THE CHANGING GOVERNMENT POLICY: FROM RDP TO GEAR

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Like one of the speakers in the early sessions, I am going to concentrate on some of the political issues and that is probably going to mean that it is going to come across as pretty rhetorical. When we consider what has been said today in terms of the New World Order, then it is very obvious that there has been a failure of the free market system of which these policies are integral. To take one of the figures that David Werner quoted earlier today, where 358 people own the assets, the same as what half of the world's population earn in income. That is, in my mind a devastating critique of the type of New World Order which South Africa through the macro economic programme is seeking to integrate us into.

Many of you might recall during the heydays of Maggie Thatcher in Britain, she coined a little catch called Tina, 'There is no alternative'. When you consider that 16 million children are losing their lives because of hunger and curable diseases, when you consider what the South is taking in capital outflows, money is being transferred, capital is being transferred to the rich, industrialised North, when we consider that one billion people are starving in the midst of over -production of food, then I think you will accept the urgency of an alternative to Tina. In South Africa we have coined the term Temba, our own indigenous African alternative, because there must be an alternative.

Just the other day I was meeting one of the funders to ensure that our little centre could carry on doing its bit of work. I was in the process of explaining globalisation, the New World Order and its impact for development, when the question was posed to me so as to what the alternatives was? And since our name implies Alternative Information maybe he thought I could tell him what the alternative was. If I was asked that question 10 years ago I would have said our alternative is the Freedom Charter, it's Socialism, it's a people centred development Programme, it is the RDP.

Why do we feel uncomfortable saying that there are alternatives. Firstly it is probably the result of the ideological impact of these free-market policies; which are driven to tell us and always enforce in our minds that your alternatives are unrealistic, they are not possible. I think the little anecdote about the World Bank and the possible 12% deficit is a very good illustration of how there are alternatives, but it is a question of whose interests these alternatives serve in today's world.

Also we are extremely sceptical about alternatives, egalitarian alternatives, because we have to come to terms with the failure of most egalitarian projects. Whether it is the failure of so-called socialism in the post capitalist states of Europe, or the failure of social democracy, or the failure of the African Revolution, we say it has all failed, obviously we are at the end of history now. The free market is the best we have.

It is absolutely crucial that we resist throwing the baby out with the bath-water. It is clear, given the restructuring and transformation that has taken place in the World and South Africa, that we cannot simply say here is the doctrine or the blue print. We don't have that blueprint. So, my reply to the funder was, I'm not sure what the alternatives are, but there are certain elements or there is a framework within which we can consider an alternative/s.

There are lots of suggestions in terms of alternatives, both speakers here as well as abroad, in conjunction with a plethora of literature and documents that suggest alternatives at a global level. We don't have a sufficient knowledge of them.

Please note that this paper is an edited transcription of the paper delivered at the conference since Brian Ashleys' paper was not available at the time of printing

When we look at the GEAR Patrick Bond has already alluded to, there are alternatives at that level. If we take the example of current interest rates: given the Public Debt of R300 billion and apply a similar scale sized private debt, we are talking about a current interest rate of R30 billion being transferred to financial institutions per year. In other words, R30 billion is being taken from the poor and given to the rich. Is it possible to contemplate a massive reduction in South Africa to deal with the massive debt? If we brought down the interest rate by 5%, which a number of progressive economists suggests, the climate for productive investment would become feasible in economic terms.

Given these high interest rates, it is going to take a lot for you to take your money out of the financial sector, where you are getting huge returns and putting it at risk in opening new factories and so on and where you are not going to necessarily get the same type of returns. We can talk around budget deficits, about a more progressive tax regime which we could consider capital gains taxes and which would consider taxes on luxury items. We have to ask ourselves the question: if these different alternatives exist why are they so marginal? I think the earlier point that I was making about invested interest is crucial. Perhaps I can take this opportunity of illustrating how facile some of the responses to alternatives are.

There is a guru in the United States who was behind the whole notion of the lean, mean corporation, the down-sized corporation - Michael Hammer - is his name. Three years later he said that he has to rethink because they left out one very important element. What was the element? The people. They subsequently found that a 3% increase in the number of people employed raised the question of profits and accumulation for the corporation. I am attempting to illustrate how, when it suits a particular elite, things are possible, and when they don't they are unrealistic. I am suggesting that in terms of our framework, in considering alternatives we have to bear that in mind.

I think the real answer is rooted in existing power relationships. Why do we have this shift away from the Reconstruction and Development Programme, away from the developmentalist and redistributive policies, toward a neo-liberal policy which is not contained by market realities. We have to consider the context in which the GEAR was born, the impact of the New World Order as well as the impact of globalisation, the power of the big financial institutions, the transnationals and so on. In South Africa it is under the influence, the power, of those people who were privileged under apartheid - particularly the huge corporations which dominate and own the Johannesburg Stock Exchange. They are able to use their influence and power to ensure that policies allow them greater levels of profit, or use their strategic location within the economy and the bureaucracy to block progressive policies that our Government has already committed itself to. I am sure that all of us have examples from South Africa of the dismay we have in understanding why in this or that instance a policy that has been agreed to does not really see the light of day. Just to take the example of toxic waste. Here, in spite of the ANC's commitment against the dumping of toxic waste, and the involvement of the Green Coalition, the environmental movement in getting a resolution at the European Union which would seek to block further toxic dumping in South Africa, this is still continuing.

I think when we consider the way forward we need to do it from the perspective of the objective needs of our people. We need to go back, perhaps to the early Trade Unionists who have said that we reduce the day in the objective needs of the working people.

I think we have to locate the objective needs of people within the people's organisations. We must build strong people's organisations around many of the alternatives that have been mentioned, and the many progressive aspects of the Reconstruction and Development Programme. I think in such a proposal lies the means both of in terms of addressing the current social weaknesses of social organisation and movements in this country, but on top lies the hope that real alternatives can be fleshed out and given the type of substance that the type of research mentioned earlier in relation to what has been done in Zimbabwe. These alternatives are real and are capable of ensuring a different type of society to the one that is declaring war on our children. Lastly we cannot do it in isolation of the global movements, the campaigns that are taking place to challenge the New World Order., the instruments of globalisation, the IMF, the World Bank, the World Trade Organisation and so on. We in South Africa must locate ourselves inside these movements and campaigns because it is not simply good enough to operate only at the local level.