democratic South Africa: the alternative society envisioned by the Freedom Charter.

A PROGRESSIVE AGENDA FOR EMPOWERMENT

The thrust of all our programmes, both in government and in society more generally, is to achieve exactly these objectives. Black economic empowerment is but one of a range of interventions designed to actively transform our society away from the past. What is required is not the acceptance or rejection of BEE as such, but the development of a progressive and democratic agenda for BEE.

The elements of such a progressive approach to BEE include the following:

racial domination was to suppress any path to the accumulation of assets in order to consign black people to the status of permanent helots in a land of abundant wealth.

Fifty years have passed since the Congress of the People, but the economic conditions that the Freedom Charter demands we eradicate have not disappeared. Indeed, for four of those five decades, the campaign of dispossession was brutally intensified. The last remnants of African wealth were systematically expropriated, as houses were demolished, families forcibly removed from their lands, and black entrepreneurial endeavour ruthlessly crushed. Perhaps with

■ First, it should focus on 'transformation' rather than 'transfer'. By 'transfer BEE' I mean the ceding of existing assets to individuals in a manner that does not in any way alter the economic structure of society. By 'transformation BEE' I mean processes of empowerment that result in the creation of new markets, new investments, new drivers of domestic demand in the economy. Black economic empowerment should be linked directly to the expansion of the economic base and the restructuring of society. Rather than being a cost, black economic empowerment should become the driver of new growth.

This does not mean that we should reject the transfer of assets. Against the historic background we have sketched above, the simple transfer of assets in order to deracialise ownership patterns are important in their own right. But we must be constantly vigilant and closely monitor and engage with such processes to ensure they go beyond mere transfer and become a platform to advance real transformation.

■ Second, BEE should be consciously fostered as a programme to break down the divide between 'two economies'. New growth, new markets and new investments must focus on the development of the second economy, and BEE beneficiaries are uniquely placed to take advantage of these opportunities.

■ Third, BEE should be directed towards the development of productive assets among the masses of our people, particularly the rural poor. This includes physical assets, but equally important the intangible assets associated with education and knowledge.

■ Fourth, while not rejecting the activities of those who seek to profit from the BEE process, a progressive and democratic agenda for BEE should focus on strengthening the non-profit, developmental sector that seeks to build assets and capacity among the poorest. This sector includes the emerging developmental micro-finance movement, as well as the cooperatives sector.

CONSCIOUS AGENTS FOR CHANGE

To achieve such outcomes BEE should be led and directed by agents for change who are able to act collectively in a manner consistent with our vision of the future. Left as individuals, without the support of organisation, those participating in BEE transactions can easily be led down the path of least resistance, that of narrow-based enrichment.

Only as part of a coherent movement, with clear goals and common ideals can we hope to achieve the outcome we desire. The beneficiaries of BEE transactions have a particular role to play in this regard. They must be at the front-line of

combating the negative tendencies that have undoubtedly cast a shadow over the programme of BEE.

We know that capital never behaves philanthropically, at least not to an extent that would interfere with its profits. As we have already noted, apartheid has dispossessed black people of all forms of productive wealth. Capital is largely concentrated in the banks, insurance companies and pension funds that make up our highly sophisticated and globally integrated financial sector.

It is good that we have such an advanced financial sector. However, observing that blacks own no capital, and realising that capital is not philanthropic, means that the only way that blacks can participate in 'transfer' BEE is by buying debt from the banks. Given these realities the fact is that, in large measure, it is the banks that have been the primary beneficiaries of this type of private sector led BEE. After all, it is the business of a bank to sell debt.

The private sector also engineers BEE to focus on a very narrow base, especially in respect of the transfer of ownership of assets to individual beneficiaries. Certainly, the freedom we fought for includes the freedom to trade, and through their individual efforts there is nothing inherently wrong with individuals participating in many deals. However, it should not be (and it is not) the objective of the democratic movement or the purpose of government policy to support or advance such multiple, narrow based empowerments.

As agents for change we must also resolutely oppose and defeat all forms of fronting. In the context of 'fronting' and 'renting out', the 'broad based' provisions of BEE that we seek to advance can sometimes be reduced to an attempt at wholesale theft, where 'broad-based' partners can on occasion become, knowingly or unknowingly, the agents which lend credibility to narrow self-enrichment.

Some of the beneficiaries of BEE processes appear to jump between one deal and another with a view to making money as fast as possible, rather than accumulating wealth in a sustainable manner. There is nothing inherently wrong with sitting on 35 boards and owning small segments of a hundred large firms, while controlling none. No doubt such activities will provide a steady stream of income.

Genuine empowerment must focus on the black entrepreneurs who build viable and sustainable businesses. These are the real agents of transformation because the end result of their work is the consolidation of wealth in a manner that will eventually result in their own independence from existing white corporate financing.

Such entrepreneurs, by thus consolidating their wealth and securing their own financial independence, will be able to empower others in turn, and will be able to reap full advantage from the new vistas of opportunity that emerge as we integrate the Second Economy into the First.

Once endowed with sufficient capital to sustain themselves over the long run they will thus be able to contribute to the broader moral, political and economic imperatives of BEE that we pursue.

Indeed, it could be said that there are three types of empowerment beneficiaries: the 'deal-maker', the 'manager' and the 'entrepreneur'. There is nothing wrong with black people making deals that add no particular value to the economy but enrich themselves personally. But as a democratic movement the focus of our empowerment programmes should be (and are) squarely on the entrepreneur.

We also require much more work on the small and micro-enterprise aspects of BEE. Empowerment will continue to be regarded by many as a narrow, elite-based affair, unless clear and evident programmes are seen to benefit the small entrepreneur and the micro-enterprise. Perhaps this aspect of BEE has not received so much attention because it is much more difficult to engineer. It requires us to address the problems of access to credit. It requires us to address the challenge of skills development, including mentoring. It requires us to shift the focus of our empowerment programmes from the 'deal maker' to the 'entrepreneur'.

This in turn means that we must be prepared to take risks because, as we know, many small, new businesses fail. But if we are not prepared to take risks we will not identify the gems that will make a difference. And this brings us to the potential role of social capital, a potential that we have not yet fully realised.

The entrepreneurs who are at the forefront of genuine empowerment have a powerful ally in the form of social capital. In our country the state controls large amounts of capital, either directly or indirectly, that can be deployed in terms of an agenda that is not solely determined by the imperatives of profit maximisation. But social capital is not confined to the state. For example, huge assets are controlled and directed by pension funds, in which the union movement plays an important role.

The full empowerment potential of the deployment of social capital has not yet been realised. This applies to both state capital and that controlled by the union movement. The reasons we have not realised this potential are complex. Over the last ten years we have been on a steep learning curve, confronting the problems of



BEE should be directed towards the development of productive assets among the masses of our people

A PROGRESSIVE MOVEMENT FOR BROAD BASED EMPOWERMENT

Capital cannot be depended upon to transform itself. Rather than genuinely respond to the needs of transformation, it will seek to advance its own worst features through the programme of BEE.

As a movement, we seek not only the deracialisation of ownership, but also the fundamental transformation of the economy to the benefit of

directing institutions in a sustainable manner toward the goals we set ourselves.

State agencies that control capital, either directly or indirectly, are taking the lead in this regard. Institutions such as the National Empowerment Fund, the Umsobomvu Fund, the Industrial Development Corporations and others have the potential to shift empowerment towards a much more broad based and entrepreneur-focussed paradigm.

Paramount for all the progressive people who have a role to play in the deployment of social capital is how to ensure that it too contributes to expanding the frontiers of economic activity, particularly in respect of the second economy.

the masses of our people, who continue to live in conditions of poverty and underdevelopment. Rather than throwing up our hands in the air and decrying the regrettable features of capitalism, it is our duty as revolutionaries to act to achieve different outcomes. Whereas capital cannot lead transformation, it is the duty of the democratic movement to do just this.

This requires us to unite in a common programme to realise the goals of the Freedom Charter. It requires that we act together, as black entrepreneurs, the progressive union movement and the agencies of government to realise an authentically transformative and broad-based approach to black economic empowerment.

This is the content of the ANC's resolution at Stellenbosch, which reminds us all that "limited participation of black people in the economy limits our ability to expand the productive base, sustain economic development, eradicate poverty and contribute to a better life for all. [Therefore] Black Economic Empowerment (BEE) is a moral, political, social and economic requirement of this country's collective future".

It is only if we are able to unite in a collective endeavour for fundamental change that we can hope to influence the logic of capital and ensure outcomes that genuinely transform our economy.

KGALEMA MOTLANTHE is Secretary General of the ANC.

COVER THEME



Black empowerment should be about the workers and the poor

With some few arguable exceptions, most of the celebrated black empowerment deals have had a neutral or negative impact on addressing the real transformational challenges of our economy, writes Blade Nzimande.

The renewed public discussion on the nature of black economic empowerment requires strategic input from the perspective of poor and working people. What has passed for 'black economic empowerment' over the last decade has been essentially the accommodation of an elite. There has been nothing broad-based about it. And there has been little that is transformational about it. It has been about changing some of the leading agents of the existing system, leaving intact the entire system itself, a system that generates and reproduces inequality in our country. Racialised capitalism persists.

It is important, however, that the assessment of black economic empowerment (BEE) and of those behind it, and of those benefiting from it, is not confined to moral outrage. The South African Communist Party (SACP) is, of course, fundamentally opposed to capitalism, which is an inherently exploitative system. But we are not

utopian dreamers. We recognise that we have to advance, deepen and defend our democracy in conditions not of our own choosing. What is more, Marxism has from the outset always recognised that capitalism has a positive, revolutionising side. Despite itself, in the midst of pursuing profits, historically, and even in the present, capitalism sometimes revolutionises the forces of production – expanding science and technology, and the skills of the working class. Of course profits always rule supreme under capitalism. Capitalist corporations will suppress technologies, shut down perfectly workable factories, and retrench highly skilled workers when these things are 'necessary' from the perspective of the oligarchs.

The SACP is not remotely convinced that the huge challenges of our society (and our world) can be effectively addressed within the closed parameters of capitalism. But even within capi-



Black economic empowerment must principally be about addressing the needs of the overwhelming majority of our people, black workers and the poor

ens the medium-term sustainability of our democracy (capitalist or otherwise).

The question is: Have ten years of increasingly frenetic, head-line hitting BEE deals remotely contributed to addressing any of these systemic challenges? With some few arguable exceptions, we believe that most of the celebrated BEE deals have had a neutral, and probably a negative impact on addressing the real transformational challenges.

The dominant approach is to implement narrow BEE, focusing on the advancement of a black minority through equity acquisitions and individual promotion into the senior management ranks. Apart from the narrowness of this approach, the equity acquisitions and similar financing arrangements in most of these deals amount, in practice, to diverting surplus into debt, instead of investing it productively, let alone developmentally. Our white captains of industry and finance much prefer the short-termism of lending an aspirant upwardly mobile elite the membership fees to the country club and the keys to the Porsche, than taking on the more challenging tasks of labour-intensive investment, or skills development, or ensuring that poor communities enjoy banking facilities. In this way they hope to advertise their rainbow credentials and keep in with the dominant political party, and

talism a lot can be done. Take the challenges of our own economy. The current accumulation path is continuing to reproduce, even exacerbate, racialised poverty and inequality. Our economy is excessively export-oriented and import-dependent; it is capital-intensive and growth tends to be job-shedding; the national market remains narrow; there is very little robust entrepreneurship; there are high levels of liquidity and a serious lack of fixed capital investment; while some progress is being made, the skilling of workers lags; and the role of our corporations in the region and continent is mostly predatory rather than developmental.

Even within the confines of capitalism, and even from positions of privilege within the corporate board-rooms, something can begin to be done about the skewed character of our economy which threat-

maybe, who knows, even pick the next president.

The arguments for and against narrow BEE have tended to be moralising and individualistic. Arguing for it have been the upwardly mobile aspirants, and the arguments have been about getting their "fair share", with "equity" in the broad sense quickly becoming "equity" in the narrow JSE sense. Empowerment starts to be reduced to quotas.

However, the arguments against narrow BEE have also sometimes simply focused on the country club, the Porsche, and all the other perks. The test of BEE, narrow and broad, must be about development and transformation. It is only by doing this that narrow BEE can be assessed for whether it is contributing to broader empowerment or not.

It is possible, but not given, that black board-members or senior managers will be more sensitive to the developmental challenges of the great majority of workers and the poor in our country. It is possible, but not given, that new mining magnates operating the marginal mines (that the established corporations were happy to let go) may save jobs and even create more.

The SACP believes that the kind of elite BEE we have seen over the last years can be considered if (and only if) it can really be shown to contribute to the development of the forces of production, and to transformation that benefits the great majority. The case for it cannot be made abstractly, arithmetically, or on the simple basis of quotas.

Black economic empowerment must principally be about addressing the needs of the overwhelming majority of our people, black workers and the poor – the basic economic empowerment of millions of our people through access to jobs and through the provision of affordable and reliable electricity, housing, transport, telecommunications and so on. It should also be about transforming the current accumulation path in our country. The question of transaction shareholding should be subjected to these objectives, rather than what is happening now: big transaction deals for a few completely disconnected from, and sometimes directly undermining, these objectives. Approached in this way, BEE then becomes what it should be – broad-based.

BLADE NZIMANDE is a member of the ANC National Executive Committee and SACP General Secretary. This article was first published in Umsebenzi Online, the online journal of the SACP, 6 October 2004.

Can a capitalist system produce socialist results?

Critics of the 'elitist consequences' of black economic empowerment are trying to run away from the consequence of empowerment that puts capital and related resources in the hands of black people, writes Saki Macozoma.

A visitor from Mars would be forgiven for being confused by the babble that has passed for debate on black economic empowerment (BEE) recently. Much of the latest comment was triggered by a paper delivered by ANC Secretary General Kgalema Motlanthe to the Black Management Forum in September last year. Since then, so much ink has flowed.

It is clear the Secretary General intended to engender debate. It is a pity that, apart from a full reproduction in one daily newspaper, his comments have not been located in the context in which he presented in the paper. That does not mean Motlanthe was misquoted; the problem is selective quoting of his views.

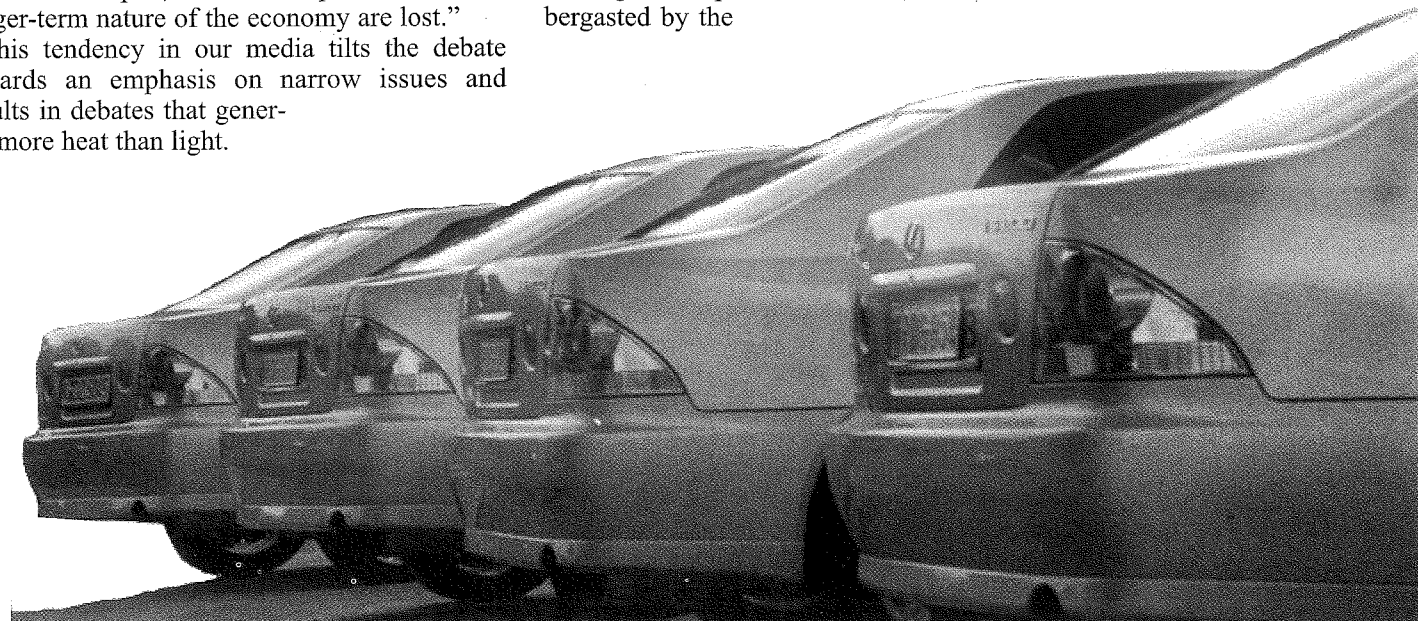
A financial journalist, Itumeleng Mahabane, captured this problem in the Financial Mail shortly thereafter when he noted that the 'Jacobins' (ruling group) was losing the propaganda battle to the neo-conservatives. He observed: "Notice, too, how when one of the Jacobins questions the nature of BEE, it is only the point that questions the behaviour of his comrades that is spun, while finer points about the longer-term nature of the economy are lost."

This tendency in our media tilts the debate towards an emphasis on narrow issues and results in debates that generate more heat than light.

Before we address the criticism of BEE that we have distilled from the various writings and comments, let us return to our proverbial visitor from Mars. What would confuse them so much about the BEE debate? In the first place they would read all these comments, assertions, admonishments and fulminations and conclude that the transformation of the South African economy is a disaster.

In the second place, they would read headlines such as "Black middle class breaks through" and "Black consumers behind retail and property boom". There is also the 2004 edition of the Little Black Book, which by its increased size suggests that the list of black movers and shakers is expanding; and the encouraging story out of Statistics SA that suggests that the economy has stopped shedding jobs and is beginning to create new ones.

The Martian would wonder why these positive consequences of the agenda of transformation, including BEE, are not recognised, celebrated and brought into analytical criticism of the shortcomings of empowerment. They would be flabbergasted by the



thinly veiled suggestion by some critics of BEE that the leading black entrepreneurs are responsible for the continued conditions of poverty endured by black people, and not the legacy of racist exploitation.

LEGITIMACY OF BEE

In dealing with some of the criticism of BEE let us start with the issue of the legitimacy of the process. What was thrown completely overboard in reports of the Motlanthe paper was its reference to the ANC national conference in Stellenbosch in 2002, which adopted resolutions that unambiguously support BEE and affirmative action.

The legitimacy of BEE is unquestionable, not only because successive ANC conferences have supported it. There is no other practical and effective instrument for South Africa to deracialise the economy within a reasonable time. There is no greater danger to the progress and stability of our society than the notion that a democratic society can be built on the shaky foundations of white citizens owning and controlling the economy along the patterns of apartheid, and black people controlling political power.

Many critics of BEE accept the need to deracialise the economy, but they think that the process has "elitist consequences". It is not alleviating poverty, but enriching a few. What did they expect? Where have you ever seen a capitalist system producing socialist results?

What these critics are trying to run away from is a consequence of empowerment that puts capital and related resources in the hands of black people. In this scenario black people become decision-makers and thus alter the business landscape and dislodge people from their comfort zones. When they speak about broad-based empowerment they mean that, where ownership has to change hands, it must be diffused through collective investment instruments so that the status quo in business South Africa prevails and is never changed.

In pursuit of the objective of clinging to economic power these elements are even prepared to commit class suicide. They are prepared to join those elements who believe that the capitalist system must be destroyed as long as they are leading a programme against black entrepreneurs. But they expect black people to be dumb enough to defend a capitalist system that seeks to exclude them by ossifying structures and patterns of accumulation that issued forth from the fungus of apartheid.

Is the BEE programme achieving its objectives of deracialising our economy? The answer is yes.

Yes, there are unintended consequences. Yes, the debates are necessary to sensitise all of us to some of the unintended consequences.

The greatest tragedy that faces our society is that apartheid has denuded our people of the basic capacities needed to take advantage of BEE and help society move forward. We should be spending more energy enabling our people to take advantage of these opportunities.

We must stop propagating the dangerous lie that every person in our society is a potential business leader. As long as we have a capitalist society we will have some who will be more successful than others. The important issue is that we must remove all obstacles that may hinder an individual.

We must also stop propagating the idea that the BEE policy was ever meant to cure all the ills of our society. Black Economic Empowerment is one policy instrument among many. It is funny how so many condemn BEE because it is not broad-based enough and does not alleviate poverty. They are often the same people who oppose any policy intervention directed at poverty alleviation and other programmes of social capital formation aimed at the masses.

We must accept that the debate on BEE is partly ideological, that it is emotional and will always be fraught with difficulties and challenges. We must engage in these debates vigorously and robustly.

However, we cannot get ourselves into a state of paralysis. We have the urgent business of transforming our society. Most forward-looking businesspeople will take note of the debates and even participate. But they will take decisions about empowerment that secure their own strategic interests. They may be criticised in the short term, but their companies will occupy better space in society than their competitors in future. In doing empowerment deals they will look for partners that will make a strategic impact in their businesses.

Jack Kolen, Managing Director of the Monitor Group, captures this issue well when he says: "The most significant potential strategic impact of BEE lies in new owners altering the strategies of their newly acquired business, typically raising the level of 'biodiversity' in an industry."

It is these kinds of entrepreneurial interventions that will alter the way South African capitalism functions and put it on a trajectory that will make it more efficient to the benefit of the greatest number of our citizens.

SAKI MACOZOMA is a member of the ANC National Executive Committee. A version of this article first appeared in the Sunday Times, 10 October 2004.

COVER THEME



Adding value at the rock face

Empowerment lessons from the mining industry

The experience of government's approach to empowerment in the mining industry offers valuable lessons for efforts to achieve broad-based empowerment in other parts of the economy, writes Phumzile Mlambo-Ngcuka.

The mining industry plays an important role in the South African economy. The notion that the South African mining industry is a sunset industry is disproved by the facts, figures and analysis of both the Department of Minerals and Energy and Chamber of Mines.

The empowerment of historically disadvantaged South Africans has to take place within sectors and enterprises that have a sustainable future to be truly meaningful and empowering. This will give the newly empowered partners a possibility to add value and ensure optimum growth and benefits for their shareholders. The mining industry is one of the sectors that presents opportunities for growth to new entrants in large, junior and small-scale mining, or in the supply and other indirect commercial activities that are stimulated by the sector.

GOVERNMENT BEE POLICY FRAMEWORK

Some commentators on black economic empowerment (BEE) mislead the public on the true poli-

cies and practices of government on BEE. That is done without bothering to check the easily accessible facts on government's BEE policies and what the policy is based on. Such comments often claim, wrongly and absurdly, that government has a say or even determines who benefits from all large BEE deals. They suggest the only deals happening are the ones reported in the media, often involving prominent people. Their definition of empowerment is confined to equity; people who are not shareholders in companies are, by their definition, not being empowered. This is a disturbing assumption as it completely ignores and trivialises all other forms of empowerment that the policy embraces. These commentators also claim that BEE transactions are discounted and lead to value leakage.

But the facts about BEE and government's policy are quite different. In reality:

■ Most deals and transactions take place in the open market, without government involvement. The selection of partners has nothing to do with

government, except where government is the owner of assets. While the private sector chooses its partners, government often urges that the broad based principle is upheld through employee share ownership schemes or community and professional shareholders.

■ There are many unreported deals that catch limited or no media attention. Critics pretend these deals do not happen.

■ Access to capital will always be a tall order as only a few blacks currently have access to large capital, which tends to give them greater advantage.

■ Government's policy defines empowerment to include employment, equity, human resource development, affirmative procurement, enterprise development and community development. Equity alone is not appropriate to most target groups who may need short term benefits, have no capital and may require skills to get jobs to meet their basic needs.

■ Empowerment deals are not discounted or leak value. They mostly fetch market price and in many cases are over priced. ARM Gold is a good example of a BEE transaction that lead to great value adds. Loss making shafts that Anglo Gold was getting rid of were turned around by ARM Gold and became profit making enterprises, thus saving jobs. There are many such examples, especially in mining.

■ A recent study by Empowerdex has shown that companies with empowerment partners have performed better than those without.

Human resource development and employment equity are key pillars of BEE, fundamental for building and controlling the real economy. Skills and experience cannot be lost once gained. Both are needed not only for job creation but also for sustainability, innovation and competitiveness. Managers and technocrats in modern corporations are responsible for driving corporations and not shareholders. Technocrats have control and powers to build and destroy enterprises.

Government empowerment policy also seeks to correct market failures in particular industries, because these failures contribute to marginalisation of particular constituencies leading to inefficiencies, and in many cases entrench the divide between the first and second economy. Empowerment in mining, for example, addresses the abnormal situation caused by migrant labour. The Financial Services Charter addresses access to finance for the poor, because the lack of access contributes to an economically and socially abnormal society.

EMPOWERMENT IN MINING

The Mining Industry is a capital-intensive, but

more importantly, people-intensive industry. It makes significant impact on the lives of its workers, especially migrant workers, and on the lives of people affected by mining. The dense labour sending areas, ex-mining areas and mining areas are also affected and impacted upon by the mining industry.

The Broad Based Socio-Economic Empowerment Charter was conceptualised with socio-economic challenges of the mining industry in mind. The challenges affecting workers and communities are as much socio-political as they are economic. In each pillar of the Mining Charter there is a different target group that the charter seeks to address. The benefits might range from poverty alleviation to enrichment, all of which are perfectly legitimate.

The Mining Charter has seven pillars:

■ Equity, which should include employees, BEE investors, large and junior entrepreneurs;

■ Human resource development, targeting unskilled workers through adult basic education and training (ABET), and training for middle and senior level through higher education;

■ Employment equity, with a target of 40% black and 10% women representation in five years;

■ Beneficiation, which is a new economic path for South Africa to expand the impact of the mining industry in the economy;

■ Housing for mineworkers, which includes turning hostels into homes and ensuring proper nutrition to benefit workers;

■ Affirmative procurement, to benefit entrepreneurs and contribute to high South African content in the supply industry;

■ Community development, to benefit communities affected by mining.

All of these are licensing requirements and conditions that must be met by operating mine licenses holders. What the seven pillars create is a shared responsibility between those who enjoy licenses and profits of mining and the rest of a society to make a better life through mining.

Between 2002 and 2004, a total of 78 BEE deals of different sizes were concluded in the mining industry, with a total value of up to R25 billion. However, the benefits to women are disparagingly low; women empowerment accounted for less than 5% of these transactions. Yet black women constitute more than 50% of the black population and are not less capable entrepreneurs.

A tripartite approach to negotiating the charter was critical. The fact that the charter is not only enforceable in law but a licensing condition has played a major role. The progress made is also a

result of greater recognition in many sections of the industry that BEE and transformation are a fundamental requirement to doing good business in South Africa.

For the ANC and the alliance the benefits of these changes to the different stakeholders needs to be protected. It also needs to be noted that BEE is not a panacea for all of our economic problems.

Empowerment takes place in a capitalist society where there will always be those who will be richer. The steps taken by the state to force entry of historically disadvantaged South Africans through BEE policy is itself not consistent with the classic tenants of capitalism. Government and those who are already significant beneficiaries of this favourable economic policy must ensure that this unusual phenomenon of opening markets and forcing mergers and acquisitions benefits more, and not less, people.

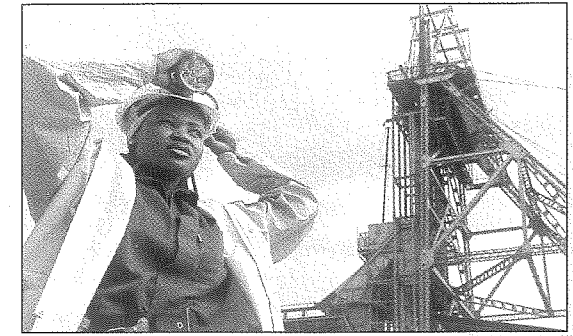
Empowerment policies are fairly new and bound to face many challenges, but also to record many successes. The excessive criticism of BEE policy is grossly unfair and premature. For example, the Mining Charter was only promulgated in May 2004. The challenges faced by the sector can still be reduced. The medium and small-sized transactions must be given greater support, not squashed out of the BEE race by prejudice which argues big is always better.

BENEFICIATION

Beneficiation will be a major thrust in the next few years. Work is being done on the level of beneficiation required in each commodity so that companies comply with the requirements of the Mining Charter. The legal framework (or the absence of one) in many mineral-producing countries has historically left the producer nation disempowered and at the mercy of their colonisers, who have manufacturing economies. Additional laws were passed in some cases to incentivise exports of raw material instead of manufacturing; such has been the case in South Africa.

The Mining Charter responds to this but does not address the entry barriers to beneficiation caused by problems of access to minerals. In the diamond mining sector access to rough diamonds for people wishing to do value addition has been a problem. These people have had problems if they are not in the big producers' supply chain, who supply to a mostly global clientele leaving locals with little or very expensive access to rough diamonds.

