

A FRESH LOOK AT THE GLOBAL ECONOMIC CRISIS: AFRICA'S ALTERNATIVES

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If there is something positive emerging from the economic crisis, is that it has reinvigorated the debate around the economic system and it has presented Africa with an opportunity to question its economic strategies, writes Diana Sanchez. She reports on a round table between CODESRIA and the HSRC on the global economic crisis and African alternatives.

This Round Table formed part of the 'Globalising Development Studies' initiative of the Institute for Development Studies (IDS) at the University of Sussex and sought to foster alternative narratives, debates and concepts of development to dominant global perspectives.

The meeting looked anew at the global crisis in the light of Africa's difficult position and the role of emerging regional powers, such as India, Brazil, China and South Africa. In this dynamic conversation, representatives from business, academia, civil society, labour and government discussed the central question: Does the global economic crisis present an opportunity for Africa and the developing world?

Several ideas emerged in relation to the nature of the crisis, the need to re-think the current global economic paradigm and Africa's economic policies, as well as the importance of tapping into the opportunities offered by the crisis.

The nature of the crisis and the need to re-think economic policies

The roots of the Global Economic Crisis (GEC) rest primarily on the speculative nature of the global economic growth that preceded this recession. While the crisis has had an uneven impact on the developing world and within the diverse African countries, the negative effects have been felt everywhere in the continent, including South Africa. The fact that a crisis, which started in the financial heart of the U.S, affects household income in rural Africa illustrates the fact that all economies are inter-linked and that African countries need to ask serious questions about their place in the global economy and their own economic policies.

The loss of jobs and the fall in the demand for primary resources has demonstrated that Africa is integrated into the global economy, but also that the continent faces a challenging future within a global system that holds major imbalances and is experiencing important shifts.

Indeed, the crisis has shown a gradual shift in the global economy from West to East putting into question the once basic North-South division and offering a more complex map where newer centres of production like China, India, Brazil and South Africa are expected to drive the recovery and a 'new type' of economic growth in the world. So what kind of economic growth should Africa pursue?

There has been an inverse relationship between the exploitation of Africa's resources and the marginalisation and exclusion of Africa's people. While Africa's resources have become increasingly important in the global economy and countries have experienced intensification in the exploitation of these resources, at the same time people have been marginalised. Therefore, participants agreed that to reverse this Africa's people should be re-linked to the continent's resources and Africa should be integrated into the global and regional economy, tapping into the opportunities of regional integration.

Several opportunities for Africa were presented.

New possibilities

Some suggestions included fostering a new 'African entrepreneurship', investing in Africa's economic integration, fostering land reform and a building on a new low-carbon emission development model for Africa.

In regards to Africa's economic integration, voices called for finding the competitive edge of Africa and a model that will enable Africans to trade within Africa and to unlock Africa's dream in the same way that the American dream fostered economic growth in the U.S. However, while participants were enthusiastic about looking for opportunities within Africa, questions were raised about the viability of such market integration.

The so called 'African entrepreneurship' was rooted on the ideal of a socially-orientated entrepreneur. More specifically, on the principles of solidarity, Ubuntu and humanity, and driven by the concept of Black Economic Empowerment (BEE) as a policy that recognises the need to create broad-based ownership models that will enable society to benefit from the accumulation of wealth and redistribution.

Similarly, participants also advocated for investing in agriculture as a mechanisms to alleviate poverty and an instrument to increase food security at the community level. This proposal runs parallel to that presented at other forums which speak of the crisis as an opportunity for Africa to pioneer a low-carbon development model and invest in the continent's renewable energy sector, integrating climate change into development strategies.

New paradigm: a sustainable socio-economic policy in South Africa

In South Africa, a country that encapsulates the contrasts of global capitalism and rural/township economy, the effects of the crisis have led us to question traditional economic policies, including the economic and social role of the state. Several participants voiced the need to move away from the prism of economics and embrace instead a philosophical interrogation about what went wrong in human terms, asking more profound questions, such as why we behave in the economic and social ways we do.

This is also a sociological and anthropological examination which, as some participants indicated, called for the creation of a new social reality and a new moral logic to reassert the needs and rights of people therefore reasserting an agenda of social citizenship and solidarity.

Civil society representatives were quick to point out that while in some settings the social fabric that holds society together seems to be slowly disappearing, social investment (beyond the

mere provision of subsidies) needs to be revamped to address the class inequalities feeding social tensions.

However, there were also those who reminded us that we needed to reconcile these different conversations; the one that speaks about the kind of civilisation we want in a distant future and the other that asks how to generate wealth and means for living in the immediate future for all South Africans.

As the promise of wealth offered by modernity embodied under the aspiration of the American and European dream has proven to be an illusion with the abrupt economic collapse in these societies, how can we imagine the recover and the economic future of South Africa? More specifically, what kind of macro-economic industrial policy strategy can we imagine in a changed global economy where we cannot necessarily expect that Europe, the US or even Africa will provide the necessary demand for our goods?

Building upon existing economic theories while incorporating new thinking

From the intense debate it transpired that there was a tension in the traditional demand for manufacturing jobs as a growth strategy and the current global demand and supply reality. In other words, what the crisis has forced us to ask is: manufacturing what and for whom? If we can't seem to grow employment by growing manufacturing, then how can we grow employment and generate basic household wealth? How can you ensure the economy produces enough to meet the needs of the majority? These and many other critical questions were raised about the country's future, while government was urged to not just deliver but to take the crisis as an opportunity to act on some serious economic restructuring.

But, while the thorough interrogation of the economic paradigm was welcomed at the light of strong criticism of mainstream economist, the audience also agreed on the importance of building upon existing economic theories while embracing the possibilities offered by new thinking and interrogations like the one offered by this round table. The lively debate held in the southern tip of Africa embodied a fresh questioning of our economic systems and social thinking, illustrating how every crisis offers an opportunity.

The question now is, is Africa and the human civilisation ready to embrace a new path?

Diana Sanchez is a Researcher at the DGSD Programme and was the Convener of this Round Table.