



Towards Mangaung

An analysis of the preliminary outcomes of the ANC 2012 Policy Conference from a class-based perspective

Policy Briefing Paper 1
7/1/2012

"Therefore [the] conference resolved that interventions are required to speed up change and can be understood as a second phase." President Zuma on the ANC reaffirming radical change during the ANC Policy Conference, June 2012.

"A proper understanding of where we are currently should necessarily be located within the context of the Strategy & Tactics of the African National Congress adopted at the 52nd National Conference in 2007, which in analysing the balance of forces says, "overall, since 1994, the balance of forces has shifted in favour of the forces of change. It provides the basis for speedier implementation of programmes to build a truly democratic and prosperous society. The legal and policy scaffolding for this is essentially in place. Most of society wants this to happen¹"

¹ Floyd Shivambu. 2012. Mandela did not sell out-Response to the Youngster. 23 July 2012, Politicsweb. Available online at

<http://www.politicsweb.co.za/politicsweb/view/politicsweb/en/page71619?oid=314263&sn=Detail&pid=71619>

Can the outcomes of the ANC policy conference be said to be pro-poor or pro-elite? Which class interests will be best benefitted from the emergent policies formulated in the key areas of the building of the state, social and economic policy relations and asset accumulation, including land and natural commodities?

Towards Mangaung – Reflections on the outcome of the ANC 2012 Policy Conference

Studies in Poverty and Inequality Institute (SPII) with the Friedrich Ebert Stiftung (FES) hosted a high level seminar on 6 July 2012 to debate how the ANC policy conference might shape the immediate and longer term interests for South Africa's unemployed, working poor, working middle class, business elite and political elite respectively around the following three issues:

- 1) Access to basic services and the notion of the 'Developmental State'
- 2) Economic transformation and the ANC's version of a 'mixed economy'
- 3) Incomes: employment and access to key assets.

The day was made up of three panels that included a main input and two or three responses to each of the main speakers, after which the floor was opened for general debate and discussions.

Emerging Consensus

Overall, the consensus of the meeting was that the theme of "Continuity through Change" did not provide sufficient direction in regard to the changes that were required to correct some of the current structural weaknesses in government policy and implementation that were most keenly felt by the poor and the working class.

Panel One: Access to basic services and the notion of the 'Developmental State'

Main Speaker: Dr Ndletyana, Mapungubwe Institute:

The anchoring question to be addressed in this presentation is: how far has the conference taken us towards a developmental state?

It must be stated up front that to date there has been somewhat patchy information filtering from the conference with a tendency for inaccurate feedback from the conference through the media, however, the conference cannot be considered a watershed conference as the policy changes are incremental at best, rather than dramatically different.

The main characteristics of a developmental state include:

- Social development
- Industrialization

- Strong capacity of the state-bureaucracy
- A clear commitment by the political elite to ensure the success of the state.

The question remains, has the conference enhanced the above features?

There are divergent views on the economic path of South Africa. One example is how best to use economic growth to address the critical issue of unemployment. Policy solution, including the issue of a possible youth wage subsidy have actually been around for close to a decade. The overriding issue that such solutions attempt to deal with is the fact that our economy is unkind to unskilled labour.

When considering the State Intervention in the Minerals Sector Report (the SIMS Report), there is a view held by some that the private sector hasn't played ball, in other words, there has not been significant job creation. This is in spite of the fact that South Africa has more than 80% of globally known deposits of platinum. There is clear evidence that, linked to low levels of investment, South Africa failed to optimally harness potential benefits of the recent commodity boom.

In essence, there is an ideological impasse within the ANC, the more things change, the more they remain the same.

Comment: an impasse is an inappropriate description; rather the ANC is characterized by a general failure to understand.

Many people expected that the Polokwane Conference would herald an ideological shift to the left, however, COSATU and many others now speak of the parasitic nature of the ANC, and that the conduct of some of the leadership of the ruling party in fact is inimical to a developmental state.

To bring about the changes necessary to address current weaknesses within the state and its command over resources, do we nationalize or is it possible for the state to become a far more involved, activist state?