President Thabo Mbeki, at a diamond function in Antwerp, Belgium in November 2004, made this observation about the current dispensation



AT A GLANCE

Mining in South Africa

The mining industry continues to be one of the most important industries for the growth and development of the South African economy. The sector:

■ accounted for 7.1% of gross domestic product (GDP) in 2003, slightly down from the 7.7% recorded in 2002. Indirect multiplier effects bring the overall contribution of mining to GDP closer to 12%;

■ directly accounted for 11.9% of total fixed investment in the economy. Mining fixed investment grew by 19.8% to R22.6 billion in 2003 as the impact of multi-year capital projects came through. The industry has approved capital projects of about R90 billion for 2004 to 2008;

■ continues to act as a magnet for investment and dominates the Johannesburg Securities Exchange, accounting for 39% of the R1.4 trillion market capitalisation of the exchange at the end of 2003;

■ contributed R87 billion to South African exports, representing 30% of the country's total merchandise exports in 2003. If beneficiated mineral (such as ferro-alloys, steel and chemicals from coal) are added to primary exports then the minerals cluster accounts for more than 50% of total merchandise exports;

■ moved 98.9 million tons of bulk commodity ores for export in 2003. It was thus the dominant user of South Africa's railways and ports. The 98.9 million tons of bulk commodity exports represented 53% of the whole of Transnet's volume in 2003;

■ employed an average of 451,267 workers for the first six-months of 2004. Another 146,000 workers are employed in associated industries that either supply products to or use products from the mining industry. It is estimated that about 5.8 million people are directly dependent for their daily subsistence on mine employees;

■ was the world's largest producer of platinum group metals, gold chromium, ferrochrome, vanadium, manganese, aluminosilicates and vermiculite in 2003. The industry is also a major supplier of aluminium (world rank 8) antimony (3), coal (6), ferromanganese (3), fluorspar (3), iron ore (9), nickel (11), silicon (7), titanium minerals (2), uranium (9) and zirconium (2);

■ accounted for a significant amount of the supply and demand of energy. The industry consumed 32,620,848 megawatt hours (17.6% of total electricity consumption) in 2003. Through its coal mining sector the industry provided roughly 102.8 million tons of coal for electricity generation in 2003, which is about 92% of total electricity produced in the country. Nearly 39.6 million tons were consumed in the manufacture of synthetic fuels and accounted for 35% for liquid fuel production in South Africa; ■ is responsible for vast infrastructure development. For example about 3,000 km of railway line is attributable to the mining industry, along with three ports and much of the bulk handling infrastructure at other ports.

Source: South African Chamber of Mines

and relevance of a globalised diamond industry to Africa: "With regard to our own continent, it is our firm view that this cannot be done on the basis of the perpetuation of the old relationship according to which we as colonies produced and exported raw materials and imported high value added manufactured goods from the colonising countries. This also led to the building of an infrastructure directed at servicing this particular relationship." To empower African countries as producing nations those relations have to change.

The case for beneficiation with empowerment is compelling. Beneficiation is extremely limited in South Africa and empowerment in beneficiation even more so. The established industry in South Africa still has great reservations about South Africa's role in beneficiation.

Empowerment of individuals also depends on a change of economic power relations between nations. As we see in beneficiation, there is no shortage of arguments to maintain the status quo by those who feel Africa must accept its fate as the supplier of raw material.

LESSONS FROM MINING AND BEE

Black economic empowerment in mining would never have taken off to the extent that it had if government did not take deliberate measures to intervene, such as through legislation and licens-

ing. The lessons learnt from mining and BEE include:

- Regulation and Policy must be enforceable and provide benchmarks against which to measure performance.

- Key Performance Indicators and scorecards are important to ensure and monitor implementation and progress.

- All aspects of the BEE policy need to be highlighted to ensure equity is not prioritised at the expense of other pillars which are meant to benefit different target groups and to promote broad based empowerment.

- Critics of broad based empowerment would help greatly by monitoring how companies, including black-owned companies, perform on human resource development, employment equity and community investment, which are all areas where we have major problems.

- Government must maintain macro and global pictures to remove barriers not only to achieve the empowerment of individuals, but broader social groups and the entire nation, and specifically develop strategies to empower women and other marginalised social groups.

PHUMZILE MLAMBO-NGCUKA is a member of the ANC National Executive Committee and Minister of Minerals and Energy.

COVER THEME

Empowerment charters are a site of struggle

*While empowerment charters are highly contested terrains, they present new possibilities to enhance empowerment, improve implementation and monitoring, and develop empowerment as a central component of the national transformation agenda, writes **Andy Brown**.*

The imperatives of economic transformation and empowerment as a condition of national liberation have been a fundamental tenet of ANC policy since the time of the Freedom Charter. While the scope of the concept has shifted over time and varying terminology used to describe its elements, Black Economic Empowerment (BEE) has evolved as a central component of transformation.

Measures to redress the imbalances of the past are not only moral and political; our economy will not sustain growth while the majority are excluded from meaningful participation in productive activities and while there are high levels of poverty and unemployment. While BEE is not the panacea for transformation and poverty eradication, it can address a number of the challenges confronting us as part of an overall growth and development plan.

Black Economic Empowerment has developed



to incorporate a wide range of interventions and strategies, many of which have been implemented by government over the past ten years. These include improving the capacity of our education system, land reform, rural development, small and medium enterprise (SME) support, skills development, access to finance for business, and preferential procurement.

More recently, government has proposed a comprehensive approach within which the private sector should implement BEE. Greater certainty has been given on definitions and measurement indicators, to enable the implementation of company BEE strategies. Sectors have also been encouraged to design transformation charters.

Black Economic Empowerment is therefore aimed at addressing a number of systemic problems in our economy. These include the narrow base and concentrated nature of ownership and

control, inadequate investment in skills development, low levels of entrepreneurship, limited investment in underdeveloped areas and high unemployment.

As we learn from its implementation challenges our understanding of BEE will deepen and the policy is likely to continue to evolve. Despite the differing views, debate on BEE is essential to assist in the evolution of the concept. The need for inclusive engagement is particularly evident where charters are concerned.

Many critics, however, appear to have difficulty in appreciating the value creation that protagonists of BEE believe in. On one hand the approach of most companies, either bound by charters or under pressure by procurers of service, is compliance driven. On the other, increasingly vociferous concerns are raised about the narrow base of BEE, questioning how progressive and broad based BEE truly is.

GOVERNMENT POLICY REFLECTS ANC PRIORITIES

The ANC's Stellenbosch Conference in 2002 resolved to support the broad-based BEE process (see box on page 19). These ANC positions directly led to the adoption by government of the Broad-Based BEE Strategy and Broad-Based BEE Act in 2003. Both the strategy and the Act are based on numerous policy discussions and resolutions adopted by the ANC on BEE, as well as the considerations of the BEE Commission (BEECom) report.

Government has defined broad-based BEE as the economic empowerment of all black people including women, workers, youth, people with disabilities and people living in rural areas through diverse but integrated socio-economic strategies. The government's strategy outlines a number of state-led BEE programmes and includes a balanced scorecard, against which enterprises and sectors can design BEE strategies and measure progress made in achieving empowerment. The current version of the scorecard has three core elements:

- Direct empowerment: ownership and control;
- Human resource development; and
- Indirect empowerment: procurement, enterprise development and corporate social investment.

Government has released a draft code of practice, which includes a revised scorecard. The new code provides significantly more detail on measurement indicators, weightings and targets. As it is finalised, it is hoped that terminology such as direct and indirect empowerment will be discarded as it gives the impression that enterprise development or other residual elements are less directly empowering than ownership.

The Broad Based BEE Act is enabling rather than prescriptive. It provides for the establishment of the BEE Advisory Council, the publishing of codes of practice and the gazetting of transformation charters. The challenge in implementation of the Act is that it does not compel the private sector to set empowerment plans and report on progress. Although said to be the subject of a future code of practice, the absence of a legislated reporting requirement may lessen its impact.

Notably the Act does give substantially more definition to Broad-Based BEE and its objectives. Firmly turning away from a very narrow definition, BEE is understood in its broadest sense as the economic empowerment of all black people through diverse but integrated socio-economic strategies.

Both the strategy and the Act argue that economic growth and empowerment are complementary and related processes and that if we do not implement BEE, "the stability and prosperity of the economy in the future may be undermined". In other words, the inclusion of black people in economic activities is seen as a necessary element of a growth strategy.

The role of the private sector, particularly in relation to the complementary nature of BEE and growth, may not have been sufficiently emphasised. Unless we understand that BEE is fundamental to the development and growth of our economy, businesses will continue to implement it half-heartedly, not appreciating the real value beyond short term gains of compliance and not fully understanding the benefits of implementing all aspects of BEE well in their own companies.

The inability of the private sector to implement BEE in an integrated and holistic manner may restrict the broad-based impact of BEE and hamper its potential to foster growth.

The South African Communist Party (SACP) has recently argued that the language of the Freedom Charter has been replaced by 'black economic empowerment', which according to the SACP is "a clear divergence, if not contradiction". The same document aligns BEE to 'Black Advancement' and the "co-option of the few to a project of deracialised capitalism".

This characterisation misrepresents the role of black business in meaningful advocacy on transformation of the economy and in the development of a BEE policy. Most critics of BEE, while supporting broad based BEE imperatives, seldom draw adequate distinctions between policy, practice and the various role players. The resultant perception that BEE as a policy framework involves only the transaction activities of black people in business and that it therefore results in black enrichment is incorrect and misrepresents

the evolution of the concept in ANC and government policy.

ENGAGING THE CHARTERS

In June this year we celebrate 50 years of the Freedom Charter. Will the charters being drafted today match up to the spirit of the Freedom Charter and more importantly, will they have the desired impact on the will of all South Africans to transform our society?

Initially mooted by the Department of Minerals and Energy (DME), the BEE Commission (BEECom) and the National Economic Development and Labour Council (Nedlac), transformation charters are negotiated agreements between stakeholders, aimed at driving transformation in the economy.

Charters have added impetus to BEE. They present the possibility of establishing a transformation framework beyond the parameters of how the private sector has implemented BEE to date. Charters provide opportunities to address a range of challenges confronting the economy on a sector-by-sector basis, while enhancing stakeholder commitment. Characterised by contested views as to how broad-based the charter should be, they are an important site of struggle.

Charters are provided for by the Broad-Based BEE Act. The mining, liquid fuels and financial sectors have already gazetted charters in terms of the Act, while more are expected in transport, property, construction, the accounting and legal professions, health, agriculture, wine, cosmetics, information and communications technology (ICT), advertising and tourism.

The experience of the earlier charters is formative and ongoing review is essential. There are some obvious challenges, which need to be addressed to improve on outcomes.

The charters are drafted in the spirit of negotiation; they do contain standards albeit agreed to in a contested environment. Often, those better resourced with time and skills, as well as financial capacity, come out ahead. Hence the imperative of inclusive charter discussions.

Development of charters has been a contentious issue with confusion reigning among black and white business, organised labour and government about who drives and who constitutes negotiating partners. Until recently most have not effectively involved community and organised labour in their drafting.

In the case of the Mining Charter, the Department of Minerals and Energy initially drove the process, bringing in business and labour later on. The consequence of less inclusive development was negative and impacted on the final charter. This is evident in the scorecard,

which is more vague in its commitments than would have been desired by government and labour constituencies.

The Financial Sector Charter was led by business in consultation with government, but with limited participation from labour and social partners. The inadequate consultation threatened to undermine the legitimacy of the charter after it was signed. These stakeholders were interested parties in this charter and they had actively driven campaigns to transform the financial sector. They should have been included as negotiating partners. Today, however, they have equal representation in the oversight structure, the Financial Sector Charter Council.

The ICT, transport, tourism, construction and property charters are being driven by steering committees. Government is playing an active role and Nedlac has been briefed on most of these charters.

Charters are not negotiated at Nedlac. However, a minimum requirement is that charters should be tabled at Nedlac, participation invited and a final report sought from Nedlac for submission to the respective minister on conclusion of a charter, as is done with significant legislation or policy.

Organised labour and community representatives have been invited to participate as negotiating partners in the transport, construction and property charters. The ICT charter steering committee was recently reconstituted to ensure better representation of all stakeholders. Black business is participating in most of the charters through chambers and professional bodies.

While it is not always easy to involve everyone, the inclusion of any stakeholder who is affected by a sector, who would sign a charter and who could implement a charter, should be sought. The absence of representative, inclusive and empowered stakeholder participation in negotiations compromises the potential impact of charters and limits their broad-based scope.

MORE THAN NARROW CHANGE

Charters often encompass diverse and large sectors, where the nature and the varying types of firms within it necessitate establishing a common threshold or industry mean on which to set targets. While transformation is built in, the mechanisms don't always capture the interests of all stakeholders. Similarly, the scope and content of charters is difficult to define and its broad-based nature contested.

The indicators of the BEE scorecard – which include ownership, control, employment equity, skills development, targeted procurement, enterprise development and corporate social invest-

ment – are always considered. But BEE is about more than narrow change. It must follow that companies and sectors should understand their role and contribution to transformation in the economy and accordingly define relevant indicators for inclusion in the charter.

In line with this, some charters have introduced additional residual indicators. The Mining Charter included beneficiation and mining community development. The ICT charter has incorporated bridging the digital divide and access to ICT. The Financial Sector Charter (FSC) addressed access to transaction banking and savings products and targeted investment in areas of national priority.

In the construction and transport sectors the charters are expected to address job sustainability, workplace conditions and enterprise development. In the property sector stakeholders are discussing the extent to which the charter can include access to and use of property.

The weightings allocated to the various aspects of BEE in some of the more recent charters are indicative of this shift to incorporate broader transformation issues. Many scorecards increasingly place less emphasis on ownership than on the other indicators, with most allocating ownership between 15 and 18 points out of a total of 100 points.

While the recent charter frameworks are attempting to broaden the scope, greater emphasis should be placed on growth generating activities and job creation. For instance, to date few charters effectively address enterprise development, many locating the measurement of performance in enterprise development within procurement. In most competitive economies small and medium-sized enterprises are the lifeblood, creating labour-intensive employment, innovation and increased competition. Adequate solutions in this area should bring large-scale benefits to all. To accommodate all these aspects of BEE, especially in diverse and large sectors, innovation in both qualitative and quantitative instruments and in scorecard design is fundamental.

Most important, given some of the challenges, well constructed reporting, monitoring and review mechanisms are critical. Without reporting, progress can never be evaluated and little is left to implement.

PARTICIPATION FOR GROWTH AND DEVELOPMENT

Some believe that charters set defined goals and parameters that are cast in stone and must never

change. This is not true. From year to year various aspects of our economic landscape will change and our understanding of particular issues should deepen. These factors could influence the outcomes of charters and we must therefore provide for adjustment of mechanisms by oversight structures when necessary as well as ongoing assessment of the extent to which its implementation meets the intentions and spirit of the charter. In the FSC for example, current research shows that some of the employment equity targets are already easily achievable and the council is debating a review. Such reviews and adaptability of the mechanisms must be recognised.

Perhaps the most difficult challenge confronting the implementation of BEE through charters is the approach of most companies to empowerment obligations. Few have recognised the benefits of BEE beyond meeting tender or licensing criteria. They therefore do not appreciate the value creating potential of the various components of BEE to an individual business nor the benefits to the economy in general. Charters must become innovative tools to transform workplaces, promote productive environments and grow.

There is vast global experience that demonstrates that economies that increase the participation of people in production and address developmental requirements are more likely to become competitive.

Given the flexible approach to BEE implementation, its success is chiefly dependant on sufficient commitment among companies and industries, champions in government, participation from organised labour and community structures, and effective officials and systems.

There is evidence of growing government success in implementing BEE programmes, including targeted procurement, local economic development and SME support. Examples of private sector progress in implementing BEE, especially through charters, and evidence of real benefits to a wider base would certainly add impetus.

Black Economic Empowerment is firmly located within the national development agenda. The consultative nature, inherent partnership potential and monitoring framework provided by charters adds tremendous impetus to this. While mindsets take time to change, charters provide a framework within which stakeholders can embrace BEE in their sectors and in so doing extend its transformative outcomes.

ANDY BROWN is a consultant specialising in economic empowerment policy and strategy.

RESOLUTION OF THE ANC 51ST NATIONAL CONFERENCE ON BLACK ECONOMIC EMPOWERMENT

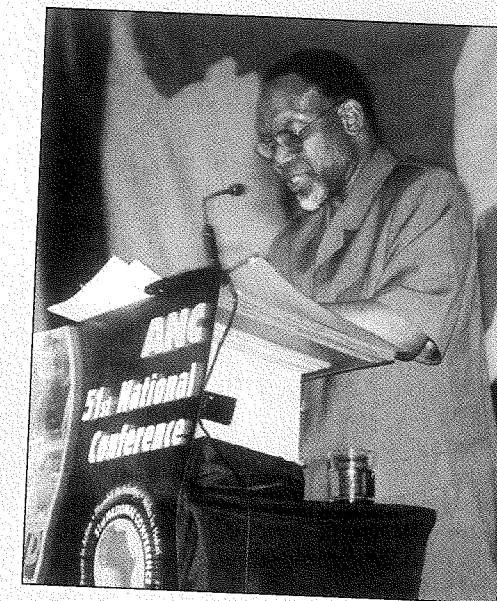
STELLENBOSCH, DECEMBER 2002

NOTING THAT:

1. Despite our efforts, South African society remains characterised by vast racial and gender inequalities in the distribution of and access to productive assets, wealth, income, skills and employment.
2. Little progress has been made in achieving greater operational participation and control in the economy by black people, and we have instead seen the rise in so-called 'fronting'.
3. This limited participation of black people in the economy limits our ability to expand the productive base, sustain economic development, eradicate poverty and contribute to a better life for all.

THEREFORE RESOLVES:

1. That Black Economic Empowerment (BEE) is a moral, political, social and economic requirement of this country's collective future. BEE is defined in its broadest sense as an integrated and coherent socio-economic process located in the context of the RDP. Its benefits must be shared across society, and impact as widely as possible.
2. That the indicators for success are overall equity in incomes, wealth, increasing levels of black participation – including black women and youth – in the ownership, the extent to which there is operational participation and control of the economy and the extent to which there has been transfer and possession of skills and a retention of assets by the BEE beneficiaries.
3. To ensure that BEE is broad based, supportive of collective ownership programmes by working people and communities, in the form of collective enterprises and cooperatives, supportive of the creation of an entrepreneurial class, the accumulation of assets by the poor and with a focus on the development of rural economies.
4. That the ANC will mobilise its membership to mobilise communities in general, and targeted groups in particular – women, institutions working with children, people with disabilities, youth and the elderly - to take up the BEE opportunities and to participate in the debate.
5. That an essential component of BEE is the involvement of black business people, especially women, in the ownership, control and management of productive capital in all sectors of the economy as well as skilled occupations. In pursuing this objective the ANC will work with the emergent



- black capitalist class to ensure joint commitment and practical action to attain increased investment, job creation, employment equity and poverty alleviation.
6. That the government must intensify its support for small, medium and micro enterprises as a critical component of BEE and ensure that such support reaches them.
7. That the ANC at all levels must continuously monitor progress in empowering black people, especially black women, youth, children, the elderly and people living with disabilities and ensure government arrives at quantitative targets in order to measure BEE.
8. That the ANC supports the establishment of a BEE Advisory Council representing all major stakeholders to champion BEE.
9. To promote the design and implementation of broad based sector or industry empowerment programmes with clearly defined targets, based on agreements between stakeholders.
10. To enhance the effective use of government's instruments such as licensing, procurement, state asset restructuring and provision of finance, to target BEE.
11. To ensure government designs an enabling regulatory framework including operational guidelines to promote certainty in the implementation and regulation of BEE.
12. To ensure that Municipal Integrated Development Plans factor in BEE at community levels and ensure that local government communicates opportunities for BEE.



'n Volk red homself

The Afrikaner economic empowerment movement

In this edited extract from his seminal work, *Volkskapitalisme*, Dan O'Meara traces the development of the economic movement within Afrikaner nationalism prior to the Second World War.

Many of South Africa's key economic institutions, including Sanlam, Volkskas, Avbob and Santam, emerged from this movement, which aimed to liberate the Afrikaner 'volk' from the yoke of poverty by breaking the chains of economic 'imperialism' and building a business elite that could benefit poor whites.

In the course of debating 'economic liberation' the Afrikaner nationalist movement encompassed a variety of views, stretching from 'utopian' ideas of defeating the 'poor white' problem through cooperatives, to the patently capitalist proposals for a finance company to pool emerging Afrikaner capital and direct it toward productive investment.

Notably, these debates took place in the period when the Afrikaner nationalist movement did not have full control of state power, as was the case after 1948. In a separate paper, O'Meara argues that: "While the economic movement did lead to the economic empowerment of some Afrikaners, these were not the vast bulk of the farmers and the workers whose savings contributed so heavily

to the success of volkskapitalisme. To the extent that Afrikaner workers and farmers became economically empowered under the National Party, it was the state, rather than Afrikaner business, which looked after their interests".

In considering the historical lessons of the Afrikaner empowerment movement, it is important to bear in mind two factors that distinguish this history from contemporary debates. First, Afrikaner nationalism represented a narrow, ethnically-based and exclusive nationalism. In contrast, the project of African nationalism, led by the ANC, has always been broad, non-racial and inclusive.

Second, the nature of the international economy has profoundly changed since the 1940s. In the context of globalisation, the space for state intervention to protect and support an emerging 'national bourgeoisie' is much smaller. And today, capital is more than ever a global (rather than national) institution, throwing into doubt the possibility of there existing a 'patriotic capital'.

By the 1930s, the historical trajectory of capitalist development in South Africa had produced a pattern of ownership of the means of production in which Afrikaans-speaking whites controlled an insignificant proportion of production in all sectors except agriculture. Only in the Cape had there emerged anything resembling capitalist undertakings controlled by Afrikaans-speakers.

In the words of his biographer, WA (Willie) Hofmeyr was the first among Afrikaner intellectuals to see the golden opportunity "to develop national consciousness into a business consciousness". He pursued this vision with an iron determination.

In December 1914, a petty bourgeois group around Hofmeyr formed *Die Nasionale Pers* to publish *De Burger* ('The Citizen'). The initial £8,000 capital was provided by a few wealthy Stellenbosch wine farmers – beginning a long-standing economic and political alliance. After 1915, *De Burger* formed the Cape Section of the *Helpmeestersvereniging* (Mutual Aid Association) to pay the fines and otherwise assist those imprisoned participants in Afrikaner rebellion of 1914-15.

De Burger played a vital role in mobilising contributions for this appeal, which collected almost £250,000. The *Helpmeesters* movement demonstrated how nationalist sentiment coordinated through the press, party and special institutions, could be an extremely powerful mobiliser of both the revenue of rich farmers and the meagre savings of the petty bourgeoisie and workers. According to the official chronicler of the economic movement: "All at once the Afrikaner realised that, comparatively poor as he was, there nevertheless lay locked up in him a dispersed capital which could and must help him to find his economic feet – if the money could be effectively mobilised." (EP Du Plessis 1964:8)

The *Helpmeestersvereniging* organised Afrikaans speakers from different classes, reinforcing the idea of a classless nation. "The *Helpmeesters* gave rise to the mighty clarion call to the volk to try to conquer the last stronghold, the business world. Then would a new day dawn. And out of the combined influence of the awakened nationalism, the *Helpmeesters* and the Cradock congress [on the poor white problem], each backed-up and interpreted by *De Burger* and the Nationalist Party, were born those symbols of victory in the Afrikaans business life of South Africa – Santam and Sanlam – with their fitting and illuminating motto, 'Born out of the *Volk* to serve the *Volk*.'" (le Roux, 1953:125)

As a direct result of his experience as chairman of the Peninsular *Helpmeestersvereniging*, Hofmeyr formed the Suid-Afrikaanse Nasionale

Trust Maatskappy (Santam) in 1918. The £20,000 initial capital was provided by the same Western Cape farmers who financed *De Burger*. Santam was initially intended to effect both short- and long-term assurance. Within a few months the two operations were separated. In June 1918, a wholly owned subsidiary life assurance company was formed – Sanlam. Two months later, a further division of life and industrial assurance was effected. Though its own paid up capital stood at a meagre £20,000, Sanlam splashed out £120,000 to buy African Homes Trust and Assurance Company.

By 1919, the stable of Santam, Sanlam, and the African Homes Trust offered a range of short- and long-term insurance services. Santam's major function as a trust company was to provide short-term credit to agriculture.

Growth was slow. Competitors used every jingoist device and emotion to confine Sanlam's activities to the petty servicing of agriculture. Moreover, as the potential investors and clients, Afrikaner farmers had to be weaned from the hoary myth that 'the Afrikaner is no businessman and could accomplish nothing in the business world'. The group's major weapon in its struggles to attract business was a self-conscious evocation of nationalist sentiment, well revealed in the 1922 Chairman's report: "Sanlam is an authentic institution of the Afrikaner *volk* in the widest sense of the word. As an Afrikaner, you will naturally give preference to an Afrikaner institution. I would just remind policy holders that we are busy furnishing employment to young Afrikaners, and training them in the assurance field. We hereby intend to provide a great service to South Africa. If we want to become economically self-reliant then we must support our own institutions. To this end, Sanlam offers you the opportunity."

The Santam/Sanlam group aimed to pool the money resources of all Afrikaans-speakers in a central fund, there to be converted into productive-capital. This money was to come from a number of sources. Through the mobilising agency of Afrikaner nationalism it sought to draw together the revenue of capitalist farmers and the small savings of the urban and rural petty bourgeoisie.

The most important source of funds was Afrikaner farmers. The ability of the group to centralise money-capital was determined above all by the accumulation of capital in agriculture, particularly in the Cape. The years 1918 to 1937 saw a concentration of capital in Cape agriculture beyond anything occurring in other regions.

An agent and index of the concentration of agricultural capital was the rapid development of

the agricultural cooperative movement following the Cooperative Association Act of 1922. The most important cooperative, that of the Cape wine growers – the *Ko-operatiewe Wynbouers-Vereniging* (KWV) – had been established in the same year as Santam/Sanlam. The cooperatives were instrumental in the concentration of agricultural capital through the processing and marketing of their members products; the collective – hence cheaper – purchase of seeds, implements, machinery etc; and the provision of various services, for example, repairs. By 1937 the Union-wide members of agricultural cooperatives stood at 75,316 with a total turnover of £15.9 million.

SANLAM APPROACHES THE BROEDERBOND

Dependent for the bulk of its funds on Cape agriculture, the growth of Sanlam was slow. By 1928, its assets stood at £500,000. It achieved an annual premium income of half a million pounds in 1936 and was providing interest free loans to holders of all policies over £1,000.

Other factors hindered Sanlam's growth. Firstly though it enjoyed support from Cape farmers, it had not gained a real foothold in the north. Given the conditions of northern agriculture less latent money-capital was available for centralisation in the north. Secondly, farmers with capital available for placement in credit institutions would not necessarily wish to invest it all in life assurance, where they had to wait long for any return, and faced difficulties in withdrawing funds should it become necessary. Moreover, whilst Sanlam had centralised money in its assured fund, all sorts of statutory limitations hedged in the investments of life assurance companies. Thus, by 1937, the company was confined largely to small-scale credit and had not been able to move into productive investment in industry.

The situation of the economic movement in the Orange Free State (OFS) and the Transvaal was very different from that in the Cape. The concentration of agricultural capital was less developed and had not given rise to centralising institutions like Sanlam. The few 'financial' undertakings which did exist, such as the *Suid-Afrikaanse Spaar-en Voorskot Bank* (Sasbank) and the *Afrikaner Verbond Begrafnis Ondernemings Beperk* (AVBOB) were very small establishments dependent largely on the petty savings of Afrikaner workers.

Thus the gradual development of the economic movement in the north occurred under different conditions from the Cape. Sanlam's need for access to the profits of northern agriculture drove it into an approach to the Broederbond in 1937. This involved much more than business coopera-

tion. It required above all ideological and political coordination.

Following the formation of the *Federasie van Afrikaanse Kultuurverenignings* (FAK) as its 'public front' in 1929, the Broederbond had increasingly turned its attention to economic issues. Its 1930 congress resolved to strive for the "economic self-sufficiency of the impoverished section of our *volk*, and for the training of a commercial community among Afrikaners".

The August 1931 congress decided that a 'people's bank' should be established. After an extensive discussion, the bank *Volkskas* (literally 'people's treasury') was established in Pretoria by sixty broers in April 1934. *Volkskas* was always regarded as the Broederbond's bank. All vacancies on its board were filled by the Broederbond Executive Council.

Volkskas began as a cooperative bank with a paid up capital of £5,000. Although "not announced at the time" the bank later acknowledged that it had always intended to abandon this cooperative form. Responding to charges that the Board misled the public, it argued that the initial adoption of the cooperative form was necessary "to gain the cooperation of the Afrikaner masses". *Volkskas* immediately faced great hostility from both the big commercial banks and the existing *volk's* banks (notably Sasbank). The former refused it clearing facilities, and endeavoured to get *Volkskas* prosecuted under the Usury Act, whilst the latter bitterly attack it within the ranks of the *volk* as a 'capitalist' institution. But the Broederbond connection was used to mobilise support for the bank.

