

# Economic Policy space post- Polokwane

Input to African Conference on  
Participatory Democracy

15 August 2008

# What does Polokwane represent?

- Decisive moment/ opening up of political terrain, both in terms of democratic process, and policy contestation.
- But also a moment of massive contradictions
  - Within the ANC & Alliance
  - Between the ANC & government
  - Within the state
- No institution or aspect of society is immune from this contestation

# Was there a policy shift at Polokwane?

- Policy contestation has been ongoing within ANC & Alliance, intensified post 2000, and peaked at the ANC 2005 NGC, the 2007 Policy Conference, & then at Polokwane
- Need to assess process as a whole, to understand significance of the shifts. Can't simply 'read off' from resolutions, since character of shifts, & their presentation, is highly contested. Cf detailed COSATU analysis of res.ns.
- Polokwane constitutes radical rupture, not so much for the policy positions *per se*, but because for first time, positions taken by ANC/Alliance different to those of government, have real prospect of being implemented.

# Was there a policy shift at Polokwane?

- When Polokwane is compared to existing *government policy and practice*, overall, policies represent a major shift—especially considered in context of policy debates since NGC
- In *ANC policy terms*, however, exaggeration to say that Polokwane represents, in all respects a radical policy shift. Are areas of contradiction, ambivalence, silences, and problems, as well as clearly progressive perspectives. Need to consider as a whole, in context of debates in run up to Polokwane, & failed attempts to impose conservative views
- Progressive elements of resolutions themselves remain contested, as we have seen since the Conference
- The meaning of Polokwane has been subjected to considerable spin-doctoring, not least by those in gov.t

# Was there a policy shift at Polokwane?

- Resolutions on economic transformation & rural development, attempt to consolidate certain shifts, but go far beyond existing gov.t policy, & promote an entirely different, more progressive logic.
- While certain issues fudged, elements of a radically different growth path emerges, as well as vision of a progressive developmental state. Also a different strategic posture on the r.ship to capital & the working class. Importantly, Polokwane signalled a determination to compel gov.t to advance ANC policies.
- Nevertheless certain regressive & ambivalent elements

# Was there a policy shift at Polokwane?

Key areas of progressive advance on cross-cutting issues:

- Elaboration of notion of progressive developmental state, with bias towards working class & less neutral rship to capital
- A shift from 1-sided focus on growth, to acceptance that current growth path has to be fundamentally shifted
- NB emphasis on tackling inequality, as well as poverty & unemployment
- Greater emphasis on role of the state in driving economy, state led industrial strategy, expanded role for state ownership, beneficiation
- Previous references to continuity & correctness of govt economic policy, & denying need for shifts, removed from resolutions.

# Was there a policy shift at Polokwane?

Progressive elements of economic policy res.n:

- Emphasis on creation of decent work as 'the primary focus of economic policy' & protection of worker rights in SMMEs
- Need to transform structures of ownership & production & intervention by state in key sectors of economy, & to harness national resources
- Need for gov.t wide economic planning to align policies to developmental vision
- Commitment to build state capacity, including 'adequate no.s of personnel to ensure delivery'
- Strengthening role of SOE's, in line with public mandate & industrial policy/ ec transformation
- Range of other areas quoted in COSATU analysis
- Separately, but related, progressive resolution on Rural Development

# Was there a policy shift at Polokwane?

- However, progressive, transformative & state-led dimensions, watered down by formulations on BEE & anti-monopoly policy, which retain elements of the market-driven competitiveness model. Pol conference call for more critical approach to BEE also not in resn
- Progressive on Industrial policy- wantactive, well resourced, aimed at creating decent work, expansion of labour-absorbing sectors, diversification, active beneficiation, sustainable export industries, expanded production for domestic & regional consumption. Lead approach to sector dev.t, while trade policy plays supportive role
- Trade policy- Strategic partnerships with countries of South. New opportunities for employment should not be compromised. Retain policy space on tariffs & industry protection & avoid obligations to 'significantly' liberalise



