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EDITORIAL

Urgent action needed on Millennium Development Goals

The world community is in a unique position to reduce poverty – but needs to act now, argues **Jeffrey D Sachs**, director of the UN Millennium Project

OVER the next decade, world poverty can be reduced by half. Billions more people could enjoy the fruits of the global economy, and tens of millions of lives could be saved. The practical solutions exist, and are, for the first time, entirely affordable. The necessary political framework has also been established. Whatever one's motivation for combating extreme poverty – human rights, religious values, security, fiscal prudence, ideology – the solutions are the same; all that is needed now is action.

The UN Millennium Project is an initiative of the UN secretary-general, Kofi Annan. Involving a blue-ribbon team of 265 development experts, its goal has been to develop a global plan for achieving the Millennium Development Goals (MDGs) by 2015. Should this be achieved, more than 500 million people will be lifted out of poverty, and 250 million will no longer suffer from hunger, while 30 million children and two million mothers who will probably otherwise die will be saved.

The project team presented its report, *Investing in development: a practical plan to achieve the Millennium Development Goals*, to Annan in January 2005. It contains the most comprehensive strategy ever put forward for combating global poverty, hunger, and disease. It was the first in a series of major global initiatives on the MDGs in 2005, culminating in a high-level summit of the UN general assembly in September.

Development strategies

The report outlines key steps to be taken by specific actors over the next 10 years. It states that developing countries should adopt development strategies bold enough to meet the MDG targets by 2015. To meet this deadline, the report recommends that all countries have their strategies in place by 2006, and that, where Poverty Reduction Strategy Papers (PRSPs) already exist, they should be aligned with the MDGs.

These MDG-based poverty reduction strategies should anchor the scaling up of public investments, capacity-building, domestic resource mobilisation, and official development assistance (ODA). They should also provide a framework for strengthening governance, promoting human rights, engaging civil society, and promoting the private sector. They should be based on an assessment of investments and policies needed to reach the MDGs by 2015. They should spell out detailed national investment programmes, policies, and budgets for the next three to five years, with investments focusing on rural and urban productivity, education, gender equality, water and sanitation, environmental sustainability, science and technology, and

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innovation. They should also spell out policies focusing on women's and girls' health, including reproductive health; education outcomes; access to economic and political opportunities; the right to control assets; and freedom from violence.

Transparent and decentralised governance

For these strategies to be effective, countries must promote mechanisms for transparent and decentralised governance; evolve operational strategies for scale-up, such as training and retaining skilled workers; involve civil society organisations (CSOs) in decision-making and service delivery; provide resources for monitoring and evaluation; outline private sector promotion and income generation strategies for poor people; and, when appropriate, tailor these strategies to the special needs of landlocked, small island developing, least developed, and fragile states.

Developed and developing countries should jointly undertake a series of 'quick-win' actions to save millions of people, improve their lives, and promote economic growth

Strategies should include calculations of their resource implications, including the mobilisation of domestic resources representing up to 4 percentage points of GNP by 2015, calculations of official development assistance (ODA) needed, and descriptions of an 'exit strategy' to end aid dependency appropriate to a given country's situation. These strategies should be divided into transparent and inclusive processes, working closely with CSOs, the private sector, and international partners. CSOs should help to design policies, deliver services, and monitor progress, while private sector firms and organisations should contribute to policy design, transparency initiatives, and, where appropriate, public–private partnerships. International donors should identify at least a dozen MDG 'fast-track' countries for a rapid scale-up of ODA, recognising that many countries are already in a position for a massive scale-up on the basis of good governance and absorptive capacity.

Developed and developing countries should jointly undertake a series of 'quick-win' actions to save millions of people, improve their lives, and promote economic growth. They should also launch a massive effort to build expertise at the community level. The 'quick wins' include, but are not limited to:

- The free mass distribution of bed-nets and effective antimalarial medicines to all children in regions of malaria transmission by the end of 2007.
- Ending user fees for primary schools and essential health services, and, if necessary, compensating for this with increased donor aid, by no later than the end of 2006.
- Successful completion of the '3x5' campaign aimed at providing antiretroviral drugs to 3 million AIDS patients in developing countries by end 2005.
- Providing school meals using local foodstuffs to children in 'hunger hot-spots' by no later than end 2006.
- Replenishing nutrient-depleted farmland via the free or subsidised distribution of chemical fertilisers and agro-forestry by no later than end 2006.

A massive training programme of community-based workers should be launched, aimed at ensuring that each local community has expertise in health, education, agriculture, nutrition, infrastructure, water supply and sanitation, and environmental management, as well as in public sector management and the promotion of gender equality and participation.

Governments in developing countries should align their national strategies with regional initiatives such as NEPAD and the Caribbean Community and Common Market (CARICOM). Regional development groups should receive increased direct ODA, particularly for implementing cross-border infrastructure projects. They should be supported in identifying, planning, and implementing high-priority cross-border infrastructure projects such as roads, railways, and watershed management. The groups should be encouraged to introduce and implement peer review mechanisms for promoting best practice and good governance.

High-income countries should increase ODA from 0,25 per cent of donor GNP in 2003 to about 0,44 per cent in 2006, and about 0,54 per cent in 2015. This should be aimed at supporting MDG programmes, particularly in low-income countries. Aid should be harmonised, predictable, and largely in the form of grant-based budget support. Debt relief should be more extensive and generous. ODA should be based on actual needs for meeting the MDGs, and on the readiness of developing countries to use the funds effectively. Aid should be oriented towards supporting MDG-based poverty reduction strategies rather than donor-driven projects. Donors should measure and report the share of their ODA that supports the scale-up of MDG-related investments.

Middle-income countries should seek opportunities to become providers of ODA, and give technical support to low-income countries. High-income nations should open their markets to developing countries through the Doha Trade Round, and help least developed countries (LDCs) to improve their exports through investments in vital trade-related infrastructure, including electricity, roads, and ports.

Research and development

The Doha Development Agenda should be addressed, and the Doha Round completed by no later than 2006. International donors should mobilise support for global scientific research and development to address the special needs of the poor in health, agriculture, natural resource and environmental management, energy, and climate. The project has estimated that total needs will rise to about $7 billion by 2015.

Annan and the project should strengthen the co-ordination of UN agency funds and programmes to support the MDGs at headquarters and country level. UN country teams should be strengthened, and should work closely with the World Bank, IMF, and regional development banks to support the achieve-

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What price recipes for economic growth?

There is a global mismatch between economic success and prescriptions for achieving it, casting doubt on the ability of economists to advise policy-makers. However, **Dani Rodrik** argues that accurate economic reasoning can produce some universal principles for achieving accelerated growth – and starts by outlining two

THE central economic paradox of our time is that 'development' is working but 'development policy' is not. On the one hand, the last quarter century has witnessed a tremendous and historically unprecedented improvement in the material conditions of hundreds of millions of people living in some of the poorest parts of the world; on the other, 'development policy' as commonly understood and advocated by multilateral organisations, aid agencies, northern academics, and northern-trained technocrats has largely failed to live up to its promise. Hence we are faced with the confluence of two seemingly contradictory trends.

Striking decline

Let us start with the successes. According to the latest World Bank estimates, there were roughly 400 million fewer 'poor' people in the world in 2001 compared to two decades earlier, if poverty is measured in terms of the $1-a-day standard. That represents a striking decline in the *absolute* number of the poor, not just in the relative incidence of poverty. What has made these gains possible is the sharp increase in economic growth in some of the poorest and most populous countries of the world, China and India in particular. China's economic growth rate since 1978 has been nothing short of spectacular, and has reduced poverty considerably. In fact, the reduction in poverty in China alone accounts for the full 400 million global reduction, with gains and losses in the rest of the world cancelling each other out. The number of people below the $1-a-day line has fallen somewhat in South Asia, but increased sharply in sub-Saharan Africa. In Latin America, the incidence of poverty has remained roughly constant, while the number of poor people has increased.

These regional disparities in performance match up very poorly with reform efforts when the latter are judged by the standard yardsticks of stabilisation, liberalisation, and privatisation. The high-performing economies have bucked conventional wisdom on what makes for good economic reform. China and Vietnam have liberalised their economies in a partial, two-track manner, have not undertaken ownership reform, and have protected themselves against GATT/WTO rules (until very recently, in China's case). India has reformed very gradually, and only after a decade of strong economic growth. In terms of any conventional measure of structural reform, these economies would be considered laggards. Given the policies in place in China, Vietnam, and India, it would have been easier to explain their performance if they had failed abysmally instead of succeeding in the way that they have.

Meanwhile, Latin America, which has adopted the standard agenda with great enthusiasm and has undertaken a considerable amount of 'structural reform', has ended up growing more slowly not only relative to Asian countries but also to its own historical benchmarks. Reform in sub-Saharan Africa may have been more halting than in Latin America, but few can deny that prices in the region are far more stable than in the 1970s, that it is far more open to international trade, and that markets are playing a much bigger and parastatals a much smaller role. Yet African successes have remained few, fleeting, and far between. It is apparent that reform efforts have not directly met the public health, governance, and resource mobilisation challenges facing the continent.

Downplaying the importance of these disappointments requires us to go through a number of contortions, none of which is particularly convincing. One counter-argument is that countries in Latin America and Africa have simply not undertaken enough reform. What is 'enough' is obviously in the eye of the beholder, but this claim seems grossly unfair to the scores of leaders in Latin America and Africa who have spent considerable political capital on pursuing 'Washington Consensus'-style reforms. Its weakness is also evident from the ease with which temporary successes in these countries have been ascribed to the reforms being implemented. Remember, for example, how the growth spurt in Argentina in the first half of the 1990s was broadcast as evidence that 'reform pays off'.

No evidence

A second counter-argument is that 'the cheque is in the mail' – that is, that the benefits of reform have yet to make themselves felt, but will surely do so if we do not give up. The trouble is that this is entirely inconsistent with everything we know about the empires of reform and growth. Growth occurs immediately when the right things are done; there is no evidence to suggest that the returns tend to be delayed.

A third, related, counter-argument is that first- and second-generation reforms are not enough, and that much more needs to be done to ensure that growth will follow. Once again, this position is inconsistent with the evidence. As pointed out above, the countries that perform well are not

Executives of an American and an Indian computer software company conclude a joint venture agreement in Bangalore … India's growth belies its economic policies. AP Photo/Namas Bhojani

those that have undertaken ambitious reform agendas – quite the contrary.

A fourth counter-argument is that the poor performance of the reforming countries is due to external circumstances, such as the overall slowdown in industrial country growth. This is not convincing because other developing countries have managed to grow rapidly in the same economic environment. In any case, economic convergence ought to be a function of the convergence gap – the differences with the *levels* of income prevailing in rich countries – which was actually larger in Latin America and Africa in the 1990s than in the 1970s.

Unconventional elements

The final counter-argument is that those countries that have done well have in fact followed conventional advice. China has turned to markets, and sought to integrate itself with the world economy; India has liberalised. Both these countries, the argument goes, have reformed at the maximum speed that their complicated politics allow, and have reaped the benefits. So what's the problem?

For one thing, this line of thought overlooks the unconventional elements in these countries' successes (just as the focus on Korea's and Taiwan's outward orientation have often obscured their active use of industrial policy). China has not simply liberalised and open up; it has done so by grafting a market track on top of a plan track, by relying on township and village enterprises rather than private enterprise, and by creating special economic zones rather than liberalising trade across the board. Moreover, implicit (and sometimes explicit) in this line of argument is that the partial, heterodox reform efforts in these countries would have yielded even better results had they been more by the book. One commonly hears that India, for example, would have grown faster had its government been able to reform more comprehensively and rapidly. The trouble is that one looks in vain for countries that have reformed more comprehensively and rapidly than India and ended up with higher growth.

Nonetheless, the fact that there is enough in the successful heterodox approaches to give some comfort to the adherents of the orthodox agenda does indicate something; it shows that there are indeed some broad principles that all successful countries have adhered to. Thus all high-performing economies have managed to maintain macroeconomic stability; relied on market forces to varying extents, and sought to integrate with the world economy; protected the property rights of investors and entrepreneurs, and enforced contracts; maintained a semblance of social cohesion and political stability; ensured adequate standards of prudential regulation, and avoided financial crises; and maintained productive dynamism and encouraged economic diversification.

High level of generality

However, these commonalities can only be articulated at a high level of generality, and in a way that yields scant guidelines for operationalisation. Take, for example, the objective of integration with the world economy; the list does not indicate exactly which policies would best serve that objective. It is tempting to say that they should include the lowering of barriers to foreign trade and investment, but the evidence hardly points to a straightforward relationship between trade and/or capital account liberalisation and economic growth. The countries that most successfully integrated with the world economy (Korea and Taiwan in the 1960s and 1970s; China and Vietnam in the 1980s and 1990s) had highly protected home markets and achieved integration by other means (export subsidies in the case of the former, and special economic zones in the case of the latter). The bottom line is that these common elements do not map into unique and well-defined policy recommendations.

One conclusion one could draw from this is that our ability as economists to design and recommend growth strategies is very limited. Basically, anything goes, and it is up to imaginative politicians to come up with recipes that will work. We have very limited advice to give them *ex ante*, even though we possess many tools for evaluating the consequences of their policy decisions *ex post*.

But we can do better than to adopt this kind of nihilistic attitude towards policy advice. If the original Washington Consensus erred in being too detailed and specific, and in assuming that the same set of policies work the same everywhere, then policy nihilism goes too far in undervaluing the benefit of economic reasoning.

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Make or break?: the Doha Round heads for Hong Kong

As the Doha Round heads for the sixth ministerial in Hong Kong, negotiators are still arguing over a range of crucial issues. **Brendan Vickers** unravels the complexities and argues that the round can be salvaged, provided both developed and developing countries are prepared to make some sensible concessions

As trade ministers from the 148 WTO member countries prepare for their sixth ministerial meeting to be held in Hong Kong in December, the Doha Development Round is not looking good. Negotiations on agricultural trade have broken down, and developed and developing countries are struggling to agree over a wide range of issues. This does not bode well for the merits of multilateralism and free trade.

Looming recession

The Doha Development Agenda (DDA) was adopted at the WTO's fourth ministerial in Qatar in November 2001, against the backdrop of September 11, looming global recession, and the organisation's own crisis following the collapse of the Seattle talks in 1999. With the global trade deck long stacked against them, developing countries hoped – perhaps ambitiously – that this broad-based round would deliver a more development-focused and equitable playing field for global economic exchange. Their resolve, coupled with the lethargic approach of rich countries to the Doha Mandate, led to the formation of the G20 – including Brazil, India, China, and South Africa – and the impasse at Cancún in 2003.

