THE SECOND TRANSITION?
Building a national democratic society and the balance of forces in 2012

A discussion document towards the National Policy Conference, Version 7.0 as amended by the Special NEC 27 February 2012

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TOWARDS A WATERSHED CONFERENCE

1. The 53rd ANC National Conference in 2012 will be required, like all national conferences, to review progress with regards to our strategic objectives, review our policies, assess the state of our organisation, and elect the national leadership. During its hundred-year existence the ANC has held fifty-two such national conferences. Each addressed the above issues, but a few among them stand out as watershed conferences – because of the nature of decisions taken, their signaling of major strategic and organisational shifts and in the process taking the struggle to higher levels. The founding conference of 1912, the 1949 conference that adopted the Programme of Action, and the 1969 Morogoro consultative conference come to mind. What makes for a watershed conference is usually determined in hindsight, by future generations looking back at particular events and how they impacted on subsequent developments in the country.

2. This discussion document will argue that we must aspire to also make the 53rd National Conference in Mangaung a watershed conference for a number of reasons.

3. Firstly, it is a conference that takes place in the year of the *Centenary of the ANC.* The 53rd Conference therefore needs to exemplify the best of this 100-year legacy. We must therefore not only celebrate our history of struggle and the ebbs and flows of our movement, but pause and ponder the future of South Africa and the ANC over the next 100 years. We *must* ask and answer the difficult questions about the future of our country.

4. The National Planning Commission in 2010 drew attention to the fact that despite the achievements we made during our first two decades of democracy, the persistence of widespread poverty and extreme inequality in a middle-income country poses a major threat to social cohesion and nation building. Its implicit conclusion was that a business-as-usual approach will result in South Africa failing to meet a great many of its objectives.

5. We have therefore undertaken as a country to adopt a *National Development Plan* (NDP) for the next 20-30 years. The content of this plan, how we build capacity to implement it and whether we can unite South Africans around its vision, will be the litmus test for whether South Africa succeeds or fails in overcoming the legacy of colonialism, apartheid and patriarchy and building a just and inclusive society. The discussions on all policy matters before conference should therefore not only look at the next five years, but at our programme of action over the next three to five decades.

6. The world is still struggling through the worst economic crisis since the Great Depression of the 1930s, in the context of important changes in the global balance of forces. It also stands at a critical moment with regards demographic changes and environmental degradation. Such landmark moments in global history – as was the case, for example, with the collapse of the Soviet Union and the end of the Cold War at the end of the 1980s – present humanity as well as nations with great opportunities and grave threats. The ANC, as an internationalist movement, must engage with these global developments

in our national and regional interests, and as part of the ongoing struggle for a better world for future generations.

7.   This paper therefore proposes that our vision for the next few decades should be informed by an approach that suggests that having concluded our first transition with its focus on democratisation over the last eighteen years, we need a vision for a second transition that must focus on the social and economic transformation of South Africa over the next 30 to 50 years.

8.   The ANC's 52nd National Conference in Polokwane identified the *organisational renewal of the* ANC as critical to its continued survival as a people's movement and agent for change*.* Since then, we have described the problems, reflected on root causes and pondered solutions, including at an important forum such as the 2010 3rd National General Council (NGC). And yet, we have not succeeded in effectively dealing with factionalism and ill-discipline. Mangaung must be a turning point, because unless we halt the decay, we will soon reach a stage where it becomes irreversible.

9.   We further propose that the 53rd Conference must adopt a decade-long programme of organisational renewal (2012-2022) that consolidates and expands the character and values of the ANC as a revolutionary peoples' movement, while building its capabilities and its capacity for innovation and renewal.

10.   The structure of this discussion paper is aimed at helping us to identify and debate the key issues – both theoretical and practical – that will help us to *answer the difficult questions about the future of our country and our movement*. We will follow the following outline:
- Part A: Reflections on the last 18 years
- Part B: Characterisation of the National Democratic Society
- Part C: The balance of forces in 2012 and the motive forces
- Part D: The global balance of forces
- Part E: Thoughts on the content and form of the Second transition
- Part F: The pillars of national democratic revolution in the current phase

11.   The far-reaching implications of the above mean that we have to apply our collective wisdom with rigour and robustness, but respectful of all views. There should be no holy cows. At the same time, in the time-tested approach of the movement, we must avoid shortcuts to the solution of complex social issues, while seeking to seize a decisive moment.

12.   The ANC and its Alliance partners must furthermore take these discussions to the rest of society, in the process building the broadest possible consensus on our vision for the next 50 years, on the developmental plan to achieve this vision and on the contributions of all South Africans and sectors to its realisation. This should be the legacy of our Mangaung Conference, taking place in this Centenary year!

PART A. THE LAST 18 YEARS: THE FIRST PHASE OF THE TRANSITION

Democratising the state and society

13.   There is little contest that the main success of the first 15 years of the new South Africa was our peaceful and thoroughgoing political and democratic transformation. Although this took place in a global context of democratic transitions, there are elements of our transition that are specific (if not unique) to South Africa. These include:

14.   Firstly, the nature of our political settlement as homegrown, based on the realisation by all parties to the over 300 year-long conflict that not only have we reached a stalemate, but that continuing with the status quo could lead South Africa into an irreversible downward spiral. Thus, while the global situation impacted on our negotiations, the decisions on the form, content and compromises of the negotiated settlement were taken by South Africans. Our approach to the negotiations process thus reflected the long-held commitment within both the national liberation forces and the constituency of the National Party to our independence and self-determination as an emergent nation.

15.   Secondly, because the theory of Colonialism of a Special Type laid the foundation for a South Africa that belongs to all, our negotiations was an inclusive process. It recognised that our emergent nation is a product of many streams of history and culture and we must build on and celebrate this diversity. It also included a commitment to reconciliation, based on acknowledgement of an historical injustice. Although we continue to debate the efficacy of the Truth and Reconciliation process and the slow process of nation-building, it weaved into the DNA of the new South Africa the African humanism of *ubuntu* and thus laid the foundation for a nation and society based on solidarity, accountability, tolerance and caring.

16.   Thirdly, few societies in such a short space of time have experienced the depth and breadth of policy, legal and institutional transformation. This process is symbolised by the millions of black and white, young and old, rich and poor, rural and urban South Africans queuing to vote on 27 April 1994 and is embedded in the adoption of our Constitution in 1996. This *tour de force* of our political transition saw the new democratic parliament during its first five years adopting an average of one hundred policies and laws per year; the integration of numerous racially-based departments of education, health, welfare, etc into single public systems that serve all; the establishment of new provinces and forms of local government; the integration of old foes from the SADF, the SAP and the intelligence services with the liberation armies into security forces sworn to serve and protect all; the establishment of a Constitutional Court and other Chapter 9 institutions; and the moulding of a single public service that began to address the social backlog in housing, access to electricity, communications, water, education, social security and health, and other basic services.

17.   The Constitution, including the Bill of Rights, also provided the parameters of our evolving democratic polity: regular elections in a multi-party democracy; protection against discrimination based on race, ethnicity, gender, religion, creed and sexual orientation; the commitment to gender equality; freedom of association, movement, speech and the media; protection of workers rights, and the rights of children and the elderly; equality before the law and rules for the relationship between the state and the citizenry. These freedoms are underpinned by our approached to nation-formation that is based on unity in diversity, and the recognition that such unity requires respect for,

and tolerance of, diversity, for freedom of association, as well as freedom after association.

18.   The Constitution unequivocally proclaimed our nation's commitment to dealing with the legacy of apartheid, colonialism and patriarchy, towards non-racialism and non-sexism and promoting unity in diversity, and to the inseparability of political, social-economic and environmental rights. Thus, the *Strategy and Tactics 2007* contended that "the Constitution forms a critical part of the nation's collective resource in the promotion of humane values."

Discussion questions
- *How do our democratic institutions (local government, legislatures, the criminal justice system) help citizens – rich and poor, urban and rural – to exercise their democratic rights?*
- *How should the ANC work with the people to make more effective use of these institutions?*

Meeting basic needs

19.   Our political transition was never only about freedom from political bondage. From the onset, democratisation was inextricably linked with freedom from socio-economic bondage, captured in the motto: a better life for all.

20.   The policy debates of the early 1990s – as we were preparing to govern – focused on this link, and in particular the post-apartheid developmental path. This was addressed in the *ANC Constitutional Guidelines* (1987), *Ready to Govern* (1992), and articulated more clearly in the *Reconstruction and Development Programme* (RDP, 1994) as the key pillars of a South African post-apartheid developmental path: democratising the state and society; meeting basic needs; developing our human resources; and transforming the economy.

21.   The RDP reflected broader global approaches on the right to development, defined by the 1986 UN Declaration on the Right to Development:

> *"…development is a comprehensive economic, social, cultural and political process, which aims at the constant improvement of the well-being of the entire population and of all individuals on the basis of their active, free and meaningful participation in the development and in the fair distribution of benefits of results resulting therefrom."*

22.   The vision that united South Africans during the early days of our political transition was thus not only about political freedom and reconciliation, but also about the commitment that these should be used as a beachhead to build a better life for all, as expressed in the RDP.

23.   Given these imperatives, the challenges that faced South Africa at the start of the transition in 1994 were enormous: crafting a new political dispensation and polity; ensuring political stability, reconciliation, deracialisation, gender equality and nation-building; and tackling the all-pervasive socio-economic legacy of apartheid-colonialism and patriarchy. Furthermore, this took place in a global context, which was "also more uncertain and potentially unfavourable for democratic transition than it was, for example, for the countries of Southern Europe during the 1970s under Cold War conditions" (1).

24. Notwithstanding these challenges, we also made progress with meeting basic needs. The National Planning Commission (NPC) in its Diagnostic Overview (2010:6) articulated this progress thus:

> *"Since 1994, ...(access) to primary and secondary education has been expanded to include almost all of the age cohort. A reception year has been introduced. Ten million people have been accommodated in formal housing. Primary healthcare has been expanded. Access to electricity and water has been significantly expanded. Enrolment in higher education has almost doubled and, in terms of its race and gender demographics, is more representative of our nation."*

25. A recent SA Institute of Race Relations report (2) noted that between 1996 and 2010 an average of 1 019 formal houses were built per day (mainly by government, but also by the private sector), compared with an average of 79 shacks per day during the same period, with similar improvements in access to sanitation and water and electricity.

26. The achievement of the democratic state in forging unified systems of public policy and institutions, with a pro-poor slant reflected in the social wage and meeting basic needs, therefore signaled a decisive break from separate development based on race, and the deliberate underdevelopment of the majority.

Discussion questions
- *In the region and municipality, what basic needs are being addressed and how have these impacted on our communities and people?*
- *What are the weaknesses and strengths of our systems to deliver basic services and what must the ANC do to improve these?*

Resilient fault lines

27. And yet, despite the progress made, and despite our status as an upper middle income country by virtue of our GDP per capita, extreme income inequality (reflected in our Gini coefficient), deep poverty, and lack of access to opportunities persist, still reflecting the old fissures of race, gender, class and geography. The majority of low-income households are still black, female-headed and rural. Fault lines in our society also took on new forms, for example the growth of inequality within the black community, deep poverty in cities due to inward migration in search of work, and lack of opportunities based on class. Women continue to earn and own less than men, even though differences in years of education and labour market participation rates have narrowed.

28. Only a decade after our transition to democracy, in the *Towards a Ten Year Review* in 2003, we already warned then that key fault lines, if left unattended, will reverse the achievements referred to above. Seven years later, the NPC's Diagnostic Overview (2010:7) repeats this very same message:

> *"Despite these successes, our conclusion is that on a business-as-usual basis, we are likely to fall short in meeting our objectives of a prosperous, united, non-racial and democratic South Africa with opportunity for everyone, irrespective of race or gender."*

29. The 2012 January 8th statement (p. 31) confirms this conclusion, noting:

> *"The process of developing a sense of common nationhood, or a common vision of the future, has been slow. We continue to have different and differing perspectives on the processes unfolding in our country. Despite the progress we*

have made, there remain deep fault lines in our society that continue to undermine our vision of a united, non-racial and non-sexist South Africa. These fault lines include the persistence of poverty (and unemployment), old and new forms of inequality and the persistence of patriarchal relations that continue to marginalise women."

30. In discussing the fault lines, there is increasing reference to the triangle of **poverty, unemployment and inequality**, their historical and contemporary foundations in apartheid-colonialism, capitalism and patriarchy and in the policy choices we made as constituting the core of the challenges we face. The 2012 January 8th Statement (p.37) refers to these as the key issues around which we must boldly unite and rally the nation, with "both the organs of the state and the ANC to pay single-minded and undivided attention" towards overcoming poverty, unemployment and inequality.

31. We have spent considerable efforts in describing each of these three challenges and analysing the underlying root causes, their present-day manifestations, their intersection with race, gender and class, and the linkages across these three issues. And although there is great merit in this, we are approaching the moment where in order to build genuine consensus on how to deal with these three, we have to reflect on our development trajectory and our socio-economic system as a whole.

