

## CHAPTER 3 – revised following 11<sup>th</sup> Congress

### THE SOUTH AFRICAN REVOLUTION IN ITS INTERNATIONAL CONTEXT

#### **Qualitative changes in the world capitalist system - the current stage of imperialism**

Over many decades, the SACP's understanding of imperialism has been informed by Lenin's important analysis, *Imperialism: The Highest Stage of Capitalism* (1915). Lenin took for granted many of the key features we associate with the term "imperialism", such as colonial conquest, national oppression and war. He was concerned in his analysis to uncover the underlying essence and motive force of imperialism. He concluded his analysis stating that imperialism "...emerged as the development and direct continuation of capitalism in general. But capitalism only became capitalist imperialism at a definite and very high stage of its development".

In other words, for Lenin, imperialism was recognizable as a development of capitalism in general, but at a particular late stage of its development, with specific features distinguishing it from capitalism as it existed in earlier stages.

Specifically, Lenin saw imperialism as linked to the following characteristics of capitalism:

1. *The rise of monopoly capital* - resulting from the rapid concentration and centralization of capital in the major imperialist countries during the 19<sup>th</sup> century.
2. *The merger of monopoly industrial and bank capital* to form what Lenin called *finance capital*.
3. *The export of capital* as distinct from the export in earlier stages only of commodities.
4. *The formation of international monopolistic associations or cartels*.
5. *The territorial division of the world between imperialist powers*.

#### **Capitalist globalisation, a higher stage of imperialism**

The current qualitative changes occurring in the world capitalist system represent a new stage of capitalist "globalisation". To paraphrase Lenin, the present stage in the world capitalist system "*emerged as the development and direct continuation of imperialism. But imperialism only became capitalist globalisation at a definite and very high stage of its development*".

In other words, "capitalist globalisation" is, essentially, a development of imperialism, but at a late stage of its development with specific features distinguishing it from imperialism as it existed earlier, including at the stage analysed by Lenin.

- *Contemporary capitalist globalisation has emerged at a particular historical period*. The present period is not the first time the world economy has witnessed a "widening and deepening of trade flows". The end of the 19<sup>th</sup> century and the

early 20<sup>th</sup> century to the 1<sup>st</sup> World War saw “globalisation” on a scale not matched until recent times.

- The period between World War 1 and the mid-1970s, however, saw some partial retreat from the “globalising” dynamics of the process of imperialism, with protectionism in many countries.
- The resurgence of “globalisation” in recent times follows a period of crisis and major restructuring in the world capitalist economy. In addition to the short run cycles of boom and bust intrinsic to capitalist development, global capitalism also develops through “long waves” of expansion and contraction. The period between the end of the 2<sup>nd</sup> World War and the mid-1970s was a “long wave” of expansion. The mid- to late-1970s saw the system entering into crisis and a “long wave” of contraction. This saw massive destruction of capital followed by a major restructuring of capitalism. It is this restructuring which defines the present phase of capitalist globalisation”.

### **Restructuring and transformation of the forces of production**

The current “globalisation” phase of capitalism is most obviously associated with an extensive and intensive restructuring and transformation of the **forces of production**. In many respects these advances represent major progress in human civilization.

Some of the most obvious features of capitalist “globalisation” as a process of restructuring of the forces of production include:

- *A major technological revolution.* A central feature of the late 20<sup>th</sup> century restructuring of capital has been the rise of “information and communications technology” and of ICT derived knowledge as the driving force of rising productivity and accumulation. A number of writers (e.g. Manuel Castells, Hardt and Negri) have compared the rise of “informationalism” to the early 19<sup>th</sup> century “industrial revolution”, in terms of its significance for the development of productive forces. The technological revolution is not only confined to ICT, but reaches into a very wide range of production processes and products.
- *A transition from an international to a transnational mode of operation in the capitalist world economy.* Until the late 1960s, although countries traded with each other to a growing extent, “the bulk of their economic activities remained home-centred” (Hobsbawm) and the basic modus operandi of the world economy remained international. From the late 1960s on, however, an “increasingly transnational economy began to emerge” characterised by “a system of economic activities for which state territories and state frontiers are not the basic framework, but complicating factors”. “Some time in the early 1970s”, writes Hobsbawm, “such a transnational economy became an effective global force.”