In July 2004, negotiators at the WTO in Geneva agreed on a package for revitalising the DDA. Since then, the focus has shifted to actual modalities – formulae, percentages, and time frames – for ministers to approve in Hong Kong in December. It has been suggested that such agreement will take members two thirds of the way to successfully completing the Doha round next year.

Negotiators are now supervised by the WTO's new director-general, the former EU trade commissioner Pascal Lamy. He has correctly cautioned that this round can only succeed if the 'development dimension is at the centre of the negotiations'. Thus far, however, negotiators have struggled to make headway. The offensive and defensive interests of the developed and developing country camps have stymied progress, with movement in one trade issue often made contingent upon progress in another. Doomsayers have predicted that Hong Kong will be called off; others, that a big push will come only afterwards. So what is the current state of play in Geneva, and what is the outlook for Hong Kong?

Trade in agricultural commodities lies at the centre of the DDA, and the success of the current round. The Doha Mandate requires members to liberalise agricultural trade through 'substantial reductions in trade-distorting domestic support'; 'substantial improvements in market access'; and a reduction of export competition with a view to phasing out all export subsidies.

Most developing countries view the agriculture agenda as a litmus test of rich countries' commitment to the DDA's development ethos. Although the DDA requires a broad spectrum of compromises among members, they are unlikely to sign any new trade deal without meaningful and ambitious reforms of farm trade.

This is not surprising. Agriculture has long been one of the most contentious issues on the world trade agenda. It has strained transatlantic relations, with Washington and Brussels clashing over beef and bananas. More importantly, developing countries that depend heavily on commodity exports and enjoy some comparative advantages in this area have long borne the brunt of prohibitive protectionism and unfair trade practices. These trade restrictions are particularly onerous for the least diversified economies: 28 of the 42 countries in sub-Saharan Africa still have one to three agricultural exports that constitute at least 10 per cent of their total exports. The equivalent figures for Caribbean economies are four out of 13; and for Latin American economies, , nine out of 20. No less than 24 of least developed countries (LDCs) face this problem.

Lavish subsidies

The Uruguay Round finally sought to discipline farm trade and bring it within the rules-based multilateral ambit of the GATT/WTO. However, the Agreement on Agriculture (AoA) that resulted from these negotiations has not effectively deterred developed countries from doling out lavish subsidies and domestic support to their small farmers. Farm support has actually increased in some countries. In 2002, the US – an ironic critic of the EU's agricultural regime, the Common Agricultural Policy (CAP) – passed a Farm Bill that protects its farmers with counter-cyclical payments. More scandalous are the scale of these subsidies: in 2003, the 30 members of the Organisation for Economic Cooperation and Development (OECD) paid their farmers subsidies worth US$257 billion. These subsidies suppress the world prices of agricultural commodities by about 10 per cent across the board, and stifle the development potential of developing countries.

There is no better example of this trade distortion than the

The WTO General Council in session in Geneva ... negotiators are struggling to salvage the Doha round prior to Hong Kong. AP Photo/Keystone

pernicious impact of mainly US cotton subsidies on cotton farmers and more than 10 million people in West Africa. In one estimate, the decline in world cotton prices has cost African producers about US$1 billion a year in lost exports, equal to three times the whole US aid budget for Africa. This led four West African producers – Benin, Burkina Faso, Mali, and Chad – to table the Cotton Initiative as a separate item on the Cancún agenda, and to claim compensation for their losses. The extent to which developed country subsidies and the dumping of surplus produce undermine the livelihoods of millions of smallholder farmers in poor countries is disgraceful.

Other major barriers to market access confronted by agricultural exporters in the developing world are tariff peaks – particularly on sugar, dairy, tobacco, rice, meat, peanuts, and tropical products – and tariff escalations, whereby higher tariffs are applied in line with degree of processing. These barriers undermine the diversification of export baskets, and lock developing countries into producing volatile primary commodities that face a secular decline in the terms of trade.

July 2004 Package

Given these distortions in global agricultural trade, developing countries have justifiably placed high hopes on a better deal emerging from Hong Kong and thereafter. What, then, are the current dynamics and difficulties?

The July 2004 Package provided a framework for the three pillars of the agricultural agenda – market access, domestic support, and export competition – with the actual modalities for each to be negotiated. But by the time the WTO went into its August 2005 recess, crucial deadlines on 'first approximations' had been missed, and the talks were largely deadlocked. Since then, shuttle diplomacy among Paris, Zurich, and Geneva has resulted in a flurry of proposals on tariff reduction and domestic support – notably by the US, EU and G20 – that, in the words of Lamy, 'again switched on the engines of the negotiation plane'.

This cautious optimism has been short-lived. The breakdown of high-level talks between the Five Interested Parties (FIPs) – the US, EU, India, Brazil and Australia – towards the end of October has been a major setback to the farm trade negotiations.

Major divisions

The key agricultural players are far apart in their negotiating positions, with market access clearly the most divisive of the three pillars. There are major divisions between high-tariff countries such as the EU and the G10 – countries that heavily protect their agricultural sectors, including Switzerland, Japan, Norway, and Korea – and countries with strong export interests, such as the US and the Cairns Group. While developing countries, broadly lumped together as the G90, all want greater market access for their commodities, their offensive interests are increasingly shaped by their preferential status in rich country markets. The complexities of these different negotiating postures present the Geneva delegates, now permanently on call until Hong Kong, with a Gordian knot.

Earlier this year, the US tabled a proposal covering all three pillars of the agriculture agenda, calling for the complete elimination of trade-distorting agricultural policies over 15 years. Domestic support and tariffs would be significantly reduced during the first five, and export subsidies eliminated by 2010. Following a second five-year period to review the effects of these reductions, members would then completely phase out the remaining tariffs and trade-distorting domestic support during the final five-year period.

Most significantly, the US offered to cut its trade-distorting farm subsidies – the 'Amber Box', or total aggregate measure of support (AMS) – by 60 per cent, provided the EU and Japan reduced theirs by 83 per cent. Washington insists that a significant reduction in its domestic support hinges on an ambitious expansion of market access for farm products.

In response to these demands, EU trade commissioner Peter Mandelson infuriated several EU states – notably France – by offering to reduce the CAP subsidies by 70 per cent, up from an earlier offer of 65 per cent. France insists that it has gone far enough with the 2003 reform of the CAP. Whether France is grandstanding or is really prepared to wreck the round is still unclear.

Market access

The market access negotiations are even more acrimonious; the key players are so far apart that there seems to be little prospect of agreement before Hong Kong. The US, G20, and Cairns Group are pressuring the EU to deliver a more ambitious proposal on market access. US trade representative Rob Portman has insisted that an EU proposal will not be credible unless it falls between the 75 percent average tariff cut for developed countries proposed by the US and the 54 percent average reduction sought by the G20.

In contrast, the EU has indicated its support for an average tariff cut by rich countries of 24,5 per cent; the G10 and African, Caribbean and Pacific (ACP) group also support this more cautious approach. Japan too opposes disciplines that would destroy its heavily protected agricultural sector. Brussels insists that the Doha Round cannot be reduced to an agricultural negotiation, and that satisfactory progress on non-agricultural market access (NAMA) and services are required for further EU concessions on agriculture. Obversely, Brazil, India, and the US insist on progress on agriculture as a precondition for meaningful movement in other areas.

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In their 25-point Bhurban Declaration, issued following a ministerial meeting in Pakistan on 9-10 September, the G20 developing countries present their common negotiating position as a 'genuine middle ground' between the EU and US extremes. The G20 proposal on market access calls for an average minimum tariff reduction of 54 per cent by developed countries, and an average maximum tariff cut of 36 per cent by developing countries. It has also proposed a 70 per cent cut in domestic support of up to US$10 billion a year; a 75 per cent cut in support of US$10 billion–US$60 billion a year; and an 80 per cent cut in domestic support exceeding US$60 billion a year. This would see the EU lower its ceiling for trade-distorting subsidies by 80 per cent, and the US lowering its ceiling by 75 per cent. Importantly, all domestic support would be eliminated by 2010.

Negotiators from both camps still need to find common ground on sensitive and special products (SP). The July Package allows all members to designate an appropriate number of tariff lines to be treated as sensitive, although this does not exempt them from substantial market access improvements. Nonetheless, some developing countries fear that their wealthier peers will use this concession to maintain high levels of protection of export products (eg sugar, dairy products, and beef in the case of the EU). Those countries with preferential access to markets for these products are more supportive, hoping that it will protect them against preference erosion. The US and EU differ over the number of sensitive products that members can designate for lower reductions. Washington has proposed limiting these products to 1 per cent of dutiable tariff lines, whereas Brussels has lowered its proposed limit from 10 to 8 per cent. But this still equals at least 160 products.

The G33, supported by the G20, has played a leading role in advocating that the SPs of developing countries should receive additional special and differential treatment (S&DT). Designated products would be earmarked for lower tariff cuts based on food security, livelihood security, and rural development criteria, indicators of which still need to be drafted and agreed. The US wants this category of products to be extremely limited, whereas the EU has been more supportive of the needs of the G33 and LDCs. The G33, co-ordinated by Indonesia, has also led the charge for a special safeguard mechanism (SSM) –outlined in the July Package – to help developing countries stabilise their domestic markets and avoid sudden surges in imports.

For the Africa Group/ACP/LDCs and CARICOM, the maintenance of duty- and quota-free preferences in rich markets – eg the Generalised System of Preferences (GSP), the Everything-but-Arms (EBA) initiative, the Africa and Growth Opportunity Act (AGOA), and the Cotonou preferences – are of paramount defensive interest. These preferences are increasingly being eroded as multilateral liberalisation chips away at most favoured nation (MFN) tariffs. Preference erosion has thus become a divisive force within the developing country camp. Poor commodity exporters that depend on preferences for their economic life blood find themselves at odds with those seeking expanded non-discriminatory market access, especially for tropical products and proposed substitutes for the cultivation of illegal drugs.

Transitional mechanism

The politics of preferences have become so pernicious that some developing countries, fearing that their interests would be prejudiced, have resisted attempts by some of their peers to create a category that would enjoy similar status to the LDCs (eg small and vulnerable economies). While the EU and G10 are more sympathetic to the cause of the preference recipients – with Brussels now negotiating economic partnership agreements (EPAs) with them – the US has argued that a transitional mechanism is needed to ameliorate the adjustment impact of this inexorable trend. However, given the number of WTO members for whom preference erosion appears to be an overwhelming consideration, it could become a make-or-break issue. In addition, the cotton-producing West African countries are perturbed that the cotton issue has hardly been addressed in the various farm trade proposals and negotiating sessions. They insist that Hong Kong should deliver a decision on this matter.

Non-agricultural market access

The Doha Mandate agreed to 'reduce or as appropriate eliminate tariffs … in particular of export interest to developing countries'. This mandate thus recognised the many criticisms by developing countries of the outcome of the Uruguay Round.

In turn, developed countries – the EU in particular – are pressing their developing country trading partners to open up their domestic markets to industrial goods from the north. They argue that one of the greatest benefits of a reduction in NAMA tariffs will be an increase in south–south trade. Developing countries, on the other hand, are concerned about the revenue losses and deindustrialisation that may result from these tariff reforms, as well as the erosion of 'industrial policy space'.

In the run-up to Hong Kong, countries remain divided on the formula for tariff cuts and the flexibilities in its application to be accorded to developing countries

In the run-up to Hong Kong, countries remain divided on the formula for tariff cuts and the flexibilities in its application to be accorded to developing countries. The US and EU have both called for industrial tariffs to be capped at 10 per cent for developed countries, and 15 per cent for certain developing countries. Although the average industrial tariff of developed countries is low, about 6 percent, they maintain high tariffs and also escalate tariffs in respect of products that are competitively produced by developing nations, such as steel, textiles, and clothing. By contrast, developing countries maintain high levels of protection of their domestic industrial capacity, with tariffs closer to 30 per cent.

There are thus serious sticking-points in the NAMA talks. Members are not expected to agree on modalities before some movement occurs in the contentious farm trade negotiations. Should this happen, it is still no guarantee of progress on NAMA.

Developing countries have thus far resisted a raw deal in the NAMA negotiations. They should continue to do so, and particularly push for a final package that allows them sufficient flexibility and S&DT to choose which tariff lines to bind and at what rate, and which tariffs to reduce, and by how much; to substantially improve market access through the elimination of tariff peaks and escalation; and to meaningfully address surreptitious non-tariff barrier (NTB) protectionism.

Services now constitute the bulk of world trade. For this reason, WTO members undertook in Doha to negotiate services 'with a view to promoting the economic growth of all trading partners and the development of the developing and least-developed countries'. The World Bank estimates that the liberalisation of services in developing countries could provide them with as much as US$6 trillion in additional income by 2015 – four times the potential gains from goods liberalisation. Developing countries are increasingly realising the economic potential of services exports. However, while they stand to benefit from liberalising key infrastructure services that facilitate trade – such as finance, telecommunications, energy, and transport – the provision of key public services by foreign companies could severely threaten the welfare and development of vulnerable groups.

There are currently two crucial issues for developing countries on the WTO services agenda. First, the EU and other developed countries are seeking the multilateral liberalisation of trade in services, to replace the more flexible bilateral request-offer approach employed in the past. Under this latter approach, developing countries enjoy considerable flexibility to decide which services sectors to open to foreign competition, and to what extent. The EU is now seeking mandatory benchmarks for services liberalisation which provide for both quantitative and qualitative targets, including a minimum number of services sector and subsectors that must be committed. This process will be complemented by plurilateral negotiations among WTO members constituting a critical mass in particular services activities, and which will take on deeper commitments.

Second, while rich countries emphasise supply modes one, two, and three of the General Agreement on Trade in Services (GATS) – that is, cross-border supply, consumption abroad, and commercial presence – developing countries have been the main demandeurs for the liberalisation of mode four, namely, the presence of natural persons. This will allow foreign persons to temporarily stay in a foreign country for the purposes of service provision. As most developing countries have an advantage in labour, many are trying to gain increased access to developing countries for their labour (as temporary workers, not as migrants). Some Asian countries, including South Korea, Malaysia, and India, are major exporters of human resources. This often rubs up against strict regulation in developed countries of the entry of foreigners, particularly post September 11. The negotiating parties will thus have to find a balance between the new demands for multilateral benchmarks and how this will relate to services supply through mode four.

Trade facilitation, implementation, and S&DT

Trade facilitation is the only issue left of the original four Singapore issues – that is, investment, competition, transparency in public procurement, and trade facilitation – and forms part of the July Package. It involves the simplification and harmonisation of international trade procedures to ease the flow of goods. Although this is one of the few areas where negotiations are progressing, members must still agree on the scope of an agreement, the extent of potential commitments, and the provision of technical assistance. Developing countries and LDCs have been more willing to negotiate on this issue because of the generous S&DT provisions in the July Package – for example, it ties their obligations under any final agreement to their capacity to implement them. Significant technical and financial backing will nonetheless be required to implement any trade facilitation deal.

