

“Government is not an NGO”

Rob Lambert (“Dancing with dictators”, SA Labour Bulletin Vol 22 No 1, February 1998) points to injustice and asks the right question - what is the South African government doing about it and how do we reconcile injustice and economic links

I, for one, hope that Lambert and activists like him will never stop asking such questions. There is nothing wrong in his call for action. What the government's response should be, is, however, more complex.

Sanctions

The struggle for freedom and democracy in South Africa was substantially advanced by the successful campaign to link trade and human rights.

When the United Nations declared apartheid a crime against humanity, this formed the basis for the implementation of a sanctions campaign. Popular campaigns in individual countries were able to pressure the corporate world and a wide range of institutions into isolating South Africa economically.

Central to this effort was the organisational capacity of the ANC and its ability to have representatives in many countries of the world. The long campaign was a remarkable feat of popular mobilisation across a large part of the world. It was in many ways unique. The stark legislated racism of the apartheid

Minister of Trade and Industry, Alec Erwin, responds to Rob Lambert's critique of South Africa's trade policy.

regime provided a very clear focus. Despite the staggering unity of purpose of the external campaign, however, the struggle was won through a combination of forms - external and internal. In the final stages, it was the outright military assistance of our comrades in Cuba and Angola that provided the finishing thrusts to apartheid.

It is necessary to remind ourselves of these long years because it indicates the intensity of effort needed to persuade a generally reluctant world to implement any form of sanctions. This reluctance is not because there is an absence of morality, but because, in addition to the existence of vested economic interests, there are issues of substance that are raised in the permanent relations between countries by such actions. We can learn important lessons from our own struggle that will allow a proper analysis of what the new South African democracy can and cannot do in the current conjuncture by the use of economic pressure. A key lesson is that there has to be a multilateral effort and bilateral action is of lesser effect.

Policy framework

The role of trade in the capitalist development of the South African economy has always been central. This is no less the case now as we try to chart new paths that will provide a better life for our people.

If we are to raise the standard of living of our people, we have to increase employment in advanced value-added production processes. This is necessary to generate the resources required to overcome the legacy of uneven development generated by the path of capitalist development, colonialism and racism.

However, advanced production processes require advanced human resources, social and economic infrastructure and the ability to mobilise financial and technological resources on a large scale. A new socio-economic platform has to be built for an overall development drive.

This combination is the central tenet of the RDP. It establishes that growth and development cannot be separated if we are to succeed in the social and economic transformation we strive for. What this means in practice is a coherent package of policies, rather than dislocated, problem-specific policies.

If one loses sight of this, it is understandable that many on both the right and the left see GEAR as the abandonment of the RDP. GEAR was, and, to an extent, still is, seen as a movement towards sublimating policy to the markets and a consequent reduction of emphasis on the socio-economic aspects of the RDP. For the right, the comfortable zone of growth driven by the economically strong seems at hand. For the left, that is an understandably appalling prospect.

The intention of GEAR is to both mobilise resources and – even more

difficult – to apply them to where the policy wants them applied. When the policy was first drawn up its immediate objectives were to identify at the macro level how the necessary resources would be mobilised, to reduce the deficit and to curb wasteful expenditure, all with an eye to stabilising the financial markets, interest rates and the exchange rate. GEAR was preceded by the lesser known 'six pack', which placed it in a broader context of state restructuring and indicated it could not replace the RDP.