- *The emergence of globally “networked enterprises”*. This phrase is associated with the writings of Manuel Castells. According to Castells, networks rather than firms have become the main organizational form of contemporary global production. These are constantly shifting, cross-border link-ups of units of economic activity. The system is constantly promoting the link up of “useful” economic activity (production, distribution and exchange) across national borders; and at the same time marginalizing or excluding activity that ceases to be “useful”. “Inside the networks, new possibilities are relentlessly created. Outside the networks, survival is increasingly difficult”, *The Rise of the Network Society*. Countries, sectors, and peoples are either “in” or “out”. Those that are “out” are increasingly being marginalized with dire consequences for incomes and living standards. This has been accompanied by increasingly strong competitive pressures on national economies and productive sectors to adapt to the norms of globally networked capitalism. Elements of this include pressures on enterprises to focus on their “core business”, to “down size” and “outsource” peripheral activities.
- *A Strengthening of Multi-Lateral Institutions of Global Economic Regulation*. The process of liberalization and deregulation at national level has been accompanied by a strengthening of regulation at the global level. Institutions like the World Trade Organisation (WTO) have become more important and influential, regulating not just trade in commodities, narrowly defined, but an increasing list of “trade related” issues like intellectual property rights, investment measures, etc. A concomitant of this has been an important relative shift in the locus of sovereignty. Michael Hardt and Antonio Negri have, for example, argued that “Control...is not in the hands of the political forces that are traditionally conceived as holding sovereignty, and consensus is determined not through the traditional political mechanisms...Consensus is determined more significantly by economic factors, such as...speculation on the value of currencies” (*Empire*).

**But the current phase of capitalist “globalisation” has its roots in a systemic, global capitalist crisis**

The current phase of capitalist “globalisation” is often associated primarily with major technological and organizational advances in the forces of production of the kind noted above. This is not, of course, entirely wrong. However, **underpinning** and driving the current phase of capitalist expansion and innovation is the attempt to surpass **the systemic crisis of declining profitability that manifested itself in the mid-1970s, with its origins in the most developed economies of the North.**

The post-World War 2 quarter century (1945 to the early 1970s) saw a long-cycle of expanded production and relative capitalist prosperity. However, by the mid-1970s there was an increasing crisis of “realization” for the capitalists. That is, in an increasing range of sectors, before profits could be fully realized on the very large fixed investments required by capitalist production, those investments became obsolete because of new technological developments. In other words, by the mid-

1970s there was the emergence of a **classic contradiction** between the potential of the **forces of production unleashed by capitalist development**, and the **profit-driven relations of production** associated with it.

Although world capitalism is not about to collapse because of its systemic crisis, it is also incapable of surpassing this crisis **within the boundaries of the capitalist system itself**. To some extent, the mid-1970s crisis of declining profitability has been overcome with the barrage of measures associated with neo-liberalism. But these “solutions” have tended, in the long run, to deepen the systemic problems of global capitalism. Indeed, over the longer-term, the deep and destructive contradictions of capitalism, driven by profit maximization, are a threat to human civilization and the environment on which our civilization depends. In the short and medium-term, the responses of global capitalism to its systemic crisis, all serve, in one way and another, to exacerbate the underlying contradiction. Responses have included:

- The unsustainable **intensification of the exploitation of natural resources**, and the more **extensive** (globalised) pursuit of exploitable natural resources;
- Enforced **liberalization** and **privatization**, not least in the South – opening up new “terrain” for private profit-taking. This neo-liberal agenda is designed to secure freer movement of commodities, capital and financial instruments. Notably excluded from this agenda of liberalization is labour – (with the important exception of highly skilled labour).
- In contradiction with the above, there is also growing **protectionism** within advanced capitalist countries with respect to “grandfather” industries vulnerable to competition from new comers. This protectionism is placing an unbearable burden on the South. In the South economies are forced, through structural adjustment measures and other means to remove their own regulatory measures. Yet it is precisely these economies of the South that most need some degree of shelter in order to nurture development and growth.
- The “**financialisation**” of investment, in which the relative proportion of investment in productive activities has diminished significantly, with capitalist investors increasingly shying away from long-term commitments to “bricks and mortar” projects in favour of shorter-term exposures that can more easily be entered into and exited from. This financialisation explains the increasing shift towards “hot money”, which has played such a destabilizing role in the recent period.
- In the more recent period we have also seen the reversion to massively **increased military spending**, specifically in the US, a traditional capitalist response to a systemic capitalist crisis. This post-Cold War re-militarisation is, in part, a response to perceived (and actual) “terrorist” threats (themselves the

symptoms of the terrible contradictions unleashed by rampant, profit-driven globalisation); but it is also an economic response to declining profitability.