The 1930s saw extended debate within the Broederbond on economic questions. Through its various fronts it sought to involve a much wider 'group of Afrikaners' in the debates. A theoretical journal associated with the Broederbond, *Koers* ('Directions'), took the lead. Its first issue warned of the "golden chains" of growing economic domination by "imperialism". The journal continually returned to the theme of the 'economic reorganisation of our national (*volks*) life'. The perilous position of 'Afrikanerdom' was blamed on a long series of 'profiteers'. The development of the credit system was held particularly responsible for reducing large numbers of Afrikaners to debt and, through lack of access to large-scale credit, preventing their transformation into entrepreneurs. This led to the regular demand for easy credit "to suit the national requirements rather than capitalist profit". A key interventionist role was assigned to the state, which should regulate the market, protect domestic industry and agriculture, ensure the complete segregation of the races, and organise the unem-

ployed into a "labour army" to fulfil "national requirements".

Dr N Diederichs, who was to become the Chairman of the Broederbond and later on the National Party's Minister of Finance, also took up these issues. Writing in the *Afrikaans-Nasionaal Studentebond* (ANS) organ, *Wapenskou* ('Review of Arms') he laid particular stress on the inter-connection between the struggles for language and economic equality. Readers were urged to 'buy Afrikaans' and to insist on using Afrikaans in all economic activities. But this was not enough: "Consider further how you can contribute to the struggle. Act individually, act together with others, but ACT, ACT, ACT! We must seize this [economic] struggle and win through".

Outside the Broederbond, the venerated *Nederduits Gereformeerde Kerk* (NGK) pastor JD 'Vader' Kestell regularly raised economic issues in his column in *Die Volksblad*, concentrating particularly on the 'poor white' question. In a series of articles he pleaded for collective action under the slogan '*Saamwerk, Helpmekaar, Redmekaar*' (cooperation, mutual aid, collective redemption) and urged the creation of another central fund similar to the old *Helpmekaar*. This would finance the return of 'poor whites' to the land.

Yet despite the regular discussion of economic questions, the direct achievements of the Broederbond in the economic field prior to 1939 were negligible. The explanation is simple. While the Broederbond harnessed the talents of the intellectual cream of the northern petty bourgeoisie, in the blunt words of its official history on economic questions the *broers* were *dom*. They not only lacked business experience, above all else they lacked capital. Precisely because the Broederbond was a purely petty-bourgeois organisation; precisely because, unlike their southern counterparts, the northern petty bourgeoisie were politically isolated from capitalist farmers the Broederbond was cut off from all sources of capital, and politically too weak to begin to achieve a similar centralisation of capital as in the Cape group. Furthermore, the Broederbond was weak in the Cape itself where it had relatively few members.

Only after Sanlam approached the Broederbond in 1937, did the Broederbond's concern with economic issues begin to be translated into effective action. Both groups needed each other. Sanlam needed the Broederbond's control over the levers of cultural legitimacy while the Broederbond needed Sanlam's expertise and capital. But it was always a conflictual relationship. There were differences of "political

and economic outlook", and fear in the Broederbond of "political and economic domination" of the north by the "established interests" of the Cape. Nevertheless, the Sanlam-Broederbond collaboration began in 1937, when the enactment of the Marketing Act promised to make available potentially large sums of latent-capital in agriculture, to be centralised in credit institutions. Realising that Sanlam on its own lacked the resources to mobilise such potential capital, its financial strategist, MS Louw, now discussed his plans with Broederbond leadership.

TOWARDS THE ECONOMIC VOLKSKONGRES

When Louw made his approach in late 1937, the Broederbond was itself planning a *volkskongres* on the 'poor white' question. According to his biographer, on hearing this Louw immediately realised that "the formation of such a finance company would acquire much greater weight if the plan could receive the support of such a representative *volkskongres*, and it would therefore be in the interests of the *volk* if he made his plan part of the programme of action of the congress". No doubt what was good for Sanlam was good for the *volk*.

Louw's plans were extensively discussed within the Broederbond, leading to a very different emphasis in the proposed *volkskongres*. By July 1938 it had been decided that the focus of the kongres would be on the economic position of the Afrikaner and how to transform it. Louw was appointed to the Broederbond committee, chaired by LJ du Plessis, charged with organising the forthcoming kongres. Louw himself was especially mandated to draw up detailed proposals for an investment company.

The *volk* were to be carefully prepared for the *volkskongres*. The Broederbond was organising the celebrations for the impending centenary of the Great Trek. It was now decided to make these celebrations "serve the economic interests of the Afrikaner". The *Eeufees* (centenary) or *Tweede Trek* (second trek) more than succeeded in preparing Afrikaans speakers for an economic *volkskongres*. All along the route, the economic plight of urban Afrikaners was a leading theme as significant voices stressed economic issues. Dr HF Verwoerd reminded the *volk* that the 300,000 'poor whites' were the descendants of the Voortrekkers, whose message to the living was "Afrikanerise the cities and assume your rightful place in commerce and industry".

The venerated 'Vader' Kestell best captured



The perilous position of 'Afrikanerdom' was blamed on a long series of 'profiteers'



The aim was to develop a group of Afrikaner capitalists

the spirit and function of the *Eeufees*. In a powerful speech in front for the wagons in Bloemfontein, Kestell encapsulated his writings of the last nine years in an emotional plea for a great 'deed of Salvation', by which the *volk* would rescue itself from poverty. Kestell's theme – 'n *volk* red homself ('a people rescues/redeems itself') – became the slogan of the economic movement.

Whilst the Broederbond was 'creating the right climate' for the *Volkskongres*, Louw pressed ahead with his planning of the finance company. In the midst of the *Eeufees*, he laid his first proposals before the Sanlam directorate.

Louw proposed the formation of a finance company with a capital of £1 million. It would aim firstly to secure the largest possible profits for its shareholders, but, secondly, "the major aim shall always be to strengthen the position of the Afrikaner in commerce and industry". Sanlam itself should take the initiative in the establishment of such a finance company.

"I cannot propose a more effective method than this, to employ the mobilised capital of the Afrikaner in the furtherance of his national interests in the spheres of commerce and industry, and to capture key positions [in the economy]. Such a finance company appears to be the appropriate means through which the Afrikaner can realise his legitimate struggle to assert himself in the economic domain. It will be the starting point of further large scale undertakings, only the first step in a mighty program"

Eager for expansion out of the narrow field of insurance, the Sanlam board endorsed these proposals. Sanlam would underwrite the share issue and free one-twelfth of its personnel for the venture, provided the official backing of the forthcoming *Volkskongres* was secured – Sanlam could not risk such an undertaking without the mobilising resources of the Broederbond.

In a memorandum of 20 April 1939 to the Santam board (which controlled Sanlam), the aims of the proposed company were spelled out: "The company will itself do no business. Its function should be the financing and establishing of Afrikaner commercial and industrial undertakings. Through the purchasing of shares, or in other ways, it will also obtain control over existing businesses and Afrikanerise them. It will also finance existing Afrikaner undertakings through the discounting of bills etc." (Bezuitenhout 1968:64-5)

The detailed plans were accepted by the Santam board. When likewise approved by the

Broederbond in May 1939, a three-man committee was mandated to lay these proposals before the kongres as its primary plank. The committee was composed of Louw and two other prominent Cape broers – Dr E Dönges, and Professor CGS Schumann, Dean of the Faculty of Commerce of Stellenbosch University.

Despite its hostility to WA Hofmeyr, in effect what the Broederbond was recommending to the *volk* were Sanlam's plans for expansion. The proposals had been conceived by its actuary and were first cleared by its board. The share issue was underwritten by Sanlam with administration to be undertaken by its specially seconded personnel. For Sanlam, this was the way out of the narrow horizons of insurance. Through the mobilising power of the Broederbond and its front organisations, the scheme offered Sanlam access to the potential money-capital of a much wider group of farmers, and to the savings of both Afrikaner petty bourgeoisie and workers. Now it would be able to lay claim to these funds by right as the official organ of Afrikanerdom, and so enter entirely new fields of investment hitherto barred to it. On the other hand, Sanlam's proposal transformed the Broederbond's view of the role of the kongres. It opened up much wider possibilities for the northern petty bourgeoisie. What Sanlam had achieved might be open to others as well. But without the expertise and established financial strength of the southern group, movement out of the narrow world of petty trade was unlikely. Thus, despite the strong antipathy to and fear of dominance by the financiers of the south, the Broederbond seized on Sanlam's scheme. Yet the ambivalence and tensions remained.

CONTRADICTIONARY TENDENCIES AND VOLKSKAPITALISME

Proceedings and recommendations of the *Volkskongres*, convened by the FAK in October 1939, deeply reflect this ambivalence. On the one hand were the clear-sighted proposals of the Cape trio, making up the main recommendations laid before the kongres. Here was advocated a finance company whose shareholders were to be rewarded not with 'pious sentiment', but in the 'jingling coin' of profit. The large-scale capitalist character of this undertaking was unmistakable, and Schumann and Louw, in particular, made no effort to disguise it.

On the other hand a great variety of generally utopian cooperative schemes were proposed. These stressed the plight of the 'poor whites' and were geared to 'rescue them' through developing small business. All of this was cast in a strong anti-capitalist rhetoric totally absent from the

Sanlam proposals. Finally, in the middle, and trying to hold together what were clearly contradictory tendencies through a stress on nationalism and the unity of all Afrikaners, stood the chairman of the organising committee, LJ du Plessis. Assuming a role with which he was to become increasingly familiar, du Plessis' opening address on the 'Purpose of our Economic Struggle' tried to reconcile both tendencies through a plea for volkskapitalisme: "[In the past] we also accepted that the masses who were unable quickly and easily to adapt to capitalism would sink into poor whiteism. Sympathetically we belittled them and distanced ourselves from them, at best philanthropically offering them 'alms' or poor relief from the state. And meanwhile this process of adjustment was destroying our *volk* by denationalising its economic leaders and proletarianising its producing masses. But, in the awakening of national consciousness, the *volk* has perceived this too, and the new national economic movement sets for itself the goal of reversing this process; no longer to tolerate the destruction of the Afrikaner *volk* in an attempt to adopt to a foreign capitalist system, but to mobilise the *volk* to capture this foreign system and adapt it to our national character." (EP du Plessis 1964:104)

The wide differences between the Sanlam conception on the one hand, and the solidly petty-bourgeois orientation of the northern delegates on the other are crucial to an understanding of both the economic movement, and of Afrikaner nationalism itself.

Professor CGW Schumann introduced the Sanlam proposals to the kongres. In sharp contrast to du Plessis' keynote address, and the concerns of many of the delegates with the poverty of 'poor whites', he bluntly stated that in the past too much attention had been paid to "this unhealthy section". Rather than concern itself with 'poor whites' the *kongres* should aim to "help the Afrikaner become an entrepreneur, an employer and an owner of capital". This could only be achieved by mobilising the "capital resources" of the *volk*. There were two potential sources of such capital. Firstly, Afrikaner consumers controlled an annual buying power of £100m. Secondly, and more importantly, "the farming community clearly forms the most financially strong section of the *volk*. They should become the source of capital for Afrikaner business in commerce and industry etc". This would also benefit farmers, as it would provide for the diversification of agricultural capital into other sectors of capital accumulation.

Schumann was immediately followed by Dönges who argued that so many Afrikaans speakers lived in poverty because "Afrikaner

capital power is not being purposively mobilised nor productively employed with the aim of giving the Afrikaner that place in commercial life to which he is legitimately entitled". Existing Afrikaner financial institutions were designed and developed "purely to provide for the long term capital requirements of the Afrikaner agriculturalist", and were unsuitable for investment in industry and commerce. Any attempt to mobilise 'Afrikaner capital' for investment in such fields faced both the "psychological preference of the Afrikaner to invest in tangibles, land, houses etc" and a lack of suitable investment channels.

The proposed finance company would provide the appropriate channel for the investment of such capital. This would ensure "the Afrikaner his legitimate place in the economy". Dönges was also very clear on just what the 'legitimate' place was. The aim was to develop a group of Afrikaner capitalists: "not just to Afrikanerise commerce and industry to a greater extent, also not only to attract more Afrikaners as workers in commerce and industry, but to increase by ten-fold the number of Afrikaners employers in commerce and industry". To ensure the successful functioning of the finance company it should have a management both "in full agreement with our aims", and "experienced in investment and [which] has made its mark in commercial and economic fields". Only Sanlam fulfilled the requirements.

Louw's speech showed how this ten-fold increase in the number of Afrikaner capitalists could be achieved by drawing together the capital of farmers and the small savings of Afrikaner workers and petty bourgeoisie in a great alliance: "The finance company will stand in the forefront of the forthcoming struggle of the Afrikaner to find his legitimate share in the commerce and industry of our country. It will mesh together the farmer, the investor, the consumer and the employee on the one side, and the retailer, wholesaler, manufacturer and credit establishment on the other."

Each section would benefit in this great service to the *volk*: "For the investor it will create the opportunity to use his capital in the interests of this Afrikaner concern whilst drawing profit from his investment. The Afrikaner farmer will find Afrikaners to process and distribute products. Opportunities will be created for the practical training and employment of Afrikaner boys and girls in commercial and industrial undertakings where they can occupy the highest posts."

Yet lest there be any doubts as to the real purpose of the company, Louw bluntly dispelled them. The first aim was profit. Investments

would be made with an eye to profitability rather than sentiment or demand: "If we wish to achieve success, we must utilise the techniques of capitalism as it is applied in the leading industry of our country, the gold mining industry. A finance company must be established which will function in commerce and industry like the so-called 'finance houses' of Johannesburg". Louw's directness must have appalled many.

In effect the *Volkskongres* was a pure rubber-stamp for these plans. Indeed, the preparatory committee had been mandated to proceed with the establishment of this *Sentrale Volksbeleggings* Company even before the congress. A board of directors – "Afrikaners who have already made their mark in commerce and industry" – had already been appointed by the committee. Most were senior Sanlam employees or close associates like Dönges and Schumann. And Sanlam was to provide the management and administration of the new company. The capitalist character of the proposed company is clear. The Cape trio made little attempt to dress it up in plebeian Voortrekker garb.

Concerned with the position of small operators other speakers detailed less grandiose schemes. Great emphasis was laid on cooperatives. A number of speakers argued that cooperatives were the appropriate form for *volkskapitalisme*, as they avoided both evils, monopoly and individualism, by drawing all groups into mutual support and cooperation. Existing cooperatives in banking, retailing and agriculture were extensively analysed. The speech of JH van Vuuren on cooperative "People's Banks" offers a revealing insight into one conception of cooperatives.

"So long as nearly 300,000 Afrikaans-speakers live below the breadline; so long as a large percentage of our fellow Afrikaners remain the hewers of wood and the drawers of water in their own country; so long as the Afrikaner is notable by his absence in our business life; and so long as a large section of the agrarian population are forced by circumstances to migrate to the cities in order to make a living, millions of pounds belonging to Afrikaners lie around unproductively." (EP du Plessis 1964:117-18)

The 'People's Banks' could centralise such loose money and turn it into productive-capital. Others had a different view of cooperatives. Producer and consumer cooperatives were valued because they provided necessary services to their members and did not strive after large profits for their shareholders. This emphasis on cooperatives emerged as the universal panacea of the congress. Great stress, too, was laid on the coordination of the buying power of Afrikaners to develop Afrikaner businesses. Collective action, emphasising the unity of the volk and the great

dangers of class divisions, was a theme constantly echoed in all proposals.

The recommendations of the *Ekonomiese Volkskongres* accepted as its major plank the plans of the Cape three-man committee. Resolution II declared the conviction of the kongres "that this is the most effective plan for the application of Afrikaner capital to improve the position of the Afrikaner in the commerce and industry of our country, and calls on the volk to support this undertaking, by taking up its capital".

To this end, the same resolution mandated the FAK to take steps to ensure that: "Thrift should be cultivated and strengthened in our volk; full support be obtained for existing Afrikaner savings and credit institutions; greater facilities for the exercise of thrift be provided through the establishment of new savings and credit institutions, if, after investigation, these are deemed necessary; new opportunities for the profitable and safe investment of capital be created through the establishment of new commercial and industrial undertakings, or through the expansion of existing establishments; Afrikaners and financial strong Afrikaner establishments must be encouraged to invest a greater share of their capital in commerce and industrial undertakings" (EP du Plessis 1964:125-33)

The first resolution of the *kongres* recognised that a permanent (Afrikaner) proletariat had been created. It urged the state to provide for the training of this proletariat, and further urged that young Afrikaners be trained in business studies. Other resolutions stressed the importance of cooperatives and the necessity to establish a central cooperatives union. Afrikaner consumers should be organised to provide a market for Afrikaner industries. Industry should be established on a cooperative basis and an Afrikaner Chamber of Commerce and Industry was proposed. The *kongres* stressed the importance of agriculture as the 'backbone' of the economy of the volk. Since the entire financial strategy of the *Volkskongres* was predicated on profitable agriculture, much emphasis was laid on the need for stable agriculture prices. Finally, to create the widest possible support for the proposed finance company and other 'supplementary proposals', it was decided that: "The time has arrived for calling into existence of one large, Christian-national volks' organisation, which will propagate and give effect to these measures, and others which may appear necessary". The FAK was further mandated to call into existence a new *Ekonomiese Instituut* to give effect to all the resolutions and to take any further steps.

The *Ekonomiese Volkskongres* is one of the great turning points in the development of

Afrikaner nationalism. The Broederbond's official history argues that "never before... was such an important congress held". Here was crystallised a strategy to transform the position of the Afrikaner petty bourgeoisie within South African capitalism. This was elevated to the status of a great national movement under the joint direction of the Broederbond and Sanlam. The economic struggle of the petty bourgeoisies became the central core of the nationalist movement in the 1940s, and was clearly seen as part and parcel of the overall nationalist political struggle.

'LOOSE MONEY' TO PRODUCTIVE CAPITAL

The economic strategy was straightforward. First and foremost, utilising the full organisational and ideological resources of the Broederbond working through the FAK, all 'loose money' was to be drawn out of the pockets of Afrikaans-speakers of all classes and into the coffers of the new finance company. Here it would be transformed into productive capital in commerce and industry. Through a coordinated centralisation of money-capital, industrial capital would be generated. But this was predicated above all else on a further centralisation of agricultural capital. As has been repeatedly stressed, the capitalist farmers were the major source of capital. They had to be persuaded that the accumulation of their capital should occur in a new form. Instead of always being reinvested in more land, part of the profits guaranteed by the Marketing Act should be invested in the new finance company, to be utilised productively in commerce and industry. But the savings of workers and the petty bourgeoisie were also seen as a source of such money capital. Yet it was not expected that workers would be able to buy shares in the new company. Their small savings should rather be centralised in other kinds of credit institutions.

All this was fine in theory and made a lot of sense. But the difficult part was precisely the mobilisation of such money capital. As Dönges recognised, this involved three sorts of changes. Given the widespread belief that "the Afrikaner can never be a businessman", it required a major ideological offensive – a "transformation of economic consciousness" as Dönges put it. As this ideological offensive developed, the transforma-

tion of economic consciousness became a redefinition of Afrikaner nationalism itself – of its goals, strategies, alliances, priorities and class character. It became above all a redefinition which stressed the role of the Afrikaner entrepreneur, and in doing so redefined the relations between classes. Now, more than ever, class consciousness was a mortal danger to the petty bourgeoisie and its developing economic movement. Afrikaner workers had to be made "part and parcel of the daily life of the volk". Thus, secondly, alongside the gathering ideological offensive in the 1940s, there developed a complex organisational structure to direct and mobilise all classes of the volk for the economic struggle. Thirdly, and finally, the mobilisation of capital required the establishment of new forms of credit institutions. This was provided for by the new finance company, which finally emerged in 1940 as *Federal Volksbelegging* (FVB).

In its resolutions on producer and consumer cooperatives, on the coordination of buying power, etc, the *Ekonomiese Volkskongres* also attempted to develop a strategy which would lead to the development of existing and new smaller undertakings. The volk were also to be mobilised to support these. But already a division appears. The kongres was dominated by the Sanlam scheme for a financial company. This emerged as the major recommendation of the kongres. The full organisational resources of the Broederbond (together with those of Sanlam) were put at the service of the new FVB. No other undertaking enjoyed the privilege. The *Ekonomiese Volkskongres* had mirrored the two views which were to spill over into nationalist politics in the years to come – the straightforward capitalist concerns of Sanlam, and the petty bourgeois, anti-capitalist rhetoric of the northern delegates.

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Class consciousness was a mortal danger to the [Afrikaner] petty bourgeoisie and its developing economic movement

Build and safeguard the unity of the movement!

In this extract from a discussion document, the ANC Gauteng province argues that the vision of a better life for all will not be realised without a united and cohesive movement.

During the struggle against apartheid, the ANC-led Alliance and the broad democratic movement represented unity of purpose among the broadest range of social forces that fought to end apartheid and replace it with a non-racial, non-sexist, united and democratic South Africa. It was the movement's ability to unite this broad range of forces behind a common vision and a fighting programme of action that finally led to the defeat of the apartheid regime in 1994.

At a continental and international level, the ANC-led national liberation movement has played a central role in uniting progressive forces in Africa and the world against apartheid and in giving a pan-African and internationalist perspective to Africa's anti-colonial struggles. Today, our movement and the democratic state it leads stand out as a trusted and reliable partner in the struggle for a better Africa and better world.

Without a united and cohesive movement, the vision of a better life for all our people in our country and continent will not be realisable. While the imperative for the unity of our movement is perennial, the nature of the challenges around this issue depend on the prevailing conditions. The post-1994 conditions present particular challenges to the entire movement.

As we approach the ANC's 52nd National Conference in 2007 and elections in 2009, the unity and cohesion of the ANC will face a serious test due to the critical question of leadership succession at national and provincial levels of the movement and the democratic state. Frank discussions within structures should assist in perfecting and improving our management of leadership succession and deployment of cadres at different levels. The ANC also has a responsibility to build the unity of the Alliance and the discussions will help the movement as a whole to share ideas and tackle the factors that threaten the unity of the revolutionary forces in the unique circumstances of the post-1994 period.

A PRODUCT AND CUSTODIAN OF UNITY

Any discussion on the unity of the movement has to take into account both the historical and contemporary contexts within which the ANC continues to evolve.

The ANC was formed 93 years ago, in the words of the 1919 ANC Constitution, "to unite the African people in a powerful and effective instrument to secure their own complete liberation from all forms of discrimination and national oppression". Over the years, the ANC developed into a revolutionary mass movement that championed the values of non-racialism and non-sexism and led the struggle to unite all South Africans behind the vision of a non-racial, non-sexist, democratic, united and prosperous society.

The ANC's primary role therefore remains the mobilisation of all classes and strata in our society that objectively stand to gain from the success of the national democratic revolution. Throughout its history, the ANC has sought to unite with other genuine people's organisations in the fight against national oppression and exploitation, through tactical and strategic alliances and co-operation arrangements.

The April 2004 election results have boldly and clearly confirmed the historical fact that no other political party comes close to matching the movement's broad reach of support across all classes and strata. The ANC is a political home for all South Africans.

SAFEGUARD THE UNITY AND COHESION OF THE ANC

As the movement that bears the singular historic responsibility to unite all our people, the ANC's first responsibility is itself to be united so that it can lead society as a "powerful and effective instrument". Unity and internal cohesion is central to effective organisation. Many liberation movements and revolutionary parties that failed to manage their internal contradictions fell by the

way-side, leaving their noble ideals unaccomplished.

Unity is built on basic principles of what the movement stands for and how it should operate in carrying out its mission. Unity cannot and should not be equated with an absence of differences within structures of the organisation. Contradictions and differences will always exist in any vibrant organisation. The challenge is to manage and turn contradictions into a source of strength, rather than a source of splits and splinters. Over 93 years, the ANC has been able to manage contradictions effectively because it has encouraged and nurtured:

■ **A culture of open ideological debates**, which helps the organisation to develop theoretical clarity and identify the appropriate strategy and tactics for each phase of the struggle and cope with difficult moments of ideological flux. This lays the basis for unity of purpose, one of the main ingredients of internal cohesion. Encouraging a culture of criticism and self-criticism helps the cadreship of the movement to approach questions and practical problems of social transformation with critical minds rather than with dogma. This culture lays the basis for cadres and leaders to constantly reflect on and learn from their daily experience and methods of work, thus creating a possibility to become even better agents for change.

■ **A culture of collective leadership**, understanding that no single individual, however committed or experienced, has the ability or wisdom to bring about social change on their own. Leaders have to function as collectives that constantly exchange views and share organisational tasks and get guidance from the membership and involve them in the work of the organisation. Through collective decision-making and implementation, individual leaders influence one another's views and perspectives, share experiences on dealing with organisational and political matters and therefore gain confidence that improves the performance and effectiveness of the organisation.

■ **A culture of respecting organisational decisions**, where all views can be expressed and heard in proper structures and every effort made to emerge with the widest possible approach, based on firmness of principle but agility on tactics. As part of the democratic culture of the ANC, decisions of the majority are binding on everyone, including those who hold a contrary view. The lower structures have the right to influence decisions of the higher structures but once decisions are taken by the higher structures, they are binding on all structures and they have to be respected and implemented by all ANC members.



■ **Unity in action**, recognising that ideological unity is necessary but insufficient. It must be matched by unity through the disciplined implementation of an agreed programme of action. Unity only becomes a material force or "powerful and effective instrument" for revolutionary change when it is translated into action.

By developing an organisational culture that combines all these pillars the leadership and cadreship of movement has been able to manage ideological, class, gender, generational and sectoral contradictions. The question we should now answer is whether the movement has developed ways to cope with the challenges opened by the new conditions of freedom and democracy!

The assumption of political power by the ANC-led democratic movement in 1994 has brought with it new difficulties in achieving unity and internal cohesion. These include the objective conditions brought about by freedom and democracy, and subjective considerations wherein individual interests tend, from time to time, to undermine organisational and collective interests.

Successful elections have confirmed the ANC as the political home for all South Africans.

While contestation of ideas and for leadership positions is an inherent part of internal democracy, it is usually the form of contestation that undermines the character of an organisation. The unique feature of the post-1994 period is that the deployment of cadreship and election into positions of leadership often bring personal material benefits. As a consequence, deployment and election processes get clouded by self-interest rather than principles. This has given rise to the kind of divisions that do not arise from a disagreement on ideology, policy or key issues of strategy and tactics. Several factors and practices contribute to and exacerbate divisions in the structures of the movement. Factors need to be attended to include:

■ **Different generational and organisational experiences** gained from working in different fronts of struggle in different phases can pose a challenge for unity and cohesion. Over the years, the ANC has developed ways of dealing with contradictions that may result from generational differences and organisational sub-cultures, some of which are a result of conditions of prison, exile, underground, armed struggle, international work and mass struggle. Under such conditions, generational differences and spatial separation over long periods of time, the movement managed to maintain unity and cohesion. Under conditions of democracy, most cadres of the movement operate inside the country. However, they are located in different centres and institutions of society and increasingly belong to various classes and strata – as such they pursue diverse and sometimes contradictory interests. The movement's ability to shape the views, values and actions of these cadres into a collective consciousness is therefore under strain.

■ **A lack of debate and robust exchange of ideas** can lead to a situation in which people find ways outside formal structures to express different views, undermining organisational processes and decisions. Sometimes the claim about lack of debate is made falsely by those whose views have been defeated in internal debates. However, the leadership of the movement at all levels has to constantly take a lead in encouraging and participating in open and frank discussion of difficult issues inside the structures. In a climate of open debate, ill-disciplined individuals or factionalists who seek to undermine due organisational decision-making processes get exposed and dealt with decisively.

■ **Turning pre-conference differences into permanent disagreements.** In the current period of struggle, differences on who is best suited for a particular position of leadership become the basis for mobilising and counter-mobilising by

the same group of comrades in successive conferences or annual general meetings. While everyone is entitled to express a view on who may be best suited for a particular position of leadership, the manner in which this is done is very important for a revolutionary movement. Certainly, members of a revolutionary organisation can't go around spreading rumours and disinformation about those they disagree with. Matters should be raised openly and frankly in structures because we bear a collective responsibility to ensure that the movement still functions as a cohesive and revolutionary force after conferences. Once conference has adopted resolutions and elected leadership, the entire organisation must rally behind the conference outcomes and ensure they are implemented successfully.

■ **Dysfunctional leadership collectives.** When the leadership collective fails to meet as required, collectively review the work of the organisation and take appropriate decisions and actions, a climate is created in which there are parallel processes that take over the functions of an elected collective, thus giving rise to divisions because individuals do not operate within the discipline of a collective. Unelected individuals end up taking the key decisions of the organisation, while those elected to do so remain out of the loop or fail to take responsibility.