32. This growing need for reflection on our developmental trajectory is based on the acknowledgement of the far-reaching achievements of political liberation and democratisation, and concern about the lack of commensurate progress in liberation from socio-economic bondage. This lack of progress and the persistence of these fault lines have the potential to undermine and soon reverse the progress made.

Differences on tactical approaches of the NDR

33. There is a range of views as to why our developmental trajectory to date has been unable to decisively deal with unemployment, poverty and inequality. This section will focus on some of these views and the ANC responses to those.

34. From within the Alliance, it has been argued that up to the early 1990s the NDR concept captured far-reaching social transformation, which went beyond the formal election of a democratic government, the abolition of racist legislation, and the creation of opportunities for black people to enter existing economic power structures. This radical conception of the NDR was counterposed to neo-colonial solutions, which led to aborted national revolutions in other countries.

35. Instead what has happened, the argument goes, is that under the guise of an interpretation of the balance of forces (such as changed international conditions post-1989), the view that a negotiated transition only allowed for certain changes, and the argument that a close relationship to existing capital was required to finance the transition, the ANC has instead opted for a limited NDR, which accommodates (and even promotes) existing economic power relations.

36. These differences thus manifested themselves in rocky relations in the Alliance, with disagreements on strategic and tactical matters of socio-economic transformation – the GEAR policy, restructuring of state assets, rightsizing of the public sector, the role of public sector unions, our approach to HIV/AIDS and ongoing battles on macro-economic policy, including inflation targeting – culminating in questioning the ANC's position as the political centre of the NDR.

37. The ANC's response to these critiques has been as follows. Firstly, we suggest that the differences in the Alliance are about tactical approaches, rather than differences about the strategic objectives of the NDR. These tactical differences in the Alliance are because of an actual or perceived gap between our theory of transition and the 'devilish' detail of policy formulation and implementation; the interpretation of a tactical detour as constituting a strategic shift and about differing assessment of either the balance of forces or of the timeframes in which various tasks of the NDR should be completed (3).

38. Furthermore, those perceptions about the balance of forces also did not take in consideration that we faced a serious crisis at the start of the transition:

> "The year 1996 was indeed a difficult year for the fledgling democratic government – the currency was repeatedly mauled, rising debt service costs threatened to crowd out expenditure on public services, the economy appeared contained in a rut by a balance-of-payments constraint, and politically the National Party abandoned the Government of National Unity…These circumstances demanded decisive action…That GEAR called for a period of fiscal consolidation is not in dispute…From 1996 to 2000, spending on public services fell by 4.5% in real terms."

39. Thus we explained that GEAR was a tactical detour necessitated by objective conditions (high public debt and deficit, bloated public service, low growth, etc) and subjective conditions (distrust by private capital of the new dispensation). We explained that, in fact, after 2000, because of fiscal space eked out by our stabilisation policies, we implemented more expansionary fiscal policies, and experienced a period of sustained economic and employment growth. We therefore changed gear and shifted focus from liberalisation policies to addressing micro economic matters to facilitate inclusive growth and after Polokwane amended the mandate of the Reserve bank to also focus on growth and employment, in addition to inflation targeting.

40. A further explanation, contained in the *2002 Preface to the Strategy and Tactics* noted that although the Strategy and Tactics 1997 correctly argued that national liberation should be accompanied by programmes to improve the quality of life of especially the poor, it did not "adequately elaborate on how these processes relate to economic power relations prevalent in our society". The 2002 Preface therefore reintroduced the notion that a critical element of national emancipation should be the elimination of apartheid property relations requiring:

> "… the de-racialisation of ownership and control of wealth, including land; equity and affirmative action in the provision of skills and access to positions of management; consolidation and pooling of the power of state capital and institutional and social capital in the hands of the motive forces; encouragement of the cooperative sector; as well as systematic and intelligent ways of working in partnership with private capital in a relationship that will be defined by both unity and struggle, cooperative engagement and contestation on fundamental issues.

> "It requires the elimination of the legacy of apartheid super-exploitation and inequality, and the redistribution of wealth and income to benefit society as a whole, especially the poor.

> "This is a continuing struggle which, as a matter of historical necessity, will loom ever larger as we proceed along the path of fundamental change. Because property relations are at the core of all social systems, the tensions that decisive application to this objective will generate will require dexterity in tact and firmness to principle."

41. Our response, also in the 2002 Preface, further focused on the ideological struggle and the need for the ANC to position itself in relation 'to modern expressions of class

and sectoral interests', in particular the principal ideological currents in this era of globalisation: neo-liberalism and modern ultra-leftism. This came immediately after the attack on the South African ultra-left tendency – outside and inside the Alliance – in the *NWC Briefing notes* of 2001. The 2002 Preface distanced the ANC from both neo-liberalism and modern ultra-leftism, and proclaimed:

> "The ANC, as the leader of the national democratic struggle, is a **disciplined force of the left**, organised to conduct consistent struggle in pursuit of the interests of the poor." (Emphasis added)

42.   And yet, or perhaps therefore

> "…contemporary South Africa is often held up as a model of effective capitalism: corporate profits are high; the banks are overflowing with money; returns to individual capitalists, in the form of salaries, bonuses and share options, are exceptional; there is a massive growth of a … black middle class. On the other side of the class divide, the work force has grown demonstrably over the last decade and there is a huge reserve army of labour to feed industry and commerce." (4)

Discussion questions
- *Is this criticism from within the Alliance about our approach to the NDR correct? What about our responses?*
- *What does this mean for our development path going forward?*

The challenge of our development path

Apart from the above, there are other critiques of our development trajectory:

43.   The deracialisation and extension of basic services to all has seen the near tripling of the numbers of people using public services, in the context of huge social infrastructure backlogs from the past. The RDP therefore envisaged a massive 'new deal' type of approach towards meeting the social (and to a lesser extent economic) infrastructure backlogs. However, our stabilisation programme meant that despite the massive achievements, in the context of fiscal pressures, continued high unemployment and poverty, rapid urbanisation and the unbundling of households, South Africa has in effect missed "a generation of capital investment in roads, rail, ports, electricity, water sanitation, public transport and housing" NDP (2011:13).

44.   In education, for example, the NPC noted that the quality of physical assets and infrastructure at schools remains 'highly unequal' – with 5 000 schools without electricity and 1 500 without on-site toilets. With about R41 billion required to meet the current demand for education infrastructure (and presumably maintenance as well) in KwaZulu Natal and with the current annual budget of the province standing at R2 billion a year, it will take KwaZulu Natal at least the next two decades (and a second cohort of post-apartheid learners) to catch up. In the Eastern Cape over 90% of schools do not have functional libraries.

45.   In addition to meeting backlogs, we have also committed in a number of policy areas to universal access to certain services. Universal access however does not always mean that only the state provides, but can also mean, for example in the case of access to communications technology, that the state plays a regulating and directing role. In other circumstances, it may mean building social consensus with the private sector, as in the case of access to finance in the so-called housing gap market. In yet

other instances, the state plays a consciously redistributive role, as in the case of access to basic health care through the National Health Insurance.

46. We are also experiencing a difficulty in finding the correct balance and sequencing between 'developmentalism' and 'welfarism'. On the one hand, we rejected the universal basic income grant in 2002 as unaffordable and likely to deter foreign investors, and yet in 2011 nearly 15 million South Africans received means-related grants, a figure that will increase in 2012/2013 as the age of the Child Care Grant is extended to 18 years. So we now bemoan this as creating welfare dependency, despite the growing evidence of the impact of these grants on poverty reduction targets. There has also been some suggestion that instead of this welfarist approach, we should have a more developmentalist approach – i.e. spending less on social transfers and more on job creation and education.

47. Yet another argument has been that the problem is not money, but state capacity to spend, with reference to unspent budgets and poor performance of the system despite expenditure comparable with or higher than other developing countries. The difficulty with this argument is that it highlights one side of the problem. For example, real public expenditure on education declined for eight years between 1996 and 2004, and started increasing from 2004/2005. By 2007/2008, it was 20% higher in real terms than in 1996/97. This came against the backdrop of massive expansion in both primary and secondary education, 'faster than the US or Europe, and much faster and further than any Sub-Saharan African country'. What this meant is that at a critical time when the education system took in more and more students (and this is also true for universities) funding in real terms declined. Similarly, our expenditure on health is running at 11% of the budget, in line with other countries – but we have five to ten times the disease burden of other countries.

48. The discussion about our development trajectory for the next three to five decades has to respond to these issues, in order to have an honest assessment of how we came to this point. Otherwise, to paraphrase Einstein, we may be solving problems over the next decades by using the same kind of thinking we used when we created them.

49. As we engage in this assessment, we have to also consider the impact of the 52nd National Conference on these issues, in particular how the Strategy and Tactics adopted at Polokwane responded to the question of our developmental path and the nature of the society we seek to construct.

Part B CHARACTER OF THE NATIONAL DEMOCRATIC SOCIETY

Building a National democratic society: the best of human civilization

50.   The 2007 *Strategy and Tactics of the ANC* shifted focus from the tasks of the democratic transition to that of political consolidation and the building of a National Democratic Society. We reiterated that the character of a National Democratic Society (NDS) remains linked to the strategic goal of the NDR – the resolution of the three basic and inter-related contradictions of Colonialism of a Special Type – race, class and patriarchal relations of power. These antagonisms:

> "...found expression in national oppression based on race; class super-exploitation directed against Black workers on the basis of race; and triple oppression of the mass of women based on their race, their class and their gender". (S&T, par 33)

51.   The Strategy and Tactics affirms the main content of the National Democratic Revolution (NDR) as the liberation of Africans in particular and Blacks in general from political and socio-economic bondage. It means uplifting the quality of life of all South Africans, especially the poor, the majority of whom are African and female.

52.   The nature of the National Democratic Society we are building is described as:

> "...a society based on the best in human civilisation in terms of political and human freedoms, socio-economic rights, value systems and identity." (par. 35)

53.   The expression 'best in human civilisation' suggests that we will forge a uniquely South African national democracy, founded on our history and learning from experiences elsewhere.

Political consolidation towards a National Democratic Society

54.   Strategy & Tactics 2007 assumes to a large degree that the tasks of the political transition – the democratisation of the polity (laws, institutions, policies, personnel) – have been achieved, and that the next phase should therefore focus on consolidation and deepening. It recognises (as the quote from the 2012 January 8th Statement in par. 29 above suggests) that the task of nation-building will be more difficult and yet requires ongoing attention, especially in building consensus around a common national vision and the role that different communities and sectors play in advancing this vision.

55.   Apart from the state-building and socio-economic aspects of nation-formation, we must also continue to pay attention to the role of arts and culture, religion, language, media, tradition, and sports as they evolve and contribute to an emerging and diverse South African identity. These too remain terrains of struggle, because aspects of each of these may well detract from our non-racial and non-sexist objectives, or even counteract our democratic goals.

56.   It is further recognised that patriarchal oppression remains embedded in economic, social, religious, cultural and other relations in society. The progress therefore made in setting the constitutional, policy, legal and institutional framework for gender equality is but the first step in building a non-sexist society. Therefore, transforming gender relations, the eradication of all manifestations and consequences of patriarchal oppression, and the creation of material and cultural conditions for women's emancipation remain integral parts of political consolidation towards a NDS. Thus in our

Gender discussion document we talk about the need for ongoing gender-mainstreaming, as well as the engendering of our polity and society.

57. The tasks of political and democratic consolidation also focus on deepening political and human freedoms, the evolution of a value system appropriate to the type of society we seek to build, and the ongoing challenge of nation building. The bedrock of our political system is therefore highlighted as:
   - A legitimate state that derives its authority from the people through regular elections and popular participation.
   - The mobilisation of the nation around a common vision of the kind of society and world we are building, acting in partnership with each sector for the realisation of the common good.
   - The means for citizens to exercise their human rights, and for checks and balances in a law-governed society.
   - Building the South African nation inclusive of the multiple identities based on class, gender, age, language, geographic location, and religion, as a united African nation, adding to the diversity and identity of the continent and humanity at large.

58. The concept of social cohesion is introduced in the context of the values of a National Democratic Society. These include:
   - Harnessing the creativity, daring and energy of the youth, including providing access to social and economic opportunities, and encouraging youth activism around community solidarity.
   - Protecting the dignity of, and empowering, vulnerable sectors such as children, people with disability and the elderly.
   - Building social capital in communities and different sectors by supporting community and sectoral organisation and mobilisation to facilitate participation in development and nation-building, through supporting the institution of the family and the role of public media.
   - A value system based on human solidarity, that includes social activism, respect for an honest day's work, social discouragement of conspicuous consumption, corruption and ostentatiousness. The building of such a value system will also require ongoing ideological engagement, involving both the state and civil society.
   - A society that can guarantee the safety and security of its people, with special attention to the fight against crime and corruption, against personal violence and for equitable access to the criminal justice system for all.