Each one of these responses, organically linked to the logic of capitalism, deepens, rather than resolves, the crisis facing the whole of humanity. These and other responses from the developed North have, in particular, resulted in:

### **High Levels of Unevenness and Growing Global Inequality**

Inequality both within and between countries has risen. A study published in April 2001, for example, indicates that the global GINI coefficient was both greater on the world-scale than in individual well-known unequal societies, and that it has increased from 62,5 in 1988 to 66 in 1993. Over the same period the share of income going to the poorest 10% of the world's population declined by 27%, while that going to the richest 10% increased 8% (Robert Wade, *The Economist*, 16/4/2001).

The massive restructuring of the forces and relations of production associated with capitalist "globalisation" have also had a dire impact on **women**. Enforced privatization and budget-cutting have impacted on the capacity of the public sector to deliver health-care, education, care for the aged and the very young, and also to deliver basic necessities. The burden of this growing social deficit falls heavily on women world-wide. The restructuring of the working class, another central feature of the current phase of globalisation – casualisation, informalisation, piece-work, and massive retrenchments – have all impacted unequally on women workers. Capitalist "globalisation" and the breaking down of national barriers has also seen an escalation of globalised criminal activity, some of which impacts very directly and dramatically on poor women (the international sex trade, the trafficking in girl-children).

Capitalist "globalisation" has, accordingly, been associated with growing inequalities both within and between countries.

It is critical to understand that **BOTH sides of "capitalist" globalisation** – the dramatic and progressive development of the forces of production ("informationalism"), and the often barbaric widening of inequality, deepening poverty and oppression - **exist in a dialectical relationship**. Both aspects are inter-linked and integral to the same capitalist process. The negative dimension of "globalisation" is not accidental, or the result of "oversight", or merely of "market failure" in an otherwise crisis-free process. Both the rapid development of the forces of production and the deepening of global inequality and misery have **their roots in the SAME systemic capitalist crisis**.

Given the sheer dominance of the global capitalist system, and given our own economy's relatively small size, and the extensive dependence of our economy on trade, we cannot aspire to simply avoid, or seal ourselves off from "globalisation". However, given the systemic, crisis-ridden nature of capitalist "globalisation", we cannot aspire simply to "align ourselves with its neo-liberal agenda" and then hope to prosper.

It is for these reasons that, as the SACP, we have argued that, as much as possible, we need to pursue strategies that simultaneously engage with, and disengage from the logic of capitalist “globalisation”. We need to engage with “globalisation” in so far as it concerns technological development, raising the capacity of our people and productive enterprises to utilize informational technology, to increase access to knowledge, and thereby raise productivity and skills. But we need to disengage, as much as possible, from the logic of capitalist “globalisation” when it comes to issues associated with its polarizing and marginalizing tendencies.

### **No to capitalist “globalisation”, yes to the globalisation of solidarity**

In the preceding sections, we have outlined the key features of the present stage of world capitalist development, and we have analysed it as a stage of imperialism that might be referred to as **capitalist** “globalisation”.

However, our contemporary reality has also seen increasing possibilities for, and the actual affirmation and re-affirmation of new and old forms of global solidarity. These trends towards global solidarity, which were pioneered by the working class, and the trade union and international communist movements in an earlier period, are the result of many struggles, campaigns and initiatives.

Ironically, but as in earlier periods, it is often the infrastructural developments of capitalist-driven “globalisation” (the electronic media, e-mail and the internet) that facilitate the progressive exchange of perspectives, and the co-ordination and popularisation of struggles for global solidarity. Likewise, and again ironically, it is the barbarism of the very same globalising capitalist world system that spurs millions of people around the world into action:

- For peace and against militarisation and imperialist unilateralism,
- For development and the abolition of the debt burden,
- For the extension of affordable and sustainable basic services to all, and against the privatisation,
- For the emancipation of women and against their intensified oppression, and
- For sustainable development and against the profit-driven destruction of our environment

to name just some of the most prominent areas of struggle for global solidarity.