■ **Poor political management of organisational processes.** Divisions often arise from failure to have clear, transparent and predictable systems and procedures that help people in the organisation to understand how decisions are made and who is responsible. Sloppy and inefficient administration could be misunderstood as deliberate intent to exclude certain people from having access to information. Dysfunctional secretariats and other coordinating and administrative structures could cause serious tensions and conflicts in collectives. When the centre does not hold, many centres will emerge outside the agreed ways of working and these will cause confusion and information gaps that lead to tensions.

■ **Factionalism and sectarianism,** which is a tendency and method of work in which a group of like-minded comrades arrogates to itself the power and function of ensuring that all the key decisions in an organisation are first discussed and decided by it outside formal organisational structures and then taken to structures for rubber stamping. Even if there are open debates, collective leadership and effective management of organisational processes, there are people who will pursue factionalism as an ideological disposition because they do not believe that the revolution can be entrusted to the leadership collective and membership of an organisation.

Factionalism can also be driven by sheer self-interest. In today's context, a lot of factional activity in structures of the broad democratic movement is driven by the pursuit of positions that are associated with influence and resources.

■ **A poor relationship between the ANC and government structures** has a tendency to cause divisions in the movement. This often arises from a failure to understand the respective roles of the organisation and those deployed in government. At all times, we strive for an appropriate balance on this matter: the ANC structures should have space to give strategic leadership, while cadres deployed in government should have the space to implement policy creatively. On this matter, the solution lies in dynamic interaction and dynamic relationships between comrades in leadership.

■ **Skewed development planning and service delivery** often gives rise to conflict in the ANC. In very poor and depressed areas, the manner in which any sphere of government spends its resources and where development projects and service delivery investments are made can be a source of division. Those who feel, rightly or wrongly, that government is not paying attention to their area may start mobilising around different forms of identity such as regionalism, tribalism, ethnicity, racism, etc. This kind of politics has often found its way into the ANC leadership and deployment processes and those who get elected into leadership on a regional, tribal, ethnic and racial agenda will tend to run governance in manner that deepens and reinforces regional, tribal, ethnic or racial consciousness.

■ **Challenges of growth and expansion.** The ANC has experienced phenomenal growth and expansion in geographic and demographic terms since 1990. The membership of the movement is open to any South African who wants to join. As a result, it is possible to assume a position of leadership in the movement. Democracy has also opened opportunities for many people from other parties and different outlooks to join the movement. And yet, our ideological training and the conscious inculcation of the movement's value system are not at their best. We have to ensure that growth is accompanied by serious political development and sustained ideological training of members and cadres.

In the light of the new challenges we face in the post-1994 context, our movement has to perfect its political management systems on the deployment of cadres and leadership succession. There are many forces outside the ANC and the broad democratic movement who have an interest in the ANC's deployment and leadership election processes. In some instances, these forces

would dedicate resources and infrastructure to promote certain candidates. This phenomenon could lead to a situation in which the leadership of the ANC and deployment of cadres into various centres is sponsored from outside the structures of movement. The movement needs to decisively and frankly address this matter so that we emerge from the 2005 NGC with a more effective system of managing leadership succession and deployment of cadres.

ROLE OF LEADERSHIP AND MEMBERSHIP

"Those in positions in leadership should unite and guide the movement to be at the head of the process of change. They should lead the movement in its mission to organise and inspire the masses to be their own liberators. They should lead the task of governance with diligence. And together, they should reflect continuity of a revolutionary tradition and renewal which sustains the movement in the long term." (*Through the Eye of the Needle, Umrabulo No. 11*)

National, provincial, regional, zonal and branch leadership bear a particularly heavy responsibility in building the unity of the movement so that it can effectively discharge its historic mission of uniting all South Africans so that we can effectively and collectively undertake the key tasks of social transformation.

As individual members of the ANC and the different organisations of the democratic movement, we all have a right to express views on matters of strategy and tactics, policy positions and leadership within our structures. However, what has set our revolutionary movement apart from and ahead of others is the fact that the selection and election of leadership has not been done in a manner that creates permanent blocs or cause splits and splinter groups. This is so because the rank and file membership has a very important role in safeguarding the unity of the movement. These members are often divided by leaders themselves. In this regard, the leadership of the ANC has a central role to play in uniting the membership and successive generations of the leadership of our movement have distinguished themselves in keeping the movement together in the most difficult and trying times. Even as we may, from time to time, disagree on questions of theory, policy options and cadres best suited to lead the movement and the state, we have to do so with a sense of responsibility around keeping the movement united. It is within our power to do so and we dare not fail it.

This is an edited version of a discussion document produced by the ANC Gauteng Provincial Executive Committee (PEC) in September 2004.

Strategic and tactical approaches to the opposition

As the ANC carries out its mission to transform South Africa, it will need to draw towards its ranks individuals and communities who over time come round to recognise the correctness of its positions. This should inform its approach to opposition political parties.

The outcome of the 2004 elections has raised many challenges with regard to how the ANC should relate to the various parties in the legislatures and in the broader political terrain. These challenges pertain both to the pro-active work that the ANC should do in order to meet its objectives, and the responses we need to develop in respect of these parties' own tactics. Such challenges need to be addressed within the legislatures and in the mass organisational terrain.

In addressing these issues, the movement needs to be adept at utilising the legislatures to shift the balance of forces further in favour of transformation. We should at the same time ensure that our tactical interventions – within and outside of government – conform to our strategic objectives.

The primary mission of the ANC is the transformation of South Africa into a united, non-racial, non-sexist and democratic society. This strategic objective should be at the core of the tactics we adopt in relation to all issues.

In the context of the national and class questions, this strategic mission means uniting all South Africans – across race, nationality and class – around the project of social transformation. The ANC seeks to achieve national consensus around the core challenges facing the country: it should



act as the leader of the whole nation.

The ANC's approach to these issues derives from our basic understanding that the mission of the movement has not been, and it is not, to run the system we inherited better, but to build a new system altogether, founded on the principles of democracy, non-racialism, non-sexism and equitable development. In other words, we are engaged in a cause of fundamental change – a national democratic revolution – through peaceful and constitutional means.

There are many forces beyond the ANC, both within and outside of the legislatures, who support such fundamental change. But there are also counter-revolutionary forces, which seek to block change and retain apartheid privilege under all kinds of guises, through peaceful and constitutional means. As the principal founder of, and committed to, the system of multiparty democracy, the ANC recognises the legitimate right of all these forces to exist and operate in the democratic system.

Arising from this are two critical organisational challenges: firstly, to forge a united front or people's contract around the transformation agenda; and secondly, to defeat any counter-revolutionary efforts, among others, by dissipating

the energies of the forces opposed to change.

Our pursuit of a people's contract is impelled by the desire to unite all South Africans – within and outside the legislatures, members of the ANC and non-members – around the agenda of change, so eloquently articulated in our Constitution. In pursuit of this objective, we shall win over some individuals and formations into the ranks of the ANC; but there are many who will remain outside our ranks, committed to the country and its agenda of improving the quality of life of all South Africans.

SIGNIFICANCE OF THE 2004 ELECTIONS

The return of the ANC with a higher majority in the national and provincial elections in April 2004 – and our accession to office in KwaZulu Natal and the Western Cape – is a critical defining character of the current situation: the ANC received 276,000 more votes compared to 1999, despite the lower turn-out. Attached to this are important considerations:

- The content of the electoral mandate conforms to the primary objectives of the movement both in the medium- and long-term.
- The organisational mandate is based on appreciation by the electorate of the need for partnership in the cause of social change.
- The class permutations in the ANC's support confirm the central place of the working people and the poor; but also larger numbers of middle and upper classes.
- In KwaZulu Natal and the Western Cape, strategic beachheads have been attained to further consolidate national unity (among Africans and between them and the Indian community, and between Coloured and African communities, respectively) around the agenda of change.

The overall outcome reflects a new confidence among the mass of the people that the cause of transformation is correct, needs to be speeded up, and that there is capacity in the ANC to ensure that this happens. In a sense, the 2004 election marks an end to the era of tentativeness and self-doubt – inversely the beginning of the era of assertion of a new confidence – within society as a whole about what needs to be done, and the role of the ANC in this process.

The immediate post-election period, informed in the main by the practical programme of government to take the country to a higher trajectory of growth and development, has confirmed the centrality of the agenda of fundamental change as the fulcrum around which to unite and mobilise society.

REALIGNMENT OF OPPOSITION SUPPORT

At the same time as the ANC has shown a greater

and confident presence, the base of opposition parties has shrunk. The chairs may have been rearranged on the Opposition deck, but in absolute and aggregate terms, fewer people have identified with the causes of the various parties.

The combined vote for the Democratic Party (DP), New National Party (NNP) and the Federal Alliance (FA) in the 1999 elections was 2.71 million – all premised on explicit resistance to change. In 2004, the Democratic Alliance (DA) vote was 1.9 million. The Inkatha Freedom Party (IFP), which decided to forge an alliance with the DA, got 282,000 less votes than in 1999: in other words, the combined DA/IFP vote is just slightly higher than that of the combined 1999 “fight-back” alliance (which then excluded the IFP).

The 76% reduction in the NNP vote, most of which seems to have gone to the DA, signifies two important trends: firstly, the continuing appeal of the “fight back” approach among significant sections of whites, and a smaller section of Coloured and Indian communities; and, secondly, the existence within these three communities of 257,824 who steadfastly supported the explicit co-operative approach of the NNP.

With regard to the other opposition parties, the following trends are worth noting:

- The IFP lost 20% of the support it had garnered in 1999, and it has further retreated into the KwaZulu Natal heartland, though with lower support even in these areas.
- The Independent Democrats (ID) is essentially an ethnic party, with most of its support within the Coloured community, and with its eclecticism (contradictory and inconsistent stances on various issues) winning it some votes within the white community.
- All the ethnic parties based in the former bantustans experienced lower support; the African Christian Democratic Party (ACDP) and Freedom Front showed some 9% improvement each, from a low base; and the Azanian People's Organisation (AZAPO) and the Pan Africanist Congress (PAC) more or less retained their small constituencies.

What needs further noting is that, except for the white community, the ANC is the party with the largest support among all the ethnic and racial communities. Further, while all the other parties reflect concentrated support in specific provinces, ANC support is spread across the country.

BROAD BALANCE OF FORCES

At the backdrop of these electoral developments, transformation in both the content and the composition of instruments of state has proceeded apace: the security forces, the judiciary and the public service. While much more work needs to

be done in all these institutions, the First Decade of Freedom has seen their steady re-orientation in line with the ethos of democracy.

In the economic arena, government has asserted its authority in terms of macroeconomic management and it has started to give leadership in respect of micro-economic reform. However, ownership and control of capital remain essentially in white hands, and some of the problems in terms of rates of investment derive in large measure from this reality.

With regard to the battle of ideas, the situation can be characterised as reflecting a combination of:

- a begrudging acceptance of the new order and a constant search for opportunities to weaken the ANC among most of the established media;
- predominance of the ethos of an individualistic and materially-focussed mindset with the values of a caring society struggling to assert themselves;
- artistic and cultural struggles for indigenous and humane forms to assert themselves in the midst of an overwhelming onslaught of imported expressions or imitations thereof; and
- intellectual discourse and endeavour in the social sciences barely able to represent, profoundly critique and sharpen social transformation praxis.

South Africa also has active civil society formations, pursuing the self-interest of sectors or communities they represent. Some among them do seek to align these narrow interests with the broader challenge of social change. Others fail to reconcile these interests, and end up adopting positions that can endanger the broader cause. Yet others represent interests that are simply opposed to fundamental change.

In brief, the creation of a democratic society has proceeded well; but it rests on shaky economic foundations and its spiritual sustenance is deficient. The irony of this challenge is that, small as the support for the white-oriented opposition parties may be, these parties appeal to forces that have inordinate power and influence precisely in the spheres of economics and ideology.

MOVING TO A HIGHER TRAJECTORY OF CHANGE

The programme of the ANC on the content, direction and pace of change is captured in the 2004 Election Manifesto. The concrete and precise nature of this programme reflects the determination of the movement in a changed and changing balance of forces.

At the core of this programme is the need for intervention and leadership with regard to both the Second and First Economies: to bridge this

gap, and ensure sustainable livelihood.

In government's Ten Year Review, four central proposals were made to help raise the levels of growth and development: building a social compact; dealing with the demographic and economic challenges of the transition; improving the performance of the state; and changing the regional and continental environment for the better.

The organisational challenges related to this primarily entail: further mobilisation of the motive forces of change; achieving national consensus around developmental objectives; mobilisation of those social partners with control over resources; and building a united global movement for the creation of a new world order.

APPROACH TO OPPOSITION FORCES

How then, do these observations relate to the challenge of relating to various elements among opposition parties? The task of the ANC is to unite the people of South Africa both in terms of objectives and action to build a united, non-racial, non-sexist and democratic society. We seek to ensure, at least, that all South Africans, individually and in their organised formations, become part of the people's contract.

We also seek to dissipate any tendencies that undermine the legality and/or legitimacy of the new order. This requires creative tactical work on our part, which should include demonstrating that a "fight back" challenge to the cause of transformation does not pay; that a mind-set of co-operation in areas where there is agreement even if there may be fundamental differences on other issues is in the best interest of each political formation; and that such co-operation does not require any of the parties to abandon their identity.

Our tactical posture should, among other factors, take the following into account:

- We should challenge, and be seen to challenge, all anti-democratic and unpatriotic tendencies, and nip in the bud any attempts at fashioning a "parallel sovereignty" - attempts by some opposition forces to characterise the democratic state as less than a legitimate authority in relation to society at large, and the democratic government, once elected, as representative of a section of the population: the syndrome of "their government".
- We should recognise the changed balance of forces in KwaZulu Natal and relate to the main political actors in this province taking this reality into account. In this regard, the pursuit of peace, security and development in KwaZulu Natal may require some adjustment of our tactics especially in relation to the IFP.
- We should take active interest in the dynamics within the NNP, to the extent that such develop-

ments have implications for nation-building, for the balance of power in the Western Cape and in a number of municipalities, and for the broadening of the ANC's support base.

We also need to study in detail the tendency to retreat from political engagement by large sections of the white community, as reflected in the disproportionate level of voter stay-away from the polls. Two elements may be responsible for this: firstly, a few may have dipped their toes into the waters of the Rubicon and recoiled - they're in transition, still not courageous enough to support the ANC; secondly, some may have totally retreated to home and hearth in frustration that the political system does not accommodate their interests.

Whatever the case may be, a people's contract is meant to ensure that partnership manifests itself beyond the realm of electoral politics, or any "politics" at all, narrowly defined. The relatively positive attitudes among big business around black economic empowerment and the Growth and Development Summit, the changing mood among organised white workers, and the recent expressions of support by the Afrikaner business community, are good examples of this.

TACTICAL QUESTIONS ON THE FUTURE OF THE NNP

The specific questions relating to the future of the NNP need to be addressed taking into account a number of critical factors:

- The performance of the NNP in the elections sent a signal to the leadership and the membership of the party that there was no political future for them within the prevailing political permutations.
 - Even if tactical considerations would have suggested an approach to sustain the party and test its new approach in the local government elections and beyond, the likelihood was that individual leaders and organisers, especially in municipalities, would have left in disarray.
 - A disorganised retreat on their part would have rounded to the advantage of right-wing reaction represented by both the DA and the FF, with broader political implications as well as negative consequences for the ANC where the NNP holds the balance of power.
 - By default (in terms of interpretations of 'political analysts') or by design (given that the NNP leadership had publicly endorsed closer co-operation with the ANC), a disorganised retreat would have reflected on the ANC itself: its ability to manage complex processes of change, how it treats those who ally themselves with it, etc.
- In this sense, the ANC found itself obliged to assist in managing the demise of the NNP. But in

the broader strategic sense, the ANC is guided in this approach by two interrelated and critical principles that have informed its organisational work over the years: unite the overwhelming majority of South Africans behind the programme of change, and dissipate the impact of those opposed to change.

The public management of this realignment within the party political terrain, both among ANC members and across society at large, is critical. This pertains in part to distorted analysis which seeks to impute opportunism on the part of the ANC. In part, and most critically, it also relates to the misguided articulation by some that the processes under way reflect a redefinition of the ANC's ethos, an imagined convergence at the "centre of the political spectrum", which in turn represents the marginalisation of the left within the ANC.

It should be expected and appreciated that new adherents, especially from other political and ideological cultures, will come into our ranks with their many blemishes. As such, the ANC needs to develop strong mechanisms to manage especially large influxes of members of other political parties into the movement.

To recapitulate: The primary mission of the ANC is the transformation of South Africa into a united, non-racial, non-sexist and democratic society. As the ANC carries out its mission, it will draw towards its ranks individuals and communities who over time come round to recognise the correctness of its positions. In the context of national democratic transformation, the ANC will grow its mass base and broaden its appeal to become, in effect, a "movement of the whole people". Yet, given its core objectives and the core motive forces to realise these objectives, the ANC is more than just a formal political party playing parliamentary politics, nor is it a rudderless colossus, seeking to be all things to all creatures.

In the words of the Preface to the Strategy and Tactics document adopted at the National Conference in 2002: "... ours is more than just a national liberation struggle because it places the interests of the poor and the role of the working class at the centre of its theory and practice. We seek to build a developmental state with capacity to effect fundamental transformation ... The ANC, as the leader of the national democratic struggle, is a disciplined force of the left, organised to conduct consistent struggle in pursuit of the interests of the poor."

This is an edited version of a discussion document of the ANC National Executive Committee produced in September 2004.

A fountain of inspiration for generations in struggle



Although banned and restricted for much of his life, David Bopape remained a fountain of inspiration for the generations that followed him in the struggle for a non-racial, non-sexist, democratic and united South Africa.

David Hlahane Bopape was born near Polokwane in Limpopo province in 1915. His parents, Levi and Jerita Bopape, were workers living on the farm and David Bopape grew up shepherding livestock, growing mealies and processing fruit. His primary education began at the age of ten at a Lutheran mission school on a neighbouring farm. He then attended the Botshabelo Training Institution in Middleburg, where he completed his high-school education.

In 1936 he responded to the call to teach and enrolled for a three-year teaching diploma, also at Botshabelo. In 1939, he began his teaching career in Chief Letswalo's district near Tzaneen, where he taught English, Physical Science and Agriculture. The following year he moved to live and teach in Brakpan, in present-day Ekurhuleni, which remained his home for the rest of his life.

Like many other African teachers of his time, David Bopape had understood that teaching was a calling to provide the service of education to our children, and that such education would be the key to the future progress of our people. But he also understood that in conditions of oppression, activism for social change was absolutely necessary. As a result, David Bopape's teaching career had to face constant opposition from the state, which was determined to weed out those teachers who understood the need to link teaching with activism.

In Brakpan Bopape taught at the Berlin school, which later became the Amalgamated School after linking with the American Board of Mission. Most of the teachers were members of the Transvaal African Teachers Association (TATA) and Bopape became an active member.

He was elected secretary of the Teachers' Salary Campaign in 1940 and 1941. Later, he initiated the 'Blanket Campaign' in which teachers marched in Johannesburg wearing blankets instead of clothes to symbolise their inability to afford decent clothing on the meagre wage of only five pounds a month.

David Bopape became politicised while taking part in these struggles and in 1940 he joined the Communist Party of South Africa (CPSA). In 1942 he joined the African National Congress (ANC) and throughout the 1940s and 1950s he was a leading organiser of the national liberation movement.

In 1943 he became a central figure in the great campaign against the pass laws. These activities culminated in May the following year when Bopape helped organise a mass anti-pass conference at Gandhi Hall, Johannesburg. Over 500 delegates representing 600,000 people attended the conference and Bopape was elected secretary of a National Anti-Pass Council alongside the then president of the ANC, Dr AB Xuma, who was elected chair. The council was mandated to conduct a 'million signature' campaign to demand an end to the pass laws. After the conference the delegates marched in a great procession to Newtown, where 15,000 workers attended a rally. The anti-pass campaign picked up momentum with hundreds of mass rallies throughout the country.

In 1944 he was elected to the first National Executive Committee of the ANC Youth League, where he served together with giants of our struggle such as Anton Lembede, Oliver Tambo, AP Mda, Godfrey Pitje, Walter Sisulu and Nelson

Mandela. In the same year he was also elected as the ANC Transvaal provincial secretary.

NO BOPAPE, NO SCHOOL

Several months after his election to these positions, David Bopape was dismissed from his teaching post in Brakpan. The pretext for the dismissal was his forthright rejection of the municipality's action to make traditional beer brewing illegal in the township and replace it with beer halls that could generate revenue for the white's only council. The Brakpan manager of Native Affairs was sent to inform the community of this decision, and David Bopape was chosen by the people to speak on their behalf. The report of the manager of Native Affairs recalls with amazement how after he had spoken 'a teacher', David Bopape, rose to say "that the location residents did not want representation through the manager of Native Affairs, but they demanded nothing less than a 'direct representation' on the Town Council... He emphasised that they wanted higher wages and demanded on behalf of the residents that the rentals be reduced... He further denounced the divisions of the Native people into many tribes to which I referred in my speech – and he insisted that they, together with Europeans formed one single unity, and demanded equal rights for black and white in all respects. 'We must wear the same clothes, eat the same food and live in the same houses'".

The Native Affairs manager then wrote to the Transvaal Department of Education to demand Bopape's dismissal. Bopape was summoned by the school's authorities and told to resign from the ANC and CPSA since his membership would jeopardise his future as a teacher. Bopape told them that the nation was greater than an individual, and he was dismissed.

That day, after school was officially over, the teachers and school children marched to the location square where they stood together to demand Bopape's reinstatement. Over the next two weeks protests grew, drawing in the whole community. On 10 August 1944, some 7,000 residents of the location participated in a stay-away, demanding 'No Bopape – No School'. Only after the town council promised to reinstate him did the protests subside. But the council had lied and Bopape was not reinstated.

He then threw himself into full time work as the ANC Transvaal provincial secretary. In this role he organised ANC branches in virtually every town in present-day Mpumalanga, Limpopo, North West and Gauteng.

He was an organiser of the 1948 Votes for All Convention, and joint secretary of the Defend Free Speech Convention in 1950. The latter con-

vention took a decision to hold a one-day strike on 1 May 1950 to demand an end to repression and higher wages. David Bopape was among the outstanding organisers of the strike, which was well supported. But the state responded with brutality, murdering 19 protestors.

At this time some of the leaders of the Youth League were openly hostile to the Communist Party. However, through unequivocal and dedicated commitment to the cause for national liberation, comrades such as David Bopape were able to show the importance of building the Alliance, which continues until this day. Nelson Mandela later recalled that he began to accept communists because, "within the ANC, party members such as JB Marks, Edwin Mofutsanyana, Dan Tloome and David Bopape among others were devoted and hard-working, and could not be faulted as freedom fighters".

As part of its racist policy, the regime introduced 'Bantu Education', designed by Dr HF Verwoerd to ensure that the education system would instil in black children the certainty that "there is no place for the Native in European society above the level of certain forms of labour". Together with Bernard Molewa, David Bopape was central in organising the ANC's 'Cultural Clubs'. These were meant to augment the inferior education given to black children and teach them to love their people and their country.

BANNED AND DEFIANT

Bopape remained ANC Transvaal provincial secretary from 1944 until bans forced his resignation. At the time of the Defiance of Unjust Laws Campaign, which began in 1952, Bopape's experiences over the previous decade, as an organiser and leader of mass action, made him an invaluable asset to the movement. As the Defiance Campaign was due to commence the government ordered Bopape, together with Moses Kotane, Yusuf Dadoo and JB Marks to resign from their membership of Congress and also banned them from attending any meetings.

Undeterred, the four rejected their banning orders and decided to lead by example, addressing mass meetings to call on others to defy. "We will never give in to fascism and we shall never give up the struggle for freedom", they declared as they went into action. Their bravery inspired thousands of volunteers to join subsequent waves of action throughout the country. David Bopape was arrested and, after refusing bail, was sent to Number Four Prison at The Fort in Johannesburg, where he spent several months with his comrades. Thousands of people attended the trial, including his wife, Vuyiswa Bopape, who herself had by then also felt the wrath of the

regime, having also been detained.

David Bopape was sentenced to four months in jail in 1953, but he appealed against the conviction and won on a technicality. However, while in prison the regime served him with a lifetime banning order under the Suppression of Communism Act.

Addressing the Transvaal Congress of the ANC in 1953, Nelson Mandela said, "Kotane, Marks, Bopape, Tloome and I have been banned from attending gatherings and we cannot join and counsel with you on the serious problems that are facing our country. We have been banned because we champion the freedom of the oppressed people of our country and because we have consistently fought against the policy of racial discrimination in favour of a policy which accords fundamental human rights to all, irrespective of race, colour, sex or language."

Although banned, Bopape continued to fight for freedom, helping organise defiance from underground. As the ANC prepared for the Congress of the People, which adopted the Freedom Charter on 26 June 1955, Bopape went to Cape Town, accompanied by Vuyiswa, to do underground work mobilising for the Congress. They arranged a meeting on top of Table Mountain, and after a week they had organised 100 people to attend the Congress. Continuing this mission, they proceeded to Knysna, Port Elizabeth, East London, Umtata, Tsolo and Qumbu. In Qumbu, Bopape was arrested for entering the Transkei illegally, and was sentenced to 24 days hard labour. Returning to Johannesburg David Bopape again defied his banning order and attended the Congress of the People.

Bopape was again arrested after the Sharepeville massacre, when the regime declared a state of emergency and banned the ANC and other organisations. At this time Bopape decided against going into exile, opting to remain inside

the country and continue to work for the movement underground.

Since he was 'listed' by the state and banned for three decades he was never allowed to meet with more than two people at one time. As a consequence, he was cruelly denied the possibility of attending family gatherings and funerals. The most important of these was the funeral of his grandfather, after whom he had been named. When his brother-in-law passed away he accompanied Vuyiswa to her Transkei home to attend the funeral but the border-post officials identified his name on the list of Communists and he was refused entry.

In 1972 he qualified as a lay preacher and began practicing at the Evangelical Lutheran Church and in 1983 he attained membership of the Estate Agents Board. David Bopape was the founding chairperson of the Maropeng Resettlement Committee, a land restitution body for the people forcibly removed from the Brakpan Old Location, of which he was part. In 1996 he helped in the establishment of the Simunye Organisation, aimed at assisting those in rent arrears. The organisation successfully lobbied for the introduction of an indigent policy on housing arrears. He continued to campaign for more accountable local government. One of David Bopape's last public addresses was at the unveiling of the tombstone of RV Selope Thema in 2004.

Although banned and restricted in the most severe manner for much of his life, David Bopape remained a fountain of inspiration for the generations that followed him in the struggle for a non-racial, non-sexist, democratic and united South Africa. He remained in harness throughout his life, dedicating all his strength to the liberation of his people.

David Bopape passed away in Brakpan on 2 November 2004.



Memories of exile, reflections on struggle

In a letter to a late MK comrade who fell in battle, Joel Netshitenzhe remembers Zambian beer, 'mugorila' and the difficulties of exile, and reflects on pure revolutionary thought and the riddles of post-1994 struggle.

DEAR BRYCE MOTSAMAI,

Allow me to speak to you from the heart. So we meet again 20 years after our last interaction in Mutendere, Lusaka. Now in Mdantsane we can respectfully utter the parting words and act out the formalities worthy of comrades.

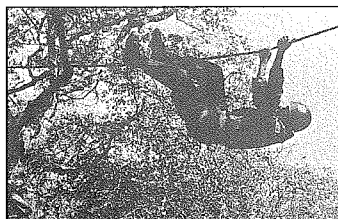
In the comfort of freedom and of a middle class life – from the office towers of Tshwane – we can only thank you and dare to wonder whether we deserve all this in your absence.

Allow us to thank your mother and your family – and your sister Dr Zola in particular – for this commemoration service: she with whom we maintain some contact; but now as civil servants through e-mail and SMS (devices you would not be familiar with). But she who came all the way from Medical School in Durban to Matatiele to pack the provision that we savoured as we circled Lesotho to the most convenient border crossing.

We had come to Matatiele from Wentworth (University of Natal Medical School Residence): new recruits that your brother Lungile/Thabiso had found; young impatient minds who saw no other way in the aftermath of June 16, 1976 than to resolve matters once and for all through the barrel of the gun.

There were two of us, myself and Chris Pepane. But we ended up being four, because you, Nkulu, insisted on joining us, and in turn you commanded Reggie Mpongo to follow suit.

And so we crossed, and only later came to appreciate how lucky we were: to have stayed in Maseru with Chris Hani and Lambert Moloi. It was our first encounter with guerrillas and they regaled us with tales of their experiences in the Soviet Union, in Congwa (Umkhonto we Sizwe camp) in Tanzania, in the Wankie/Siphohlolo campaign and elsewhere. They fed us the pride-infusing knowledge in Sechaba and the liberating



You would have been worried that your organisation, the transformer, could easily get transformed by the very system it seeks to transform.

methodology of the African Communist.