59. We must also add to these tasks of political and democratic consolidation the deepening of popular participation in development of especially the poor and marginalised.

Discussion points
- *What do we mean by a society with a value system based on:*
  - *human solidarity,*
  - *social activism,*
  - *respect for an honest day's work,*
  - *zero tolerance of corruption?*
- *How do the ANC and its members promote and defend these values?*

The socio-economic character of the National Democratic Society

60. Strategy and Tactics 2007 goes into considerable detail in its description of the socio-economic character of the National Democratic Society. Firstly, it is based on the

resolution of an historical injustice. Strategy and Tactics 2007 therefore calls for 'corrective measures' beyond political rights, a systematic programme of *affirmative action* aimed at those excluded on the basis of race, class and gender in the process eradicating apartheid's production relations. It recognises that the need for such affirmative action may decline over time as all centres of power and influence and other critical spheres of social endeavour become broadly representative of the country's demographics.

61. The approach to the eradication of apartheid production relations in Par. 58 notes that the NDS should seek to transform the 'specific relations of production that underpinned the national and gender oppression and super-exploitation of the majority', but not to eradicate capitalist relations of production. Thus, in a National Democratic Society class contradictions and therefore class struggle will remain. The role of the national democratic state (and by implication the ANC government) is "to regulate the environment in which such contradictions manifest themselves, in the interest of national development, including fundamental socio-economic transformation".

62. The economy of such a National Democratic Society is defined as a *thriving, mixed economy* that reflects the natural endowments of the country and the skills of its populace. This economy is further elaborated as:
     - A mix of private, state, cooperative and other forms of social ownership, with the balance between social and private ownership of investment resources to be determined on the balance of evidence in relation to national development needs and the concrete tasks of the NDR at any point in time.
     - De-racialisation of ownership and control of wealth, management and the professions.
     - An efficient market, free from racial and gender exclusions that characterised apartheid colonialism.
     - Land and agrarian reform and rural development, including land redistribution, assistance to emergent and small-scale farmers and cooperatives.
     - Social policy that includes a comprehensive social security system; social assistance; and elements of the social wage such as social grants, free basic services, free education, free health care, subsidised public transport and basic accommodation and integrated anti-poverty programmes that seek to integrate individuals, especially women, communities and citizens living in informal settlements into the economic mainstream.
     - The protection of workers rights, fair and balanced relations between employers and employees, and law-governed measures to ensure decent jobs, job security and a living wage.
     - Cutting edge technology, labour-absorbing industrial development, a thriving small business and cooperative sector, utilisation of information and communication technologies, and efficient forms of production and management all combine to ensure national prosperity.

63. The immediate programme to achieve accelerated and shared growth must therefore include:
     - Macro economic balances that support sustainable growth and development, not to be treated as things-in-themselves, but as requirements that ensure higher rates of growth, labour-absorption and poverty reduction.
     - An industrial strategy to build an economy with high levels of manufacturing activity, modern services, expanding trade, cutting edge technology and a vibrant small business and cooperative sector.
     - The mobilisation of investment towards these ends, including state, private and community investment.
     - The achievement of shared growth by focusing on the creation of decent jobs and

ensuring an improving quality of life for workers.

- The implementation of programmes to eliminate economic dualism and exclusion, including specific attention to industries in marginalised communities, rural and agrarian development, access to micro-credit, small business development, public works projects and the promotion of sustainable livelihoods at community and household level. This also requires the intensification of broad-based black economic empowerment programmes, and balanced and sustainable spatial development.

Discussion questions

- *Are we succeeding in building a mixed economy and why the slow process with economic transformation over the last 18 years?*
- *Does our macro economic and industrial policy support higher rates of growth, labour-absorption and poverty reduction?*
- *How can our social security system, rural development and food security programmes, small business support, and cooperatives help to build sustainable communities and livelihoods?*
- *What role should the ANC play to achieve this and what community institutions do we need to make this a reality?*

A democratic developmental state

64.   For a truly inclusive and prosperous national developmental society to emerge, we need a state that is *developmental* in its objectives and capabilities. A developmental state is defined as a state that develops the capabilities to guide national economic development through fiscal redistribution, mobilisation of domestic and foreign capital and other social partners, utilisation of State Owned Enterprises (SOEs), industrial policy and regulation.

65.   The uniquely South African developmental state is defined by S&T as a state:
- with capacity to intervene in the economy in the interest of higher rates of growth and sustainable development;
- with effective and sustainable programmes that address challenges of unemployment, poverty and underdevelopment with requisite emphasis on vulnerable groups; and
- that mobilises the people as a whole, especially the poor, to act as their own liberators through participatory and representative democracy.

66.   Strategy and Tactics therefore singles out the attributes of such a developmental state as follows (a) its strategic orientation premised on people-centered and -driven change and sustained development based on high growth rates, restructuring of the economy and socio-economic inclusion; (b) its capacity to lead in defining a common national agenda and in moblising all sectors of society towards its implementation; (c) its organisational capacity and macro-organisation that is geared towards the implementation of this national agenda of economic and socio-economic development; and (d) its technical capacity to translate broad objectives into programmes and projects to ensure their implementation.

67.   Thus the ongoing transformation of the state is meant to ensure that these capacities are attained, including through new doctrines, culture and practices, as well as ensuring that the state institutions reflect the demographics of the country. This applies to the public service as a whole, as well as the judiciary, the legislatures and the security forces.

> **_Discussion questions_**
> - _What are the strengths and weaknesses of our post-apartheid state, at national, provincial and local level?_
> - _What should inform the relationship between the state and the people, and how do we strengthen this relationship?_
> - _Is it truly developmental in its orientation and what aspects of the capabilities listed in par. 66 should be strengthened?_

A democracy with social content

68. In the concluding paragraph of this chapter, Strategy and Tactics 2007 nails it colours to the mast by stating that the National Democratic Society the ANC seeks to build is "a democracy with social content", which primarily draws from elements of the best traditions of social democracy:

> _"The ANC therefore seeks to build democracy with social content. Informed by our own concrete conditions and experiences, this will, in some respects, reflect elements of the best traditions of social democracy, which include: a system which places the needs of the poor and social issues such as health care, education and a social safety net at the top of the national agenda; an intense role of the state in economic life; pursuit of full employment; quest for equality; strong partnership with the trade union movement; and promotion of international solidarity." (Par. 60)_

69. The characterisation of the National Democratic Society in Strategy and Tactics 2007 lays an important foundation for the discussions we need to have at the Mangaung Conference this year on the strategic direction of the country and our movement into the next Centenary.

70. Before we embark on this discussion, we must review the balance of forces since the start of the transition in 1994, as well as in this year of the Centenary.

Part C: THE BALANCE OF FORCES IN 2012

71.   We noted in Strategy and Tactics 2007 that the building of a National Democratic Society is a conscious construct (as was the case for the struggle against apartheid colonialism), dependent on conscious action and taking place in global and national conditions that are not of our choosing. As such we have to master the science and art of assessing the objective conditions and subjective factors that, together, provide opportunities and threats that render particular preferred actions possible.

72.   More specifically, we must understand the terrain on which we need to undertake our Second Transition, in terms of:
* What are the domestic balance of forces today?
* Who are the motive forces that must drive this phase? What are their strengths and weaknesses?
* What other forces in society should we mobilise, and how do we build national consensus around our national vision?
* What are the forces and tendencies opposed to our programme of socio-economic transformation, and how do we neutralise or isolate these?
* What is the global context in which we operate and what opportunities and threats does this context present?

73.   Finally, are the subjective and objective conditions conducive for a qualitative leap forward in terms of a National Democratic Society? What are the applicable lessons from our political transition?

Drivers of change: the motive forces

74.   Strategy and Tactics 2007 articulates the two imperatives that inform our approach to the forces for change in the following manner. The first is the responsibility of the ANC to mobilise all South Africans towards the ongoing transformation of the country. The second is recognition that there are national and social forces within the country that objectively stand to gain from transformation, and therefore should constitute the motive or driving forces for change. At any point in time the ANC has to unite the nation, as well as lead the motive forces. This is the major reason for our conscious decision to remain a liberation movement and not simply become a political party.

75.   Before 1994, our historical definitions of 'the motive forces' and 'the enemy' were as follows:

> "…the liberation movement characterised Africans in particular and Blacks in general as the motive forces of the NDR. These communities were, by law, defined outside of the political system except as servants of white minority domination. In class terms, they were made up of workers and the rural poor, the middle strata including small business operators, and real or aspirant capitalists (S&T, par. 95)

> "The liberation movement defined the enemy, on the other hand, as the system of white minority domination with the white community being the beneficiaries and defenders of this system. These in turn were made up of workers, middle strata and capitalists. Monopoly capital was identified as the chief enemy of the NDR. It was also emphasised that apartheid was not in the long-term interest of the white community." (par. 96)

76.   Eighteen years into democracy, does this still apply? Strategy and Tactics 2007 notes that although the character of the NDR remains the same, the central task has shifted towards the eradication of the socio-economic legacy of apartheid colonialism, and will remain so for many years. This socio-economic legacy is linked to the basic

contradictions that the National Democratic Revolution seeks to resolve. These contradictions include the national question, the issue of super exploitation, and patriarchal relations.

The national question and socio-economic transformation

77.   The contradictions that the NDR seeks to resolve are expressed firstly in national terms, the liberation of Africans in particular and blacks in general. After 18 years of democracy, and in the context of social and economic transformation, the resolution of the national question remains critical.

78.   The deracialisation of our polity, the extension of basic services and affirmative action have helped to build the confidence of our people that a non-racial and non-sexist state is indeed for them. However, the majority of our people live in townships and rural areas that are economically depressed, and social stratification and inequality within the black community is increasing. The vast majority of poor households remain black, rural and female.

79.   According to the NPC, the black middle class has grown by 30% by 2005, adding another 421 000 black middle class individuals to SA's middle-income layer, and bringing the black section of the population's share of the middle class to just under one third.

80.   Black economic empowerment, enterprise development and efforts to build social consensus around deracialising and broadening ownership and control of the economy have had some effects. The Mining Charter, for example, set modest targets of black ownership of 15% by 2009 and 26% by 2014, a 40% representation of historically disadvantaged South African in management ranks, and a commitment from the mining industry to improve mineworkers' housing, literacy and skills. Eight years after the adoption of the Charter, black ownership of the JSE's top 25 mining companies was recorded at about 5% at the end of March 2010 (5).

81.   Another indicator of the national question and socio-economic progress is income distribution by race. Income of any group includes wages, income from assets (i.e. income from other factors of production, capital, land and entrepreneurship) as well as income from social grants. Table 1 below shows that on average per capita incomes have increased for all groups since 1993.

82.   In terms of racial distribution of per capita income, African and coloured income levels in 2008 were still only 13% and 22% respectively of white per capita income, compared to 10.9% and 19.3% in 1993. The income gap for Indians has narrowed, with Indian per capita income in 2008 standing at 60% of those of whites as against 42% in 1993 (6). Per capita income of whites, according to the NPC Diagnostic Report, grew by 6% per year since 1995, whereas per capita income of Africans only grew by 2% during the same period.

Table 1. Per capita personal income by race group

Year	White	Indian	Coloured	African	Average
Per capita income in constant 2000 Rands:					
1993	46 486	19 537	8 990	5 073	11 177
1995	48 387	23 424	9 668	6 525	12 572
2000	56 179	23 025	12 911	8 926	16 220
2008	75 297	51 457	16 567	9 790	17 475
Relative per capita personal incomes (% of White level):					
1993	100	42.0	19.3	10.9	24.0
1995	100	48.4	20.0	13.5	26.0
2000	100	41.0	23.0	15.9	28.9
2008	100	60.0	22.0	13.0	23.2

Source: from Liebbrandt et al (2010:13)

83. Among the main reasons for slow growth in per capita income among blacks in general are the persistently high rates of unemployment and growing under-employment, and the fact that black income from assets also lags behind.

84. The NPC (2010:9) further drew attention to the fact that between 2001 and 2010, per capita income grew by 2% annually, with per capita income falling by 4% during the recession, and thus:

> *"Other developing countries such as Mexico, Korea and Malaysia overtook South Africa's level of income per capita in the 1980s. If we wanted to achieve a similar per capita income to Poland or Portugal today, it would take 35 years at current growth rates, but if per capita incomes grew by 4 percent annually it would take just 17 years. At our current GDP per capita growth, we would need 90 years to achieve a level similar to the United States."*

The working class

85. The Strategy and Tactics defines **black workers** as both employed and unemployed, and urban and rural. Their tasks in this phase of the NDR are to:
   - advance the struggle for quality jobs and job security;
   - build class and national solidarity among all sectors of workers – casualised, informal and unemployed;
   - ensure strategic contribution to the building of the developmental state, including socio-economic development, provision of services and facilitating people's participation;
   - direct and expand workers' institutional capital towards national development;
   - engage capital (and the state) in ensuring a national developmental vision that contributes towards thoroughgoing socio-economic transformation;
   - build solidarity with white workers to contribute towards national development and social justice;
   - fight patriarchal relations of production and reproduction that continue to oppress women.