In the context of these realities, the SACP will continue to interact with the widest range of progressive forces, both domestic, regional, African and international. We have a particular responsibility towards, and an important resource in, the continued existence, on all continents, of a great variety of Communist, Left and Worker Parties. The SACP will continue to engage in numerous multilateral and bilateral engagements with these fraternal parties. The SACP will continue to share analyses and experience, and seek to develop and advance common programmes and projects with these fraternal forces, while respecting each others’ unique national experience and characteristics.

In particular, the SACP will engage more resolutely than in the recent past with left parties and groups within our region and continent, particularly in the context of developing common perspectives and programmes to address the systemic underdevelopment of our region and continent.

The SACP will not confine its international work to fraternal parties. The SACP in its own right, and as part of the broader ANC-alliance, has many dynamic contacts with a wide range of progressive governments, multi-lateral institutions, social movements, trade unions, and NGOs. We will deepen these contacts, and we will seek to learn from the widest range of progressive global currents. We will also seek, in the course of this work, to build global solidarity on a firm anti-imperialist basis.

One major initiative that opens up **potential** for pursuing many of these international responsibilities is the New Partnership for Africa's Development (NEPAD).

## **TAKE FORWARD NEPAD – WITH AND FOR...THE WORKERS AND THE POOR**

### **A new paradigm**

The New Partnership for Africa's Development (NEPAD) is a continental initiative spearheaded by several African leaders, including our own President, cde Thabo Mbeki. NEPAD has been formerly adopted by the AU, and it has provoked major discussion and debate within our own country, in many parts of the continent, and in important international forums.

From a South African perspective, the NEPAD initiative (and the general vision underpinning it – the struggle for an “African renewal” or “renaissance”) marks an important potential shift from the dominant international relations paradigm that prevailed in the first years after the 1994 democratic breakthrough. In the period immediately after 1994, “normalising” our diplomatic, sporting, trade, cultural and other relations with the rest of the world was the dominant paradigm. “Normalising” often meant, implicitly, “aligning” our policies and programmes with “international best practice”, “bench-marking” ourselves against an assumed “norm”, in a world that was assumed to be, fundamentally, “normal”.

This paradigm was so powerful that even in our own movement we often talked about the end of “our” isolation – as if the belated and only partial isolation of the apartheid regime, for which we had struggled, had been “our” isolation. The paradigm obscured the deep complicity of imperialism and white minority rule in South (and southern) Africa, and it obscured the persisting reality of imperialism as the dominant world system.

These concerns were elaborated at our 10<sup>th</sup> Congress in July 1998, and they were raised at some length in the programme that was adopted at that Congress. We said at the time: *“Forgetfulness about the immediate past, and confusion about the present lead in turn, to a naïve understanding of how South Africa should now engage with international*

*realities. This engagement is often presented as a simple `return' to the `family of nations', as a programme to `integrate' ourselves as fully and as rapidly as possible into a generally benign global order."*

Potentially, NEPAD enables us to approach the challenges of our country and continent from a different perspective. The world is not "normal", and the plight of Africa is not "normal". From the outset, the NEPAD document evokes the concept of "**underdevelopment**" to characterize the underlying reasons for Africa's marginalisation.

Underdevelopment is not undeveloped, it is not isolation, it is the consequence of an integration of a particular kind into the global capitalist system. Specifically, NEPAD notes that Africa's recent integration into the global system has been by way of credit (which is to say by way of an unsustainable debt burden) and aid (which is diminishing) – "*the credit and aid binomial has underlined the logic of African development. Credit has led to the debt deadlock, which, from instalments to rescheduling, still exists and hinders the growth of African countries. The limits of this option have been reached.*"

### **Africa's crisis of underdevelopment**

The NEPAD document identifies the following key features of our continent's crisis of underdevelopment:

- The **state** in most African countries is weak, and therefore unable to play an effective developmental role. A major challenge is to strengthen the cohesion, vitality and participatory dimensions of national politics within African societies, thereby strengthening the capacity of states to govern and to lead long-term strategies;
- There is very little sustainable **accumulation** capable of grounding effective growth and development. Political weaknesses aggravate this problem – many states do not have budgets, and government economic activity is often reduced, at best, to the management of aid programmes, and, at worst, to patronage and corruption.
- **Infrastructure** (energy, telecommunications, transport) is weakly developed and skewed towards the interests of transnational corporations and the former colonial powers;
- **Agriculture** is in a serious crisis, and there is little beneficiation of agricultural produce within the continent;
- Patterns of **trade** further exacerbate the accumulation crisis. Most trade is with the North, and it is on unfavourable terms. Intra-African trade is, generally, non-existent or weakly developed
- **Human resources** are also gravely under-developed, there are high levels of illiteracy, increasing numbers of African professionals, intellectuals, technical experts are located **outside** of our continent, in a new **diaspora**. Within our continent there are very impressive pockets of excellence, but there is little co-ordination between them, and, once more, the dominant points of contact and co-operation are with the North;
- There is a major **health crisis** – with health systems (often dismantled by structural adjustment programmes, or by lack of capacity) in collapse. The food



supply crisis impacts on the health crisis. There is a deadly resurgence of diseases that are, in fact, curable – cholera, TB, malaria. In addition to all of the above, there is the HIV/AIDS epidemic, with the UNAids estimating that 55 million Africans will die prematurely of AIDS by 2020;

- The accumulation of these and other crises also threatens the African **environment**. Yet, Africa's environmental resources (especially the most extensive rain-forests remaining in the world) are an important global resource and critical for the sustainability of the global environment.

At the heart of NEPAD are African-initiated strategies to overcome the crisis of under-development, and the strategies include:

- Mobilising for **good political governance** – this includes targeted capacity-building and institution reforms to ensure – effective administrative and civil services; strengthening parliamentary oversight; promoting participatory decision-making; adopting effective measures to combat corruption and embezzlement; and undertaking judicial reform;
- Fostering good **economic and corporate governance** – including prioritisation of public financial management;
- The mobilisation of resources and effective strategic planning for – **infrastructural development**, that connects African countries (ICT, energy and transport); **human resource** development and the reversing of the brain drain; **health** infrastructure and programmes; turning around **agriculture** including beneficiation; deepening **intra-African trade** and campaigning for **access to markets of developed countries** for Africa's exports.
- The **environment initiative** targets eight sub-themes for priority intervention – combating desertification, wetland conservation, dealing with invasive species, coastal management, global warming, cross-border conservation areas, effective environmental governance, and financing for all of the above.

The SACP strongly endorses the broad thrust of all these. Carried through with consistency and determination, and guided by the principle of “with and for the workers and the poor”, these pillars of NEPAD constitute (potentially) an enormously progressive line-of-march.

There are, however, some weaknesses and a number of potentially grave dangers within the NEPAD initiative that need to be addressed and vigilantly combated.

### **Weaknesses and potential dangers**

There are several weaknesses that many have pointed to, and, in regard to at least some of which, the main protagonists of the NEPAD initiative have readily conceded:

- The lack of inclusivity (so far) in the **process** - while a core component of the NEPAD vision is of popular involvement in Africa's renewal, of participatory policy-making, etc., so far the initiative has been driven and largely confined to the inter-governmental level within Africa, and between Africa and multi-

lateral global institutions and the governments of the developed North. Even within Africa, only some African governments are relatively active. *The SACP regards these realities as challenges to be met and overcome, and not reasons to dismiss NEPAD. For us, the question is not so much “Where is NEPAD coming from?” as “Where do we, collectively, take NEPAD to?”.* *The SACP intends to engage actively with the NEPAD process, and we intend to mobilize our own South African constituency, and our allies in Africa and internationally to be involved with, to discuss, debate and to help to shape this critical strategic initiative.*

- Both the existing NEPAD document and the current initial institutional set-up are weak in regard to **gender**. Little attention has been paid, so far, to the ways in which Africa’s underdevelopment crisis is impacting on African women, and yet this is an entirely critical dimension. In its institutional arrangements, in its analysis and programmes, and in its participatory and mobilisational efforts, the NEPAD initiative must give much greater emphasis to women in our continent.
- In the view of the SACP, the NEPAD document in its present form underestimates the critical role of a progressive, strategic **public and parastatal sector** for driving development, especially infrastructural development. It is our view that, notwithstanding vagueness in the document in this respect, in **actuality** the major NEPAD-inspired infrastructural programmes that are beginning to unfold in our continent are often spear-headed by publicly-owned African parastatals – not least our own Eskom, Telkom, Spoornet, Port Operations and National Port Authority, Air Traffic Navigational Services, Civil Aviation Authority, SA Airways, and the IDC.
- Perhaps the greatest challenge for, and the greatest danger in the NEPAD initiative, is how to conceptualise and implement the core concept of a “**partnership**”. NEPAD, correctly (although not always consistently), understands that Africa’s underdevelopment is a crisis not of absolute isolation from the world, but of a particularly distorted, inequitable, unsustainable and oppressive **integration** into the global economy. Critical to any African renewal is, then, the transformation of this particular form of integration – hence the concept of a “new partnership” between Africa and the developed North. But what exactly is this “partnership”?