But why, Dear Bryce, do we only meet after 20 years! In a sense perhaps it is because we have failed you. In the comfort of freedom, we have started to define normalcy as individual survival – the shifting sands of illusion that make us forget who we are and where we come from.

Should we indeed allow the situation to continue that one who wielded the pen with such passion for the poor and such venom against the enemy receives nary a mention even in our own journals, *ANC Today* and *Umrabulo*? Our will to live and to reconcile should not supplant the will to fight and to die for a noble cause that you represented in actual practice.

And so, Dear Bryce, back to that day in Mutendere, at the underground house of MK. I can't quite remember how many Mosi's (Zambia beer) we downed. I can't quite remember whereto our minds wandered in the theory and practice of revolution.

What I do know is what was unsaid: the memories that came flooding back of our departure in 1976 from Maseru, to Manzini, to Nomahacha, to Maputo and to Luanda. About our silly escapades in Nomahacha when we were briefly detained by the Mozambican police while searching for Laurentina cerveja (Mozambican beer). About our voracious absorption of the writings of Marx, Engels and Lenin – then so much information and so little knowledge!

What I do know is that when we met in Mutendere, at the back of our minds was the long journey travelled together: to Benguela camp where we started our military training, and where malaria wrought havoc; and how you laughed at me, when you claimed that, under the spell of a second bout of malaria I was punching the floor in my sleep, cursing mosquitoes in Venda; how you boasted, when I didn't perform well at our first experience with the "real thing" at the shooting range – after many months of firing blanks – and you got three out of the five targets.

It is a journey that included the lively discussions and enlightening lectures from Mark Shope and Jack Simons. It included many traditional Xhosa songs of the mountain you taught me – of course songs that I cannot repeat in this hallowed gathering.

That journey included Black September, the

day our food in Katenge camp was poisoned. When you and a few others with firmer muscles complained of stomach pains we laughed at you; not knowing that our turn was to come later the same night – when the enemy in our midst sought to obliterate us.

That journey included the lessons you taught us years later, as the mature and erudite Congo, fusing revolutionary theory and praxis into a potent brew for liberation in the pages of Dawn (the MK journal). It included your further training in politics and intelligence; survival of raids in Maseru; arrest in Swaziland; deportation to Tanzania; then Lusaka and back to Lesotho and into the country.

Today, Nkululo Njongwe, we meet again – now in Mdantsane where you fell in battle – and we can't salve our conscience of the guilt that you did not experience your rendezvous with freedom, your namesake.

Today you torture us with your pure revolutionary thoughts, in this untidy process of change called Revolution. So we are only left to wonder what Congo would have thought, said and done under the current circumstances. Perhaps a Director-General, a General in our armed forces, a leader of our intelligence agencies or even an MP or MPL...

Forgive us our wandering minds: as we cast an eye over the ANC NEC or PECs (Provincial Executive Committees) or the benches of Parliament and pose the question – who among these would know Bryce! For we do get concerned that a particular experience and a particular tradition are disappearing like an endangered species.

Forgive us our wandering minds: when we ask, would Bryce have been part of these councils of the movement if what it took was self-seeking publicity and self-promotion or even bags of money to buy members as voting fodder!

You torture us with your pure revolutionary thoughts: for there are so many unanswered questions, so many complex riddles.

How would you have responded to opportunities now open in business? Certainly you would not have argued that South Africa's forces of change could manage a capitalist system without building a black capitalist class. But in the same measure, you would have been concerned if "everyone" in the NEC, PECs and legislatures sought to be a business-person: a contractor or advisor reliant on his/her political position, or a shareholder adding no value to productive activity.

You would have protested if everyone sought to pursue a lifestyle they cannot afford and thus get tempted to make it by fair means or foul. You

would have been worried about the social distance between "the leaders and the led". If all this were happening, you would have been worried that your organisation, the transformer, could easily get transformed by the very system it seeks to transform.

Of course, we are merely second-guessing your thoughts. But what we do know is that you would not have walked away: you were a fighter and revelled in the battle of ideas. You were a guerrilla par excellence. And when respectable family connections could have landed you in safer places, you chose to fight and to die so we, who remain, could live. So here we are today to celebrate your life.

We know that wherever you are in the nooks and crannies of the universe you are already settled: with OR Tambo, Joe Slovo, Lilian Ngoyi, Moses Mabhida, Walter Sisulu, Florence Mophosho, Alpheus Maliba, Yusuf Dadoo, Helen Joseph and other leaders. You are in the company of fellow combatants: Krish Rabillal, Solomon Mahlangu, Nomkhosi "Mary" Mini, Zweli Nyanda, Barney Molokoane and many more. We know too that you are with your broth-

er, Lungile/Thabiso and Dad – a family so giving of itself so we could be free.

Inevitably, we shall join you in the not-too-distant future. Then we shall have ample time to reminisce about Mutendere and Katenge and Benguela and Nomahacha. Then we shall muse over Mosi and Laurentina and "Dos Maloko" (2M). We shall also be able to recall the warm embrace of the people of the Frontline States, not least the "exile maidens" of Lusaka and elsewhere who called us "mugorila" and yet treated us like kings.

And when we do come and update you, Dear Bryce, we shall not protest when you ask us the difficult question: 'Are we confident that, after 1994, the struggle continued'? Perhaps in some areas the jury is still out; but we do know that victory is certain!

JOEL NETSHITENZHE is an ANC National Executive Committee member. This is an edited version of an address at a commemoration service for Nkululo Xhego Njongwe, also known as Bryce Motsamai and Joe Congo, held in Mdantsane, East London on 13 November 2004. Njongwe died in battle with the South African Police in Mdantsane in July 1985.

The ANC and the Socialist International

International solidarity in pursuit of a better world

In November last year, the ANC hosted a council meeting of the Socialist International in Johannesburg. This paper examines the ANC's history and current role within this global organisation.

Internationalism has for decades been an integral part of the political outlook and approach to the struggle of the South African national democratic movement led by the ANC. Since its inception in 1912, the ANC recognised the fact that our struggle was an inseparable part of the anti-colonial movement on our continent and globally. At the ANC's founding congress, representatives of the anti-colonial movement across our borders were represented.

Commitment to the principle of international solidarity has informed the approach of other formations in the Tripartite Alliance, which for years have been part of the international communist and labour movements.

In the Strategy and Tactics adopted at the Morogoro Consultative Conference of 1969, the ANC took a step further and firmly located the principle of internationalism in the organisation's understanding of the international context of the struggle against apartheid. Internationalism as a principle and in political practice was understood to include the following:

- The struggle against apartheid was not only part of the global movement against colonialism, but also a contribution to the global movement for the creation of a better world.

- Mobilisation of progressive forces globally in support of the struggle against apartheid was critical for the isolation of the regime.

- The establishment of alliances and, not infrequently, formal relations with political formations and countries which were considered part of the global community of progressive forces reinforced our efforts.

Even as a national liberation movement in government, the ANC continues to place great significance on internationalism, with a view to contributing to the struggle to create a better

world and a better Africa. At the core of this strategic objective is to:

- establish a just and equitable world order;
- mobilise world solidarity to improve the quality of life of Africans, people in developing countries and the poor of the world; and
- position South Africa as a global partner and strategic player in the global efforts to attain peace and prosperity for all.

The attainment of a just and equitable world order depends on the outlook of powerful countries and on how they conduct their foreign policies, as well as on the content and character of multilateral institutions. Further, building an alliance of progressive forces globally, in both developing and developed countries, is central to the strategic objective of attaining a better world. The ANC works not only with other progressive parties at a party-to-party level, but also cooperates with other countries of the South both bilaterally and within multilateral institutions.

The ANC's association with the Socialist International (SI) derives from this historical and principled approach. It was for decades an observer in the SI, and it became a full member from 1999.

HISTORY OF THE SOCIALIST INTERNATIONAL

The history of the Socialist International dates back to the 19th century when the founders of Marxism, Karl Marx and Friedrich Engels, partnered other socialists to establish in 1864 the International Workingmen's Association, which became popularly known as the First International. It pursued the social and political emancipation of the working class and the poor, and the construction of a system without class and other forms of exploitation.

But this organisation was short-lived. It col-



The Socialist International Council, held in Johannesburg in November 2004, focused on global efforts to support Africa's development.

lapsed in 1879, in large part because of the ideological competition and divisions between socialists and anarchists. The defeat of the Paris Commune in 1871 also contributed to the weakening of the socialist forces in Europe and, by implication, the First International itself.

It was in 1889 that the world socialist movement was reconstituted, now as the Second International, and Engels elected the honorary president in 1893. It was thanks to this organisation that 1 May was declared Labour Day, and 8 March as International Women's Day. In 1896, the organisation took a stance against colonialism by adopting a resolution on the right of nations to self-determination. This position was to be an important component of the struggles of the world socialist movement in the 20th century.

However, the Second International was to collapse with the outbreak of the First World War as the 'socialists' and those who later came to be known as 'communists' engaged in an ideological battle on the position that the organisation should take in the face of the impending war. While the communists finally won – as the Second International resolved to oppose the war on the grounds that it was the product of the com-

petition among imperialist countries for control of the world – most of the leading Western European parties which were members of the organisation decided to support their national war efforts.

This was perceived by communists as both a betrayal of the working class and, at the same time, the failure of the Second International. Communists, in their outrage, attacked and dismissed the socialists as "chauvinists", "centrists" and even "opportunists". In one of his four pamphlets on the collapse of the Second International, the leader of the Russian communists, VI Lenin, wrote in his pamphlet, 'The Position and Task of the Socialist International': "There are such that are afraid to admit that the crisis or, to put it more accurately, the collapse of the Second International is the collapse of opportunism."

As the communists in Russia used the war to intensify the revolutionary offensive in their country and finally triumphed in October 1917, for its part, the Second International disintegrated and ultimately disappeared from the international scene.

The communists at the helm of post-revolutionary Russia, after the war, led the launch of

the Third International, which was to be known as the Communist International (or the Comintern). At its second congress in July 1920, the Comintern adopted 21 "terms of admission" into the new organisation, which required of "parties wishing to belong to the Communist International to recognise the need for a complete and absolute break with reformism...". It further argued that "the difference between the Communist parties and the old and official 'Social-Democratic', or 'socialist', parties, which have betrayed the banner of the working class, must be made absolutely clear to every rank-and-file worker".

The social democrats invested their efforts in trying to revive the Second International, which was reconstituted in the 1920s as the Labour and Socialist International, and after the Second World War, in 1951, as the Socialist International.

IDEOLOGICAL ESSENCE OF THE SOCIALIST INTERNATIONAL

As has been shown above, the Socialist International emerged as an organisation of the working class pursuing their liberation and that of all working people from exploitation. It also adopted a stance opposed to colonial domination.

From the beginning, debates took place among socialists about the means of attaining this objective. Some argued that the capitalist system could be reformed from within, and steadily turned round until the strategic objective was attained. Others asserted that, to eliminate a system of exploitation required the overthrow of the political system and, in that instance, the construction of non-exploitative society.

Those who adopted the second approach led the revolutionary uprisings that resulted in the establishment of the Soviet Union and later other socialist countries. They were at the forefront of attempts to build societies based on equity and of the practical acts of solidarity with struggling peoples in other parts of the world, including South Africa. This system has however experienced major reverses, with the collapse of the Soviet Union and other socialist countries in Europe. In part this was a consequence of weaknesses in the quality of leadership, failure to build and consolidate popular democracy, the trappings of the global arms race which sapped resources, and weaknesses in terms of management of complex social and economic relations in a modernising world.

Ideologically and organisationally, with the collapse of the Second International and the establishment of the Comintern, a break occurred between social democracy and communism.

Social democracy, in that context, came to be associated with the "evolutionary" socialism based on pursuit of a peaceful and parliamentary transition to socialism, as opposed to the revolutionary and insurrectionary model which had brought about the Russian Revolution.

After the Second World War, in the context of the Cold War, many of the leading Western European social democratic parties went further, abandoning Marxism and the notion of class struggle as the guiding ideology, in favour of a position which argued for the reform of capitalism through, particularly, nationalisation in some key sectors of the economy and the establishment of a strong welfare state, with pro-labour laws and a humane social security system. Later, this position evolved further to integrate environmental issues, thus leading, in some cases, to electoral alliances with 'green' parties.

In many of the Scandinavian countries, social democratic parties became a dominant political force for decades, while in other parts of Europe they dominated for a brief period after the Second World War only to suffer the fate of being in opposition for long periods. In the latter countries, the conservatives were a dominant force whose influence in society marginalised social democrats.

"Values" such as respect for human rights and the promotion of democracy also formed part of the post-war social democratic repertoire, hence the notion of "democratic socialism" with which the Socialist International came to be associated. In fact, in its 1989 Stockholm declaration of principles, the Socialist International was to state that "democratic socialism is an international movement for freedom, social justice and solidarity. Its goal is to achieve a peaceful world where these basic values can be enhanced and where each individual can live a meaningful life with the full development of his or her personality and talents and with the guarantee of human and civil rights in a democratic framework of society."

The end of the Cold War and, of course, the collapse of the Soviet Union, also had an impact on the social democratic forces in Western Europe. From the 1990s particularly, a "third way" tendency emerged among these parties, pioneered by the German Social Democratic Party, the British Labour Party, and the US Democratic Party.

This new tendency, as a response to the political dominance of conservatives among the Western electorate, argues for the reform of the post-Second World War social democratic agenda, particularly the notions of the welfare state and nationalisation. The emphasis now is on reforming the welfare state and strengthening the

competitiveness of the capitalist economy. This is to be pursued in the context of social democratic "values" and the core concerns of the social security system and issues such as health care and education. These parties are important members of the Socialist International and do contribute to the determination of the organisation's outlook and agenda.

During its revival in the 1970s, the Socialist International was essentially still a European movement, with some adherents in Latin America, Japan, Australia and New Zealand.

THE SOCIALIST INTERNATIONAL AND THE ANTI-COLONIAL STRUGGLE

The national question, particularly in respect of the resolution of the colonial question, has historically preoccupied the attention of the international communist and social democratic movements. On this issue, the Comintern was ahead of the Socialist International, having deliberated on this question several times in the course of the 1920s. It was thanks to the intervention of the Comintern, for example, that the Communist Party of South Africa was able to gravitate with speed towards working with the ANC and recognising the primacy of the national democratic struggle in South Africa over a narrow, class-focused communist agenda.

Whereas the Socialist International as a body took time to come to terms with the anti-colonial movement, some of its members, especially after the Second World War, when the anti-colonial movement intensified in Africa and Asia, established fraternal relations with several political formations of the national liberation movements. South Africa has thus been visible in the ranks of the Socialist International for decades.

However, it was the South African Labour Party, not the ANC, which pioneered South Africa's membership of the Socialist International. The Labour Party, formed in 1909, was for the period leading up to the First World War a home to most of the nascent socialist forces in South Africa, which at that time were largely confined to the white minority. Yet the Labour Party, in its founding "Programme and Principles", committed itself to: "The discouragement of the movement of the Natives to the European centres and the encouragement of the development of the Natives in suitable native reserves"; and "the protection of Western standards against encroachment of Asiatic competition and generous financial provision to encourage Asiatic emigration from the country".

But it was not only this failure to grasp the national question that separated progressives from racists in the Labour Party. Like in Europe,

the ideological battles over the First World War wrought havoc within the party. The position of the Labour Party was initially influenced by the stance of the communists, but when South Africa entered the war in 1914 in support of Britain by invading what is today Namibia, tensions intensified within the party. In August 1915, the Labour Party adopted a pro-war resolution.

This prompted, a month later, the communists who were organised within the party as the "War on War League", to break away and establish the International Socialist League of South Africa, which was to apply for membership of the Comintern, and in terms of the 21 conditions of admission, merged with other communist forces in the country to launch in July 1921 the Communist Party of South Africa (CPSA). While the CPSA gradually came to terms, both organisationally and ideologically, with the national question, the Labour Party – pursuing the narrow interests of white workers – gravitated towards the right, even forming a "pact" with the National Party in the 1920s.

The Socialist International, for its part, also evolved, and from the 1970s in particular it started reaching out, both organisationally and in terms of its outlook and agenda, to parties and forces outside the borders of Europe. This shift is generally attributed in Socialist International literature to the presidency of the former German Chancellor, Willy Brandt, who, with the support of the former Swedish Prime Minister, Olof Palme, and his Austrian counterpart, Bruno Kreisky, steered the Socialist International, in the aftermath of the 13th congress of 1976, in a new direction.

In this period of its revival, the Socialist International reflected a variety of schools of thought about both its strategic objective and character of organisation within its constituent members. Such diversity, which continues to this day, includes such questions as whether the attainment of a non-exploitative society remains the strategic goal of the organisation; the extent of working class influence and direction in its identity; seriousness of intent on the issue of colonialism as it still manifested itself in Southern Africa and Southeast Asia; attitude towards the attainment of full sovereignty by former colonial countries; and the issue of whether geopolitics and an offensive against the Soviet Union and other socialist countries should define the character of its approach to world affairs.

With regard to the anti-colonial and anti-apartheid struggle, the role played in this regard by Scandinavian social democratic parties, and Palme in particular, should not be underplayed. As early as the 1960s, some of these parties developed fraternal relations with a number of

liberation movements, including those in Southern Africa. The ANC was recognised by these parties as the leading force in the liberation struggle in our country. It is in this context that Oliver Tambo, in his January 1987 Olof Palme Lecture in New York, could observe that: "Our own people will always remember Olof Palme as one of us, an unswerving opponent of the apartheid system, one who took sides by supporting the oppressed and our organisation, the African National Congress."

Hence the ANC, from the 1970s – and at the invitation of the Socialist International – started direct engagement with this organisation, at first as an observer. For the ANC, engagement with the Socialist International was part of the effort to build a strong, global anti-apartheid movement. The ANC also became associated as an active member of the two fraternal organisations of the Socialist International: the International Union of Socialist Youth and the Socialist International Women. With the end of apartheid, the ANC continued to participate in the Socialist International, and decided to seek full membership in 1999. The ANC sees the Socialist International as an important forum for the mobilisation of the world progressive movement around issues of a better world and a better Africa.

The change in approach and focus on the part of the Socialist International as it re-established itself was not confined to reaching out to parties outside Europe. It also involved an engagement with North-South issues and participating actively in the struggle for the transformation of the global order. It was thanks to this shift that the Socialist International came to be visibly active as a global player involved, for example, in the resolution of the Middle East conflict, as well as in the regional integration efforts in different parts of the world.

Today, the Socialist International's African membership is significant – some 18 African parties out of a total of about 107 full member parties. Of the 31 member parties with a consultative status, eight are from Africa; and of the 16 member parties with observer status, four are African. This includes parties which were historically part of the alliance of anti-colonial forces, and others are based in parts of the African Diaspora. Many of these parties are, objectively, part of the forces that support efforts to achieve a better world and a better Africa.

THE ANC'S ROLE IN THE SOCIALIST INTERNATIONAL

The strategic objective of the ANC is the creation of a united, non-racial, non-sexist and democratic society in South Africa; and the attainment of global peace and stability as well as equity among and within nations. In its approach to the reconstruction and development of South African society, the ANC recognises the central role of black people generally, and workers and the middle strata in particular. It also acknowledges the role of, and seeks to win over, members of the white community and private capital to take active part in the reconstruction and development of South African society.

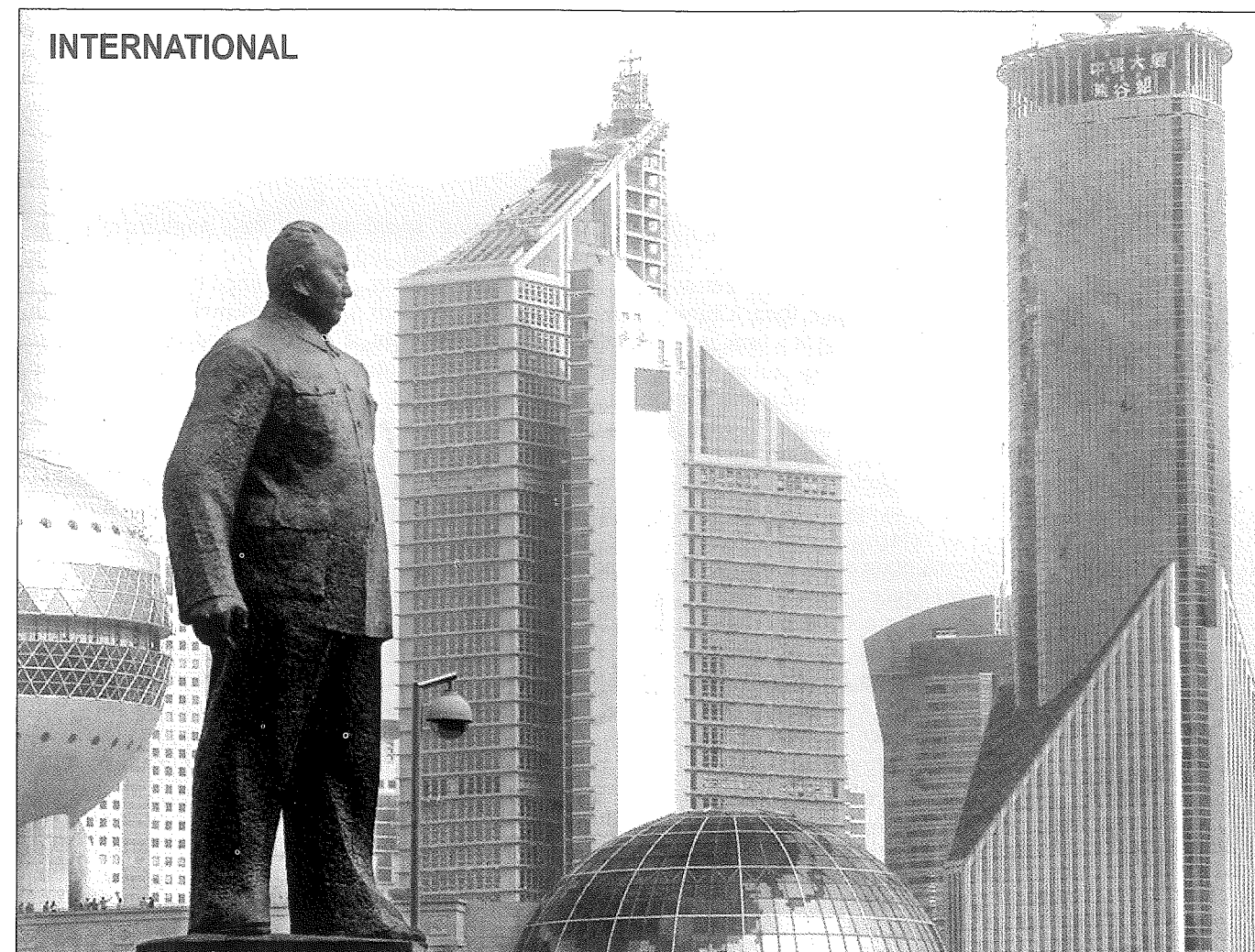
These positions derive from the Freedom Charter, which in addition to calling for a South Africa that belongs to all and in which people can experience a rising quality of life, asserts the ideal of peace and friendship among all nations and peoples of the world. Its National Conference in 2002 characterised these positions as defining the organisation thus: "The ANC, as the leader of the national democratic struggle, is a disciplined force of the left, organised to conduct consistent struggle in pursuit of the interests of the poor".

In many respects, the broad principles of the Socialist International closely mirror the positions of the ANC on many domestic and global issues. As such, our membership of the Socialist International derives from substantive commonality of principles and objectives; but also from the understanding that it is our responsibility to work with other organisations which pursue progressive governance, improvement of the quality of life of all, democratic reform of multilateral agencies and pursuit of the renaissance of the African continent.

In this interaction, the ANC will continue to pursue these objectives, relating to members of the Socialist International and other parties across the globe in a series of partnerships in which the interests of the people of our country, Africa, the developing world and indeed the genuine long-term interests of all people of the world are at the top of the global agenda.

This is an edited version of an information sheet first published by the ANC National Working Committee in November 2004.

INTERNATIONAL



China's leap into the heart of the twenty-first century

How Africa responds to the political and economic implications of China's awesome growth and development will be key to securing the continent's future in a twenty-first century world which has China at its heart, writes Michael Sachs.

The People's Republic of China (PRC) is in the midst of a transformation of global significance. From a closed economy in which the state was the only economic actor of significance, China has moved rapidly towards a system that the Communist Party of China (CPC) defines as market socialism, where a sizeable state sector exists side by side with private enterprises and foreign investors.

China's leap will lift the most populous country on earth into the heart of politics and economics in the coming century, a reality to which we must all adjust. What lies behind China's success, and what are the implications for the world, particularly Africa?

'DEVELOPMENT IS THE ABSOLUTE PRINCIPLE'

Rejecting the 'ultra-leftism' and extreme egalitarianism that characterised the decade of the cultural revolution (1966-1976), Deng Xiaoping inaugurated a new policy in 1978 advancing the slogan: "Development is the absolute principle". Developing the 'forces of production' was established as the paramount objective of all government policy. After fundamental debates about the 'capitalist' versus 'socialist' character of change, Deng's pragmatic ideas had won the day. In a famous aphorism he said, "It doesn't matter if it is a black cat or a white cat, as long as it catches

the mouse”.

Deng urged China to cross the river of development by “groping with our feet at the stones under the water”. Since then, Chinese reforms have advanced one step at a time in a systematic and logical manner that relies on a detailed analysis of objective reality and policy adjustment at each stage of transformation. This experimental pragmatism is described as follows by a government researcher: “Reform will lose direction if there is no opening. If there is only opening without reform, it will be difficult for the country to maintain economic stability and political independence. The so called “gradualist reform” model practiced in China is actually a continuous process of exploration, that is of opening the door a bit, discovering a problem, solving it through reform, and then opening the door yet a bit wider”. [Ding, 1998]

Double-digit growth in GDP has been sustained for more than a decade, much of it driven by vast quantities of foreign direct investment (FDI) and public infrastructure investment. The scale of recent development in Shanghai is awesome. In the short space of ten years, the city has become a towering forest of steel, glass and concrete, which dwarfs the teeming humanity working within it. Today, Shanghai bears little visible resemblance to a third world city. The new development area, Pudong district, has arisen with

dizzying speed into a vast agglomeration of finance and industry on the east bank of the Huangpu River, which is lined by towering dock cranes that lift US\$202 billion worth of trade each year. But it does not end here: awesome plans are in motion to invest billions in social development and economic infrastructure to accommodate the city’s growing population, which has already reached 17 million.

The graph below illustrates the spectacular nature of China’s growth, while also placing it in historic context. The stagnation and volatility of GDP per capita during the era of the ‘great leap forward’ and the ‘cultural revolution’ forms the backdrop to China’s shift towards ‘market socialism’. According to Deng: “In the twenty years from 1958 to 1978, the Chinese society was virtually at a standstill or in a lingering state, and the economy of the country as well as the living standards of the people did not achieve much development and improvement” [cited in Wang, 2000]. In 1982 he told a visiting delegation: “We have been making revolution for several decades and have been building socialism for more than three. Nevertheless, by 1978 the average monthly salary for our workers was still only 45 Yuan, and most of our rural areas were still mired in poverty. Can this be called the superiority of socialism? That is why I insisted that the focus of our work should be rapidly shifted to economic

development... Our practice since then has shown that this line is correct, as the whole country has taken on an entirely new look.” [Deng, 1982]

But it would be wrong to write off the revolutionary period as an aberration that delayed the realisation of China’s potential as a market economy. Rather, it was the revolutionary mobilisation of the people, the radical redistribution of assets (particularly land) and large investments in human capital that laid the basis for sustained and widespread economic development in the recent period. Also of crucial significance was the fact that, prior to the revolution, China had been mired in a century of disunity, chaos and rule by warlords. The Communist Party’s achievement was to unite the people around a common programme and construct a powerful and centralised state apparatus capable of safeguarding China’s national interests, even in the context of rapid integration with the global economy.

The Filipino activist and scholar, Walden Bello, captures this well: “Beijing is tough on foreign investors and has the upper hand in its relationship with the international business community. Yet foreign investors are scrambling to get into China, restrictions and all... In contrast, foreign investors can blackmail other governments to dilute their investment rules... Respect is what the Chinese government gets from investors. Respect is what our governments don’t have. When it comes to pursuing national economic interests, what separates China from many of our countries is a successful revolutionary nationalist struggle that got institutionalised into a no-nonsense state.” [Bello, 1999]

A number of economic factors can be identified as lying behind China’s rapid growth. These include a virtually unlimited supply of cheap and educated labour, well developed human resources, very high rates of saving, a stable and undervalued currency, relatively closed capital markets and favourable geographic location.

But it is the politics of the developmental state that lies behind the Chinese ‘miracle’. The state’s role in the economy is not simply a function of the size of the public sector, which is growing smaller albeit from a very high base. Rather it is the capacity of the state to lead and direct the economy that is significant. The state is able to mobilise vast resources and direct them to where they are most needed, guided by a long-term vision that informs a set of clear and detailed short to medium term plans. Aspects of this role include:

- Massive investment in public and economic infrastructure to leverage private investment,

both foreign and domestic, toward clearly identified development priorities.

