

World Bank scenarios

why they should be rejected

This paper is in part a response to Patrick Bond's article on public-private partnerships entitled 'Privatisation, participation and protest in the restructuring of municipal services: grounds for opposing World Bank promotion of public-private partnerships'.

Bond's assessment of World Bank-driven planning is one of several he has written on the role of the World Bank in framing development policies for South Africa in the post-apartheid era. His previous articles all took issue with the Bank's policies in the light of the negative impact similar policies have had elsewhere in the world, particularly in the developing countries of Africa, Latin America and Asia. Despite this, the Bank has apparently been allowed to set the overall development framework in South Africa by stealth.

Bond's latest article exposes the Bank's strategy of 'planning in secret with certain officials of the new order'. It highlights the danger of creating a precedent in water provision that is bound to be followed by other service industries. The privatisation of water may worsen the vulnerable position of the unemployed, homeless and poor in South Africa, whose living conditions are borne out by the following statistics, reported in the *Cape Times* (5/3/98).

- ❑ Fifty-three percent of South Africans live below the R301 a month poverty line. The ratio of a managing director's salary

World Bank planning scenarios for South Africa suffer from structural biases, silence on certain issues and other weaknesses. In line with the principles and goals of the RDP, John J Williams suggests steps to ensure that planning frameworks in South Africa are relevant and people-driven.

to that of the lowest paid worker is 100:1 as opposed to 7:1 in Japan; and a minority of 6% of the population earn more than 40% of the country's income.

- ❑ More than two million South Africans do not have enough to eat, including 87% of all African children under the age of 12.
- ❑ Thirty-eight percent of poor children suffer from stunted growth.
- ❑ About 200 000 children between the ages of 10 and 14 are engaged in various forms of labour, representing 4% of all children in this age group.
- ❑ An estimated 270 000 handicapped students are outside the formal specialised school system.

- ❑ Eighty-one percent of schools in the Eastern Cape Province have no telephones
- ❑ Fifty-seven percent of schools have no electricity
- ❑ Fifty-three percent of the population receives only 40% of educational resources
- ❑ More than nine million people live in shacks
- ❑ Only one black person in 2 000 is at university, as opposed to one white person in 30

Bond raises a number of concerns in his paper. He asks why the Department of Constitutional Development has failed to honour its promises to make resources available 'to look into alternative business plans centred around public sector reform'. This is an important question, as it touches on the nature, content and scale of the Bank's contacts with government departments and the state as a whole. The government has suggested otherwise, criticising the 'prescriptive politics by donor agencies, like the United States Agency for International Development in South African affairs' on television last year.

Bond explains the lack of public participation by observing that 'participation is a euphemism for clever marketing of top-down, market-oriented policies which have to be sold'. He also remarks that 'knowledge is inseparable from the rhythms of the daily struggle to transform local and regional conditions'. Agencies like the World Bank and its proxies dictate development scenarios on the basis of information collected during a three-week reconnaissance. This has implications for the 'people-driven' development espoused by the RDP.

Urban development

World Bank reports show little understanding of South African history and

lack methodological rigour. In framing policies and programmes, they show no clear grasp of human needs and daily struggles. The Bank's proposals resonate with free market abstractions, such as efficiency and productivity, and ultimately seek a rapprochement between those with economic and political power and those who lack employment, housing and education.

The Bank follows a sectoral, atomistic approach to development issues by emphasising specific concerns, as if they occur in isolation from the socio-economic context. It fails to take account of the multi-faceted dynamics of social change in South Africa. For example, it correctly observes that 67% of the country's people live in cities, with white areas being affluent and black areas, for the most part, grossly underdeveloped and impoverished. But it takes no account of demographic and migratory trends in relation to cities, the 'deruralisation' of the countryside and their development impact. In terms of appropriate state intervention, it does not investigate in a sustained way the various forms of development required to compensate for structural exploitation and neglect. The Bank observes that in mainly black areas, the urban economy is undermined by deficient service provision, deteriorating infrastructure, over-regulated urban markets, distorted spatial settlement patterns and skewed distribution of economic enterprise, favouring largely white interests. But it does not examine the development initiatives required to promote even development throughout South Africa. It points out that historically white areas are characterised by strong fiscal capacities, broad-based economic functions, effective land and housing markets, well-run municipal organisations, high service levels and access to

well-developed financial markets. But it does not tell us how these economic strengths can be used to generate, promote and sustain development in historically neglected areas. The Bank appears to suggest that there must be additional growth to redress profound material neglect in mainly black areas.

The Bank emphasises the urban economy, which contributes 70% of the gross domestic product, focusing on its fiscal, financial and real estate components. However, labour productivity, market mobility and infrastructure in urban areas are not linked to the negative impact of colonialism and apartheid. It does not consider how available fiscal, financial and real estate resources could be used to address backlogs in housing and social infrastructure in historically neglected communities, concentrating rather on how housing can be used to generate profits on a par with similar economies elsewhere in the world.