86. The black working class is also expected to lead in defining a common national vision and implementing a common programme of action among all the motive forces and the nation as a whole – thus exercising working class leadership.

Discussion questions
- *What have been the major changes impacting on the working class since our transition to democracy?*
- *The trade union movement and our ally Cosatu are the most important organised formations of workers. What role does the trade union movement play in the process of transformation, and what are its strengths and weaknesses?*
- *What about the unemployed, those in rural areas and women workers?*
- *What is the role of the SACP in relation to the tasks of the working class?*
- *How should working class leadership find expression in the ANC today?*
- *How should the national democratic state relate to the working class?*

The rural poor

87.   Strategy and Tactics 2007 highlighted the importance of **the rural poor** as part of the working class – mostly unemployed, landless, involved in survivalist farming, or farm workers. They therefore face the tasks of:
- contributing to defining and implementing agrarian reform, land reform, food security and rural development;
- enhancing struggles for rural workers' rights, especially farm workers;
- changing patriarchal relations of production and reproduction that continue to render women second-class citizens;
- engaging white compatriots to further agrarian and land reform and rural development.

Discussion questions
- *Are our ward based ANC branches rising to the occasion of organising this sector of our people? What other organisations and social forces do we find among this section of the motive forces that we must engage with?*
- *As we prepare for a centenary since the 1913 Land Act, what is the state of land reform in your region and municipality?*
- *Our integrated rural development programme emphasises the building of emerging and small-holding farmers. What are the tasks of the Alliance in this regard?*
- *What are the concrete tasks to build a non-sexist society in rural areas?*
- *How has the situation of farm workers changed over the last 18 years and what other practical steps are necessary to improve their situation?*
- *What other forces must we engage to take forward the programmes of agrarian and rural development?*

The middle strata

88.   As part of the motive forces, the **middle strata** constitute a critical resource of the NDR. They include the intelligentsia, small business operators and professionals. Their tasks are to:
- use their skills and sectoral location to advance socio-economic transformation;
- foster progressive intellectual discourse on the values, culture and challenges of our new society;
- contribute towards equality, human rights and social justice.

89.   The middle strata broadly, but the intelligentsia in particular, play an important role in shaping ideas and perceptions in society. Their ongoing engagement, and their deliberate recruitment into the movement, should be part of not only influencing this strata, but also ensuring a constant flow of fresh and challenging ideas within the ANC and society.

90.   A section within this stratum that we should also pay particular attention to are students and young professionals, entrepreneurs and cultural activists. Many of them, having been the first generation experiencing integration in education (at schools and universities), have less of the hang-ups of the older generations, are more confident with a definite global sense and are technology savvy. They are the direct beneficiaries of freedom and our affirmative action policies. The ANC Youth League and the progressive student movement needs to improve its mobilisation of this sector.

91.   This sector also includes students at universities and futher education and training (FET) colleges, the future professionals, public servants and artisans. The state of the student movement is therefore particularly important. Consideration also needs to be given to the proposals from the ANC Youth League of a more deliberate policy of developing this young cadre, including sending many, many more of them out of the country for further

studies and experience, something which our bilateral relations with many countries should facilitate.

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Discussion questions
- *Is growing the middle class part of our national democratic tasks, and what should be done over the next few decades to further expand this strata?*
- *A large part of the new middle strata is in the public sector. What role should they play to advance the cause of social transformation?*
- *Are the core values represented and articulated by different sectors within this strata the values of the National Democratic Society we seek to build, and why is this the case?*
- *What are the challenges faced by this strata, and is the ANC organised to engage and organise them effectively?*

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The core of a patriotic bourgeoisie?

92. We have, though in a limited form, expanded the number of emerging **black capitalists** as a product of democratic change and a direct creation of the task of deracialising the economy. Given this objective interest they have been regarded as part of the motive forces. They must therefore contribute towards changing the structure of the economy, adding value to:
    - industrialisation and the development of national productive capacity;
    - research, innovation, productivity, technology and skills development;
    - job creation, labour intensive sectors and local economic development;
    - equality and social justice;
    - regional and continental economic integration; and,
    - South-South economic cooperation.

93. However, the dependence of this stratum on white and multinational capital and the state, makes some susceptible to pursue narrow interests, which may not always be in the interest of economic transformation. The last few years have seen fierce debates about our broad-based black economic empowerment strategy (BBBEE). Relevant to this discussion is the fact that many in this stratum may be wealthy, but it is wealth based not on involvement in production and the expansion of productive capacity, but on holding shares in existing companies.

94. The development of this stratum is therefore closely linked to locating our BBBEE policies in the context of economic transformation and growth through building companies in the priority and labour intensive sectors identified in industrial policies, and contributing to localisation, technology and skills development, and fixed capital formation.

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Discussion points
- *Is this strata organised in a manner that will help take forward these tasks, and are we engaging them to play this role?*
- *What role should this strata play with respect to white capital and the tasks of developing the productive forces, industrialisation and job creation?*

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What about the various strata and classes in the white community?

95. Democratisation and the success of a National Democratic Society are in both the short and long-term interest of white South Africans. This is however not always reflected in

their national consciousness or voting patterns, with many still feeling threatened by transformation, actively campaigning against it, underpinned by skepticism about the capabilities of a black government. Some of our own actions and a sensationalist media also play into these perceptions. These contradictions take place in a democratic order. We are therefore no longer locked in mortal combat, but engaging in legitimate discourse and electoral politics.

96.   The ANC must therefore continue to engage with various strata and interests within the white community on our national vision.

Our approach to private capital

97.   Strategy and Tactics describes the relationship with private (mainly white) capital as unity and struggle of opposites – of cooperation and contestation – in the quest to transform the structure of, and grow, the economy.

98.   Globally – whether it is in the Asian developmental states, the social democratic states, or even socialism with Chinese characteristics – in order to achieve a national developmental vision, the participation of private capital is inevitable. Such participation is sought voluntarily through engagement and social pacts, combined with regulation, through allocative capital and through the state leading and directing industrialisation and the development of priority economic sectors, including ownership in one form or another in such sectors.

99.   It includes challenging and engaging monopoly capital to the extent that they are an obstacle to our national vision (by, for example, blocking new entrants into various sectors of the economy) as well as with regards our quest to build social justice and reduce inequality.

100.   During our political transition, the National Party as the political representatives of the white ruling bloc was a critical part of the political transition. During a socio-economic transition, white capital will have to be a critical part of consensus on a socio-economic transition. And, as with the political negotiations, they will have their own agenda and tactics, and we will have to engage and struggle to ensure that our vision forms the basis of national consensus.

101.   This requires an ANC that continues to deepen its understanding of the political economy of the country and the changing nature of capital in South Africa, including the financialisation of companies, the role of trans-national corporations, and the dynamics of different economic sectors and markets (local, national, regional and global) so as to implement appropriate approaches.

Obstacles to transformation

102.   Opposition to political consolidation and socio-economic transformation may not only come from various national or social strata and classes. It may also be the result of material (our productive capacity and state of industrialisation, global productive forces, availability of agricultural land) and subjective conditions (e.g. a low-skilled workforce, poor performing education and health systems, or a culture of greed and corruption).

103.   We must therefore identify and engage with these factors as they relate to the central task of the NDR in the current phase – i.e. our second transition of socio-economic transformation. This is an important part of our analysis of the balance of forces, so as

to develop strategies that are realistic and aimed at achieving our objectives, even when we have to take mitigating steps.

104.   The NPC Diagnostic report (2010) explored many of these obstacles. Firstly, it identified a list of indicators of 'societies in decline', noting that these are to various degrees relevant to South Africa today:
- Rising corruption.
- Weakening of state and civil society institutions.
- Poor economic management.
- Skills and capital flight.
- Politics dominated by short-termism, ethnicity or factionalism.
- Lack of maintenance of infrastructure and standards of service.

105.   More specifically, it identified the following key obstacles to movement forward in South Africa today:
- Widespread poverty and extreme and persistent inequality.
- Poor and substandard quality of education for the majority.
- Poorly located and inadequate infrastructure, which limits social inclusion and faster economic growth.
- A highly resource-intensive and unsustainable growth path.
- Spatial challenges that continue to marginalise the poor.
- An ailing public health system that confronts a massive disease burden.
- Uneven performance of the public service.
- Corruption, which undermines state legitimacy and service delivery.
- South Africa remains a divided society

Discussion points
- *Are we beginning to experience elements of 'a society in decline' as defined by the NPC and why?*

Other macro trends

106.   There are other macro trends that may not necessarily be obstacles, depending on policy responses.

107.   *Our youth bulge:* The first is the demographic changes in South Africa. We, like many developing countries, have a youth bulge, meaning that we have a large proportion of young people relative to the overall population. Unlike other developing countries where the bulge usually lasts one generation, ours may stretch over more than one due to the impact of the AIDS epidemic.

108.   Developing countries have and can reap a 'demographic dividend', because the proportion of the population active in the labour market is large relative to those who are not. A demographic dividend occurs when household dependency ratios are low, income per head rises, allowing for greater investment per capita in social development, the economy and in the household. The demographic dividend is only realised through policies that ensure appropriate levels of education, health and economic participation. If not, the opposite result may ensue – a large population of teenagers and young adults who are unemployed and alienated.

109.   The situation of young people in South Africa, and particularly of youth unemployment, has been described as explosive. Every year, around a million young people leave or

drop out of school, and more than half of them are unable to find jobs or further education and training opportunities, and join the ranks of the unemployed or discouraged. And yet, this represents us with a great opportunity, to tap the energy and creativity of the new generations.

110. *Migration and spatial development issues*: Another macro trend described in the NPC Diagnostic Report is that of migration. The challenge of rapid urbanisation is something planners and local and provincial governments deal with on a daily basis. Our focus has been on the challenge this poses to urban and peri-urban areas, but the NPC also noted other migration trends in rural areas, including considerable mobility, the expansion and densification of rural informal settlements, and an emerging trend of rural populations concentrated along transport corridors.

111. The challenge this poses for both urban and rural development, and the type of policy trade offs that may be required are also listed in the NPC report. The ANC Youth League, for example, in its 'clarion call' raises the need for us, in addition to our strategies for the current metros and rural areas, to also identify at least nine or ten other secondary cities that we want to develop and grow over the next two decades in a deliberate and planned fashion.

112. Apart from inward migration, there is also migration from other countries, including but not exclusively from the African continent. Our migration policy has to situate this in the global, regional and national context, so that we develop sustainable and cooperative approaches with other affected countries.

Part D. THE GLOBAL CONTEXT OF OUR SECOND TRANSITION

An internationalist movement

113.   Strategy and Tactic notes that from its inception the ANC evolved as part of the progressive forces in the world in the struggle against colonialism, racism, poverty, underdevelopment and gender oppression. It contributed towards the progressive forces, as well as learning from other struggles and experiences. The movement contributed to the modern-day narrative of revolution: participatory democracy, gender equality, human rights, social justice, non-racialism, freedom, self-determination and human solidarity.

114.   While the ANC was formed as an organised political response of the Africans to military defeat in their disparate wars of resistance to colonial conquest, its founders soon came to the recognition that the anti-colonial struggle in Africa was part and parcel of the world-wide struggle for a peaceful, just, equitable and humane world. During the century of its evolution, the ANC became a champion of progressive internationalism and a disciplined force of the left on the African continent.

Globalisation

115.   South Africa started its political transition in 1994 in the midst of a new era of globalisation. This era is characterised by a global economy that had the following central features (7). Firstly, it was kick-started by breakthroughs in new technologies (micro-electronics, computing, telecommunications, optic-electronics and biogenetic engineering) and secondly by informationalism made possible by these technologies. Used together or in combination, these technologies (and the advances in transport) raised knowledge and information to a new and central position in the historical development of capital. As a result, core economic activities became internationalised, such as financial markets and highly mobile capital, high value-added exports, transnational corporations (TNCs), science and technology, and the markets for high skilled labour.

116.   The structure of global production also changed, with corporations becoming transnational, by outsourcing production, in the process producing a single product from different components manufactured in different parts of the world. Thus globalisation refers to a set of processes that makes parts of the world increasingly integrated, with interdependent firms, production is linked on a global scale, there is a dramatic increase in trade, and national economies are linked.

117.   These developments in the global economy, however, should not only be described simply in terms of economic integration. What has also occurred is a 'qualitative shift in the mode of social organisation', with speculative finance capital using globally uniform indicators of creditworthiness to decide which firms and governments can borrow money and on which terms, with enormous power not only in transnational corporations, but in what is called a 'new global ruling class'.