The Doha Round was launched with a strong development trajectory and a promise that the concerns of developing countries would be placed at the centre of the negotiations. For this reason, the Doha Declaration contains more development-friendly language and provides for longer transition periods and improved technical assistance and other forms of capacity-building to assist with implementation challenges. In addition, S&DT for developing countries is integrated into practically every aspect of the new round, and developed countries commit themselves to improved duty- and quota-free access for goods originating from the world's 49 LDCs.

While the July Package has taken this further, much still has to be done to translate this ringing rhetoric into trade practices that will concretely benefit the poor. The US and EU today prefer to speak of 'fair reciprocity', and argue that old-style S&DT carve-outs is a barrier to development. They also insist on the 'graduation' of advanced developing countries out of the normal provisions of S&DT. These countries have thus far resisted such moves.

Implementation issues

A number of underlying implementation issues remain to be addressed. The issue of public health is the most pressing for developing countries. It was agreed in Doha that members would revise the Agreement on Trade-related Aspects of Intellectual Property Rights (TRIPS) to ensure that its rules would not impede access to affordable medicines. In the current negotiations, there is still no consensus on how to formally amend TRIPS in order to facilitate the export of drugs produced under compulsory licence. It remains to be seen whether agreement can be reached before Hong Kong.

China, the host of the WTO ministerial meeting in December, is an emblematic example of the link between globalisation, growth, and poverty reduction, with more than 300 million people lifted out of poverty since 1978. At the same time, its ancient curse – 'may you live in interesting times' – appears to have been cast on the multilateral trading system and its institutional custodian, the WTO, as the latter celebrates its first decade.

The current DDA negotiations in Geneva are in a tenuous state, and without a sober dose of political will from the major trading nations to achieve a workable balance, Hong Kong may yet turn out to be another Cancún. This will be a missed opportunity, particularly for the developing countries that have now begun to flex their influence to turn the tables on the trade distortions and unfair trade practices of the past.

The WTO's Lamy has emphasised the need to sign off on two thirds of the technical work by Hong Kong. This will allow the Bush Administration to present a Doha Package to the US Congress for a yes-or-no vote without the possibility of amendment before its trade promotion authority expires on 1 July 2007. Given the rising protectionist mood in Congress, it is unlikely that that these rules for expediting the passage of trade agreements will be renewed. The integrity of the multilateral trading system could then be seriously perforated as nations prefer the easier route of negotiating discriminatory free trade pacts, rather than going global. China could well take the lead in doing so.

In the coming weeks, Geneva negotiators should take a broad and holistic view of all the negotiations under way. This means that the US needs to do more on domestic support, and the EU on market access. At the same time, larger developing countries should not expect a round for free – they will have to make concessions on particular issues, and will probably do so if the package is worthwhile. Developing countries should maintain their negotiating momentum and build on the various alliances which constitute the bulk of WTO membership. They should harness this influence to mainstream the interests of LDCs, particularly on market access and S&DT, in all the DDA negotiations.

If they do, it will be possible to conclude the Doha round some time next year in the spirit in which it was launched – aiming to achieve a strengthened and more equitable multilateral trading system. Otherwise, it might not be worth getting out of bed for Hong Kong. ■

Brendan Vickers is senior researcher: multilateral trade at the IGD.

Anti-WTO demonstration in Geneva … rhetoric needs to be translated into trade practices that will concretely benefit the poor. AP Photo/Keystone/Laurent Gillieron

'We had to hit the ground running ...'

Essop Pahad has played a key role at the heart of South Africa's new government since the first day when the ANC entered the Union Buildings. In this interview with **Garth le Pere** and **Che Ajulu**, he comments on major challenges and achievements

Dr Essop Pahad has been Minister in the Presidency since 1999. Before that he was Parliamentary Counsellor to the Deputy President from 1994 to 1996, and Deputy Minister in the Office of the Deputy President from 1996 to 1999.

He was active in the Transvaal Indian Youth Congress (TIYC) and the ANC from a young age, as well as in student politics at the University of the Witwatersrand. After receiving a five-year banning order, he went into exile in 1964.

While in exile he served in various leadership positions of the ANC and the South African Communist Party (SACP). He returned to South Africa in 1990.

He is a member of the Central Committee and Political Bureau of the SACP, and of the ANC's National Executive Committee. He holds a PhD in history from the University of Sussex.

What do you regard as the key challenges surrounding South Africa's democratic transition which the government has faced since 1994?

The key challenge has been and will always be how to deal with issues of poverty and underdevelopment, and how to overcome the horrendous legacy of apartheid, colonialism, and racism. Prior to 1994 the system was designed to empower a small minority, while the majority of our people were denied access to opportunities. As a result, we inherited an unbalanced economic structure in which millions of our people were living way below the breadline, while the system continued to reproduce poverty and underdevelopment. Connected to this, the ANC's own history dictated that we should move swiftly to establish a non-racial society.

As regards racism, it was clear that we needed to start by addressing its origins. The key challenge was to deal with the consequences of racism prior to 1994, but also its continued practice, be it overt or subtle. Coming into government, we were confronted by the ugly face of institutional racism.

But we also had to address the issues of sexism in our society. In some ways this was a bigger challenge, because it is more complex and more difficult to identify, and cuts across racial boundaries.

How important has institutional transformation been to promoting democratic norms and practices? What have been the main challenges in changing the apartheid state?

In the developed world, for example the UK, the public service is a permanent employer regardless of changes in government. Prior to elections, public servants at managerial levels would study policy trends within the ruling party as well as the main opposition parties. Hence, when an opposition party wins an election, senior public officials have some idea of the policies it will introduce. In 1994 very few public servants were familiar with the ANC's electoral manifesto and the RDP. They did not know the new members of parliament, or the members of President Nelson Mandela's cabinet. Institutionally, we walked into an overwhelmingly white, male-dominated, and Afrikaans-speaking civil service whose orientation was completely different from that of the ANC.

Consequently, we were confronted with the challenge of transforming these public service institutions. For example, when we asked senior civil servants to write memorandums in English, they was some resistance because prior to 1994 Afrikaans was the government's official mode of communication. Fortunately, some old-order public servants were prepared to serve the new government. This meant that they had to understand its philosophy, and rid themselves of years of ideological propaganda. Some officials assumed that we had no idea of how to run administrations, because many of us had been in exile in African countries, and they thought we would adopt the same style of governance that had led to many of those countries failing.

When Deputy President – now President – Thabo Mbeki started his first day of work, I accompanied him to the Union Buildings. When we got there, there was nobody in the offices, and nothing was in place. The Deputy President did not have an office and had to be allocated one when he arrived. When we finally got the office, it was empty, and he did not have a single staff member. Fortunately, the Department of Foreign Affairs seconded two people from the old order who knew the system well enough to ensure that the Deputy President's Office could start functioning. We had to start from scratch and look for people to work with the Deputy President – to manage his diary, and so on.

Therefore, we had to confront the institutional problems that we had inherited from the past regime, and also deal with institutional capacity-building. The new cabinet ministers had little or no experience in their respective fields. This in itself was a serious challenge; we were asking our own people to perform at their very best in new jobs, without the necessary experience. The newly appointed ministers had to hit the ground running, and ensure that we did

Essop Pahad, left with the president of Rwanda, Paul Kagame … 'links forged during the ANC's exile years have benefited South African foreign policy on the continent'. AP Photo/Obed Zilwa

not move backwards. Given the international expectations and pressures on our government, we had to focus on the economy and ensure that we place it on a better footing for sustainable development. All these institutional challenges provided cabinet ministers and members of parliament with a major learning curve.

Crucially, we also recognised the need to reform the public sector in terms of personnel and composition. This was indeed a difficult task because we did not want to create the impression that people were losing their jobs because they were white. We certainly needed to bring on board people who were in sync with our political and socioeconomic agenda. In trying to achieve this, we again faced the problem of the lack of experience among our people of running state institutions. At senior management level we hired people from previously disadvantaged backgrounds, managed to transform the public service with regard to race and gender, and improved efficiency. Even though we have not perfected levels of efficiency in the public sector, we have managed to improve in various areas since 1994.

We need to remember that we inherited a public administration in what was regarded as the most racist and most sexist society in the world. Even though we have introduced *Batho Pele* ('People First'), we still have to work hard to ensure that all our people receive the service that they fought for and deserve.

We have also introduced a national website that covers all government activities, and is updated on a bi-monthly basis. This is one of several new tools we are using to help communicate our progress to the people, and it also provides them with an opportunity to judge our progress. We have also created people forums (*Imbizos*) in terms of which cabinet ministers, including the President, go out to meet people and listen to their concerns. This has been a very important tool in bridging the gap between government and the people. On the President's insistence, the *Imbizos* have been expanded to include regular consultations among national, provincial, and local government.

Additionally, the government has adopted tough stance on corruption. There is a widespread perception that corruption in government began in 1994. This needs to be corrected. We inherited one of the most corrupt governments in the world, a system that was declared a crime against humanity, and a government that was even corrupt in the manner in which it was voted into power. Unfortunately, some of those corrupt elements are still in the system.

It is also important to acknowledge that corruption is not only being exposed by the media. The media might hone in on one or two big issues, but 95 per cent of cases of corruption in all three spheres of government have been exposed by government.

We have also put in place a sophisticated labour relations system. Given that African workers were severely exploited, and trade unions banned, these systems are a very important feature of our new democracy. Laws have been put in place to protect workers in both the public and private sectors, and their most basic rights are enshrined in the constitution. These fundamental rights of workers have been hard-earned, and can never again be challenged.

How has the Presidency been structured, and what changes have been made since 1999?

When we started in 1994, the Offices of the President and that of the Deputy President were interlinked, but were also independent entities in their own right. The President's Director-General (DG) was therefore responsible for running both offices, and also served as the Cabinet Secretary. Prior to 1999, the Deputy President's Office embarked on a series of consultative meetings with an advisory committee led by Rev Frank Chikane (then advisor to the Deputy President) to discuss the restructuring of the entire presidency. The advisors conducted a series of comparative studies in consultation with the British government and other countries. Based on these examples, it was agreed that the Presidency had to be harmonised and integrated.

Therefore, after the 1999 election a new structure was put in place. In the new structure, the Presidency included the Deputy President's Office, a Minister, and one DG. The DG is responsible for managing the Presidency, and is also the Cabinet Secretary. Later on, in consultation with other members of parliament, it was suggested that we appoint a chief operations officer to relieve the DG of day-to-day administrative duties.

In the course of this process, the Department of Public Service and Administration identified the need to strengthen the capacity of the Presidency to govern and lead. Based on these reforms, the Presidency has grown substantially to a staff of more than 300. Systems have also been established to enable the President to evaluate the performance of the cabinet, especially with regard to reporting on and monitoring progress made with the delivery of essential services.

Together with its expansion, the workload of the Presidency has been increased, and its mandate broadened. For example, we have created a Policy and Co-ordination Advisory Unit headed by Joel Netshitenzhe to assess and coordinate policy within the three spheres of government.

What exactly is your role as Minister in the Presidency?

The Minister in the Presidency is in charge of a number of cross-cutting units: the Office on the Rights of Children, the Office on the Status of the Disabled, the Office on the Rights of Women, and the National Youth Commission, which is a statutory body. The Government Communication and Information System (GCIS) is another immediate responsibility.

The Minister is also responsible for helping to formulate policy on cross-cutting issues. Prior to this a lot of policy work had been done on the status of the disabled, especially by the former Minister without Portfolio, Jay Naidoo. Hence, when the Minister in the Office of the President took over these responsibilities, the basic framework was already in place.

Beyond these issues, and outside his job description, the Minister in the Presidency is also responsible for liaising with various interest groups, including NGOs and business organisations, both within and outside South Africa. These other responsibilities come with the territory, partly because the Presidency is seen as the centre of power and is therefore expected to participate in discussions and debate with the different sectors of our society.

Under Presidents Mandela and Mbeki, South Africa emerged as one of the most influential role players in the international arena because of its profound understanding of international issues

What do you rate as the country's major achievements in Africa and in the international arena?

In exile, the ANC developed a powerful international solidarity movement, and also managed to build a broad-based support network of developed and developing nations. Maintaining relations with the solidarity movement provided us with a great deal of experience, and opportunities to interact with other countries and international organisations. Internally, our people gained a wealth of experience in working with mass democratic movements.

Hence, when the ANC was voted into government, we had already experienced the inner workings of the international political system. The Deputy President had a profound knowledge and understanding of world affairs. The then Minister of Foreign Affairs, the late Alfred Nzo, also had a wealth of experience gained from interacting with global players in his days as general secretary of the ANC. We also had a very clear understanding of the intended direction of our foreign policy.

Within this framework, the ANC initiated consultative discussions with scholars and civil society on foreign policy, and the input emanating from these discussions formed the basis of our position papers on foreign policy. Significantly, our foreign policy position was based on three key values: 1) we would align ourselves to progressive forces in the world; 2) we would continue to support people involved in the struggle for national liberation, especially the Palestinians; and 3) we would rely on international multilateral institutions in leading and fighting for the plight of the global south.

As I said earlier, the Deputy President had a wealth of knowledge about foreign policy issues, based on his stewardship of the ANC international department. He also played an integral role in developing a bi-partisan policy in the initial stages of establishing relations with the US. Therefore, with respect to the international arena, the ANC had the necessary experience to engage with other nations at a multilateral level. Thus, under Presidents Mandela and Mbeki, South Africa emerged as one of the most influential role players in the international arena because of its profound understanding of international issues.

With regard to the continent, while in exile the ANC established direct links with Zambia, Tanzania, Mozambique, Angola, and Nigeria, and liberation movements in the subregion and elsewhere. Most of our people had spent their exile years in Tanzania, Zambia, Zimbabwe, and other African countries. Consequently, when we came into power we acknowledged our commitment to the continent, and were prepared to commit the necessary resources to ensure that fellow Africans live in peace and enjoy economic prosperity. Once of the President's greatest contributions to the African renaissance has been our intervention in the Congo conflict. His efforts in the Congo and Côte d'Ivoire have boosted South Afri-

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No more than a breeze

Recent political developments in North Africa have been hailed as the start of a new wave of democratisation; however, argues **Teboho J Lebakeng**, the proposed reforms are largely cosmetic, and the authoritarian Arab regimes of the region are likely to survive

The wave of democracy that swept through much of Africa and Eastern Europe in the late 1980s seemed to miss the region with the greatest democratic deficit, namely, North Africa. However, a new breeze of democratisation seems to be blowing across this region. Is it genuine, heralding a new era, or will it die down once again? What has caused it? And what are the sources of the region's cohesion over the years?