### **A new partnership?**

For all of the reasons outlined in the first section of this chapter (in which we deal with the core features and underlying causes of the current phase of capitalist-driven “globalisation”), the SACP believes that we must be **extremely circumspect in our expectations** in regard to the willingness and even capacity of the governments of the developed North, of the multi-lateral economic institutions, and of trans-national corporations to play a significant role in any African growth and development process.

But this does not mean that we must not try to win strategic and material support from these quarters. There are at least three reasons why there might be some space for manoeuvre in this regard:

- The global capitalist crisis is, in part, a crisis of productivity outstripping demand, itself the consequence of large parts of humanity (not least in Africa) living in abject poverty. The response of the developed North, and of the major trans-nationals is characterised by short-term measures (the continued enforcement of debt repayments, scattered and largely self-interested aid projects, enforced liberalisation that undermines development and growth in the South, protectionism and flirtation with xenophobic currents in the North, financialisation as opposed to investment in infrastructure and productive plant, etc.). All of these responses simply perpetuate the crisis in the South and...less acutely, but no less certainly in the long run, in the North. **The strategic impasse in global economic governance**, which is more acknowledged now than in the 1990s, provides some space for bold engagements to consider a new paradigm for Africa's integration into the global economy.
- The post-Cold War period has been widely conceptualised as a period in which there are prospects for advancing and consolidating "**shared human values**" – human rights, democratisation. Of course, there are competing class (and other) versions around the content of these shared human values. But, again, as communists, as South Africans and as Africans we should not shy away from this challenge, but seek to give it progressive content. In particular, we should not confine ourselves to intra-governmental partnerships, or engagements with the multi-lateral global institutions. We need to build partnerships with a wide range of progressive social movements, not least in the North.
- The grave threat to the world's environment, and the inescapable fact that Africa's natural resources are a major asset in the struggle to preserve the conditions for the survival of human civilisation.

### **The challenge of an attempted neo-liberal hegemony over NEPAD**

We should not be surprised to find that powerful forces internationally, much of the media (including within our country), and the local conservative liberal opposition political parties, are working full-time to hegemonise and interpret NEPAD for their own purposes. Essentially they seek to reduce NEPAD to the following features:

- Africa's crisis is acknowledged but largely attributed to "backwardness", and to the "inherent" propensity of African elites to be venal, corrupt and despotic.
- The partnership envisaged in NEPAD is reduced to a "trade-off" in which African governments promise to be good (and promise to "police" each other) in return

for aid and foreign direct investment from the North. This particular reduction is already beginning to be used to invoke “collective punishment” – if South Africa “fails to deal with Zimbabwe” then the whole of NEPAD must fail;

- And being “good”, i.e. “good governance”, is largely reduced to ensuring the protection of private property and the implementation of neo-liberal austerity, liberalisation and privatisation measures.

In the view of the SACP not all of the existing NEPAD document is sufficiently buttressed to deal decisively with this attempted neo-liberal hegemony of the initiative.

To address this challenge the SACP believes that:

- While acknowledging serious problems in political and economic governance within our continent, and while committing ourselves to working to address these – **we must also increasingly raise questions about *global mis-governance*** (for which Africans are certainly not primarily responsible). Protectionism, the failure to ratify key global treaties (the Kyoto Protocol, the Ban on Landmines), the failure to pay fees to the UN, increasing unilateralism, etc.
- Likewise, in the very recent period, the fraudulent economic **mis-governance** of major transnational capitalist corporations has been more and more exposed (Enron, Worldcom, etc). Any “partnership” between Africa and the developed North must also be directed at exposing and cleaning up this variety of misgovernance, which also manifests itself in extremely corrupting practices by transnational corporations in their engagements with African governments and private companies;
- While seeking to leverage foreign investment – **we must increasingly mobilise African resources (including, critically, public sector resources), and use these to kick-start strategic growth and development programmes.**

In short, the “partnership” must be less about “good African” behaviour in exchange for “generous” international investment – and more about a collective global endeavour to ensure good and equitable governance, and a collective investment endeavour in which investment opportunities are provided as a result of African-initiated and, as much as possible, African-resourced programmes. The idea of “partnership” must not be reduced to an Africa/developed North partnership – we need to put a great deal of emphasis on **intra-African partnerships**, and also on **South-South** partnerships.