118.   The changes in the global economy and social organisation also took place in the context of and were shaped by the hegemony of the ideological paradigm of neoliberalism. In part a response to Keynesian economic thinking, but building on earlier liberal theorists, neoliberalism proclaims a fundamentalist faith in the efficiency of markets. Therefore its policy prescripts are liberalisation, free trade and a limited role of the state. Only what

has efficiency has value, with the market and its 'laws' as the sole criteria for efficiency. All other ethical criteria are devalued as inefficient. Neo-liberalism is therefore grounded on the radical rejection of all other alternatives; problems with the impact of its prescripts are not because of its assumptions, but because of implementation deficiencies. Thus "if there is unemployment and social exclusion, if there is starvation and death in the periphery of the world system, that is not the consequences of the deficiencies or limits of the laws of the market; these result rather from the fact that such laws have not yet been fully applied" (8). Thus states (especially in the developing world), according to this paradigm, have no alternatives but to play by 'global rules' determined by the powerful; their autonomy is restricted and their policy options limited.

119.   A recurrence of crisis in the global system (Asia, followed by Argentina) and evidence from the Asian developmental states, as well as the rise of the so-called anti-globalisation movement and work by progressive intellectuals worldwide, have challenged this hegemony throughout the last two decades.

120.   South Africa's transition took place at the height of this paradigm, a paradigm that influenced, shaped and constrained our policy choices.

> **Discussion questions**
> * *How have globalisation and our integration into the global economy impacted on our country? What are the positive and negative elements of this process?*
> * *What do we have to do over the next three to five decades to ensure that South Africa are able to make use of the opportunities in the world, as well as mitigate the disadvantages of globalisation?*

A crisis of capitalism?

121.   The ANC marks its first centenary in a period in which the world is experiencing profound and potentially seismic shifts. These developments include a multiple crisis unfolding in the heart of the global capitalist economy, the USA and Eurozone; a major shift in global production and consumption that is the driving force of the dramatic rise of the developing economies; growth in the global population; and potentially catastrophic environmental degradation and climate change.

122.   Let us first examine the multiple crises of modern-day capitalism. The ANC was born into a world dominated by rampant western imperialism, saw the rise and fall of socialist states, and came into power in an era of triumphalist neo-liberal capitalism. At the start of its second century of existence, capitalism is going through multiple crises – financial, economic, systemic, intellectual, ecological and moral. Capitalism faces a "civilizational crisis" of unprecedented proportions. What do we mean?

123.   In his 1956 treatise, "*The Anti-capitalist Mentality*", Ludwig von Mises propagated this argument around the "civilizing mission" of western capitalism:

> *"The characteristic feature of modern capitalism is mass production of goods destined for consumption by the masses. The result is a tendency towards a continuous improvement in the average standard of living, a progressing enrichment of the many. Capitalism deproletarianizes the 'common man' and elevates him to the rank of 'bourgeois'…It is the ascension of the multitude in which the radical social change brought about by the 'Industrial Revolution' consists. Those underlings who in all the preceding ages of history had formed the herds of slaves and serfs, of paupers and beggars, became the buying public, for whose favour the businessmen canvass. They are the customers who are 'always right', the patrons who have the power to make poor suppliers rich and rich suppliers poor".*

124. During the 19th and 20th centuries, capitalism was presented as the best and most efficient and rational way of organising society and ordering social and economic relations in line with changing human needs. The major advances in culture, science, technology and general improvement in standards of living have been attributed to the dynamic nature and 'civilizing mission' of capitalism. Any critique of the logic and limits of capitalism was countered with all arsenals and by all means necessary. The collapse of 'existing socialism' and the end of the Cold War in the late 1980s was hailed as the irreversible triumph of the capitalist system. According to Francis Fukuyama (The End of History and The Last Man, 1990), the 1990s marked a historic era in which capitalism had established itself, irrefutably, as the optimum mode of social and economic organisation that held better prospects for human progress.

125. However, the first decade of the 21st century represents a different reality. Neo-liberal capitalism faces a new and deeper crisis. The triumphalism of the last two decades of the 20th century has faded and a new period of uncertainty and vulnerability has begun. Public debates about whether capitalism will survive the current crisis abound.

126. The G20 leaders issued a statement after their Summit in April 2009 that captured the situation as follows:

> *"We face the greatest challenge to the world economy in modern times; a crisis which has deepened since we last met, which affects the lives of women, men and children of every country, and which all countries must join together to resolve. A global crisis requires a global solution."*

127. The World Bank's most recent Report on Global Economic Prospects (January 2012), paints a very dire picture of the past year:

> *"The global economy is at a very difficult juncture. The financial system of the largest economic bloc in the world is threatened by a fiscal and financial crisis that so far eluded policymakers' efforts to contain it. Outside of Europe, high-income country growth, though strengthening, remains weak in historical perspective…These are not auspicious circumstances, and despite the significant measures taken, the possibility of a further escalation of the crisis in Europe cannot be ruled out. Should this happen, the ensuing global downturn is likely to be deeper and longer-lasting than the recession of 2008/2009 because countries do not have the fiscal and monetary space to stimulate the global economy or support the financial system to the same degree as they did in 2008/2009…No country or no region will escape the consequences of a serious downturn."*

128. The combined impact of the global financial crisis, the food and fuel crises, the effects of global warming, the increasing militarisation of UN interventions and simultaneous rise of extremist movements and demographic shifts has far-reaching implications for humanity. Human survival, progress and security stand at the crossroads. Thus there is an emerging consensus across the world about the need to return to notions such as 'shared growth' and 'regulated markets', which were obliterated by neo-liberalism. The chronic and unprecedented nature of the current global crisis is widely acknowledged.

The developing world

129. What is happening in the developing world? What are the implications of the shift in global production and consumption away from the developed western countries to the developing world? What are the long-term implications of this shift?

130. There is a major shift in economic and political power towards emerging economies that have formed an economic bloc composed of Brazil, Russia, India, China and, recently, South Africa (BRICS). The BRICS countries have the following potential and power that will have a decisive impact on the future:

- These countries already hold 41% of global foreign exchange reserves.
- By 2030 (if not earlier), BRICS countries will rival G7 in the size of their economies. China will become the largest economy, the US will fall second and India will be third. Brazil will overtake Japan as the fourth. Already, China has overtaken Japan in 2010 and Brazil has overtaken both the United Kingdom and France much earlier than expected.
- New companies from BRICS countries are taking their place as players and leaders. Sixty-two of the Fortune Global 500 companies are from BRIC countries, especially state-owned companies in the energy, telecoms and financial sector.
- Forty-three percent of the world population already resides in the BRIC countries, excluding South Africa. The new workforce – younger and more skilled – is going to come from the developing world due to the ageing population of Europe and the US.

131. The hegemony of the Bretton Woods prescriptive paradigm is therefore not as rock-solid as it was during the start of our transition. This has been in part as a result of evidence from Asia countries about the role of the developmental state in driving their economic miracles; in part because of the emergence of the anti-globalisation movement and expressed in the movement of movements, the World Social Forum; and finally because of the worst global crisis since the Great Depression. This has also seen the emergence of other concepts such as 'state capitalism' to describe alternatives to the dominant Western models of capitalism.

132. In our lifetime, we are therefore witnessing seismic shifts in global economic and political power relations. The transition to a world dominated by economies other than western industrialised countries is underway. Thus, the West can no longer unilaterally determine the global economic (and therefore also the political) agenda. The G8 has to large extent made way for the G20, contributing towards greater multi-polarity.

133. We should however be careful about not overstating the potential impact of these economic shifts on global geopolitics. While economic power may be shifting, the US military strength is still greater than the next 10 powers combined. We will therefore continue to have strong elements of uni-polarity, even in the context of an unfolding multi-polarity.

The state of the left and global progressive forces

134. These developments have opened greater space for progressive alternatives, but much of the global left have either abandoned left projects and ideas after the collapse of the Soviet Union (or chosen the path of Third Way-ism), or have been slow to make use of the space and provide alternative visions. Our assessment of the Socialist International should also be informed by this search for global progressive alternatives.

135. What is particularly baffling is that the European left has been losing elections more comprehensively than ever before in the midst of the global economic and financial crisis – there is a meltdown of the left all over Europe during the recent financial meltdown. Rightwing parties have been the beneficiaries of the current crisis. The disarray in the left is a result of the intellectual and moral vacuum created by the absence of a robust and compelling alternative to neo-liberalism.

136. The most vocal alternatives, if not entirely coherent, come from the counter-hegemonic, social and union movements. These movements, although clear that they struggle

against neo-liberal globalisation, in themselves are not clear whether it is a struggle against a form of capitalism or capitalism in general (9). What is further interesting about these global counter-hegemonic movements is that they represent a break with (Western) left traditions: although they include movements from the North, their orientation is South-facing; they do not comfortably conform to the traditional Left/Right ideological divide (often as skeptical of social democracy as they are of Marxism); their theoretical foundation is based on the concept that there are always alternatives – hence their positioning as counter-hegemonic.

Discussion questions
- *The shifts that are taking place in the world (economic, demographics, technology), as well as the continuities (e.g. global inequalities, Africa's marginalization, environmental degradation) – how will this impact on humanity and peoples in developed and developing countries over the next few decades?*
- *Who are the progressive forces in the world today, and what responses do we as part of those forces have towards ensuring a better and just Africa and world?*

Globalisation's winners and losers

137.   There are three other themes worth mentioning emerging from the debate about globalisation. The first arises from the analysis of globalisation's 'winners and losers', that once again brings focus to the issue of inequality, not only between nations and regions, but within countries, developed and developing alike. There is general agreement that the world has the productive capacity and resources to meet the basic needs of the current global population, yet there remains the fundamental issue of the distribution of the spoils.

138.   We have therefore seen a renewed focus on 'social cohesion', the need for mitigating factors in the face of inequality as well as the debate about redistribution policies. The global financial crisis, with its exposure of the excesses of those at the top, who then expect ordinary tax-payers to bail them out while they continue to evade taxes, has raised this matter even sharper. South Africa needs to be part of the community of nations that contribute towards finding solutions to this vexing issue of inequality.

A new lost generation?

139.   The second is the impact of globalisation on young people. While technology has opened the world to the new generations of young people in developed and developing worlds alike, successive ILO *Global Employment Trends for Youth* reports have drawn attention to the ever worsening employment situation of young people, with one in three between the ages of 18 and 24 unemployed, and the rate of youth unemployment remaining consistent at three times that of the rate for adults. The global youth employment rate has dropped 8% over the last twenty years (1991-2011). In the developed world, with youth constituting one out of every four of the long-term unemployed, they are now talking about a 'lost generation'.

Globalisation as a gendered phenomenon

140.   Globalisation affects men and women differently and the socio-economic changes it brought about also affects the power relations embedded in patriarchy (10). In this regard, the following trends are highlighted. The first is the feminisation of labour over the last twenty years, with large numbers of women entering paid employment. In developing countries, with increased urbanisation with its resultant shifts in family and household structures; greater informalisation and flexibility of employment and shifts towards services, larger numbers of women have been entering the labour market. This is in addition to the unpaid and subsistence work women provide in the family and

community. Employers deliberately seek to employ women workers because they are seen as more docile than men, they are paid lower wages, work in worse conditions and with much greater job insecurity.

141.   The second trend is the feminisation of poverty, 70% of the world's poor are women, and they are likely to stay poor, adding to the cycle of intergenerational poverty. As Mary Hawkesworth shows (11) "the reduction in the number of state employees affects women disproportionately as they tend to be the ones working in social welfare agencies, schools and hospitals. At the same time, the parts of the state that are not negatively affected by privatisation tend to be male dominated: police, military, commerce and finances. In this sense, structural adjustment policies contribute to a 'regendering of the state' on the basis of male privilege. Additionally, the loss of jobs in the formal (formally contracted and paid) economy tends to push women into the informal sector (informalisation) with low pay and no recognition."

142.   The final trend is that of women and migration, which this quote from Hawkesworth illustrates: "[S]ome 60 million women, drawn predominantly from poor nations, constitute a mobile labour force criss-crossing the globe in search of livelihood. Certain migratory circuits have been well-mapped: South Asia to the Middle East, former Soviet states to Western Europe, Mexico and Central America to Canada and the United States, and Africa to Europe." These migrants are usually employed as domestic workers, care workers or sex workers, because of what Ehrenreich and Hochschild (12) call the 'care deficit.'