These questions are informed by the fact that, compared to the rest of the continent, North Africa is relatively stable politically; in fact, it has contributed less than 5 per cent to the total number of coups d'etat on the continent over the past 40 years. While the outcome of the new trend is still unclear, many people in the region and elsewhere are highly optimistic, believing that it may be taking its first steps towards real democracy.

Prototypical state

The Arab colonisation of North Africa introduced a prototypical state that manifested all the characteristics of oriental despotism, with the entire polity revolving around an omnipotent ruler. Modern nation-states in North Africa are more recent products of the colonial period, and a reaction to its impact, especially by nationalists who still remain close to their oriental roots.

Since gaining independence from western colonial powers, rulers in the region have either been royal, military, or civilian dictators presiding over authoritarian systems. Power tends to be highly concentrated at the top of a pyramidical system. Political opposition is forbidden, or tightly controlled. The ruler and his associates (mainly those heading the military and security establishments) exercise close control over all possible sites of alternative political activity and political thought, such as schools and universities, mosques, the media, and organisations representing workers in the larger industrial establishments. Open political discourse is generally impeded by the absence of a free press and the lack of a broad range of freely operating CSOs. The intelligence and security services (*mukahaberat*) are dominant sources of power, privilege, and prestige. These states have not emerged from the collective agency of the people. They also tend to raise and maintain armies far larger than warranted by their demographic bases.

This is a reasonably objective characterisation of the current republican regimes of Egypt, Tunisia, Libya, Mauritania, and Algeria, and the monarchy of Morocco. These regimes were established in the 1950s and 1960s, generally by military coups, notably the overthrow of King Farouk in Egypt in 1952,

Libyans walk past a giant billboard of Moammar Qaddafi … sidelining political reforms has left him with a firm grip on power. AP Photo/Amr Nabil and King Idris in Libya in 1969. Except for a coup in Algeria, and a more recent one in Mauritania, the region's republican dictators have been remarkably successful in keeping themselves in power: none has been overthrown by either another coup or a popular rebellion. This testifies to the feebleness of political opposition movements, which have either been bought or suppressed. Thus the reason for the paucity of open dissent and North Africa's apparent political stability is a pervasive fear or reprisals by the seemingly omnipotent and omnipresent military/security establishments.

Potentially divisive

As major emerging components of the state sector that controlled all the strategic parts of the region's economies, the increasingly oversized military/security establishments saw democracy as potentially divisive, and harmful to their own interests. Consequently, by the late 1970s their initial image as a modernising and progressive force had been tarnished by their failure to effect fundamental agrarian and industrial reforms. This led to new desires for the re-establishment of the Sharia as an alternative to military-based regimes.

Islam is primarily a legal system based on divine law, and represents a fusion of religious and political authority, providing the basis for an extensive politico-legal order as well as a moral code. Therefore, the historical experience of failed state models in the region – whether socialist or capitalist, as both have been authoritarian – has prompted the people of the region to turn to Islam for reassurance. Many North African observers believe that, if elections were to be held throughout the region, they would – as in Algeria in 1992 – be won by Islamic groupings. Thus the region's cautious authoritarian regimes, with economic and other interests to protect, currently face the dilemma of whether or not to allow religious parties to compete for power on equal terms.

The Islamic reform movements have been largely unsuccessful thus far, partly because the region's regimes have been supported by major powers anxious to protect their cheap oil and gas supplies, and markets for their products. For instance, about 90 per cent of Algeria's oil and gas are exported to western European countries such as Italy, France, Germany, the Netherlands, Spain, and Britain, and its major trading partners are Italy, France, the US, Germany, and Spain.

Algeria is an important example of the hypocritical approach of western European countries and the US to countries where where they have strong vested interests. In December 1991, the Islamic Salvation Front (FIS) won the Algerian national democratic elections. However, before the newly elected parliamentarians could take up their seats, the Algerian military violently seized power. It rounded up tens of thousands of Muslims who supported the winning party, and threw them into concentration camps in the Sahara. The US and other western European countries accepted this, seemingly because a democratically elected Islamic government could threaten their interests in the country and the region. Instead, they embraced an authoritarian and illegitimate government which allowed them to consolidate their military and economic interests. The situation led to a civil war that eventually claimed the lives of more than 150 000 Algerians.

Another reason for the durability of these authoritarian regimes is their ability to adapt to new circumstances

Today, the region's authoritarian regimes continue to enjoy the support of foreign powers on the basis of their participation in the US-led 'war on terror'. They have adopted the rhetoric of counter-terrorism and counter-extremism to legitimise ruthless internal security measures and the crackdown on civil society in general and opposition parties in particular. Moreover, countries such as Morocco, Algeria, and Egypt are using this rhetoric to secure military, financial, political, and diplomatic support from western countries. In this sense, because of their enormous strategic stake in North Africa, foreign powers, especially the US, are pursuing stability at the cost of democracy. They tend to overlook the serious human rights violations of these despotic regimes, and continue to embrace them as long as they are capable of maintaining law and order.

Although terrorism in North Africa has largely been local, used to protest again various internal problems, it has been its extra-regional dimension that has prmpted western countries, especially the US, France, Spain, and Italy, to introduce various security measures in collaboration with countries in the region at both the bilateral and multilateral levels.

Another reason for the durability of these authoritarian regimes is their ability to adapt to new circumstances. For example, some have held elections, but manipulated them in various ways to ensure that their supporters always obtain a large majority in the new parliaments. There are currently five multiparty systems in the region, with Libya and Western Sahara the exceptions. For this reason, multi-party politics and elections have not, until now, added value to governance in the region. The recent elections in Egypt speaks volumes; the regime was able, by monitoring and weeding out candidates, to ensure that they did not threaten the status quo.

Discourse on democratisation in North Africa is not a new phenomenon introduced from outside; rather, it has simply been subdued because of a 'concealment of dissent' and the weakness of non-state actors, as a result of represssion. Nonetheless, the main actors in the North African political drama have always been the state, on the one hand, and Islamic activists and advocates of democracy – with the latter two converging at many points – on the other.

Broad movement

A recent case in point is Egypt, where the Muslim Brotherhood and various sectors of civil society have formed a broad movement opposing the current regime. From the point of view of civil society, the territorially based post-colonial Arab state has been a disaster in political, economic, and social terms. In these circumstances, neither democracy nor development has been achieved. But this constitutes only one of the two parallel democratisation discourses in the region.

The other is between the region's states, on the one hand, and the US and EU, on the other. The US, initially via its programme called the Broad Middle East Initiative (BMEI), and later via the Greater Middle East Initiative (GMEI), a revised version following a compromise with the EU, has embarked on a new 'strategy of freedom' in terms of which it will no longer accommodate authoritarian regimes in the region. While civil society in the reigon has welcomed this, it also suspects that this externally imposed discourse could have negative results.

The region's regimes have commonly declared that democratisation will bring radical Islamists to power; for example, president Hosni Mubarak of Egypt has declared: 'If we open the door completely before the people, there will be chaos.' However, many observers believe that the continued closing of political space, authoritarianism, and economic marginality will be highly conducive to political Islam, violence, and extremism. Therefore, democratising the region is vital.

Multi-candidate elections

Recent political developments have indeed created the impression that the region is democratising. Mubarak has taken the radical political step of announcing direct multi-candidate presidential elections instead of the current system of a single candidate selected by parliament. Although still displaying its traditional authoritarian tendencies, the Tunisian regime of president Zine el-Albidine Ben Ali is making moves to promote human rights and political pluralism, albeit under pressure from the EU, his major trade partner. Since December 2003, Libya has abandoned nuclear tests, taken taken steps to improve its pariah state image, and improved its relations with major sponsors of democracy and economic reform in the region.

In Algeria, president Abdelaziz Bouteflika has appointed reformist allies to key portfolios, accelerated the early retirement of senior members of the military/security establishment, previously major power brokers in Algerian politics, and, through a 'carrot and stick' approach, curbed Islamic militants and absorbed the moderates. Since succeeding his late father, King Hassan 11, King Mohammed of Morocco has extended individual rights and liberties, including the rights of women, and introduced a multiparty system.

However, these developments must be seen in a broader perspective. Although the authoritarian regimes in the region have historically fought fire with fire, they have previously introduced concessions when the pressures on them became unbearable. Cosmetic reforms have left Mubarak unchallenged, sidelining political reforms has left president Muammar Qaddafi of Libya with a firm grip on the regime, and, despite the reforms noted earlier, King Mohammed's constitutional powers remain intact. Therefore, rather than introducing real democracy, justice, or viable socioeconomic development, the new developments are merely cosmetic, and are ultimately aimed at giving the authoritarian regimes in the region a new lease on life.

The region's politics are structured in such a way that political and economic change can only happen slowly, flowing from consensus among important interest groups. More importantly, democratisation is being managed in ways that will preserve existing elite alliances.

Therefore, we have to conclude that the current, much-vaunted trend towards democratisation in North Africa is no more than a breeze; regimes in the region are likely to survive, and live for 'another authoritarian day'. Rather than introducing a fundamental transition to democracy, it is likely to result in cosmetic political liberalisation only, accompanied by minor economic deregulation. The torch of an oncoming train has been mistaken for a light at the end of a tunnel; in North Africa, true democratisation is still out of reach. ■

Dr Teboho J Lebakeng is an independent political and educational analyst.

An Egyptian political activist of the Kifaya ('Enough') movement demonstrates against Hosni Mubarak … cosmetic reforms have left his regime unchallenged. AP Photo/Nasser Nouri

King or party?: Swazi conflict smoulders on

The new Swazi constitution has failed to resolve that country's long search for a viable balance between modernity and tradition. **Joshua Bheki Mzizi** warns that the land-locked monarchy is a 'powder keg ready to explode', with serious consequences for the region

The Tinkhundla Review Commission (TRC) first proposed the gradual introduction of parliamentary democracy in Swaziland in 1992. Its primary task was to review the 1978 Establishment of Parliament Order, the first experiment in political representation after the collapse of the 1968 independence dispensation on 12 April 1973.

The order was aimed at establishing a Swazi government in the absence of a bill of rights and without the involvement of political parties, which had been banned by the Swazi king on the grounds that they were foreign to Africa, and therefore divisive. Between the late 1950s and 1967, the Swazi royal establishment had increasingly displayed its discomfort with party politics, to the extent that, in a well-orchestrated referendum in May 1964, an overwhelming majority of male Swazi voters preferred the monarchy to party politics.

Crucial question

The crucial question in the 1960s, which was to have a lasting effect on public political morality, was whether one was for king or party. This dichotomy was deliberate, taking its cue from the fact that the King Sobhuza II stubbornly regarded political parties as a threat to African kingdoms. However, the rise of the party spirit, coupled with the consistent refusal of the British to hand over political independence on a royal platter, forced the Swazi monarch, in 1964, to establish the Imbokodvo National Movement (INM). It won landslide victories in the legislative council election of 1964 and the 1967 pre-independence election. Its trump card was not that it had a sound manifesto, or that it was well organised, but the fact that it was the king's party, and represented the embedded Swazi conception of the power and efficacy of the monarchy.

The Establishment of Parliament Order of 1978 ended the practice of secret ballots and the direct election of members of parliament by the general populace. Instead, the nation now elected an electoral college which convened in camera and elected MPs without any further consultation with the public. Whereas the King's Proclamation to the Nation of 1973, which repealed the independence constitution, was in effect a royal *coup d'etat*, the 1978 order clearly signalled a desire to subordinate the modern parliamentary system to the monarchy. This was to be achieved through unbridled royal control over all reforms aimed at achieving a democratic dispensation. Ultimately, this would lead to royal control over the entire state through unelected and traditionally recognised advisory councils installed to preserve the monarchy and defend its largesse, pride, and historical efficacy in a world pressing for democratic ideals.

The success of this experiment hinged on the methods used by the King while spearheading national consultations on constitutional matters. All the commissioners were royal appointees who represented no constituency and reported to the king himself. In order to promote royal interests further, each commission was led by a prince. This process culminated in the royal adoption of a new constitution on 26 July 2005 inside the traditional headquarters at Ludzidzini. This symbolic gesture was an indication that when modernity and tradition are married, the actual terms and premises of the bond are presumed to be the ethos and sensibilities of tradition.

All the reforms initiated by King Mswati III started with country-wide consultations organised in the usual fashion, involving hand-picked commissioners. Group submissions were prohibited; people could only submit their views as individuals. This arrangement repulsed many of the progressive movements, which in turn called for the consultations to be boycotted. Despite these open shows of disquiet, the drivers of the process did not make any effort to engage the progressives with a view to resolving the tension. The demographic strength of the traditionalists who responded positively to the consultations gave the general impression that the dissenters were a minority.

Review Commission

The Constitutional Review Commission (CRC) set up in 1996 to produce a draft document in two years' time demonstrated the soft underbelly of the constitutional reform process. Firstly, most of the commissioners had no conception of the task they were expected to undertake. Secondly, financial gain and their personal welfare soon took precedence. Thirdly, dissenting voices, including civil society groupings, were excluded from the process and suppressed. This neglect transformed discontent into acts of violence and sabotage, particularly from late 1998 onwards. In a period of four months, three bombings occurred; one destroyed the offices of the deputy prime minister in Mbabane, a prime symbol of the *Tinkhundla* system. The next round of bombings occurred in August/September this year after the king had signed the constitution into law, amid widespread protests from civil society and underground political

King Mswati III of Swaziland arrives at the Royal Kraal at Eludzidzini for a ceremonial presentation of the new constitution ... the royal establishment has treated all protests with disdain. AP Photo/Themba Hadebe

parties under the banner of the National Constitutional Assembly (NCA).

The official view being paraded in the international community is that the new constitution is a product of nation-wide consultations, and that anyone who questions its legitimacy is effectively challenging the entire Swazi nation. The truth is that there have been many dissenting voices since the consultations began. Dissenters challenged the arbitrary manner of selecting the commissioners. A majority of civil society groups were not happy with the state prescriptions for participation in this national exercise, and some even engaged in a parallel civic education programme on constitution-making and constitutionalism.

Pro-democracy groups

Pro-democracy groups also challenged the conduct of the hearings, including the fact that they were conducted in camera, away from media coverage; that the CRC did not publish the names of those who contributed to its mission; and that it also provided no statistical analysis of any kind to substantiate its conclusions. Civil society groupings lobbied parliament to call for pro-democracy clauses in the new constitution, and to address the separation of powers and the role of the monarchy in governance. These groups understood that members of parliament were too timid to take on the challenging submissions of the lobbyists.