In conclusion, a developmental state requires dedicated cadres who are dedicated to a developmental state, learning from the lessons of Asia. The current reality presents a cadre of faux technocrats.

Respondent: Nkosikhulule Nyembezi, Black Sash:

The current reality is that the space for civil society has shrunk. We are in need of a human rights perspective and discourse which should shape and form the core of the developmental state.

A critical problem remains unemployment, and this is illustrated by our lagging in the following assessments

- Progress towards the attainment of the Millennium Development Goals (MDGs)
- STATSSA Quarterly Labour Survey (QLS) Quarter One, 2012.

In essence, a developmental state requires a change of environment of how things are done, and this cannot be achieved through piecemeal changes.

This is exacerbated by the fact that government wants regular payment for services in an environment of poverty and unemployment.

General Comments and Analysis

Both speakers highlighted the eminent importance of political will. The successful turnaround of the Home Affairs department illustrates this necessity, and how the presence of commitment and political will can attain change. Although political will is necessary, it is also the role of ordinary people to instigate change. Ordinary people need to get outraged enough to cause change, often the problem is that people don't believe that they deserve better.

We should not look to the East Asian model as it represents authoritarian states with no freedom, rather we should seek to empower ordinary people. For example, we should look to the case of Kerala, India.

A problem South Africa faces is the lack of a strong voice against capital accumulation. In addition, policy solutions often miss the fundamental nature of the problem by focusing on symptoms of the problems. Thus, if one takes education, the textbook saga although receiving a significant amount of attention, is really a red herring for the issue at hand, which is a lack of focus on the success of holistic primary education.

Within the ANC there are also problems, which lies with the fact that the ANC is too contradictory to affect change. The question remains, *is the organizational structure of the ANC still viable, especially over the next ten years?*

Panel Two: Economic transformation and the ANC's version of a 'mixed economy'

Main Speaker: Devan Pillay, Wits University.

I shall speak to what I think is 'the speech that Jacob Zuma should have made at the Policy Conference'.

The state, the market and society are the three key players. In South Africa, the market currently represents accumulation for the sake of accumulation, neglecting the real value of the market and what is socially useful.

It is often said that the problem is 'white capitalism', however, this means that black or non-racial capitalism is favorable, whereas capitalism based on greed is intrinsically the problem.

Capitalism cannot provide employment for all, promoting the ideal of jobs for all in a capitalist environment is simply not possible.

With regards to nationalisation, it can often be worse than private ownership where it is combined with cronyism or the authoritarianism of forms of developmental states. Simply replacing the tyranny of the market with the tyranny of the state is not the solution.

Instead, there needs to be social ownership or true empowerment of all of the people of South Africa.

Respondent: Joan Stott, BUSA:

Firstly, the government and business need to address the skill set that currently exists within the country, in other words, the currently unemployed have to receive the immediate attention of the ANC in respect to planning in terms of education and employment.

Other important issues include:

- Infrastructure issues
- The poor capacity of the state to deliver and implement, as well as provide clarity within the policy environment

The government does not address the underlying issues, rather it just seems to implement new policies. As a way forward, trust needs to be rebuilt between social partners and policy discussed through social consultation. This will go a long way in preventing further future disasters, such as the e-tolling crisis.

In addition, the ANC currently targets black SMEs but all SMEs face various challenges and therefore must be taken into the fold if the sector is to truly be able to meet its potential to grow the economy and jobs.

Comments and Analysis

Corruption involves both a 'corruptor' and the 'corrupted'- therein exists an enabling relationship, often illustrated by the relationship between government and business.

The overarching question is; are we prepared to do what is necessary to cause genuine change?

Furthermore, the struggles associated with capitalism exist within a social context and in South Africa this context is highly racialised.

It is important to remember that education and productivity are not magic bullets, there needs to be a broader vision that connects the political process with the people.

Panel Three: Incomes: employment and access to key assets

Main speaker: Mazibuko Jara, UCT

The current reality is that the ANC does not have an effective strategy that can drive meaningful change due to the lack of integrated policies. In fact, many of the policies currently being implemented refer back to pre- Polokwane positions.