> *With the increase of women in the workforce in richer countries, someone else has to take on the care they can no longer perform. This care deficit is the pull factor that attracts migrant women to core countries. At the same time, the care deficit exists because, as women took on jobs outside of the house, men have not increased their participation in housework. On average, a woman still spends 15 hours more than a male partner on housework, not counting childcare. In this sense, the availability of migrant women has not only allowed women in wealthy countries to join the workforce (they have already done that for both personal and economic reasons), but it has allowed men to not take on their share of housework (13).*

143.   South Africa with its history of domestic workers is no stranger to this 'care deficit.' White and middle class women are able to enter the labour force, because they employ mainly black domestic (and female) workers who take care of housework and children. At the same time, it allows men of all races and classes not to take on their share of housework and childcare, and thus therefore leaving the reproductive aspects of gender relations largely untransformed.

144.   Thus while the first waves of the feminist and women movements have seen advances globally in terms of greater awareness of women's and gender issues reflected in policy and legal reforms, globalisation has added new dimensions and there has been a global backlash (including in South Africa). This backlash has taken the form of a return to 'family values' of the religious and cultural right. More fundamentally, despite increasing labour market participation of women, very little has changed in terms of patriarchal relations of production and reproduction. All countries across the globe report widespread feminisation of poverty and inequality and persistent gender disparities in income and ownership, to the extent that it was a conservative government in Norway that had to introduce forced quotas for company boards.

145.   Despite these challenges, the Beijing movement continues to provide a focus for women's and gender struggles across the globe, with the women's organisations and movements from the South, including Africa, making important strides, as reflected in the adoption of gender policies guiding SADC and AU institutions and countries.

> **Discussion questions**
> - *What impact do the growing youth population of the world and their increasing economic marginalization have in different regions of the world, what should be done about this? What other issues impact on young people and what are the responses and state of the continental and global youth movement today?*
> - *The gendered impact of globalisation is both changing and consolidating patriarchial relations, what are the responses and state of the women's movement on the continent and globally?*
> - *The Gender discussion document traces the achievements and challenges in South Africa to transform gender relations, what are the key aspects in the next few decades to make decisive progress towards building a non-sexist South Africa arise from this?*

Prospects for the regeneration of Africa in the 21st century

146.   What are the implications of the global balance of power for Africa and what prospects are there for Africa's regeneration in the new century?

147.   At the beginning of the last century, African intellectuals and leaders articulated their own perspectives on the future of the African continent. Despite the spectre of colonial conquest, such perspectives were extremely far-sighted and eternally optimistic. In his 1906 seminal article on the Regeneration of Africa, Pixley ka Isaka Seme articulated a powerful vision of a new post-colonial Africa:

> *"The brighter day is rising upon Africa…Yes the regeneration of Africa belongs to this new and powerful period…The African people possess a common fundamental sentiment which is everywhere manifest…crystallizing into one common controlling idea…the regeneration of Africa means that a new and unique civilization is soon to be added to the world".*

148.   In the *Wretched of the Earth,* written in 1961, Frantz Fanon expressed his total rejection of European civilization and modernity as the model that must be emulated by post-colonial African states:

> *"We today can do everything, so long as we do not imitate Europe, so long as we are not obsessed by the desire to catch up with Europe…Yet it is true that we need a model, and that we want blueprints and examples…When I search for Man in the technique and the styles of Europe, I see only a succession of negations of man, and an avalanche of murders. The human condition, plans for mankind and collaboration between men in those tasks which increase the sum total of humanity are new problems, which demand true inventions. Let us decide not to imitate Europe; let us combine our muscles and our brains in a new direction. Let us try to create the whole man, whom Europe has been incapable of bringing to the triumphant birth."*

149.   Kwame Nkrumah, the founding Prime Minister of Ghana, Africa's first independent state, had this to say about his vision for a united and progressive Africa in his 1961 book, *I Speak of Freedom*:

> *"Divided we are weak; united, Africa could become one of the greatest forces for good in the world. I believe strongly and sincerely that with the deep-rooted wisdom and dignity, the innate respect for human lives, the intense humanity that is our heritage, the African race, united under one federal government, will emerge not as just another world bloc to flaunt its wealth and strength, but as a Great Power whose greatness is indestructible because it is built not on fear, envy and suspicion, nor won at the expense of others, but founded on hope, trust, friendship and directed to the good of all mankind."*

150. The first generation of African freedom fighters and leaders of the independence movement was very critical of the excesses of western civilization and modernity. Their experiences of the brutality of slavery, colonialism, imperialism neo-colonialism foreground their attitude to "European modernity" and "western civilisation". They did not want post-colonial and independent Africa to model itself along the lines of European modernity, as they saw in this system exploitation of those who are different in terms of race, class and gender. They wanted to industrialise and modernise their societies in a manner that reinforces the humanist and progressive foundations of traditional African societies. This is the new civilization and modernity that Seme, Nkrumah and Fanon spoke about.

151. On matters pertaining to international relations, the first generation of African freedom fighters articulated a view that Africa was an equal partner and important player. They were critical of the colonial and imperialist narrative that sought to project everything African as backward and inferior. They held a view that Africa has played an important role in the evolution of human civilization and progressive modernity. They had a shared belief and an optimistic view that Africa had something better to offer humanity.

152. Of course, the past half century of neo-colonial plunder and political mismanagement has destroyed the dream of our forebears. By the time of our transition to democracy, the failure of the post-colonial state and the plunder of Africa's natural resources by political elites dominated the public discourse and narratives on Africa. The pre-independence African dream of a new Africa that places humanity and people's interests at the centre, was severely undermined by the incompetence, greed and corruption of the self-serving political and business elites. This contributed to the continued marginalisation of the continent and the pathological Afro-pessimism that is the dominant attitude about anything African.

153. The liberation of Namibia and South Africa and the third wave of democratisation that also swept through our continent provided an opportunity to chart a different course for the continent. The articulation that a different Africa is possible, through the concept of an African renaissance, saw the transformation of our continental institutions of governance, the reduction of violent conflicts and military rule, and a renewed commitment to African development and integration. Although this is not uncontested, our continent began engaging with the world increasingly on its own terms. The African continent of today is at a qualitatively different stage than at the start of our transition.

154. There is therefore now irrefutable evidence that Africa's prospects have changed positively over the past decade. What is even more exciting is that there are real indications and scientific data showing that the vision of both Seme and Nkrumah seems more possible in the next three-to-five decades than in the previous century. These indications are directly related to the dynamics in the global economy.

155. What are some of the emerging positive trends that position Africa as the next big investment frontier over the next 50 years? The following macro-trends are worth taking note of:
   - After China and India, Africa is the next biggest investment frontier for American and European businesses trying to escape the pitfalls of government budget cuts, shrinking incomes, ageing populations and saturated markets.
   - By 2032, Africa's population is likely to overtake that of China and India. By 2050, Africa could have a more youthful, skilled workforce than China and India, and thus become more attractive to even Chinese and Indian businesses, in addition to Anglo-American businesses.

- Africa's GDP has shown impressive growth in the past decade. It is the third fastest growing region after Asia and the Middle East. It is now roughly equal to that of Russia or Brazil (US$1.6 trillion in 2008) and will increase to US$2.6 trillion in 2015. Africa's 900 million people had a purchasing power of $860 billion in 2008, more than India's 1.2 billion people. Between 2007 and 2010, it was only the continents of Africa and Asia that had positive growth rates.
- The International Monetary Fund (IMF) reports that 47 sub-Saharan countries experienced a growth rate of more than 5% in 2010 during the global recession, while Ethiopia, Mozambique, Angola and Rwanda each rose by more than 10%.
- Africa's commodity boom, infrastructure development and agriculture are the key drivers of its growth. Retail, telecommunications, energy, financial services and food production are key sectors fueling the African economy.
- What accounts for Africa's impressive growth rates are the following factors: population growth, urbanisation, improved macroeconomic management, relative political stability, growth in remittances and foreign investment, more effective foreign aid, and debt relief.
- Over the past decade, the volume of trade between Africa and Asia has increased from 13% in 1990 to 28% in 2010, while trade between Africa and Europe has decreased from 51% to 28% in the same period. In the same period, 50% of Africa's trade is with Asia, Brazil and the Middle East as opposed to 28% in 1990.

156. Thus, as global economic power begins to shift from the west to the east, Africa's geo-political position is assuming greater significance. The current economic crisis in the developed countries and the rise of China and India are two macro trends that work to Africa's advantage, given the continent's natural resource endowments and the demographic profile of its workforce. The renewed geo-political interest in Africa, especially its natural resources and potential markets, is leading to fresh attempts by former colonial and other global powers to reclaim the ground we have gained in terms of African self-determination, as reflected in Cote d'Ivoire, Libya and more recently in the contest for the soul of the African Union. This requires of the ANC and other progressive forces to ensure that we indeed make progress with the transformation of this important continental instrument, and that we have a deliberate and long term programme to build the core of progressive forces, and the widest range of unity to take forward the socio-economic and political development of the continent.

157. The principal problem of the African revolution is that of social agency. The under-development of this subjective factor is the biggest drawback. The objective conditions for the 21st century to be an African Century are maturing. However, the political organisation of the progressive forces is lagging behind.

158. Unless the continent positions itself strategically, what is evidently appearing to be the advent of the African Century will become another century of missed and wasted opportunity. The African masses, political leaders and intellectuals should rally and build a new movement for the renewal and regeneration of the continent. We need to summon the courage and foresight of the first generation of freedom fighters and eliminate the legacy neo-colonialism on our shores. We need to build a new generation of African political and civil society leadership that will serve the interests of the masses and ensure that growth and development serves the interests of the people.

159. In this regard, the African political and economic institutions need a new institutional firepower. Democracy, good governance and putting the interests of the citizens first must receive the utmost attention of the political leadership and institutions. Building sound democratic institutions, investing in human development and promoting peaceful development across the entire continent will enhance development prospects.

160. Furthermore, if Africa is set to be the new investment frontier of the world, South Africa has to position itself more strategically to take full advantage of the changing balance of economic forces and shifts in global production, answering such questions as: How much is Africa on our radar screen? How many patriotic entrepreneurs are pathfinders in the unexplored and under-serviced African markets? How many of our state-owned enterprises have made the continent their investment frontier?

161. The ANC must contribute towards the building of new African progressive forces that will be equal to the task of the new century. It is no longer enough to only bank on yesteryear's liberation movements. The West has re-established its hegemony in parts of Africa. Our task is to rebuild a purposeful unity among the old and new like-minded forces. It is in this context that the ANC has to wake to the reality that unless it positions itself wisely, others will seek to define the future of the continent without us.

Discussion questions
- *How do we characterise our role in Africa and what are the strengths and weaknesses of this role we play in the continent?*
- *How do the changes in the global balance of forces and the trends impact on our continent, and how do we ensure that we are not once again exploited and marginalised as African peoples and countries?*
- *What needs to be done to build the progressive forces on the continent and strengthen people to people and people's participation in the renewal of the continent?*

Part E: THOUGHTS ON THE CONTENT AND FORM OF A SECOND TRANSITION

The need for a second transition over the next fifty years

162.   South Africa is approaching the end of its second decade of freedom. During this near 20 years, we have fundamentally transformed the political landscape of this country, and laid the foundations for progressively meeting basic needs. However, there is also widespread consensus – expressed in a variety of ways – that our society faces fundamental challenges that inhibit it from achieving its goal of an inclusive, non-racial and non-sexist country, and growing consensus that this centres around the triangle of poverty, inequality and unemployment.

163.   Furthermore, there seems to be agreement on the symptoms as diagnosed by the NPC: too few people work; the standard of education of most black learners is of poor quality; infrastructure is poorly located, under-maintained and insufficient to foster higher growth; spatial patterns exclude the poor from the fruits of development; the economy is overly and unsustainably resource-intensive; a widespread disease burden is compounded by a failing health system; public services are uneven and often of poor quality; corruption is widespread; and South Africa remains a divided society.

164.   There is much less consensus about the causes of this situation (explored in Part B) or on what to do about this situation. Approaches range from a plea for the state to ensure less regulation (and taxes), to a belief that if only we can implement our policies better, we will address these challenges.

165.   However, based on our understanding of the achievements of the last eighteen years, the balance of forces and the challenges we face, we believe that the time has come to build a new national consensus for the next 50 years. This consensus should lay the basis for a second transition of social and economic transformation, building on the foundation of our political transformation.

166.   Why a second transition and not simply a continuation of what went before? In the first instance, our first transition was characterised by a framework and a national consensus that may have been appropriate for a political transition, but has proven inadequate and even inappropriate for a social and economic transformation phase.

167.   Secondly, the balance of forces at the time of our transition (14) "ruled out some options and weighted choices towards others", thus the "negotiated nature of the transition meant that capital reform would necessarily be an incremental, market-focused process, engaging with the current owners of capital". This meant an implicit bargain, involving the ANC committing to macroeconomic stability and international openness, and white business agreeing to participate in capital reform to modify the racial structure of asset ownership and to invest in national priorities. Thus the 2000 NGC document already then asked the question "should we be satisfied with merely maintaining and tinkering with the so-called 'modern sophisticated economy and infrastructure that the white man bequeathed us' or should we search for bold and creative solutions?" There is agreement that although we have liberalised and integrated into the global economy and we have macro economic stability, the structure of the apartheid colonial economy has remained the same, and that in this form, it is incapable of fostering either higher or inclusive growth.

