

MEC Sogoni Address to Eastern Cape Provincial LED Conference

8th November 2007

Consciousness and the Task of Local Socio-Economic Development

Honourable fellow Members of the Provincial Executive and Legislature;

Honourable mayors, Councillors and senior leaders of the district and local municipalities – with special mention of Honourable Executive Mayor Capa, whose region is hosting us today;

Honourable Representatives of our institution of Traditional Leadership

Fellow officers of government from provincial departments represented here, including special guests from the sister provinces of KwaZulu-Natal and Limpopo;

Fellow officers of government from national departments;

Leaders and officers from parastatal and other partner organisations in socio-economic development – local, provincial, national and international partners;

Innovators in local socio-economic development and representatives of entrepreneurial projects attending this conference;

Representatives of business, organised labour and the non-governmental community;

Comrades, ladies and gentleman,

I greet you all.

A nagging restlessness continues to dog us around the adequacy or otherwise of our collective effort show significant gains on our economic agenda, particularly the aspect relating to broadened participation in the economy and the associated improvement of employment opportunities for the masses of unemployed in our province. The restlessness I am referring to here tends to be expressed in one of two ways: it is either the self-critical voice saying “we are not doing enough, and could set and hold ourselves to do better”, or an accusatory voice saying “they are not doing enough”. ‘They’ in most cases is mainly directed at government, less so at the private sector and others.

There seem to be a lot more voices in the accusatory camp, pointing fingers at the ‘failure’ – real or assumed – of “them over there”. While there may sometimes be legitimate cause for raising critique, it is lamentable that this often descends to gripes

that do not pose solutions. I want to take issue with this, and raise concern at what is a worrying retrogression of **consciousness**, a paucity of *critical, constructive consciousness* in a nation of people we would expect better from. Today I would like to spend a few minutes commenting on this and its meaning for our gathering here. I want to remind us of some important responsibilities that we have, and invite you to co-reflect on what we have encountered, have achieved, and are challenged by as partners in our endeavours to make the task of local economic development a meaningful one for the lives of those intended to benefit from our efforts.

Let us first journey back in time and call to mind some words of counsel directed at the early stewards of the newly liberated African states in the late 1950s – those who were entrusted by the masses to manage the affairs of the post-colonial state. At that time a number of radical thinkers, among them Frantz Fanon and Amilcar Cabral, were issuing warnings to the emergent middle class taking the reins of government, as well as those moving into other fields of endeavour, against the consequences of a neglect of nurturing a *progressive, creative and critical consciousness* as a key pillar for our reconstructive endeavours. In the wisdom of these sages, such consciousness is indispensable to rooting, guiding and disciplining our thinking and actions, as well as guiding our growth, however uneven the growth-path may be. Others among the then liberator class went on to attempt real development experiments that yielded a mixed set of results. Even where these may not have been successful, the lessons we have learnt from the non-successes and the miscalculations have still been invaluable, especially in cases where intentions have been well-meaning. These experiences and admonitions provide us with opportunities for learning, critical self reflection and improvement as we also soldier on around a number of our own efforts as inheritors of a structurally disfigured and unjust political economy.

I would like to briefly talk about a few of these efforts that I consider relevant for this gathering. As I do this, however, I want to also juxtapose my mentioning of these endeavours and their prospects against a refrain of cynicism that proceeds alongside our ongoing creative search for life-giving solutions. It is important to remain conscious to, and properly understand the bases of such cynicism and counterviews, especially given that they oftentimes tend to represent what is the dominant perspective on these matters, a perspective that is itself the outcome of significant investments in intellectual and other resources. Hence, the need for us to be serious in our thinking and actions as we work determinedly towards the goal of a broadened and enhanced participation by the excluded majority in the economy. This is the commitment of our government as encapsulated in a number of policies and programmes crafted in pursuit of the quest to place the poor and excluded at the centre of our development actions.