In September 2004, the full bench of the High Court heard an application for the constitution to be nullified on the grounds that it was the product of an undemocratic process that had not involved the entire Swazi population. The applicants included two (banned) political organisations: the Peoples United Democratic Movement (PUDEMO), and the Ngwane National Liberatory Congress (NNLC), as well as the Swaziland Federation of Trade Unions (SFTU) and Swaziland Federation of Labour (SFL). The acting chief justice did not promptly give reasons for the dismissal. But later it transpired that the Court had based its reasoning on the *locus standi* of the applicants. The matter was immediately placed on appeal, which is still pending.

In the course of expressing public discontent over the constitutional consultations, opposition forces have developed a new coherence, culminating in the emergence of the NCA, which embodies a wide array of voices, including banned organisations. In January 2003, at the height of the 'rule of law' crisis during which Appeals Court judges resigned *en masse*, civic groups and members of the elite formed the Swaziland Coalition of Concerned Civic Organisations (SCCCO), otherwise called the Coalition, which worked closely with the NCA in the fight against the CRC process.

The bone of contention

While much attention has been focused on process issues, such as the overbearing influence of the king, the fundamental weaknesses of the new constitution around which the opposition has coalesced can be summarised as follows:

The constitution-making process was not democratic and open to the entire Swazi citizenry in that group submissions were proscribed, and the process did not allow for free debate and dialogue.

The new constitution entrenches the 1973 King's Proclamation to the Nation and the ensuing decrees establishing the political order that has been in place for the past 32 years.

It gives the monarchy unbridled executive control, and entrenches the *Tinkhundla* system of government despite the fact that this places the electoral process at the mercy of chiefs and other traditional leaders.

The constitutional process and the resultant constitution have left political parties out of the governance system, despite freedom of association and assembly being provided for in the bill of rights.

Dissenting views

The king has expressed his surprise about the outcry against the constitution. He argues that everybody was given enough time to present their views during the national consultations. He also argues that the constitution will be periodically amended, and that the window for dissenting views therefore remains open. The establishment has treated all the protests with disdain, with the prime minister insinuating his preparedness to use the police to 'protect the constitution against protests'.

I have noted elsewhere that: 'The banning of political parties was the beginning of a long journey that is oftentimes marred with controversy and other times meeting with conflictive situations that cause internal disarray to the ruling aristocracy. The Swazi king desires to have a political system that would be suitable to him, supportive of all his initiatives, and totally dependent on his generosity and prestige. In order to consolidate his power, the monarch has been hiding under the veneer of ideological slogans that tie together in a questionable fashion the ideals of a false democracy, a stage-managed method of consensus rule, and the general deception that the will of the people determines all political initiatives and processes of change.'

This has resulted in the passage of a constitution fundamentally shaped by the wishes of the monarchy. The CRC report endorsed the absence of political parties, and recommended the adoption of more stringent laws to enforce this. It also trivialised human rights issues by stating that only those candidates who conformed to Swazi cultural values would be endorsed.

Swaziland's deviation from democratic ideals were highlighted during the 'rule of law' crisis in 1999-2002, when the monarchy overturned High Court and Appeals Court rulings that King Mswati could not rule by decree until a new constitution had been put in place. This prompted the International Court of Justice (ICJ) and the International Bar Association (IBA) to study the Swazi situation. Both reported that the root cause of the easy collapse of the rule of law was a serious shortfall in democracy. The IBA report, like that of Amnesty International, provided a comprehensive analysis of the draft constitution, pointing out a range of internal contradictions, and that certain clauses would not stand up to being tested against international law. A Commonwealth observer mission to the 2003 elections found that it was difficult to exercise democratic rights in a country still ruled under the 1973 decree. The African Commission on Human and Peoples' Rights has yet to state its views on Swazi governance.

The response of the AU to calls for pressure on Swaziland to agree to meaningful reforms has been lukewarm. The principle of state sovereignty has militated against a meaningful role by concerned regional bodies. Even when the Swaziland Solidarity Network joined hands with the South African trade union co-ordinating body COSATU to urge SADC to pressure Swaziland into agreeing to reforms, neither SADC nor member states responded positively.

Emboldened by regional support or complicity, the Swazi state has consistently elected to ignore interventions by the ICJ, IBA, Commonwealth, and other key international institutions. The architects of the constitutional reform process simply acknowledged the contribution of these interventions, among others, to the constitution's development. Thus the Swazi state has adopted a closed door policy in terms of which all international calls for reform are treated in a reactionary manner, and all domestic calls in a nationalistic one.

Swaziland's greatest challenge since the days of pre-independence has been to find a viable balance between modernity and tradition

Swaziland's greatest challenge since the days of pre-independence has been to find a viable balance between modernity and tradition. Sobhuza II was highly critical of many western cultural and political practices, but never acknowledged that kingdoms and chieftainships were by definition undemocratic institutions. If we agree that the means cannot justify the end, how can Swaziland expect democratic ideals to flourish in the context of blanket traditional leadership? The traditional system will have to be significantly reformed if democratic ideals are to be achieved. The *Tinkhundla* system of government is a case in point. Whereas the system is open to everyone regardless of class, social status, religion, and creed, chiefs' favourites are likely to win the primary elections. In the secondary elections, the winners invariably come from those chiefdoms with the most voters. The fact that the campaigning period is deliberately short, and that prospective MPs are only allowed to address developmental issues, limits voters' choices even further.

Equal sacrifices

I have observed elsewhere that: 'Underlying this [*Tinkhundla*] political contestation is the question of what ought to triumph: tradition or modernity. The answer … should not lie with what triumphs ultimately, but whether the two camps – tradition and modernity – are willing to engage with each on essential issues and take common positions, making equal sacrifices as far as possible, and debunking unworkable archaic ideals that have been heretofore used for ideological reasons.'

The fact that Swaziland finally has a supreme law, and that it has ratified a number of international and regional conventions, poses a serious challenge to the notion of gradualism. Also, the wheels of change might spin a bit faster if SADC and Africa in general were to realise that Swaziland is a powder keg ready to explode, with serious consequences not only for that country but also for regional politics. ■

Dr Joshua Bheki Mzizi teaches at the University of Swaziland.

US–China trade war threatens global order

Alarmed by growing job losses and a dwelling trade deficit, the US has imposed new restrictions on mass imports from China. **Lyal White** contends that its 'new protectionism' is not in the global interest

'Open trade is not just an economic opportunity – it is a moral imperative.' – US president George W Bush, 7 May 2001.

The US and China have a long history of trade relations dating back to 1784 when the American merchant Robert Morris filled a cargo ship with an assortment of products, including ginseng and animal skins, and traded them for tea, silk, and other precious Asian commodities. Even then, China proved to be a natural trading nation capable of generating lucrative returns from trade with the west.

But in the early 1900s China's markets gradually began to close to the outside world. By the time China had undergone its communist transition, trade between the US and China had turned into a trickle. For more than 20 years – until president Richard Nixon visited China in 1971 – trade between the US and China ceased entirely.

Economic reforms

However, the natural tendency of those two nations to trade with each other was unleashed by Deng Xiaoping's economic reforms from 1978 onwards. This, and China's accession to the WTO in 2001, has elevated it to the premier group of international trading nations, and made it America's most important trading partner in both political and economic terms.

Today, China is America's third largest trading partner. In 2003 it overtook Mexico to become the second largest exporter to the US, after Canada. But while US exports to China may have tripled during the 1990s, in 2004 China's exports to the US were nearly six times its imports. As a result, the US trade deficit with China in that year exceeded $162 billion of total trade of about $230 billion, and is expected to reach $200 billion this year. Given these imbalances – and the trade surplus that China enjoys with most of its trade partners – Fred Bergsten of the Institute for International Economics in Washington suggests that 'China is rapidly becoming the world's largest and fastest-growing surplus country, mirrored by the US as the largest and fastest-growing deficit country'.

Trade relations between Washington and Beijing have never been as politicised as they are now. China has become the lightning rod for wide-ranging criticism in the US. Blamed for job losses in the US manufacturing sector and elsewhere, China is also said to be responsible for the lacklustre performance of the US economy, and that country's increasing reliance on the outside world for its socioeconomic development. China has become the number one cause of growing opposition to free trade and global integration, not to mention the number one target of more conservative factions in US political circles who claim that its economic rise threatens their country's national security.

But beyond the myth and paranoia that surrounds China's economic rise, particularly those about the increasing economic dependency of the US on China for cheaper manufactured products and the purchase of US treasury bonds, there is a reality that does counterweigh the obvious trade imbalances, and provides a useful insight into the US-China trade impasse. Indications are that a trade war of sorts is already under way, but with only one side – the US – firing.

Despite mid-range tariffs imposed on certain Chinese products, ranging from underwear to TV sets, they are still gaining market share in the US. If one looks at the broader picture, part of the US trade deficit with China is the result of large exporting nations in Asia shifting their production to mainland China – a cheaper production base – for manufacturing and assembling products destined for the US market.

Also interesting is the fact that a large portion of cheaper exports from China are said to be enriching so-called 'US corporate comrades' or US-based companies exporting from manufacturing facilities in China. Indeed, research shows that Chinese exports have increased more than sixfold during the past decade, and that 62 per cent of this increase is driven by FDI.

The influx of cheap Chinese products has greatly benefited US retailers such as Walmart, which sources most of its merchandise from China. In fact, Walmart's imports contributed significantly to China's total economic growth in 2004.

Low inflation

While China still only accounts for 15–20 per cent of total US imports, most of these products are consumer goods; China dominates this sector, and has become the price leader in the US market. For this reason, low-cost Chinese products are keeping inflation low in the US, and encouraging spending.

By using its massive foreign exchange reserves – currently in the region of $700 billion – to buy long-term US treasury securities, China has also helped the US to reduce and stabilise its interest rates.

Trade violations, such as dumping, which many in the US believe lie behind the rise of Chinese exports and its highly competitive manufacturing sector, is difficult to prove in respect of an opaque economy such as China's. For

The Chinese minister of commerce, Bo Xilai, accuses the US and Europe of violating WTO rules at a press conference in Beijing … renewed Sino-US trade wars wars are ringing warning bells for the global economic order. Che Zhouyong/Global Image Express

this reason, the US has adopted a hard-line approach to apparent Chinese trade violations and unfair trade practices. Some of its steps are drastic, others reflect rising paranoia, and they could do the US domestic economy and relations with China more harm than good.

Clothing and textiles

The sector at the core of the US-China trade debacle this year is clothing and textiles, with the US moving from passive protectionism to active attempts to keep Chinese products from entering the US. The WTO's Multifibre Agreement, which had previously protected textile and clothing producers (mostly in developed countries) from cheaper exports, ended on 1 January 2005. This led to a massive surge in clothing and textile exports from China to the US and Europe. Washington responded by imposing new quotas on several products imported from China in May. As the Chinese have pointed out, this ad hoc discriminatory behaviour seems to be a gross violation of WTO rules.

The irony of this is that the international community – and especially the US – pushed China to reform its industries during its long process of accession to the WTO, based on the rationale that it should operate in an internationally recognised rules-based system that would facilitate fair trade on a level playing field. The recent protectionist measures adopted in the US clearly indicate that it has seriously underestimated China's export competitiveness, and overestimated its ability to compete on equal footing with the new powerhouse of global manufacturing. Surprisingly, trade liberalisation by WTO standards has benefited China the most, and has contributed to its phenomenal growth and development.

Naturally, the US attributes China's competitiveness to very low labour costs and an undervalued currency. On 20 July this year China unpegged its currency from the US dollar and entered into a 'managed float' of the yuan, which involved pegging the currency to a basket of trading currencies. This essentially revalued the yuan by 2,1 per cent against the dollar, at 8.11 to the dollar instead of about 8.3 previously. In economic terms this meant very little. But the message this sent out following months of international pressure and various protectionist threats from the US was significant, and indicated China's willingness to conform and co-operate, in terms of its own time frame and capacity constraints.

The truth of the matter is that the exchange rate of the Chinese yuan to the US dollar is a relatively minor issue and has, as Henry Lui, chairman of a New York-based private investment group, insists, 'no fundamental macroeconomic significance'. But the political significance is great, especially as more and more US jobs are lost to cheap exports from China.

Shumer-Graham bill

This prompted senators Charles Schumer of New York and Lindsey Graham of South Carolina to introduce the China Currency Bill in April this year. The bill called for a 27,5 per cent tariff on all Chinese products sold in the US if China did not revalue its currency by the same amount. Most analysts estimate that the Chinese yuan is undervalued by about 20 per cent, but some put this at 40 per cent. Either way, a 2 per cent revaluation is simply too little for the pro-protectionist US constituency, who will continue to push hard for the Shumer-Graham bill.

This approach to dealing with Chinese imports is not only short-sighted in terms of domestic repercussions for the US economy, but may well lead to retaliation from the Chinese, and ultimately damage US–China relations. Alan Greenspan, outgoing chairman of the US reserve bank, recently stated that

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DRC must seize the moment

Aziz Pahad, South Africa's deputy minister of foreign affairs, outlines the peace process in the DRC, the activities of its transitional government, and South Africa's assistance to the democratic transition in that country

The history of the Congo is a tragic one. For more than three centuries, the Congolese have been subjected to foreign exploitation, including slavery, and the ruthless plundering of their country's rich resources.

After the Berlin Conference of 1885, the Congo became the private property of King Leopold III of Belgium. In this period the plundering of the Congo's resources intensified, and the administration of the territory by Belgian colonialists deteriorated into a reign of terror, eventually leading to millions of deaths. The truth about this period has been brilliantly exposed by Adam Hoschild in his book *King Leopold's Ghost*. This phase was followed by 52 more years of brutal and rapacious colonial rule.

The founding of the first democratic Republic of the Congo in 1960 briefly held the promise of a better future for Congolese, but this proved to be short-lived as Patrice Lumumba was overthrown – an action supported by many of the major western powers.

Instability and conflicts

A period of extreme instability and conflicts followed. Mobuto took over as head of state in 1965, and named the country Zaire. The plundering and looting continued. Mobuto became an instrument of imperialist tactics during the Cold War, and Zaire became a destabilising force in the region. Any discussion of the DRC's transitional government must be situated in this reality.

The transitional government is meant to end when democratic elections are held. Elections were originally scheduled for June 2005, but have been postponed to December following a request by the DRC's Independent Electoral Commission (CEI) to parliament to give it more time to prepare. This request accords with the Global and All-Inclusive Agreement, signed in Pretoria in December 2002, which, among other things, provides for:

- the holding of elections within 24 months of the establishment of a transitional government; and
- an extension of the transitional government by two terms of six months each should conditions not be conducive to staging elections within the prescribed time.

The road to the current situation has been long and arduous. In providing a perspective on this, one needs to look at the circumstances that have led to the establishment of a transitional government.