168.   Apart from the domestic balance of forces, we acted within the constraints of the global consensus and the limits imposed on "managing the national economy to promote growth, industrial (development), and employment – whether by maintaining or raising taxation and spending levels, coordinating investment strategy, encouraging (industrialisation), or supporting technological innovation." (15)

169.   The NPC diagnostic report therefore starkly raises the possibility of South Africa slipping if we don't drastically raise our game in terms of economic performance:

> *"Other developing countries such as Mexico, Korea and Malaysia overtook South Africa's level of income per capita in the 1980s. If we wanted to achieve a similar per capita income to Poland or Portugal today, it would take 35 years at current growth rates, but if per capita incomes grew by 4 percent annually it would take just 17 years. At our current GDP per capita growth, we would need 90 years to achieve a level similar to the United States."*

170.   And on the persistence of racial patters of inequality, the prognosis is even starker:

> *"In 1995, median per capita expenditure among Africans was R333 a month compared to whites at R3 443 a month. In 2008, median expenditure per capita for Africans was R454 a month compared to whites at R5 668 a month.*
>
> *"The economy has failed to create jobs at the pace necessary to reduce extremely high unemployment, and the education system has failed to ensure that equalised public spending on schooling translates into improved education for poor black children."*

171.   There are other areas of social transformation where we face similar challenges, as the following diagnoses of the NPC illustrate:

> *"The spatial legacy of apartheid continues to weigh on the entire country. In general, the poorest people live in remote rural areas. In the cities, the poorest live far from places of work and economic activity. Although it was identified as a particular focus for attention even before 1994, the situation has probably been aggravated since then, with many more people now living in poorly located settlements. This adds to the challenges, already discussed, of providing infrastructure in support of economic activity. Reversing the effects of spatial apartheid will be an ongoing challenge in the decades ahead."*

172.   Then, with regards the capacity of the state:

> *"17 years after the end of apartheid, the public sector remains chronically unstable…"much of local government" was "in distress", noting that urban municipalities tend to perform better than those in rural areas and especially those located in the former homelands. Provincial and local governments are therefore least able to deliver services in the poorest and historically most marginalised areas where those services are most needed. This high level of variation in service quality leads to a strong sense of injustice in society."*

173.   For a liberation movement such as the ANC, which played the leading role in bringing about democracy, 'this strong sense of injustice in society' is a warning signal that it will ignore at its peril. Thus we must heed the call in our 2012 January 8th Statement for the ANC to pay single-minded and undivided attention towards overcoming poverty, unemployment and inequality. This is what our second transition must be about.

A development trajectory for the next fifty years

174. The characterisation of the National Democratic Society, and work on the National Development Plan (as well as the infrastructure plan, our industrial policies and debates about the interventions in the minerals sector) points towards the emergence of core elements of our national developmental trajectory over the next five decades. The integration of the discussions on these issues towards the Policy Conference will be critical to ensure that the movement towards and at Mangaung presents the country with a vision that will take South Africa to the next level.

175. The characterisation of the National Democratic Society in Strategy and Tactics 2007, as a democracy with social content, within the specific context of the racial, class and gender legacies of the past, should form the basis of our second transition.

Economic transformation

176. The first priority of economic policy should therefore be to achieve rising per capita income, full employment, a Gini index target that demonstrate real and visible progress in reducing wealth and income inequalities, and visible progress in changing racial and patriarchal patterns of wealth and income.

177. This will require an economic development model that takes account of our natural endowments in the form of minerals and our strategically positioned coastline, as well as building on and expanding existing capacity in manufacturing and services. We need to use these endowments over the next 50 to 100 years to usher in new era of industrialisation and development. Such an era should not only see downstream and upstream beneficiation of our mineral wealth, the expansion of the manufacturing sector through localisation and sector strategies but also the growth of agriculture, agro-processing, land reform and rural development to ensure food security and alleviate rural poverty, building a maritime industry, and the growth of the knowledge economy.

178. We remain committed to a mixed economy with state, cooperative and other forms of social ownership co-existing with a vibrant private sector. How we will achieve the optimal mix in all sectors, but especially in mining and finance, must and will be part of our discussions on economic policy towards Policy Conference.

179. In addition, the debate on the mining sector has focused on whether to nationalise or not. This is a rather limiting debate, because surely based on plans for industrialisation driven by mining, we will have to adopt a mixed approach in this sector as well. The real question is therefore whether our current Mineral Development and Resources Act makes provision for the different types of ownership characteristic of a mixed economy:

for state, cooperative and other forms of social ownership, in addition to private ownership? How does this relate to and facilitate our infrastructure development plans over the next thirty years?

180.   Other proposals to increase employment and growth include those listed in the NDP and others such as:
   - strengthening innovation policy, the sector and linkages with companies;
   - improving functioning of the labour market through reforms and specific proposals concerning dispute resolution and discipline, to help the economy absorb more labour;
   - supporting small business through better coordination in the different agencies, the development finance institutions, and SME incubators;
   - improving the skills base through improved education and training;
   - increasing investment in social and economic infrastructure to lower costs, raise productivity and bring more people into the mainstream;
   - reducing the regulatory burden in sectors where the private sector is a main investor;
   - a comprehensive ICT policy as an input to economic and social development and as a driving sector of innovation;
   - improving state capacity to effectively implement economic policy.

181.   The draft plan also contains comprehensive proposals around a low carbon economy, an inclusive and integrated rural economy, and infrastructure development. Although it does not indicate how for example these relate to industrial policy.

182.   The economic transformation proposals in the NDP correctly build on the foundations of the last 18 years, ensuring continuity. However, we need to ask ourselves whether simply more of the same will help us to transform the economy so as to address the challenges of unemployment, poverty, inequality and growth. There is a certain sense of timidity in dealing with some of the matters of economic debate over the last few years, including these issues:

Discussion questions
- *What is our attitude towards 'allocative capital', both leveraging through the fiscus, development finance institutions, SOEs, the PIC and other union funds, a state bank, but also through 'directing' the private financial sector. What are the reasons for the delay with the licensing of the Postbank and how do we unlock it?*
- *What approach to macro economic policy should we adopt to ensure it support our economic transformation objectives?*
- *Is the main problem with the functioning of our labour markets high wages and difficulties in firing workers as suggested, or should we also not address the huge differences in pay between workers and management and executives (including in the public sector) and ongoing discrimination in the labour markets? What about our weak public labour market information system, especially for young people?*
- *How do we build consensus in society, including with private capital and labour, around a socio-economic vision, and what is our response to the call for a social pact or economic CODESA of sorts?*

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183.   There are also potential areas of contradiction. For example, the National Development Plan proposes an export-orientated approach in higher value goods or niche markets (agriculture and agro-processing, mining, business services, white goods and appliances, niches in clothing and footwear and other mid-skill manufacturing) as well as global services such as business services and tourism. In contradiction with the proposals from

the *State Involvement in the Mining Sector* (SIMS) report, the NDP is rather skeptical about the potential for mineral beneficiation as well as of labour-intensive manufacturing, because of our high cost structure, labour costs and management acumen for large scale labour-intensive manufacturing projects. How do we resolve this rather fundamental policy conundrum?

184. As we move towards the Policy Conference, we must therefore engage with the NDP proposals, the questions raised above, as well as other questions such as the nature and character of the various types of ownership in the mixed economy we talk about, including in strategic sectors such as mining, finance, telecommunications and others. We cannot and should not avoid the discussions on these difficult matters.

185. This pillar also contains many among the motive forces – workers, the black capitalist and middle strata, cadres working in the economic departments, agencies and SOEs, professionals and entrepreneurs. How do we ensure the mobilisation and organisation of these motive forces as well as their various sectoral, business and professional organisations and unions, in pursuit of our economic vision?

Discussion questions
- *The New Growth Path, the IPAPII, the SIMS report and the Presidential Infrastructure Coordinating Committee, the NDC proposals – as well as other policies such as human resource development strategy, science, research and innovation - all contain elements of taking us to a higher level in terms of industrialization and the development of a knowledge economy. Will these policies adequately address the high levels of growth required for the next three to five decades and transformation of the apartheid colonial structure of the economy?*
- *Agrarian and land reform, and rural development are critical to the transformation of the apartheid colonial economy, what are the obstacles to progress in this area, the strengths and weaknesses of our current approaches?*
- *The SIMS report on the mineral wealth of South Africa addresses three areas: ownership in the mining sector and contribution of the sector towards the next phase of industrialisation and towards growth. What should our policy be towards these issues in the context of these and other proposals on transformation of the mining sector, as part of our development path for the next few decades?*
- *The NDP sets as one of its overarching targets, the achievement of full employment by 2030, which means expanding employment by 11 million opportunities. What are the approaches to achieve this ambitious target?*
- *The services, infrastructure and knowledge sectors are important sources of global employment growth, what are the state of these sectors and what are the key sectoral strategies to greatly expand employment in these sectors?*

Social transformation

186. Democracy with social content also means that people must be regarded as a fundamental resource that is central to the development of the economy, society and the nation as a whole.

187. Our approach to social transformation must therefore be people-centred by involving people in their own development, through the public provision of a minimum package of publicly delivered transfers, goods and services known as a 'social floor', and by

providing a safety net for the most vulnerable. This includes providing basic rights to shelter, food security, health services, education, water and sanitation, and a social security network. It also includes other programmes that promote the physical, social, safety and emotional well-being of all in our society, including through culture, community safety and sports. It also involves a focus on the values of caring, excellence, cooperation and solidarity that we want to build as part of the social capital for social and economic transformation.

188. A key aspect of social and economic transformation is the investment in the education and training and the health of all our people. The critical questions and programmes for the next few decades therefore include:
- improving the quality of education, expanding access to early childhood education, literacy and lifelong learning opportunities;
- improving the health status of South Africans through the prevention of illnesses, reducing the burden of disease, promotion of healthy lifestyles and improving the performance of the health system;
- deepening the social floor and improving the social wage by expanding access to, and the quality of basic services, implementing a comprehensive social security system, and building integrated and sustainable communities;
- building safe communities and fighting crime and corruption;
- developing and preserving our arts, culture, sports, heritage and language to promote social cohesion and nation-building.

> **Discussion questions**
> - *How do we strengthen our people's participation in various programmes of social transformation?*
> - *What are the strengths and weaknesses of our efforts to address the quality of education and training, access to early childhood education and lifelong learning? Do the plans and proposals to improve these contained in the Social transformation discussion documents adequately address these weaknesses, what else should be done?*
> - *What are the strengths and weaknesses of our current health system and efforts to address these, how will the National Health Insurance help to address these weaknesses?*
> - *What are the strengths and weaknesses of our current social wage and social floor, and how do these contribute towards social transformation?*
> - *What are the strengths and weaknesses of our current policies to build safer communities and the fight against crime and corruption? How do these contribute towards social transformation?*
> - *Why the slow progress with nation-building, and what should be done to ensure that arts, culture, sports, heritage and language continue to contribute towards social cohesion and nation-building?*

Building a democratic developmental state

189. When we talk about the state in the broad sense, we include its geographic integrity and security; government including parliament, legislatures, local government and the executive structures in different spheres, the public service and state entities; the judiciary, institutions protecting democracy and the security forces; as well as the Constitution and the body of laws and policies. In a narrow sense we include the three arms of government and the public sector. Whether in a broad or narrow sense, we have committed ourselves to building a democratic and developmental state that plays a driving role in the social and economic development of the country.

190. We have made significant progress, but the central task in this phase is to build a developmental state that is people-centred and uniquely South African. It is thus defined as a state that leads and directs national development and mobilises society around this vision and its implementation.

191. A developmental state must have the technical and organisational capabilities to:-
   - intervene and direct *economic development and transformation* in the interest of higher levels of industrialisation and diversification, higher rates of growth and sustainable development;
   - implement and facilitate social transformation through delivery *of basic services and the social wage,* through addressing the social backlog and progressively ensuring universal quality services, as part of our broader programme to address unemployment, poverty and underdevelopment, as well as protection of vulnerable groups;
   - *involve the people* as a whole, especially the poor, through expanding and deepening participatory and representative democracy;
   - continue efforts to *consolidate our democracy,* our democratic institutions and the confidence and trust in public institutions.

192. The National Planning Commission has avoided using the concept of a developmental state, and instead talks about a "capable state," a term which is increasingly used by the ANC in government. Whether this signals an ideological or conceptual disagreement with the concept should be clarified, so that we don't cause confusion with a plethora of terms or by introducing concepts that may well be in conflict with existing ANC policy.

