

THE QUEST FOR INDUSTRIALISATION AS KEY DRIVER TO STRUCTURAL TRANSFORMATION IN AFRICA – ILLUSION OR REALITY?

Dr. Trywell Kalusopa

Senior Researcher, African Labour Research Network (ALRN)

PREPARED FOR THE TWN/ITUC-AFRICA CONSULTATIVE MEETING

20-22 JULY, 2015, ACCRA, GHANA

Focus of Presentation

- Conceptualization of historical/current structural formations or rigidities in the context of industrial policy
- What are the current emerging policies on industrialization in Africa and is this the right path?
- How do we respond as Trade Unions in this power contestation?
- Conclusion

Concept of Social Transformation for Africa

It implies radically moving from deepened historical structural rigidities to a more holistic status that emphasizes:

- **economic cohesion** (*building endogenous economic systems that reclaim economic grounding in the global architecture or space*)
- **social cohesion** (*shared commitment to a set of overarching values within the social structure*)
- **political cohesion/integration** (*the redefinition/formation of political systems that uniquely responds to national aspirations*).

Note: *structural transformation has been identified as a prerequisite for the attainment of high and sustainable economic growth, improvement in living standards and diversification of the economic structures (Naude 2010, Chang 2012).*

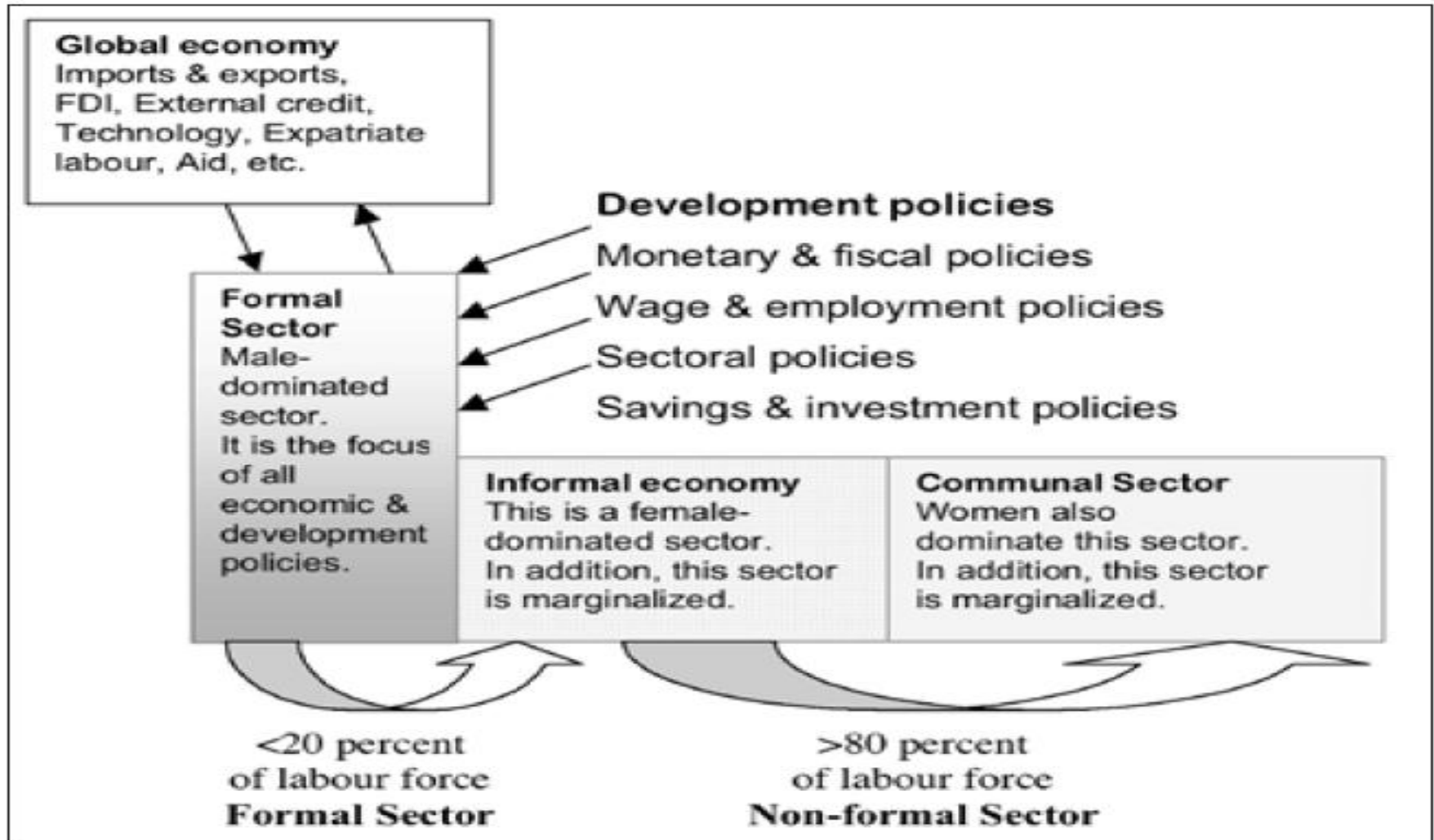
The fierce and raging debate...