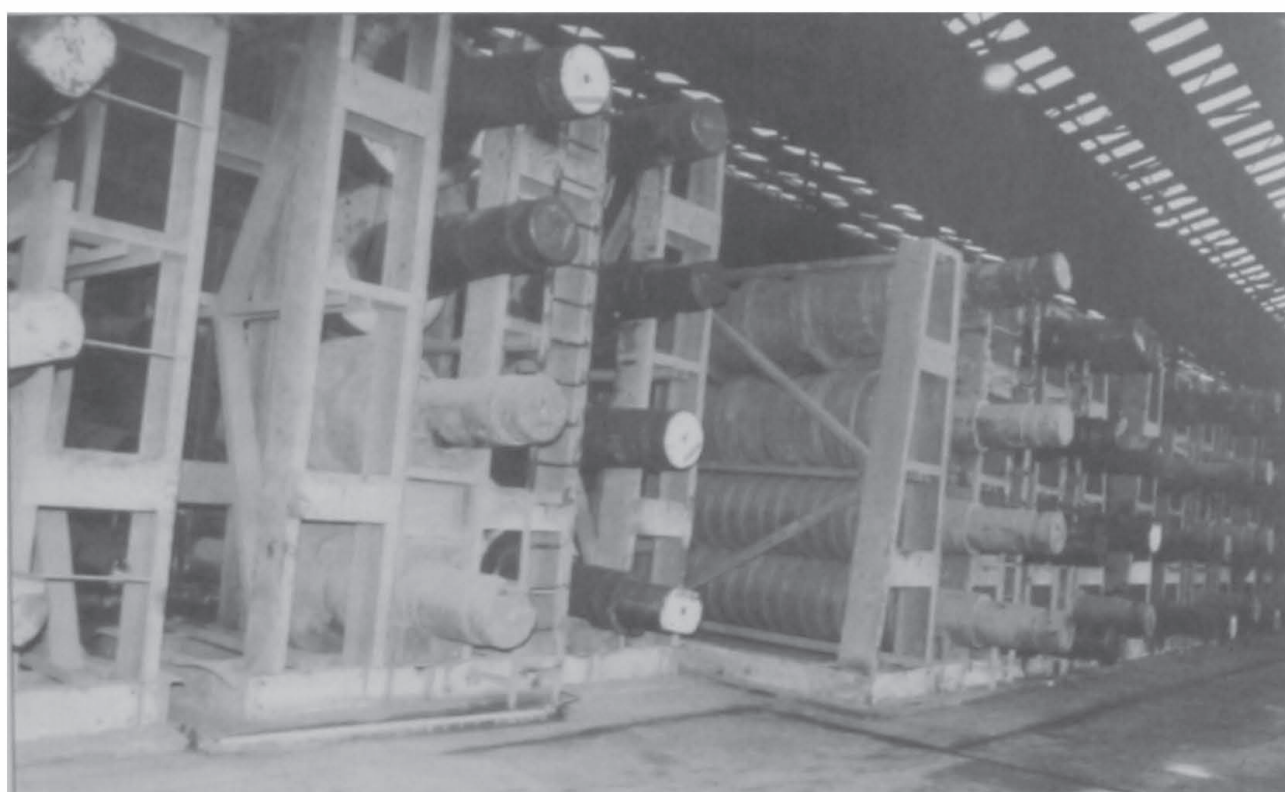
Autonomy

The experience gained in the implementation of the broader policy package and GEAR, along with a deeper understanding of recent experience in other countries, has highlighted the overall importance of the policy path we are following.

It would not only be naive to ignore the realities of current international capital and commodity markets, it would be irresponsible and reckless. However, this recognition is not in order to surrender all policy autonomy to these realities, but to seek to shape the outcome of events within the reality of constraining factors and thereby maximise our relative autonomy.

It is also essential that the resource mobilisation strategy is sustainable over a number of decades, as we have seen in graphic terms in the recent South East Asian crisis. Given the stark disparities in the life possibilities of our people, short- and even medium-term strategies that are not sustainable are a profound threat to democracy and social security.

We are building a new economy and a new nation. There is a fine balance between the decade or more needed for a strategic programme to achieve lasting structural change and the immediate need



Steel piles up at Highveld Steel during the sanctions era

to reduce poverty, suffering and discrimination. We require a profound restructuring of the functions and form of the state, its fiscal operations and a restructuring of the financial system to increase its transparency and robustness in a volatile world. Only in this way will we be capable of sustainable resource mobilisation.

The purpose of these remarks is not to find another platform to promote a particular view on these key policies, but to underscore the need to locate policy in a strategic context. This is equally true of our policies on trade and investment.

The international economy

A key feature of the current phase of the globalisation of the world economy is the rapid increase in trade in advanced manufactured products and the link between this trade and financial and investment flows. Another key feature is that, in contrast to only three decades ago,

there are now a significant number of developing countries that are active and successful participants in world trade and investment.