### **Is FDI the fundamental answer?**

Underpinning many of the potential dangers in the NEPAD document, as it currently stands, is a tendency to see major flows of foreign direct investment (FDI) into Africa as the pre-eminent and fundamental solution to our continent’s underdevelopment. There is a real danger that soliciting FDI will become the over-riding concern. There is no doubt that major FDI flows are, indeed, required; but NEPAD’s core assumptions in this regard need to be examined carefully and critically.

NEPAD uses the concept “**resource**” in somewhat contradictory ways. On the one hand, Africa is portrayed as a “resource”-rich continent (“an indispensable resource base”). On the other hand, Africa is portrayed as a “resource”-poor continent (Africa is suffering from a “resource gap”). Obviously, the term is being used in two different senses – in the first case, largely as natural and human resources, and in the second largely as money and technology resources. But the ambiguity allows for a lack of clarity about why there has been an unfavourable “resource outflow” from Africa. In fact, the imperialist (and neo-colonial elite) plundering (“outflow”) of Africa’s natural and human resources has historically been the consequence of a resource **inflow** (investments into mines, plantations, railway lines, harbours, and into cultivating a compliant and oppressive neo-colonial state bureaucracy).

Moreover, Africa’s “resource poverty” is not only the result of “outflows”. With major oil reserves Nigeria is resource rich, however, an estimated annual \$20 billion of oil revenue simply “disappears” from the national budget. Will increased FDI flows to Nigeria address this challenge, or worsen it?

The NEPAD document assumes that FDI will now be qualitatively different, in the above respects, from previous “inflows”. The document tends to confine its historical overview of Africa’s underdevelopment to the most recent past, arguing that the “credit and aid binomial” has dominated Africa’s links to the developed North, and this “binomial” has now exhausted its “potential”.

FDI is, indeed, different from aid and credit, in that it is capital investment that is more than money, and, potentially, also involves the transfer (or development) of technologies, skills, and infrastructure. However, FDI is profit-seeking, and major FDI flows are no guarantee that our country and our continent will be propelled out of their current skewed accumulation and dis-accumulation path. It was precisely major flows of FDI in the last quarter of the 19<sup>th</sup> century, and the first quarter of the 20<sup>th</sup> century, that set South Africa on its path of racialised capitalist underdevelopment. Or, to take a more recent example, while South Africa attracted a disappointing \$32 per head of FDI between 1994-1999, Argentina attracted \$252 – yet this more impressive flow of FDI has hardly helped Argentina overcome its structural crises.

A more or less single-minded pursuit of, and reliance upon FDI can:

- Obscure the real causes of “resource outflow” and the consequent “resource gap” – as, for instance, in the Nigerian case;
- Lead to a failure to effectively mobilise domestic and/or African resources. For instance, many of our own measures designed to attract FDI (eg. liberalisation) have, in fact, seen a net outflow of capital – with domestic corporations dis-investing and savings going off-shore; and
- The under-rating of a critical resource – national budgets and the parastatals.

The SACP believes that, while attracting FDI flows is, indeed, a key component of a sustainable growth and development programme for our continent, we need:

- To ensure that these FDI flows contribute to (rather than undermine) sustainable growth and development. There is nothing automatic about this – FDI needs to be unpacked case by case, and FDI flows need to reinforce a coherent, African developed strategic perspective, rather than setting the agenda themselves;
- All resources - domestic, continental and international; natural, human, money and technological; public and private – need to be mobilised and co-ordinated to address the underdevelopment challenge.

### **NEPAD creates space to take up the challenge of underdevelopment**

Notwithstanding its weaknesses and potential dangers, the NEPAD initiative has squarely placed the underdevelopment challenge on our national (and hopefully continental) agenda.

Overcoming Africa's crisis of underdevelopment is a huge challenge. As a Party of communists, who are South African and African, **the SACP will actively engage with, support and help to consolidate the NEPAD initiative – with and for...the workers and the poor.**