- Literature is replete of a fierce debate, which came to head in the late 1980s and the early 1990s and continues (Amsden, 1989; Wade, 1990; World Bank, 1987, 1991, and 1993; Stiglitz, 1996; Chung, 2011-12; Stiglitz, Lin, and Patel (2013)).

What industrial policy do we seek in such social transformation?

- Our quest for social transformation through industrialization should be saddled in a holistic development paradigm
- We seek an industrial policy based on an development paradigm that does not:
 - Shrinks employment opportunities (joblessness).
 - Increases inequality and levels of poverty (ruthless).
 - Takes place in the absence of democracy or empowerment (voiceless).
 - Ignores and undermines cultural identities (rootless)
 - That squanders the resources needed (futureless)

Dualistic and Enclave Structure of the SADC economies still persists (Source: ANSA, 2006)



Need for conceptual analysis of key actors of development

- There are various forces that shape our societies and can bring about the fundamental changes that are needed to improve the lives of working people.
- The major players are firstly, **the people themselves** and their organisations at grassroots level: key agents of change and must drive the process.
- Secondly, there is the **state**, which is a very important site of struggle. States rule in the interest of those who control it and thus working people have to regain control over the state, not only at national level but also within the SADC region and Africa as a whole.
- Thirdly, there are the **global actors** including the World Bank, IMF, the World Trade Organisation (WTO), G8 and Transnational Corporations (TNCs) who have a strong influence over African states and whose interests are opposed to those of working people. These global actors can be described as “the Empire”.

(adapted from ANSA)

What does the structural enclivity and structural rigidities imply in the context of industrialization?

- Issues of the historical imbalanced production systems driven by capital interest still remain
- Embedded in systemic and structural rigidities in the global production systems
- Fundamental relationships between labour and capital remain the same.
- Neo-liberal global financial and economic architecture that tends to reproduce economic insecurity that is a prime source of social and political conflict
- Globalisation as one driver of decent work deficits: global commodity and value chains of the formal and informal economies are now linked across the borders of many countries, influencing employment and decent work
- The increased integration of the global economy and the fact that workers are enmeshed in integrated production processes presents new challenges for trade unions

What is the current power play?

- The global world can now be expressed into three major players or forces that must shape society: the **People (and the workers)**, the **State** (which suppose to be an expression of the people) and the **Global Capital** (Business)

Note: Of these the **State** is the terrain or site of struggle

Evolution of Industrial policy in Africa

Four phases /stages:

- **1950s and 1960s** - State-led development is encouraged and supported by the international community – **import substitution**
- **1970s and early 1980s** - State-led development is criticised as inefficient and distorting in the light of growing debt and macroeconomic instability.
- The implementation of structural adjustment and market-oriented reforms are put into practice as part of the Washington Consensus
- **Since the mid-1990s** - the role of the state in development is re-evaluated based on the successful experiences of state-led development in several Asian countries emerging and market failure of the global financial crisis; the PRSPs emerge as a new country- owned and more participatory process to formulate national development plans; Export processing zones, etc

What are the current emerging policies on industrialization in Africa

- Agenda 2063
- Regional industrial policies (SADC, COMESA, EAC, ECOWAS, etc)
- National industrial policies
- ***Any challenges- Conformist? Radical?***

How have Trade Unions Responded: case of SADC ?

- Contested the current development paradigm - advocate inclusive development imperative (Questioned RISDP and influenced inclusion of Article 9 (i) of ELP)
- Promoted advocacy and social dialogue with the appropriate structures of SADC (Article 23 of SADC Treaty)
- Formation strategic alliances with other actors of civil society & faith-based organisations (Creation of Apex body for SATUCC, SADC-CNGOs, FOCCISA)
- Establish strategic and issue based political alliances (Informal sector organizations including Street NET)
- Leverage existing policy space through regional TUs such as SATUCC, EATUC (Need to extend beyond ELP, Mapping of Protocols)
- Continental and International (existing AU, ITUC structures and incorporate ideas and inputs into Global Union Federations) to deal with supply chains and outsourcing

What should Trade Unions and other Progressive elements do?

