

Tenets of sustainable Development:

**Reflections on the WSSD and the role of
the financial sector in sustainable
development in South Africa**

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speech to the

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Thank you for the invitation to come and address your 2002 Annual Conference. We also wish to congratulate you for dedicating this year's conference to that great hero of our people, Nelson Mandela.

Nelson Mandela is a symbol of the unity of our people and the Alliance

As the SACP we are always proud to be associated with a person like Madiba, who has played an outstanding role not only in our struggle against apartheid, but has been a great unifier. Without the likes of Madiba we would for instance not have been able to maintain our Tripartite Alliance whose unity still remains the single biggest weapon we have to advance and consolidate our gains. Madiba understands very well that, like in any alliance, there will always be different views and approaches. Madiba has grasped that the key challenge in any alliance, not least ours, is not to shy away from differences or seek to rationalise them away, but the critical task is how to manage them and direct those energies towards the attainment of the goals of our struggle in a democratic, non-racial, non-sexist and egalitarian society. As the SACP we shall forever be indebted to Madiba many things, including his sacrifices and modesty, but most critically for being an exemplary leader and unifier of the Alliance. It was for this reason that the SACP saw it fit to award Madiba, in 1998, with our highest honour, the Chris Hani Peace Award.

Many today are, at the expression of differences within our Alliance, quickly calling for its dissolution. The dissolution of the Alliance, expedient as it might be for some, would constitute a serious setback to our gains, and would be tantamount to dividing the only force capable of consolidating these gains. Those who think that the only way to move forward is to seek to marginalise the working class and its formations in our country are actually the enemies of our democracy.

The unity of all the class forces that were previously oppressed still remains an important imperative, even more so in a hostile global environment whose economic structure still principally favours the big global conglomerates. It is for this reason that we regard the BMF and black managers as an important component of the struggles to consolidate and deepen our democracy. Our only defence against the rampant global capitalism in order to secure sustainable development is through deepening the unity of the Alliance. As the SACP we will honour Madiba by seeking to preserve the unity of the Alliance, whilst not shying away from unapologetically advancing the interests of the overwhelming majority of our people; the workers and the poor.

Poverty eradication and growth through development

It is our considered view that the key to sustainable development is poverty eradication. Poverty eradication, as some might be tempted to do, should not be treated as a sop to the poor just to contain them whilst wealth still remains in the hands of those who are able to make it. In fact the key contradiction facing our society is that whilst the democratic forces have consolidated their hold over state power, including many advances on addressing the social deficit, economic power still remains with the same class forces that were economically dominant under apartheid. One particular expression of this is the current growth path, which is still skewed in favour of these class

forces; the white capitalist class and their global counterparts; and away from the black majority. It is a growth path that is proceeding on the altar of sacrificing the working class through the current job-loss bloodbath and restructuring of the working class into the margins of our economy.

Therefore the key challenge for sustainable development in our context is that of developing a growth and development strategy premised on job creation and that we will only grow our economy by addressing the development needs of the majority of our people. As the SACP we do not agree with the view that development will only follow growth. Economic growth does not automatically translate to the benefit of the workers and the poor. We can have high levels of economic growth but only benefit a few. To say that growth will in itself translate to development is a trickle-down approach that will not take us out of the current skewed accumulation path. In fact this is the fundamental tenet of the RDP and the only basis for sustainable development. In essence our belief is that a market economy, on its own, is completely incapable of distributing the fruits of growth equitably.

It is also for the above reasons that the SACP has consistently been calling for a shift with pre-occupations with macro-economic policy to a micro-economic focus, and that our macro-economic policy must reflect our micro-economic priorities. To this end we have argued that much more effort should be thrown towards the mobilisation of our domestic resources, human and financial, as a critical foundation for a growth and development strategy. This includes mobilisation of the resources in the financial sector, increased investment in infrastructure and a comprehensive human resources strategy.

In our conditions we also consider a comprehensive social security system a critical component of a growth and development strategy. In a country where 60% of the African population live in poverty, and is caught in long-term structural employment, a comprehensive social security system is a must. That is why we have chosen to focus on this issue as part of our Red October 2000. We are also calling the BMF to encourage its members to volunteer in the government campaign to register all those who qualify for social grants but are currently outside the social security net.

The challenge for an organisation like the BMF is that you should play a role in the evolution of a growth development strategy aimed at changing the current growth path. That is the meaning of transformational leadership and a proper tribute to Madiba. In addition we need to discuss amongst ourselves as to what the concrete role of black managers and the BMF in this huge effort towards poverty eradication. Transformational leadership should mean leadership for poverty eradication and growth through development. The key question is how should black managers use their strategic location, both in the public and private sector, to make a meaningful contribution towards the development of strategies towards poverty eradication.

Competing conceptions of black economic empowerment

Related to the challenge of poverty eradication is an open realisation that there are in fact two competing conceptions of black economic empowerment in our country today. The one conception

is that which focuses narrowly on elite empowerment to the exclusion or without due regard to the overwhelming majority of our people. The second conception is that of a broad based black economic empowerment principally focusing on the workers and the poor but without excluding elite empowerment. We should frankly and openly admit that these two conceptions actually do exist and that there are tensions between the two.