The weaknesses of the Bank's economic approach to housing are highlighted by David Harvey, who wrote 25 years ago:

'Commercial operators in the housing market (landlords, banks and other financial institutions, developers, and so on) are not interested in housing per se but are interested in maximising their returns (rents, interests, profit - or as Marx called it, surplus value).

Even if each operator behaves ethically, according to the usual norms of capitalist entrepreneurial behavior, the net output of the interactions amongst them all is to write off use-values in housing in one part of the city in order to reap exchange-values in another part of the city. In other words, scarcity is being created in one part of the city so that the market can function (at a certain level of profit) at the other end. If this process is general, and the

evidence suggests that it is, we must anticipate that the market process will naturally counteract any policies designed to eliminate scarcity in the housing market.'

The World Bank ignores a range of structural features of the urban economy, including:

- the concentration, centralisation and internationalisation of industrial banking and commercial capital;
- the increasing re-alignment of ownership and control and the emergence of complex managerial hierarchies reinforcing dominant class relations,
- the growth of new sectors of managerial, scientific, technological intelligentsia and of middle-class bureaucracy, increasingly in direct conflict with working class interests;
- the expansion of economic empires and control of overseas production and markets, and the increasing industrialisation of the Third World,
- the de-industrialisation of core sectors in countries which produce for niche markets, and the corresponding increase in specialised services.

The concept of 'development'

The legacy of apartheid and its effect on the material conditions of marginalised communities is mentioned in World Bank reports. But there is no analysis of this historical debt, which is also not seen as the basis for programmes of restitution. The status quo is understood not in terms of the need for fundamental social change. A case in point is housing.

Housing (euphemistically called 'shelter') has been redefined to mean anything from a shack in Khayelitsha to a mansion in Constantia. This loosening up of the concept has implications for power relations in the country. The very high



The World Bank advocates outsourcing of state services.

living standards of the privileged are maintained, while building standards in marginalised communities are relaxed in order to win their subservience and political support for the new dispensation

In the same way, 'employment' has come to mean anything from running one's own 'informal business' in a shantytown to being an executive director of a transnational company. Even 'education' is taking on a different meaning.

In policy circles, technical and vocational training that meets the requirements of capital and industry is favoured over academic learning. The role of the state in addressing basic human needs is being redefined to one of providing basic infrastructure, such as roads to transport people and products. It is left to the whims of the 'free market' to decide the content of the products provided.

By re-defining basic human needs and the way they are satisfied, the dominant relations of power are reconstituted. By withdrawing from the provision of social

services by privatising housing, education and related services, the state seeks to depoliticise these areas of struggle and leave them to the 'invisible hand of the market'. It remains to be seen whether this strategy will succeed, or whether ordinary people will be able to see that a largely de-racialised South Africa remains divided by class.

Reports drawn up by World Bank missions to the South focus on development through economic growth, leaving aside the mechanisms required to ensure effective redistribution. They call for the encouragement of market networks, without indicating how this will stimulate sustainable development in historically neglected areas. They advocate outsourcing of state services, concessioning (ceding bulk services like electricity and water to multinational companies for periods), joint ventures between local authorities and municipal workers, reduced funding to public bodies, education and health, and user charges for basic services such as electricity and water. These are forms of privatisation.

which aggravate the poor socio-economic conditions in historically marginalised communities

The Bank's proposals are based on pre-packaged models of 'development' resulting in institutional arrangements which would manage and control South Africans in increasingly detailed ways. They promote discussion on development pervaded by the technical jargon of production and the market, and create and label clients – 'small farmers', 'small businesses' – that impoverish their lives and expose them to bureaucratic control

People driven development

Planning frameworks in South Africa should be re-examined to see how they tally with the RDP. Research should encompass the interests of ordinary people and not merely repeat the cliché-driven development scenarios of an emerging bureaucratic elite in alliance with multi-nationals, self-styled experts and profit-oriented 'think-tanks' and consultancies. This means establishing good working relationships with ordinary people, so that they contribute to formulating, implementing, monitoring and evaluating projects. Theoretical work should be matched by practical activities that seek to bring tangible changes to the lives of the unemployed, homeless and poor.

People-driven development planning should focus on the complex processes undergirding human development in and across the varied communities of South Africa and the region. It should emphasise the many different actors shaping development debates, policies and programmes. It should probe the motivation, forms of interaction and roles of leaders.

Institutional structures needed to

promote and sustain development programmes should be devised, and the skills needed to manage multi-dimensional programmes spelled out. The resources committed by different state sectors and society to particular development programmes need to be monitored and evaluated.

Conclusion

Public-private partnerships are part of the increasing drive for profit and are not necessarily geared to the basic needs of the homeless, the unemployed and the poor. More importantly, they seek to co-opt people into the dominant capitalist economy where the 'partnership' is essentially 'uneven, as it takes place within the relations of class domination'.

Much needs to be done to rid the 'new' South Africa of the devastating effects of colonialism and apartheid – and increasingly neo-colonialism via the planning proposals of the World Bank. ★

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