# Was there a policy shift at Polokwane?

## Macro-economic policy:

- Resolution was 'tightly managed' & deliberately left cryptic, to keep it open to interpretation
- Detailed proposals made by Provinces in run up to Conferences & concerns on monetary policy, interest rates, inflation targeting, & aspects of fiscal policy eg budget surplus, are not specifically elaborated in resolution- only general formulation
- However clear intention of delegates, & progressive thrust of resolution on eg redistribution, employment etc supports desire for realignment of macro-ec policy
- But formulation on macro-ec policy extremely general & brief, making it difficult to decisively determine intention

# Was there a policy shift at Polokwane?

- Formulation: “**Macro-economic policies that support and sustain growth, job creation and poverty eradication on a sustainable basis**” Although brief, this formulation supports our critique of government monetary and fiscal policies. Do contractionary monetary policies, high interest rates, inflation targeting etc, support growth, job creation and poverty eradication? Or a relatively conservative budget, & fiscal surpluses, and are they sustainable ? The right argues that ‘sustainable’ means intention of Polokwane delegates was to retain existing ‘prudent’ macro economic policy. However, Resolution doesn’t lend support to this view. But because the Resolution confines itself to such a brief and general formulation, it makes interpretation of this policy an issue of massive contestation. Nevertheless, the formulation, in the context of the whole resolution, remains broadly progressive, and lays the basis for a more detailed Alliance consensus.

# Was there a policy shift at Polokwane?

## State ownership

- Issues flagged by pol conf for further discussion not included- deliberate omission?
- Pol Conf called for- establishment of a state bank; expansion of state ownership of strategic assets, including mining, steel energy, ICT & land; establishment of a state mining company. Not inconsistent with spirit of Polokwane . Fell through cracks?

# Dangers & opportunities

- Interregnum period post –Polokwane- old has not yet died & new has not yet been born: period of heightened opportunity, but also period of danger. Room for progressive forces, but also space for reactionary & unguided forces. Legacy of long period of political and economic neglect & recklessness, coming home to roost.
- Social hegemony- as in any social crisis (danger & opportunity), challenge is to offer a solution to society which will, while recognising class & other contradictions and interests, also attempt to mobilise broadest possible range of forces in favour of programme

# Dangers & opportunities

- Question is who will occupy this space. Danger that in period of heightened economic crisis, political fragmentation, and social dislocation- problematic forces abuse space. Cf eruption of Xenophobia.
- Period between now and 2009 elections is critical. Small window of opportunity
- Responsibility on progressive forces to give leadership. This is no less true on socio-economic questions, in period of a deepening economic crisis. Construction of a new programme & ethos for governance, has as its core questions of the economy.

# Dangers & opportunities

- Dangers inherent in situation
  - Prolongation of dual power
  - Failure to intervene in economic crisis
  - Growing problems of political legitimacy and social dislocation
- *'Dual Power'*: danger of current 2 centres (or no centre?) being prolonged post 2009, with message of 'no change', and power of technocrats, BEE interests, & capital within the state, overriding mandate of electorate. Requires hard discussion in Alliance around Manifesto & platform for governance. Requires tight agreement before 2009 elections.

# Dangers & opportunities

- Need for decisive intervention in *economic crisis*: new government will take power amidst worst economic crisis experienced since 1994. Major structural problems. Danger of serious stagflation- economic recession plus high inflation. May mean rising COL, & net job loss, or at best declining job creation. Will undermine real impact of social security net & social wage. Could create Venezuela type situation where massive support by working class for fundamental change is confronted by resistance from middle class & ruling class. Requires boldness and preparedness to intervene decisively. Uncertainty & timidity worst possible combination. Will be hammered both by capital & Wc. Opportunity to advance clear alternatives.