The fact that many of these countries are in the so-called 'South' is of great importance to our future. Indonesia is clearly such a country. It is, therefore, not a matter of 'any trade is good', but there is a strategic dimension to it.

How the Indonesian government conducts itself in relation to its citizens is important to South Africa. The current unfolding of the Asian crisis in Indonesia has to be closely watched. This is necessary because we seek long-term economic relations with an economy of its size and potential. It is more particularly the case in that the Indonesian economy is an important one in the Association of Southeast Asian Nations (ASEAN) group which, in turn, will emerge as an important economic area for South Africa. This is true despite the current

position in that area. It is not really wise, or even possible, to have long-term relations economically without our peoples starting to develop relations.

Old policy approaches to exporting, trading and investment are inadequate in these circumstances. The divide between traded and non-traded goods is not as clear as it was in the past. If, as a country, we want to sustain and – more important – to increase the level of advanced production, we have to restructure the whole economy and not just our export sector. This is particularly true in regard to trade in more sophisticated manufactured products, where the production system is increasingly global and dynamic.

This is usually seen by critics of globalisation as a product of the predatory practices of the transnationals. There is a measure of truth to this, particularly in the heyday of the export processing zones in the 1960s and 1970s. However, to see this as the driving force of international investment today is not warranted. It implies that the developing countries are the passive recipients of Transnational Corporations (TNC) investment or their compliant servants.

This viewpoint may be correct in the case of a number of weak economies, but it is manifestly not true where the bulk of foreign investment is going. Countries like China, Brazil, India, South Korea, Malaysia, the Philippines and Singapore are a few of the examples where there has been a very large flow of investment and where the governments have been major factors in both attracting the investment and achieving growth and development. Even more significant is the fact that these countries are themselves initiating major reforms in order to attract investment. Of course, a close look at these reforms will show as much difference as there is commonality.

No doubt there will be many who will say, and not without justification, that nothing has really changed and that poverty and unemployment remain. This is a larger debate. The purpose of this response is to point to the very real changes within these economies.

India is now the largest supplier of software in the world. This illustrates that the international divisions of production are changing and dynamic. Following in the footsteps of Japan, other newly industrialising countries are seeking, and succeeding in, reshaping of world production.

The economic size of many of these markets and the sophisticated production facilities that they offer make them central to the world production and accumulation process. Given South Africa's own objectives, it is vital that we link with these countries at an economic level. They offer a growing market and in many respects our strengths and weaknesses are more compatible and therefore conducive to two-way trade and investment. In short, the greater our links with these economies, the greater our prospects for growth and development. Our relations with Indonesia will have to be economically strategic and not merely commercial.

Alliances

As dynamic economies of the South, we share a common destiny. World trade and a large part of its direct investment flows are now governed by the WTO and the various agreements that it administers. Other multilateral institutions such as the World Bank and the International Monetary Fund (IMF) are also crucial players in the process of growth and development.

South Africa at present has the privilege of holding the presidency of the United

Nations Conference on Trade and Development (UNCTAD) This organisation has something in common with the WTO they both involve all their members, the former because decisions are by consensus, and the latter because the rules govern all states and all states have access to a disputes settlement mechanism

Power

The rules-based system is crucial for the developing countries While they are currently not ideal, they can be used to prevent the unilateral use of economic power This has been done by the great powers and by both the World Bank and the IMF on too many occasions

Recently, South Africa has been the target of such unilateral action by the United States in its use of the Helms-Burton and the 301 Watch List. In the interests of the developing world, we must and have stood up to the use of these unilateral measures To the extent that they are to be embodied in the proposed Africa Bill of the US we have registered our opposition

We need to, and are in the process of, organising other effective developing trading nations to support us We will not do this if we ourselves utilise unilateral



