

Let's not monumentalise the NDP

Jeremy Cronin

Chris Hani Institute

24th May 2013

The broad context of the NDP

- Global conjuncture – persisting global capitalist crisis in developed centres, relative de-throning of neo-liberalism
- South African conjuncture – advances in consolidating a constitutional democracy – but threatened by persisting triple crisis (unemployment, poverty, inequality)
- Danger of NDP being divisive factor – with avid supporters and equally avid rejecters

What is to be done?

Paradigm 1

ANC, alliance, ANC-led govt – need to move into a 2nd, more radical phase of the transition, placing economy onto a new, labour-absorbing growth path – through state-led infrastructure programme, linked to re-industrialisation, including greater beneficiation of natural resources, and skills development – **requires mobilisation of broadly patriotic forces, particularly working class and poor and a capable developmental state**

What is to be done?

Paradigm 2

DA, big business lobby, commercial media –

- accelerating growth (“growing the cake”).
- scepticism about state-led industrial programme (“light touch”)
- economy best left to market with allowances for state intervention in cases of “market failure” – but what about MARKET “SUCSESSES”?
- Where DA is in power – efficiency = key focus

For DA social mobilisation objective = mobilise “outsiders” (business, suburbs, ‘minorities’, alienated unemployed) against the “insiders” – “twin evils” of BIG GOVERNMENT and BIG UNIONS

Where does NDP stand?

In name of building national consensus the critical differences between these paradigms gets fudged across at least 4 inter-connected dimensions:

- The DIAGNOSIS of our challenges
- The assumptions about “BROAD PARTNERSHIPS” to drive the “vision-plan”
- Planning Commission’s INSTITUTIONALISATION and COMPOSITION...and therefore inevitably -
- The NDP’s RECOMMENDATIONS

NDP's diagnosis of our challenges

NDP (p25) –referring to earlier **Diagnostic Report** – *“it identified a failure to implement policies and an absence of broad partnerships as the main reasons for slow progress...”*

- This avoids undertaking a self-critical evaluation of policies
- Implementation problems often rooted in poor policy
- Absence of broad partnerships might be result of anti-worker, anti-poor policies and/or top-down imposition of policy “written in stone” (eg. GEAR) – TINA. A “vision” gets sold, actual underpinning policies left to “experts”

4 Policy evaluation – diagnostic failures

- Why **low levels of productive investment**?
- So-called “**BEE**” – has it been transformative? Developmental? Or inherently parasitic and compradorist? (1994-2010 R500bn on BEE vs. R150bn on housing and land reform)
- Why a weak and often **disconnected and incapable state**? (tenderisation, agentification, down-sizing)
- What are the **systemic underpinnings of corruption**?

Why low levels of productive investment?

NDP envisages raising investment levels from 16% of GDP (2012) to 30% plus (achieved even in 1980s) – but fails to say HOW, because it fails to DIAGNOSE WHY investment levels dropped badly post-1994 = failure to critique policies favouring export of capital:

- Liberalisation of exchange controls; off-shoring of primary listings; expatriation of dividends (Edcon, Top TV, Walmart); liberalisation of retirement fund regulation
- Too high exchange rate vs competitiveness (to enhance value of R-denominated assets taken abroad);
- Too high a level of interest rates vs domestic investment (to attract short-term inflow transfusions to compensate for haemorrhaging of capital flight)

SOME 20-25% OF GDP disinvested since 1994

Dramatic financialisation of SA economy

NDP “reports (p129) with some satisfaction that the finance sector in SA had experienced a tripling of its output from 1994 compared to 67% for rest of economy...But what exactly did the financial sector produce...? It more or less tripled the ratio of assets to GDP...three times the amount of financial assets had become necessary to support production of a unit of output. If this had been for any other input – the amount of wood for a piece of furniture for instance – it would have been seen as a disastrous loss of productivity.” Ben Fine, “Chronicle of a developmental transformation foretold: SA’s NDP in hindsight”, **Transformation** 78 (2012)

Ben Fine on SA financialisation contd.