- The use of non-economic (ie. political) measures to control key prices such as the interest rate, the exchange rate, wages and the prices of agricultural products and domestically sourced natural resources. The state also maintains strategic subsidies and price controls to facilitate poverty alleviation (eg. subsidised micro-credit) and rein in the cost of basic foodstuffs.

- Facilitation, coordination and direction of private investment across economic sectors and geographic regions, in a manner that builds horizontal and vertical linkages and ensures the transfer and diffusion of technology through strong industrial policies and detailed plans in selected ‘pillar industries’.

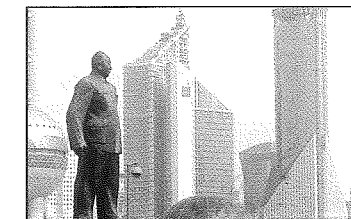
- Linked to the above is the directing role of the state in credit and capital allocations, which is achieved through state control over banking institutions. Aligned to this has been a strategic approach to capital account liberalisation, which is required to accommodate the resulting inefficiencies in the banking sector, which include large quantities of non-performing loans.

- Investment in human capital with a particular emphasis on science and technology, and a sustained commitment to ‘learning by doing’ (ie. ensuring that foreign investments lead to the transfer of technology and the acquisition of skills amongst Chinese themselves).

At the core of the state’s capacity to lead and direct economic development is the leading role of the CPC. The common ideological basis of the Party acts as a powerful countervailing force to the centrifugal tendencies of the market economy. From each village to the central government, in every public institution and parastatal, in every region, city and economic sector, CPC committees ensure that the ‘mass line’ of the party drives the process of change. Party cadres are regularly trained and deployed to the areas in which they are most needed.

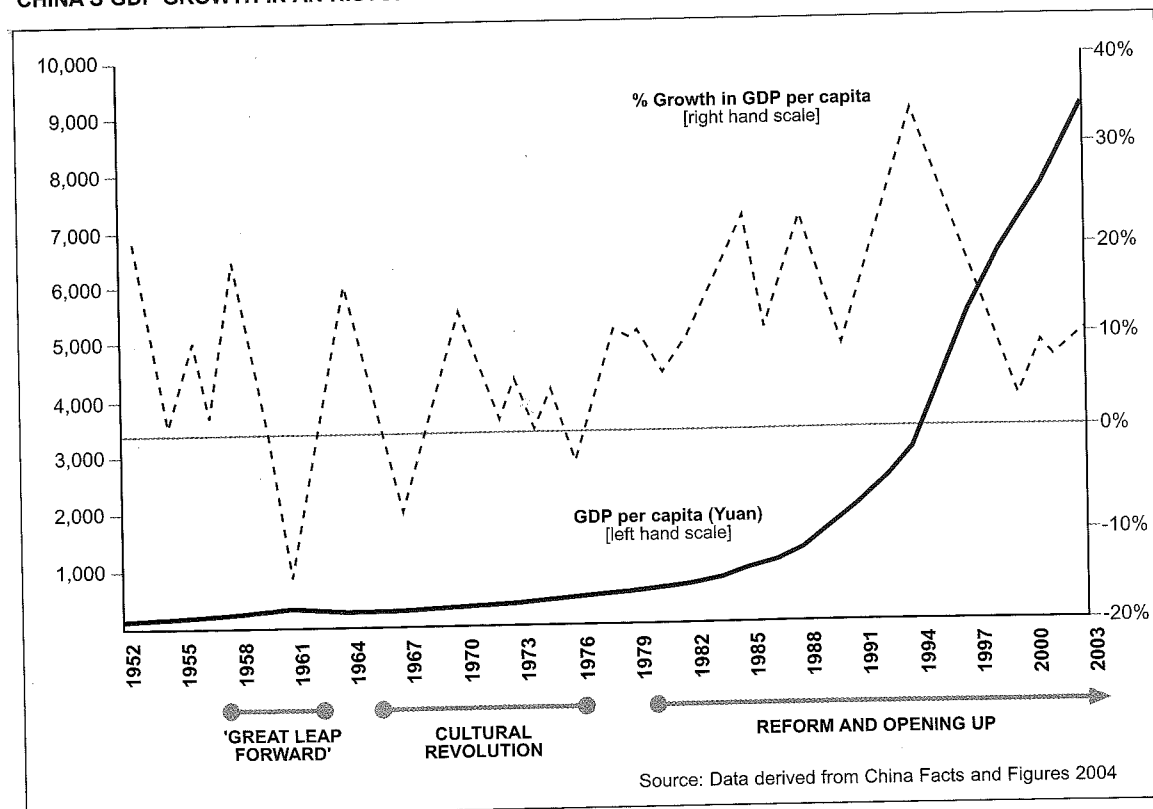
SOCIAL GAINS (AND STRAINS) OF DEVELOPMENT

For the vast majority of Chinese there have been rapid and sustained improvements in the materi-



‘Beijing is tough on foreign investors and has the upper hand in its relationship with the international business community. Yet foreign investors are scrambling to get into China, restrictions and all’

CHINA’S GDP GROWTH IN AN HISTORICAL PERSPECTIVE



al conditions of their existence in a short period of time. Over the last twenty years, China has witnessed a massive growth in per capita income and a significant reduction in absolute poverty. In terms of the national poverty line the numbers of people living in absolute poverty has declined from 250 million in 1978 to only 29 million in 2003, a shift from 30.7% of the population to only 3.1%.

Nevertheless, inequality, relative poverty and unemployment are on the rise, and in 2003 an increase in the number of absolute poor was recorded for the first time. A significant

worsening of inequality between urban and rural dwellers is also apparent, a matter of grave concern in a country where 70% of the population still live in rural areas. Furthermore, there are rising disparities between the fast growing eastern provinces, where the bulk of industrial development is located, and the western and central regions, which are the traditional sources of natural resources and agricultural products.

Professor Justin Yifu Lin of the Centre for Economic Research at Peking University believes that one of the reasons for this widening gap has been the suppression of agricultural and natural resource prices, which in turn is one of the factors that has enabled rapid development in the East. In effect the poor provinces have been subsidising accumulation in the richer provinces.

Against the background of these widening inequalities, vast numbers of migrants have left their

villages to seek work in the cities. Numbering more than 100 million, these young and relatively educated people increasingly fall between the cracks of society. A form of 'influx control' is maintained, albeit weaker than in the past. State services are provided only to registered 'citizens' of a particular area and denied to 'temporary migrants'. But in some areas migrants already constitute a third of the urban population, exercising powerful downward pressures on wages.

Severe strains are also emerging in relation to health care for the poorest, while education appears to be increasingly inferior for those still mired in poverty. In part this reflects significant problems of fiscal decentralisation in China, where municipalities have considerable financial autonomy. Fiscal transfers from the centre to under-financed municipalities and regions (funded on a project by project basis) have had an impact, but the lack of fiscal capacity in poorer districts has taken a severe toll on services.

According to government the number of workers employed in state owned enterprises (SOEs) has declined from 74 million to 36 million over the last twenty years, as the SOEs have been forced to adjust to a market environment. The PRC expects the development of new economic sectors to begin mopping up surplus workers who have been laid off in the course of rapid economic restructuring. In addition, a number of active labour market policies are deployed to ameliorate the worst effects of unemployment and promote self-employment and small business. The laid off workers from the SOEs are given particular attention. They maintain a contract with their former employers, have access to subsidised loans and are given a 'minimum living allowance', while government has dedicated programmes to assist with re-employment.

While state intervention to mitigate the worst features of poverty and unemployment are strong, the Chinese clearly believe that it is economic growth that will provide the final solution to these problems. The CPC aims that by 2010 China should quadruple its GDP in order to become 'a relatively well off society' and by 2050 the project of modernisation should be completed. Assuming that developments continue along the same path it is quite possible to imagine that these awesome feats will be accomplished well before the target dates.

But the pace and scope of China's transformation will undoubtedly generate new tensions and challenges within Chinese society. Whereas countries such as Britain and Japan transformed themselves into industrial societies over a period of 150 years, China expects to complete its mod-

ernisation process by the year 2050, in half that time. Britain (and others) industrialised with the help of colonies, which provided cheap raw materials on the basis of forced labour and also enabled the mass migration of their surplus populations of the poor and unemployed to distant lands. China enjoys none of these 'benefits'.

Already, the process of 'opening up and reform' has led to massive and rapid changes in Chinese society. New productive and social forces are likely to pose serious problems to future political and social stability, even assuming that growth continues apace. But perhaps the greatest danger of a systemic crisis would be presented by a slow down in growth.

A QUIET RISE AND A NOISY DECLINE?

Given the abundance of labour and current low levels of GDP per capita relative to developed countries, there is no objective reason why China should not continue to grow rapidly for at least another two generations. This would mean that the PRC is destined to become the largest economy in the world by the middle of the twenty-first century. Razeen Sally of the London School of Economics regards China's growth and global integration, together with that of India, as an epoch-making event:

"What makes the crucial difference to economic globalisation today, and probably for the next half century, is the dramatic opening of first China and then India. They are the world's second and fourth largest economies respectively (at purchasing-power parity): China accounted for 12%, and India 5.7% of global GDP in 2002. Together they are home to 40% of humanity...

"With still low levels of per-capita income... they have the potential for stellar catch-up growth rates for decades ahead. *Their integration into the world economy, still in its early stages, promises to be more momentous than that of Japan and the east Asian Tigers, and perhaps on par with the rise of the United States as a global economic power in the late nineteenth century.*" [Sally, 2004, emphasis added]

Already the fate of the global economic system hangs precariously on Chinese and Asian developments, with global growth in the coming decade depending to a large degree on continued Chinese expansion. What is more, the single most significant imbalance in today's global economy is the US's vast current account deficit, which must be balanced by equally vast capital inflows from the rest of the world.

In order to consume more than it produces (which is the logical corollary of the current account deficit) the US must continue to attract inflows of foreign savings. A large and rising

share of these savings comes from China, which, in order to maintain its currency on par with the dollar, must buy US dollars. Already in 2002 China was the second largest foreign holder of US long-term debt securities, accounting for \$165 billion, or 6.5 percent, of total foreign holdings [IMF, 2004]. United States imports too are increasingly sourced from China. During the recent recovery of the global economy the structure of US imports changed significantly with imports from China growing by 52 percent between 2001 and 2003 [UNCTAD, 2004].

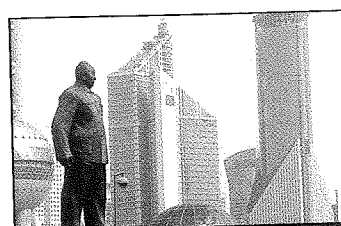
A French economist once characterised this kind of relationship as follows: "If I had an agreement with my tailor that whatever money I pay him returns to me the very same day as a loan, I would have no objection at all to ordering more suits from him." [Jacques Rueff, cited in *The Economist*, 2004]

He was not referring to China, but to the Bretton Woods system of fixed exchange rates that prevailed for thirty years after the Second World War. And indeed, some economists regard the relationship between China and the US as similar to the old Bretton Woods system: "Once again, America is at the centre of the system. The old periphery consisted of Europe and Japan, which used undervalued currencies, supported by capital controls and the purchase of dollar reserves, to rebuild their economies after the war. But the new periphery is made up of China and other Asian economies which, it is argued, also peg their currencies to the dollar at artificially low rates." [The Economist, 2004]

Unlike the Bretton Woods system, however, these arrangements have not been explicitly negotiated, and the vast global imbalances we have described cannot be sustained. The question is not if, but when and how, the inevitable unwinding of this global disequilibrium will take place: in an orderly and negotiated manner, or through a series of volatile and unpredictable shocks.

What is certain is that, as these economic imbalances 'unwind', they will do so against the political backdrop of the emergence of a new global super-power. Rather than a simple acceleration of current imperatives toward 'globalisation', the scale of Chinese integration ("on par with the rise of the US as a global economic power in the late nineteenth century") points to a revolutionary transformation of the global system.

Indeed, the emergence of the US as an economic power ultimately led to a transfer of global leadership from the then hegemonic power, Britain, and a thorough reconfiguration of global capitalism. But whereas the transition from



China is also the only developing country that is a permanent member of the UN Security Council and its voice in world economic and political forums will become increasingly stronger.

British to US world hegemony was facilitated by a common language and culture (indeed the US itself was an offspring of British capitalism) there are no such cultural factors to lubricate the likely transfer of leadership from the US to China.

The Chinese believe that it would be much better if its 'rise' were a peaceful and quiet one. The CPC says: "China's national development will contribute to world peace and stability; and world peace and stability will contribute to China's national development." But Giovanni Arrighi argues that the prospects for global peace, versus the possibility of protracted conflict, hinge more on the willingness of the US to accept the transfer of hegemony: "If the system eventually breaks down, it will be primarily because of US resistance to adjustment and accommodation. And conversely, the US adjustment and accommodation to the rising economic power of the East

Asian region is an essential condition for a non-catastrophic transition to a new world order." [Arrighi and Silver, 1999, cited in Arrighi, 2004]

The real cause for concern, therefore, is not China's quiet rise but America's noisy decline. On this score, the quagmire into which the US has voluntarily plunged itself in Iraq does not bode well. As a result of US strategy since the 11 September 2001 attacks it is likely that it will not primarily be a direct challenge between China and the US that poses the greatest threat to global peace and stability, but a 'clash of fundamentalisms'. On the one hand, Anglo-Christian fundamentalism aligned with the most reactionary elements of US capital will staunchly resist the ebb of American power. On the other hand an equally reactionary Islamic fundamentalism will seek to answer the global crisis by taking the Muslim world back to an imagined past and thus turn the clock back on modernity itself [Ali, 2003].

In this context, China could well emerge as a moderating force. In sharp contrast to both the US's unilateral aggression and right-wing Islam's rejection of universal values, China believes that its national interest is objectively aligned with multi-lateralism and world peace.

CHINA, AFRICA AND SOUTH AFRICA

These global transitions form the strategic con-

text in which South Africa must consider its relations with the PRC. Politically, there is much to gain from a strengthened bilateral cooperation. China regards South Africa as a strategic partner in building multilateralism and strengthening the position of the South in the global order. South Africa too knows that in order to succeed in its national development a fundamental reordering of the global political and economic environment is required. Already China has made clear its commitment to these goals by investing significant development assistance in the African continent, deploying peace-keepers in Liberia and cancelling US\$1.27 billion worth of debt owed by Africa.

China is also the only developing country that is a permanent member of the UN Security Council and its voice in world economic and political forums will become increasingly stronger. China too clearly recognises the importance of the African bloc in multilateral forums [Alden, 2004]. Given that it has opted for 'market socialism' rather than American-style free market fundamentalism, China's voice may also give impetus to new and heterodox approaches to the resolution of development problems facing the post-colonial world.

China's economic interest in Africa has grown significantly over the last ten years: trade with the continent has almost doubled while Chinese firms (both private and state-owned) have made significant investments in a range of African countries. These are focussed on China's national priorities including securing its access to raw materials, such as oil, cementing its ties to African states through significant infrastructure and construction investment, and ensuring food security through the purchase of agricultural lands and enterprises [Alden, 2004].

Flows of Chinese savings, both private and official, could become increasingly important to the African continent, while political alignment on a number of key global concerns, such as US unilateralism, make the political imperatives of our relations with China very strong. But these political imperatives for close cooperation could come into tension with the economic consequences of China's emergence. For South Africa, and for Africa as a whole, the economic implications of China's growth and the consequent reconfiguration of the global economy are somewhat contradictory.

On the one hand, China's growth is likely to sustain a global boom in the prices of primary commodities that are produced in Africa. Already, the prices of commodities such as steel, coal, other minerals and agricultural raw materials have risen significantly on the back of

Chinese demand. Also significant are the indirect consequences of China's rapid growth. For example, although China is the world's largest coal producer, the scale of its own consumption has reduced the quantities of Chinese coal available for export, thereby putting upward pressure on global prices [UNCTAD, 2004].

On the other hand are the global consequences of increasing Chinese domination of labour-intensive manufactured products. China's unparalleled capacity to supply these goods at lower cost will significantly reduce their prices on world markets. While South African and African consumers would benefit significantly from these lower prices, the consequences in terms of employment could be significant. 'Hollowing out' of domestic industries is a strong possibility, especially for sectors relying on unskilled labour [IMF, 2004].

CONCLUSION

There is much that South Africa could learn from Chinese growth, particularly the unifying and directing role of the developmental state. But the character of South Africa's political economy means that wholesale replication of a Chinese 'model' is simply not possible. Indeed, in the context of our democratic constitution, it is impossible (and undesirable) for South Africa to replicate the coercion of both labour and capital that continues to form a key component of this model. South Africa's development must rely to a much greater extent on the construction of a 'shared vision' through the mobilisation of consent.

At the same time, the political and economic implications of China's growth and development cannot be avoided or ignored. South Africa's integration into the global economy has historically been driven by 'Anglo-American' capital, and a hegemonic shift towards the East will have momentous consequences for the politics and economics of African development as a whole. How we balance the economic and political imperatives implied by this shift will be key to securing our future in a twenty first century world with China at its heart.

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Building peace in Darfur

The current crisis in Darfur is both an opportunity and a test for Africa, writes Mahmood Mamdani. But the first priority is to stop the war and push the peace process.

How can we name the Darfur crisis? The US Congress and Secretary of State Colin Powell claim that genocide has occurred in Darfur. The European Union says it is not genocide. And so does the African Union.

Nigerian President Olusegun Obasanjo, also the current Chair of the African Union (AU), told a press conference at the United Nations Headquarters in New York on 23 September 2004: "Before you can say that this is genocide or ethnic cleansing, we will have to have a definite decision and plan and programme of a government to wipe out a particular group of people, then we will be talking about genocide, ethnic cleansing. What we know is not that. What we know is that there was an uprising, rebellion, and the government armed another group of people to stop that rebellion. That's what we know. That does not amount to genocide from our own reckoning. It amounts to of course conflict. It amounts to violence."

Is Darfur genocide that has happened and must be punished? Or, is it genocide that could happen and must be prevented? I will argue the latter.

Sudan is today the site of two contradictory processes. The first is the Naivasha peace process between the Sudan People's Liberation Army (SPLA) and the Government of Sudan, whose promise is an end to Africa's longest festering civil war. The second is the armed confrontation between an insurgency and anti-government militias in Darfur. There is need to think of the south and the west as different aspects of a connected process. I will argue that this reflection should be guided by a central objective: to reinforce the peace process and to demilitarise the conflict in Darfur.

UNDERSTANDING DARFUR CONFLICT POLITICALLY

The peace process in the South has split both sides to the conflict. Tensions within the ruling circles in Khartoum and within the opposition SPLA have given rise to two anti-government militias. The Justice and Equality Movement (JEM) has historical links to the Islamist regime, and the Sudan Liberation Army (SLA) to the

southern guerrilla movement.

The JEM organised as part of the Hassan Turabi faction of the Islamists. Darfur, historically the mainstay of the Mahdist movement, was Turabi's major claim to political success in the last decade. When the Khartoum coalition – between the army officers led by Sudan's President Omar Bashir and the Islamist political movement under Turabi – split, the Darfur Islamists fell out with both sides. The JEM was organised in Khartoum as part of an agenda for regaining power. It has a more localised and multi-ethnic presence in Darfur and has been home to many who have advocated an "African Islam".

The Sudan Liberation Army (SLA) is linked to SPLA, which first tried to expand the southern-based armed movement to Darfur in 1990, but failed. The radical leadership of that thrust was decapitated in a government assault. Not surprisingly, the new leadership of SLA has little political experience.

The present conflict began when the SLA mounted an ambitious and successful assault on El Fashar airport on 25 April 2003, on a scale larger than most encounters in the southern civil war.

The government in Khartoum is also divided, between those who pushed the peace process, and those who believe too much was conceded in the Naivasha talks. This opposition, the security cabal in Khartoum, responded by arming and unleashing several militia, known as the Janjawid. The result is a spiral of state-sponsored violence and indiscriminate spread of weaponry.

In sum, all those opposed to the peace process in the south have moved to fight in Darfur, even if on opposing sides. The Darfur conflict has many layers; the most recent but the most explosive is that it is the continuation of the southern conflict in the west.

DE-DEMONISE ADVERSARIES

For anyone reading the press today, the atrocities in Sudan are synonymous with a demonic presence, the Janjawid, the spearhead of an 'Arab' assault on 'Africans'. The problem with the pub-



Sudanese women rebuild their tents in El-Geer refugee camp in Darfur.

lic discussion of Darfur and Sudan is not simply that we know little; it is also the representation of what we do know. To understand the problem with how known facts are being represented, I suggest we face three facts.

First, as a proxy of those in power in Khartoum, the Janjawid are not exceptional. They reflect a broad African trend. Proxy war spread within the continent with the formation of Renamo by the Rhodesian and the South African security cabal in the early 1980s. Other examples in the East African region include the Lord's Redemption Army in northern Uganda, the Hema and Lendu militias in Itori in eastern Congo and, of course, the Hutu militia in post-genocide Rwanda. Like the Janjawid, all these combine different degrees of autonomy on the ground with proxy connections above ground.

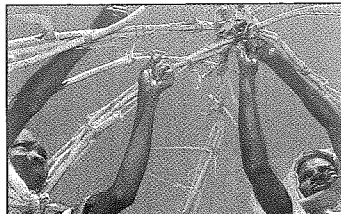
Second, all parties involved in the Darfur conflict – whether they are referred to as 'Arab' or as 'African' – are equally indigenous and equally black. All are Muslims and all are local. To see how the corporate media and some of the charity-dependent international NGOs consistently racialise representations, we need to distinguish between different kinds of identities.

Let us begin by distinguishing between three different meanings of Arab: ethnic, cultural and political. In the ethnic sense, there are few Arabs worth speaking of in Darfur, and a very tiny per-

cent in Sudan. In the cultural sense, Arab refers to those who have come to speak Arabic as a home language and, sometimes, to those who are nomadic in lifestyle. In this sense, many have become Arabs. From the cultural point of view, one can be both African and Arab, in other words, an African who speaks Arabic, which is what the 'Arabs' of Darfur are. For those given to thinking of identity in racial terms, it may be better to think of this population as 'Arabised' rather than 'Arab'.

Then there is Arab in the political sense. This refers to a political identity called 'Arab' that the ruling group in Khartoum has promoted at different points as the identity of power and of the Sudanese nation. As a political identity, Arab is relatively new to Darfur. Darfur was home to the Mahdist movement whose troops defeated the British and slayed General Gordon a century ago. Darfur then became the base of the party organised around the Sufi order, the Ansar. This party, called the Umma Party, is currently led by the grandson of the Mahdi, Sadiq al-Mahdi. The major change in the political map of Darfur over the past decade was the growth of the Islamist movement, led by Hassan Turabi. Politically, Darfur became 'Islamist' rather than 'Arab'.

Like Arab, Islam too needs to be understood not just as a cultural (and religious) identity but also as a political one, thus distinguishing the



Every effort should be made to neutralise or re-organise the militia and stabilise communities in Darfur through local initiatives

broad category of believers called Muslims from political activists called Islamists. Historically, Islam as a political identity in the Sudan has been associated with political parties based on Sufi orders, mainly the Umma Party based on the Ansar and the Democratic Unionist Party (DUP) based on the Khatmiyya sect. In sharp contrast to the strongly Sudanese identity of these 'sectarian' and 'traditional' parties is the militant, modernist and internationalist orientation of

the type of political Islam championed by Hassan Turabi and organised as the National Islamic Front (NIF). Not only in its predominantly urban social base but also in its methods of organisation, the NIF was poles apart from 'traditional' political Islam, and in fact consciously emulated the Communist Party (CP). Unlike the 'traditional' parties which were mass-based and hoped to come to power through elections, the NIF – like the CP – was a cadre-based vanguard party which hoped to take power in alliance with a faction in the army. The fulfillment of this agenda was the 1989 coup which brought Turabi's NIF into power in alliance with the Bashir faction in the army.

As a political identity, 'African' is even more recent than 'Arab' in Darfur. I have referred to an attempt by SPLA in 1990 to confront the power in Khartoum as 'Arab' and to rally the opposition under the banner of 'African'. Both the insurgency that began 18 months ago and the government's response to it are evidence of the crisis of the Islamist regime and the government's retreat to a narrower political identity, 'Arab'.

Third, both the anti- and the pro-government militia have outside sponsors, but they cannot just be dismissed as external creations. The Sudan government organised local militias in Darfur in 1990, using them both to fight the SPLA in the south and to contain the expansion of the southern rebellion to the west. The militias are not monolithic and they are not centrally controlled. When the Islamists split in 1999 between the Turabi and the Bashir groups, many of the Darfur militia were purged. Those who were not, like the Berti, retained a measure of local support. This is why it is wrong to think of the Janjawid as a single organisation under a unified command.

Does that mean that we cannot hold the Sudan government responsible for the atrocities committed by Janjawid militias that it continues to supply? No, it does not. We must hold the patron

responsible for the actions of the proxy. At the same time, we need to realise that it may be easier to supply than to disband local militias. Those who start and feed fires should be held responsible for doing so; but let us not forget that it may be easier to start a fire than to put it out.

The fight between the militias on both sides and the violence unleashed against the unarmed population has been waged with exceptional cruelty. One reason may be that the initiative has passed from the communities on the ground to those contending for power. Another may be the low value on life placed by the security cabal in Khartoum and by those in the opposition who want power at any cost.

WHAT IS THE SOLUTION?

I suggest a three-pronged process in the Sudan. The priority must be to complete the Naivasha peace process and change the character of the government in Khartoum. Second, whatever the level of civilian support enjoyed by militias, it would be a mistake to tarnish the communities with the sins of the particular militia they support. On the contrary, every effort should be made to neutralise or re-organise the militia and stabilise communities in Darfur through local initiatives. This means both a civic conference of all communities – both those identified as Arab and those as African – and reorganised civil defence forces of all communities. This may need to be done under the protective and supervisory umbrella of an African Union policing force. Finally, to build on the Naivasha process by bringing into it all those previously excluded. To do so will require creating the conditions for a reorganised civil administration in Darfur.

To build confidence among all parties, but particularly among those demonised as 'Arab', we need to use the same standard for all. To make the point, let us first look at the African region. The United Nations estimates that some 30 to 50,000 people have been killed in Darfur and another 1.4 million or so have been made homeless. The figure for the dead in Congo over the last few years is over four million. Many have died at the hands of ethnic Hema or Lendu militias. These are Janjawid-type militias known to have functioned as proxies for neighboring states. In the northern Ugandan districts of Acholiland, over 80% of the population has been interned by the government, given substandard rations and nominal security, thus left open to gradual premeditated starvation and periodic kidnapping by another militia, the Lord's Redemption Army (LRA). When UN Secretary General Kofi Annan flew to Khartoum recently,

I was in Kampala. The comment I heard all around was: Why didn't he stop here? And why not in Kigali? And Kinshasa? Should we not apply the same standards to the governments in Kampala and Kigali and elsewhere as we do to the government in Khartoum, even if Kampala and Kigali are America's allies in its global 'war on terror'?

Internationally, there is the daunting example of Iraq. Before the American invasion, Iraq went through an era of UN sanctions, which were kept in place for a decade by the US and Britain. The effect of the sanctions came to light when UNICEF carried out a child mortality survey in 1999 at the initiative of Canada and Brazil. Richard Garfield, professor of Clinical International Nursing at Columbia University and chair of the Human Rights Committee of the American Public Health Association, calculated "on a conservative estimate" that there had been 300,000 "excess deaths" of children under five in Iraq during the sanctions. But the sanctions continued. Today, the US does not even count the number of Iraqi dead, and the UN has made no attempt to estimate them. Iraq is not history. It continues to bleed.

This backdrop, regional and international, should prompt us to ask at least one question: Does the label "worst humanitarian crisis" tell us more about Darfur or about those labeling and the politics of labeling? Are we to return to a Cold War-type era in which America's allies can commit atrocities with impunity while its adversaries are demagogically held accountable to an international standard of human rights?

Some argue that international alignment on the Darfur crisis is dictated by the political economy of oil. To the extent this is true, let us not forget that oil influences both those (such as China) who would like continued access to Sudan's oil and those (such as USA) who covet that access. But for those who do strategic thinking, the more important reason may be political. For official America, Darfur is a strategic opportunity to draw Africa into the global 'war on terror' by sharply drawing lines that demarcate 'Arab' against 'African', just as for the crumbling regime in Khartoum this very fact presents a last opportunity to downplay its own responsibilities and call for assistance from those who oppose official America's 'war on terror'.

WHAT SHOULD WE DO?

First of all, we the civilians – and I address Africans and Americans in particular – should work against a military solution. We should work against a US intervention, whether direct or by proxy, and however disguised – as humanitarian or whatever. We should work against punitive sanctions. The lesson of Iraq sanctions is that you target individuals, not governments. Sanctions feed into a culture of terror, of collective punishment. Its victims are seldom its target. Both military intervention and sanctions are undesirable and ineffective.