# Dangers & opportunities

- Growing crisis of *political legitimacy*- while lame duck government represents exhaustion of 'old agenda', the new has not yet taken its place. Danger of political implosion & factionalism, if Polokwane mandate is not asserted. Internal problems, means that progressive civil society & Alliance need to help re-establish the alternative centre, rather than observing ANC problems from sidelines. The articulation of a coherent new vision, including on economic policy, is a critical element of this unifying intervention. The alliance needs to shift from an internal focus to engaging with society on these alternatives.



# Dangers & opportunities

- Crisis of *social cohesion & morality*- has both socioeconomic & ideological underpinnings.
- However building communities purely on the basis of moral appeals/regeneration, in the face of social distress, is not feasible- xenophobic violence a clear illustration of this
- At the same time creation of a national vision/ policies which involve people & gives hope of fundamental change, NB in breaking the cycle.
- Reactivating progressive civil society, building street committees etc rebuilds the social basis for a reconstruction project
- Alternative is social demobilisation, disillusionment, & apathy, leading to social implosion.

# Role of COSATU

## Role of progressive labour movement

- COSATU well positioned to articulate coherent alternatives. Have range of detailed policy positions, progressive alternatives, & mobilised constituency.
- Have credibility amongst majority for consistently raising key concerns. Despite historical antagonisms, broad support emerging in Alliance on many of the issues. Degree of convergence on policy positions.
- Impressive programme of mobilisation, particularly around key economic and social problems wc is confronting
- However failing to effectively articulate viewpoint & alternatives to society as a whole. Also confronting a hostile media & conservative agenda.
- Nevertheless crisis means elements of ruling strata & middle class open to issues being raised eg on interest rates, jobs, high prices, unsustainability of current growth path. Ditto for broad civil society. Needs more effective programme of engagement

# Shifts and Possibilities

## Emerging shifts

- Polokwane platform lays basis for a range of shifts, both in terms of governance, & direction of policy. This however is highly contested. Pressure from capital for 'no change' message, particularly on mac-ec policy. Public articulation of this confusing.
- NB convergence at May Alliance Summit on need to confront key issues, some of which previously taboo: review of inflation targeting, food subsidies, moratorium on privatisation, intro of money bills, removing Vat on basics, review of mega projects such as smelters, state intervention in vulnerable sectors to create & save jobs, campaign/ measures to create decent work as centre of ec policies, & act against casualisation, & assertion of Alliance as strategic political centre, which drives governance. Decision to hold Alliance economic summit & engagement with government on these issues

# Shifts and Possibilities

## Developments in the state

- Emergence of progressive shifts within state, eg in DTI & Competition Commission; & growing contestation of role of Treasury.
- Consolidation of some post 2003 shifts away from neo-liberal agenda. Remains contested.
- Opening up of policy review processes, particularly in the Presidency- proposal for comprehensive policy review; Vision 2025 scenario planning exercise; and process of development of central co-ordination & planning capacity in the state- plan to be presented in January 2009
- Some criticism of above as pre-empting new gov.t. But opens up opportunity. Needs to be discussion on how to engage, & role of Alliance & civil society in processes.

# Shifts and Possibilities

## Policy & legislative developments

- Need comprehensive audit of current developments in state.
- Some progressive interventions being driven by Parliament eg on Money Bills & SABC
- Also significant legislative interventions from Executive eg Competition Bill amendments
- Unco-ordinated debates on policy within state- need comprehensive engagement to determine what is on the table, and alignment with Alliance mandate

# Shifts and Possibilities

- NB emerging possibilities but also significant areas of resistance, from capital & conservative centres eg Treasury. Remain key blockages & contradictory policy stances eg on monetary policy & pursuit of inappropriate free market policies in face of crises eg food crisis.
- However, policy space has opened like never before to engage & advance an alternative progressive vision. But requires active & concerted engagement.
- Need to use space to secure agreement on progressive policy programme, in advance of 2009 elections.
- We have opened the doors. Can we walk through them?