Employment in advanced value added production

measures

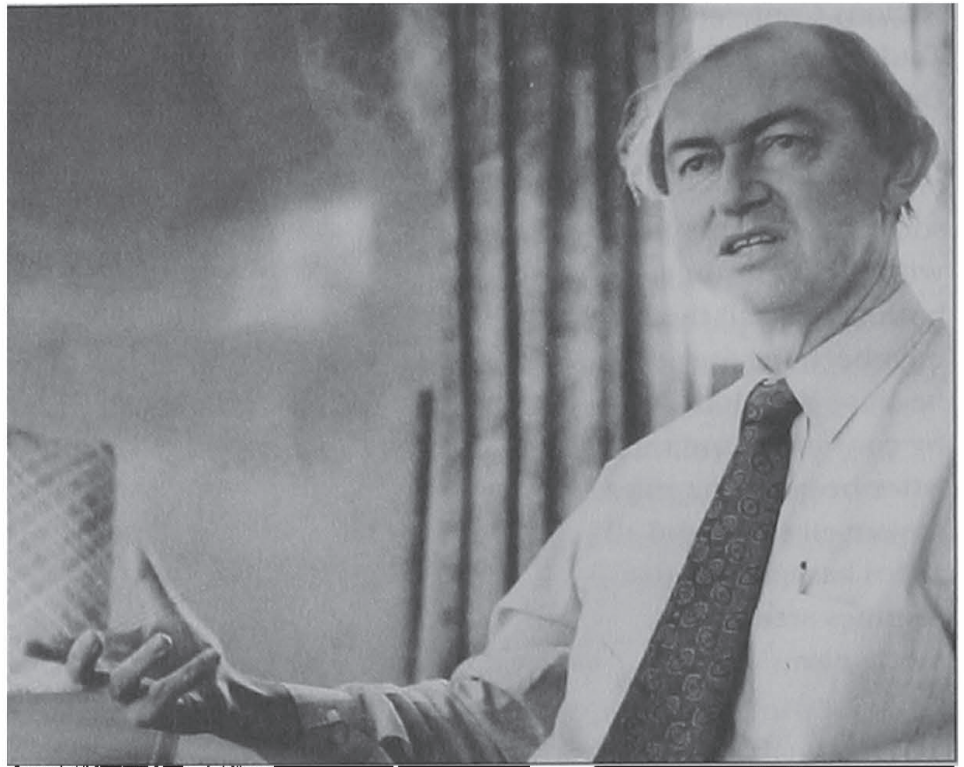
It is a harsh political reality that if a country is powerful, it will have an effect when it uses unilateral action If this is to advance a moral cause, we are all better off However, all too often this invocation of power is in a narrower interest An intense multilateral process can expose such a narrow interest and is our best chance to ensure a degree of wisdom and moral common purpose

We have no guarantee for this, as some very painful examples currently show us But this is certainly a better objective than

a proliferation of unilateral actions by states.

South Africa is not throwing up it's hands at the complexity of this *realpolitik*. We have to again apply a number of forms of struggle. On the political front, we have to work for a better multilateral dispensation - restructuring the United Nations Security Council, strengthening UNCTAD, altering the rules of the WTO where they restrict the prospects of development, strengthening the role of human rights. On the economic front, we need to link with the economies of the South so that we can develop ourselves and thereby provide a better life for our people. We must build common cause that democracy is integral to sustainable growth. But, in all of this, we must not reproduce the arrogance of the imperial powers and assume that our solutions are the answers for all others.

These are all 'big' issues. To say this is, of course, of no comfort to those who suffer as we plan and strategise. To expose suffering and injustice must be an important role of moral and honest NGOs. It is their task to ensure that evil is not forced into the political and economic domain. In doing this, they will have to learn some harsh lessons from our own international campaign against apartheid. They must not expect governments to do what they have not been able to do. It will generally be for the NGOs to go in first and offer solace and material assistance.



Alec Erwin.

The task for the ANC is to remain a liberation movement and, through its determined and strategic intervention, to continue the struggle for the freedom of others though a number of forms of struggle. Governments do not and cannot operate like an NGO.

The role of government will be more complex. However, in South Africa we must ensure that government will defend democracy, so that NGOs can function. The greater the morality and the wisdom of the NGO or the activist, the more they will be heard.

The more strategic and determined a government is in its pursuit of the ideals of freedom and economic equity and well-being, the greater will be its real impact on the lives of ordinary people.

The tension between patience and determination, that can appear callous, but is needed to change the world, on the one side, and the moral fire needed to ignite action on the other, is the tension that drives real reform. To quote Gramsci - pessimism of the intellect, optimism of the will. ★