193. At a programmatic level, transformation of the state in the next phase includes the tasks identified in the National Development Plan, such as:
   - stabilising the political-administrative interface;
   - making the public service and local government careers of choice;
   - developing technical and specialist professional skills;
   - improving the relations between the three spheres of government;
   - consolidating and strengthening state owned enterprises towards our national vision.

194. We may well add to this, ensuring strong and coordinated economic development capacity in government, so that the different aspects of our economic policy (fiscal, monetary, industrial, etc) speak to each other, including the suggestion from the SIMS report for a super Economic ministry.

195. In addition, we must add the important role of Parliament and the legislatures, as well as our Chapter 9 institutions and local government, to facilitate peoples' participation, to monitor progress and play oversight role.

Discussion questions
- *How should we define the relationship between the democratic state and the people, and what are the current strengths and weaknesses of this relationship?*
- *How do we characterise the post-apartheid state that we have build over the last eighteen years, is it a national democratic state, is it developmental in its orientation and what informs its relationship to different strata and classes in our society?*
- *Are the approaches in the Strategy and Tactics towards a developmental state still relevant, or should we instead move towards a 'capable state' as defined by the NPC?*
- *What are the strength and weaknesses of the public sector (public service and state owned enterprises and entities), why the deficiencies in terms of implementation of policies?*
- *How do we strengthen and reposition the public sector towards the developmental tasks we identified? What should our attitude be towards the proposals from the NPC on this issue of state capacity?*
- *How do we strengthen and continually transform the legislatures, Chapter 9 institutions and the judiciary to ensure they contribute towards our people's empowerment and*

Ideological work and the battle of ideas

196. The pursuit of any revolution, and the National Democratic Revolution in South Africa is no exception, requires not only political, social and economic transformation, but also ideological struggle. The struggle for hearts and minds is a critical element of such struggle. This is necessary because any political, social and economic system has its material foundations, but it also has to justify its existence at the level of ideas, reflecting the dominant values, culture, religion of a given society.

197. The 2002 Preface to the Strategy and Tactics notes that fundamental change also demands the redefinition of the outlook, cultural values and moral attributes that characterise South African society. *This is the realm of ideology; the battle of ideas; in which new values and mores that place humanism above greed, narrow sectional and individual selfish interest need to be strongly asserted. Without such broad cultural transformation, even the efforts aimed at changing material conditions will in the long run, but certainly, wilt...*

198. The ideological engagements in this era are therefore about the very foundations of the National Democratic Society we are constructing, including the identity of the emerging South African nation, its unity and diversity, its cultures, languages, history and values. For example, with regards our struggle history and icons, we must learn from the experiences of the social democrats in Scandinavia who have won the war about the welfare state, but are losing battles (including electoral battles) because of simple reliance on being responsible for bringing about the welfare state, while failing to adapt to new conditions facing that very welfare state. The ANC faces the same challenge. We may well win the war to ensure that the nation as a whole celebrates our struggle and its icons, but may lose some battles. For example, the extent to which the opposition appropriates struggle icons and even events like the celebration of the formation of the UDF, and our response to these, may well be a trend in this direction.

199. The ideological struggle also needs ongoing engagement with the 'crisis of capitalism' and progressive alternatives, the specificity of the South African challenges and solutions, and how this contributes towards global progressive humanity.

200. Given our commitment to an African renaissance, the ideological struggle must also have a continental dimension around African self-determination and against foreign interference and geopolitics; the African contributions to global knowledge, innovation and culture; the centrality of peoples of the continent to their own development and their right to peace and good governance.

201. This will require a coordinated approach, deepening political and ideological development in the ANC, deliberately developing progressive intellectuals, organic and otherwise, and ongoing engagement on the roles of media, education, arts and culture, sports and other institutions that produce and reproduce knowledge, ideas and values.

> **Discussion questions**
> - *How do we continue to strengthen and deepen political and ideological development in the ANC?*
> - *How should the ANC relate to intellectuals and the development of organic and new generations of intellectuals for the future?*

> • *What role should the media, education, arts and culture and other institutions play in reproducing knowledge, ideas and values of a national democratic society?*

International work

202.   As a disciplined force of the left and an integral part of the world progressive forces, the ANC needs to continue to search for a more humane, just and sustainable world, contributing from our own experiences in transforming South Africa. Another world is possible. Our forebears defined the role and place of Africa in line with humanity's unending search for a progressive human civilization that places human solidarity and ecological sustainability as the raison d'etre of humanity (motho ke motho ka batho), instead of exploitation, greed and the self.

203.   The ANC since 1994 has engaged in a number of forums – mainly at governmental levels – in the struggle for a more just global order. This ranged from advocating against the marginalisation of Africa in the new global order, to the importance of human security in the face of increased military aggression. We have played an instrumental role in the unity of the South in multilateral institutions, and behind the formation of the G20 and G77. In addition to our bilateral relations with historical allied parties, our participation in the Socialist International has also seen us linking up with like-minded parties in government on matters of progressive governance.

204.   Our role on the African continent should contribute towards the renewal of the continent, in practical and theoretical terms, including strengthening the continental institutions, building and expanding the progressive forces and people centred development.

Towards policy conference

205.   If we agree on the broad focus of the next phase, we must therefore ensure that all our policy discussions speaks to the strategic tasks of the next thirty years, and concretely on what needs to happen in the next decade to give effect to these tasks. It should focus on building capacity and effective use of resources to ensure that we do not come back after the end of the first decade, having failed to implement our policies.

206.   As with the first phase of our political transition, this requires a political movement with a vision and a cadreship that is rooted among the people and all social forces to lead this second phase. This therefore begs the question, is the ANC up to the task of a second transition?

Part F: PILLARS OF THE NATIONAL DEMOCRATIC REVOLUTION

Pillars - overarching programmatic form to a phase of the NDR

207. The 1969 and 1985 Strategy and Tactics documents identified four pillars, which were either terrains (eg. international) or specific strategic approaches (eg. armed struggle) in which we pursued the struggle against apartheid colonialism. Within the overall approach the NDR elaborated, we developed ***strategic approaches, organisational forms and tactics*** for each of these pillars.

208. In addition, our ***leadership core*** (the NEC) ensured the linkages between these different pillars, monitored progress and discussed strategic and tactical approaches and engaged with and intervened where necessary with regards each of these pillars. It also ensured regular assessment of the overall struggle, and developed and communicated the challenges facing us in each of these sectors, and the tasks for different sectors and strata of the motive forces.

209. The ANC, in coordinating, driving and engaging the struggle, located itself in the context of ***the Alliance and a range of sectoral and organisational formations***. It had a broad protocol that guided its interactions with such formations and forces, including doing political work in all these formations and among these forces, recruiting into its ranks from among them; respecting their independence as well as their limitations; and ensuring ongoing engagement, not only to give the line, but to also hear the issues arising from these sectors.

How do we then approach pillars in the current phase?

210. In the context of the task of building a National Democratic Society, which we defined as a non-racial, non-sexist democracy with social content, we propose that the following six pillars, as key strategic terrains of struggle and transformation, are fundamental. These are:
    (a) Building a democratic developmental state
    (b) Transforming the economy
    (c) Ideological work and the battle of ideas
    (d) Social transformation
    (e) International work
    (f) Mass mobilisation and organisation.

211. At the *centre of these pillars is the ANC*, based on our understanding that our revolution requires a revolutionary movement that consciously and deliberately mobilises, implements, coordinates and steers the agenda of transformation.

212. We have added social transformation because the tasks of eradicating poverty, providing a social floor and social wage, nation-building and social cohesion require not only action on the part of the state, but the mobilisation of all sectors and our people to take charge of their own destiny and development.

213. Linked to this is the addition of mass mobilisation and organisation as a critical pillar. This pillar points not only towards the role of the ANC branch as a centre for community development, but also the community and social activism required from all ANC members and South Africans to contribute to change. In addition, it also signals our commitment towards building strong civil society, community and sectoral organisations

as critical to sustainable communities and to people-centred and driven social and economic development.

214. These pillars are *interconnected*. For example, strong community and sectoral organisations are important building blocks in the struggle for safety and security. It is closely linked to the capacity of the state (eg. the criminal justice system); to our ability to address unemployment and inequality and thus the link to economic transformation; to our international pillar insofar as crime is increasingly global; as well as to ideological struggle so that we change the value system in our communities.

215. These pillars, and our programme of transformation must be seen as *evolving over the next two to three decades*, building on the first 18 years. In each of these we must therefore ensure that we have a strategy and a programme of mobilising the core motive forces in each, linked to the overall national democratic tasks. The motive forces must on an ongoing basis monitor progress and assess the balance of forces in the sector, alerting the movement to new developments, challenges and opportunities.

The ANC as strategic centre and agent for change

216. The Strategy and Tactics notes that to carry out the NDR in the current phase, requires a progressive national liberation movement which:
    a) understands the interconnection between political and socio-economic challenges in our society;
    b) leads the motive forces of the NDR in pursuing their common aspirations and ensuring that their sectoral interests are linked to the strategic objective;
    c) masters the terrain of electoral contest, utilises political power to advance the objectives of the NDR, and wields instruments of state in line with these ideals as reflected in the National Constitution;
    d) organises and mobilises the motive forces and builds broader partnerships to drive the process of reconstruction and development, nation-building and reconciliation; and
    e) conducts itself, in its internal practices and in relation to society at large, in line with the ideals represented by the NDR and acts as a microcosm of the future.

217. This approach also requires the *activism of a revolutionary and disciplined cadreship* – in whatever centre of transformation they find themselves – that are able to understand the tasks in their particular pillar, the interrelationship to the overall task of building a national democratic society, and their responsibilities as individuals and as part of the collective and collectives.

218. Over the hundred years of its existence, the ANC has prided itself in being a modern national movement that has the internal resilience not only to reproduce itself, but also to adapt to, and innovate for, changing conditions and to be sustainable in its approach to matters and how it carries forward its organisational tasks.

219. Since 1994 we've defined the character of the ANC as a liberation movement that also contests elections as a registered political party. Though there is no question that we have not become 'simply another political party', we must however interrogate whether we are indeed still a 'liberation movement'. There are two features of a liberation movement that are critical, interlinked and inseparable. The first is a **core organisation** with a progressive political line that it continuously refines as the terrain of struggle changes, with disciplined revolutionary cadres and members, and with organisational capacity and processes to pursue the revolution in the various fronts it identifies. This core must include among its ranks the best from among the motive forces it seeks to represent, and wherever they find themselves act as custodians of the principles of fundamental social change, winning respect among their peers and society at large

through their exemplary conduct. The second feature is **_the activism of this core organisation among the motive forces and in society in general_**. This core must mobilise, organise and educate the motive forces and have a presence in all of their sectoral formations. It must conscientise them as to how their sectoral issues and concerns are linked to the broader tasks of transformation. It must build the broadest possible unity of these progressive forces in pursuit of the national goal. It must be able to accommodate new forms of organisations among the motive forces. This core must also engage with those who do not agree with its objectives, seeking to isolate the most reactionary elements. It is clear that on both fronts, its organisational core and its activism among the motive forces, the ANC faces a challenge, in part because of the challenges of incumbency and the subjective weaknesses that we tend to address in a piecemeal manner. The Mangaung Conference must therefore take bold and comprehensive decisions around the renewal of the movement over the next two decades.

220.   The January 8th Statement identified some of these challenges, noting that 'during its second century of existence, the ANC will undoubtedly require new organisational capacities and strategic capabilities to give political, moral and intellectual leadership and serve our nation in the six pillars of the current phase: the state, the economy, social transformation, the international arena, the ideological terrain, and community and social activism.

221.   Our discussion document on Organisational Renewal must therefore take forward the structure, approach and design of the ANC that will be suitable towards the task of this new phase. It will also have to address the reality that we are facing a crisis of credibility, that though our people acknowledge our success in bringing about democracy, doubts are beginning to creep in whether we indeed have the capabilities to also lead and implement the programme of social and economic transformation into the next few decades.

The next hundred years

222.   These two issues – our vision for the future and our capability as a movement to implement this vision – will determine whether we will have what future generations will regard as a watershed conference. They must be able to say that after the ANC gathered in December 2012 in Mangaung, we saw the start of a process that during the second ANC century led to:

- The resolution of the national question, the eradication of the legacy of colonialism and apartheid, and the liberation of the country from national and all other forms of discrimination.
- The democratic consolidation and the creation of a country with an active citizenry, with legitimate and effective public institutions, that represents the best of human values, and that has served and brought to fruition the renaissance of Africa;
- The transformation of gender relations, with men and women making a contribution to society as equals.
- The revolutionary transformation of South African society, with social justice, having eliminated poverty and inequality, and a thriving and inclusive economy.
- A movement that survived intact and continually revitalised as a revolutionary people's movement and an agent for progressive change.

223.   We said at the start that we aspire towards a watershed Mangaung Conference. The challenge before the current generation of ANC leaders and activists and members are therefore as momentous as those that faced the founding fathers in 1912. We dare not fail!

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