The process began with the overthrow of Mobuto by a coalition of forces, after fighting had broken out among various allies. The next milestone was the Lusaka Ceasefire Agreement (LCA) of 10 July 1999, which was signed by the DRC, Angola, the Republic of Congo, Namibia, Rwanda, Uganda, and Zimbabwe; the Ugandan-backed Movement for the Liberation of Congo (MLC); and, finally, by 50 people representing both factions of the Rally for Congolese Democracy (RCD).

Next, the OAU mandated the Inter-Congolese Dialogue (ICD), which started in Ethiopia in April 2001 and eventually ended in South Africa in April 2003. Another important factor has been the continuing role of the international community in the DRC.

It is only against this backdrop that one can begin to grapple with the enormous challenges facing the current transitional and future DRC government. One should not be lulled into thinking that once democratic elections have been held, peace and stability will prevail. Among many other factors, the DRC is twice the size of Western Europe.

Indeed, while democratic elections will hopefully be a major step towards democracy and good governance, it will require a wholehearted political commitment and a huge application of resources by both domestic leaders and the international community before the DRC will be able to assume its rightful place on the continent and in the global community.

The Lusaka Ceasefire Agreement

Since the outbreak of internal conflict in the DRC in 1997, a number of countries, leaders, and institutions have attempted to resolve the situation. The SADC initiative, led by former President Nelson Mandela (initiated at the Pretoria Summit on 23 August 1999), and later President Thabo Mbeki, resulted in the LCA being signed in July and August 1999. This agreement was reached a month after President Mbeki had tabled certain key proposals, including:

- the need for direct talks between parties;
- the cessation of hostilities pending an inter-Congolese political arrangement; and
- the withdrawal of foreign troops after the deployment of a peacekeeping operation.

These proposals were later enshrined in the agreement.

The ceasefire agreement was signed on 10 July 1999 by the heads of state of the DRC, Republic of Congo, Namibia, Rwanda, Uganda, and Zimbabwe, as well as the Angolan minister of defence. It was also signed by the Ugandan-backed Movement for the Liberation of Congo (MLC) on 1 August 1999, and, finally, by 50 people representing both factions of the RCD on 31 August 1999.

However, the agreement only provided for the cessation of hostilities

The South African president, Thabo Mbeki, greets delegates at the Inter-Congolese Dialogue at Sun City in April 2003 … South Africa has made a major contribution to the DRC's democratic transition. Nadine Hutton/PictureNET Africa

pending a political settlement among the Congolese themselves. Chapter 5 of the agreement, which defined the parameters of the ICD, called for the official launch of a process of negotiations which should lead to a 'new political dispensation and national reconciliation in the DRC'. Yet, instead of the 90-day time frame allotted to the Congolese parties to reach agreement, the ICD continued for three years.

Furthermore, although the agreement stipulated that foreign troops should withdraw from the DRC within 180 days, this deadline was not adhered to and was later extended. The way to the withdrawal of foreign forces from Congolese territory was only paved with the signing of separate agreements between the DRC and Rwanda as well as the DRC and Uganda in July and September 2002, respectively.

The signing of the LCA emanated not only from persistent third-party efforts, but also from contextual factors. The accord was brokered at a time when the military situation had reached a stalemate, and all the signatories could benefit politically from its provisions. All the belligerent states secured a regional commitment to deal with their national concerns, and the rebels obtained international recognition. The agreement granted the rebels equal status in the forthcoming political negotiations. However, the ceasefire agreement did not reflect a general commitment to settle the conflict politically. In this context, the ICD took time to materialise, and even longer to reach a conclusion.

The Inter-Congolese Dialogue

The ICD was aimed at establishing a transitional administration in the DRC pending the staging of democratic elections. More specifically, as stipulated in the LCA, the ICD was aimed at facilitating an agreement among its participants on four issues related to power-sharing in the DRC:

- the formation of a new Congolese army;
- the future institutions in the country;
- the organisation of general elections; and
- the interim constitution and institutions that would govern the DRC during the transitional period.

The transitional administration was meant to be inclusive – that is, it was meant to represent the full spectrum of Congolese stakeholders, and to govern the country based on the principle of consensus. In line with this approach, the negotiations were meant to include the DRC government, the main rebel groups (at the time, the RCD and MLC), political parties, and representatives of civil society. All these parties were meant to have equal status during the talks, and the dialogue was to take place under the aegis of a neutral facilitator, who would be responsible for organising the negotiations, consulting the various parties, and conducting the discussions.

However, Sir Ketumile Masire, former president of Botswana, was only appointed as facilitator on 15 December 1999, two months after the deadline given to participants to conclude the talks. Even then, the ICD stalled for another 12 months.

Following a preparatory meeting in Gaborone in August 2001, the ICD was officially launched in Addis Ababa in October 2001. The meetings in Addis Ababa only lasted for five days instead of the proposed 45, mainly due to issues of representation. It was then decided that participation in the ICD should be broadened to include representatives of local Mai-Mai militias, religious orders, traditional chiefs, and armed and non-armed opposition groupings.

Following an official request by the facilitator to President Mbeki for South Africa to host the ICD, all the participating groups agreed that the ICD would officially resume and be relocated from Addis Ababa to South Africa.

South Africa hosted the second phase of the ICD from February to April 2002; these talks ended in deadlock. Meanwhile, in July and September 2002, respectively, separate agreements were concluded between the DRC and Rwanda and the DRC and Uganda, which paved the way for the withdrawal of foreign forces from Congolese territory.

Global and All-Inclusive Agreement

On 17 December 2002, the main Congolese parties to the conflict finally signed the Global and All-Inclusive Agreement on the Transition in the DRC in Pretoria. This agreement reflected an arrangement between the principal role players about how to share power at the governmental level during the 24-month transitional period, at the end of which elections would be held.

In brief, President Joseph Kabila would remain head of state (and supreme commander of the armed forces), and would be assisted by four vice-presidents in charge of governmental commissions, each comprising ministers and deputy ministers. Besides this:

- a political commission would be chaired by the leader of the RCD-Goma, Azarias Ruberwa;
- an economic and finance commission would be chaired by the leader of the MLC, Jean-Pierre Bemba;
- a reconstruction and development commission would be led by a member of Kabila's government, the former minister of foreign affairs, Abdoulaye Yerodia Ndombasi; and
- a social and cultural commission would be headed by a representative of the political opposition, Arthur Z'ahidi Ngoma.

In total, the transitional government would include 36 ministers and 25 deputy ministers. The signatories also agreed on the structure and composition of the new Congolese parliament, which would consist of a national assembly (comprising 500 members and presided over by a MLC representative) and a senate (comprising 120 members and presided over by civil society). Civil society would also head the five independent institutions in support of democracy – including the CEI – whose establishment was decided at Sun City.

Importantly, this agreement, like previous ones, was achieved only after protracted negotiations and intense international pressure, particularly by the UN, South Africa, and the EU. However, it failed to address at least three important issues, namely:

- the disarmament of the armed force and their integration into a united national army;
- the personal security of transitional government leaders; and
- the interim constitution for the transitional period.

To resolve these issues, technical committees were reconvened in Pretoria in February 2003, and delegates approved three additional documents. These were:

- a MoU about the mechanisms for establishing a restructured and integrated national army (however, it was not until June 2003 that agreement was reached in Kinshasa on the sharing of military responsibilities during the transitional period. Kabila would nominate the armed forces chief of staff and the head of the navy, while RCD-Goma and MLC would head the ground forces and the air force respectively);
- a MoU regarding the security provisions during the transition. The international community was asked to protect the transitional institutions and ensure security in Kinshasa – a task given to the UN Mission in the Democratic Republic of Congo (MONUC); and
- a transitional constitution.

Final Act

The signing of agreements on the outstanding issues paved the way for the final session of the ICD held at Sun City on 1-2 April 2003, during which the Final Act was signed, endorsing all the agreements approved until then.

The transitional government was eventually established in May 2003. Five institutions in support of democracy – the IEC, the Higher Media Authority, the Commission for Truth and Reconciliation, the Commission for Ethics and Struggle against Corruption, and the National Observatory for Human Rights – were inaugurated on 28 August 2003. In May 2004, Kabila announced a road map towards the staging of elections on the agreed date.

This included the promulgation of laws on defence and security; a census; a referendum; and the recognition, acquisition, loss, and recovery of Congolese citizenship. Kabila also undertook to appoint managers for state companies, diplomats and territorial administrators, a supervisor for the National Disarmament and Reinsertion Commission (CONADER), and members of the military structure of integration, and to ensure that the CEI began to function.

Francois Lumumba, son of Patrice Lumumba, at the Inter-Congolese Dialogue at Sun City … 'the Congolese people must now take their destiny into their own hands.' Nadine Hutton/PictureNET Africa

Although it took time before the transitional government assumed some management functions, it did pass the law on nationality in September 2004 and legislation to regulate the elections in December 2004, which would enable the CEI to start organising the elections. The transitional parlilament passed a new constitution in May, and on 15 May President Mbeki travelled to the DRC at the invitation of President Kabila to attend its inauguration. This paved the way for the adoption of electoral laws. Voters' registration was scheduled to start in June, and a national constitutional referendum was envisaged for November.

Synthesis

The draft constitution provides for a synthesis between a unitary and federal state. Twenty-five provinces are provided for, permitting provincial administrative autonomy. An elected president will be limited to two five-year terms of office. The president will be assisted by a prime minister, who will manage the functioning of government. The president may only take certain decisions after consulting with the prime minister and with parliament. The legislative power of parliament permits the governing authorities to be censored, and ensures stronger discipline within government. The judiciary will be completely independent and will consist of a judicial court, an administrative court, and a constitutional court. Political parties will be permitted. The equality of men and women in the exercise of state power is enshrined. Violence against women and children, including sexual exploitation, is forbidden.

During his visit President Mbeki took the opportunity to discuss the state of preparations for the general presidential and parliamentary elections, and the issue of their postponement. For this purpose, the President met various role players in the transition process, including Vice-Presidents Yerodia Ndombasi, Zahidi Ngoma, and Azarias Ruberwa; the Speaker of the National Assembly, Olivier Kamitatu; the leader of the Congolese Rally for Democracy - Liberation Movement (RCD-ML), Mbusa Nyanwisi; the leader of the Congolese Rally for Democracy-National (RCD-National), Roger Lumbala; Mai-Mai representatives; representatives of civil society; Archbishop Mosengwo; and a group of Congolese women. The Congolese interlocutors expressed their support for holding elections within the time frame envisaged by the transitional constitution, and agreed to a postponement. Concerns were expressed about the pace of integration of the armed forces, as well as a lack of adequate communication between the government and the Congolese people regarding the transitional process and the preparations for elections. They wanted a definite time frame for the postponed elections.

President Mbeki stressed that absolute clarity should be reached about the preparation for the elections, so that citizens would be aware of the challenges surrounding the electoral preparations and the time table required to complete the process. The South African police would work closely with Congolese police to ensure security and to assist with the integration of police forces in the DRC.

The reform of the security sector has been a major concern in the run-up to the elections

The President reiterated that the South African government was committed to helping the DRC achieve its reconstruction and development objectives.

The importance of continuous engagement with both the DRC leadership and civil society, in order to bridge the divide between the Congolese and to remain informaed about the political climate in the country, cannot be overemphasised. More importantly, as indicated previously, the negotiated agreements that laid the groundwork for the establishment of a transitional government were achieved mainly through third-party involvement and not through unmediated dialogue among the various partners to the conflict. The lack of dialogue among parties in the DRC has proved to be a major hurdle in the transitional process.

Since its establishment, the transitional government has been characterised by a lack of trust and co-operation among its participants, a failure to address the root causes of instability and conflict, and a lack of progress with the integration of the armed forces. A major problem for the transitional government is the continued violence in the eastern DRC, and its inability to control the entire DRC.

Security sector reform

The reform of the security sector has been a major concern in the run-up to the elections, and primordial loyalties by armed factions have impeded the extension of state authority over the entire country. A unified Congolese defence force, free from foreign influence, can play a major role in the disarmament of armed groups and militias, and in bringing about internal peace and security in the run-up to the elections. Parallel chains of command persist in the army. Many officers stand to lose power in the elections, and are therefore attempting to prolong and disrupt the transitional process. Political weakness at the centre has allowed military conflicts to fester on the periphery.

An important development was the announcement by the Democratic Forces for the Liberation of Rwanda (FDLR) on 31 March 2005 that they would unconditionally abandon the armed struggle and return to Rwanda. After MONUC's deadline of 1 April 2005 for the more than 15 000 militia to surrender their weapons to MONUC and DRC government forces (FARDC), about 12 000 former militias entered the disarmament and reintegration process. Many ex-militias have chosen to rejoin their communities rather than undergo military integration.

MONUC is also concerned that while arms have been handed over, the militias have not fully disclosed their arms holdings, particularly of heavy artillery in eastern DRC. This could result in further conflict, should the reintegration process not be properly handled.

Furthermore, the causes of conflict

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Tsunami reveals dumping of nuclear and toxic waste in Somalia

While aid has poured into Asian countries, reports **David Fig**, the international community has failed to help Somalia deal with a sinister after-effect of the Indian Ocean tsunami: the exposure of hazardous waste illegally dumped on its coastline

THE Indian Ocean tsunami of 26 December 2004, which caused 300 000 deaths in 11 countries, had huge ripple effects, also on the African coastline. One of the most serious impacts was the exposure, in Somalia, of barrels of nuclear and other hazardous waste that had been illegally dumped in coastal waters or buried on beaches. This occurred at five different locations on the north-central coast between the Xaafun peninsula and Garacad, and in the south around Lower Juba. The force of the tsunami smashed open many of the rusted drums and other poorly sealed tanks and containers, spreading airborne contamination up to 10 kilometres inland.

Since there is no central state in Somalia, and civil war has continued since the late 1980s, neither local nor international authorities have been in a position to police the coastline, prevent the dumping, or remove the waste. The resultant health risks pose a direct challenge to the Somali people, and also to the AU, the UN, and civil society across Africa and the world.

Waste profiteers

Toxic waste has been illegally dumped on the Somali coast for at least the past 15 years. The wastes originate in Europe, and are bought for disposal by companies registered in Italy and Switzerland. Profits are large because although the disposal of normal municipal waste in Italy costs between €80 and €200 a tonne, waste companies receive between €500 and €5 000 a tonne for disposing of hazardous and nuclear waste. Much of the cost is due to the use of specialised landfills equipped to receive these wastes. However, waste profiteers discovered that they could dump with impunity in Somalia and pocket the massive windfalls for themselves, in a trade said to have yielded €3 billion by the late 1990s.

