

The Nexus between Economics and Politics BY HUSSEIN SOLOMON

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# **INTRODUCTION**

- The quality of political competition and the power of the political opposition are closely related to how democratic a country is
- No political opposition translates into no democracy since it deprives citizens of choice – citizens cannot exercise their rule
- Opposition political parties play a critical role in the governance process and are a key element in monitoring government performance and mobilizing citizens to participate in public life
- Indeed the quality of the polity itself is adversely impacted upon where the political opposition does not exist as in Swaziland where one witnesses financial mismanagement and the adoption of poor policies

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# Southern africa and the democratic deficit

- Major democratic deficit across region emanating from the lack of a vibrant political opposition
- In Namibia given the politics of incumbency, the ruling SWAPO has kept the political opposition to less than 30 percent of the vote since 1989, the same hold true for FRELIMO in Mozambique
- In Zambia despite Article 4 of the Constitution allowing for the provision of a multiparty dispensation, other laws like the Public Order Act and its application by the police have worked again the political opposition
- Similarly in Zimbabwe, despite the GNU, MDC members had to bear the brunt of state-sanctioned violence and repression

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## **Southern Africa's Democratic Deficit**

- Nature of the electoral system may also be problematic. In Mauritius, the first-past-the-post system runs the risk of ending up with a parliament without any opposition
- Incumbent political parties understand well that without party funding, no political party can campaign effectively, mobilize its constituency and thereby stand a chance of unseating incumbents. This is a fact that ruling parties in the region understand well and go out of their way to starve opposition parties of funding whilst at the same time building patronage networks using state resources, e.g. Lesotho, South Africa, Namibia, Zim
- Problem of the big-man syndrome in African politics, e.g. COPE

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# South Africa's Democratic deficit

- Relationship between private sector and the ANC problematic unfair advantage to ruling party
- · Issue of media dominance by ANC but less a problem than in other states in region
- · Personalization of Politics, Regionalization of Politics DA, IFP,NFP, UDM
- Arrogance of ruling party de facto one party state line between state and party increasingly blurred harder for political opposition
- Angry youth and SA's own Jasmine Revolution alienation of political process formation of radical social movements
- Moeletsi Mbeki and the 2020 moment for SA!

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## **Political violence in South Africa**

- Recent report by Asis Malaquias entitled **Stress-Testing South Africa: The Tenuous Foundations of One of Africa's Stable States** is particularly worrisome and points to a trend of escalating political violence
- This stems not only from popular frustration around poor service delivery and the like but also elite competition for financial and political resources available through the state which occurs within and between competing political parties, usually at the local level where intimidation and assassination are sometimes used to ensure electoral success
- Much competition in a grey area where the distinction between politics and crime is blurred

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#### Lesotho

- Lesotho has a small and undiversified economy which is heavily dependent on foreign markets making Lesotho vulnerable to external shocks and ill-equipped to deal with them
- · 37% of households live on less than \$1 per day and half are below the poverty line
- SACU transfers fell by 17% of GDP in 2010/2011 resulting in government experiencing severe financial crisis
- Public expenditures remain a big driver of the economy but state now is overextended (public expenditures in 2010/11 were 64% of GDP and not all public money is well spent

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#### Lesotho

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- Recent floods and severe weather has devastated crop production and Lesotho is on the verge of a major food security crisis
- Domestic revenues do not cover current expenditures dependence on foreign resource flows at a time when global economy is wobbly
- Wave of strikes and protests by factory workers
- · These covered live by radio stations which were shut down by govt
- 15th August 2011 protest by workers demanding higher wages opposition leaders at the forefront of this
- · Several people shot when police opened fire on protestors
- Nexus between economics and politics

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#### swaziland

- Bloated and inefficient bureaucracy coupled with King Mswati III using his national treasury as his personal ATM
- 2010 World Bank/IMF audit shows how \$ 50 million in state funds was spent on the king's household last year
- Issue of relative deprivation King cannot ask Swazis to tighten their belts when he has a palace for each of his 13 wives
- 2005 when he appeals for aid for his country he bought himself a \$500,000
  Mercedes Maybach limousine and a BMW for each of his wives
- Whilst two-thirds of his countrymen subsist on less than \$1 per day, his personal fortune is estimated to be \$200 million

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#### swaziland

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- Swaziland plunged into a financial crisis following SA's 2009 recession which triggered a collapse in revenues from SACU, which accounts for two-thirds of the country's budget
- Government has kept its head above water by using the reserves of the Central Banks which now stand at just over \$500 million
- By May this year its budget deficit was the same level as Greece 14.3%
- At present its running up \$180 million in unpaid bills
- Mswati III looking for loan from IMF but they want him to trim his bloated civil service which operates as a vast patronage network – so for political reasons he is not amenable to this

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## **Enter South Africa...**

- Political unrest has dogged the Kingdom for some years, given the absolutist nature of Mswati's rule (political parties banned in 1973)
- Repression has characterised the Swazi state for decades
- But economic woes adds a new dimension of desperation more strikes, different constituencies coming together
- South Africa enters with a R2.4 billion loan to Swaziland
- Gordhan: "..it is not in South Africa's interest to have a collapsing Swaziland economy"
- Mario Masuku, leader of Swaziland's banned opposition Peoples' United Democratic Movement says this is the "wrong decision"

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### **Enter South Africa...**

- Gordhan: Hope bailout would "create space for political dialogue".... But adds, "It's not our place to dictate to them".
- At the same time there seems to have been some political reform conditions prompting Swaziland to look to Qatar and Kuwait for the money
- · In both these countries SA has leverage but refuses to use it to promote democracy
- Amitai Etzioni and his theory of democratic norms regional hegemon has to play a key role
- But not if South Africa is also moving away from these democratic norms
- Note also SADC's general drift SADC Tribunal disbanded these are not positive developments
   whilst the Arab Spring is taking route in North Africa SADC is going in a different direction

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