Allow me to pose a couple of provocative questions and controversial claims that I will attempt to both respond to, as well as hope you will respond to in your deliberations at this conference:

Claim No.1:

'The market is too set to allow for experiments of inclusive ownership, and the poor can at best participate in the economy through selling their labour. Efforts in LED should therefore be dedicated to enhancing the profitability of those who have already proven themselves, so that they can create more jobs'.

In the face of this claim, made by many an economist, what is our response? Do we confirm Fanon's worst fears, expressed close to half a century ago, about the incapability of the emerging middle class of newly independent states to transform the fortunes of the majority simply because we are content to be '*intermediaries*' and advocates of an '*economy which has always developed outside of the limits of our knowledge*'?, to paraphrase Fanon.

As government we have, together with a number of our development partners, opted for a path framed from alternative possibilities of hope. And we continuously critically reflect on the efficacy of the instruments we craft and use to realise such possibilities. This is why we would therefore push for a fundamental reconceptualisation of how we do local socio-economic development.

This is why for instance we would re-look at the effectiveness of our black economic empowerment strategy and ask ourselves if we are not unduly encouraging the parasitic '*intermediary*' tendencies decried by Fanon.

This is why we still believe it is useful to consider and put into action plans for government and its entities to programme public expenditure in such a way that we encourage the entry of new players in the market through appropriate preferential procurement practices. The DTI's list of preferred products and services for procurement from SMMEs is a case in point. In our province work has begun led by the Department of Economic Development and Environmental Affairs (DEDEA) and the Provincial Treasury to craft a provincially relevant Procurement Strategy, so that we tighten up our ability to effect a procurement regime that will more tangibly benefit the provincial economy. In doing this, we remain mindful of, and seek to minimise the risks of sacrificing the quality of public provisioning – not an easy task, as many will attest. Yet it is doable, and has been done. We know this because we have heeded Fanon's warning and sought to constantly question our own stances, while deepening an understanding of the political economy we function in.

This is why, together with core partners in such programmes as Thina Sinako and other programmes of our departments, public entities and other partners in local economic development, we have renewed our efforts and refined our

approaches to nurturing the previously excluded through appropriate capacity-building measures, grants and other resource support, as well as the kind of deliberative learning afforded by gatherings such as this conference, learning encounters we have organised under the auspices of Thina Sinako, as well as LED fora at local and provincial level.

In avoiding the zero-sum game implied in the cynical claim posed above, we have also not narrowly defined economic participation as only ownership, albeit important this goal is. Through our programmes we also encourage those whose entrepreneurial creativity stands to benefit others through local employment, given the multiplier effects that can flow from such.

Claim No.2:

'The record of governments at facilitating the establishment and/or running of business is littered with failure. There are too many problems, not least of which is the encouragement of a parasite class through rent-seeking practices, corruption and other related inefficiencies. Even when governments seek to be earnest, the market normally doesn't take too kindly to government interference'.

Once again, how do we respond to the above? If, as is currently the case, the government of this country remains committed to the cause of the upliftment of the poor and addressing the injustice of exclusionary ownership patterns in the economy, how do we consciously avoid the traps implied here? How for instance do we creatively allay the jitters of those who fear to lose through the entry into the market by the previously excluded? Is it indeed a given that the gain of the excluded will inevitably occasion losses by the established?

As government we are gradually sharpening our institutional fitness for task as we continue to reflect on our experience at facilitating economic development. Mindful for instance of what have come to be commonly known as perennial coordination failures of government, we have sought to, and are engaged in an ongoing process of seeking a convergence of effort across departments with a mandate in local economic development. Hence you see this conference being co-led by the Department of Economic Development & Economic Affairs (DEDEA) and the Department of Local Government & Traditional Affairs (DLGTA), with the close collaboration of the Provincial Treasury and the Office of the Premier. Supporting this effort at convergence is the Thina Sinako advisory team.

We are also constantly interrogating and sharpening the definition of our mission and roles, as well as consolidating our institutional preparedness in order to ensure that our facilitating mission is respected for its clarity of purpose, integrity and utility by key stakeholders in the political economy.