Waste companies made various approaches to local Somali warlords to persuade them to accept consignments. General Hersi Morgan, who controlled Kismaayo, reportedly stated in 1998: 'A few years ago we were contacted in Nairobi by foreign agents. They requested a piece of my territory for the disposal of toxic and radioactive waste.' Morgan claimed that he did not grant the request. Nevertheless, it became well known that certain warlords received large sums in exchange for their authorisation.

The US publication *Multinational Monitor* reported in 1992 that the Italian waste brokers Progresso had dumped 83 380 litres of expired pesticides and agrochemicals on the Somali border with Djibouti. Progresso and the Swiss company Achair had tried, in December 1991, to pay a Somali politician, Nur Elmy Osman, US$80 million to accept 10 million tonnes of toxic and medical waste. Much of this was intended for burial on the shores north of Mogadiscio. However, the former Somali president Siad Barre, exiled in Kenya, played an active role in scuttling this deal in order to discredit his former minister and rival Osman.

A UN Environmental Programme (UNEP) investigation confirmed that the contract was null and void, and that the facility was never built. However, UNEP's then executive director, Dr Mustafa Tolba, denounced Achair and Progresso once it became clear that they had been set up specifically as front companies for larger industrial firms in order to dispose of hazardous wastes. Tolba reportedly claimed that, in the course of its investigation, UNEP found itself dealing with some kind of mafia.

Ironically, during this period, the OAU formulated the 1991 Bamako Convention specifically aimed at banning the import of all hazardous wastes into Africa, and setting up controls over the trans-boundary movement of hazardous wastes within the continent. (The convention has not entered into force because it has not been ratified by 10 African signatories.)

Basel Convention

However, the Basel Convention, which came into force in May 1992, covers many of the concerns raised by Bamako. Basel – which falls under UNEP, and is open to signature by all UN members – is aimed at controlling the trans-boundary movements of hazardous waste, and arose from pressures to curb the dumping of waste by developed countries in developing countries and Eastern Europe. The Basel process has established rules for the movement of waste, and the outlawing of consignments that flout those rules. However, this system only applies to parties to the convention, which excludes countries such as Somalia, the US and Afghanistan, which have yet to accede to it. Basel has increasingly recognised that cleaner technology will significantly reduce the trade in hazardous materials, and has campaigned vigorously for the production of toxic waste, by developed countries in particular, to be minimised.

The Basel Convention, as well as the declaratory Article 39 of the fourth Lomé Convention, which applied up to 2002, have placed tighter controls on hazard-

A fisherman at Hafun, north eastern Somalia, after losing his boat and his brother to the tsunami … continental and global assistance is urgently needed. AP Photo/Karel Prinsloo

ous waste exports to countries without the technology, capital, or capacity to manage them in the long term. Italy ratified the Basel Convention in February 1994. Nevertheless, as recently as 2004, Somali fisherfolk have sighted foreign vessels dropping containers into the ocean and on to local beaches. Without an infrastructure of coastguards, health officials, and testing facilities, Somalia remains vulnerable to illegal dumping.

Following the exposure of containers during the tsunami, Somalis in the affected areas have complained of acute respiratory infections, abdominal haemorrhaging, nose and mouth bleeds, and skin allergies, and some have died suddenly after inhaling toxic materials. According to UNEP, ground water in certain areas has been contaminated, and saline water has disturbed fresh water fishing, placing many livelihoods at risk.

In March 2005, following an appeal by the Somali minister of environment and disaster management, Mohamed Osman Maye, UNEP and the UN Office for the Co-ordination of Humanitarian Affairs (OCHA) established a joint unit in Geneva to examine the situation. However, subsequent UN intervention has been minimal. This is partly due to the experience of the World Food Programme whose attempts to ship food to 28 000 tsunami victims on the Somali coast were aborted after its chartered vessel was hijacked by pirates on 27 June 2005. The pirates demanded a ransom of US$500 000 for the release of the MV Semlow, with a 10-person crew and 850 tons of rice. The WFP had for some time been chartering vessels in Mombasa, Kenya, for shipping humanitarian cargo to various Somali ports. However, continued insecurity of the Somali waters makes it almost impossible for international agencies to help resolve the social crisis.

Humanitarian response

The devastating impact of the tsunami was felt around the world, and the humanitarian response was perhaps the most generous expression of post-disaster solidarity the world has yet seen. Global media constantly referred to the event as the 'Asian' tsunami, thereby masking its African dimension. The crowding of relief agencies into Sumatra, Sri Lanka, and Thailand has been justified by the huge numbers of victims.

However, despite the difficulties encountered on the ground, a continental and global response to the challenges posed by the impacts of the tsunami on Somalia is also urgently needed. Its effects have placed an additional burden on this society, already reeling from the recurrent droughts and floods attributed to climate change. Reconstruction of the Somali state is vital if reliable infrastructure is to be created to deal with the environmental impacts of the tsunami – and address the country's legacy of toxic and radioactive waste.

If the UN is finding it difficult to deliver solutions, what chance is there that the AU can prioritise this problem? Given the generous public support for tsunami victims, to what extent can Somalis become beneficiaries of this wave of largesse? African governments and civil society need to apply their minds more strenuously to this crisis. Otherwise the precedents for environmental racism and injustice will prevail, and the chances of achieving the Millennium Development Goals in the horn of Africa will continue to recede. ■

Dr David Fig is an independent environmental policy analyst, and the author of Uranium Road *(Johannesburg: Jacana, 2005).*

Global financial order unmasked

Nhamo Samasuwo reviews a new analysis of the current international financial order which holds important lessons for policy-makers in the global south

This book helps to close a theoretical chasm in the debate on the nature and workings of the global financial order. It is essentially a detailed critique of what the author refers to as the New International Financial Architecture (NIFA).

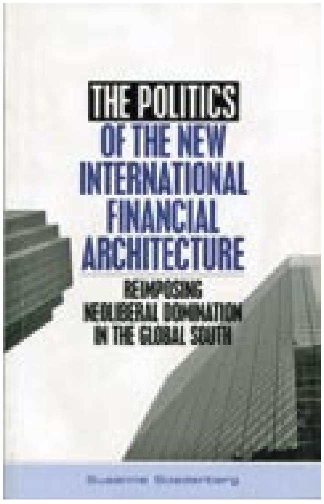
According to Soederberg, the NIFA, established in response to the Asian economic crisis of 1997, consists of three main elements: the Financial Stability Forum (FSF), the Group of Twenty (or G20), and a set of international standards and codes referred to as the Reports on the Observance of Standards and Codes (ROSCs). She notes that the ROSCs, primarily aimed at inculcating internationally agreed standards for the management of financial liberalisation, especially in the developing world, are policed by a complex web of intergovernmental organisations such as the IMF, OECD, and the World Bank, among others.

Systemic stability

Thus, according to Soederberg, the standardisation of these 'international' norms is aimed at achieving systemic stability by ensuring that emerging market economies adopt the rules of the global capital markets via greater transparency requirements, good corporate governance, and adherence to free market principles.

According to Soederberg, the G20 represents an attempt to bring together the finance ministers and central government and central bank governors not only of the G7/G8 and EU, but also their counterparts from the 'systematically important' emerging market economies of Argentina, Australia, Brazil, China, India, Indonesia, Mexico, Saudi Arabia, South Africa, South Korea, and Turkey.

Soederberg further examines the links between the NIFA and two key variables: the non-hegemonic structural power of the US, and the growing contradictions of global capital accumulation based on the free mobility of capital, especially in the global south. Thus she argues that the NIFA is a product of a transnational class-based strategy to reproduce the power of capital in the world economy, and the structural power of the US. More specifically, and echoing earlier observations by Joseph Stiglitz, former chief economist of the World Bank, Soederberg argues that the NIFA represents an attempt to reinvent or refurbish the political and ideological facets of the international financial architecture (IFA), such as the Washington Consensus, into a post-Washington Consensus. She also argues that the NIFA represents an attempt to 'freeze the contradictions' of global capitalist accumulation. More broadly, she persuasively engages with some of the following questions: Why did NIFA emerge? At whose initiative? What does it involve? Who is benefiting? And will it really work?



The politics of the new international financial architecture: reimposing neoliberal domination in the global south
Susanne Soederberg
London and New York: Zed Books, 2004

The book contains many useful facts, and numerous persuasive arguments. Particularly welcome is its deconstruction of our commonsense understandings of the NIFA that the US has imposed on the world over the past 20 years. As Soederberg correctly points out, the NIFA is not development-friendly; rather, it consolidates inequality between nations and between classes of nations. Particularly interesting is her identification of some major contradictions in this project – for example, Washington's obsession with financial liberalisation, which has created a monster now threatening not only the power of the US itself, but global peace.

Soederberg's thorough research and fearless analysis pierce the opacity of the global financial system, and uncovers an architecture of financial power and public policy that has locked the world into worsening inequality and impoverishment, particularly in the global south. But, as Soederberg herself admits, the NIFA may simply be a rather ineffective attempt to deal with global capitalism's current 'crisis of authority' by plastering over the virulent symptoms of 'turbo capitalism' and the 'global casino'.

Economic wasteland

In fact, as she also points out, the NIFA's longevity depends upon the constant flow of short-term speculative capital to emerging economies. Hence, in times of crisis, such short-term capital flees what dependency theorists such as Andre Gunder Frank have dubbed the 'periphery' (that is, emerging economies and developing country markets) for the 'centre' (that is, the Dollar Wall Street Regime), thereby making the US the sole beneficiary of this perverse export of capital. As many scholars will remember, in the late 1990s the flight of short-term 'hot money' reduced Argentina to an economic wasteland almost overnight.

Some observers believe that Turkey, which, ironically, is classified as a 'systematically important' emerging market economy, may soon become 'another Argentina'. Given that South Africa enjoys a similar classification, Soederberg's work may be a timely warning for policy-makers in this country.

This volume is essential reading for anyone interested in the financial aspects of globalisation and development. It should also be essential reading for all those involved in the unrelenting struggle to fashion an alternative pattern of globalisation based on economic and social equality and international justice. Soederberg highlights the pressing need for a new global financial architecture, one that would change the world far more profoundly than ever before.

However, given that the book is essentially written for policy-makers and development specialists in the south, such readers may find it lacking in some respects. For example, it does not analyse the role of so-called non-state actors or western CSOs in the social construction of 'common values' around globalisation, the manufacture of a false consensus on the virtues of neoliberalism (essentially, the political ideology of the NIFA), and, even more importantly, the policing of developing countries that deviate from the 'norms' and 'standards' of 'good governance'.

Although these organisations (including some think-tanks and credit rating agencies) appear to be non-partisan, or to have no obvious political affiliation, they are capable of irreparably damaging any country's 'credit rating' which is essential for attracting FDI, debt relief, or development assistance. After all, the US itself instrumentalised the Helsinki Agreements of 1975 (which emphasised human rights, among others) to roll back communism, which in the post-World War II era provided an ideological alternative to neoliberalism.

More recently, the US and its G7 allies have appropriated the discourse on governance and democracy not only to reinforce their faltering neoliberal dogma, but also to roll back powerful emerging alternatives to the Washington Consensus. This is particularly true of what some scholars have dubbed the 'Beijing Consensus', associated with China's growing status as a new and alternative centre of global capital. The reason why the US now regards China as a threat is because the latter's growing economic power threatens to reverse the logic of the NIFA and the Dollar Wall Street Regime.

In essence, if capital exports swing in favour of Beijing, all short-term investment capital driven by the 'herd mentality' may be tempted to flee en masse to China as a new safe haven, especially during times of crisis. Although Soederberg argues that the NIFA relies for its longevity on coercion and not brute force, the answer may lie somewhere in between. In the light of the US's overemphasis on military strategy (as manifested in Iraq and elsewhere), it has become common knowledge that the 'hidden hand' of global capital increasingly tends to rely on the helping hand of McDonnell Douglas, among other weapon systems manufacturers, to deal with the growing 'crisis of authority' in the global south. ■

Dr Nhamo Samasuwo is programme director: multilateral of the IGD.

'We had to hit the ground running …' *– Continued from page 12*

ca's image, and concretely expressed our commitment to the continent.

Our intervention in Congo and Côte d'Ivoire is part of a multilateral process sanctioned by the UN and the AU. We maintain our position on respect for sovereignty, and will not intervene in any conflict unless requested to do so by regional and global institutions. In the case of Burundi, we managed to weather the storm during difficult times, and the negotiating skills and patience of former Deputy President Jacob Zuma finally yielded results. As we speak, Burundi is going through the final stages of its transition to democracy. We acknowledge that there are a number of challenges facing the incoming government, and we are more than willing to continue contributing to a peaceful transition in Burundi.

The President's approach to conflict resolution has further proven that we are genuinely interested in solving the problems on the continent rather than looking for investment opportunities for our private sector. We have also maintained our impartiality, and have, despite pressure from certain quarters, refused to impose externally driven solutions on to sovereign nations. Our success on the continent is also informed by key partnerships that we have established with Nigeria, Senegal, Algeria, and Egypt. We also recognise the significant role that these partners have played in transforming continental institutions and launching NEPAD as the economic framework for Africa's development.

Analysts and the media have described South Africa's engagement with Zimbabwe as a total failure. However, these criticisms have been void of analysis and substance. If our critics, especially the media, had the capacity to do rigorous analysis, and understood the dynamics of the crisis, they would probably not write irresponsible articles that only serve certain narrow interests.

In my opinion, if we did not manage the Zimbabwe crisis in the way we have thus far, the consequences would have been very difficult to handle. South Africa would have been unable to cope if there was a mass exodus of people across the Zimbabwean border. Importantly, we have to remember that those who have been putting pressure on us to take drastic steps against Zimbabwe would not be the direct recipients of the consequences – assuming that we heeded their advice.

We are aware that there are political and economic problems that need to be

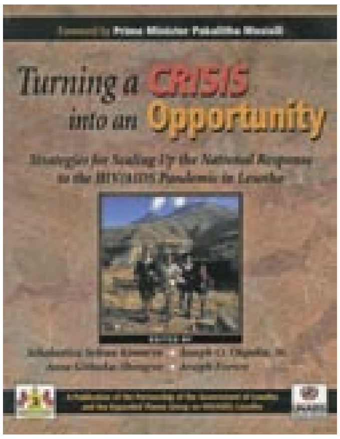
Continued on page 30

Arming Lesotho against HIV/AIDS

Siphamandla Zondi reviews a welcome work in which academics and other analysts spell out a practical strategy for combating HIV/AIDS, built around Lesotho's specific circumstances and resources

AFRICA's developmental challenges are manifold as well as enduring. Lately, they have been aggravated by HIV/AIDS, which has made the need for effective responses at all levels all the more urgent. Although there is a large literature on the epidemic, analyses teasing out or reviewing policy responses to it as a developmental problem are insubstantial and rare. The need for a discourse on how nation states, regional bodies, or international agencies should confront this calamity in terms of policy and action cannot be greater.