We must always be careful that we do not conflate the two. Our argument is that we should accept a broad-based definition of BEE, within which to locate even our own legitimate aspirations to be rise in the managerial ranks. Indeed the two conceptions need not be always conflictual. For example the SACP has been calling for the workers to have a direct say over the control and investment of their pension and provident funds. In fact this is one crucial weapon in advancing a broad-based BEE. Part of this control means that the workers, in having a say over the investment of their pension and provident funds, should seek to promote progressive black managers to be managers of these assets, under the direct control and supervision by workers themselves.

Brief reflection on the WSSD

The WSSD was about some of the key issues raised above. But for us the WSSD clearly illustrated the very serious contradiction between capitalist markets and the interests of the dominant global multinationals, and the development needs of the majority of the peoples of the South. The refusal to subject the market to the overall human development needs is one of the critical obstacles facing the development of humanity today. This is the fundamental challenge of sustainable development today.

What was positive about the WSSD, particularly for those of us who were at NASREC, is the growing realisation and call for people themselves to promote solidarity to fight for fundamental change in the current world economic order. We did not win this at the Summit, but there is increasing people pressure towards this goal. This calls on all of us to think beyond existing paradigms, including the paradigm that increased volumes of trade and opening our economies to capitalist globalisation will necessarily translate to development and poverty eradication. Whilst in the current circumstances no economy can close itself off from the global economy, but developing countries need to take measures to protect their capacity to address the needs of their own peoples. We also need to look critically at the concept of being described as “emerging markets”. South Africa is not principally a market but a society emerging from apartheid populated by human beings who have enormous development needs.

A critical issue that we also need to face is that the current global economy is fundamentally dominated by finance capital, including the increasing financial speculations that have led to financial and near economic collapse in countries like Argentina. It is our considered view for instance that we need to do something to control financial speculations, just as we need to be careful about the liberalisation of the determination of food prices leading to the escalating costs of, for instance, the price of maize meal. Again the question is what role should an organisation like the

BMF be playing in these debates and struggles for a global financial regime that supports sustainable development and poverty eradication.

The importance of the domestic financial sector in sustainable development

Just as financial capital is the foundation of global capitalism, the situation is similar domestically. In fact in our situation we can never be able to address poverty eradication nor realise sustainable development and BEE without a fundamental transformation and diversification of our financial sector. It was for this reason that we embarked two years ago on the campaign for the transformation and diversification of the financial sector. This sector holds billions of rands of finance capital whose manner of deployment and investment has huge consequences for our developmental agenda. The fact that pensions and provident funds are about R1,4 trillion means that this sector is crucial in any growth and development strategy.

The holding of the financial sector summit in NEDLAC on 20 August 2002, and the agreements reached therein, marked one of the most historic and significant gains for the workers, the poor and all those who have been excluded by this sector in the past. This potentially marks a new era towards the transformation of banks and the financial sector in general and the development of a credit regime orientated towards the development needs of the majority of the people of our country.

During our campaign we had demanded and, at the NEDLAC Summit got agreement on legislation and policy framework for co-operative banks and other types of micro-credit, financial co-operatives. During our campaign the building of co-operative banks came to be the major demand from amongst our people. Related to this was an agreement on major banks working towards universal access to banking services for the poor, particularly the rural masses and those who receive old-age pensions.

Agreement on urgent steps towards the regulation of micro-lending and the loan sharks is one of the most important achievements of our campaign, as well as an agreement on the regulation of the credit bureaux, as part of forging a developmental and affordable credit regime in our country. A commitment to exploring automatic insurance cover of up to a bond of R150 000 for all, including those of our people who are HIV positive is indeed a path breaking achievement. This will go a long way towards saving houses for Aids orphans and towards ending unfair discrimination against the HIV positive.

In summary, the key agreements at NEDLAC were:

- Legislation to create third tier financial institutions, including co-operative banks
- Regulation of the credit bureaux to make sure they operate in a transparent, fair and developmental way, ensuring accuracy and consumer protection
- Immediate discussions on how to deal with micro-lenders and protect our people from loan-sharks

- Ending all forms of gender and racially based discrimination and promote measures to lend to the poor, black people and SMMEs
- Measures to end redlining of areas
- Ending unfair discrimination against HIV positive people, including access to bonds
- Jointly explore developmental investments to create jobs and meet basic needs
- Complete review of the regulatory regime of the financial services sector in order to harmonise such regulation towards developmental objectives
- Strengthening the role of public financial institutions, in particular the Postbank, in order to service the needs of the poor
- To mobilise our people's savings, promote a savings culture in order to direct these towards our developmental goals

The challenge now is not to demobilise, but to continue with our mobilisation in order to ensure that these commitments by finance capital are implemented. All the agreements reached are but the first, albeit very important, step in the struggle for transformation of the financial sector. We hope you will continue to throw your weight behind the realisation of these commitments. We have committed ourselves to meet monthly at NEDLAC to implement these agreements. We need your knowledge and skills to assist us in this process as an important component for sustainable development in our country.

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