Claim No.3:

‘Government continues to punt failed approaches to doing business, such as cooperatives and other socially-inspired partnerships. Donor agencies such as the EU and others also insist on funding partnerships which don’t work in business’.

I note that the issue of effective partnerships in LED will be one of the main topics for discussion at this conference. I am looking forward to hear how we should creatively confront the scepticism expressed in this claim. While acknowledging that such scepticism is not necessarily without basis, we do have to question an orientation of mindset that will always predict grief as an unavoidable end to efforts at partnership. At the same time, however, it is the duty of those who believe in the rewarding possibilities of partnerships to make sure that we configure and nurture them to work. Otherwise, we do nothing more than add costly evidence to the claims of sceptics.

Our regime for the funding of entrepreneurial projects, especially in instances where we are not selling the finance as in loan-funding, has to of necessity be geared towards supporting collective enterprise. Otherwise how do we justify the ‘public goodness’ of our expenditure?

We are also careful to constantly warn ourselves not to impose artificial partnerships, which is always a risk when one is enthusiastic to encourage the taking up of opportunities where these beckon. As we move towards 2008, there are plans afoot for instance that the core partners to the LED endeavour – mainly DEDEA, DLGTA, the Department of Agriculture and Municipalities convene a series of workshops as well as undertake other related activities to fine-tune their approaches to the facilitation of project development and implementation support. The ultimate aim is to make more robust what emerges out of our consolidated instruments and processes of identifying and supporting the development of promising entrepreneurial ideas, as well as the supporting of such ideas once they are running as entrepreneurial projects.

At this gathering we have among us representatives of entrepreneurial projects that we partner with and have supported. We chose to call them partners in learning, than mere beneficiaries, because out of observing their experience and reflecting on our own capability to support them, we are constantly reshaping and sharpening our frameworks and processes for making enterprises oriented towards a collective social capital work.

We have among us also colleagues from KwaZulu-Natal and Limpopo who will benefit our learning with their own experiences, including the evolving experience of mobilising and facilitating cooperatives in KwaZulu-Natal.

Much has happened since Fanon's exasperation with an emerging bourgeoisie content with post-independence economies not set on a new footing; an exasperation about the lack of creativity and minimal inventions of new products; a lament about the 'laziness' of a middle-class that is challenged by an '*economy that has always developed outside the limits of our knowledge*'. Much has happened over the intervening half-century since these admonitions. Yet there is a lot that has not really changed substantively, especially as regards Fanon's exasperation with some behavioural traits of the middle class.

In this short address I have sought to trouble you with a set of concerns and questions that we need to apply our minds to, quite seriously. At the same time, however, I have sought to share with you the thinking behind some of our own efforts at facilitating local economic development. There are a lot more issues I could have raised, but I will be greatly encouraged if this conference can both come up with cogent responses to the few concerns I have posed today, while enhancing the thinking that underpins solutions and interventions I have briefly mentioned.

In closing, I want to return to a plea I make in the introduction to this address: the importance of nurturing a consciousness that is mindful of the caveats raised by the likes of Fanon and a historical memory that should offer us a lot of lessons and food for thought; a consciousness that will shun the intellectual laziness and a tendency to cheap superficial claims decried by both Fanon and Cabral; a consciousness that will affirm through studious, judicious action the trust of the majority of our people that we will carry with honour the task of realising economic justice for all; a consciousness which will ensure that our habits of thought and practice do not orbit outside of a thorough understanding of the economy we seek to re-arrange.

This for me is the kind of consciousness we should centre in our collective quest for local socio-economic development. Much will be said over the next two days about experiences had in dealing with the issues I have raised and more; I look forward to catching some of these presentations and discussions. It is my hope also that what I have sought to do by way of setting a framework for conference deliberations, will indeed trigger deep, meaningful discussion at this conference.

I thank you and wish you well, looking forward to outcomes that will serve to advance our collective cause of a relevant and sustainable local socio-economic development.