This volume is therefore a welcome intervention. It is certainly a rare response to the question: how can a nation develop a strategic response to HIV/AIDS that is practical as well as sensitive to its own internal and external dynamics?



Turning a crisis into an opportunity: strategies for scaling up the national response to HIV/AIDS in Lesotho
S S Kimaryo, J O Okpaku Sr, A Githuku-Shongwe, and J Feeney (eds)
New York: Third Press Publishers, 2004

UN Theme Group

It has resulted from a partnership between the UN Theme Group on HIV/AIDS in Lesotho and the government of Pakalitha Mosilili. It was inspired when Mosilili publicly asked donors to help determine whether the cause of development failures or the poor implementation of policies in Lesotho was a shortage of capacity. He argued strongly that, given Lesotho's successful handling of its elections and other major projects, the problem was not one of a lack of capacity, but rather of the utilisation of existing capacity. Accepting this version of the problem, the UN Theme Group set out to formulate a proposed strategy that would utilise the country's existing capacity as efficiently as possible.

The book does not interrogate the weaknesses of HIV/AIDS policy or the structural factors that influence it, and also does not explore various items in the policy toolbox. Rather, it is, as its authors put it, a policy manual specifically designed for Lesotho, based on a careful analysis of the specific problem confronting the nation. Given this, it argues that the problem in Lesotho is largely a policy gap between the political commitment to fight HIV/AIDS, and the effective implementation of plans that will produce the desired results. The authors argue that this gap has stalled the development of an 'HIV/AIDS-competent society', capable of effectively combating the epidemic. They insist that the state and non-state actors combined have enough capacity to implement effective HIV/AIDS programmes, as well as to galvanise the entire population into becoming an HIV/AIDS-competent society.

Divided into 16 chapters, the manual explains in simple terms how Lesotho could scale up its strategic and programmatic responses to HIV/AIDS on the basis of international best practice. The first four chapters prepare the ground for the crux of the discussion by providing a historical context and a situational analysis of the HIV/AIDS scourge in Lesotho as well as current policy responses. Chapters 5 to 15 analyse the 11 key elements of an effective policy response to HIV/AIDS, including social mobilisation, the use of ICT, personal and institutional transformation, and the roles of government, the private sector, civil society, and development partners.

Meant for policy-makers and implementers, the manual expertly integrates current development policy thinking with academic work. It simplifies issues discussed by academics in abstract terms, such as the utility of culture in public mobilisation against HIV/AIDS, or the role of capacity-building in development, and translates them into practical programmes for public use. It also moves form the strategic to the operational level. The authors demonstrate that they have carefully studied the Lesotho policy climate, and the manual is comfortably integrated with the domestic policy environment.

Policy options

Yet the book is not an insipid policy document, but an interesting blend of intellectual engagement with conceptual issues and a nuanced breakdown of policy actions. Readers will thoroughly enjoy the authors' engagement with the issues of culture, tradition, and knowledge, for instance. But they will also find the material on policy options for state and non-state actors rich and useful. They will find the book useful for policy practice as much as for its academic analyses of development planning and other issues that impact on the evolution of policy.

The book is well illustrated and simply written, and therefore easy to read. The authors employ various tools to illuminate their points made on every issue, including diagrams, templates, and text boxes. For instance, on social mobilisation strategies, there are policy templates listing the major players such as political, traditional, and religious leaders, NGOs, and economic organisations. Their activities are broken down into training, participatory research, and monitoring; expected outcomes are listed as community participation, service utilisation, empowerment, and so forth.

While it seems as if some chapters may have been written by authors with different intellectual interests, the narrative is largely coherent and focused. The fact that the authors set out to demonstrate the prime minister's point may worry those who expect authors of any policy manual to engage with the assumptions of any problem area. Yet these authors should not be faulted for not doing what they did not set out to do, and should be complemented for carrying out a complex task with such aplomb and lucidity. The book is a good read especially for public policy practitioners, independent development planners, trainers, and policy analysts interested in the operationalisation of ideas.

Dr Siphamandla Zondi is programme director: Southern Africa and Africa of the IGD.

'We had to hit the ground running …' *– Continued from page 28*

addressed. As much as we remain committed to diplomatic dialogue with Zimbabwe, we have also been critical of its agrarian reform.

However, we will continue our dialogue with Zimbabwe until we find a lasting solution. At this moment the Minister of Finance and the Governor of the Reserve Bank are engaging the Zimbabwean government on its request for a loan.

South Africa is entirely committed to promoting talks between the ruling and opposition parties, and we have also maintained discussions with the MDC as part of our attempts to get the two parties to the negotiating table. However, our fundamental position is that the crisis can and must be resolved by Zimbabweans, and that no external solution should be imposed upon them. With regard to the calls for sanctions, it was clear to us from the outset that sanctions would push Zimbabwe into further economic decline, thus heightening political tensions.

What are South Africa's key foreign policy priorities during the remainder of President Mbeki's term?

Foreign policy is an ongoing challenge, and we will continue with our continental work as the challenges and issues arise, especially in respect of conflict resolution. We will ensure that the AU grows from strength to strength, and that it continues to play an active role on the important issues related to our continent and the global south. It should also play a central role in ensuring that the Bretton Woods institutions are more sensitive to the needs and aspirations of people living in poverty, a majority of which are Africans.

The implementation of NEPAD has to be monitored to ensure that Africa's economic recovery stays on course. The President still has a lot on his plate. For the record, he will leave office when his term ends in 2009.

US–China trade war threatens global order *– Continued from page 20*

any revaluation of the yuan would have no significant effect on manufacturing or job creation in the US. He went on to say that the tariffs proposed by Schumer and Graham would indeed reduce imports from China, but that this would lead to greater imports from other low-cost suppliers in Asia and Latin America. Retaining current import flows from China would maintain a stable supply of low-cost manufactured products from the most cost-effective and capacity-proficient supplying nation in the world. There is no other country on earth that has China's combination of industrial capacity and cheap labour; this is its unique competitive advantage.

China seems to have introduced a new sentiment into US policy thinking, which Greenspan has aptly termed 'crawling protectionism'. The US, which for 25 years has championed neoliberal reform, strongly advocated trade liberalisation, free markets, and economic globalisation – not least because it has been the primary beneficiary of this orthodoxy. Now it seems that the Chinese are making the US reconsider the principles of free trade. The Americans are starting to feel what the opposite side feels like in the win–lose game of trade liberalisation; the less competitive player always loses.

Henry Lui describes one dominant faction of the current US administration as 'moral-imperialist neoconservatives'. He attributes much of the poor handling of trade tensions with China to this faction, which is whipping up a frenzy of paranoia by emphasising the need to prioritise national and security interests over and above economic pragmatism and cautious diplomacy. One example of this was the recent bid by the China National Offshore Oil Corporation (CNOOC) for UNICOL. Despite the fact that its bid exceeded Chevron's by more than $1 billion, the US Congress introduced political obstacles that forced CNOOC to withdraw its bid. Economically the bid was ideal, but the House of Representatives – with no clear evidence – found it to be a direct risk to national security.

Is a new phase of US market protectionism emerging? This certainly seems to be the case if one considers the US approach to the multilateral trading system, and the range of new and existing barriers to trade with China. While countries from the developing world are debating alternatives to economic reform and Washington Consensus-styled neoliberalism, the US also seems to be torn between its tradition of free market 'practice' and the emerging need for protectionism offered by a command economy. This points to a debate around the exiting neoliberal economic orthodoxy stretching from north to south, and involving both developed and developing nations.

A trade war between the US and China, easily the two most influential economies in the world, would not only detract from their own economic growth and development, but would also be extremely costly to the world at large. Both countries rely heavily on each other, and the economic success of each depends on the survival and progress of the other. To be sure, the US and China may be economic competitors or even strategic rivals, but ultimately they are global partners that will soon be playing in a league of their own.

For this reason, it is in the interests of both the US and China to ensure that their bilateral trade and political relations move to the centre of their foreign policy and trade strategy. China seems to be moving in this direction. The US may need to apply a more pragmatic approach to steer away from mounting protectionist policies, and avoid a potential conflict. Co-operation and not conflict with China is the source of future US prosperity and a sound global order. ■

Lyal White is the senior researcher for Asia and Latin America at the South African Institute of International Affairs (SAIIA).

Urgent action needed on MDGs – *Continued from page 2*

ment of the MDGs and improve the quality of technical advice at the country level. These teams should also be properly trained, staffed, and funded to support programme countries' attempts to achieve the MDGs.

To ensure success, the global community must start to build capacity, improve policies, and deliver the investments needed to meet the MDGs, and this effort needs to be sustained at the global, national, and local levels over the next 10 years. Only by acting now can long-term environmental challenges, such as climate change and fisheries depletion, be contained before they irreparably harm the poor countries that are least able to protect themselves.

Urgent action is needed if we are to usher in a decade of bold ambition to achieve the MDGs. Developing countries need to make every effort to mobilise around these goals. Rich countries need to ask themselves whether they should be more concerned with pointing fingers at the responsibilities of poor countries, as many of them are today, than with meeting their own commitments. The international community needs to follow through on its commitments and take quick practical steps at scale before the MDGs become impossible to achieve. If we fail to invest in this now, it will be a very long way to the next Millennium Summit in the year 3000. ■

Besides directing the UN Millennium Project, Jeffrey D Sachs is the director of The Earth Institute, professor of health policy and management at Columbia University, and a special adviser to the UN secretary-general, Kofi Annan

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DRC must seize the moment – *Continued from page 24*

between remaining militia groups appear to have changed from clashes between rival militias along ethnic lines, or for reasons of financial gain, to that of neutralising what is regarded as the common threat, namely the 'new' DRC armed forces (FARDC) and MONUC.

Rwanda

The DRC's relations with Rwanda were uneasy, and deteriorated further when President Kabila publicly claimed in May 2004 that Rwanda was responsible for the events in eastern DRC which led to Bukavu falling into rebel hands.

Efforts to promote peace between the DRC and its neighbours were also set back when an estimated l60 Congolese Tutsi (Banyamulenge) were masscred in a refugee camp in Gatumba, Burundi, on 13 August 2004. Rwanda threatened to re-enter the DRC and hunt down the ex-FAR/ Interahamwe thought to be responsible for the killings. Following the incident, the RCD announced its withdrawal from the transitional process and institutions. President Mbeki visited the DRC at the end of August 2004 at time when a serious crisis had developed as result of the Gatumba incident Following his direct intervention, the leaders of the transitional government recommitted themselves to the transitional process. South Africa was also asked to help organise the elections. In this regard, representatives of relevant South African government departments and its Independent Electoral Commission (IEC) visited the DRC prior to the President's visit to engage their counterparts on a series of issues pertaining to general co-operation and the transition, including elections.

In order to carry forward South Africa's assistance to the DRC, the involvement of key departments and institutions is crucial. During the transitional period, and following consultations with their DRC counterparts, numerous departments have deployed personnel to that country to follow through on commitments made by South Africa.

South Africa has offered assistance in the fields of election preparation (IEC), voter identification (home affairs), police training (SAPS), institutional capacity-building (the department of provincial and local government), a public service census and the establishment of an anti-corruption framework (department of public service and administration), and the integration of the armed forces (SANDF).

Financial support for South Africa's efforts in the DRC remains a challenge that must be urgently addressed if this country is to realise its objective of helping the DRC to achieve successful reconstruction and development. South Africa has made an initial contribution of about R25 million, secured through the African Renaissance Fund, to kick-start its support of the DRC's transitional process.

Conclusion

The DRC has embarked on an irreversible transitional process, albeit at a slower pace than required or anticipated. All political leaders and their respective military forces have something gain from a successful transition to democracy. They basically have a choice between being left isolated and marginalised by the transition, barely in control of decreasing pieces of territory, or becoming part of legitimate government structures.

There is an unprecedented international commitment to help the DRC to succcessfully complete this process, demonstrated through the continued engagement of the UN and other African and western countries with the DRC's transitional government and other actors in the region, notably Rwanda and Uganda.

The DRC's transitional government has acknowledged that it has made some mistakes, and that it needs to recfity them. The general elections are now meant to take place on 31 December 2005, failing which a second six-month postponement may be requested. South Africa is actively assisting with the logistical preparations.

We are at a historical juncture, and the Congolese people must seize the opportunity. South Africa is confident that, in the absence of the Cold War, and outside interference, the Congolese people will take their destiny into their own hands and ensure that their enormous resources are used in their own interests.

Much progress has been made, but many challenges and obstacles remain. A properous and peaceful DRC will help to ensure that the 21st century truly becomes an African century. ■

What price recipes for growth? – *Continued from page 4*

What, then, is needed to create and sustain economic growth? Two forms of institutional reforms in particular should be emphasised. The first is the need to maintain productive dynamism over time. Natural resource discoveries, garment exports, or free trade agreements may spur growth for a limited period. Policy needs to ensure that this momentum is maintained with ongoing diversification into new areas of tradables; otherwise, growth will simply peter out. What stands out in the performance of East Asian countries is their continued focus on the needs of the real economy and the ongoing encouragement of technology adoption and diversification. Market forces are not necessarily enough to generate this dynamism, and need to be complemented with proactive public strategies.

The second is the strengthening of domestic institutions of conflict management. The most frequent cause of the collapse of growth is an inability to deal with the consequences of external shocks – that is, declines in terms of trade, or reversals in capital flows. Endowing an economy with resilience against such shocks requires strengthening the rule of law, solidifying (or putting in place) democratic institutions, establishing participatory mechanisms, and erecting social safety nets.

When such institutions are in place, the macroeconomic and other adjustments needed to deal with adverse shocks can be undertaken relatively smoothly. When they are not, the result is distributive conflict and economic collapse. The contrasting experiences of South Korea and Indonesia in the immediate aftermath of the Asian financial crisis are highly instructive in this regard. ■

Dani Rodrik is professor of international political economy at the John F Kennedy School of Government, Harvard University, US.

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IGD House, Block 12
Thornhill Office Park
Bekker Street
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South Africa

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Executive director
Dr Garth le Pere

Multilateral analysis
Director: Dr Nhamo Samasuwo
Senior researchers: Michelle Pressend, Christi van der Westhuizen, Brendan Vickers

Africa research
Director: Dr Siphamandla Zondi
Senior researchers: Dr Francis Ikome, Dr Timothy Othieno
Researcher: Che Ajulu

Finance and administration
Director: Pieter du Preez
Manager: Namhla Tshetu

Personal assistant
Cynthia Sinclair

Administrative assistant
Nomfundo Tshabalala

Tel (011) 315-1299
Fax (011) 315-1249
e-mail: info@igd.org.za
www.igd.org.za

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