- Continue to contest the current development paradigm - advocate inclusive development imperatives that are pro-poor and employment rich
- Need resolve policy space for developmental state - conflict views from private sector and global organizations /donors
- Need isolate and explore the specific channels through which developmental states could enhance structural transformation?
- Need to identify the forms and operations of key institutional relationships that are key to the success of developmental states
- National evaluation of the capacities of these institutional arrangements is needed to mark out gaps?

Role of TUs...

- Need to continuously and consciously build the capacities of TUs.
- To work out a plan for advocacy and dialogue with the appropriate institutions
- To form strategic alliances with other actors of civil society
- Establish strategic and issue based political alliances
- Leverage existing policy space through sub-regional TUs such as SATUCC and ETUC, continental and international (existing AU, ITUC structures and incorporate ideas and inputs into Global Unions)
- Ensure enforced monitoring & evaluation of all dev. Policies at national level

How do we finance Africa's industrialisation and development?

- **Overseas development assistance** (*need for aid with exit strategy from aid dependency*)
- **Domestic revenue mobilization/tax justice?** (*improved/reform tax administration and tax policy reform*)
- **Debt financing?**
 - *Thru domestic and foreign borrowing*
 - *However, must be accompanied by debt management strategies to ensure borrowing is for productive investment rather than consumption*
- **Reprioritization and efficiency of expenditure?**
 - *Thru expenditure switching and efficiency gains reforms*

Guiding principles for Trade Unions

It is a people-led industrial policy/strategy. Proposes:

- An **alternative production system** primarily based on domestic demand and human needs and the use of local resources and domestic savings. It also proposes the “horizontal” integration of agriculture and industry.
- A **grassroots-led regional integration as opposed to the current fragmentation** (e.g. fragmented EPA negotiations).
- A **strategic, selective de-linking from neo-liberal globalisation** and the preparation for a negotiated re-linking to a fundamentally different global production and distribution system (South-South Cooperation).
- An **alternative industrial policy on science and technology** based on harnessing the collective knowledge and wisdom of the people.

Guiding Principles

- Forging of **strategic alliances and networks** with progressive forces at national, regional and global levels.
- A **politically governed redistribution of wealth and opportunities from the formal to the non-formal sectors** of the economy.
- **Women's rights** as the basis for a healthy and productive society.
- An **education system that addresses the needs for sustainable human development by improving technical, managerial, research and development skills.**
- Promotion and redefinition of an **ethical developmental state**

Conclusion

- We argue that the plausible approach is to examine the nature of the historical/existing structural economic rigidities in Africa
- Factors are largely entrenched within the dominion of the current “protracted and deep-rooted economic crisis and restructuring processes” anchored neo-liberal conception that over glorifies growth that is jobless

Conclusion

- Tackling industrialisation requires a holistic strategy anchored on an alternative development agenda that people-led and human rights-based development strategy
- Alternative development paradigm which pro-poor, employment rich and poverty reduction thrust reflecting decent work

Features of effective industrial policy space...

- Vision setting, capable leadership and a with developmentalist ideology
- Relative state autonomy, especially in formulating and implementing policy
- State institutional capacity, notably a strong and competent bureaucracy
- Effective national development planning
- Coordination of economic activities and resources
- Support for a national entrepreneurial class
- Peace, political stability, rule of law and predictability in government business
- A subordinate or consensus mechanisms of labour/civil society state

Conclusion

Need for critical evaluate at the key elements of development paradigm:

- Purposeful leadership and a developmentalist coalition
- Real transformative institutions
- Focused **industrial policies**
- Investment in research (R&D)
- Central role of ICTs
- Enhanced social policy at national, regional and continental levels

Research Areas

- Literature shows disconnect of issues of industrial policy and state fragility in Africa
- There is a little of empirical literature that contests the role of private sector and multinationals in industrial policy
- The emerging issues regional industrial policy in the context of regional integration and national policy imperatives
- Audit of trade union responses to industrial policies – ITUC-Africa, Global Unions, Regional bodies and national federations.

Thank you...

- Remember the balance of Power at play...and how to place your mutual interest the centre...
 - **(When you appeal for help, appeal to people's self-interest, never to their mercy and gratitude)**
- “ The cord of mercy and gratitude is threadbare (thin), and will break at the first shock.. The cord of mutual self-interest is woven of many fibres and cannot easily be severed. It will serve you well for years... Do not throw such a life-line..***

Greene, Robert & Elffers, Joost, “48 Laws of Power”, 2002.

We end where we started?

**SO IS THE QUEST FOR INDUSTRIALISATION AS
KEY DRIVER TO STRUCTURAL
TRANSFORMATION IN AFRICA – ILLUSION OR
REALITY?**