Specifically pertaining to issues of land, agrarian reform measures are required with a focus on:

- Land needs to be subdivided

- We need to see a reduction in input costs on a broad scale
- Labour
- Settlement patterns
- Marketing arrangements in the absence of marketing boards
- We need to address the low levels of knowledge about agriculture and agricultural science.

There is also scope for the intensification of agriculture in certain areas, including Mpumalanga and KwaZulu Natal.

We do not, in closing, appear to have a clear understanding of a changed rural vision.

Respondent: Rudi Dicks, NALEDI

Arising from the policy Conference, there appears to be a contestation within the ANC about how to deal with inequality in general – whether this should entail a radical shift or an incremental approach.

Fundamental to asset accumulation is human capital development, which is drastically limited currently. Income is also critical – ideally through wage income, but in the absence of that, social security.

We need to develop an organizing strategy to encourage income development. In light of the debate surrounding the youth wage subsidy, perhaps all low-income earners should be subsidized rather than focusing exclusively on the youth.

The policies proposed in the State Intervention in the Mineral Sector document should be replicated in other sectors. Its strengths are: the resource tax, nationalisation of mineral assets, the establishment of a State Minerals Company and alternative ownership models.

Nationalisation of firms is desirable and these should be in the areas of basic infrastructure and services. They would be a tool for strategic intervention in the economy by the government and they would enable the government to enlarge available resources for key areas.

Public works programmes, especially the Community Works Programme, are good for redistribution of ownership in the economy and empowerment of historically disadvantaged. There is therefore a need to up-scale such programmes.

Employee Share Ownership Programmes (ESOPs) are a great model but the current ones in SA are weak. In praxis, ordinary workers do not buy shares and the SOEs are not leading by example.

In addition, international learnings must form part of South Africa's progress with examples such as the Vietnamese community ownership model being investigated. Furthermore, public and social ownership models which have yielded positive results elsewhere and which South African can draw from are:

- Cooperatives (Brazil): Cooperatives can, in addition to employment, provide social security to families.

- Common property (fisheries, wildlife, forests etc.): It is a good idea to manage them in a decentralised way with linkages between central and local levels.
- Employment Share Ownership Partnerships (UK): Good performance and low staff turnover.
- Small, Medium and Micro Enterprises (SMMEs) (China): Managers were granted increased control and greater responsibility.

Policy recommendations for South Africa:

- Cooperatives: The support structure for cooperatives is weak in SA. There is a need to address among others the challenges of weak intra-governmental coordination, lack of access to finance and failure to link land reform with cooperatives.
- Public employment: Public works programmes must address infrastructure development and social sectors. Skills development and education must be strengthened.

Conclusion

The general consensus of the meeting, acknowledging the restricted access by many of the participants to the actual debates and emergent resolutions from the Policy Conference, was a concern that the extent of a number of crucial policy and implementation matters had not found sufficient traction in debates. It was also felt that for the very reason of the significance of these deliberations for future national policies, it would have been helpful of the ANC had held regular press and other briefings throughout and after the conference to allay some misgivings. Mindful of the adherence to the principle of seeking consensus before embarking on new directions, participants questioned whether this was feasible given the number of contesting interests within the board church that is the ANC, or whether this would juts continue to provide for fudging of the main questions and choices that had to be made. There was no strong view that the policy deliberations could be said to be pro-poor or favour the working class. The continued fuzziness about the real questions of resource allocation, currently subsumed under the ‘nationalisation’ banner, as used to illustrate an apparent inability by the ruling Party to provide clear leadership on significant policy questions. Instead it was raised that the poor and the working class needed now more than ever to be organized to assert its own interests and to use a variety of methods to advance this agenda.

It is hoped that this policy brief will assist in developing informed and innovative engagements by all South Africans in response to key questions about the relative priorities that are required to safeguard our democracy and advance us to a more sustainable and inclusive social and economic growth path. The more challenging the times, the more important it is to be able to stand firm to principles of equality, dignity and a better life for all.