Second, we should organise in support of a culture of peace, of a rule of law and of a system of political accountability. Of particular importance is to recognise that the international community has created an institution called the International Criminal Court (ICC) to try individuals for the most heinous crimes, such as genocide, war crimes and systematic rights abuses. The US has not only refused to ratify the treaty setting up the ICC, it has gone to all lengths to sabotage it. For Americans, it is important to get their government to join the ICC. The simple fact is that you can only claim the moral right to hold others accountable to a set of standards if you are willing to be held accountable to the same standards.

Finally, there is need to beware of groups who want a simple and comprehensive explanation, even if it is misleading; who demand dramatic action, even if it backfires; who have so come to depend on crisis that they risk unwittingly aggravating existing crisis. Often, they use the call for urgent action to silence any debate as a luxury. And yet, responsible action needs to be informed.

For the African Union, Darfur is both an opportunity and a test. The opportunity is to build on the global concern over a humanitarian disaster in Darfur to set a humanitarian standard that must be observed by all, including America's allies in Africa. And the test is to defend African sovereignty in the face of official America's global 'war on terror'. On both counts, the first priority must be to stop the war and push the peace process.

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The NDR, technology and a developed economy

A sharper focus on technology development is critical for the transformation of South Africa's two economies into a single developed economy, writes Tshilidzi Marwala.

The ultimate aim of the National Democratic Revolution (NDR) is to push back the frontiers of poverty, be they physical, mental, political, economic or otherwise. Simply phrased, the ultimate goal of the NDR, in South Africa in particular, and in our continent in general, is to usher in a developed economy in the shortest possible time.

A developed economy would allow the ultimate liberation of our people from undesirable external influences and will permit us to chart the destiny of our country far beyond where we would otherwise have been allowed by the market forces that are supported by huge economic muscle. Indeed the founding fathers and mothers of our movement dreamt of

this developed economy. This developed economy that we ought to strive for will have unique characteristics that will reinforce the great people we are, but it ought to be able to discharge all the necessary economic resources required for us to rally the social, political and economic responsibilities that our people have resoundingly mandated us to fulfil.

Given this ultimate goal, the question that begs a political response is: What are the critical factors that we ought to cultivate to ensure economic development in the shortest possible time? In this article we identify technology to be the most critical aspect that is supremely involved in the modernisation of economies. The identification of technology as a major driver to the modernisation of our economy was noted by President Thabo Mbeki in his 2004 'State of the Nation' address.

One of the major misunderstandings of the 20th century was the assumption by many people of the apolitical nature of technology. Indeed technology has been at the centre of major political engagements in the last century, such as the cold war, arms race, space race and the Second World War. Thus technology is indeed very political. What we ought to do as a movement is to investigate this critical factor, how it has evolved in the past, where it is today and how it will evolve into the future. Furthermore, we ought to put down strategies and tactics to best respond to all the challenges and opportunities that future evolution of technology will pose.

The point of departure of this article is to investigate where

we are as a country with regards to technology and to use this information to strengthen the NDR.

CURRENT STATUS

We are currently at a critical stage where the degree of technological innovation and the resulting exploitation of such innovations is low, yet the degree of technological consumption is high. For example, we consume a device such as a cell phone in large quantities, yet as a country we do not manufacture cell phones, even though the necessary technology to do so is relatively simple and can be galvanised within our own borders. This is because of the lack of synchronisation between the technological, economic and political sectors. Looking into the relationships between these three sectors one observes there is a large gap between the technological sector and the political sector, much more than the gaps between technology and the economy or the economy and the political sector. This is largely due to the inward looking nature of the technological sector, which can only be remedied through transformation, and thus the increase in the participation in the sector by the overwhelming majority of our people.

As a relatively developed African country, we are ideally placed and have an obligation to develop the African technology infrastructure, as well as the second economy in our own borders. We can do this from a good infrastructure with sound experience of using technology. Our combined first and second economies provides us with a unique environment to bridge the gap between the two economies and thus stimulate our innovative and competitive edges. Indeed the NDR can never be fulfilled until the gap between the first and the second economies has been narrowed, resulting in a singular first economy.

Our government has identified technology as a priority that will see to it that in the long run, the NDR will marshal a singular first economy from the first and second economies. To achieve this goal, education is very important and considerable resources have been put by the current government into rectifying its problems through the restructuring of higher education. These strengths need to be balanced against our weaknesses. Most of our weaknesses relate to our inability, but not incapability, to compete against extremely powerful global technological competition. The local technological sector is almost totally dependent on these global players for major technological needs and this has resulted in technological imperialism, with a major mismatch between talent and deployment, resulting in deep technical skills not being required in our

country. This is counter-revolutionary and will serve only to delay the attainment of the NDR goals.

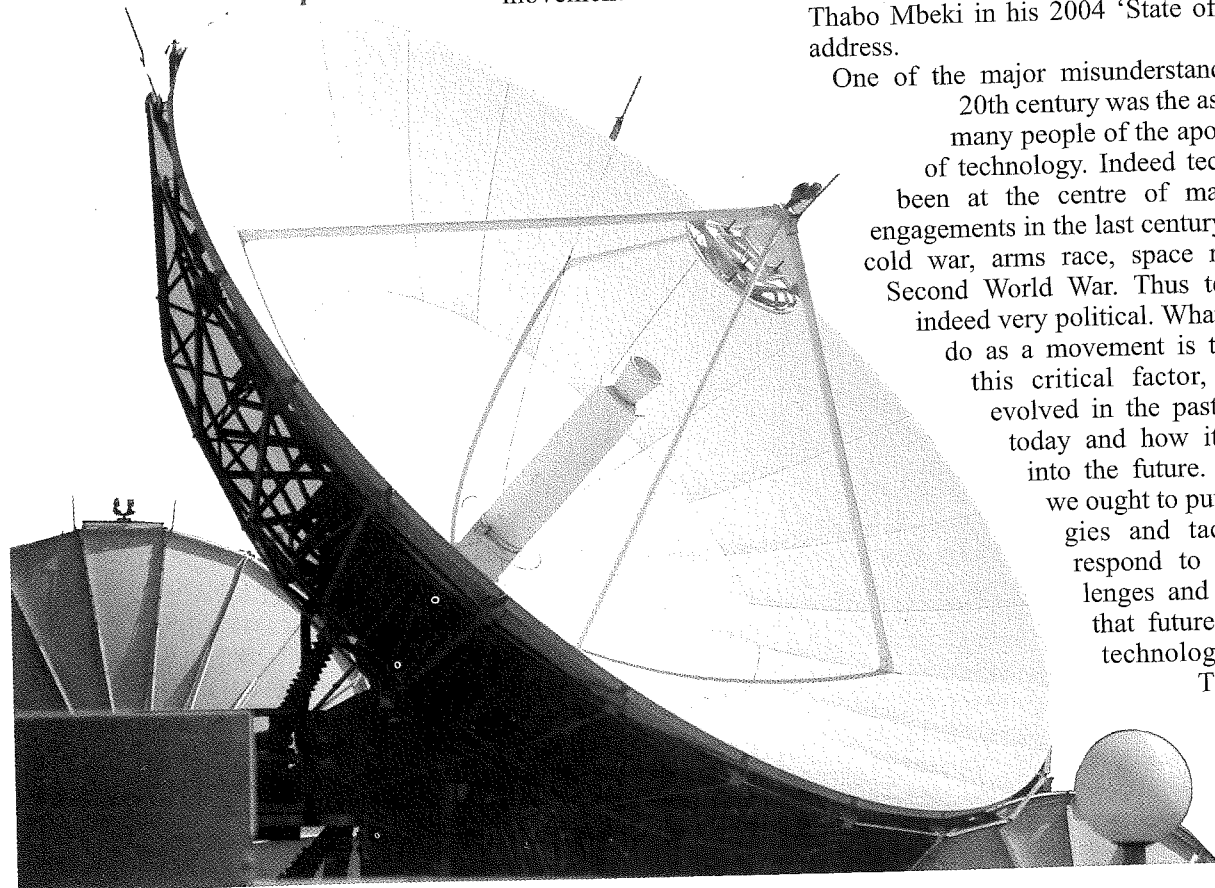
The requirements for technological infrastructure in our country have previously focused on deployment rather than creating a competitive strong local technological sector. As a consequence, a sub-culture of a propensity to go for expensive short term solutions at the cost of longer term savings and skills has developed. Indeed, the government's approach towards open-source technological avenues is intended to eliminate this sub-culture. Of course, this course of action needs to be pursued vigorously lest the capacity to provide solutions will decline rapidly resulting in technological imperialism. A culture of valuing local intellectual knowledge and solutions needs to be dynamically promoted. There is some evidence through measures such as the 'Proudly South African' movement that this culture is slowly being introduced although it still has to enter the intellectual property space, where the stakes are high.

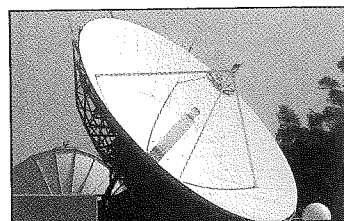
WAY FORWARD

In this paper we identify the critical issues that will facilitate the acquisition and consolidation of both the current and emerging technology necessary for the success of our National Democratic Revolution. For us to realise a competitive, strong and growing technology sector in this country we need to carefully look at the role that the academic community needs to play in research and human resource development. It is perhaps not an accident that major technology companies such as Intel, Yahoo and Google, which individually control more financial resources than nations, germinated from the academic sector. It is important to note that cutting edge ideas are, in fact, necessary factors for us to transform our two economies into one first economy.

Research, which is largely conducted by the academic community in this country, is an essential ingredient of the development of these cutting edge ideas. But this cannot be so unless the academic sector becomes more patriotic. The degrees of patriotism can only be increased to maximum levels if a strong relationship exists between the academic sector and the political sector, as well as the academic sector and the economic sector. Indeed what has transpired over the last few years is that issues that dominate the global research community tend to be issues that confront the OECD countries, which are 30 of the world's wealthiest, while issues that confront the developing world are sidelined.

A patriotic research community is a necessary





The technology sector must have as part of its mandate an emphasis on the improvement of the quality of life

criterion to critically invigorate our economy and to dynamically grow it to meet our social, political and economic goals. A patriotic research community will ensure that the direction we take is driven by largely broader societal needs and the long-term growth of the economy rather than being determined by short-term commercial interests with vested short-term financial interests. This would require a revolutionary approach to industry-

academia-government collaboration that is focused on long-term rather than short-term gain.

Another obstacle to a dynamic technological sector is the reluctance of the industrial sector to invest in local research activities. This problem may be overcome by incorporating into the transformation agenda contributions of the industrial sector towards research and a requirement that goods and services that the technology sector offers must include a defined component that is locally generated. The strategic defence package has some aspects of this but this must be promoted throughout the technological sector.

As a way forward it must be emphasised that the technology sector must have as part of its mandate an emphasis on the improvement of the quality of life. This may be achieved through supporting public service delivery and creating better technology-based administration delivery.

The technology sector needs to support our democracy. This may be achieved through measures such as automated voting and supporting our educational system through technology-based interactive learning particularly in the most rural parts of our country. The technology sector must also facilitate access to information, opportunities and services through finding innovative ways of producing cheap communication devices. Perhaps this could be achieved through the inte-

gration of computers and television. This is not far fetched as it has become possible to integrate computer networks into television. This area of research can only come from the developing nations because that is where access is needed and many people would not be able to afford both television and computers. This would enrich the community and would revolutionise the cultural landscape of our country from a developing mode to one that is poised for development and unity while encouraging diversity. It will serve as entertainment and will aid in the opening of Africa and unlocking the continent's wealth.

South Africa ought to strive to be a major technological centre within 20 years; it ought to become a major technology exporter; be at the centre of technological revolution in Africa, in particular and the world in general; and stimulate the increase of small and medium enterprises. The New Partnership for Africa's Development (NEPAD) is a revolutionary process that broadly advocates these goals albeit at the continental level. In order to achieve these goals we need to continue to debate with all the important players. The transformation of our economy into a unitary first economy needs to be a collaborative initiative with the appropriate infrastructure, communication channels, enabling policies and continued monitoring of targets.

Technology is identified as a critical factor for the transformation of our economy into a developed first world economy. Some critical factors such as a strong collaboration between political, economic and technological sectors; a greater sense of patriotism; and strengthening the educational sector are advocated to facilitate the National Democratic Revolution. The road that lies ahead is steep but as a people we have the capacity to overcome all the obstacles. Victory is certain. We shall become a developed economy.

TSHILIDZI MARWALA is a member of the ANC Thomas Nkobi Branch in Gauteng.

READERS' FORUM

Involvement of the masses strengthens ANC policy

The ANC not only needs to advance the vision of the Freedom Charter in 2005, writes Mduzisi Matloporo, but should also draw on the mass-based nature of the 1955 Freedom Charter campaign to shape its current policy development processes.

Drawing on the experience of the formulation of the Freedom Charter, adopted 50 years ago this June, it is important to examine how the ANC has been able, since its unbanning in particular, to engage its membership and broader society in the development of policy.

In 93 years of struggle and in the past ten years in particular, we have observed qualitative changes in the lives of South Africans. This can be attributed to the innovation, commitment and discipline of the leadership and membership of the ANC. This is as a result of the commitment of our movement to better the lives of our people.

WHAT IS THE ANC?

The ANC Strategy and Tactics document 2002 says: "The ANC is a product of a given historical period, formed to unite the African people in the struggle for equality."

The ANC Constitution describes the aims and objectives of the ANC as, among other things, "to unite all the people of South Africa, Africans in particular, for the complete liberation of the country from all forms of discrimination and national oppression... [and] to end apartheid in all its forms and transform South Africa as rapidly as possible into a united, non-racial, non-sexist and democratic country on the principles of



The Congress of the People in 1955 provides an excellent example of mass-based policy development.

the Freedom Charter and in pursuit of the national democratic revolution".

In advancing the aims and objectives of the ANC, we have been able to contextualise our response to the national and class question in South Africa. The Freedom Charter constitutes the guiding principles for the implementation of the National Democratic Revolution.

The preamble of the Freedom Charter says: "South Africa belongs to all who live in it, black and white, and that no government can justly claim authority unless it is based on the will of the people". This is a direct response to the exclusion of black South Africans from the decision-making processes of our country. It signals the ANC's commitment to an inclusive, transparent and democratic government.

ANC POLICY PROCESS

Consistent with its character and its internal democratic processes, the ANC has developed policies through its national conferences and other constitutional structures. The ANC constitution says: "The principles of freedom of speech and free circulation of ideas and information will operate within the ANC." The ideas of its members are critical to the existence and success of the ANC. All ANC members therefore need to be

active in its branches and other structures so that these ideas are collectively raised. The branch is the basic unit of activity for members and "the place where members exercise their basic democratic rights to discuss and formulate policy".

The ANC's 50th National Conference in Mafikeng in 1997 defined the current policy processes of the movement. The ANC established the policy unit and policy committees at all levels of the organisation. These include the leagues and alliance structures. Through these structures the ANC is able to interact with government employees and policy institutes on key policy issues.

This means, firstly, that we need to ensure that branches engage on key policy questions and are able to provide leadership to the rest of society, building branches as nerve centres of our communities. Secondly, this requires that all ANC members participate in branch activities, irrespective of their standing in society. Thirdly, this confirms that the ANC's strength and character relies on its mass base. The ANC, though a multi-class organisation, is still able to manage debates in the movement and ensure consensus on key questions around advancing the struggle.

For example, in preparation for the 51st National Conference in Stellenbosch in 2002, the ANC held branch, regional, provincial and national policy conferences. We also engaged with civil society and various sectors, in recognition of the different role players in society.

The movement has recently taken a decision to establish a policy institute. This will further enhance the role of the ANC in monitoring and ensuring policy implementation by government and its structures. The policy institute must be a place where we consult on key policy issues in an attempt to address challenges facing our people. It will also enhance our deployment strategy, so that those that are deployed in government will be able to relate with the movement through the institute.

The significance and strength of the ANC policy process lies in the involvement of its structures and membership in much the same way as people from across South Africa were involved in drawing up the Freedom Charter fifty years ago. This has enhanced the relationship between branches and the masses of our people. Today the challenge is to consolidate and build on the experiences of drawing up the Freedom Charter, engaging with the masses of our people about their needs and developing appropriate strategies.

PEOPLE'S POLICIES

The Freedom Charter also forms the basis of the key policies of the ANC over the last few years –

'Ready to Govern', the Reconstruction and Development Programme (RDP), the Growth, Employment and Redistribution (GEAR) strategy, and subsequent policies adopted at national conferences. All these policies are consistent with the course of our revolution as guided by the Freedom Charter.

The RDP, which was responding to the fact that: "Our history has been a bitter one dominated by colonialism, racism, apartheid, sexism and repressive labour policies. The result is that poverty and degradation exist side by side with modern cities and a developed mining, industrial and commercial infrastructure. Our income distribution is racially distorted and ranks as one of the most unequal in the world – lavish wealth and abject poverty characterise our society."

In responding to this the RDP identified five programmatic areas in taking the vision of the Freedom Charter forward:

- meeting basic needs,
- developing our human resources,
- building the economy,
- democratising the state and society,
- implementing the RDP.

In furthering the goals of the RDP, the ANC introduced GEAR in 1996 as government's macroeconomic strategy. The objectives of GEAR were to get the South African economy onto a new path, one that would ensure:

- a competitive and fast growing economy which creates enough jobs for all work-seekers;
- a redistribution of income and opportunities in favour of the poor;
- a society in which sound health, education and other services are available to all;
- an environment in which homes are source and places of work are productive.

As a result of these policies we were able to achieve macroeconomic stability and send a powerful signal to the world that we are able to manage our own economic affairs. The ongoing South African economic success story, with a stable currency, increasing investor confidence and increased resources for infrastructure development and poverty alleviation, have their origins in the Freedom Charter clauses that say: "The People Shall Share in the Country's Wealth" and "There Shall be Work and Security".

This approach also ensured that we did not become indebted to the International Monetary Fund (IMF) or World Bank, and, most importantly, that we create a growing economy that is developmental and can create sustainable jobs.

The National General Council (NGC) held in July 2000 recognised that we could not be complacent with our revolution. The gains made must be defended and we must continue to

engage society at all levels and further continue to transform the state and society.

In preparation for the 2005 NGC, we must engage our branches, structures and civil society, particularly as it takes place as we celebrate the 50th anniversary of the Freedom Charter. It must be a place where we continue to build and increase the level of political consciousness within the movement in the context of current challenges. This must include how we strengthen the movement to continue to lead all sectors of society and develop programmes that will engage the masses of our people to build a people's contract to create work and fight poverty.

In the 2002 January 8th Statement, the ANC National Executive Committee (NEC) said:

"As we mark the 90th Anniversary of our movement, we must look forward to the tasks we have to accomplish during the critical decade that will take us to the Centenary of the ANC. This will give us a much-needed road map, dealing with all aspects of our national and international life, as we advance to the Year 2012.

"Clearly, the guiding principle of this road map must be the objective to move forward decisively to eradicate the legacy of racism, sexism, colonialism and apartheid... To ensure that we achieve this goal, we must set ourselves and our country bold but realistic goals to enable us to gauge the progress we are making. This will have to encompass all aspects of social activity, ensuring that we move forward in a balanced and integrated manner.

"To discharge all these responsibilities, we must base our vision, programmes and actions on that historic manifesto of the people of South Africa, the Freedom Charter. This demands especially of our vanguard movement that we ensure that the Freedom Charter plays its central role in the formation of the new South Africa as a living document. Thus it must be responsive to the new situation that emerged nationally and internationally, since it was adopted at the Congress of the People in 1955. The bold tasks it elaborated must be carried out within the context of the rapid changes that characterise modern human society."

How then have we responded to the apartheid legacy in the last ten years? As a revolutionary movement, having taken state power, our task is to advance the National Democratic Revolution. The need to attain political power was not for its own sake, but to advance social transformation, deracialise the economy and ensure that it responds to the challenges of the second economy.

The ANC has built a democratic state and further seeks to ensure that it is developmental, based on the will of the people. Our constitution is one of the best in the world, ensuring human

rights and dignity for all, irrespective of race, gender, religion and language. It also guarantees certain socio-economic rights, which places a responsibility on the state to respond to the challenges of education, health, skills development and others.

The 2005 NGC must be a place where we further interrogate progress in the implementation of our policies. The 2004 ANC election manifesto outlines, among other things, the following targets and objectives for 2014:

- reducing unemployment by half,
- reducing poverty by half,
- providing the skills required by the economy,
- ensuring compassionate government service.

We cannot talk of a better future without decisively tackling these twin challenges - unemployment and poverty. Transforming the state and building its capacity to act as a coordinated, cohesive and effective instrument of change is another important challenge. The mobilisation of all sectors of society, including their resources, behind a shared vision is another challenge. This requires that we build strong branches that are agents for change and nerve centres of our communities.

The programme to fight poverty and create work demonstrates consistency and commitment to the historic aims and objectives of the ANC. It further confirms that, together with the people, we can find solutions to these challenges and achieve the freedoms spoken about in the Freedom Charter.

In attaining these freedoms, we must ensure the involvement of the masses of our people in the programme of social transformation. These masses are drawn from different classes; hence the ANC is a multi-class organisation, with the aim of uniting and mobilising all South Africans around the programme of social transformation, while being biased towards the poor and working class.

The Strategy and Tactics document says: "In carrying out these tasks of the NDR, the emergent democratic state relies on the formal instruments available to it; but, above all, on the active involvement of members of society in changing their lives for the better. Both as individuals, and organised in political formations and various structures of civil society, the citizens are the bedrock of fundamental change."

TASKS OF THE NEXT TEN YEARS

The ANC-led government has done a review of the past ten years and an analysis of the challenges for the next decade. It says: "One of the major consequences of the change in the structure of the economy is that 'two economies' per-

sist in one country. The first is an advanced, sophisticated economy, based on skilled labour, which is becoming more globally competitive. The second is a mainly informal, marginalised, unskilled economy, populated by the unemployed and those unemployable in the formal sector."

In the next ten years, one of the key challenges for our movement is to mobilise different sectors of society around a people's contract to create work and fight poverty. This coincides with the coming local government elections. As we once more require the masses of our people to vote for the ANC in the local government elections, it will be about whether we have remain consistent to our aims and objectives and stayed true to the implementation of our mandate given to us by the masses of our people. In celebrating the 50th anniversary of the Freedom Charter, we must:

- tackle unemployment and poverty by consistently implementing our policies on improving health and education to ensure a healthy skilled nation. This will ensure that the majority of our people participate in a growing economy. The introduction of interventions such as broad-based black economic empowerment must assist in addressing the challenges of unemployment and poverty. Among other things, this requires a

strong developmental state and maintenance of the sound economic policies put in place over the last ten years;

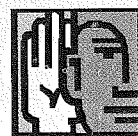
- continue to build a transformed developmental state that works effectively with the different sectors of society behind a clearly articulated shared vision. The partnerships created over the last ten years, with business and civil society, must be enhanced.

- translate the 2004 manifesto into an overarching shared vision around which the state, civil society, communities and the private sector shall work together in a people's contract to build a better future. This should occupy our thoughts in the next ten years.

We must work hard to ensure the ANC remains committed to its historic mission to mobilise all classes and strata that objectively stand to gain from the success of the cause of social change. The central task of our movement in the current phase of our revolution is to deepen and advance the National Democratic Revolution guided by the principles of the Freedom Charter. This requires that we strengthen our internal policy process and continue to engage with civil society.

MDUDUZI MATLOPORO is an ANC member in Gauteng and a member of the Umrabulo editorial collective.

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READERS OF UMRABULO are invited to submit articles for publication in the Readers' Forum section. Articles may cover any topic considered relevant to the purpose of Umrabulo, including responses to previous articles. When submitting articles, please consider the following:

- Readers' Forum articles should be between 1,500-3,000 words in length.

- Umrabulo is aimed at a broad range of people within the ANC and democratic movement, but especially at branch members. Contributions should therefore use plain language. Jargon should be avoided, and specialist terms should be clearly explained.

- Contributions may be submitted in any South African language. Until resources permit otherwise, however, articles are likely to be translated into English for publication.

- Articles should be submitted together with the name and contact details of the author.

- Articles may be submitted by e-mail, fax, post or by hand.

- The editor may edit any contributions for length or to ensure clarity.

- The Editorial Collective reserves the right to decide whether or not to publish a contribution.

Articles may be sent to the following address:

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PO Box 61884
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By fax: 011 376 1134

Understanding basic economics / 4

Labour Markets / Part Two

In the last edition of Umrabulo we looked at the theory of the labour market. In this second part our focus shifts to how employment and unemployment have evolved in the last decade.

As we noted in the last edition, discrimination on the basis of race, gender and other social institutions are common features of the functioning of labour markets in all countries. In South Africa's history, such tendencies were taken to an extreme: government policy over more than a century was designed explicitly for the purpose of creating and maintaining a dual labour market in which 'insiders' and 'outsiders' were defined in stark racial terms.

CHANGES IN THE LABOUR MARKET LANDSCAPE

Over the last ten years the nature of labour markets in South Africa have drastically changed. Three factors have driven the radical transformation of labour markets that we have experienced since the democratic breakthrough of 1994: (a) legislative reform to abolish apartheid labour relations and replace it with progressive labour dispensation, (b) increasing levels of unionisation in the formal sector of the labour market combined with active struggles by unions to transform the 'apartheid workplace regime' on the shop floor, and (c) the complex set of changes in technology and international economic relations that have become known as globalisation. Let's look at each in turn.

Legislative reform over the last ten years has been radical. Indeed, since 1994 we have realised (in law, if not in practice) virtually all the demands that the progressive trade union movement made in the course of the struggle against apartheid. The key laws that have been passed are:

- The Labour Relations Act, which regulates the relationship between employees and their unions on the one hand, and employers and their organisations on the other hand, with a view to promoting economic development, social justice, labour peace and democracy in the workplace. The Act promotes the right to fair labour practices, to form and join trade unions, to organise and bargain collectively and to strike. The Act

also favours conciliation and negotiation as a way of settling labour disputes, in sharp contrast to the repression of the apartheid era.

- The Basic Conditions of Employment Act, which regulates employment conditions such as leave, working hours (ordinary, Sundays and public holidays), employment contracts, employee records, deductions, pay slips, overtime, and termination.

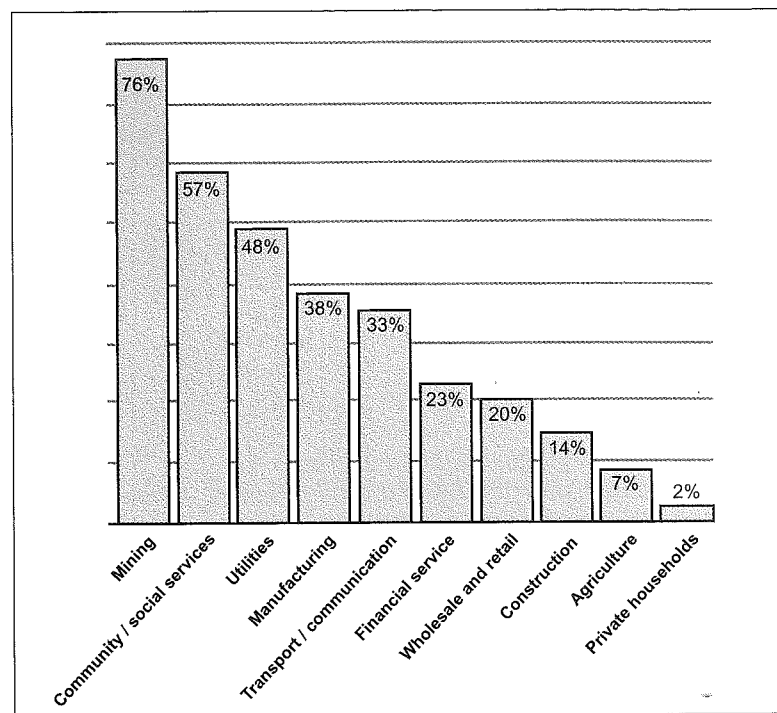
- The Employment Equity Act, which seeks to eliminate unfair discrimination in the work place, promote equal opportunities and implement affirmative action to redress the disadvantages in employment experienced by black people with a view to ensuring 'equitable representation' in all occupations.

- The Skills Development Act, which aims to develop the skills of the South African workforce and to improve the quality of life of workers and their prospects of work. The Act also seeks to improve productivity in the workplace and the competitiveness of employers and to promote self-employment. Among other things the Act provides the legal basis for the Sector Education and Training Authorities (SETAs).

A second important development has been the greater organisation of the union movement, as more and more workers (especially in the formal sector of the economy) take advantage of freedom and democracy to join unions, through which they have struggled to transform their conditions of work. While legislation has changed the law in respect of labour market practices, it is the increasing organisation of the workforce into unions that has, in tandem with new laws, altered the balance of power at the point of production.

