

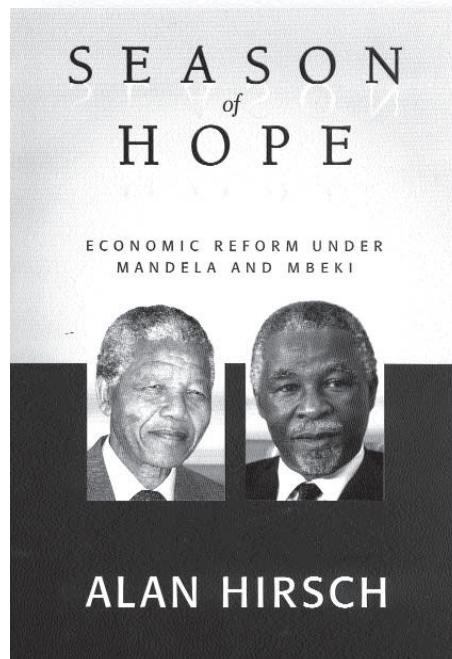
# Review

## *Season of Hope: Economic Reform under Mandela and Mbeki*

*Alan Hirsch (University of KwaZulu-Natal Press/International Development Research Centre, 2005). Reviewed by Ebrahim-Khalil Hassen*

Intellectuals play different roles in society. In recent months, South Africans have endured the vagaries of intellectual life with the establishment of the Native Club, and the banning of several political commentators from the public broadcaster. Underlying these events is the criticism that these events reflect the nascent aspirations of an 'Imperial Presidency'. Thus in reviewing the book *Season of Hope: Economic reform under Mandela and Mbeki* by Alan Hirsch, a senior and influential official in the Presidency, I wondered whether he would adopt the critical stance of his academic days, or whether he would be a praise singer.

This test of intellectual independence might be a slightly unfair one, as Alan Hirsch has been at the centre of several important economic decisions, first as an advisor to the ANC, later in the Department of Trade and Industry and today at the Presidency. Thus the challenge for him as an insider, and a writer, is perhaps having the distance to reflect on his active role in the transition with impartiality. For the reader then it is a question of whether Hirsch has managed to reflect on decisions he was a part



of, in a self-critical manner. But the question remains: uncritical bureaucrat or critical official?

The book has a familiar structure starting with a discussion of the economic legacy of apartheid, meandering through the ANC's economic policies in exile, outlining the emergence of GEAR (Growth Employment and Redistribution Strategy), and asking new questions, especially on BEE (Black Economic Empowerment). Thus the book offers a historical

account of the evolution of ANC economic policy, and its economic policy after the advent of democracy.

In structure it is similar to books written by Dale Mckinley and William Mervin Gumede. Unlike Dale McKinley who argues that the ANC has always been a bourgeois party, or Gumede's lament on the ANC moving away from its principles, this book offers a spirited defence of economic policies undertaken since 1994, with careful citing of sources and reasoned arguments. In fact, reading the three books simultaneously will offer very varied, insightful and demanding interpretations

of our transition. In this sense, Hirsch's book is a must for anyone serious about understanding the debates on economic policies.

In particular, the chapter titled 'Competing globally, restructuring locally' offers amongst the most important interpretations of trade and industrial policy in South Africa. Hirsch makes a significant contribution in debating and discussing various approaches to trade and industrial policy in South Africa. The nuances of the writing,

the depth of sources and the minute details indicate that Hirsch is most comfortable discussing trade and industrial policy. In fact, as a reader, I would have appreciated a longer treatment on trade and industrial strategy, and perhaps this should have been the focus of the book. Whilst, Hirsch's depth of knowledge across several areas of economic policy is evident, it is the chapter on trade and industrial policy that is most illuminating.

But the book has major weaknesses in understanding the arguments of trade unions, assessing the impacts of reforms on the poor, and the role of economic growth.

First and most worryingly, is the absence of critical discussion on distributional impacts of economic reform on the poor. In particular, there is little analysis of data on poverty and inequality. In every sense, development indicators related to poverty, inequality and unemployment are the reasons for economic reforms in South Africa. Hirsch discusses the unemployment numbers, but sadly does not discuss the poverty and inequality data in any detail. Thus there is little empirical evidence on the impacts of reforms on the poor. Yet, the central contention of the left, in the broadest sense of the term, is that the economic reforms initiated through GEAR have been bad for the poor.

Second, there is an uneven discussion of the impacts of reforms. Hirsch, for example, praises government's stance on how Telkom was privatised, in particular the sequencing of reforms by establishing a

competitor and that Telkom was required to extend services to the poor. There is no discussion on the long delays in establishing a second network operator, and no discussion on the fact that Telkom has disconnected most of the new lines it has extended. The book would have benefited from an assessment of the difficulties and set backs of implementing economic reforms.

Third, the book lacks a rigorous engagement with ideas from the left and with organised labour in particular. The most recent reference in the book to Cosatu is from 1998, thus there is no engagement with the many files of Cosatu policy on economic policy. At least, Cosatu gets a mention, Fedusa and Nactu policy positions are not discussed, except for small references to the first Jobs Summit. Again, the discussion on labour market flexibility would have benefited from a critical engagement of arguments coming from trade unions. Whilst being critical of these omissions, it does raise questions for us as the labour movement around how we influence key people in government.

Fourth, Hirsch ends the book optimistically by arguing that South Africa will have continued with higher levels of economic growth, and that "this time the growth spurt is built on and fed by a democratic state striving to reduce poverty and inequality". Earlier in the book he cited approvingly the argument that tackling inequality is good for growth. The missing piece in this book, and in government policy, is how to develop a sustainable redistributive strategy

that offers a realistic chance of ensuring that the poor benefit from growth.

However, this book cannot be seen as the 'Imperial Presidency' at work, as Hirsch offers a critical perspective on black economic empowerment especially the need for more broad based solutions. Similarly, the problems facing small business, often suggested as a solution to the unemployment problems facing South Africa, is subjected to an insightful discussion.

We think of public intellectual's role as speaking the truth to power, and that being outside of power is central to this task. However, as Edward Said reminds us, intellectuals, particularly insiders, have the role of constructing consent and building political projects. Hirsch as an insider asks us to accept the story of economic reforms being successful, and in the long run equality and prosperity will emerge. Although there are sound reasons to debate whether prosperity will inevitably follow, on balance the book is more critical than I anticipated.

But, Hirsch is not critical enough of the distributional impact of economic reforms on the poor. The challenge for insiders though is constructing consent, and this requires a deeper understanding than Hirsch shows of powerful social actors like trade unions, that challenge his views.

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