“A sector that had grown many times faster than the rest of the economy, with the putative function...of mobilising and allocating investment and spreading consumption over lifetimes through credit, had in practice:

- Mobilised finance to go abroad*
- Failed to raise domestic investment*
- Prompted instability and credit-fuelled excessive consumption; and*
- Excluded its benefits from over a third of population...*

It had appropriated something like a quarter of GDP with added irony of counting this as a contribution to production.”

How do we mobilise to address challenges? Partnerships with whom?

Class Asymmetry in NDP

NDP tends to assume that “investors”, “business interests” are a uniform reality (and fails to adequately distinguish between Minerals-Energy-Finance Complex and, for example, manufacturing, agricultural sectors).

Contrariwise – devotes considerable attention to stratification within working class and poor – public/pvt sector, formal sector employed, informal sector, unemployed, youth, etc.

NDP’s “broad partnership” assumptions:

- essentially a “partnership for growth”, in which
- the interests of financial capital = the “national” interest; and
- Implicit, unionised formal sector unions (in public and pvt sector) = “the blockage to growth”

What is the strategic “partnership” that the NDP should have sought to build?

A PROGRESSIVE NDP in the 2nd phase of the transition should seek to be A COMMON PLATFORM FOR alliance + broader working class & poor + developmental state + “patriotic”/productive capital

Versus

Current hegemony of Financial Capital

NPC's institutionalisation

Trevor Manuel: *“The commission...is an interesting construct...my initial thought was to have the commission structured more along the lines of the Indian Planning Commission which has about half a dozen ministers on it...chaired by the PM ...I lost that battle...It was about wanting to follow a construct whose relationship to implementation would be understood.” (Daily Maverick, 4 March 2013).*

National Planning Commission

- 25 part-time commissioners– not an organic state planning entity – (myth of the “neutrality” of “experts”?, myth of a “win-win” for all?)
- What is connection of NDP to IDPs, PGDS, NGP, etc. etc? – (see April problem with IRP nuclear build)
- Gave itself 18-months to produce a 20-year vision-plan – 484-pages (supposedly fit-for-implementation AND consensus building)– an impossible task!!

COSATU's draft critique of the NDP's

ch3 "Economy & Employment"

- On jobs, NDP envisages mostly low-quality, precarious jobs outside formal sector – SMMEs, service sector – exactly sectors showing net job losses over last years
- On worker rights – erode rights through focus on low paid SMMEs and making dismissals easier
- Weak on critical re-industrialisation – envisages a shrinkage of manufacturing sector from 12% of GDP (2010) to 9,6% in 2030
- GINI co-efficient target unacceptably modest – 0,70 (2009) to 0,60 (2030) – we're already at 0,65 (11/12)!!

Any Positives in NDP?

The following = brief list of some positives that must be consolidated:

- **Importance of long-range planning** to achieve strategic discipline across the state and state entities (no vanity projects – GFIP, Gautrain etc)
- Centrality of a **capable developmental state**
- NHI, Demilitarisation of Police, infrastructure build programme, transforming human settlement, promoting accountability and fighting corruption

Did ANC's Mangaung Conference rubber-stamp NDP?

- *“We must **work towards implementation of recommendations of NDP...**” (Res'n on Soc Dvpt)*
- *“we embraced NDP as a **platform** for united action by **all S Africans...an important basis** for the devpt of a long-term plan” (Conference Declaration)*
- *“NDP is a **living and dynamic** document & articulates a **vision broadly in line** with our objective...ANC will **continue to engage with the plan...**” (Ec Transformation resolution)*
- *“the NDP was adopted without benefit of drawing from a White Paper on international relations, which led to a **limited perspective on international relations..** (Resolution on International Relations)*

Way forward

- First, refuse to “monumentalise” NDP (it is NOT written in stone)
- Second, much more aggressively take on the diagnostic silences of NDP – low productive investment, BEE, tenderisation of state, systemic underpinnings of corruption
- Third, build a broad consensus around re-industrialisation, infrastructure build, skills for a new growth path; and
- Fourthly, with incoming 2014 administration – establish a more organic State Planning capacity (building on experience of NPC, but also PICC, etc.)