Figure 1 shows 'union density' in various sectors of the South African economy in 2004. Union density is the percentage of workers in a sector that are members of a union. Only 2% of people employed in private households (ie. domestic workers) belong to a union, while 76%

FIGURE 1
Union density by sector in South Africa



of mineworkers belong to one. Before 1994, unions in government were virtually banned, but today union density in community and social services, which includes government now stands at 57%.

A third factor that has driven the restructuring of labour markets has been globalisation. Unlike legislative reform and shop floor struggles, globalisation has not occurred as a result of the National Democratic Revolution. Rather, it is a set of objective changes in the global economy that have coincided, for better or for worse, with the historic changes associated with democracy and freedom. On the one hand, globalisation represents an advance in the technological basis of production. Increasingly, it is those economic sectors that produce knowledge, or information, which are at the forefront of economic growth. These include the information and communications technology sectors, as well as a host of other service industries. It also means that information technologies are incorporated into traditional manufacturing techniques, leading to greater capital intensity. A key feature of such economic activities is that it requires a workforce which is much more skilled and educated than that required for traditional manufacturing techniques.

On the other hand, globalisation has also been associated with a policy choice in favour of global integration, expressed in the deregulation of capital markets (eg. the exchange rate) as well as an opening up of the country to foreign trade through the reduction of tariff barriers. This has meant that South African firms have had to compete in a global market place without the protection of the state. This has imposed pressures that have driven firms towards restructuring so that their costs of production are in line with interna-

tional benchmarks. More often than not, the easiest way to engineer such restructuring is to reduce the staff complement of the firm.

In combination, legislative reform, growing labour organisation and globalisation have had a profound impact on the functioning of the labour market over the last ten years. All of these factors have had an effect on the demand for labour. Legislation and growing unionisation have undoubtedly had a profound impact on the cost of labour to firms. Whereas under apartheid, black labour was coerced and suppressed in order to maintain its cheapness, the protection of basic worker rights, either through the law or greater union organisation, have enabled workers (at least in the formal sector) to increase their wages and impose other labour costs on firms, such as those associated with skills development and other pro-worker legislation. At the same time the imperatives of globalisation have changed the occupational structure of the economy, reducing the full-time formal sector work available to unskilled workers, and creating new jobs for more skilled workers.

As we saw in the last part of this series, neo-classical economics analyses the level of employment as the outcome of the demand and supply for labour. All the factors we have considered in the changing labour market landscape have had their own effects on demand. Before looking more closely at this demand for labour (ie. the number and quality of jobs provided by the economy), let us first look at other factors that have affected the supply of labour (the number of people seeking work in the economy) since the advent of democracy.

LABOUR SUPPLY IN THE DEMOCRATIC ERA

The first factor to consider in the supply of labour is simply the number of people in the population who fall between the ages of 15 and 65. In 1995 there were about 24 million South Africans in this age group. In 2002 this number had grown to 28 million. But not all people aged 15-65 can be considered part of the labour force. Students in schools and universities, housewives who depend on their husbands for income and have no interest in paid work, and a host of other categories of people who are not seeking to work are defined as falling outside the labour force. The question of who is seeking work and who is not is quite difficult to answer, a matter we will return to below.

But the question that must be asked to find out what the supply of labour is in an economy is 'what is the labour force participation rate'. That is the percentage of people within the age group 15-65 who wish to provide their labour to the

economy. In 1995 it was estimated that this labour force was about 14 million people, or 57% of the people between 15-65. In 2002 almost 19 million people, or 68% of the 15-65 age group formed part of the labour force.

In other words, over the last ten years of democracy there has been an increase in the population, but the increase in the number of people either employed or seeking work has been even faster. What accounts for this increase in people seeking work? To help answer let's break down these statistics into different racial groups. Figure 2 shows the labour force participation rates of Africans, coloureds, Indians and Whites in 1995 and 2002.

In 1995 only 54% of Africans were participating in the labour force. By 2002 this figure had risen to 67%. At the same time, the growth of the African population between the ages of 15-65 has been greater than any other racial group. So not only has the African working age population grown, but the participation of Africans in the labour market has dramatically increased. While labour force participation rates have increased for all racial groups, the extent of the increase is by far greatest for Africans.

Next, let's look at the picture according to gender. Figure 3 illustrates labour force participation rates of men and women in 1995 and 2002, and breaks down female participation further by looking at race. A greater proportion of men have become economically active, up from 66% in 1995 to 72% in 2002. But the most striking feature of figure 3 is the dramatic increase in female participation in the labour force, particularly African women. Whereas only 47% of working age African women were considered part of the labour force in 1995, by 2002 64% of African women were either working or unemployed.

What accounts for this dramatic increase in the participation of Africans, and particularly African women in the labour force in the democratic era? Many explanations could be advanced to answer this question, and further research is required for a definitive answer.

Nevertheless, as we noted in the last part of this series (Umrabulo 21),

the apartheid labour market had developed on a foundation of conquest and colonialism, in which the majority of the population were declared citizens of the 'bantustans'. The coercive system of labour contracts and migrant labour depended on Africans continuing to subsist on the meagre land of the bantustans, thereby subsidising the wages of the black industrial workforce. At the centre of this system was the triple oppression of African women. The dramatic expansion of labour force participation since the advent of democracy is undoubtedly linked to the profound social

FIGURE 2
Labour force participation in 1995 and 2002 by race

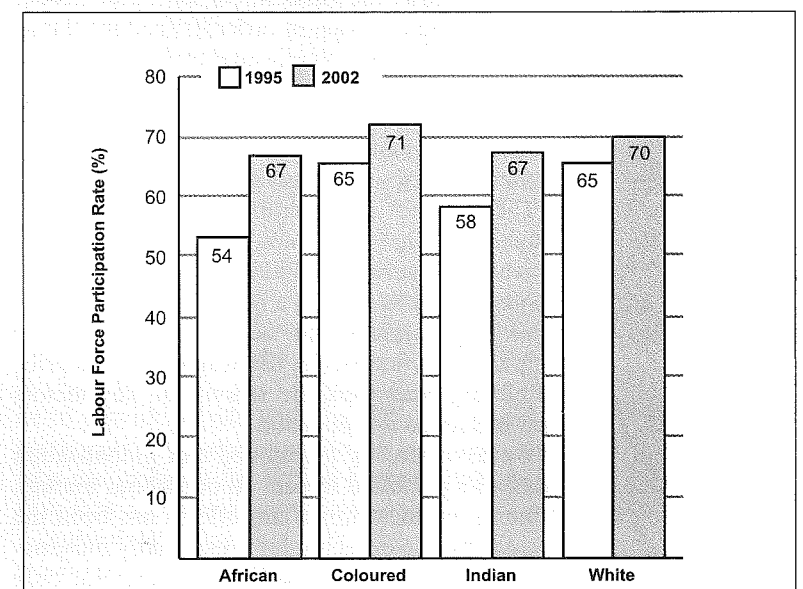
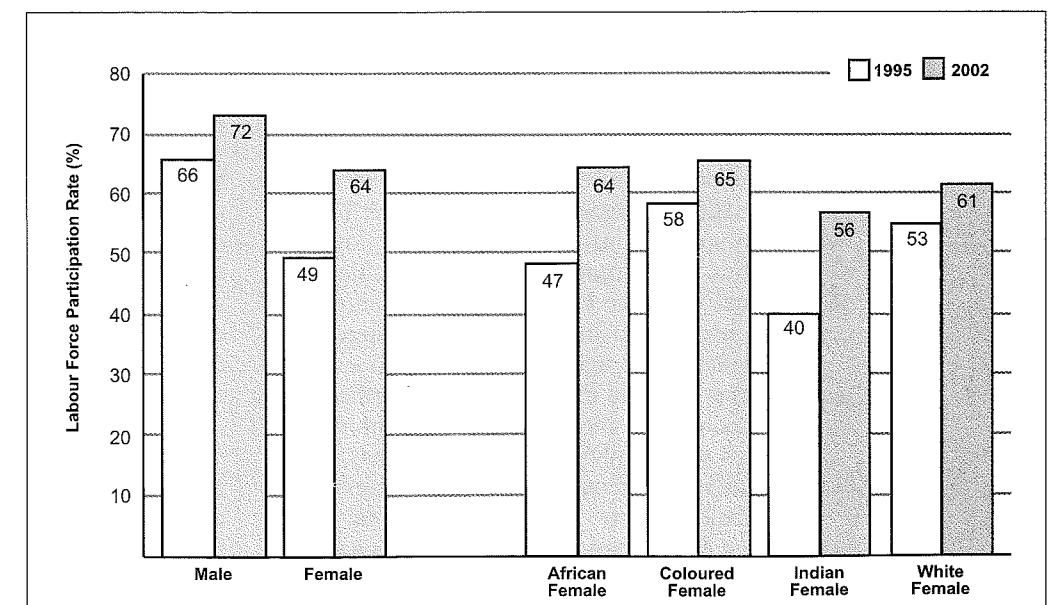


FIGURE 3
Labour force participation in 1995 and 2002 by gender and race



transformation unleashed by the consequences of the National Democratic Revolution.

The exact social and economic causes for the expansion in labour force participation in the early years of the democratic era will no doubt occupy researchers for years to come. But the fact is that democracy has coincided with a historically significant increase in the supply of labour to the South African economy. Having said this, let's now return to the other side of the market and look at what has happened to labour demand.

DEMAND FOR LABOUR

The demand for labour is based on two important considerations. The first is the demand for goods and services in the economy as a whole. Labour is demanded by firms in order to produce things they can sell. The overall quantity of goods and services in the economy is measured by Gross Domestic Product (GDP). Therefore, when GDP is growing fast, we would generally expect demand for labour to also grow.

The second consideration arises from the choice of what technology to use to produce goods and services. Put simply, a firm can choose between buying a machine or employing workers to perform the same job. The price of employing workers (ie. the wage) and the price of buying equipment are among the key factors that influence this decision.

We have already mentioned that globalisation has had a profound impact on our labour market. Among the most important effects has been the increasing use of technology, especially information and communications technology. Not only has this meant the replacement of people with machines and computers, it has also resulted in firms demanding increasingly skilled workers.

According to the government's Ten Year Review, between 1995 and 2002 the economy created 1.6 million net new jobs. Behind this estimate of the quantity of labour demanded by the economy lies important changes in the quality of work being offered. Among the most important qualitative changes in demand have been:

- **Growth of informal sector employment:** Statistics of the number of people employed in informal work are known to be very unreliable. Since informal businesses are not registered with any government agency it is hard to estimate how many people they employ. Nevertheless, it is estimated that about 20-30% of South African workers are employed in the informal sector, accounting for about three million people. It is important to note that many informal sector workers do not benefit from the rights and conditions that have been won by formal sector

workers, which we described above. Generally speaking unions are not well organised and it is difficult to implement labour legislation in the informal sector.

- **Shift of employment towards services:** Greater numbers of people are now employed in providing services, rather than producing tangible goods. Among the most important services are government services, financial services and communications. The last two have seen particularly rapid growth over the last ten years.

- **Shift towards skilled employment:** As already noted, there has been a general trend towards the employment of skilled workers, whereas the number of jobs for unskilled workers have become relatively fewer. Some of the sectors of the economy where growth is strongest have also been restructured to increase the numbers of skilled workers relative to unskilled workers.

- **Growth of atypical and flexible forms of work:** Employers are increasingly making use of new forms of management and control of workers, particularly in response to the pressure of growing unionisation and labour legislation. 'Contracting out' is one example, where employers avoid direct employment by hiring another company to provide the labour they need. This makes it easy for them to hire and fire the workers they employ at whim.

UNEMPLOYMENT AND EMPLOYMENT

We now conclude by considering unemployment, which is one of the most serious problems facing our economy in the democratic era. As we have seen, the demand for labour has increased by more than one and a half million since 1995. But, at the same time, the supply of labour has also increased dramatically, as a result of the increased levels of participation in the economy, particularly among African women. The result has been increasing levels of unemployment, as the number of jobs created has not matched the growth in the number of people seeking work.

In order to define the level of unemployment we must return to a question we first raised when discussing labour force participation. There we noted that in order to identify the labour force we would need to know how many people were seeking to work. If somebody is not working, but does not want to work, they cannot be defined as unemployed. Only those who are willing and able to work, but have no job, can be properly called unemployed.

But matters get even more complicated. In South Africa there are two definitions of unemployed, the broad and strict (or official) definition. The strict definition defines the unemployed as those within the ages of 15-65 who:

- a) have not worked in the last seven days,
- b) want to work and are available to work within a week,
- c) have taken active steps to look for work or start some form of employment in the last four weeks.

In other words, when surveys are conducted to find out how many people are unemployed, these three questions are asked. Those who answer yes to all three are defined as unemployed in the official statistics.

The broad definition of unemployment is exactly the same, except that it does not include question (c). The broad definition therefore regards people as unemployed if they are not working and are available to work, whether or not they have taken active steps to find a job.

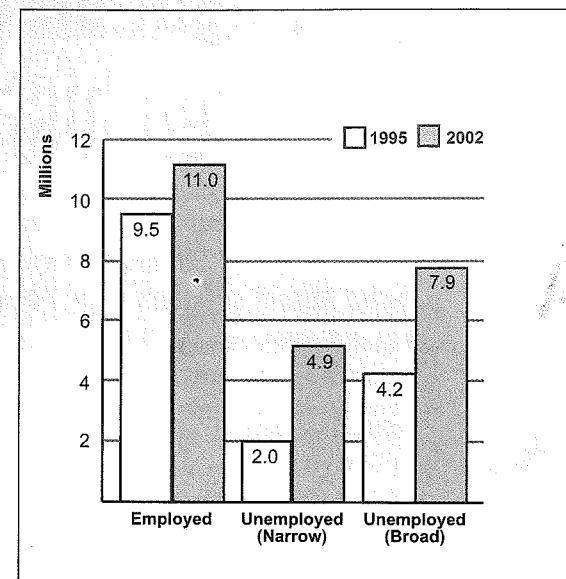
It may seem a small difference, but figure 4 illustrates how the broad and narrow definitions have a large impact on the numbers of people we consider to be unemployed. If we use the narrow definition, then the number of unemployed people has grown from two million in 1995 to five million in 2002. Using the broad definition (ie. including those who have not taken active steps to look for work despite wanting to work) the picture is much more severe. With the broad definition the number of unemployed has grown from 4.2 million in 1995 to 7.9 million in 2004.

Whichever definition we choose it is clear that the unemployment problem is very serious. If we take the number of unemployed people and divide it by the total labour force we arrive at the rate of unemployment. This is the percentage of the labour force which cannot find a job. Using the narrow definition 31% of the labour force is unemployed. Using the broad definition this rises to 42%.

CONCLUSION

The ANC election manifesto of 2004 committed us to halving the rate unemployment by the year 2014. This means that we should reduce the rate of unemployment from 31% to 15% (using the narrow definition). The government has outlined a number of policies to achieve these objectives.

FIGURE 4
Employment and unemployment in 1995 and 2002



The most important will be to raise the growth rate of GDP, which in turn leads to more jobs. On the other hand, the supply of labour is very difficult to control. Changes in the population, as well as the participation of people in the labour force, will have a direct bearing on our objectives over the next ten years. Also of great importance will be to provide people with the skills they need to participate in the economy. As we have seen, new jobs are growing for skilled people much faster than they are growing for the unskilled.

In the days of apartheid, the labour market was rigidly controlled to keep down the price of black labour. In the democratic era, labour markets have been fundamentally transformed. While legislation and greater unionisation have enabled workers to claim their rights, these changes have also raised the cost of labour. At the same time, the changes associated with the National Democratic Revolution have seen even larger numbers of people seeking work. How we rise to these challenges over the next decade will be the acid test of our programme of transformation.

Shedding light on the dark shadows of a forgotten history

In his foreword to a recent biography of former ANC President Oliver Tambo, President Thabo Mbeki says the book begins the process of returning him to his rightful place in our national memory.

As we celebrate Ten Years of Democracy, it is right and fitting that we honour the memory of one of Africa's most illustrious sons, our own Oliver Reginald Kaizana Tambo - OR. More than any other, it was Oliver Tambo who kept our movement together through his skilled and sensitive leadership of the African National Congress during its 30 years of illegality and exile. It was during these trying times of struggle and sacrifice that Comrade OR became our exemplar, both to those in exile and to the millions of members and grassroots supporters at home, including political prisoners.

Oliver Tambo's life and character are a metaphor of our struggle for freedom and democracy. His life began in a small rural community in Pondoland, but moved inexorably in the next 75 years towards an ever-growing national and international reputation.

He played an historic role, helping to develop and mature the ANC into an inclusive, democratic African organisation. He was present and active at many key moments in its history, from the conceptualisation and formation of the Youth League, the adoption of the 1949 Programme of Action, the widening of the mass base of the ANC in the 1950s, the adoption of the Freedom Charter, to the historic defeat of the brutal repressive campaign of the apartheid regime to destroy our movement, at home and abroad.

He played a central role in shaping the ANC constitutions from the 1940s through to the 1980s, which, among other things, placed respect for human rights at the centre of ANC policy. Similarly, Oliver Tambo masterminded the road map of our negotiations, the Harare Declaration in 1989, and the strategic outline of our new democracy.

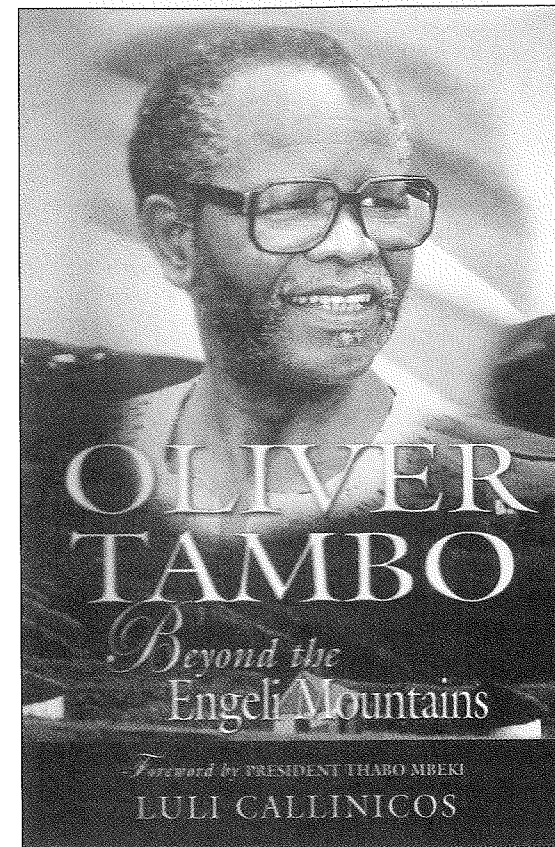
More than anyone else, OR personified the leadership of the ANC when many of its leaders were in prison or exile, and when some had been hanged or murdered in police cells. And he served in this capacity with humility, without

thought of personal gain, always insisting that it was incorrect to present him as the President of our movement. Without ever wavering, he always argued that he was merely the Acting President of the ANC.

A key to Comrade OR's character was that he was an intellectual in the best meaning of the word. He was a person of reason, a person of rational thought and creative but rational action. This great ability, this gift of reason, was central to Comrade OR's make-up and central to his behaviour. It meant that here was a leader who could deal with both the concrete and the abstract. With the scientist's level of precision, he would always master the specific, the particular, while equally comprehending the general, the whole. As a political activist and leader, he would grapple with both strategy and tactics, with a full grasp of the interconnection between the two. This is a dialectical interaction, a synergy, which governed Oliver Tambo's political conduct and informed his diplomacy. This was made possible by the fact that he was a person of rational thought. His keen mind, his dedication to the liberation of our people, together with his deep humanism, enabled him to mobilise both the East and the West into the international struggle against apartheid, despite the fact that they were strategic opponents.

In the exercise of his leadership, Comrade OR was always ready and willing to listen to everybody, whatever their rank within the organisation. He would come to meetings having researched the topics that were to be discussed, having formulated a view, having thought through what it was that we had to do and what it was that we ought not to do.

He would not, however, air his views at the beginning of the discussion, but would rather wait, listen to people, take copious notes, and let everybody speak as they saw fit. Once he had heard what others had to say and reflected on it, only then would he speak. Nobody who worked



**OLIVER TAMBO:
BEYOND THE ENGELI MOUNTAINS**
By Luli Callinicos
David Philip Publishers

consignment of the memory of Oliver Tambo to the dark shadows of a forgotten history. In her previous work she has meticulously documented and made accessible to generations of readers, the neglected struggles of our working people. In this biography, she has captured the outstanding qualities of Comrade OR extremely well. Her biography is a welcome and fine beginning to a new historiography of OR Tambo.

I trust this work will be widely read, not only by the members of our movement, but also by all South Africans, so that all of us can learn about the heroes and heroines who gave us the freedom we enjoy.

Undoubtedly and deservedly, this book will stimulate debate and lead to further analyses, as befits the memory of a man whose historic contributions touched the lives of so many people.

Comrade OR's dear friend, Archbishop Trevor Huddleston commented: "History is never simply a chronicle of the past. It is always a challenge to contemporary thought for the future." The life, character and contributions of Oliver Tambo to our national wellbeing, a better Africa and a better world, will continue to be relevant to future generations, because the values he personified are universal values that underlie all great struggles for freedom, and the universal effort to build a people-centred human society.

For the sake of our heritage, identity and pride as a nation, all of us, South Africans, dare not allow ourselves to forget what Oliver Tambo did so that we could reclaim our human dignity. Without the memory and spirit of OR Tambo in our midst, serving as our guide, our present and future will carry the taint of barrenness, because they will be deformed by a poverty of meaning.

On 28 May 1987, Oliver Tambo delivered the 'Canon Collins Memorial Lecture'. Among other things, he said: "Such was the durability of his good works that it was inevitable that they would outlast the short life that is given to us all, and thus serve to turn the memory of the man into a material force that will continue to transform the destinies of the living."

Such is the durability of Oliver Tambo's own good works that they have served to turn his memory into a material force that continues to transform the destinies of the living.

THABO MBEKI is President of the ANC.

with OR could ever claim that he did not consider their views when arriving at a decision.

The ANC is proud of its tradition of collective decision-making and leadership. But if there were one person who symbolises "the crystallisation and personification of what the ANC is and became", as his legal partner, friend and comrade, Nelson Mandela put it, "that person would be Oliver Tambo".

Madiba explained, "When we assess the processes that brought about the watershed events of February 1990, we should never underestimate the great importance of the individual personality in determining the pace at which matters moved to that turning point."

Yet, Oliver Tambo has not taken his rightful place in our national memory. In the tumultuous events that followed his death and the ten years of our democracy, the contribution of this humble but brilliant patriot and mentor of our movement has been overlooked. Together with many other comrades, I was deeply moved when our government decided to name our most prestigious international friendship award the Order of the Companions of OR Tambo.

Luli Callinicos' timely and well-researched social biography begins the process of reducing the yawning deficit caused by the unintended

Scraping together evidence of a 'great scam'

The selective use of evidence to support a pre-determined conclusion results in a book blind to balance and nuance and out of touch with the real world, writes Chris Landsberg.

Patrick Bond has become one of the most prolific writers on, and critics of, the national and international socio-economic strategies of President Thabo Mbeki's government. His latest work, 'Talk Left, Walk Right', also falls in the legion of works being so critical that it has almost developed a blind spot to nuance and balance. The title of the book appears to be borrowed from Rand Merchant Bank chief economist, Rudolph Gouws, who asserted that the current government is "talking left but acting right". One criticism of Bond's work is that it seems he first makes up your mind about the plot or outcome of any problem, and then proceeds to look for the evidence. Never mind if the evidence does not support the thesis; such evidence is simply discarded. He only seems to use the evidence that backs up his plot and argument.

For Bond, President Mbeki pursues some "of the most egregious policies at home". For him the president is engaged in a "great scam"; the game represents a "world-historic failure". As the title of the book suggests, the Mbeki government talks left by engaging in a sophisticated left and radical rhetoric; but in practice the Mbeki government reinforces the imperialist, neo-liberal global order. On the one hand Bond is making a desperate appeal for the president to come up with a new, leftist, global agenda. On the other hand he complains that Mbeki is neglecting the home front. The policy of Gear, the Growth, Employment and Redistribution strategy, is seen as some Washington conspiracy. South Africa is depicted as the conservative country from the South, snubbing and battling

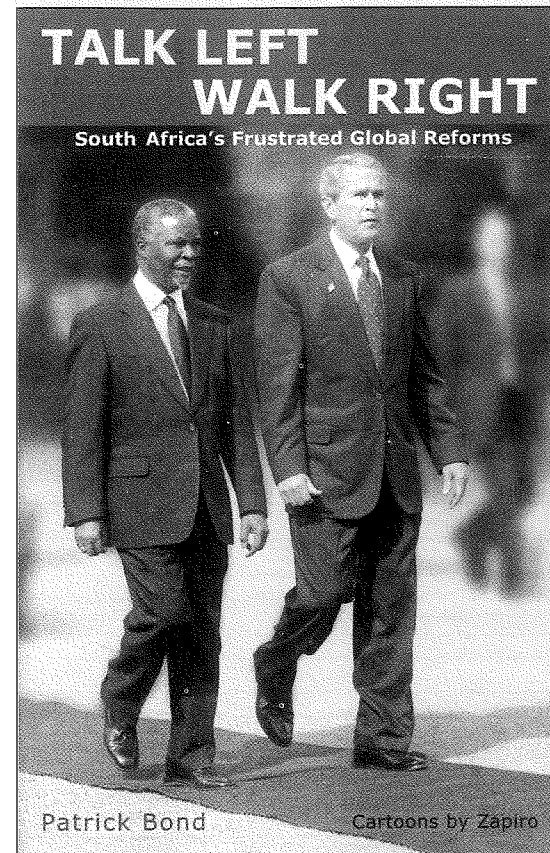
protesters and "African" trade negotiators at Seattle, Doha and Cancun.

One sometimes wonders whether the author writes about the real world, or whether he imagines some fanciful, cloud-cuckoo-land where a country on the southern tip of Africa can simply do as it pleases, on its own terms. There is almost no diplomacy in Bond's world. South Africa should not engage the world or big powers and other states. South Africa can simply issue some decrees and declare a more radical world. In fact, when reading most of Bond's works, there is almost the suggestion that a country like South Africa could simply opt out of the global system, because everything is some conspiracy.

This book is shocking in its lack of detail. There is little appreciation for South Africa's efforts to help bring about a rules-based order. There is little reference to power politics, or to the selfish interests of different states. There is little analysis of South Africa's painstaking efforts to build South-South partnerships with countries like Brazil, India, Malaysia and others. Even more, there is very little said about South Africa's taxing efforts at peacemaking and ending brutal conflicts in Africa, from Comoros and Cote d'Ivoire, to Burundi and the Democratic Republic of Congo. Bond needs to realise that no one can seriously and genuinely hope to make sense of South Africa's external relations unless it is located in Africa's complex political environment.

Bond asserts that the "home front remains a disaster in socio-economic terms" and social movements like the Anti-Privatisation Forum and the Landless People's Movement will save us from the disaster. Few questions are asked about the weaknesses and problems of these social movements – such as whether they are connected with the poor on whose behalf Bond claims to speak.

One sometimes wonders whether the author writes about the real world, or whether he imagines some fanciful, cloud-cuckoo-land where a country on the southern tip of Africa can simply do as it pleases, on its own terms.



The most serious criticism of Bond's work, however, is that while a lot is said about social movements, the one thing that Bond cannot bring himself to write about is race and related issues like racial transformation and affirmative action. Attacking macroeconomic policy has almost become a cover under which many other issues and agendas are hidden. There is hardly a recognition that poverty and inequality in our country runs along race lines. Bond would do well to start addressing these issues and move away from just

**TALK LEFT, WALK RIGHT:
SA'S FRUSTRATED GLOBAL REFORMS**
By Patrick Bond
University of KwaZulu-Natal Press

focusing on their preferred issues; they should not only look at their self-constructed worlds, but look at the real world and the harsh reality in this country as it actually represents itself.

It is illuminating that for many opinion shapers this government is selling out to the 'Africanists' and is not conservative and friendly enough to market forces. For other opinion shapers like Bond, government is selling out to market forces, and thereby reinforcing global apartheid.

But this criticism of Bond should not be an excuse for government not to carefully look at its policy postures. The president, cabinet, and the ANC should realise that the three issues of HIV/AIDS, Zimbabwe, and macroeconomic policy are used, for better or for worse, to characterise this government's morality. Government should find solutions to these challenges, not as a means to placate these critics, but because the vast majority of South Africa's citizens deserve better. It should ask what the fault lines are in its macroeconomic strategy, and whether it reinforces inequality. If so, it should bring about the necessary adjustments. Thus, it is now the time to urgently give meaning and substance to the notion of the developmental, activist state, and to work on the idea of bridging the divide between the First and Second economies. This is what the real debate should be about for those inside and outside of government.

CHRIS LANDSBERG is director of the Centre for Policy Studies.

